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# Ukrainian Banks

**Target Upgrades on Stronger  
1H07 Results**

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# Summary

Company	Bloomberg
Raiffeisen Bank Aval	BAVL UZ
Ukrrotsbank	USCB UZ
Forum	FORM UZ
Rodovid Bank	RODB UZ
Megabank	MEGA UZ
Ukrghazbank	UGZB UZ
Ukrinbank	UKIB UZ
Factorial Bank	FKTB UZ
Nadra Bank	NADR UZ
Khreschatyk	BXRK UZ

	Price USD	12M TP USD	Upside	Rec.
BAVL	0.21	0.24	12%	HOLD
USCB	0.31	0.32	4%	HOLD
FORM	8.24	9.70	18%	BUY
RODB	1,762	2,300	30%	BUY
MEGA	1.01	1.20	19%	BUY
UGZB	1.52	1.60	5%	HOLD
UKIB	0.008	0.010	30%	BUY
FKTB	0.98	1.10	12%	HOLD
NADR	42.9	N/R	N/R	N/R
BXRK	198.0	N/R	N/R	N/R

	# of sh., mln	MCap, USD mln	Free Float	
			%	USD mln
BAVL	22,799	4,452	5	222.6
USCB	10,200	3,172	5	158.6
FORM	112	923	10	92.3
RODB	0.435	766	19	145.5
MEGA	200	202	30	60.6
UGZB	400	608	10	60.8
UKIB	20,440	157	20	31.4
NADR	39	1,675	7	125.6
FKTB	102	100	10	10.0
BXRK	0.5	99	6	5.9

## Target price & recommendation revisions:

	Target Price		REC	
<b>BAVL</b>	USD 0.24	up 9%	HOLD	maintain
<b>USCB</b>	USD 0.32	up 10%	HOLD	maintain
<b>FORM</b>	USD 9.70	up 7%	BUY	upgrade
<b>RODB</b>	USD 2,300	up 34%	BUY	maintain
<b>UGZB</b>	USD 1.60	up 30%	HOLD	downgrade
<b>MEGA</b>	USD 1.20	up 19%	BUY	maintain
<b>FKTB</b>	USD 1.10	up 30%	HOLD	downgrade
<b>UKIB</b>	USD 0.01	maintain	BUY	upgrade

### Growth: Continuing at a breakneck pace

Ukrainian banks followed up stellar growth in 2006 by again posting strong financial results in 1H07, according to figures released by the National Bank earlier this month. Over the period, Ukrainian banks increased their assets 73% yoy to USD 87 bln, while loans grew 78% yoy to USD 60 bln. The retail loan segment, with its triple-digit growth of 119%, was again a major driver. The sector's net income rose 41% yoy to reach USD 0.5 bln.

### Targets revised upward, Upsides limited

The 1H07 growth of almost all banks in our coverage universe beat the sector average and exceeded our forecasts, leading us to increase our projections for 2007-2008. We upgrade most target prices. Since the market was swift to price in the progress, limited upsides remain, justifying HOLD recommendations for half of the stocks.

### BUY opportunities

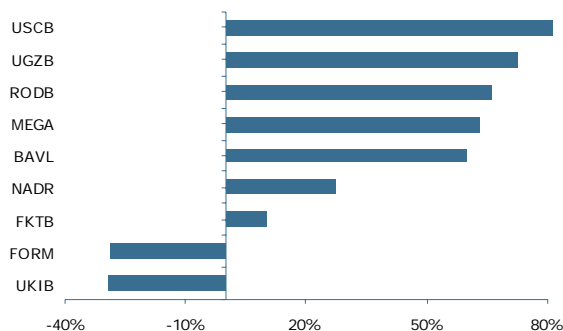
**RODB** trades at a 16% discount to local peers on P/B '08E; our target implies a 30% upside; the most rapidly growing bank; aggressively penetrating into higher-yield retail (+277% yoy); balanced expansion – triple-digit increase both in assets and revenues

**MEGA** trades at an 11% discount on P/B '08E and with a 19% upside to our target; 1H net income tripled – the highest growth of any local peer; strong efficiency improvement (C/I ratio fell 13%pp); retail loans tripled in 1H07

**FORM** trades at a 16% discount on P/B '08E; our target implies a 18% upside; growth above the sector average; retail loans and branch network doubled in the last 12 months; cost growth halved and C/I ratio improved by 12% p.; net margin is expected to recover by the end of 2007 after a one-off surge in provision charges

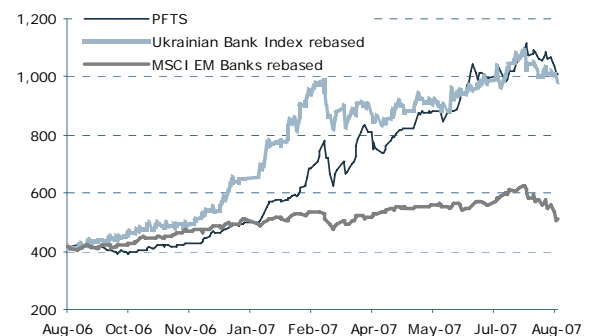
**UKIB** BUY on market weakness; Ukraine's cheapest banking stock-trades at 1.4x P/B '08E vs its peers' average of 2.8x

### Stock performance\*, YTD



\* Mid share prices adjusted for additional share issues

### Ukrainian Banking Index\*\*, PFTS & MSCI EM Banks

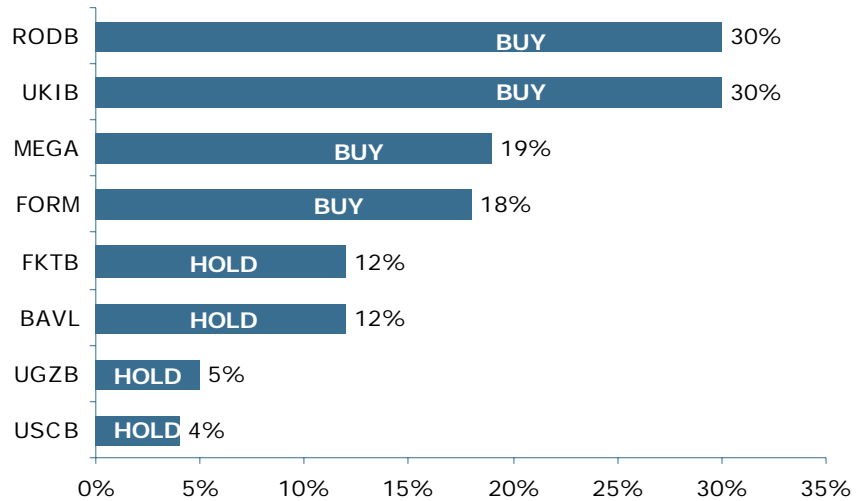


\*\* includes BAVL, USCB, FORM, RODB, MEGA and UGZB

## Valuation

We applied both a Gordon's Growth Model (GGM) and peer comparison analysis to value Ukrainian banking stocks. In all cases, the valuation range implied by the peer comparison was wide enough to include GGM-based values. We based our target prices on the GGM approach.

### Upsides and recommendations



## Comparative valuation

	Price, USD		P/E			P/B		
	USD	MCap, USD mln	2006	2007E	2008E	2006	2007E	2008E
<b>Ukrainian peers</b>								
Ukrghazbank	1.52	608	99.8	42.2	19.4	6.4	4.1	3.0
Ukrstsobank	0.31	3,172	55.7	30.4	18.1	8.3	5.0	3.5
Forum	8.24	923	167.9	86.3	38.5	6.1	3.6	2.4
Rodovid Bank	1,762	766	171.6	63.3	22.5	8.6	3.3	2.4
Megabank	1.01	202	90.4	36.7	20.6	5.4	3.4	2.5
Raiffeisen Bank Aval	0.21	4,452	72.1	36.3	20.3	7.6	4.5	3.2
Ukrinbank	0.01	157	118.9	50.8	27.4	2.0	1.5	1.4
Bank Nadra	42.9	1,675	45.3	30.2	21.6	6.4	4.0	3.4
Factorial Bank	0.98	100	170.2	98.2	63.5	5.3	3.7	3.0
<b>Average</b>			<b>110.2</b>	<b>52.7</b>	<b>28.0</b>	<b>6.2</b>	<b>3.7</b>	<b>2.7</b>
<b>GEM Peers</b>								
PKO BP	17.7	17,700	26.6	19.5	17.4	5.6	4.2	3.6
Pekao SA	82.3	13,740	24.8	17.4	15.0	5.0	4.0	3.7
Bank BPH	310.8	8,920	22.7	15.2	14.2	4.1	3.3	3.1
BZWBK	88.2	6,432	27.4	18.6	15.7	5.1	3.8	3.3
OTP	44.8	12,558	14.2	10.6	9.4	3.4	2.3	2.0
Komercni Banka	185.0	7,020	18.8	14.4	12.9	2.9	2.6	2.4
Sberbank	3.7	79,655	27.2	18.4	14.7	7.1	3.1	2.6
Yapi Kredi	2.7	8,426	21.7	14.6	10.2	2.6	2.4	2.1
Standard Bank	12.4	17,199	14.6	12.2	10.6	3.5	3.3	2.8
Banco do Brazil	15.6	38,552	9.5	11.8	10.9	2.8	2.4	2.0
<b>Average</b>			<b>20.7</b>	<b>15.3</b>	<b>13.1</b>	<b>4.2</b>	<b>3.1</b>	<b>2.8</b>
<b>Ukrghazbank</b>								
Implied by CEE peers avg., USD/share			0.32	0.55	1.02	0.99	1.17	1.40
Implied by Ukrainian peers avg, USD/share			1.68	1.90	2.19	1.47	1.38	1.39
Upside/Downside to CEE avg			-79%	-64%	-33%	-35%	-23%	-8%
Upside/Downside to Ukrainian avg			10%	25%	44%	-3%	-9%	-8%
<b>Ukrstsobank</b>								
Implied by CEE peers avg., USD/share			0.12	0.16	0.23	0.16	0.19	0.24
Implied by Ukrainian peers avg, USD/share			0.62	0.54	0.48	0.23	0.23	0.24
Upside/Downside to CEE avg			-63%	-50%	-28%	-49%	-37%	-22%
Upside/Downside to Ukrainian avg			98%	73%	55%	-25%	-27%	-23%
<b>Forum</b>								
Implied by CEE peers avg., USD/share			1.02	1.46	2.80	5.71	7.23	9.59
Implied by Ukrainian peers avg, USD/share			5.41	5.04	6.00	8.46	8.49	9.52
Upside/Downside to CEE avg			-88%	-82%	-66%	-31%	-12%	16%
Upside/Downside to Ukrainian avg			-34%	-39%	-27%	3%	3%	16%
<b>Rodovid Bank</b>								
Implied by CEE peers avg., USD/share			213	424	1,026	862	1,659	2,059
Implied by Ukrainian peers avg, USD/share			1,132	1,466	2,194	1,277	1,946	2,044
Upside/Downside to CEE avg			-88%	-76%	-42%	-51%	-6%	17%
Upside/Downside to Ukrainian avg			-36%	-17%	25%	-28%	10%	16%
<b>Megabank</b>								
Implied by CEE peers avg., USD/share			0.23	0.42	0.64	0.78	0.94	1.12
Implied by Ukrainian peers avg, USD/share			1.23	1.45	1.37	1.16	1.11	1.11
Upside/Downside to CEE avg			-77%	-58%	-36%	-22%	-7%	11%
Upside/Downside to Ukrainian avg			22%	44%	36%	15%	9%	10%
<b>Raiffeisen Bank Aval</b>								
Implied by CEE peers avg., USD/share			0.06	0.09	0.14	0.12	0.15	0.18
Implied by Ukrainian peers avg, USD/share			0.32	0.31	0.29	0.17	0.17	0.18
Upside/Downside to CEE avg			-71%	-58%	-36%	-45%	-31%	-14%
Upside/Downside to Ukrainian avg			53%	45%	38%	-18%	-19%	-14%
<b>Ukrinbank</b>								
Implied by CEE peers avg., USD/share			0.001	0.003	0.004	0.018	0.017	0.017
Implied by Ukrainian peers avg, USD/share			0.008	0.009	0.009	0.027	0.021	0.017
Upside/Downside to CEE avg			-81%	-67%	-48%	134%	127%	120%
Upside/Downside to Ukrainian avg			2%	14%	12%	246%	166%	118%
<b>Bank Nadra</b>								
Implied by CEE peers avg., USD/share			19.7	21.7	26.1	28.3	33.7	35.1
Implied by Ukrainian peers avg, USD/share			104.5	74.9	55.7	41.9	39.5	34.9
Upside/Downside to CEE avg			-54%	-49%	-39%	-34%	-21%	-18%
Upside/Downside to Ukrainian avg			144%	75%	30%	-2%	-8%	-19%
<b>Factorial Bank</b>								
Implied by CEE peers avg., USD/share			0.12	0.16	0.22	0.79	0.89	0.99
Implied by Ukrainian peers avg, USD/share			0.65	0.57	0.47	1.17	1.04	0.98
Upside/Downside to CEE avg			12%	-83%	-78%	-19%	-10%	1%
Upside/Downside to Ukrainian avg			66%	-42%	-52%	19%	6%	0%

## Gordon growth model. Factorial Bank

### FKTB Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>770</b>	<b>1,174</b>	<b>1,593</b>	<b>1,987</b>	<b>2,341</b>	<b>2,695</b>	<b>3,059</b>	<b>3,443</b>	<b>3,842</b>
Retail loans	348	627	909	1,200	1,452	1,698	1,953	2,227	2,516
Corporate loans	421	548	685	787	890	996	1,106	1,217	1,326
<b>Customers' deposits</b>	<b>869</b>	<b>1,094</b>	<b>1,348</b>	<b>1,601</b>	<b>1,864</b>	<b>2,125</b>	<b>2,392</b>	<b>2,658</b>	<b>2,928</b>
Retail accounts	394	501	636	782	939	1,098	1,263	1,427	1,599
Corporate accounts	474	593	712	818	925	1,027	1,129	1,231	1,329
<b>Spread</b>	<b>7.1%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>4.8%</b>	<b>4.5%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.2%</b>
Lending yield rate	15.9%	14.1%	13.1%	12.1%	11.4%	10.9%	10.6%	10.3%	10.1%
Deposit cost rate	8.8%	8.2%	7.8%	7.3%	6.9%	6.6%	6.4%	6.1%	5.9%

### FKTB valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	130.0	172.4	232.0	286.2	330.0	375.5	421.5	469.6	520.4
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	17.0	(4.0)	0.1	3.5	13.4	21.0	36.1	49.1	61.0
Discount rate	13%	13%	13%	12%	12%	12%	11%	11%	11%
Discounted CF to Equity	18.3	(3.8)	0.0	2.6	8.9	12.5	19.2	23.5	26.3
Terminal Value	380	429							
Equity Value	500	566							
per Share, USD	<b>0.97</b>	<b>1.10</b>							
							Discount Rate to Perpetuity		10%
							Perpetuity Growth Rate		3.0%
							Implied Exit P/E Multiple		8.9x

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.74	0.77	0.80	0.83	0.87
+1.0%	0.85	0.88	0.93	0.98	1.03
+0.0%	0.99	1.04	<b>1.10</b>	1.17	1.25
-1.0%	1.17	1.24	1.33	1.43	1.55
-2.0%	1.41	1.52	1.65	1.81	2.00

## Gordon growth model. Forum Bank

### FORM Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>8,937</b>	<b>13,947</b>	<b>19,317</b>	<b>24,635</b>	<b>29,892</b>	<b>35,004</b>	<b>39,851</b>	<b>44,464</b>	<b>49,040</b>
Retail loans	1,809	3,256	4,884	6,593	8,241	9,890	11,472	12,963	14,389
Corporate loans	7,128	10,692	14,434	18,042	21,650	25,115	28,379	31,501	34,651
<b>Customers' deposits</b>	<b>6,485</b>	<b>10,116</b>	<b>14,474</b>	<b>19,267</b>	<b>24,083</b>	<b>28,900</b>	<b>33,524</b>	<b>37,882</b>	<b>42,049</b>
Retail accounts	3,886	6,217	9,015	12,170	15,213	18,255	21,176	23,929	26,561
Corporate accounts	2,599	3,899	5,459	7,097	8,871	10,645	12,348	13,953	15,488
<b>Spread</b>	<b>6.1%</b>	<b>5.6%</b>	<b>5.5%</b>	<b>5.4%</b>	<b>5.2%</b>	<b>5.1%</b>	<b>4.8%</b>	<b>4.6%</b>	<b>4.4%</b>
Lending yield rate	14.8%	13.7%	13.3%	12.8%	12.3%	12.1%	11.8%	11.5%	11.3%
Deposit cost rate	8.7%	8.1%	7.7%	7.4%	7.2%	7.0%	7.0%	6.9%	6.9%

### FORM valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	1,166	1,763	2,395	3,008	3,642	4,251	4,842	5,408	5,975
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	147	25	96	205	186	475	530	552	523
Discount rate	13%	0.12	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	140	24	82	158	129	297	302	286	246
Terminal Value	3,163	3,543							
Equity Value	4,879	5,468							
per Share, USD	<b>8.63</b>	<b>9.70</b>							
							Discount Rate to Perpetuity		10%
							Perpetuity Growth Rate		3.0%
							Implied Exit P/E Multiple		7.7x

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	6.86	7.08	7.32	7.58	7.89
+1.0%	7.73	8.02	8.34	8.71	9.12
+0.0%	8.83	9.22	<b>9.70</b>	10.18	10.78
-1.0%	10.25	10.80	11.44	12.20	13.11
-2.0%	12.15	12.97	13.94	15.13	16.62

## Gordon growth model. Megabank

### MEGA Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>1,295</b>	<b>1,892</b>	<b>2,527</b>	<b>3,210</b>	<b>3,860</b>	<b>4,499</b>	<b>5,118</b>	<b>5,726</b>	<b>6,366</b>
Retail loans	370	648	972	1,312	1,640	1,968	2,283	2,580	2,889
Corporate loans	925	1,244	1,555	1,898	2,220	2,531	2,835	3,147	3,477
<b>Customers' deposits</b>	<b>1,134</b>	<b>1,538</b>	<b>1,996</b>	<b>2,505</b>	<b>3,043</b>	<b>3,576</b>	<b>4,092</b>	<b>4,552</b>	<b>4,985</b>
Retail accounts	708	1,005	1,356	1,763	2,204	2,645	3,068	3,436	3,780
Corporate accounts	426	533	640	742	838	931	1,024	1,116	1,205
<b>Spread</b>	<b>6.3%</b>	<b>5.8%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>3.9%</b>	<b>3.8%</b>	<b>3.6%</b>
Lending yield rate	13.9%	13.1%	12.1%	11.1%	10.2%	10.0%	10.1%	10.0%	9.9%
Deposit cost rate	7.5%	7.3%	7.0%	6.8%	6.1%	6.1%	6.2%	6.2%	6.2%

### MEGA valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	183	259	338	421	503	582	661	739	822
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	159	32	30	51	66	42	74	103	129
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	152	30	25	39	44	26	40	50	57
Terminal Value	649	733							
Equity Value	1,076	1,217							
per Share, USD	<b>1.07</b>	<b>1.20</b>							
							Discount Rate to Perpetuity		10%
							Perpetuity Growth Rate		3.0%
							Implied Exit P/E Multiple		8.1x

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.92	0.94	0.97	1.00	1.03
+1.0%	1.01	1.04	1.07	1.11	1.15
+0.0%	1.12	1.16	<b>1.20</b>	1.26	1.32
-1.0%	1.26	1.31	1.38	1.45	1.54
-2.0%	1.44	1.52	1.61	1.72	1.84



## Gordon growth model. Raiffeisen Bank Aval

### BAVL Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>35,303</b>	<b>52,004</b>	<b>71,956</b>	<b>91,696</b>	<b>111,081</b>	<b>132,559</b>	<b>156,258</b>	<b>181,826</b>	<b>209,695</b>
Retail loans	17,378	27,805	41,708	56,306	70,382	86,570	104,750	124,653	147,090
Corporate loans	17,925	24,198	30,248	35,390	40,698	45,989	51,508	57,174	62,605
<b>Customers' deposits</b>	<b>22,817</b>	<b>29,816</b>	<b>37,654</b>	<b>44,635</b>	<b>51,700</b>	<b>58,870</b>	<b>66,468</b>	<b>74,407</b>	<b>83,322</b>
Retail accounts	16,232	21,913	28,487	34,185	39,996	45,995	52,435	59,251	66,954
Corporate accounts	6,585	7,902	9,167	10,450	11,704	12,875	14,033	15,156	16,368
<b>Spread</b>	<b>8.4%</b>	<b>8.1%</b>	<b>7.4%</b>	<b>7.0%</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>6.1%</b>
Lending yield rate	14.7%	14.1%	13.0%	12.2%	11.7%	11.2%	11.0%	11.0%	11.0%
Deposit cost rate	6.3%	6.0%	5.6%	5.2%	5.1%	4.9%	4.9%	4.9%	4.9%

### BAVL valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	4,437	6,472	8,907	11,275	13,608	16,204	19,105	22,193	25,536
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	1,225	147	266	397	692	1,069	1,558	2,343	3,019
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	1,170	141	229	308	483	673	891	1,218	1,427
Terminal Value	18,735	20,990				Discount Rate to Perpetuity			10%
Equity Value	24,698	27,670				Perpetuity Growth Rate			3.0%
per Share, USD	<b>0.22</b>	<b>0.24</b>				Implied Exit P/E Multiple			x7.0

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.16	0.17	0.18	0.19	0.19
+1.0%	0.19	0.20	0.21	0.22	0.23
+0.0%	0.22	0.23	<b>0.24</b>	0.26	0.27
-1.0%	0.25	0.27	0.29	0.31	0.34
-2.0%	0.30	0.33	0.35	0.39	0.43

## Gordon growth model. Rodovid Bank

### RODB Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>5,318</b>	<b>8,304</b>	<b>11,955</b>	<b>15,533</b>	<b>18,841</b>	<b>22,105</b>	<b>25,258</b>	<b>28,327</b>	<b>31,548</b>
Retail loans	2,147	3,864	6,182	8,346	10,433	12,519	14,522	16,410	18,379
Corporate loans	3,172	4,440	5,773	7,187	8,409	9,586	10,736	11,917	13,168
<b>Customers' deposits</b>	<b>3,661</b>	<b>4,937</b>	<b>6,544</b>	<b>8,277</b>	<b>10,070</b>	<b>11,799</b>	<b>13,475</b>	<b>14,976</b>	<b>16,389</b>
Retail accounts	2,213	3,098	4,245	5,518	6,898	8,278	9,602	10,754	11,830
Corporate accounts	1,448	1,839	2,299	2,758	3,172	3,521	3,873	4,222	4,559
<b>Spread</b>	<b>3.7%</b>	<b>4.0%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.9%</b>	<b>5.0%</b>	<b>4.9%</b>	<b>4.8%</b>
Lending yield rate	13.7%	13.5%	12.7%	12.3%	12.2%	11.9%	11.7%	11.5%	11.4%
Deposit cost rate	10.0%	9.5%	8.5%	8.0%	7.5%	7.0%	6.7%	6.6%	6.6%

### RODB valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	704	1,086	1,532	1,963	2,370	2,768	3,159	3,542	3,925
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	464	87	62	43	134	202	322	431	530
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	428	80	52	32	90	123	178	216	242
Terminal Value	3,177	3,560							Discount Rate to Perpetuity
Equity Value	4,509	5,052							Perpetuity Growth Rate
per Share, USD	<b>2,053</b>	<b>2,300</b>							Implied Exit P/E Multiple
									10%
									3.0%
									8.6x

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	1,617	1,673	1,736	1,806	1,885
+1.0%	1,823	1,897	1,981	2,076	2,185
+0.0%	2,084	2,184	<b>2,300</b>	2,433	2,588
-1.0%	2,423	2,565	2,730	2,925	3,159
-2.0%	2,881	3,089	3,337	3,642	4,022

## Gordon growth model. Ukgazbank

### UGZB Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>4,073</b>	<b>6,199</b>	<b>8,308</b>	<b>10,621</b>	<b>12,850</b>	<b>14,988</b>	<b>17,058</b>	<b>19,092</b>	<b>21,230</b>
Retail loans	1,242	2,235	3,352	4,526	5,657	6,789	7,875	8,899	9,967
Corporate loans	2,832	3,964	4,956	6,095	7,192	8,199	9,183	10,193	11,264
<b>Customers' deposits</b>	<b>3,754</b>	<b>5,117</b>	<b>6,673</b>	<b>8,411</b>	<b>10,252</b>	<b>12,081</b>	<b>13,850</b>	<b>15,421</b>	<b>16,898</b>
Retail accounts	2,500	3,550	4,792	6,230	7,787	9,345	10,840	12,141	13,355
Corporate accounts	1,254	1,567	1,881	2,181	2,465	2,736	3,010	3,281	3,543
<b>Spread</b>	<b>7.3%</b>	<b>7.0%</b>	<b>6.3%</b>	<b>5.8%</b>	<b>5.5%</b>	<b>5.1%</b>	<b>4.7%</b>	<b>4.5%</b>	<b>4.5%</b>
Lending yield rate	16.3%	15.3%	14.0%	13.0%	12.2%	11.6%	11.2%	11.0%	11.0%
Deposit cost rate	9.0%	8.3%	7.7%	7.2%	6.7%	6.5%	6.5%	6.5%	6.5%

### UGZB Valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	602	860	1,126	1,403	1,669	1,927	2,177	2,423	2,682
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	200	(6)	133	124	143	195	212	264	330
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	184	(6)	111	93	97	119	117	133	151
Terminal Value	1,979	2,217							Discount Rate to Perpetuity 10%
Equity Value	2,890	3,237							Perpetuity Growth Rate 3.0%
per Share, USD	<b>1.43</b>	<b>1.60</b>							Implied Exit P/E Multiple 8.7x

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	1.13	1.17	1.21	1.26	1.32
+1.0%	1.28	1.33	1.38	1.45	1.52
+0.0%	1.46	1.52	<b>1.60</b>	1.69	1.80
-1.0%	1.69	1.79	1.90	2.03	2.19
-2.0%	2.00	2.14	2.31	2.52	2.78

## Gordon growth model. Ukribank

### Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>1,045</b>	<b>1,468</b>	<b>1,944</b>	<b>2,449</b>	<b>2,951</b>	<b>3,457</b>	<b>3,945</b>	<b>4,422</b>	<b>4,913</b>
Retail loans	358	608	912	1,231	1,539	1,847	2,143	2,421	2,712
Corporate loans	688	860	1,031	1,217	1,412	1,610	1,803	2,001	2,201
<b>Customers' deposits</b>	<b>866</b>	<b>1,148</b>	<b>1,502</b>	<b>1,852</b>	<b>2,234</b>	<b>2,622</b>	<b>2,998</b>	<b>3,334</b>	<b>3,650</b>
Retail accounts	543	744	1,005	1,276	1,583	1,899	2,203	2,467	2,714
Corporate accounts	323	404	497	576	651	723	795	866	936
<b>Spread</b>	<b>9.3%</b>	<b>8.7%</b>	<b>7.5%</b>	<b>6.6%</b>	<b>6.1%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>4.1%</b>
Lending yield rate	15.5%	14.8%	13.5%	12.5%	12.0%	11.5%	11.0%	10.5%	10.0%
Deposit cost rate	6.2%	6.1%	6.0%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%

### Valuation summary

Valuation date: Apr. 22, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	
Target Total Capital	177	228	284	344	407	468	530	591	654	
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%	
Cash flow to Equity	371	4	10	20	22	36	41	48	54	
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	0.1	
Discounted CF to Equity	343	3	8	13	14	20	20	21	22	
Terminal Value	322	360							Discount Rate to Perpetuity	10%
Equity Value	785	880							Perpetuity Growth Rate	3.0%
per Share, USD	<b>0.008</b>	<b>0.010</b>							Implied Exit P/E Multiple	x8.2

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.007	0.007	0.007	0.007	0.008
+1.0%	0.007	0.008	0.008	0.008	0.008
+0.0%	0.008	0.008	<b>0.009</b>	0.009	0.009
-1.0%	0.009	0.009	0.009	0.010	0.010
-2.0%	0.010	0.010	0.011	0.011	0.012

## Gordon growth model. Ukrsotsbank

### UKIB Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
<b>Gross loan portfolio</b>	<b>23,086</b>	<b>36,729</b>	<b>51,376</b>	<b>66,680</b>	<b>81,610</b>	<b>96,332</b>	<b>110,400</b>	<b>123,766</b>	<b>137,543</b>
Retail loans	13,907	24,336	36,505	49,281	61,602	73,922	85,749	96,897	108,524
Corporate loans	9,180	12,392	14,871	17,399	20,009	22,410	24,651	26,869	29,019
<b>Customers' deposits</b>	<b>14,891</b>	<b>19,431</b>	<b>24,539</b>	<b>29,944</b>	<b>35,714</b>	<b>41,548</b>	<b>47,227</b>	<b>52,361</b>	<b>57,210</b>
Retail accounts	7,432	10,182	13,440	17,069	21,166	25,399	29,462	32,998	36,298
Corporate accounts	7,459	9,249	11,099	12,875	14,549	16,149	17,764	19,363	20,912
<b>Spread</b>	<b>6.8%</b>	<b>6.8%</b>	<b>6.7%</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.1%</b>	<b>6.0%</b>	<b>5.9%</b>	<b>5.9%</b>
Lending yield rate	13.5%	13.0%	12.4%	12.0%	11.6%	11.3%	11.1%	11.0%	11.0%
Deposit cost rate	6.7%	6.2%	5.7%	5.4%	5.3%	5.2%	5.1%	5.1%	5.1%

### UKIB Valuation summary

Valuation date: Aug. 20, 2007

For the purposes of forecasting, local currency is used (UAH mln)

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Target Total Capital	3,001	4,753	6,606	8,464	10,284	12,085	13,812	15,460	17,164
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	752	82	163	487	701	832	1,096	1,397	1,627
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	718	79	140	378	490	523	627	726	769
Terminal Value	10,097	11,312							
Equity Value	14,146	15,849							
per Share, USD	<b>0.27</b>	<b>0.32</b>							
							Discount Rate to Perpetuity		10%
							Perpetuity Growth Rate		3.0%
							Implied Exit P/E Multiple		8.9x

### Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.22	0.22	0.23	0.24	0.25
+1.0%	0.24	0.25	0.26	0.28	0.29
+0.0%	0.28	0.29	<b>0.32</b>	0.33	0.35
-1.0%	0.32	0.34	0.37	0.39	0.42
-2.0%	0.39	0.41	0.45	0.49	0.54

## Key financial highlights

The half-year financial results of most banks in our coverage universe outperformed the sector and our estimates, prompting us to revise our forecasts for the banks' key financials upward (see also forecast revision on page 29).

The biggest earnings surprises came from **Megabank** and **Ukrgazbank**, both of which tripled their net income in 1H07. Both banks moved ahead with efficiency improvements and continued to march into the higher-yield retail segment.

**Bank Forum's** C/I ratio also improved, but an eightfold increase in loan loss provisions retracted the bank's profit. Its net income growth of 29% yoy was below our expectations. Forum is currently converging its provisioning policy with stricter IFRS standards and we believe this drastic growth in provisions is a one-time event. The bank's preliminary 7M07 results suggests its provisioning level is starting to normalize. Forum's USD 1.2 mln net income in July was 1/3 of the amount the bank recorded for 1H07, bringing its cumulative net income for 7M07 to USD 5.6 mln (+50% yoy).

**Rodovid** was the fastest growing local bank in terms of assets and lending. The banks' aggressive penetration into retail (+277% yoy) also made it #1 in net interest income growth. Rodovid's cost line expansion was the highest of its peers and it was the only bank whose C/I ratio deteriorated, even though it did not stop the bank from lifting its net income 129% yoy.

The growth of heavyweights **Raiffeisen Bank Aval** and **Ukrsotsbank** was close to the sector average. Ukrsotsbank's net margin squeezed due to a surge in provision charges.

### 1H07 Summary

	BAVL	USCB	FORM	RODB	UGZB	MEGA	UKIB	FKTB	NADR	BXRK	All banks
<b>USD mln</b>											
Assets	6,946	4,809	1,873	1,203	1,217	301	250	189	3,060	821	<b>87,143</b>
Loans	5,563	3,523	1,244	772	629	209	159	117	1,895	482	<b>59,923</b>
Deposits	3,928	2,530	1,078	576	637	201	154	145	1,459	502	<b>48,445</b>
Equity	672	413	196	93	123	45	84	20	320	130	<b>10,036</b>
Net interest income	186.1	75.5	34.8	8.8	19.9	5.3	6.7	2.0	59.5	15.2	<b>1,827</b>
Net fee & commissions	78.7	44.2	7.5	8.6	9.4	6.6	3.5	2.8	34.4	6.2	<b>931</b>
Total revenue	280.0	146.2	46.1	20.5	40.2	12.6	12.5	6.1	136.4	23.1	<b>3,136</b>
Operating expenses	(166.2)	(83.2)	(29.4)	(14.7)	(24.9)	(8.9)	(9.5)	(5.4)	(70.6)	(15.8)	<b>(1,837)</b>
Operating income	113.8	63.0	16.7	5.8	15.3	3.8	3.0	0.8	65.9	7.2	<b>1,299</b>
Net income	57.5	31.8	4.4	4.3	8.3	2.0	1.0	0.2	37.4	4.8	<b>509</b>
Net interest margin	7.4%	4.9%	4.6%	2.2%	4.4%	4.7%	8.4%	2.6%	5.3%	4.4%	<b>5.8%</b>
Net margin	20.6%	21.7%	9.6%	21.0%	20.8%	15.9%	8.0%	4.0%	27.4%	20.6%	<b>16.2%</b>
ROE	16.3%	17.0%	4.4%	10.6%	13.5%	10.7%	3.2%	2.8%	22.3%	9.5%	<b>12.2%</b>
Cost/Income	59.4%	56.9%	63.8%	71.7%	62.0%	70.2%	75.6%	87.7%	51.7%	68.7%	<b>58.6%</b>
<b>Growth, % yoy</b>											
Assets	67%	94%	88%	194%	117%	67%	35%	31%	96%	36%	<b>73%</b>
Loans	73%	95%	80%	158%	158%	90%	45%	53%	92%	48%	<b>78%</b>
Deposits	37%	44%	85%	95%	77%	55%	31%	31%	85%	6%	<b>48%</b>
Equity	68%	46%	104%	152%	140%	97%	316%	9%	142%	169%	<b>72%</b>
Net interest income	64%	47%	93%	167%	100%	81%	73%	50%	89%	62%	<b>63%</b>
Net fee & commissions	17%	26%	61%	108%	129%	55%	28%	70%	48%	48%	<b>48%</b>
Total revenue	43%	51%	82%	106%	113%	64%	51%	69%	77%	56%	<b>54%</b>
Operating expenses	36%	38%	53%	111%	38%	39%	32%	66%	73%	52%	<b>52%</b>
Operating income	54%	73%	170%	94%	282%	184%	178%	93%	81%	67%	<b>57%</b>
Net income	55%	8%	29%	129%	212%	215%	34%	-23%	57%	74%	<b>41%</b>
Net interest margin	0.2% p	1.7% p	-0.4% p	-0.4% p	-0.7% p	0.2% p	2.1% p	0.3% p	0.1% p	0.0% p	<b>-0.3% p</b>
Net margin	1.7% p	-8.7% p	-3.9% p	2.1% p	6.6% p	7.6% p	-1.0% p	-4.9% p	-3.5% p	2.1% p	<b>-1.5% p</b>
ROE	4.1% p	-5.2% p	-6.1% p	1.2% p	0.9% p	4.0% p	1.2% p	0.4% p	-4.9% p	-4.0% p	<b>-0.6% p</b>
Cost/Income	-3.0% p	-5.4% p	-11.8% p	1.7% p	-16.8% p	-12.6% p	-11.1% p	-1.5% p	-1.2% p	-2.0% p	<b>-0.7% p</b>

     best in class
      worst in class

Source: National Bank of Ukraine, Concorde Capital calculations

## Key sector trends

### No sign of slowing down

During the first six months of 2007, Ukrainian banks continued growing at the solid pace they posted last year. Banking sector assets grew 73% yoy (vs. +62% yoy in 1H06) to reach USD 87 bln as of July 1, 2007. The loan portfolios of local banks expanded by 78% yoy (+77% in 1H06) to USD 63 bln, while customer deposits continued to lag, improving 48% yoy (+49%), as banks continued to replace domestic borrowing with cheaper and longer-term foreign debt. The sector's net income rose 41% yoy to USD 0.5 bln. The key drivers for the earnings growth remained net interest income (+63% yoy), fee & commission income (+48% yoy) and improved efficiency (Cost/Income fell to 58.6% from 59.3% a year ago).

### Retail remains a major driver

Loans to individuals more than doubled (+119% yoy), and remained the major driving force for lending growth. As of July 1, 2007 retail loans amounted to USD 21 bln, representing a 34% share of total loans, compared to 27% one year ago.

### Non-performing loans moderate, so far

According to the National Bank, non-performing loans (NPL) amounted to USD 1.1 bln, or 1.8% of total loans – an improvement against 2.3% in 1H06. Despite a decrease in the proportion of NPLs, bad loans growth (at 38% yoy) continued to accelerate compared to 25% in 1H06 and 13% in 2005. We think NPLs will grow even faster, as the share of "more problematic" retail loans continues to increase. Although many banks now employ preventive measures (launching debt collection agencies, improving scoring schemes), we expect the NPL ratio to deteriorate to 2.5-3.0% in 2008-2009, closer to the CEE average of 3.5-4.0%.

### Falling capital adequacy will bring more deals

With lending growth in 2007 forecasted at above the 70% level, shareholders of many banks will become increasingly stretched in their ability to continue fresh capital injections. In 1H07 the banks' capital adequacy ratio (CAR) extended its 5Y declining trend and reduced further to 14.0% compared to 14.3% a year ago. The decrease took place despite equity growth accelerating in 1H07 to 71% yoy (vs. +51% in 1H06), which again appeared to be insufficient to offset superior asset growth and an increase in the portion of higher-risk retail products.

We expect to see a continued flow of equity placements and strategic acquisitions over the next 12-18 months. In 2007 foreign players continued to actively buy up local banks, shifting the focus, as we predicted, to mid-size banks. In 1H07 international banks took control over eight Ukrainian banks and increased their market share in terms of assets to 38% vs. 33% at the start of the year.

### M&A deals in the Ukrainian banking sector

Date	Buyer	Target	Stake acquired	Deal value	P/B*
<b>1H07</b>					
Jul-07	UniCredit Group (Italy)	Ukrsotsbank	95%	USD 2.2 bln	5.0
Jun-07	Societe General (France)	Ikar Bank	100%	USD 35 mln	2.8
May-07	Piraeus Bank (Greece)	International Comercial Bank	78%	USD 50 mln	3.2
Mar-07	Marfin Popular Bank (Greece)	Marine Transport Bank	100%	USD 137 mln	4.7
Jun-07	Sberbank (Russia)	NRB-Ukraine	100%	USD 150 mln	6.0
Feb-07	KIT-Finance (Russia)	Radabank	<50%	USD 7.5 mln	1.4
Jan-07	Swedbak (Sweden)	TAS-Commertzbank	~100%	USD 753 mln	4.6
Jan-07	Volksbanken (Austria)	Bank Electron	98%	USD 74 mln	4.0
<b>2006</b>					
Dec-06	Getin Holding (Poland)	Bank Prykarpattya	82%	USD 22.4-25.6	3.5-4.0
Aug-06	PPF Group (Czech Rep)	Privatinvestbank	100%	USD 20-25* mln	2.0-2.5
Jul-06	PPF Group (Czech Rep)	Agrobank	100%	USD 46-52* mln	3.5-4.0
Jul-06	EFG Eurobank (Greece)	Universalny	99%	USD 49 mln	3.6
Jul-06	Erste Bank (Austria)	Prestige Bank	51%	USD 35.3 mln	1.2
Jul-06	Russian Standard	Avtoinveststoybank	<50%	USD 9-10	1.1-1.3
May-06	OTP Bank (Hungary)	Raiffeisenbank-Ukraine	100%	USD 833 mln	5.9
Mar-06	Credit Agricole (France)	Index Bank	98%	USD 257 mln	5.5
Jan-06	Vneshtorgbank (Russia)	Mriya	98%	USD 70 mln	1.6

Source: National Bank of Ukraine, Concorde Capital calculations

\* book value for the last reporting quarter

**Banking sector evolution**

	2002	2003	2004	2005	1H06	2006	1H07
Number of banks	157	158	160	165	188	170	193
Foreign banks	27	26	26	32	30	48	42
Share of foreign banks, % of capital	13.7	11.3	9.6	19.5	23.4	27.6	32.8
Share of top 10 banks, % of assets	54.0	53.7	53.1	53.8	53.0	52.4	52.5
<b>Key financials, USD bln</b>							
Total assets	12.0	18.8	25.3	42.4	50.4	67.4	87.1
Gross loans	7.8	12.5	16.5	28.2	35.5	48.6	62.8
Corporate loans	7.2	10.9	13.7	21.6	25.9	33.2	41.7
Retail loans	0.6	1.7	2.8	6.6	9.6	15.4	21.1
Total deposits	7.3	11.3	15.3	26.5	32.7	36.2	48.4
Corporate deposits	3.7	5.2	7.6	12.1	15.8	15.2	23.0
Retail deposits	3.6	6.0	7.8	14.4	16.9	21.0	25.4
Equity	1.9	2.4	3.5	5.0	5.8	8.4	10.0
Net income	0.13	0.16	0.24	0.43	0.36	0.82	0.51
<b>Growth, % yoy</b>							
Total assets	33%	57%	35%	67%	62%	59%	73%
Total loans	47%	61%	32%	71%	77%	73%	78%
Corporate loans	43%	52%	26%	57%	48%	54%	61%
Retail loans	136%	173%	65%	139%	149%	135%	119%
Total deposits	44%	55%	36%	73%	49%	37%	48%
Corporate deposits	25%	42%	44%	60%	31%	26%	46%
Retail deposits	70%	68%	29%	85%	52%	46%	51%
Equity	25%	29%	44%	45%	51%	67%	71%
Net income	28%	21%	53%	80%	116%	91%	41%
<b>Ratios</b>							
ROA, %	1.3	1.0	1.1	1.3	1.5	1.6	1.4
ROE, %	8.0	7.6	8.1	10.0	12.8	12.2	12.2
Net interest margin, %	6.0	5.8	6.1	5.8	6.0	5.9	5.8
Capital adequacy ratio, %	18.0	15.1	16.8	15.0	14.3	14.2	14.0
<b>Banking penetration</b>							
Assets/GDP	28%	38%	39%	50%	53%	67%	73%
Loans/GDP	18%	25%	25%	33%	38%	48%	53%
Retail loans/GDP	1%	3%	4%	8%	10%	15%	18%
Deposits/GDP	17%	23%	24%	31%	35%	36%	41%

Source: National Bank of Ukraine, Concorde Capital



## Bank profiles

# Factorial Bank

FKTB UZ

Banks

<http://www.factorialbank.com>

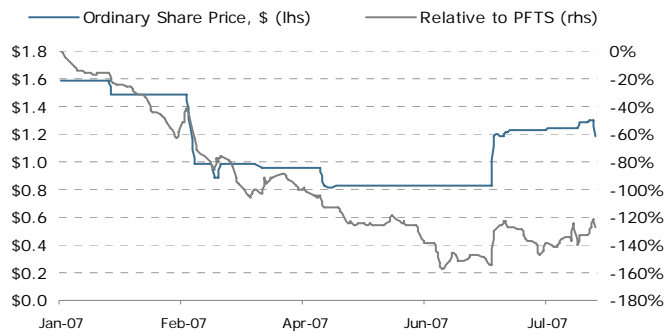
**Target Price (USD)** **1.10**  
**Upside** **12%**

## HOLD

### INVESTMENT CASE

- In the process of strategic sale. Completion expected in 2007
- The management is streamlining operations, major focus on cleaning up balance sheet
- Junk securities write off of USD 15 mln, or 8% of the balance sheet size in 1H07
- Asset growth, at 31% yoy, remained at last year's level

### SHARE PRICE PERFORMANCE



listed on PFTS since 14 Dec 2006

### BUSINESS OVERVIEW

Founded in 1991, Factorial Bank is headquartered in the industrially-developed Kharkiv region. Factorial is a fully licensed and certified universal banking institution that provides a full range of traditional banking services to more than 50,000 individuals and 6,000 corporate clients.

With total assets of USD 189 mln as of July 1, 2007, Factorial Bank is Ukraine's 56th largest bank in terms of assets. According to NBU classifications, Factorial Bank is a mid-size bank (3rd tier) and is in the largest 30% of Ukrainian banks.

Since 2005, the bank has sped up development into the retail banking segment: loans-to-individuals ten folded over the past two and a half year, bringing the share of retail in the bank's overall loan book to 44% in 1H07. The bank's current network is comprised of seven branches in different Ukrainian regions and 34 outlets.

In June 2007, the bank increased its charter fund by 64.4% to USD 20.1 mln.

\* PFTS ASK Price is used

**\*\* Price"Impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:**

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

### MARKET INFORMATION

<b>Market price*, USD</b>	<b>1.0</b>
Price impact**	3
52 Wk H/L, USD	1.58 / 0.59
Chg 3m/6m/52w	45% / -19% / n/a
Chg vs PFTS 3m/6m/52w	31% / -62% / -144%
Chg YTD	-24%
Avg Mo Tr Vol 6M, USD mln	0.3
<b>MCap, USD mln</b>	<b>100.1</b>
Free float, %	9.9%
FF MCap, USD mln	9.9
<b>No of shares, mln</b>	<b>102.1</b>
Par Value, UAH	1.0
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

**Corporate Governance Rating\*** N/R  
 \* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

### STOCK OWNERSHIP

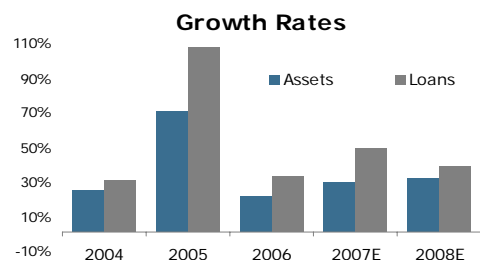
UPEC Group	41.1%
Two individuals	39.5%
Institutional investors	9.9%
Other	9.4%

### MARKET MULTIPLES

	2006	2007E	2008E
P/E	170.2	98.2	63.5
P/B	5.3	3.7	3.0
P/Loans	1.2	0.7	0.4
P/Deposits	0.8	0.6	0.5

### KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	7%	9%	17%
Net Interest Mgn	2%	4%	4%
ROE	3%	5%	9%
Cost/Income	87%	80%	71%



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	8.1	5.8	9.9	7.3	15.9	21.1	29.0
Due from banks	13.1	8.9	11.6	18.5	22.6	29.5	39.5
<b>Loan portfolio, net</b>	<b>70.5</b>	<b>76.2</b>	<b>86.1</b>	<b>116.6</b>	<b>147.1</b>	<b>224.5</b>	<b>304.6</b>
Securities portfolio	27.4	34.1	30.2	19.1	9.8	11.6	13.6
Fixed & intangible assets	10.1	14.1	15.3	19.1	21.9	30.8	39.4
Other assets	6.4	3.7	4.7	5.8	9.0	10.6	12.5
<b>Total assets</b>	<b>136.7</b>	<b>143.7</b>	<b>158.9</b>	<b>188.7</b>	<b>226.3</b>	<b>328.2</b>	<b>438.6</b>
<b>LIABILITIES</b>							
Due to banks	15.3	12.2	4.0	12.4	14.0	61.0	112.1
<b>Customer accounts</b>	<b>100.9</b>	<b>111.0</b>	<b>132.3</b>	<b>145.2</b>	<b>170.4</b>	<b>214.5</b>	<b>264.3</b>
Debt securities issued	0.0	0.0	0.0	0.0	2.1	2.3	2.5
Other liabilities	0.9	1.2	1.3	9.1	11.0	13.9	11.4
<b>Total liabilities</b>	<b>119.0</b>	<b>125.7</b>	<b>139.6</b>	<b>169.0</b>	<b>197.4</b>	<b>291.6</b>	<b>390.2</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>17.7</b>	<b>18.0</b>	<b>19.3</b>	<b>19.6</b>	<b>28.9</b>	<b>36.6</b>	<b>48.4</b>
<b>Total liabilities &amp; equity</b>	<b>136.7</b>	<b>143.7</b>	<b>158.9</b>	<b>188.7</b>	<b>226.3</b>	<b>328.2</b>	<b>438.6</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	10.9	6.5	14.0	8.5	19.6	27.6	36.5
Interest expense	(9.2)	(5.2)	(11.2)	(6.5)	(13.9)	(18.4)	(24.4)
<b>Net interest income</b>	<b>1.7</b>	<b>1.3</b>	<b>2.8</b>	<b>2.0</b>	<b>5.6</b>	<b>9.3</b>	<b>12.1</b>
Fee & commission income	2.4	1.7	3.9	3.0	5.2	7.0	9.3
Fee & commission expense	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.3)	(0.4)
<b>Net fee &amp; commission income</b>	<b>2.3</b>	<b>1.6</b>	<b>3.7</b>	<b>2.8</b>	<b>4.9</b>	<b>6.7</b>	<b>8.9</b>
Trading income	0.7	0.4	0.8	0.6	1.0	1.2	1.4
Other income	1.5	0.3	1.3	0.8	1.3	0.9	1.2
<b>Net non-interest income</b>	<b>4.4</b>	<b>2.3</b>	<b>5.8</b>	<b>4.2</b>	<b>7.2</b>	<b>8.7</b>	<b>11.5</b>
<b>Total revenues</b>	<b>6.1</b>	<b>3.6</b>	<b>8.7</b>	<b>6.1</b>	<b>12.8</b>	<b>18.0</b>	<b>23.6</b>
Operating expenses	(5.3)	(3.2)	(7.6)	(5.4)	(10.2)	(12.7)	(15.2)
<b>Operating income</b>	<b>0.8</b>	<b>0.4</b>	<b>1.1</b>	<b>0.8</b>	<b>2.6</b>	<b>5.3</b>	<b>8.4</b>
Provision for loan losses & other	(0.4)	(0.0)	(0.4)	(0.4)	(1.0)	(1.3)	(1.4)
<b>Profit before tax</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>0.3</b>	<b>1.6</b>	<b>4.0</b>	<b>7.0</b>
Income tax expense	(0.2)	(0.1)	(0.1)	(0.1)	(0.4)	(1.0)	(1.7)
<b>Net income</b>	<b>0.2</b>	<b>0.3</b>	<b>0.6</b>	<b>0.2</b>	<b>1.2</b>	<b>3.0</b>	<b>5.2</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	1.9%	2.3%	2.4%	2.6%	3.7%	4.2%	3.9%
Net income margin	3.9%	8.9%	6.9%	4.0%	9.3%	16.8%	22.2%
ROE	1.4%	2.4%	3.3%	2.8%	5.0%	9.2%	12.3%
ROA	0.2%	0.3%	0.4%	0.3%	0.6%	1.1%	1.4%
Cost/Income	86.3%	89.2%	87.2%	87.7%	79.6%	70.6%	64.4%
Net interest income/Total revenue	27.6%	36.2%	32.8%	32.2%	43.9%	51.5%	51.3%
Loans/Total assets	51.6%	53.0%	54.2%	61.8%	65.0%	68.4%	69.5%
Loans/Deposits	69.9%	68.7%	65.0%	80.3%	86.4%	104.7%	115.3%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	62.6%	30.1%	16.2%	31.2%	41.2%	45.2%	33.8%
Loans	83.8%	64.8%	22.0%	52.9%	70.9%	52.6%	35.7%
Deposits	88.2%	58.4%	31.2%	30.9%	28.7%	25.9%	23.2%
Equity	6.5%	7.5%	9.0%	8.8%	49.8%	26.5%	32.3%
Total income	-0.1%	17.4%	42.5%	69.0%	47.8%	40.6%	31.0%
Operating income	-61.7%	-57.7%	33.0%	92.7%	135.9%	102.2%	58.7%
Net income	-57.9%	131.3%	154.8%	-23.4%	98.6%	153.2%	73.2%

# Bank Forum

FORM UZ

Banks

<http://www.forum.com.ua>

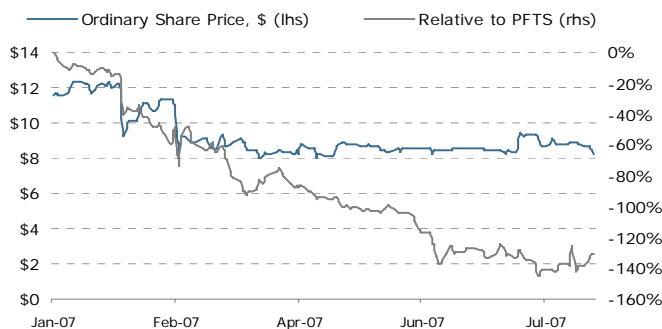
**Target Price (USD) 9.70**  
**Upside 19%**

## BUY

### INVESTMENT CASE

- Growth rate has been steadily above the sector average for the last three years
- Rapid expansion into higher-yield retail loans: +120% yoy in 1H07 vs. the sector average of 82%
- Retail network doubled in the last 12 months to 250 outlets. Management is planning to have 300 total by the end of 2007
- Cost growth halved in 1H07 and C/I ratio improved to 64% vs. 76% a year ago
- Net margin is expected to recover after a one-off increase in provision charges in 1H07
- Strategic acquisition is important catalyst; sale is probable in 2H07-1H08

### SHARE PRICE PERFORMANCE\*



### BUSINESS OVERVIEW

Founded in 1994, Bank Forum is a universal financial institution, offering corporate, retail, treasury and investment banking services to over 7.3 ths corporate and 56 ths private customers. Ukraine's 13th largest bank, with USD 1,873 mln in assets as of July 1, 2007.

Despite a primary focus on corporate clients, the bank is making a strong shift toward retail. It operates 250 branch offices and network of 245 ATMs.

In 1H07 the bank's gross loan portfolio expanded by 80% yoy to USD 1.2 bln while its retail lending jumped 120% yoy to USD 253 mln, corporate loans grew 73% yoy to USD 1.0 bln and customer deposits grew 85% yoy to USD 1.1 bln.

An 80% share capital increase completed in March through issuing 50 mln new shares at par USD 1.98.

\* PFTS MID Price is used

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

### MARKET INFORMATION

<b>Market price*, USD</b>	<b>8.24</b>
Price impact**	2
52 Wk H/L, USD	12.4 / 6.6
Chg 3m/6m/52w	-5% / -24% / 7%
Chg vs PFTS 3m/6m/52w	-19% / -67% / -137%
Chg YTD	-28%
Avg Mo Tr Vol 6M, USD mln	0.7
<b>MCap, USD mln</b>	<b>924.0</b>
Free float, %	10.0%
FF MCap, USD mln	92.4
<b>No of shares, mln</b>	<b>112.0</b>
Par Value, UAH	10
<b>XETRA</b>	<b>B5F</b>
DR Ratio	1:1
Avg Mo Tr Vol 6M, USD ths	213.3

### Corporate Governance Rating\*

Q

\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

### STOCK OWNERSHIP

Provita Insurance	65.0%
LLC Elmak	14.8%
Portfolio investors	9.9%
Kontinental - Ukraine LLC	6.6%
Other	3.7%

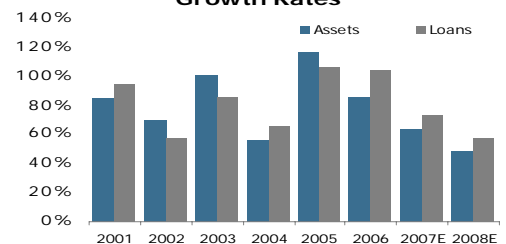
### MARKET MULTIPLES

	2006	2007E	2008E
P/E	167.9	86.3	38.5
P/B	6.1	3.6	2.4
P/Loans	0.9	0.5	0.3
P/Deposits	1.1	0.7	0.5

### KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	9%	10%	15%
Net Interest Mgn	4%	4%	4%
ROE	5%	5%	8%
Cost/Income	69%	63%	61%

### Growth Rates



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	51.9	41.6	50.9	49.9	84.0	131.0	187.4
Due from banks	180.9	202.0	339.3	443.3	538.7	519.9	450.9
<b>Loan portfolio, net</b>	<b>450.9</b>	<b>691.1</b>	<b>978.3</b>	<b>1,244.4</b>	<b>1,700.6</b>	<b>2,658.3</b>	<b>3,687.5</b>
Securities portfolio	22.7	9.3	28.3	54.7	39.0	48.8	58.5
Fixed & intangible assets	27.6	32.4	51.1	59.4	74.9	91.7	103.5
Other assets	3.0	6.7	4.1	8.7	11.4	16.1	21.0
<b>Total assets</b>	<b>743.1</b>	<b>994.3</b>	<b>1,461.0</b>	<b>1,872.9</b>	<b>2,448.5</b>	<b>3,465.8</b>	<b>4,508.8</b>
<b>LIABILITIES</b>							
Due to banks	173.0	264.8	421.6	531.9	756.7	904.5	915.3
<b>Customer accounts</b>	<b>455.8</b>	<b>581.9</b>	<b>844.6</b>	<b>1,078.2</b>	<b>1,284.2</b>	<b>2,003.2</b>	<b>2,866.1</b>
Debt securities issued	13.9	16.1	9.5	19.7	121.9	134.1	146.1
Other liabilities	19.0	24.0	13.2	21.1	26.9	38.6	48.3
<b>Total liabilities</b>	<b>670.3</b>	<b>898.3</b>	<b>1,309.2</b>	<b>1,676.6</b>	<b>2,189.7</b>	<b>3,080.4</b>	<b>3,975.8</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>72.8</b>	<b>96.0</b>	<b>151.8</b>	<b>196.3</b>	<b>258.8</b>	<b>385.4</b>	<b>533.0</b>
<b>Total liabilities &amp; equity</b>	<b>743.1</b>	<b>994.3</b>	<b>1,461.0</b>	<b>1,872.9</b>	<b>2,448.5</b>	<b>3,465.8</b>	<b>4,508.8</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	65.2	49.8	120.7	95.1	212.1	316.2	437.6
Interest expense	(38.5)	(31.7)	(76.6)	(60.3)	(131.8)	(195.4)	(255.2)
<b>Net interest income</b>	<b>26.7</b>	<b>18.1</b>	<b>44.1</b>	<b>34.8</b>	<b>80.3</b>	<b>120.8</b>	<b>182.5</b>
Fee & commission income	7.9	5.7	12.5	8.6	17.9	27.8	40.6
Fee & commission expense	(1.6)	(1.0)	(2.4)	(1.1)	(2.2)	(2.9)	(3.6)
<b>Net fee &amp; commission income</b>	<b>6.4</b>	<b>4.7</b>	<b>10.1</b>	<b>7.5</b>	<b>15.7</b>	<b>24.9</b>	<b>36.9</b>
Trading income	3.2	2.4	4.2	3.3	6.6	9.3	11.6
Other income	0.5	0.3	0.8	0.4	1.2	1.4	1.0
<b>Net non-interest income</b>	<b>10.1</b>	<b>7.3</b>	<b>15.1</b>	<b>11.2</b>	<b>23.5</b>	<b>35.6</b>	<b>49.5</b>
<b>Total revenues</b>	<b>36.8</b>	<b>25.4</b>	<b>59.2</b>	<b>46.1</b>	<b>103.8</b>	<b>156.4</b>	<b>232.0</b>
Operating expenses	(21.5)	(19.2)	(41.1)	(29.4)	(64.9)	(95.0)	(132.0)
<b>Operating income</b>	<b>15.3</b>	<b>6.2</b>	<b>18.1</b>	<b>16.7</b>	<b>38.9</b>	<b>61.4</b>	<b>100.0</b>
Provision for loan losses & other	(7.1)	(1.5)	(10.9)	(11.2)	(24.7)	(29.4)	(39.1)
<b>Profit before tax</b>	<b>8.2</b>	<b>4.7</b>	<b>7.2</b>	<b>5.5</b>	<b>14.3</b>	<b>32.0</b>	<b>60.8</b>
Income tax expense	(1.9)	(1.3)	(1.7)	(1.0)	(3.6)	(8.0)	(15.2)
<b>Net income</b>	<b>6.3</b>	<b>3.4</b>	<b>5.5</b>	<b>4.4</b>	<b>10.7</b>	<b>24.0</b>	<b>45.6</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	5.6%	5.0%	4.4%	4.6%	4.4%	4.4%	4.9%
Net income margin	17.2%	13.6%	9.3%	9.6%	10.3%	15.4%	19.7%
ROE	11.1%	10.5%	4.9%	4.4%	5.2%	7.5%	9.9%
ROA	1.2%	1.0%	0.5%	0.5%	0.5%	0.8%	1.1%
Cost/Income	58.5%	75.6%	69.4%	63.8%	62.5%	60.7%	56.9%
Net interest income/Total revenue	72.6%	71.2%	74.4%	75.6%	77.4%	77.3%	78.7%
Loans/Total assets	60.7%	69.5%	67.0%	66.4%	69.5%	76.7%	81.8%
Loans/Deposits	98.9%	118.8%	115.8%	115.4%	132.4%	132.7%	128.7%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	115.9%	98.1%	96.6%	88.4%	67.6%	41.5%	30.1%
Loans	97.2%	101.1%	117.0%	80.1%	73.8%	56.3%	38.7%
Deposits	134.5%	116.6%	85.3%	85.3%	52.0%	56.0%	43.1%
Equity	75.7%	95.1%	108.6%	104.4%	70.5%	48.9%	38.3%
Total income	54.3%	81.1%	60.7%	81.6%	75.4%	50.6%	48.3%
Operating income	13.1%	6.5%	18.5%	169.9%	114.7%	57.8%	62.8%
Net income	82.5%	60.7%	-13.2%	29.1%	94.5%	124.6%	90.1%

# Khreschatyk Bank

BXRK UZ

Banks

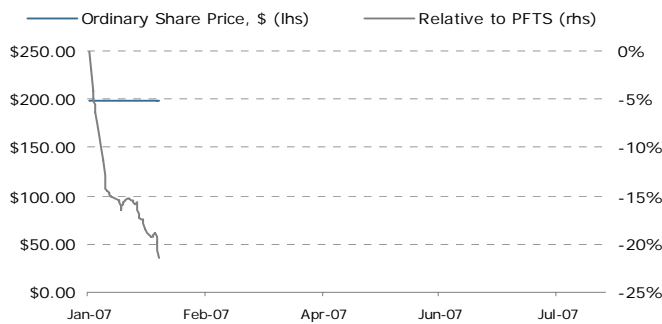
<http://www.xcitybank.com.ua>

**Target Price (USD)**  
**Upside**

**N/R**  
**n/a**

**N/R**

## SHARE PRICE PERFORMANCE\*



## BUSINESS OVERVIEW

Established in 1993, Khreschatyk Bank is headquartered in Kyiv. A universal bank, it offers a standard range of banking services. Currently, it operates a network of 88 branches/offices in Kyiv and other regions throughout Ukraine.

In 1H07, the bank posted growth in its key financials: assets increased by 36% yoy to USD 821 mln, its loan portfolio grew by 48% yoy to USD 482 mln, while customer deposits increased by 6% yoy to USD 502 mln.

In 2007, the bank plans to finish placing a Eurobond issue it started last year for USD 250 mln and to attract a syndicated loan for USD 35 mln. Khreshchatyk's management is also considering selling the bank to foreign investors.

\* PFTS BID Price is used  
The stock hasn't been trading since Feb 2007

\*\* Price"impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

## MARKET INFORMATION

<b>Market price*, USD</b>	<b>n/a</b>
Price impact**	3
52 Wk H/L, USD	198 / 198
Chg 3m/6m/52w	n/a / n/a / n/a
Chg vs PFTS 3m/6m/52w	n/a / n/a / n/a
Chg YTD	n/a
Avg Mo Tr Vol 6M, USD mln	0.0
<b>MCap, USD mln</b>	<b>n/a</b>
Free float, %	6.3%
FF MCap, USD mln	n/a
<b>No of shares, mln</b>	<b>0.5</b>
Par Value, UAH	1000
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

## Corporate Governance Rating\*

N/R  
\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

## STOCK OWNERSHIP

Ukrfinkom	51.2%
Kyiv State City Administration	42.0%
Management	0.5%
Other	6.3%

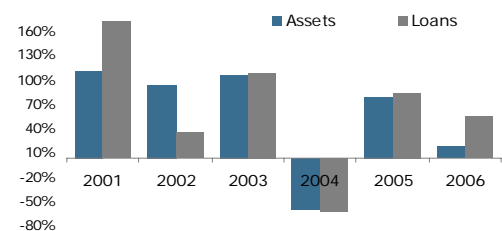
## MARKET MULTIPLES

	2006	2007E	2008E
P/E	n/a	n/a	n/a
P/B	n/a	n/a	n/a
P/Loans	n/a	n/a	n/a
P/Deposits	n/a	n/a	n/a

## KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	19%	n/a	n/a
Net Interest Mgn	4%	n/a	n/a
ROE	11%	n/a	n/a
Cost/Income	71%	n/a	n/a

## Growth Rates



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	66.1	35.3	39.1	46.4	n/a	n/a	n/a
Due from banks	246.3	170.1	167.0	181.9	n/a	n/a	n/a
<b>Loan portfolio, net</b>	<b>261.9</b>	<b>326.3</b>	<b>399.6</b>	<b>481.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Securities portfolio	24.8	41.2	68.4	63.0	n/a	n/a	n/a
Fixed & intangible assets	18.5	23.7	36.7	39.5	n/a	n/a	n/a
Other assets	2.0	4.4	5.3	6.7	n/a	n/a	n/a
<b>Total assets</b>	<b>622.7</b>	<b>602.8</b>	<b>717.6</b>	<b>821.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>LIABILITIES</b>							
Due to banks	55.8	46.7	85.8	162.2	n/a	n/a	n/a
<b>Customer accounts</b>	<b>491.4</b>	<b>473.0</b>	<b>478.6</b>	<b>502.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Debt securities issued	22.9	13.3	19.8	19.8	n/a	n/a	n/a
Other liabilities	1.6	18.1	59.5	2.5	n/a	n/a	n/a
<b>Total liabilities</b>	<b>575.2</b>	<b>554.6</b>	<b>647.9</b>	<b>691.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>47.5</b>	<b>48.2</b>	<b>69.7</b>	<b>129.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total liabilities &amp; equity</b>	<b>622.7</b>	<b>602.8</b>	<b>717.6</b>	<b>821.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	41.6	32.6	69.7	42.4	n/a	n/a	n/a
Interest expense	(28.3)	(23.2)	(47.8)	(27.2)	n/a	n/a	n/a
<b>Net interest income</b>	<b>13.3</b>	<b>9.4</b>	<b>21.9</b>	<b>15.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Fee & commission income	6.6	4.3	9.9	6.6	n/a	n/a	n/a
Fee & commission expense	(0.6)	(0.2)	(0.5)	(0.4)	n/a	n/a	n/a
<b>Net fee &amp; commission income</b>	<b>6.0</b>	<b>4.2</b>	<b>9.4</b>	<b>6.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Trading income	2.0	1.1	2.5	1.1	n/a	n/a	n/a
Other income	0.1	0.1	0.2	0.6	n/a	n/a	n/a
<b>Net non-interest income</b>	<b>8.1</b>	<b>5.4</b>	<b>12.1</b>	<b>7.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total revenues</b>	<b>21.4</b>	<b>14.8</b>	<b>34.0</b>	<b>23.1</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Operating expenses	(15.2)	(10.4)	(24.0)	(15.8)	n/a	n/a	n/a
<b>Operating income</b>	<b>6.2</b>	<b>4.3</b>	<b>10.0</b>	<b>7.2</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Provision for loan losses & other	(1.0)	(0.5)	(1.0)	(0.4)	n/a	n/a	n/a
<b>Profit before tax</b>	<b>5.2</b>	<b>3.8</b>	<b>9.0</b>	<b>6.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Income tax expense	(1.3)	(1.1)	(2.6)	(2.0)	n/a	n/a	n/a
<b>Net income</b>	<b>4.0</b>	<b>2.7</b>	<b>6.4</b>	<b>4.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	3.1%	4.4%	3.7%	4.4%	n/a	n/a	n/a
Net income margin	18.6%	18.5%	18.9%	20.6%	n/a	n/a	n/a
ROE	9.8%	13.5%	11.0%	9.5%	n/a	n/a	n/a
ROA	0.8%	1.2%	1.0%	1.2%	n/a	n/a	n/a
Cost/Income	71.0%	70.7%	70.6%	68.7%	n/a	n/a	n/a
Net interest income/Total revenue	62.0%	63.7%	64.3%	65.9%	n/a	n/a	n/a
Loans/Total assets	42.1%	54.1%	55.7%	58.7%	n/a	n/a	n/a
Loans/Deposits	53.3%	69.0%	83.5%	95.9%	n/a	n/a	n/a

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	76.3%	75.6%	15.2%	36.3%	n/a	n/a	n/a
Loans	82.7%	76.6%	52.6%	47.7%	n/a	n/a	n/a
Deposits	67.9%	68.5%	-2.6%	6.2%	n/a	n/a	n/a
Equity	40.9%	42.8%	46.7%	168.9%	n/a	n/a	n/a
Total income	44.4%	82.2%	59.0%	56.1%	n/a	n/a	n/a
Operating income	48.6%	135.6%	61.1%	67.0%	n/a	n/a	n/a
Net income	82.1%	133.1%	61.4%	73.7%	n/a	n/a	n/a

# Megabank

MEGA UZ

Banks

<http://www.megabank.net>

**Target Price (USD)**  
**Upside**

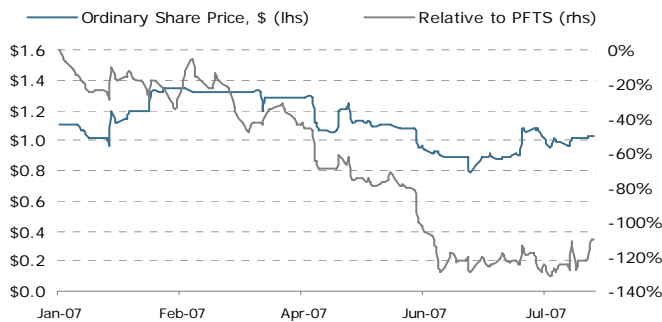
**1.20**  
**19%**

**BUY**

## INVESTMENT CASE

- 1H07 net income tripled – the highest growth of any local peers
- Triple-digit growth in household tariffs throughout Ukraine in 4Q06 helped Megabank to take advantage of its 11% share of the national market for payment processing: net fee & commission income grew by 68% yoy, above the sector average
- Foreign borrowing plan for 2007 was doubled to USD 80 mln, following loan agreements with the World Bank and EBRD for USD 40 mln total

## SHARE PRICE PERFORMANCE\*



## BUSINESS OVERVIEW

A mid-size universal bank, Megabank is Ukraine's #43 bank in terms of assets, with a 0.4% market share as of 1H07. Megabank focuses on corporate business and servicing household utility payments, where the bank holds a considerable 11% market share. Currently, the bank services around 200 ths individual and corporate clients. Over 1H07 Megabank continued to accelerate its retail arm – loans to individuals doubled. The bank operates a solid retail network of 171 outlets in 15 regions of Ukraine and plans to bring the total number of outlets to 300 during 2007.

In 1H07 Megabank increased its charter fund by USD 16.8 mln (+74%) to USD 39.5 mln. In 1H07, the bank increased its total assets 66% yoy to USD 300 mln and loans to individuals 91.0% yoy to USD 213 mln.

\* PFTS MID Price is used

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

## MARKET INFORMATION

<b>Market price*, USD</b>	<b>1.01</b>
Price impact**	3
52 Wk H/L, USD	1.35 / 0.79
Chg 3m/6m/52w	-7% / -24% / -21%
Chg vs PFTS 3m/6m/52w	-21% / -67% / -165%
Chg YTD	-6%
Avg Mo Tr Vol 6M, USD mln	2.8
<b>MCap, USD mln</b>	<b>202.4</b>
Free float, %	20.0%
FF MCap, USD mln	40.5
<b>No of shares, mln</b>	<b>200.0</b>
Par Value, UAH	1.0
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

## Corporate Governance Rating\*

AA  
\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P – poor.

## STOCK OWNERSHIP

M-Invest	33.5%
Institutional investors	20.0%
Avtramat	10.0%
Mega-Garant-Life	5.2%
Turboatom	3.2%
Other	28.1%

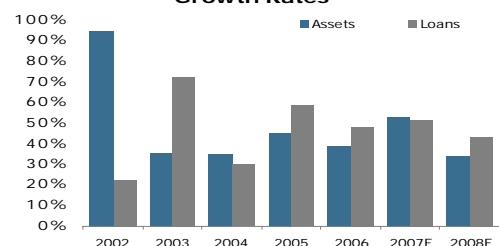
## MARKET MULTIPLES

	2006	2007E	2008E
P/E	90.4	36.7	20.6
P/B	5.4	3.4	2.5
P/Loans	1.4	0.8	0.6
P/Deposits	1.2	0.9	0.7

## KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	12%	20%	25%
Net Interest Mgn	5%	5%	5%
ROE	7%	11%	14%
Cost/Income	75%	63%	56%

## Growth Rates





## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	15.2	13.9	15.6	15.8	22.9	31.0	40.3
Due from banks	19.7	25.6	29.5	31.2	43.3	50.2	51.6
<b>Loan portfolio, net</b>	<b>97.6</b>	<b>109.9</b>	<b>144.2</b>	<b>209.1</b>	<b>248.8</b>	<b>364.0</b>	<b>486.9</b>
Securities portfolio	12.8	14.9	16.2	20.8	20.0	23.2	26.6
Fixed & intangible assets	13.4	13.4	14.1	20.6	24.5	31.7	36.7
Other assets	0.6	1.9	1.7	1.8	1.6	2.2	2.8
<b>Total assets</b>	<b>160.8</b>	<b>180.6</b>	<b>221.9</b>	<b>301.4</b>	<b>361.1</b>	<b>502.3</b>	<b>644.8</b>
<b>LIABILITIES</b>							
Due to banks	4.9	5.5	7.4	15.7	50.6	84.7	112.5
<b>Customer accounts</b>	<b>124.6</b>	<b>129.9</b>	<b>164.5</b>	<b>200.9</b>	<b>222.3</b>	<b>301.5</b>	<b>391.4</b>
Debt securities issued	0.0	0.0	0.3	5.0	10.1	15.0	16.2
Other liabilities	7.4	20.4	9.9	29.7	17.8	19.9	14.5
<b>Total liabilities</b>	<b>137.8</b>	<b>158.0</b>	<b>184.7</b>	<b>256.6</b>	<b>300.9</b>	<b>421.2</b>	<b>534.6</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>23.0</b>	<b>22.7</b>	<b>37.2</b>	<b>44.7</b>	<b>60.2</b>	<b>81.1</b>	<b>110.2</b>
<b>Total liabilities &amp; equity</b>	<b>160.8</b>	<b>180.6</b>	<b>221.9</b>	<b>301.4</b>	<b>361.1</b>	<b>502.3</b>	<b>644.8</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	14.8	8.9	19.9	14.3	29.1	42.6	54.2
Interest expense	(9.4)	(5.9)	(12.6)	(9.0)	(17.3)	(24.7)	(31.7)
<b>Net interest income</b>	<b>5.4</b>	<b>2.9</b>	<b>7.3</b>	<b>5.3</b>	<b>11.8</b>	<b>18.0</b>	<b>22.5</b>
Fee & commission income	8.3	4.4	9.8	6.8	14.2	20.6	29.9
Fee & commission expense	(0.1)	(0.1)	(0.2)	(0.2)	(0.4)	(0.4)	(0.5)
<b>Net fee &amp; commission income</b>	<b>8.2</b>	<b>4.3</b>	<b>9.6</b>	<b>6.6</b>	<b>13.8</b>	<b>20.2</b>	<b>29.4</b>
Trading income	0.6	0.2	0.5	0.2	0.6	0.7	0.9
Other income	0.7	0.3	0.9	0.5	0.9	0.6	0.6
<b>Net non-interest income</b>	<b>9.5</b>	<b>4.8</b>	<b>11.0</b>	<b>7.3</b>	<b>15.3</b>	<b>21.5</b>	<b>30.9</b>
<b>Total revenues</b>	<b>14.8</b>	<b>7.7</b>	<b>18.3</b>	<b>12.6</b>	<b>27.1</b>	<b>39.5</b>	<b>53.3</b>
Operating expenses	(12.3)	(6.4)	(13.7)	(8.9)	(17.1)	(22.1)	(28.4)
<b>Operating income</b>	<b>2.6</b>	<b>1.3</b>	<b>4.6</b>	<b>3.8</b>	<b>10.0</b>	<b>17.3</b>	<b>24.9</b>
Provision for loan losses & other	(1.0)	(0.3)	(1.5)	(1.0)	(2.6)	(4.3)	(6.4)
<b>Profit before tax</b>	<b>1.6</b>	<b>1.0</b>	<b>3.1</b>	<b>2.7</b>	<b>7.4</b>	<b>13.0</b>	<b>18.5</b>
Income tax expense	(0.5)	(0.3)	(0.9)	(0.7)	(1.8)	(3.3)	(4.6)
<b>Net income</b>	<b>1.1</b>	<b>0.6</b>	<b>2.2</b>	<b>2.0</b>	<b>5.5</b>	<b>9.8</b>	<b>13.9</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	4.8%	4.5%	4.6%	4.7%	4.7%	4.8%	4.5%
Net income margin	7.3%	8.3%	12.2%	15.9%	20.4%	24.8%	26.1%
ROE	5.8%	6.7%	7.4%	10.7%	11.4%	13.8%	14.5%
ROA	0.8%	0.8%	1.2%	1.5%	1.9%	2.3%	2.4%
Cost/Income	82.6%	82.9%	74.7%	70.2%	63.0%	56.1%	53.3%
Net interest income/Total revenue	36.1%	37.9%	39.9%	42.0%	43.4%	45.5%	42.1%
Loans/Total assets	60.7%	60.8%	65.0%	69.4%	68.9%	72.5%	75.5%
Loans/Deposits	78.3%	84.6%	87.6%	104.1%	111.9%	120.7%	124.4%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	44.8%	39.1%	38.0%	66.8%	62.7%	39.1%	28.4%
Loans	53.9%	40.2%	47.7%	90.4%	72.6%	46.3%	33.8%
Deposits	57.7%	40.6%	32.0%	54.6%	35.1%	35.6%	29.8%
Equity	60.8%	42.1%	61.5%	97.2%	62.0%	34.7%	35.8%
Total income	21.0%	10.7%	23.6%	63.7%	48.0%	45.6%	35.0%
Operating income	101.0%	-5.2%	79.8%	184.2%	116.7%	72.9%	43.5%
Net income	5.7%	51.7%	107.3%	215.0%	148.1%	76.6%	41.9%

# Nadra Bank

NADR UZ

Banks

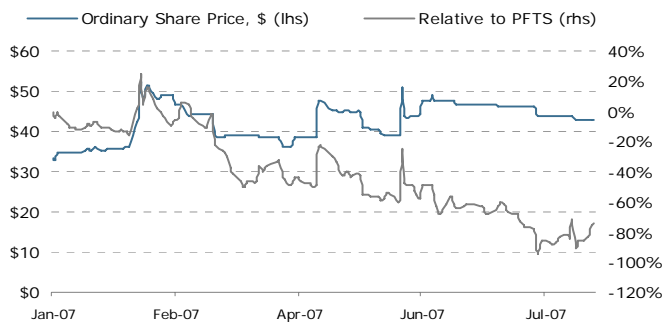
<http://www.nadra.com.ua>

**Target Price (USD)**  
**Upside**

**N/R**  
**n/a**

**N/R**

## SHARE PRICE PERFORMANCE\*



\* Listed on PFTS since 30.11.06

## BUSINESS OVERVIEW

Founded in 1993, Nadra Bank is Ukraine's #8 bank by assets, with 3.5% of the market as of July 1, 2007. A universal bank, it offers corporate and SME banking, but focuses on retail. Currently Nadra operates 600 branches/offices, 787 ATMs and around 3,461 multifunctional POS-terminals. The management plans to open 128 new branches/offices by 2008. In August 2006, Nadra Bank placed 7.7% of its stock with institutional investors at a post-money P/B of 4.1x; the deal brought in USD 51.4 mln in new equity capital. In 1H07, Nadra Bank reported 96% yoy growth in assets to USD 3.0 bln, a 67% yoy increase in corporate loans to USD 912 mln, 85% growth in customer deposits to USD 1.46 bln, and 118% yoy increase in retail loans to USD 1.0 bln.

\* PFTS MID Price is used

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

## MARKET INFORMATION

<b>Market price*, USD</b>	<b>36.63</b>
Price impact**	3
52 Wk H/L, USD	45.1 / 23.0
Chg 3m/6m/52w	10% / -2% / n/a
Chg vs PFTS 3m/6m/52w	-5% / -46% / -144%
Chg YTD	13%
Avg Mo Tr Vol 6M, USD mln	0.0
<b>MCap, USD mln</b>	<b>1430.0</b>
Free float, %	7.0%
FF MCap, USD mln	100.1
<b>No of shares, mln</b>	<b>39.0</b>
Par Value, UAH	10.0
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

## Corporate Governance Rating\*

N/R  
\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

## STOCK OWNERSHIP

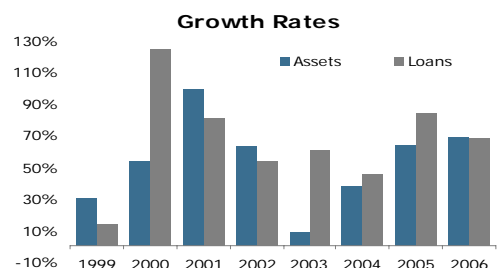
Manmade Enterprises Ltd	30.7%
Novartik Trading Ltd	28.9%
OJSC Agrocom -Ukraine	10.6%
Axis Technologies Ltd	8.5%
East Capital Group	6.1%
Other	15.1%

## MARKET MULTIPLES

	2006	2007E	2008E
P/E	45.3	n/a	n/a
P/B	6.4	n/a	n/a
P/Loans	1.2	n/a	n/a
P/Deposits	1.5	n/a	n/a

## KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	21%	n/a	n/a
Net Interest Mgn	6%	n/a	n/a
ROE	20%	n/a	n/a
Cost/Income	55%	n/a	n/a



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	87.2	52.1	98.2	122.7	n/a	n/a	n/a
Due from banks	138.4	328.9	325.0	637.3	n/a	n/a	n/a
<b>Loan portfolio, net</b>	<b>812.5</b>	<b>988.3</b>	<b>1,374.4</b>	<b>1,894.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Securities portfolio	56.5	103.8	112.8	149.9	n/a	n/a	n/a
Fixed & intangible assets	41.8	49.2	70.1	122.0	n/a	n/a	n/a
Other assets	18.7	18.5	24.5	89.7	n/a	n/a	n/a
<b>Total assets</b>	<b>1,172.8</b>	<b>1,562.7</b>	<b>2,038.4</b>	<b>3,059.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>LIABILITIES</b>							
Due to banks	308.9	532.7	553.5	1,167.8	n/a	n/a	n/a
<b>Customer accounts</b>	<b>675.5</b>	<b>786.7</b>	<b>1,118.2</b>	<b>1,458.8</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Debt securities issued	33.7	52.3	65.3	50.4	n/a	n/a	n/a
Other liabilities	27.5	38.4	12.4	26.6	n/a	n/a	n/a
<b>Total liabilities</b>	<b>1,063.6</b>	<b>1,430.1</b>	<b>1,776.1</b>	<b>2,739.3</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>109.2</b>	<b>132.6</b>	<b>262.3</b>	<b>320.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total liabilities &amp; equity</b>	<b>1,172.8</b>	<b>1,562.7</b>	<b>2,038.4</b>	<b>3,059.6</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	106.3	79.0	186.1	138.5	n/a	n/a	n/a
Interest expense	(65.2)	(47.4)	(104.6)	(79.0)	n/a	n/a	n/a
<b>Net interest income</b>	<b>41.1</b>	<b>31.5</b>	<b>81.5</b>	<b>59.5</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Fee & commission income	27.7	25.6	63.7	38.7	n/a	n/a	n/a
Fee & commission expense	(4.0)	(2.4)	(5.5)	(4.3)	n/a	n/a	n/a
<b>Net fee &amp; commission income</b>	<b>23.7</b>	<b>23.2</b>	<b>58.2</b>	<b>34.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Trading income	2.9	21.5	36.3	39.5	n/a	n/a	n/a
Other income	2.9	1.0	2.8	3.1	n/a	n/a	n/a
<b>Net non-interest income</b>	<b>29.5</b>	<b>45.8</b>	<b>97.2</b>	<b>76.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Total revenues</b>	<b>70.6</b>	<b>77.3</b>	<b>178.8</b>	<b>136.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Operating expenses	(54.2)	(40.9)	(98.1)	(70.6)	n/a	n/a	n/a
<b>Operating income</b>	<b>16.4</b>	<b>36.4</b>	<b>80.7</b>	<b>65.9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Provision for loan losses & other	(9.6)	(11.3)	(36.3)	(25.1)	n/a	n/a	n/a
<b>Profit before tax</b>	<b>6.8</b>	<b>25.2</b>	<b>44.4</b>	<b>40.7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Income tax expense	(1.6)	(1.3)	(7.4)	(3.4)	n/a	n/a	n/a
<b>Net income</b>	<b>5.2</b>	<b>23.9</b>	<b>37.0</b>	<b>37.4</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	5.0%	5.2%	5.8%	5.3%	n/a	n/a	n/a
Net income margin	7.3%	30.9%	20.7%	27.4%	n/a	n/a	n/a
ROE	5.8%	27.2%	19.9%	22.3%	n/a	n/a	n/a
ROA	0.5%	2.3%	2.3%	2.2%	n/a	n/a	n/a
Cost/Income	76.7%	52.9%	54.9%	51.7%	n/a	n/a	n/a
Net interest income/Total revenue	58.2%	40.8%	45.6%	43.6%	n/a	n/a	n/a
Loans/Total assets	69.3%	63.2%	67.4%	61.9%	n/a	n/a	n/a
Loans/Deposits	120.3%	125.6%	122.9%	129.9%	n/a	n/a	n/a

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	60.0%	88.4%	73.8%	95.8%	n/a	n/a	n/a
Loans	74.3%	81.6%	69.2%	91.7%	n/a	n/a	n/a
Deposits	72.1%	51.7%	65.5%	85.4%	n/a	n/a	n/a
Equity	58.0%	88.3%	140.2%	141.7%	n/a	n/a	n/a
Total income	42.1%	187.8%	153.1%	76.5%	n/a	n/a	n/a
Operating income	-8.9%	647.6%	390.7%	80.8%	n/a	n/a	n/a
Net income	11.6%	1553.5%	616.1%	56.5%	n/a	n/a	n/a

# Raiffeisen Bank Aval

BAVL UZ

Banks

<http://www.aval.ua>

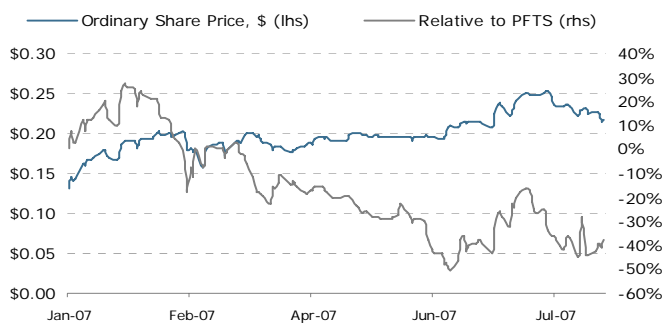
**Target Price (USD)** **0.24**  
**Upside** **13%**

## HOLD

### INVESTMENT CASE

- One of the sector's highest net interest margins (7.4%) due to the large portion of higher-yield retail products (47% of total loans) and one of the largest shares of cheaper foreign debt (~25% of assets)
- The new owner continues to improve efficiency: Cost/Income fell to 59.4% in 1H07 from 62.4% last year
- All the positives have been already accounted by the market

### SHARE PRICE PERFORMANCE\*



### BUSINESS OVERVIEW

The second largest bank in Ukraine by assets (8.0% market share in 1H07). It is a universal bank that is part of Raiffeisen International Bank Holding AG, and provides services to over 3.2 mln individuals and more than 200 ths corporate clients in Ukraine.

Raiffeisen Bank Aval has the country's third largest retail network with 1,400 retail outlets. It is the second largest retail lender in Ukraine, with loans to individuals of USD 2.7 bln as of July 1, 2007,

In 1H07 Aval posted asset growth of 67% yoy to USD 6.9 bln while the bank's loan portfolio expanded 73% yoy to USD 5.6 bln. Retail loans increased 83% yoy and corporate loans 62% yoy to USD 3.0 bln.

A USD 293 mln (+70%) share capital increase is currently underway.

\* PFTS MID Price is used

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size  
 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size  
 3: All other stocks (quoted price is less reliable and should be considered indicative)

### MARKET INFORMATION

<b>Market price*, USD</b>	<b>0.21</b>
Price impact**	2
52 Wk H/L, USD	0.25 / 0.08
Chg 3m/6m/52w	8% / 7% / 147%
Chg vs PFTS 3m/6m/52w	-6% / -36% / 3%
Chg YTD	63%
Avg Mo Tr Vol 6M, USD mln	6.9
<b>MCap, USD mln</b>	<b>4459.8</b>
Free float, %	4.5%
FF MCap, USD mln	200.7
<b>No of shares, mln</b>	<b>20999.1</b>
Par Value, UAH	0.1
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

### Corporate Governance Rating\*

**AA**  
 \* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

### STOCK OWNERSHIP

Raiffeisen International	95.5%
Ukrtelecom	0.7%
Bank Austria Creditanstalt	0.5%
Other	3.3%

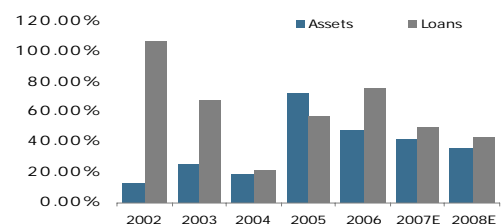
### MARKET MULTIPLES

	2007E	2008E
P/E	72.1	36.3
P/B	7.6	4.5
P/Loans	1.1	0.7
P/Deposits	1.3	1.0

### KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	14%	19%	23%
Net Interest Mgn	8%	8%	8%
ROE	14%	16%	18%
Cost/Income	61%	59%	55%

### Growth Rates



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	640.0	277.7	477.5	534.5	559.2	672.3	812.1
Due from banks	316.3	344.7	368.9	305.9	705.7	876.5	1,156.5
<b>Loan portfolio, net</b>	<b>2,405.0</b>	<b>3,224.6</b>	<b>4,135.0</b>	<b>5,563.4</b>	<b>6,657.3</b>	<b>9,816.9</b>	<b>13,597.5</b>
Securities portfolio	189.6	74.9	89.0	88.4	149.7	84.1	163.1
Fixed & intangible assets	188.7	183.5	331.7	328.6	416.6	536.6	635.8
Other assets	65.7	46.3	76.7	92.3	71.8	103.7	144.0
<b>Total assets</b>	<b>3,813.6</b>	<b>4,164.2</b>	<b>5,499.6</b>	<b>6,946.4</b>	<b>8,224.8</b>	<b>11,680.8</b>	<b>15,992.2</b>
<b>LIABILITIES</b>							
Due to banks	335.3	750.5	1,316.3	1,915.2	2,352.2	4,064.9	6,249.6
<b>Customer accounts</b>	<b>3,003.3</b>	<b>2,871.2</b>	<b>3,382.6</b>	<b>3,928.1</b>	<b>4,474.0</b>	<b>5,846.2</b>	<b>7,383.1</b>
Debt securities issued	0.0	0.0	0.0	183.0	188.1	79.2	79.2
Other liabilities	88.2	112.4	87.2	145.6	140.1	173.1	213.4
<b>Total liabilities</b>	<b>3,468.0</b>	<b>3,763.3</b>	<b>4,863.8</b>	<b>6,274.5</b>	<b>7,154.4</b>	<b>10,163.4</b>	<b>13,925.3</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>345.7</b>	<b>400.9</b>	<b>635.8</b>	<b>671.9</b>	<b>1,070.4</b>	<b>1,517.4</b>	<b>2,066.9</b>
<b>Total liabilities &amp; equity</b>	<b>3,813.6</b>	<b>4,164.2</b>	<b>5,499.6</b>	<b>6,946.4</b>	<b>8,224.8</b>	<b>11,680.8</b>	<b>15,992.2</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	338.7	217.1	513.3	357.8	812.7	1,185.3	1,549.4
Interest expense	(172.6)	(103.9)	(232.4)	(171.7)	(317.6)	(428.7)	(537.6)
<b>Net interest income</b>	<b>166.1</b>	<b>113.3</b>	<b>280.9</b>	<b>186.1</b>	<b>495.1</b>	<b>756.6</b>	<b>1,011.8</b>
Fee & commission income	136.6	74.4	171.0	92.9	211.6	275.1	357.6
Fee & commission expense	(13.4)	(7.1)	(16.5)	(14.2)	(28.1)	(36.6)	(46.1)
<b>Net fee &amp; commission income</b>	<b>123.2</b>	<b>67.3</b>	<b>154.5</b>	<b>78.7</b>	<b>183.5</b>	<b>238.5</b>	<b>311.5</b>
Trading income	30.8	14.8	30.1	13.6	34.6	42.5	52.7
Other income	3.9	1.0	3.3	1.6	0.4	0.6	0.7
<b>Net non-interest income</b>	<b>157.8</b>	<b>83.1</b>	<b>187.8</b>	<b>93.9</b>	<b>218.5</b>	<b>281.6</b>	<b>365.0</b>
<b>Total revenues</b>	<b>323.9</b>	<b>196.3</b>	<b>468.7</b>	<b>280.0</b>	<b>713.6</b>	<b>1,038.2</b>	<b>1,376.8</b>
Operating expenses	(261.7)	(122.5)	(285.4)	(166.2)	(421.8)	(576.1)	(743.8)
<b>Operating income</b>	<b>62.2</b>	<b>73.8</b>	<b>183.3</b>	<b>113.8</b>	<b>291.7</b>	<b>462.1</b>	<b>632.9</b>
Provision for loan losses & other	(50.7)	(34.1)	(81.8)	(48.6)	(114.2)	(145.3)	(179.0)
<b>Profit before tax</b>	<b>11.5</b>	<b>39.7</b>	<b>101.6</b>	<b>65.2</b>	<b>177.6</b>	<b>316.8</b>	<b>454.0</b>
Income tax expense	(7.7)	(2.7)	(34.7)	(7.6)	(44.4)	(79.2)	(113.5)
<b>Net income</b>	<b>3.8</b>	<b>37.0</b>	<b>66.9</b>	<b>57.5</b>	<b>133.2</b>	<b>237.6</b>	<b>340.5</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	7.1%	7.1%	7.5%	7.4%	8.2%	8.3%	7.9%
Net income margin	1.2%	18.9%	14.3%	20.6%	18.7%	22.9%	24.7%
ROE	1.3%	12.2%	13.6%	16.3%	15.6%	18.4%	19.0%
ROA	0.1%	1.1%	1.4%	1.6%	1.9%	2.4%	2.5%
Cost/Income	80.8%	62.4%	60.9%	59.4%	59.1%	55.5%	54.0%
Net interest income/Total revenue	51.3%	57.7%	59.9%	66.5%	69.4%	72.9%	73.5%
Loans/Total assets	63.1%	77.4%	75.2%	80.1%	80.9%	84.0%	85.0%
Loans/Deposits	80.1%	112.3%	122.2%	141.6%	148.8%	167.9%	184.2%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	70.6%	47.1%	44.2%	66.8%	49.6%	42.0%	36.9%
Loans	57.9%	68.8%	71.9%	72.5%	61.0%	47.5%	38.5%
Deposits	86.3%	24.4%	12.6%	36.8%	32.3%	30.7%	26.3%
Equity	40.7%	61.4%	83.9%	67.6%	68.4%	41.8%	36.2%
Total income	34.5%	44.9%	44.7%	42.6%	52.2%	45.5%	32.6%
Operating income	86.5%	473.6%	194.8%	54.2%	59.1%	58.4%	37.0%
Net income	9.6%	2758.8%	1680.3%	55.4%	99.0%	78.4%	43.3%

# Rodovid Bank

RODB UZ

Banks

<http://www.rodovidbank.com>

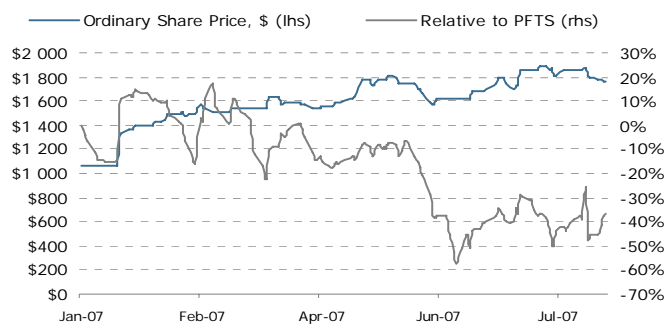
**Target Price (USD)** **2,300**  
**Upside** **31%**

## BUY

### INVESTMENT CASE

- One of the most rapidly growing banks in Ukraine
- Aggressive expansion into retail: Fourfold growth in retail loans in 1H07
- Balanced expansion – triple-digit increase both in assets and revenues
- Strategic sale is likely in the next 12 months

### SHARE PRICE PERFORMANCE\*



### BUSINESS OVERVIEW

Rodovid Bank is one of Ukraine's fastest growing banks and #21 by assets in 1H07. Headquartered in Kyiv, the bank was created in 1990 as OJSC bank Percombank. It was renamed Rodovid after the arrival of new shareholders and management in the summer of 2004.

A universal banking institution, it provides traditional commercial banking services to corporate and private customers: corporate and consumer lending, deposits, current accounts, F/X operations and a fixed-income brokerage. Rodovid Bank operates a retail network of 210 branches/outlets as July 1, 2007.

In 1H07, Rodovid's assets increased 194% yoy to USD 1.2 bln, its loan portfolio grew 158% yoy to reach USD 772 mln and customer deposits got a 95% yoy boost to USD 576 mln. The bank is aggressively expanding into retail – loans to individuals jumped 277% yoy to USD 300 mln in 1H07.

\* PFTS MID Price is used

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

### MARKET INFORMATION

<b>Market price*, USD</b>	<b>1762.4</b>
Price impact**	3
52 Wk H/L, USD	1 881.2 / 764.9
Chg 3m/6m/52w	-2% / 17% / 130%
Chg vs PFTS 3m/6m/52w	-16% / -26% / -14%
Chg YTD	59%
Avg Mo Tr Vol 6M, USD mln	4.7
<b>MCap, USD mln</b>	<b>766.6</b>
Free float, %	19%
FF MCap, USD mln	145.7
<b>No of shares, mln</b>	<b>0.4</b>
Par Value, UAH	1000
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

### Corporate Governance Rating\*

**A**

\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P – poor.

### STOCK OWNERSHIP

Institutional investors	19.0%
Management affiliated companies	18.0%
RB Capital Group Ltd	63.0%

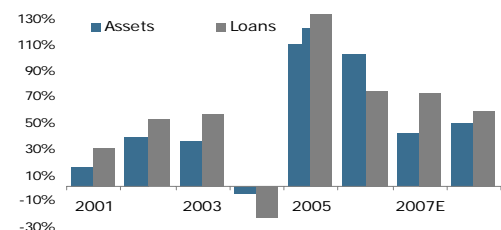
### MARKET MULTIPLES

	2006	2007E	2008E
P/E	171.6	63.3	22.5
P/B	8.6	3.3	2.4
P/Loans	1.8	0.7	0.5
P/Deposits	1.9	1.1	0.8

### KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	17%	22%	31%
Net Interest Mgn	2%	3%	5%
ROE	7%	8%	12%
Cost/Income	67%	59%	48%

### Growth Rates



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	31.4	20.0	45.8	79.7	74.5	90.8	107.6
Due from banks	49.5	48.2	192.9	266.1	210.8	249.7	224.7
<b>Loan portfolio, net</b>	<b>247.3</b>	<b>299.4</b>	<b>428.3</b>	<b>771.9</b>	<b>1,026.0</b>	<b>1,604.4</b>	<b>2,313.2</b>
Securities portfolio	9.4	12.1	22.3	25.3	26.5	30.8	35.3
Fixed & intangible assets	19.3	22.5	30.8	40.6	55.1	86.2	102.5
Other assets	1.4	2.9	3.4	9.3	12.6	18.8	25.7
<b>Total assets</b>	<b>362.2</b>	<b>409.2</b>	<b>727.8</b>	<b>1,202.9</b>	<b>1,405.6</b>	<b>2,080.8</b>	<b>2,809.0</b>
<b>LIABILITIES</b>							
Due to banks	50.4	40.0	191.4	354.2	373.1	686.1	984.6
<b>Customer accounts</b>	<b>259.0</b>	<b>296.2</b>	<b>396.0</b>	<b>576.0</b>	<b>717.9</b>	<b>968.1</b>	<b>1,283.0</b>
Debt securities issued	5.0	5.0	34.1	34.1	58.8	63.7	68.8
Other liabilities	10.2	27.2	10.4	133.8	25.3	37.7	43.7
<b>Total liabilities</b>	<b>327.0</b>	<b>372.2</b>	<b>638.6</b>	<b>1,109.5</b>	<b>1,175.1</b>	<b>1,755.7</b>	<b>2,380.2</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>35.2</b>	<b>37.0</b>	<b>89.1</b>	<b>93.4</b>	<b>230.5</b>	<b>325.2</b>	<b>428.9</b>
<b>Total liabilities &amp; equity</b>	<b>362.2</b>	<b>409.2</b>	<b>727.8</b>	<b>1,202.9</b>	<b>1,405.6</b>	<b>2,080.8</b>	<b>2,809.0</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	22.0	22.0	51.3	42.4	103.3	184.7	256.4
Interest expense	(16.6)	(18.7)	(41.1)	(33.6)	(74.2)	(107.4)	(143.4)
<b>Net interest income</b>	<b>5.4</b>	<b>3.3</b>	<b>10.1</b>	<b>8.8</b>	<b>29.1</b>	<b>77.3</b>	<b>112.9</b>
Fee & commission income	5.8	4.5	11.4	9.6	21.9	31.4	44.2
Fee & commission expense	(0.5)	(0.3)	(0.9)	(1.0)	(3.0)	(3.5)	(4.2)
<b>Net fee &amp; commission income</b>	<b>5.3</b>	<b>4.1</b>	<b>10.5</b>	<b>8.6</b>	<b>18.9</b>	<b>27.8</b>	<b>40.0</b>
Trading income	2.0	2.0	3.1	1.6	3.6	4.4	5.5
Other income	1.1	0.6	2.0	1.5	2.9	1.0	0.9
<b>Net non-interest income</b>	<b>8.4</b>	<b>6.7</b>	<b>15.5</b>	<b>11.7</b>	<b>25.3</b>	<b>33.2</b>	<b>46.4</b>
<b>Total revenues</b>	<b>13.8</b>	<b>10.0</b>	<b>25.7</b>	<b>20.5</b>	<b>54.5</b>	<b>110.5</b>	<b>159.3</b>
Operating expenses	(7.9)	(7.0)	(17.2)	(14.7)	(32.3)	(53.4)	(72.9)
<b>Operating income</b>	<b>5.9</b>	<b>3.0</b>	<b>8.5</b>	<b>5.8</b>	<b>22.2</b>	<b>57.1</b>	<b>86.4</b>
Provision for loan losses & other	(3.3)	(0.9)	(3.1)	(1.0)	(6.0)	(11.6)	(15.9)
<b>Profit before tax</b>	<b>2.6</b>	<b>2.1</b>	<b>5.4</b>	<b>4.8</b>	<b>16.2</b>	<b>45.5</b>	<b>70.5</b>
Income tax expense	(0.5)	(0.2)	(1.0)	(0.5)	(4.0)	(11.4)	(17.6)
<b>Net income</b>	<b>2.2</b>	<b>1.9</b>	<b>4.5</b>	<b>4.3</b>	<b>12.1</b>	<b>34.1</b>	<b>52.8</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	2.4%	2.6%	2.1%	2.2%	3.1%	4.9%	5.1%
Net income margin	15.8%	18.9%	17.4%	21.0%	22.3%	30.9%	33.2%
ROE	6.5%	9.4%	7.2%	10.6%	7.6%	12.3%	14.0%
ROA	0.8%	1.1%	0.8%	0.9%	1.1%	2.0%	2.2%
Cost/Income	56.9%	70.0%	66.9%	71.7%	59.3%	48.3%	45.8%
Net interest income/Total revenue	38.8%	33.0%	39.5%	42.8%	53.5%	70.0%	70.9%
Loans/Total assets	68.3%	73.2%	58.9%	64.2%	73.0%	77.1%	82.3%
Loans/Deposits	95.5%	101.1%	108.2%	134.0%	142.9%	165.7%	180.3%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	122.4%	104.0%	100.9%	194.0%	93.1%	48.0%	35.0%
Loans	476.7%	159.2%	73.2%	157.8%	139.5%	56.4%	44.2%
Deposits	151.9%	90.5%	52.9%	94.5%	81.3%	34.9%	32.5%
Equity	11.0%	15.0%	153.2%	152.2%	158.6%	41.0%	31.9%
Total income	140.3%	118.5%	86.2%	105.8%	112.0%	103.0%	44.1%
Operating income	92.0%	77.8%	42.9%	94.2%	160.9%	157.7%	51.3%
Net income	233.6%	132.4%	105.0%	128.8%	171.5%	181.4%	54.9%

# Ukrgazbank

UGZB UZ

Banks

<http://www.ukrgasbank.com>

**Target Price (USD)**  
**Upside**

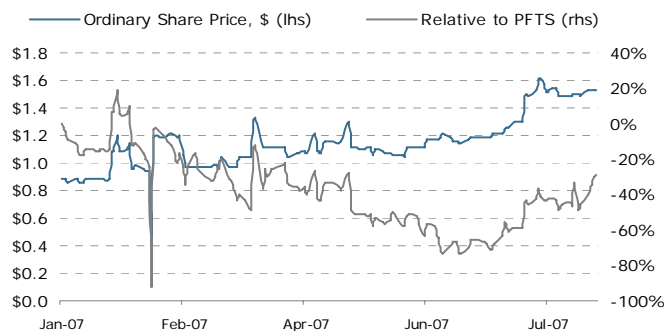
**1.60**  
**5%**

**HOLD**

## INVESTMENT CASE

- 1H07 growth rate twice faster than sector's average
- Rapidly diversifying into retail: loans to individuals grew 172% yoy in 1H07
- Sizeable cost efficiency improvement: Cost/Income fell to 62% in 1H07 against 79% last year
- Owners in talks to sell the bank
- Fairly valued by the market

## SHARE PRICE PERFORMANCE\*



## BUSINESS OVERVIEW

Established in 1993, the bank is the successor to Intergazbank and Hadjibeybank. As of July 1, 2007, Ukrgazbank operated a network of 177 branches/offices throughout Ukraine. The bank also plans to expand its retail network by adding 150 new outlets in 2007-2008. A universal bank, it provides standard commercial banking services to 200 ths individuals and 13 ths corporate clients. It is Ukraine's #17 largest bank by assets (USD 1.2 bln), with a 1.4% market share.

In July, Ukrgazbank announced a USD 20 mln (+25%) share capital increase that will be conducted in September 2007.

In 1H07, Ukrgazbank increased its assets by 117% yoy to USD 1.2 bln, loan portfolio by 158% yoy to USD 629 mln and customer deposits by 77% yoy to USD 637 mln.

After focusing more on corporate business, Ukrgazbank accelerated its expansion into retail with consumer lending surging 172% yoy to USD 300 mln in 1H07.

\* PFTS MID Price is used

\*\* Price"impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size  
2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size  
3: All other stocks (quoted price is less reliable and should be considered indicative)

## MARKET INFORMATION

<b>Market price*, USD</b>	<b>1.52</b>
Price impact**	3
52 Wk H/L, USD	1.49 / 0.59
Chg 3m/6m/52w	46% / 88% / 121%
Chg vs PFTS 3m/6m/52w	31% / 44% / -23%
Chg YTD	83%
Avg Mo Tr Vol 6M, USD mln	0.1
<b>MCap, USD mln</b>	<b>609.9</b>
Free float, %	10.0%
FF MCap, USD mln	61.0
<b>No of shares, mln</b>	<b>400.0</b>
Par Value, UAH	0.0
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

## Corporate Governance Rating\*

A

\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

## STOCK OWNERSHIP

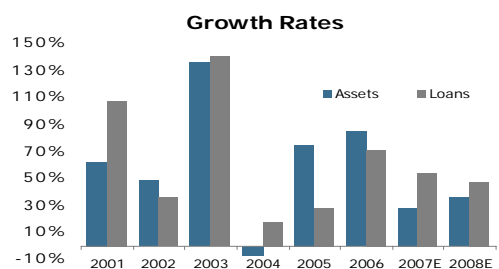
Ukrgazinvest	10.0%
Individuals	11.0%
Investanalytic	10.0%
Finance- Invest Alliance	10.0%
Naftogaz Ukraine	5.0%
Other	54.0%

## MARKET MULTIPLES

	2006	2007E	2008E
P/E	90.4	36.7	20.6
P/B	5.4	3.4	2.5
P/Loans	1.5	0.8	0.5
P/Deposits	1.1	0.8	0.6

## KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	14%	18%	25%
Net Interest Mgn	4%	4%	5%
ROE	9%	12%	18%
Cost/Income	75%	61%	54%





## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	59.3	55.6	60.8	62.6	81.0	105.3	130.8
Due from banks	112.3	169.5	231.6	321.6	361.9	276.5	304.6
<b>Loan portfolio, net</b>	<b>225.2</b>	<b>244.0</b>	<b>411.5</b>	<b>628.8</b>	<b>768.0</b>	<b>1,170.7</b>	<b>1,571.3</b>
Securities portfolio	42.6	50.5	93.2	92.6	108.4	125.9	144.5
Fixed & intangible assets	28.3	32.4	71.9	84.0	109.9	141.4	161.6
Other assets	3.0	5.7	10.0	19.3	18.6	23.6	30.3
<b>Total assets</b>	<b>472.7</b>	<b>561.9</b>	<b>883.3</b>	<b>1,216.9</b>	<b>1,447.8</b>	<b>1,843.3</b>	<b>2,343.1</b>
<b>LIABILITIES</b>							
Due to banks	105.3	125.9	200.0	384.1	428.2	480.4	576.4
<b>Customer accounts</b>	<b>303.3</b>	<b>360.5</b>	<b>532.4</b>	<b>636.6</b>	<b>736.0</b>	<b>1,003.3</b>	<b>1,308.4</b>
Debt securities issued	0.9	4.8	28.1	39.0	97.4	113.1	129.8
Other liabilities	14.0	10.9	11.8	12.7	36.3	42.6	39.2
<b>Total liabilities</b>	<b>429.8</b>	<b>510.9</b>	<b>788.9</b>	<b>1,094.3</b>	<b>1,297.9</b>	<b>1,639.4</b>	<b>2,053.8</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>43.0</b>	<b>51.0</b>	<b>94.4</b>	<b>122.6</b>	<b>149.9</b>	<b>203.9</b>	<b>289.3</b>
<b>Total liabilities &amp; equity</b>	<b>472.7</b>	<b>561.9</b>	<b>883.3</b>	<b>1,216.9</b>	<b>1,447.8</b>	<b>1,843.3</b>	<b>2,343.1</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	47.5	31.4	70.8	55.9	112.7	165.1	207.3
Interest expense	(31.7)	(21.5)	(47.3)	(36.1)	(73.3)	(100.9)	(122.0)
<b>Net interest income</b>	<b>15.9</b>	<b>9.9</b>	<b>23.5</b>	<b>19.9</b>	<b>39.4</b>	<b>64.3</b>	<b>85.4</b>
Fee & commission income	9.1	5.2	13.8	10.9	24.8	36.2	50.7
Fee & commission expense	(1.6)	(1.1)	(2.5)	(1.5)	(2.8)	(3.3)	(3.9)
<b>Net fee &amp; commission income</b>	<b>7.4</b>	<b>4.1</b>	<b>11.3</b>	<b>9.4</b>	<b>22.0</b>	<b>32.9</b>	<b>46.7</b>
Trading income	2.0	3.8	6.5	4.3	8.0	10.1	12.6
Other income	5.6	1.0	3.5	6.6	13.1	18.4	19.8
<b>Net non-interest income</b>	<b>15.0</b>	<b>8.9</b>	<b>21.3</b>	<b>20.3</b>	<b>43.1</b>	<b>61.4</b>	<b>79.0</b>
<b>Total revenues</b>	<b>30.9</b>	<b>18.9</b>	<b>44.8</b>	<b>40.2</b>	<b>82.5</b>	<b>125.6</b>	<b>164.4</b>
Operating expenses	(22.2)	(14.9)	(33.4)	(24.9)	(50.1)	(67.6)	(87.7)
<b>Operating income</b>	<b>8.7</b>	<b>4.0</b>	<b>11.4</b>	<b>15.3</b>	<b>32.4</b>	<b>58.0</b>	<b>76.7</b>
Provision for loan losses & other	(5.0)	(1.2)	(5.6)	(7.3)	(13.2)	(16.3)	(19.7)
<b>Profit before tax</b>	<b>3.7</b>	<b>2.8</b>	<b>5.8</b>	<b>7.9</b>	<b>19.2</b>	<b>41.7</b>	<b>56.9</b>
Income tax expense	(0.5)	(0.2)	0.3	0.4	(4.8)	(10.4)	(14.2)
<b>Net income</b>	<b>3.3</b>	<b>2.7</b>	<b>6.1</b>	<b>8.3</b>	<b>14.4</b>	<b>31.3</b>	<b>42.7</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	5.3%	5.1%	4.2%	4.4%	4.0%	4.6%	4.8%
Net income margin	10.5%	14.1%	13.6%	20.8%	17.5%	24.9%	26.0%
ROE	9.1%	12.7%	8.9%	13.5%	11.8%	17.7%	17.3%
ROA	0.9%	1.2%	0.9%	1.3%	1.2%	1.9%	2.0%
Cost/Income	71.7%	78.8%	74.6%	62.0%	60.7%	53.8%	53.4%
Net interest income/Total revenue	51.4%	52.7%	52.4%	49.5%	47.8%	51.2%	51.9%
Loans/Total assets	47.6%	43.4%	46.6%	51.7%	53.0%	63.5%	67.1%
Loans/Deposits	74.3%	67.7%	77.3%	98.8%	104.3%	116.7%	120.1%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	75.7%	65.7%	86.9%	116.6%	63.9%	27.3%	27.1%
Loans	29.0%	24.5%	82.7%	157.7%	86.6%	52.4%	34.2%
Deposits	53.2%	63.6%	75.5%	76.6%	38.3%	36.3%	30.4%
Equity	51.5%	60.2%	119.7%	140.1%	58.8%	36.0%	41.9%
Total income	41.3%	31.7%	44.9%	112.7%	83.9%	52.4%	30.9%
Operating income	33.6%	-22.1%	30.3%	281.6%	184.3%	79.1%	32.1%
Net income	42.2%	298.5%	87.0%	212.2%	136.4%	117.1%	36.5%

# Ukrinbank

UKIB UZ

Banks

<http://www.ukrinbank.com>

**Target Price (USD)**  
**Upside**

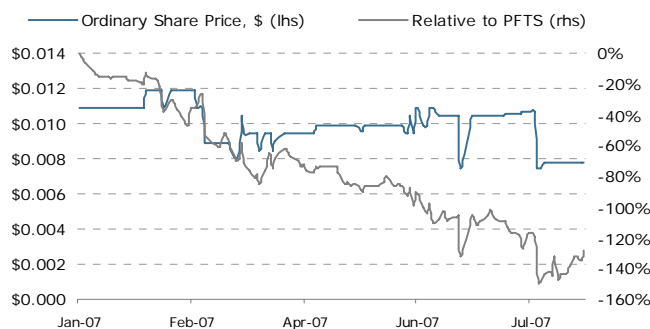
**0.01**  
**30%**

**BUY**

## INVESTMENT CASE

- Ukraine's cheapest banking stock on P/B '08E
- Among the most probable acquisition targets in 2H07-1H08
- Asset growth of 35% yoy is less than twice the sector average
- Net margin and ROE are among the lowest of its local peers, as operating costs remain high (Cost/Income ratio, at 76%, is one of the highest among traded banks)

## SHARE PRICE PERFORMANCE\*



## BUSINESS OVERVIEW

One of the oldest banks in Ukraine, Ukrinbank was established in 1988. It provides commercial banking services to individual and corporate clients through a comparatively wide retail branch of 118 outlets at the end of 1H07. In 2007 the bank plans to add another 32 outlets to its retail network.

It is Ukraine's 48th largest bank by assets, with a market share of 0.4% as of July 1, 2007. In 2006, the bank issued 15.4 bln shares at a par value of USD 0.002, which increased its charter fund by USD 30.5 mln to USD 40.45 mln. In addition, Ukrinbank sold 20% of its shares to foreign investors for USD 36.1 mln in 2006.

In 1H07, the bank's assets grew by 35% yoy to USD 250 mln, total loans expanded by 45% yoy to USD 160 mln and customer deposits increased by 31% to USD 154 mln.

\* PFTS MID Price is used

\*\* Price "impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size  
2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size  
3: All other stocks (quoted price is less reliable and should be considered indicative)

## MARKET INFORMATION

<b>Market price*, USD</b>	<b>0.01</b>
Price impact**	3
52 Wk H/L, USD	1.00 / 0.01
Chg 3m/6m/52w	-22% / -35% / -38%
Chg vs PFTS 3m/6m/52w	-36% / -79% / -182%
Chg YTD	-13%
Avg Mo Tr Vol 6M, USD mln	0.0
<b>MCap, USD mln</b>	<b>216.4</b>
Free float, %	20.0%
FF MCap, USD mln	43.3
<b>No of shares, mln</b>	<b>20427.7</b>
Par Value, UAH	0.01
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

## Corporate Governance Rating\*

A  
\* The rating is based on Concorde Capital's corporate governance survey. Q denotes quality corporate governance standards, AA - above average standards, A - average, BA - below average and P - poor.

## STOCK OWNERSHIP

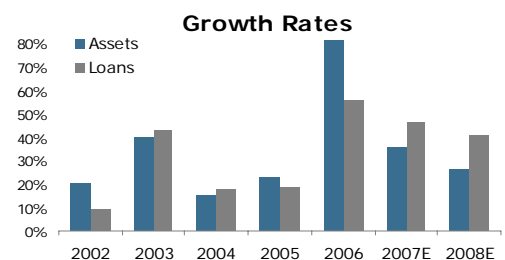
Shelton	73.4%
Management	1.3%
Institutional investors	20.0%
Other	5.3%

## MARKET MULTIPLES

	2006	2007E	2008E
P/E	118.9	50.8	27.4
P/B	2.0	1.5	1.4
P/Loans	1.2	0.8	0.6
P/Deposits	1.2	0.9	0.7

## KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	7%	12%	17%
Net Interest Mgn	8%	8%	8%
ROE	3%	3%	5%
Cost/Income	77%	76%	69%



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	23.0	17.1	13.4	14.3	16.9	21.3	27.9
Due from banks	8.1	36.7	28.0	11.9	49.8	50.3	40.7
<b>Loan portfolio, net</b>	<b>87.1</b>	<b>110.0</b>	<b>134.4</b>	<b>159.1</b>	<b>196.9</b>	<b>276.8</b>	<b>367.2</b>
Securities portfolio	0.8	0.6	0.5	0.1	0.6	0.7	0.8
Fixed & intangible assets	17.7	17.7	66.8	61.6	66.4	68.6	70.6
Other assets	2.3	2.1	1.6	2.0	1.2	1.6	2.0
<b>Total assets</b>	<b>140.3</b>	<b>185.3</b>	<b>245.8</b>	<b>250.4</b>	<b>331.8</b>	<b>419.4</b>	<b>509.2</b>
<b>LIABILITIES</b>							
Due to banks	3.3	16.0	15.4	0.1	42.8	62.2	68.7
<b>Customer accounts</b>	<b>116.6</b>	<b>117.3</b>	<b>130.2</b>	<b>154.1</b>	<b>169.9</b>	<b>225.1</b>	<b>294.4</b>
Debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.3	31.2	0.8	0.7	4.9	6.6	6.9
<b>Total liabilities</b>	<b>120.7</b>	<b>165.0</b>	<b>158.5</b>	<b>165.9</b>	<b>217.7</b>	<b>293.9</b>	<b>370.1</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>19.7</b>	<b>20.3</b>	<b>87.3</b>	<b>84.4</b>	<b>114.1</b>	<b>125.5</b>	<b>139.1</b>
<b>Total liabilities &amp; equity</b>	<b>140.3</b>	<b>185.3</b>	<b>245.8</b>	<b>250.4</b>	<b>331.8</b>	<b>419.4</b>	<b>509.2</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	14.9	8.3	18.9	12.3	27.2	36.8	44.9
Interest expense	(8.3)	(4.4)	(8.3)	(5.6)	(10.4)	(14.1)	(18.2)
<b>Net interest income</b>	<b>6.6</b>	<b>3.9</b>	<b>10.6</b>	<b>6.7</b>	<b>16.7</b>	<b>22.7</b>	<b>26.7</b>
Fee & commission income	6.7	3.5	8.1	4.6	10.8	13.6	16.9
Fee & commission expense	(1.6)	(0.7)	(1.8)	(1.1)	(2.0)	(2.4)	(2.9)
<b>Net fee &amp; commission income</b>	<b>5.1</b>	<b>2.7</b>	<b>6.3</b>	<b>3.5</b>	<b>8.8</b>	<b>11.2</b>	<b>14.1</b>
Trading income	2.5	1.1	2.4	1.3	2.8	3.4	4.3
Other income	0.8	0.5	1.0	1.0	0.7	0.5	0.4
<b>Net non-interest income</b>	<b>8.5</b>	<b>4.4</b>	<b>9.8</b>	<b>5.8</b>	<b>12.3</b>	<b>15.1</b>	<b>18.7</b>
<b>Total revenues</b>	<b>15.1</b>	<b>8.3</b>	<b>20.4</b>	<b>12.5</b>	<b>29.1</b>	<b>37.8</b>	<b>45.4</b>
Operating expenses	(13.2)	(7.2)	(15.8)	(9.5)	(22.1)	(26.0)	(30.2)
<b>Operating income</b>	<b>1.8</b>	<b>1.1</b>	<b>4.6</b>	<b>3.0</b>	<b>7.0</b>	<b>11.8</b>	<b>15.3</b>
Provision for loan losses & other	(1.5)	(0.3)	(2.2)	(1.8)	(2.5)	(3.5)	(4.6)
<b>Profit before tax</b>	<b>0.3</b>	<b>0.8</b>	<b>2.4</b>	<b>1.3</b>	<b>4.5</b>	<b>8.3</b>	<b>10.7</b>
Income tax expense	(0.1)	(0.1)	(1.0)	(0.3)	(1.1)	(2.1)	(2.7)
<b>Net income</b>	<b>0.2</b>	<b>0.7</b>	<b>1.4</b>	<b>1.0</b>	<b>3.4</b>	<b>6.3</b>	<b>8.0</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	7.4%	6.3%	8.2%	8.4%	8.2%	7.9%	7.2%
Net income margin	1.5%	9.0%	7.1%	8.0%	11.7%	16.6%	17.7%
ROE	1.2%	2.1%	2.7%	3.2%	3.4%	5.2%	6.1%
ROA	0.2%	0.3%	0.8%	0.8%	1.2%	1.7%	1.7%
Cost/Income	88.0%	86.8%	77.3%	75.6%	76.0%	68.8%	66.4%
Net interest income/Total revenue	43.9%	46.8%	52.0%	53.8%	57.6%	60.1%	58.7%
Loans/Total assets	62.1%	59.4%	54.7%	63.6%	59.3%	66.0%	72.1%
Loans/Deposits	74.7%	93.7%	103.3%	103.3%	115.9%	123.0%	124.7%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	21.7%	52.0%	75.2%	35.1%	35.0%	26.4%	21.4%
Loans	18.4%	40.9%	54.3%	44.7%	46.5%	40.6%	32.6%
Deposits	40.1%	21.0%	11.6%	31.3%	30.5%	32.5%	30.8%
Equity	9.6%	9.7%	344.1%	315.9%	30.7%	10.0%	10.9%
Total income	17.9%	22.4%	35.5%	50.9%	42.5%	29.9%	20.3%
Operating income	54.8%	21.2%	155.5%	178.0%	50.8%	68.8%	29.5%
Net income	-69.9%	30.7%	548.1%	33.6%	134.4%	84.2%	28.3%

# Ukrsotsbank

USCB UZ

Banks

<http://www.usb.com.ua>

**Target Price (USD)**  
**Upside**

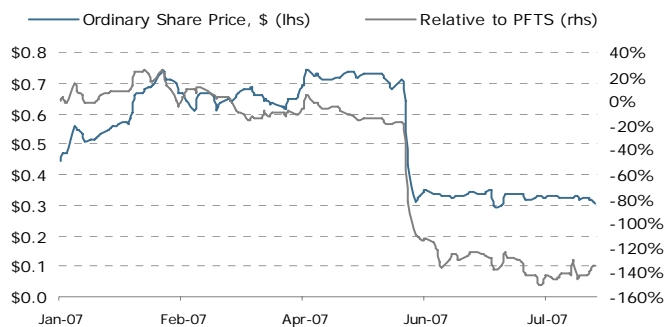
**0.32**  
**3%**

**HOLD**

## INVESTMENT CASE

- In July Italy's UniCredit Group inked a deal to buy a 95% stake in the bank
- One of the most profitable, traded Ukrainian bank (net margin 22% and ROE 17% in 1H07)
- Net interest margin rose to 4.9% this year vs. 3.2% in 1H06 due to the increased share of retail in the bank's loans (56% in 1H07 vs. 50% last year)
- Management plans to attract ~USD 2.0 bln in foreign debt in 2007 to replace more expensive domestic borrowing. With UniCredit Group among the bank's major shareholders, the program looks very realistic
- The market has already priced in the achieved progress and the recent acquisition deal

## SHARE PRICE PERFORMANCE\*



## BUSINESS OVERVIEW

Founded in 1990, Ukrsotsbank is the country's fourth-largest bank by assets with a market share of 5.5% as of July 1, 2007. An extensive network of 530 branches (23 offices in Kyiv and 507 regional branches), makes Ukrsotsbank one of the top retail banks in Ukraine, providing services to over 1 mln private clients. Ukrsotsbank is among the leading players in the mortgage segment.

On July 5, 2007 Italy's UniCredit Group, acquired a 95% stake in the bank for USD 2.2 bln.

In 1H07 Ukrsotsbank increased its assets 94% yoy to USD 4.8 bln, and customer deposits grew 43% yoy to USD 2.5 bln. The bank's loan portfolio expanded 95% to USD 3.5 bln while retail lending more than doubled over the past 12 months.

\* PFTS MID Price is used

\*\* Price "Impact" is the opinion of Concorde's trading desk on stocks to help investors estimate the reliability of quoted prices:

- 1: Market price reaction remains within 10% in execution of a market order of about USD 10 mln in size
- 2: Market price reaction remains within 10% in execution of a market order of about USD 1 mln in size
- 3: All other stocks (quoted price is less reliable and should be considered indicative)

## MARKET INFORMATION

<b>Market price*, USD</b>	<b>0.31</b>
Price impact**	2
52 Wk H/L, USD	0.74 / 0.28
Chg 3m/6m/52w	-58% / -58% / 10%
Chg vs PFTS 3m/6m/52w	-72% / -102% / -134%
Chg YTD	-30%
Avg Mo Tr Vol 6M, USD mln	13.3
<b>MCap, USD mln</b>	<b>3158.5</b>
Free float, %	4.4%
FF MCap, USD mln	139.0
<b>No of shares, mln</b>	<b>10200.0</b>
Par Value, UAH	0.1
<b>XETRA</b>	<b>n/a</b>
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

## STOCK OWNERSHIP

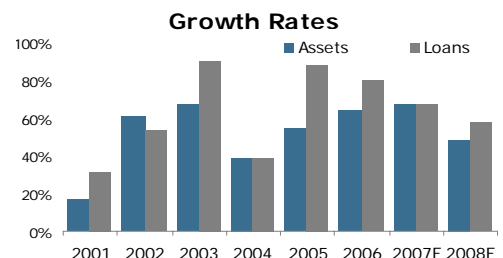
UniCredit Group	95.0%
Other	5.0%

## MARKET MULTIPLES

	2006	2007	2008
P/E	55.7	30.4	18.1
P/B	8.3	5.0	3.5
P/Loans	1.3	0.7	0.4
P/Deposits	1.5	1.1	0.8

## KEY RATIOS

	2006	2007E	2008E
Net Income Mgn	26%	30%	34%
Net Interest Mgn	6%	5%	6%
ROE	19%	21%	23%
Cost/Income	59%	50%	47%



## BALANCE SHEET, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
<b>ASSETS</b>							
Cash & balances with NBU	322.8	171.1	541.6	602.2	525.6	647.7	745.8
Due from banks	82.0	165.4	40.1	141.7	288.6	445.2	609.1
<b>Loan portfolio, net</b>	<b>1,395.8</b>	<b>1,810.6</b>	<b>2,460.7</b>	<b>3,523.1</b>	<b>4,436.2</b>	<b>7,068.5</b>	<b>9,902.4</b>
Securities portfolio	107.4	90.9	102.3	174.1	126.6	149.4	171.5
Fixed & intangible assets	192.8	200.6	293.9	308.2	346.3	517.1	646.4
Other assets	13.6	14.1	16.5	22.0	48.5	76.6	106.8
<b>Total assets</b>	<b>2,131.3</b>	<b>2,473.4</b>	<b>3,471.6</b>	<b>4,809.2</b>	<b>5,771.8</b>	<b>8,904.6</b>	<b>12,182.0</b>
<b>LIABILITIES</b>							
Due to banks	193.2	339.2	757.6	1,345.3	1,846.0	3,842.6	5,773.5
<b>Customer accounts</b>	<b>1,653.5</b>	<b>1,763.6</b>	<b>2,176.7</b>	<b>2,530.4</b>	<b>2,919.9</b>	<b>3,810.1</b>	<b>4,811.7</b>
Debt securities issued	30.0	30.9	74.1	280.0	274.5	279.4	301.8
Other liabilities	8.2	11.6	9.3	145.1	97.0	76.6	106.8
<b>Total liabilities</b>	<b>1,927.9</b>	<b>2,189.8</b>	<b>3,090.1</b>	<b>4,395.8</b>	<b>5,137.4</b>	<b>8,008.7</b>	<b>10,993.7</b>
<b>EQUITY</b>							
<b>Total equity</b>	<b>203.4</b>	<b>283.6</b>	<b>381.5</b>	<b>413.3</b>	<b>634.4</b>	<b>895.9</b>	<b>1,188.3</b>
<b>Total liabilities &amp; equity</b>	<b>2,131.3</b>	<b>2,473.4</b>	<b>3,471.6</b>	<b>4,809.2</b>	<b>5,771.8</b>	<b>8,904.6</b>	<b>12,182.0</b>

## INCOME STATEMENT, UAS, USD mln

	2005	1H06	2006	1H07	2007E	2008E	2009E
Interest income	177.5	120.8	281.3	212.0	473.7	763.9	1,073.4
Interest expense	(107.4)	(69.5)	(162.2)	(136.5)	(278.3)	(421.2)	(563.3)
<b>Net interest income</b>	<b>70.1</b>	<b>51.4</b>	<b>119.1</b>	<b>75.5</b>	<b>195.5</b>	<b>342.6</b>	<b>510.1</b>
Fee & commission income	66.8	36.6	83.2	46.9	107.1	133.9	159.4
Fee & commission expense	(2.5)	(1.4)	(3.4)	(2.8)	(4.7)	(6.4)	(8.3)
<b>Net fee &amp; commission income</b>	<b>64.3</b>	<b>35.1</b>	<b>79.8</b>	<b>44.2</b>	<b>102.4</b>	<b>127.6</b>	<b>151.1</b>
Trading income	12.2	8.0	18.6	15.0	29.8	34.5	39.4
Other income	7.7	2.2	5.3	11.5	22.7	7.6	7.9
<b>Net non-interest income</b>	<b>84.2</b>	<b>45.3</b>	<b>103.8</b>	<b>70.7</b>	<b>154.9</b>	<b>169.7</b>	<b>198.4</b>
<b>Total revenues</b>	<b>154.3</b>	<b>96.7</b>	<b>222.9</b>	<b>146.2</b>	<b>350.4</b>	<b>512.4</b>	<b>708.6</b>
Operating expenses	(107.1)	(60.3)	(131.9)	(83.2)	(176.2)	(237.5)	(335.4)
<b>Operating income</b>	<b>47.2</b>	<b>36.4</b>	<b>91.0</b>	<b>63.0</b>	<b>174.1</b>	<b>274.9</b>	<b>373.2</b>
Provision for loan losses & other	(13.8)	3.0	(11.5)	(20.2)	(35.0)	(41.0)	(49.6)
<b>Profit before tax</b>	<b>33.3</b>	<b>39.3</b>	<b>79.5</b>	<b>42.8</b>	<b>139.1</b>	<b>233.9</b>	<b>323.6</b>
Income tax expense	(10.4)	(9.9)	(22.6)	(11.0)	(34.8)	(58.5)	(80.9)
<b>Net income</b>	<b>22.9</b>	<b>29.4</b>	<b>56.9</b>	<b>31.8</b>	<b>104.3</b>	<b>175.4</b>	<b>242.7</b>

## MARGINS &amp; RATIOS

	2005	1H06	2006	1H07	2007E	2008E	2009E
Net interest margin	5.5%	3.2%	5.7%	4.9%	5.2%	5.5%	5.6%
Net income margin	14.9%	30.4%	25.5%	21.7%	29.8%	34.2%	34.3%
ROE	12.2%	22.2%	19.4%	17.0%	20.5%	22.9%	23.3%
ROA	1.3%	2.4%	2.0%	1.6%	2.3%	2.4%	2.3%
Cost/Income	69.4%	62.4%	59.2%	56.9%	50.3%	46.4%	47.3%
Net interest income/Total revenue	45.4%	53.1%	53.4%	51.7%	55.8%	66.9%	72.0%
Loans/Total assets	65.5%	73.2%	70.9%	73.3%	76.9%	79.4%	81.3%
Loans/Deposits	84.4%	102.7%	113.0%	139.2%	151.9%	185.5%	205.8%

## GROWTH RATES

	2005	1H06	2006	1H07	2007E	2008E	2009E
Assets	60.0%	37.7%	62.9%	94.4%	66.3%	54.3%	36.8%
Loans	86.7%	89.1%	76.3%	94.6%	80.3%	59.3%	40.1%
Deposits	53.5%	25.7%	31.6%	43.5%	34.1%	30.5%	26.3%
Equity	18.6%	60.8%	87.6%	45.8%	66.3%	41.2%	32.6%
Total income	-35.9%	-28.6%	44.5%	51.2%	57.2%	46.2%	38.3%
Operating income	41.5%	182.7%	93.0%	73.1%	91.4%	57.9%	35.8%
Net income	568.2%	2169.4%	148.2%	8.1%	83.4%	68.2%	38.4%

## Appendices

# Appendix 1

## Forecast revision by stock

		Old		New	
		2007E	2008E	2007E	2008E
<b>BAVL</b>	Assets	7,833	10,706	8,225	11,681
	Loans	6,216	8,898	6,657	9,817
	Equity	1,070	1,486	1,070	1,517
	Total revenue	699.5	976.3	713.6	1,038.2
	Net income	132.6	206.5	133.2	237.6
<b>USCB</b>	Assets	5,772	8,616	5,772	8,905
	Loans	4,108	6,483	4,436	7,069
	Equity	630	870	634	896
	Total revenue	316.8	461.4	350	512
	Net income	99.6	154.1	104	175
<b>FORM</b>	Assets	2,219	3,292	2,449	3,466
	Loans	1,650	2,590	1,701	2,658
	Equity	267	427	259	385
	Total revenue	101.2	155.5	103.0	154.7
	Net income	11.6	22.0	10.7	24.0
<b>RODB</b>	Assets	1,027	1,533	1,406	2,081
	Loans	734	1,158	1,026	1,604
	Equity	230	313	231	325
	Total revenue	47.6	83.8	54.5	110.5
	Net income	11.4	22.7	12.1	34.1
<b>UGZB</b>	Assets	1,131	1,550	1,448	1,843
	Loans	636	943	768	1,171
	Equity	123	180	150	204
	Total revenue	61.0	87.7	82.5	125.6
	Net income	7.5	13.9	14.4	31.3
<b>MEGA</b>	Assets	338	454	361	502
	Loans	217	312	249	364
	Equity	56	70	60	81
	Total revenue	24.7	33.5	27.1	39.5
	Net income	3.8	5.8	5.5	9.8
<b>FKTB</b>	Assets	205	268	226	328
	Loans	128	176	148	225
	Equity	29	35	29	37
	Total revenue	11.8	15.5	12.8	18.0
	Net income	1.1	1.7	1.2	3.0

## Appendix 2

### Financials of Ukraine's Top-60 banks

#### Balance sheet summary, USD ths

Rank	Bank	Securities	Due from banks	Loans	Fixed assets	Total assets	Due to banks	Customers' accounts	Total liabilities	Equity
<b>Tier 1</b>										
1	Privatbank	221,976	776,274	6,339,832	286,782	8,519,232	842,170	6,265,065	7,815,767	703,465
2	Raiffeisen Bank Aval	87,356	305,907	5,563,444	328,649	6,946,416	1,915,213	3,928,054	6,274,469	671,948
3	Ukrsibbank	192,834	598,230	4,372,207	235,762	5,756,750	2,864,273	1,631,387	5,268,324	488,426
4	Ukrsotsbank	172,759	141,652	3,523,108	308,167	4,809,166	1,345,255	2,530,359	4,395,837	413,329
5	Ukreximbank	144,909	601,441	3,319,211	205,309	4,594,674	1,824,066	1,871,370	4,188,196	406,478
6	Prominvestbank	33,678	128,358	3,147,497	386,700	4,227,789	185,062	3,391,311	3,709,234	518,555
7	Oshadbank	376,225	735,473	1,166,805	329,736	3,215,920	318,032	2,319,364	2,840,001	375,919
8	Nadra	149,932	631,252	1,894,762	121,998	3,059,649	1,167,767	1,458,843	2,739,296	320,353
9	OTP Bank	38,841	88,700	2,239,126	27,824	2,588,591	1,465,328	808,750	2,385,188	203,403
10	Finance and Credit	98,308	193,061	1,539,101	26,392	1,988,849	510,496	1,242,805	1,833,939	154,910
11	Kreditprombank	129,303	471,810	1,206,349	38,174	1,909,966	668,408	882,300	1,735,517	174,449
12	PUMB	135,326	558,761	974,194	105,962	1,909,747	846,575	744,370	1,627,072	282,675
13	Forum	54,702	443,316	1,244,436	59,448	1,872,898	531,904	1,078,222	1,676,625	196,272
14	Ukroprombank	10,323	102,430	1,343,381	34,337	1,676,113	184,898	1,268,151	1,482,280	193,833
15	Brokbusinessbank	69,218	317,713	906,775	95,532	1,551,253	329,760	960,764	1,345,291	205,962
<b>Tier 2</b>										
16	Alfa Bank	21,985	156,429	1,694,120	47,470	1,983,570	995,547	609,510	1,781,945	201,626
17	Ukrgazbank	92,575	321,597	628,814	83,975	1,216,888	384,061	636,585	1,094,337	122,551
18	Rodovid Bank	25,308	266,054	771,862	40,626	1,202,937	354,180	575,981	1,109,490	93,447
19	TAS Commertsbank	5,544	111,712	809,244	54,702	1,077,351	393,256	499,626	964,331	113,020
20	VAB Bank	37,763	259,592	638,667	39,108	1,063,862	360,088	564,412	953,966	109,896
21	Pivdenny	9,651	105,134	732,691	91,812	1,017,470	164,702	682,174	898,685	118,786
22	Pravex Bank	10,904	211,503	579,448	66,857	988,192	209,395	610,130	903,956	84,236
23	VTB Bank	19,472	130,880	671,779	61,847	925,569	341,106	391,663	828,083	97,486
24	Khreschastyk	63,037	181,933	481,889	39,530	821,390	162,247	502,316	691,725	129,665
25	Kredobank	35,354	21,678	558,221	42,666	734,993	103,737	541,197	683,184	51,809
26	Dongorbank	72,363	162,039	387,818	45,422	706,838	93,237	491,919	625,729	81,110
27	Financial Initiative	20,695	199,990	456,171	446	691,984	260,216	304,664	567,078	124,906
28	ING Bank (Ukraine)	119,010	102,253	387,035	1,862	657,632	275,231	262,635	550,210	107,422
29	Imexbank	2,706	160,797	372,928	55,258	638,345	86,899	446,571	565,054	73,291
30	Industrialbank	62,864	56,924	384,332	38,044	618,186	60,001	459,134	529,912	88,274
31	Citibank (Ukraine)	59,862	180,142	314,460	7,630	572,716	70,677	437,994	511,982	60,734
32	HVB Bank	27,535	72,860	415,717	1,628	568,094	246,590	220,659	512,565	55,529
33	Industrial-export Bank	6,661	97,916	298,908	51,417	495,858	59,465	325,307	419,475	76,383
34	Calyon Bank	2,436	60,761	317,386	6,980	428,820	79,196	278,911	383,896	44,924
<b>Tier 3</b>										
35	Vneshtorgbank	12,344	91,851	355,934	2,170	478,373	99,383	139,747	416,472	61,901
36	Bank Kyiv	13,821	25,673	328,122	32,905	443,370	28,403	359,174	398,763	44,607
37	Erste Bank	27,716	149,972	194,169	46,916	443,287	291,484	18,790	382,768	60,519
38	TAS Investbank	8,037	31,042	353,003	5,462	419,709	131,549	197,562	367,067	52,642
39	Procredit Bank	50	40,490	325,782	15,085	408,409	26,813	274,101	370,098	38,311
40	Delta Bank	32,090	40,464	231,350	10,539	398,467	20,000	55,330	326,142	72,324
41	Credit-Dnipro Bank	21,852	62,039	249,061	3,150	361,146	38,711	209,318	322,989	38,156
42	Expres Bank	15,737	24,771	174,641	25,576	313,045	8,238	236,060	255,623	57,422
43	Megabank	20,802	31,193	209,135	20,626	301,350	15,657	200,879	256,638	44,712
44	Activ bank	6,761	58,455	197,668	11,693	293,783	66,748	143,265	220,115	73,667
45	NRB-Bank	12,130	55,935	203,006	4,124	287,051	102,776	147,104	261,610	25,441
46	kyiv Rus Bank	973	47,177	202,360	15,084	279,919	68,577	183,241	260,369	19,550
47	MT Bank	1,647	35,552	172,059	12,981	262,328	21,584	207,026	233,304	29,023
48	Ukrinbank	130	11,860	159,138	61,643	250,360	74	154,110	165,931	84,430
49	Agrobank	14	18,909	141,403	7,261	229,239	3,400	156,689	166,417	62,822
50	Big Energy Bank	10,417	40,965	144,199	6,772	225,704	41,278	121,822	194,887	30,818
51	Zakhidcombank	0	15,070	171,974	3,288	216,005	23,593	163,514	193,275	22,730
52	Arkada	9,114	235	112,612	29,284	204,929	24,356	138,827	165,927	39,001
53	Tavrika	4,657	31,074	146,987	1,607	199,054	20,866	151,972	177,842	21,212
54	SEB Bank	13,144	40,323	99,070	23,801	195,142	56,192	94,982	159,296	35,846
55	UBDP	5,382	27,567	143,899	1,990	192,981	43,192	108,114	162,126	30,855
56	Factorial Bank	19,133	18,500	116,565	19,061	188,666	12,394	145,241	169,045	19,621
57	Expobank	201	18,127	124,876	27,466	181,900	26,453	99,240	148,157	33,743
58	Petrocommertsbank-Ukraine	744	25,315	109,661	2,247	159,049	21,182	114,675	144,108	14,940
59	Dnister	294	18,002	117,695	11,005	157,330	23,232	104,292	142,663	14,667

\* Top three tiers of Ukrainian banks by asset size, according the National Bank of Ukraine



**Income statement summary, USD ths**

Rank	Bank	Net interest income	Net fee income	Net trading income	Total revenue	Operating costs	Operating income	Provision charge	Income tax	Net income
<b>Tier 1</b>										
1	Privatbank	237,543	160,806	28,192	412,858	(217,470)	195,388	(158,766)	15,703	52,325
2	Raiffeisen Bank Aval	186,089	78,717	13,671	279,996	(166,216)	113,780	(48,605)	(7,627)	57,549
3	Ukrsibbank	114,884	44,779	9,148	169,889	(100,742)	69,147	(48,988)	(5,435)	14,725
4	Ukrsotsbank	75,539	44,152	15,076	146,199	(83,248)	62,950	(20,195)	(10,963)	31,772
5	Ukreximbank	81,730	29,031	10,952	127,219	(49,934)	77,284	(22,921)	(15,990)	38,374
6	Prominvestbank	85,272	57,782	5,621	154,152	(92,625)	61,528	(8,681)	(14,032)	38,815
7	Oshadbank	73,659	42,620	4,697	128,474	(99,362)	29,112	(2,106)	(5,821)	21,185
8	Nadra	59,499	34,378	39,469	136,417	(70,561)	65,856	(25,117)	(3,387)	37,351
9	OTP Bank	69,623	9,273	3,938	84,473	(36,471)	48,002	(21,162)	(11,411)	15,428
10	Finance and Credit	26,237	24,999	22,253	74,562	(37,556)	37,006	(18,288)	(1,828)	16,890
11	Kreditprombank	27,621	7,029	1,419	36,586	(25,641)	10,944	(7,751)	(645)	2,549
12	PUMB	33,257	12,266	2,119	45,865	(21,432)	24,433	(13,914)	(2,356)	8,164
13	Forum	34,837	7,506	3,306	46,063	(29,390)	16,673	(11,215)	(1,016)	4,442
14	Ukrprombank	39,028	7,043	2,093	48,764	(31,316)	17,448	(7,384)	(2,234)	7,830
15	Brokbusinessbank	23,552	9,293	1,971	35,809	(18,938)	16,870	(6,872)	(3,257)	6,741
<b>Tier 2</b>										
		31,447	22,135	2,675	59,836	(28,354)	31,481	(24,973)	(3,024)	3,484
16	Alfa Bank	19,866	9,430	4,260	40,153	(24,883)	15,270	(7,349)	416	8,336
17	Ukrgazbank	8,773	8,612	1,648	20,517	(14,715)	5,802	(1,039)	(458)	4,304
18	Rodovid Bank	22,951	9,552	937	34,366	(29,054)	5,311	(6,461)	1,556	406
19	TAS Commertsbank	13,424	6,517	2,448	25,915	(23,097)	2,818	(1,759)	(224)	834
20	VAB Bank	17,894	10,935	2,464	31,668	(21,254)	10,414	(2,201)	(1,249)	6,964
21	Pivdenny	22,785	36,855	10,522	74,134	(53,704)	20,431	(15,738)	(1,147)	3,545
22	Pravex Bank	16,588	8,382	1,185	26,277	(20,378)	5,899	(2,639)	(1,383)	1,876
23	VTB Bank	15,193	6,177	1,128	23,053	(15,836)	7,217	(429)	(2,032)	4,756
24	Khreschastyk	15,578	6,503	1,084	24,266	(20,683)	3,583	(1,422)	(1,186)	974
25	Kredobank	14,391	3,314	641	18,618	(6,944)	11,674	(3,483)	(3,557)	4,634
26	Dongorbank	15,366	295	276	15,959	(2,796)	13,163	(10,633)	(112)	2,418
27	Financial Initiative	19,071	4,626	(192)	23,826	(7,864)	15,962	(2,928)	(4,270)	8,764
28	ING Bank (Ukraine)	9,557	7,986	1,252	20,957	(14,423)	6,534	(2,601)	(541)	3,392
29	Imexbank	16,706	7,793	478	25,417	(13,500)	11,917	(3,007)	(3,667)	5,243
30	Industrialbank	11,775	631	6,100	18,682	(5,306)	13,376	(1,685)	(3,316)	8,375
31	Citibank (Ukraine)	15,659	3,760	1,123	20,965	(5,265)	15,699	(5,291)	(2,602)	7,806
32	HVB Bank	8,678	7,137	911	50,461	(28,122)	22,339	(21,465)	(440)	435
33	Industrial-export Bank	9,780	3,227	2,922	15,932	(3,568)	12,364	(2,009)	(2,959)	7,396
34	Calyon Bank									
<b>Tier 3</b>										
		10,885	843	568	12,272	(3,128)	9,145	(4,904)	(1,137)	3,104
35	Vneshtorgbank	10,879	3,036	374	16,447	(7,984)	8,464	(4,501)	(1,030)	2,933
36	Bank Kyiv	8,650	404	6,019	15,219	(9,378)	5,841	(5,032)	0	809
37	Erste Bank	13,607	662	3,332	18,014	(4,815)	13,198	(6,528)	(643)	6,027
38	TAS Investbank	17,376	3,111	479	21,335	(17,202)	4,133	(2,850)	(511)	771
39	Procredit Bank	(3,707)	26,913	287	32,755	(21,774)	10,981	(8,968)	(1,685)	329
40	Delta Bank	10,188	3,077	330	13,640	(6,361)	7,279	(2,813)	(482)	3,984
41	Credit-Dnipro Bank	7,874	12,650	1,821	22,499	(17,698)	4,801	(1,836)	(1,075)	1,890
42	Expres Bank	5,290	6,649	226	12,608	(8,857)	3,751	(1,024)	(723)	2,004
43	Megabank	5,318	2,077	737	8,165	(4,566)	3,599	(368)	(861)	2,369
44	Activ bank	7,102	1,158	295	8,503	(3,551)	4,952	(2,456)	(799)	1,696
45	NRB-Bank	7,892	2,202	815	11,110	(7,053)	4,056	(3,114)	(134)	808
46	kyiv Rus Bank	7,638	4,317	593	12,685	(10,113)	2,572	(345)	0	2,227
47	MT Bank	6,725	3,528	1,282	12,499	(9,452)	3,047	(1,773)	(279)	995
48	Ukrinbank	3,485	6,677	220	13,464	(11,792)	1,672	(1,347)	(225)	100
49	Agrobank	4,262	1,287	105	6,750	(5,303)	1,448	(747)	(39)	662
50	Big Energy Bank	5,863	2,685	755	9,314	(4,449)	4,865	(1,751)	(671)	2,443
51	Zakhidcombank	3,945	10,232	294	14,548	(10,571)	3,978	(1,175)	(611)	2,192
52	Arkada	5,547	1,387	266	7,280	(6,122)	1,158	519	(511)	1,166
53	Tavrika	3,545	2,023	611	6,298	(5,219)	1,079	(299)	(292)	541
54	SEB Bank	6,017	1,426	418	8,107	(4,162)	3,945	(2,254)	(447)	1,244
55	UBDP	1,973	2,772	609	6,131	(5,374)	756	(450)	(59)	248
56	Factorial Bank	4,735	1,996	547	7,754	(3,251)	4,502	(3,771)	(123)	608
57	Expobank	4,456	3,904	322	8,798	(5,841)	2,956	(1,924)	(631)	401
58	Petrocommertsbank-Ukraine	3,137	1,605	218	5,259	(3,577)	1,682	(391)	(369)	921
59	Dnister	237,543	160,806	28,192	412,858	(217,470)	195,388	(158,766)	15,703	52,325

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