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Ukrainian Banks

Time For The Second Half

Raiffeisen Bank Aval (BAVL) Upside	HOLD 12%
Ukrsotsbank (USCB) Upside	HOLD 13%
Bank Forum (FORM) Upside	HOLD 10%
Rodovid Bank (RODB) Upside	BUY 35%
Megabank(MEGA: BUY) Upside	BUY 29%
Ukrgazbank (UGZB) Upside	BUY 19%
Factorial Bank (FKTB) Upside	BUY 38%
Ukrinbank (UKIB) Upside	HOLD 0%

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Investment case

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

	Price USD	12M TP USD	Upside	Rec.
BAVL	0.19	0.22	12%	HOLD
USCB	0.71	0.80	13%	HOLD
FORM	8.22	9.05	10%	HOLD
RODB	1,580	2,135	35%	BUY
MEGA	1.25	1.61	29%	BUY
UGZB	1.03	1.23	19%	BUY
UKIB	0.01	0.01	0%	HOLD
FKTB	1.00	1.38	38%	BUY
NADR	40.0	N/R	N/R	N/R
BXRK	n/a	N/R	N/R	N/R

	# of sh., mln USD	MCap, mln USD	Free Float % USD mln	
BAVL	20,099	4,009	5	180.4
USCB	3,700	2,627	4	105.8
FORM	112	930	10	93.0
RODB	0.35	575	19	109.3
MEGA	115	144	20	28.8
UGZB	400	412	10	41.2
UKIB	20,440	204	20	40.8
NADR	39	1,561	7	109.3
FKTB	62.1	64	10	6.4
BXRK	0.5	n/a	6	n/a

BAVL: HOLD

- Net income surged 18-fold in 2006 as a result of improved transparency
- Lending growth in line with market: +76% yoy in 2006
- Ukraine's second-largest retail and mortgage player
- Sizable portion of cheap foreign debt (~15% of liabilities)
- All the positives have been already accounted by the market

USCB: HOLD

- Growth exceeded the market: +80% yoy in loans
- Retail overtook the majority (55%) of its total loan portfolio
- Foreign borrowings at ~USD 2.0 bln in 2007 will replace more expensive domestic debt
- Net income soared 145% yoy as a result of improved transparency
- The market has been already priced in the achieved progress

FORM: HOLD

- Growth rate (+ 139% yoy in 2006) twice above the sector average
- Rapid expansion into higher-yield retail: +149% in 2006
- Rising share of cheaper foreign debt
- Strategic sale is highly probable by the end of 2007
- Depressed net margin, as costs on expansion remain high
- The current share price leaves a limited room for upside

RODB: BUY

- Double growth in assets last year
- Aggressive expansion into retail: four fold growth in retail loans in 2006
- Strategic acquisition is highly probable in early 2008

MEGA: BUY

- Accelerated retail division: double growth since 2004
- Triple-digit growth in housing tariffs helps it benefit from an 11% share of the national market for communal service payment collection
- Entering foreign debt markets for cheaper and longer-term resources through EBRD and IFC

UGZB: BUY

- Growth above sector average: loans up 71% yoy in 2006
- Rapidly diversifying into retail
- Strategic sale is highly probable within the next twelve months

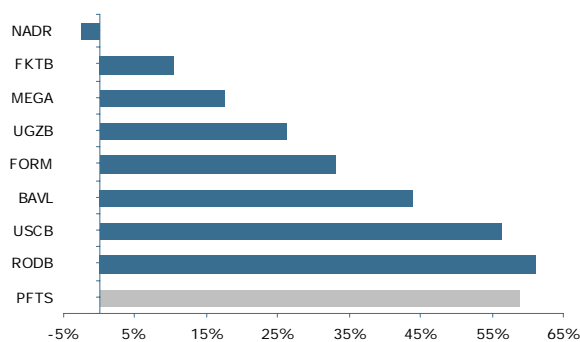
FKTB: BUY

- Strategic sale imminent in 2007
- New management implementing a turnaround strategy to streamline the bank's operations

UKIB: HOLD

- Asset growth above the market average
- Gained a stronger focus on retail
- Among the most probable acquisition targets in 2007
- Fairly valued by the market

Performance YTD



* Ukrainian bank index includes BAVL, USCB, FORM, RODB, MEGA and UGZB

Ukr. bank index* vs. PFTS & MSCI EM banks



Summary

The outlook for credit growth remains bright

Ukrainian banks have matured rather quickly, with average annual loan growth of 52% over 2004-2006. The Loan/GDP ratio doubled over the last four years to reach 46%, which placed Ukraine in line with the average CEE level. It is a simple call to suggest things will slow, but we don't think the growth will fall very far. Underpinned by strong GDP growth, we see lending firing on all cylinders and rising at around 40% CAGR over the next three years, particularly in mortgages - where the current level of penetration still suggests the potential for healthy growth.

Borrow abroad to lend at home

After years of moving in line with lending, the wind was knocked out of domestic saving sails as deposit growth halved in 2006, while loans kept moving in high gear. This caused the loan/deposit ratio to deteriorate quickly to 1.28 from 1.06 at the start of the year. Meanwhile, banks promptly diversified their funding bases through foreign borrowing and become the most active Ukrainian borrowers on international capital markets. In 2006 local banks raised USD 2.5 bln via Eurobond issues and syndicated loans, while collecting USD 10 bln at home. The higher portion of cheaper and longer-term foreign debt will help mitigate maturity mismatches and support margins from the funding side.

Earnings doubled

The sector's net income surged 91% yoy to reach USD 0.8 bln in 2006. This substantial progress in profitability was due to a combination of increased retail in the banks' loan portfolios to 32% from 23% a year ago, and improved transparency as a result of the entrance of large foreign investors that led to the elimination of tax-optimization schemes and better reporting practices in acquired banks.

Foreign acquisitions will persist in 2007, but slow afterward

International banking groups shelled out about USD 2.7 bln in 2006 to gain control over 13 more Ukrainian banks, resulting in a share of foreign ownership in the sector's assets of 38% by the end of 2006 compared to 24% in 2005. We estimate foreigners will lock up about USD 19 bln in Ukrainian banking assets over the next two years, which will bring foreign ownership closer to the current average in CEE. While we see demand and supply balancing this year, we expect foreign demand for Ukrainian banking assets to slow, which would leave behind the times of close to x5.0 P/B multiples paid at acquisition deals.

Ukrainian banks: Cheaper on strong fundamentals

Significant growth in earnings and book has led Ukrainian banks to no longer trade at eyebrow-raising Price-To-Book multiples. Neighboring markets have even benefited from development in the Ukrainian banking sector: Just a year ago those markets were shy to reward the higher ROE of GEM banks, but now they sport higher forward-looking P/B multiples. At the same time a 100% premium on P/E 08E looks to be fairly justified by the superior growth in earnings that will average at 68% over the next two years.

Valuation

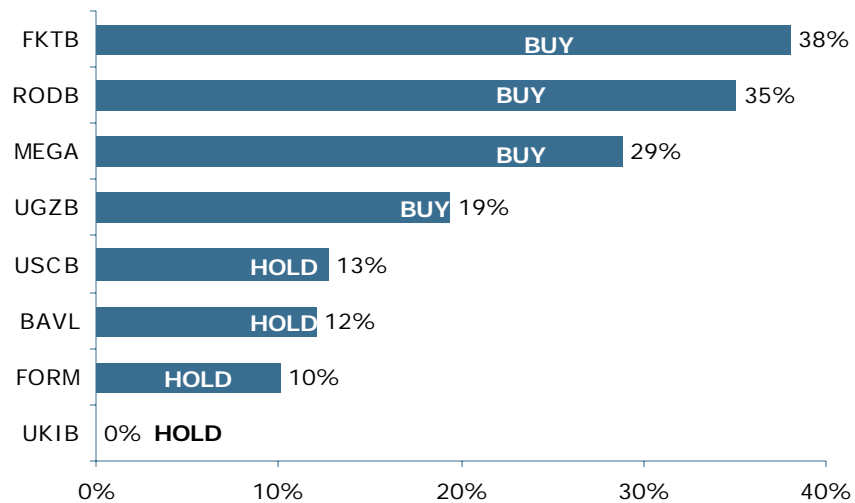
We applied both a Gordon's Growth Model (GGM) and peer comparison analysis to value Ukrainian banking stocks. In all cases, the valuation range implied by the peer comparison was wide enough to include GGM-based value. We based our target prices on the GGM approach.

We put a HOLD on blue chips in Ukraine's banking stock universe (BAVL, USCB and FORM), as the market was efficient enough to quickly factor all positives about these banks (improvements in financials and transparency) into the stock prices. The current share price levels for the three stocks offer a limited upside potential.

At the same time, we see BUY opportunities in a second tier group: Rodovid (RODB), Megabank (MEGA), Ukgazbank (UGZB) and Faktorial (FKTB). They were previously shadowed by premier league stocks, but now demonstrate superior operational performance and improvement in liquidity.

We did not rate Bank Nadra (NADR) and Khreschatik (BXRK), given the very low liquidity of the stocks at the moment. However, we did include them to make our report more comprehensive and also believe liquidity can improve in the future, in particular for Nadra.

Upsides and recommendations



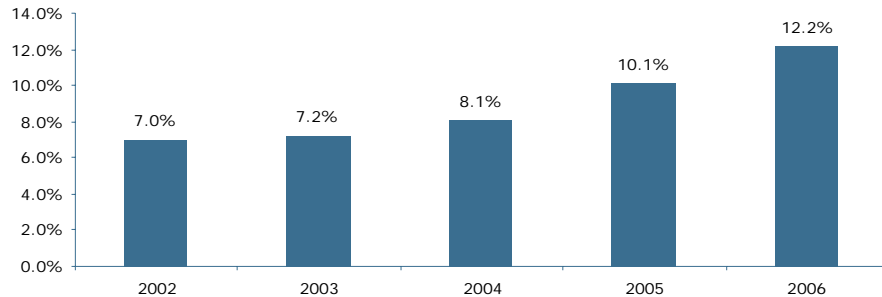
Comparative valuation

	Country	Price, MCap, USD		P/E		P/B	
		USD	mln	2007E	2008E	2007E	2008E
Ukrghazbank	Ukraine	1.03	412	54.9	29.6	3.3	2.3
Ukrsotsbank	Ukraine	0.71	2,627	26.5	17.3	4.4	3.5
Forum	Ukraine	8.30	930	91.1	47.2	3.5	3.0
Rodovid Bank	Ukraine	1,643	575	52.3	28.8	3.6	2.5
Megabank	Ukraine	1.25	144	41.1	26.1	2.7	2.5
Raiffeisen Bank Aval	Ukraine	0.19	3,859	28.7	17.9	3.8	3.2
Ukrinbank	Ukraine	0.01	204	60.1	32.4	2.0	1.8
Bank Nadra	Ukraine	40.0	1,561	28.1	20.1	3.7	3.1
Factorial Bank	Ukraine	1.03	64	58.2	37.6	2.5	2.0
Average				49.0	28.6	3.3	2.7
GEM Peers				2007E	2008E	2007E	2008E
PKO BP	Poland	16.8	16,845	20.8	18.3	4.1	3.4
Pekao SA	Poland	93.4	15,601	19.6	15.2	4.0	3.2
Bank BPH	Poland	344.9	9,903	20.1	18.9	3.5	3.0
BZWBK	Poland	99.3	7,247	25.6	22.2	4.9	4.0
OTP	Hungary	47.6	13,372	11.5	10.6	2.9	2.3
Komerční Banka	Czech Rep	183.2	6,964	14.4	13.1	2.3	2.0
Sberbank	Russia	3,925	84,729	21.8	17.5	5.6	4.3
Yapı Kredi	Turkey	2.5	7,203	14.6	10.2	2.4	2.1
Standard Bank	S. Africa	16.0	21,639	12.2	10.6	3.3	2.8
Banco do Brazil	Brazil	35.5	28,190	11.8	10.9	2.4	2.0
Average				17.2	14.7	3.5	2.9
Ukrghazbank price							
Implied by CEE peers avg., USD				0.32	0.51	1.10	1.30
Implied by Ukrainian peers avg, USD				0.92	0.99	1.02	1.19
Upside/Downside by CEE avg				-69%	-50%	7%	26%
Upside/Downside by Ukrainian avg				-11%	-4%	-1%	16%
Ukrsotsbank price							
Implied by CEE peers avg., USD				0.46	0.61	0.60	0.61
Implied by Ukrainian peers avg, USD				1.31	1.17	0.56	0.56
Upside/Downside by CEE avg				-35%	-15%	-15%	-14%
Upside/Downside by Ukrainian avg				85%	65%	-22%	-21%
Forum price							
Implied by CEE peers avg., USD				1.57	2.59	8.40	7.86
Implied by Ukrainian peers avg, USD				4.46	5.03	7.78	7.23
Upside/Downside by CEE avg				-81%	-69%	1%	-5%
Upside/Downside by Ukrainian avg				-46%	-39%	-6%	-13%
Rodovid Bank price							
Implied by CEE peers avg., USD				542	843	2,056	2,474
Implied by Ukrainian peers avg, USD				1,540	1,633	1,903	2,276
Upside/Downside by CEE avg				-67%	-49%	25%	51%
Upside/Downside by Ukrainian avg				-6%	-1%	16%	39%
Megabank price							
Implied by CEE peers avg., USD				0.52	0.71	1.82	1.63
Implied by Ukrainian peers avg, USD				1.49	1.37	1.68	1.50
Upside/Downside by CEE avg				-58%	-44%	45%	31%
Upside/Downside by Ukrainian avg				19%	9%	34%	20%
Raiffeisen Bank Aval price							
Implied by CEE peers avg., USD				0.12	0.16	0.19	0.18
Implied by Ukrainian peers avg, USD				0.33	0.31	0.17	0.17
Upside/Downside by CEE avg				-40%	-18%	-2%	-4%
Upside/Downside by Ukrainian avg				71%	59%	-9%	-12%
Ukrinbank price							
Implied by CEE peers avg., USD				0.003	0.005	0.020	0.018
Implied by Ukrainian peers avg, USD				0.008	0.009	0.018	0.016
Upside/Downside by CEE avg				-71%	-55%	97%	77%
Upside/Downside by Ukrainian avg				-18%	-12%	83%	62%
Bank Nadra price							
Implied by CEE peers avg., USD				24.5	29.3	38.1	36.8
Implied by Ukrainian peers avg, USD				69.7	56.9	35.2	33.9
Upside/Downside by CEE avg				-39%	-27%	-5%	-8%
Upside/Downside by Ukrainian avg				74%	42%	-12%	-15%
Factorial Bank price							
Implied by CEE peers avg., USD				0.31	0.40	1.66	1.65
Implied by Ukrainian peers avg, USD				0.87	0.78	1.53	1.52
Upside/Downside by CEE avg				-70%	-61%	61%	60%
Upside/Downside by Ukrainian avg				-16%	-24%	49%	48%

Last year, the superior earnings growth (74% CAGR in 2004-06), three-fold above GEM peers, and burst in M&A activity, pushed valuations of Ukrainian banks up. 40% premiums to GEM peers on P/B'06 and some 300% on P/E'06 have raised concerns that Ukrainian banks could have been overpriced.

However, since 2006 growth in the shareholder equity of Ukrainian banks was so significant that the stocks, as a class, no longer trade at multiples that used to make many fund managers skeptical. Concerns that enormous book growth could lead to dilution of shareholder returns did not prove true - Ukrainian banks were able to provide enough growth in earnings to support a sustainable ROE improvement.

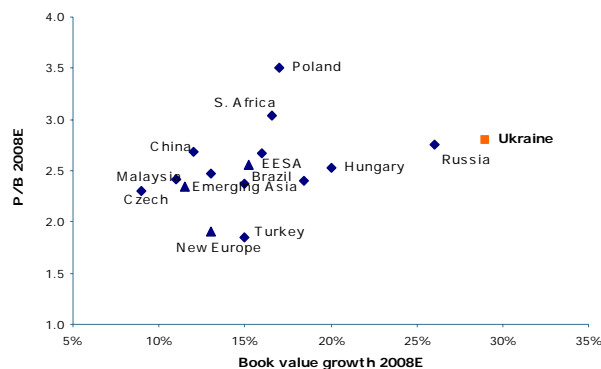
ROE: Ukrainian Banks Aggregate



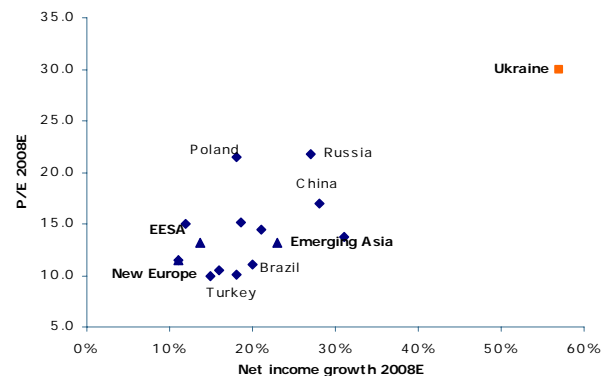
Source: the National Bank

With earnings growth expected to average 68% in 2007-08, Ukrainian banks trade at 30.9x P/E 08E implying a 100% premium to GEM peers – fairly justified, in our opinion, given higher growth of Ukrainian banks' earnings and book value. We expect that continued M&A activity and better bottom-line disclosure brought by foreign ownership will support valuations over the near 1-2 years.

P/B and Book Value growth



P/E and Earnings growth



Gordon growth model. Raiffeisen Bank Aval

Key model assumptions, UAH mln

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	33,288	47,604	65,806	84,867	103,572	124,790	148,349	173,900	202,276
Retail loans	19,146	30,633	45,950	62,033	77,541	95,375	115,404	137,331	162,051
Corporate loans	14,142	16,971	19,856	22,834	26,031	29,415	32,945	36,568	40,225
Customers' deposits	23,043	30,111	38,027	45,077	52,212	59,453	67,126	75,144	84,147
Retail accounts	16,393	22,130	28,769	34,523	40,392	46,451	52,954	59,838	67,617
Corporate accounts	6,651	7,981	9,258	10,554	11,820	13,002	14,172	15,306	16,531
Spread	8.4%	8.1%	7.4%	7.0%	6.6%	6.3%	6.1%	6.1%	6.1%
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%
Fee & Commission Income	987	1,338	1,789	2,300	2,887	3,535	4,253	4,937	5,734
Operating Costs	(2,151)	(2,965)	(3,793)	(4,681)	(5,532)	(6,547)	(7,767)	(9,236)	(11,001)
Provision Charge	(573)	(705)	(863)	(1,013)	(1,134)	(1,223)	(1,307)	(1,372)	(1,403)

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	4,191	5,899	8,079	10,344	12,573	15,112	17,969	21,023	24,394
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	682	331	303	300	589	892	1,320	1,954	2,461
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	630	273	225	201	355	484	652	877	1,004
Terminal Value	14,774	16,552				Discount Rate to Perpetuity			10%
Equity Value	19,476	21,819				Perpetuity Growth Rate			3.0%
per Share, USD	0.192	0.215				Implied Exit P/E Multiple			x6.3

Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.146	0.152	0.158	0.165	0.173
+1.0%	0.167	0.174	0.183	0.192	0.203
+0.0%	0.193	0.203	0.215	0.228	0.244
-1.0%	0.227	0.242	0.258	0.278	0.301
-2.0%	0.273	0.294	0.319	0.350	0.388

Gordon growth model. Megabank

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	1,130	1,621	2,175	2,768	3,335	3,892	4,430	4,959	5,515
Retail loans	338	592	887	1,198	1,497	1,797	2,084	2,355	2,638
Corporate loans	792	1,030	1,287	1,570	1,837	2,095	2,346	2,604	2,878
Customers' deposits	1,134	1,538	1,996	2,505	3,043	3,576	4,092	4,552	4,985
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
Spread	6.3%	5.7%	5.0%	4.1%	3.9%	3.8%	3.7%	3.5%	3.5%
Lending yield rate	13.8%	13.0%	12.0%	11.0%	10.0%	9.9%	9.9%	9.8%	9.7%
Deposit cost rate	7.5%	7.3%	7.0%	6.8%	6.1%	6.1%	6.2%	6.2%	6.2%
Fee & Commission Income	66	93	135	185	241	314	377	445	512
Operating Costs	-88	-113	-145	-179	-220	-269	-309	-347	-390
Provision Charge	-12	-18	-27	-38	-49	-61	-67	-70	-72

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	164	226	294	367	438	507	576	645	717	
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%	
Cash flow to Equity	12	18	27	37	49	64	81	102	118	
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%	
Discounted CF to Equity	11	15	20	24	28	33	38	43	44	
Terminal Value	571	646							Discount Rate to Perpetuity	10%
Equity Value	827	935							Perpetuity Growth Rate	3.0%
per Share, USD	1.42	1.61							Implied Exit P/E Multiple	x8.0

Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	1.16	1.19	1.23	1.28	1.33
+1.0%	1.30	1.35	1.40	1.46	1.53
+0.0%	1.48	1.54	1.61	1.69	1.78
-1.0%	1.70	1.78	1.88	1.99	2.12
-2.0%	1.99	2.11	2.25	2.41	2.61

Gordon growth model. Bank Forum

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	8,663	13,581	18,863	24,107	29,284	34,326	39,110	43,660	48,525
Retail loans	1,956	3,522	5,282	7,131	8,914	10,697	12,408	14,022	15,774
Corporate loans	6,706	10,059	13,580	16,975	20,370	23,630	26,701	29,638	32,751
Customers' deposits	7,150	11,112	15,866	21,075	26,344	31,613	36,671	41,438	45,996
Retail accounts	3,870	6,192	8,978	12,121	15,151	18,181	21,090	23,832	26,454
Corporate accounts	3,280	4,920	6,888	8,954	11,193	13,432	15,581	17,606	19,543
Spread	6.3%	5.9%	5.8%	5.6%	5.4%	5.3%	5.1%	4.9%	4.7%
Lending yield rate	14.5%	13.7%	13.2%	12.8%	12.3%	12.1%	11.8%	11.5%	11.3%
Deposit cost rate	8.2%	7.8%	7.4%	7.1%	6.9%	6.7%	6.7%	6.6%	6.6%
Fee & Commission Income	75	116	192	295	403	528	664	799	945
Operating Costs	(361)	(534)	(747)	(926)	(1,103)	(1,294)	(1,469)	(1,654)	(1,864)
Provision Charge	(84)	(120)	(173)	(210)	(232)	(243)	(236)	(219)	(193)

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	1,114	1,702	2,321	2,941	3,566	4,168	4,750	5,306	5,912
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	295	206	83	134	163	430	464	502	460
Discount rate	12%	11%	11%	11%	10%	10%	10%	10%	10%
Discounted CF to Equity	272	170	61	90	99	236	231	227	189
Terminal Value	2,786	3,121					Discount Rate to Perpetuity		10%
Equity Value	4,568	5,119					Perpetuity Growth Rate		3.0%
per Share, USD	8.08	9.05					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%	6.67	6.86	7.07	7.31	7.58
+1.0%	7.40	7.65	7.94	8.26	8.63
+0.0%	8.31	8.66	9.05	9.50	10.03
-1.0%	9.50	9.98	10.55	11.21	12.01
-2.0%	11.10	11.80	12.65	13.69	14.98

Gordon growth model. Faktorial Bank

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	671	922	1,186	1,476	1,737	1,998	2,266	2,549	2,843
Retail loans	293	469	656	866	1,048	1,226	1,410	1,607	1,816
Corporate loans	378	453	530	610	689	772	857	942	1,027
Customers' deposits	869	1,094	1,348	1,601	1,864	2,125	2,392	2,658	2,928
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
Spread	7.2%	5.9%	5.3%	4.8%	4.5%	4.3%	4.2%	4.2%	4.2%
Lending yield rate	16.0%	14.2%	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%
Fee & Commission Income	25	35	48	63	79	95	111	129	148
Operating Costs	(49)	(62)	(74)	(86)	(98)	(110)	(122)	(136)	(151)
Provision Charge	(4)	(5)	(7)	(8)	(9)	(11)	(13)	(15)	(17)

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	117.1	138.8	178.8	218.8	251.5	285.7	320.3	356.3	394.3
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	29.1	9.1	6.9	3.4	9.8	14.0	25.3	36.3	45.6
Discount rate	13%	13%	13%	12%	12%	12%	11%	11%	11%
Discounted CF to Equity	26.8	7.4	4.9	2.2	5.6	7.1	11.5	14.8	16.7
Terminal Value	268	302							Discount Rate to Perpetuity
Equity Value	383	433							Perpetuity Growth Rate
per Share, USD	1.22	1.38							Implied Exit P/E Multiple
									x8.7

Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.96	0.99	1.03	1.07	1.11
+1.0%	1.09	1.13	1.18	1.24	1.30
+0.0%	1.25	1.31	1.38	1.46	1.55
-1.0%	1.46	1.55	1.65	1.77	1.91
-2.0%	1.75	1.88	2.03	2.21	2.44

Gordon growth model. Ukrsootsbank

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	21,365	33,659	47,692	62,371	76,654	90,781	104,295	117,111	130,356
Retail loans	13,907	24,336	36,505	49,281	61,602	73,922	85,749	96,897	108,524
Corporate loans	7,458	9,323	11,188	13,089	15,053	16,859	18,545	20,214	21,831
Customers' deposits	14,635	19,080	24,076	29,356	34,985	40,672	46,211	51,223	55,958
Retail accounts	7,176	9,831	12,977	16,480	20,436	24,523	28,447	31,860	35,046
Corporate accounts	7,459	9,249	11,099	12,875	14,549	16,149	17,764	19,363	20,912
Spread	7.1%	6.8%	6.7%	6.6%	6.3%	6.1%	6.0%	5.9%	5.9%
Lending yield rate	13.8%	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%
Fee & Commission Income	522	651	777	932	1,099	1,273	1,450	1,623	1,783
Operating Costs	(842)	(1,140)	(1,612)	(2,053)	(2,512)	(2,994)	(3,466)	(3,888)	(4,365)
Provision Charge	(96)	(162)	(228)	(295)	(355)	(412)	(470)	(527)	(591)

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	2,894	4,471	6,223	7,991	9,733	11,462	13,122	14,703	16,342
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	797	88	104	441	655	783	1,053	1,356	1,585
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	735	72	77	294	394	424	518	607	645
Terminal Value	9,494	10,637							Discount Rate to Perpetuity
Equity Value	13,262	14,858							Perpetuity Growth Rate
per Share, USD	0.71	0.80							Implied Exit P/E Multiple
									x6.7

Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.55	0.57	0.59	0.62	0.65
+1.0%	0.63	0.65	0.68	0.72	0.75
+0.0%	0.72	0.75	0.80	0.84	0.90
-1.0%	0.84	0.89	0.95	1.02	1.10
-2.0%	1.00	1.07	1.16	1.27	1.40

Gordon growth model. Ukrinbank

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	1,045	1,468	1,944	2,449	2,951	3,457	3,945	4,422	4,913
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
Customers' deposits	866	1,148	1,502	1,852	2,234	2,622	2,998	3,334	3,650
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
Spread	9.3%	8.7%	7.5%	6.6%	6.1%	5.6%	5.1%	4.6%	4.1%
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%
Fee & Commission Income	45	57	72	86	104	125	151	179	206
Operating Costs	(113)	(132)	(154)	(174)	(196)	(219)	(245)	(271)	(298)
Provision Charge	(13)	(18)	(23)	(29)	(35)	(41)	(47)	(53)	(59)

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
Equity Value	785	880							Perpetuity Growth Rate
per Share, USD	0.008	0.010							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	0.009	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. Rodovid

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	2,193	3,948	6,119	8,261	10,326	12,392	14,374	16,243	18,192
Retail loans	1,611	2,046	2,558	3,121	3,651	4,162	4,662	5,174	5,718
Corporate loans									
Customers' deposits	1,605	2,246	3,078	4,001	5,001	6,001	6,961	7,797	8,577
Retail accounts	1,255	1,594	1,992	2,391	2,749	3,052	3,357	3,659	3,951
Corporate accounts									
Spread	14.0%	13.5%	12.7%	12.3%	12.2%	11.9%	11.7%	11.5%	11.4%
Lending yield rate	10.0%	9.5%	8.5%	8.0%	7.5%	7.0%	6.7%	6.6%	6.6%
Deposit cost rate									
	78	113	160	214	273	342	411	485	558
Fee & Commission Income	(138)	(228)	(311)	(411)	(519)	(622)	(713)	(800)	(897)
Operating Costs	(25)	(42)	(58)	(80)	(105)	(129)	(153)	(174)	(196)
Provision Charge	2,193	3,948	6,119	8,261	10,326	12,392	14,374	16,243	18,192

Valuation summary

Valuation date: Mar. 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	514	797	1,130	1,456	1,777	2,091	2,400	2,697	2,995
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	650	122	83	17	58	98	193	281	357
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	599	100	62	11	35	53	95	126	146
Terminal Value	2,141	2,399							
Equity Value	3,368	3,774							
per Share, USD	1,923	2,135							
						Discount Rate to Perpetuity			10%
						Perpetuity Growth Rate			3.0%
						Implied Exit P/E Multiple			x8.1

Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	1,566	1,613	1,666	1,725	1,791
+1.0%	1,737	1,799	1,870	1,949	2,040
+0.0%	1,954	2,038	2,135	2,246	2,377
-1.0%	2,237	2,355	2,493	2,657	2,853
-2.0%	2,618	2,792	3,001	3,255	3,574

Gordon growth model. Ukgazbank

Key model assumptions

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E
Gross loan portfolio	3,375	4,992	6,839	8,843	10,774	12,646	14,454	16,213	18,058
Retail loans	1,330	2,395	3,592	4,849	6,061	7,274	8,437	9,534	10,678
Corporate loans	2,045	2,597	3,247	3,993	4,712	5,372	6,017	6,678	7,380
Customers' deposits	3,754	5,117	6,673	8,411	10,252	12,081	13,850	15,421	16,898
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
Spread	7.3%	7.0%	6.3%	5.8%	5.5%	5.1%	4.7%	4.5%	4.5%
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%
Fee & Commission Income	97	146	207	287	376	480	614	751	865
Operating Costs	(232)	(308)	(398)	(496)	(589)	(701)	(827)	(955)	(1,070)
Provision Charge	(28)	(43)	(58)	(91)	(114)	(138)	(151)	(161)	(184)

Valuation summary

Valuation date: Mar. 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	491	702	935	1,175	1,405	1,632	1,851	2,065	2,289
CAR	12%	12%	12%	12%	12%	12%	12%	12%	12%
Cash flow to Equity	175	52	58	42	84	137	152	200	258
Discount rate	12%	11%	11%	11%	11%	10%	10%	10%	10%
Discounted CF to Equity	162	43	43	28	50	74	75	90	105
Terminal Value	1,550	1,736							Discount Rate to Perpetuity 10%
Equity Value	2,221	2,488							Perpetuity Growth Rate 3.0%
per Share, USD	1.10	1.23							Implied Exit P/E Multiple x8.4

Sensitivity analysis: Share price, USD

Cost of Equity	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
+2.0%	0.87	0.90	0.93	0.97	1.01
+1.0%	0.98	1.02	1.06	1.11	1.17
+0.0%	1.12	1.17	1.23	1.30	1.38
-1.0%	1.30	1.37	1.46	1.56	1.69
-2.0%	1.54	1.65	1.78	1.95	2.15

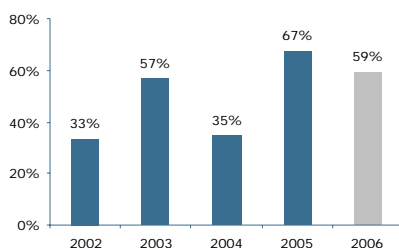
Sector overview

How much growth is ahead?

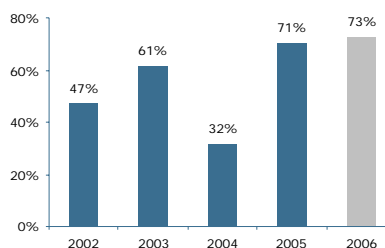
2006: Another banner year with robust growth

Ukrainian banks again enjoyed hefty growth in 2006, by far outpacing any other industry in Ukraine and the CEE banking market. Banking sector assets rose 59% yoy to reach USD 67 bln by the end of 2006. Ukrainian lenders' loan portfolios grew 73% yoy to USD 49 bln, driven by a 135% yoy surge in retail loans. Customer deposit growth slowed (+37% yoy) compared to 2005's growth (+73% yoy), as banks actively shifted to less expensive and longer-term foreign debt.

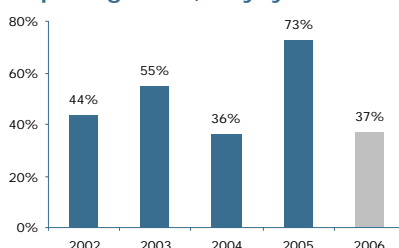
Asset growth, % yoy



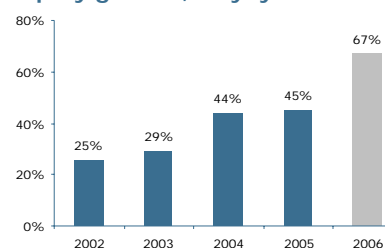
Loan portfolio growth, % yoy



Deposit growth, % yoy



Equity growth, % yoy



Deeper penetration, But still plenty of room

Ukraine's Loans/GDP ratio more than doubled over a four-year period from just 21% in 2002 to 46% by the end of 2006, a level comparable with the Czech Republic, Hungary, Bulgaria and above that of Poland. The market is gradually maturing and we expect the growth of lending to slow down to an average of 40% over the next three years, from 52% CAGR over 2004-2006. We think that lending expansion will be underpinned by strong GDP growth and fuelled by retail and mortgages – where the current level of penetration is still several times below the CEE average.

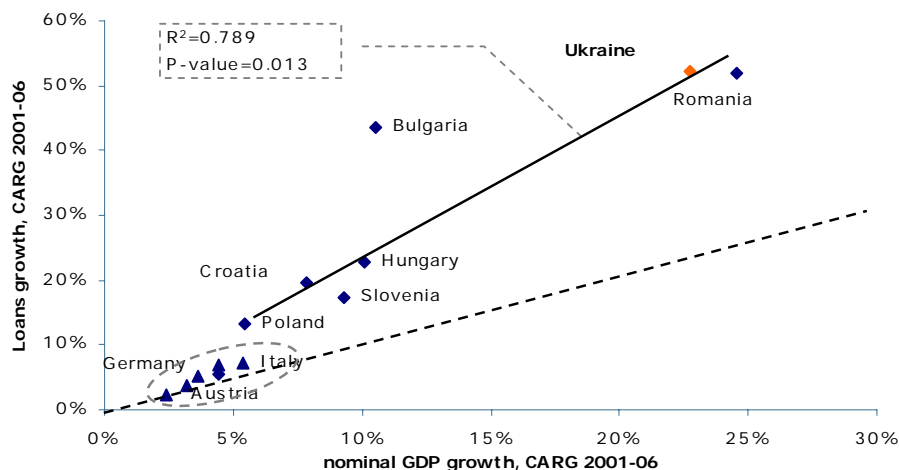
Ukrainian banking: Key forecasts

	2004	2005	2006	2007E	2008E	2009E	2010E	2011E
GDP nominal, USD bln	64.9	83.0	106.0	125.5	147.1	169.9	194.9	222.0
Nominal Increase	29.5%	27.7%	27.8%	18.4%	17.2%	15.5%	14.7%	13.9%
Real Increase	12.1%	2.6%	7.1%	6.7%	6.5%	6.0%	5.7%	5.5%
Inflation Rate	12.3%	10.3%	11.6%	11.0%	10.0%	9.0%	8.5%	8.0%
Total loans								
Total loans/GDP	28.2%	36.8%	45.8%	61.0%	71.2%	78.1%	82.5%	85.0%
Total loans, USD mln	18.3	31.0	48.6	76.6	104.7	132.7	160.7	188.7
Total loans, chg % yoy	32.9%	69.2%	56.9%	57.7%	36.6%	26.8%	21.1%	17.4%
Retail loans (excl. mortgage)								
Retail loans (excl. mortgage)/GDP	3.3%	5.3%	10.3%	14.7%	17.7%	19.8%	21.2%	22.0%
Retail loans (excl. mortgage), USD mln	2.2	4.5	10.9	18.5	26.1	33.7	41.3	48.9
Retail loans (excl. mortgage), chg % yoy	54.8%	105.9%	143.7%	69.8%	41.1%	29.1%	22.6%	18.4%
Mortgage loans								
Mortgage loans/GDP	0.9%	2.5%	4.5%	7.6%	9.8%	11.3%	12.3%	13.0%
Mortgage loans, USD mln	0.6	2.1	4.8	9.6	14.4	19.2	24.0	28.9
Mortgage loans, chg % yoy	94.8%	259.7%	133.4%	101.0%	50.3%	33.4%	25.1%	20.0%

Source: National Bank of Ukraine, Concorde Capital estimates

Penetration is no longer at rock-bottom and economic growth will be a key driver for the sector's development. We made a cross-sectional regression on a sample of developed and developing European countries and found a strong connection of GDP growth to the growth of the total loans in the banking system.

Lending vs. GDP Growth



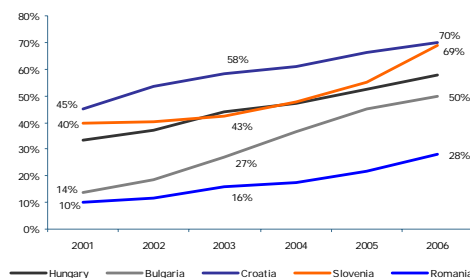
Source: Central Banks, Concorde Capital estimates

Developed economies with moderate growth % require commercial credit to grow in line with the overall economy (the dotted line in the chart above). Economies in a stage of rapid development require outpacing growth in loans to support growth in the economy. The separating point seems to be GDP nominal growth of around 5%. All CEE countries demonstrated high nominal growth, and the required increases in loans were noticeably higher.

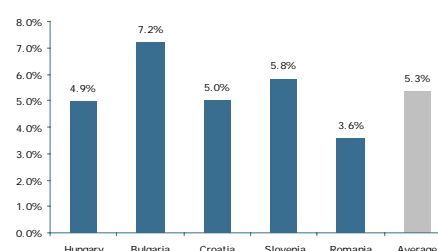
We expect Ukraine's economy to average 16% annually over 2007-2011, after average growth in the nominal GDP of 22% during the last five years. Based on the results of regression, our expected GDP growth rate implies growth of loans at 37% CAGR over 2007-2011, which translates into a Loans/GDP ratio of 85% by the end of 2011.

Across the CEE region over the last five years, the annual increment in Loans/GDP ratios was in the range of 3.6-7.2%. If Ukraine follows a similar evolutionary path, gaining the CEE's annual average "add" of 5.3%, its Loans/GDP ratio will reach 73% by 2011.

Loan/GDP Evolution in 2001-06



Average "add" to Loan/GDP, 2001-06



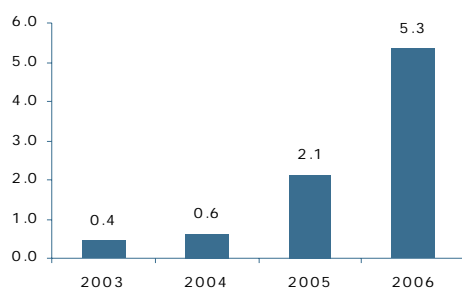
Source: Central Banks, Concorde Capital

Within the loan categories, we think mortgages will continue to show the strongest growth at 43% CAGR, followed closely by non-mortgage retail lending (+37% CAGR). Mortgages are expected to grow from 4.5% of total loans in Ukraine in 2006 to 13% in 2011, which would be consistent with growth in Hungary and the Czech Republic where Mortgages/GDP tripled over 2002-2006.

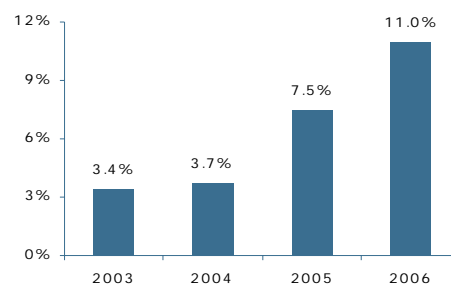
Mortgages: The new center of gravity

After proving themselves with early-stage retail banking products like consumer and car lending, over the past two years Ukrainian banks rapidly moved to a new frontier – mortgages. Even though mortgage legislation was passed in 2003, it was really in 2005 that the market took off – hitting USD 5.3 bln over just a two-year period from almost a standing start. Mortgage portfolios have increased nine-fold since 2004, gaining a significant weight in total lending and reaching 11.1% of total loans in 2006, versus 2.4% in 2004.

Mortgage loans, USD bln



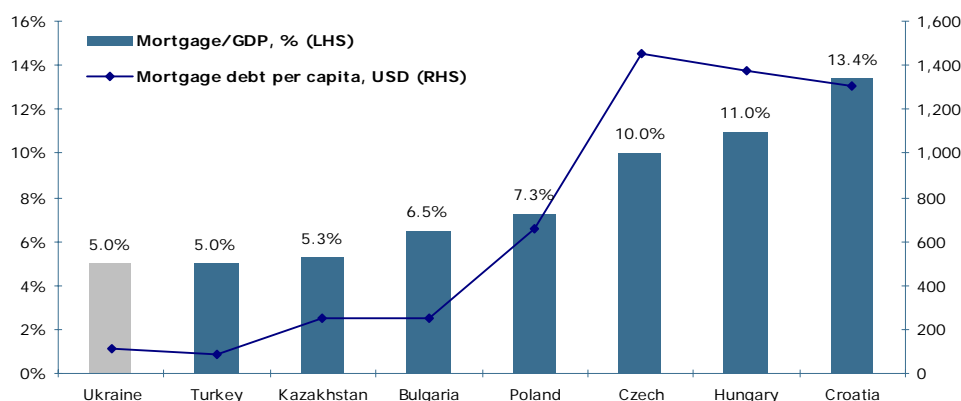
Mortgage/Total loans, %



Source: Ukrainian Mortgage Association

Even after such strong growth, mortgages remains Ukraine's least developed banking segment. Ukraine's Mortgage Loans/GDP ratio is two times less than the Czech Republic and one-fifth of Austria's level, which clearly signals a significant potential for growth in the segment. In terms of per-capita data, the gap is even more striking. At the end of 2006, the average Ukrainian had about USD 100 of mortgage debt. That's less than a half of what Kazakhs and Bulgarians have, though Ukraine is comparable to these countries in terms of its mortgage debt/GDP ratio. The difference between Poland, the Czech Republic and other emerging European countries is even more striking – its from five to twelve times less.

Mortgage lending penetration, 2006



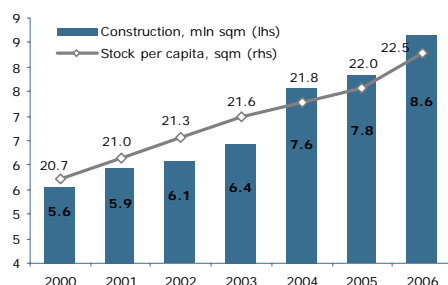
Source: Ukrainian Mortgage Association, Central Banks, Concorde Capital estimates

We see a few key reasons for the market take off, and no reason why any of these should disappear in the near term:

- Since 2005 Ukrainian banks have been quite successful at tapping international debt markets for longer funds through issuing Eurobonds. This allowed banks to grant mortgage loans without stretching out gaps in maturity. During 2005-2006 Ukrainian banks placed Eurobonds for a total volume of about USD 2.2 bln;
- Ukrainians have enjoyed ample growth in real incomes – 16% CAGR between 2002 and 2006. We estimate income growth will average 14% over the next five years;
- While we observe typical former soviet bloc attributes of high home

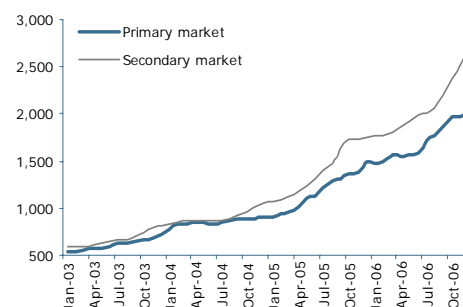
ownership (~90%), we also have typically poor quality housing stock. Ukraine's per capita residential housing stock of 22 m² in 2005 is about half of the European average, which amounts to ~40 m² per capita. Furthermore, more than half of existing housing stock is in need of comprehensive renovations. Naturally, with growth in disposable income, individuals want to improve their living conditions. More importantly, Ukrainians are now more willing to spend their savings that they previously kept "under their mattresses" (estimated at ~USD 15-20): the monthly average volume of FX cash bought from the population tripled over the last two years to ~USD 2.0 bln.

Residential housing construction



Source: State Statistic Committee

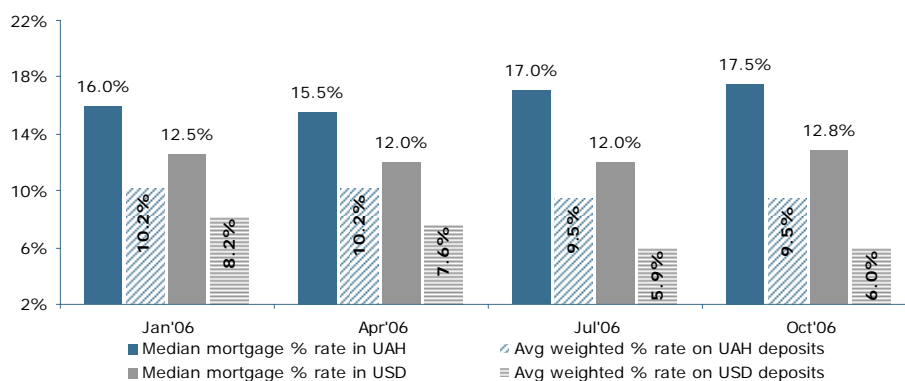
Apartment prices in Kyiv, USD/sq. m



Source: Realt.Ua

- Strong income and economic growth caused demand for modern real estate to soar, as people rushed to upgrade their living conditions. As a result property prices surged – in Kyiv housing prices increased five-fold in dollar terms since 2003 and grew 60-70% yoy in 2006 alone. Rampant property price inflation made real estate an attractive asset to invest, adding further to demand for property;
- More than half of mortgages are underwritten in Kyiv, Odesa and Dnipropetrovsk, although these cities only account for 10% of the country's population. This should mean a gradual ripping out of demand for mortgages to the smaller cities;
- In terms of profitability, the mortgage segment yields only to the highest-margin consumer lending. Banks offer mortgages at 14.6% a year (average weighted by currencies), pocketing up to a 7% spread over the rate paid for term deposits, the main funding source for mortgage loans. We don't see any reasons to expect a substantial fall in interest rates and estimate only a slight 0.25-0.5% reduction this year.

Mortgage & term deposit interest rate



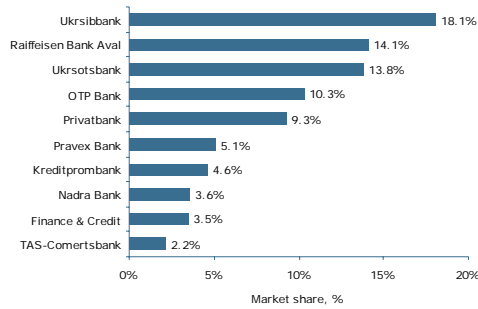
Source: Ukrainian Mortgage Association

Foreigners lead the segment

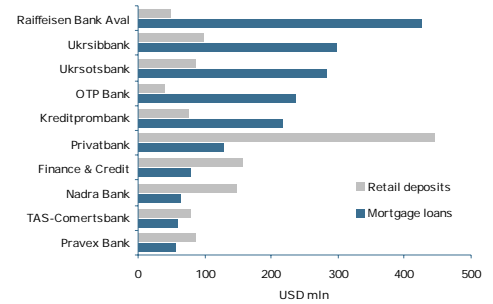
Ukraine's mortgage market is mostly split between five banks that together control a 65% share. As mortgage lending requires long-term funding, which is in short supply in Ukraine, it is no surprise that the top four players are foreign-

owned banks, since they enjoy funding support from their parent companies and easier access to international debt markets. At the same time, to finance their mortgage programs Ukrainian banks have so far to relied on more expensive deposits from individuals – the growth in funds raised from individuals has outpaced the increase in mortgage portfolios. However, since 2005 Ukrainian-owned mortgage lenders have actively started to tap international debt markets and have been the most active borrowers of foreign funds among local banks. We expect the rising portion of foreign debt for all banks to be supportive both of further mortgage growth and margins.

Ukraine's key mortgage lenders*



Mortgage & retail deposits growth



Source: Ukrainian Mortgage Association

* As of Dec. 31, 2006

Recent legislative initiatives will support the market

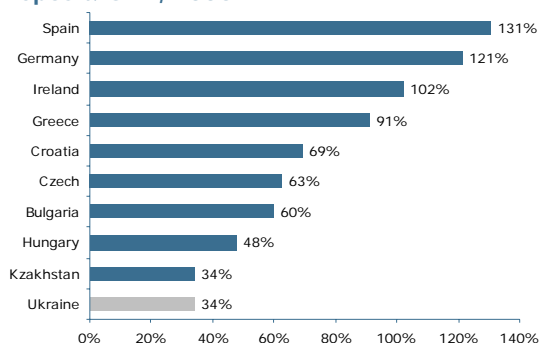
Since May 2006, the new law on "On Securities and the Stock Market" paved the way for Ukrainian banks to start securitization of their mortgage loan portfolios. Ukgazbank (#17 by assets in Ukraine) was the first Ukrainian bank to conduct a domestic placement of mortgage backed securities in February 2007. The debut placement was for USD 10 mln for three years with a 10.5% coupon rate. The placement tested the market, revealing a sizeable demand for this kind of security. In 2007 Ukgazbank, in order to boost further mortgage lending, plans to refinance most of its USD 220 mln portfolio through bond issues. Other market players have also announced their intentions to securitize their mortgage loan books in the next 12-24 months.

Financing the growth

Deposits: low penetration & growing Loan/Deposit ratio

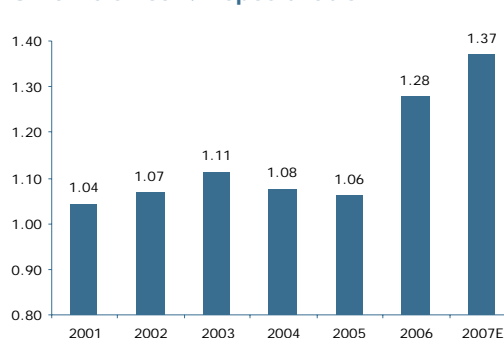
After quite strong growth, with a CAGR of 48% over the last five years, Ukraine still has low bank deposits relative to the size of its economy – deposit penetration was just at 34% at the end of 2006 – among the lowest in the CEE region. This means its Loan/Deposit ratio stood at a worrying 1.28 at the end of last year. Until 2006 Ukrainian banks were able to fund their stunning loan growth with similar expansion from the domestic savings pool – its Loan/Deposit ratio hovered around 1.0 level over 2000-2005. In 2006, the ratio deteriorated as loans continued to post 70% growth, while deposits did not keep pace – growth was cut in half to 36% yoy.

Deposit/GDP, 2006



Source: Central Banks, Eurostat, Concorde Capital

Ukraine's Loan/Deposit ratio

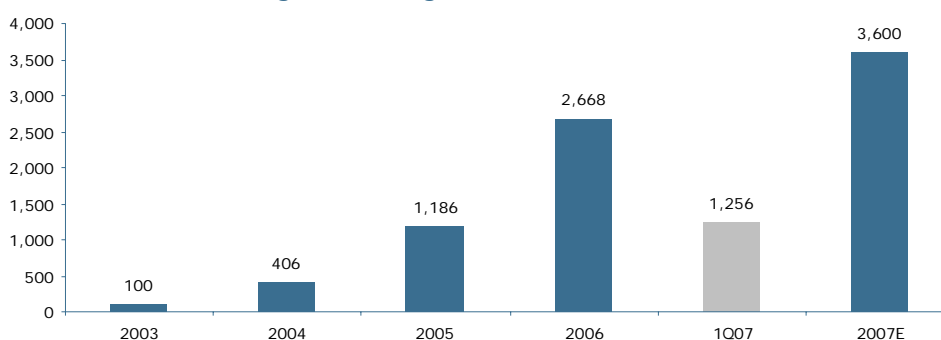


Deposit growth lagged, as Ukrainian banks were actively diversifying their funding base through foreign debt. This year we expect banks will keep to be quite dormant on local deposit market and Loans/Deposit ratio will deteriorate further to 1.37. The trend, in our view, will be positive for the sector's margins, as the growing share of foreign borrowing replaces more expensive domestic debt.

Borrow abroad, lend at home

Starting in 2005 Ukrainian banks have increasingly focused on the capital markets for additional funding, and have become the most active Ukrainian borrowers on international debt and loan markets. During 2005-2006 domestic banks increased their foreign borrowing ten-fold via Eurobond issues and syndicated loans. By the end of 1Q07, banks had already tapped foreign markets for USD 1.3 bln, roughly half of the 2006 total.

Ukrainian banks' foreign borrowing*, USD mln



* Includes Eurobond issues and syndicated loans

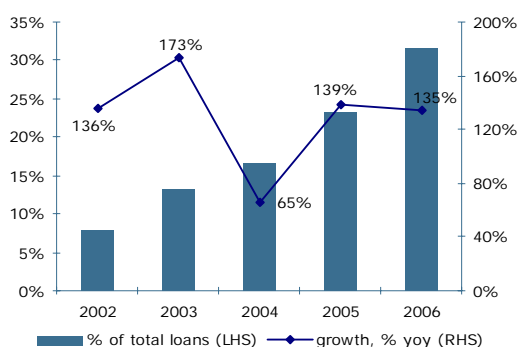
Earnings doubled

Last year, Ukrainian banks almost doubled their earnings to USD 0.8 bln, which led the sector's ROE to improve to 13.5%. We believe a 91% gain in net income was due to a combination of banks digging deeper into retail and improving transparency due to a massive ownership change in favor of foreign investors.

More retail lifts net interest income

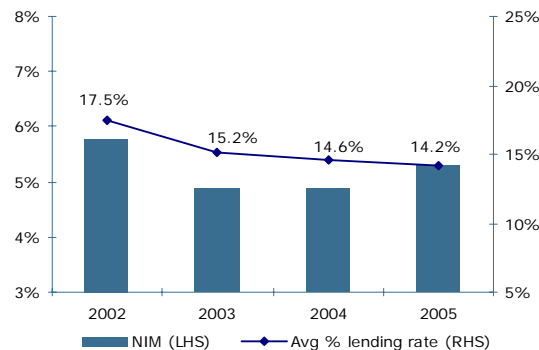
In 2006 Ukrainian banks were persistent in actively carving out as deep a share in retail as possible. Loans to individuals jumped 135% yoy to USD 15.4 bln, which brought the portion of higher-margin retail products in the banks' total loan books to 32%, against 23% in 2005. The increase of retail in the loan mix was enough to offset the effect of lower lending rates (the average lending rate fell to 14.3% in 2006 from 14.9% in 2005) and caused the net interest margin (NIM) to increase to 5.3% from 4.9% a year ago. NIM improvement was a key driver for net interest income growth of 68% yoy in 2006 to USD 2.7 bln.

Retail loans



Source: National Bank of Ukraine

NIM & average interest lending rate



Entrance of foreign players enhances transparency

International banking groups shelled out ~USD 2.5-2.7 bln in 2006 to gain control over 13 more Ukrainian banks, resulting in the share of foreign capital in the sector advancing to 27.6% from 19.5% in 2005

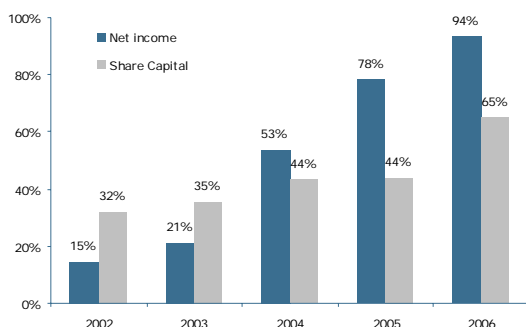
New owners put an end to tax-optimization schemes, which had heavily understated the profitability of many banks'. Thus, Raiffeisen Bank Aval (acquired by Raiffeisen in August 2006) posted a net income increase of 18 times yoy in 2006 to USD 67 mln, based on Ukrainian Accounting Standards. Ukrsofsbank, which was in the acquisition process with Banca Intesa since February 2006, reported net income growth of 145% yoy to USD 57 mln in 2006. The combined earnings increase from these two banks of USD 96.8 mln accounted for one-fourth of the sector's net income growth of USD 391 mln.

ROE On The Rise

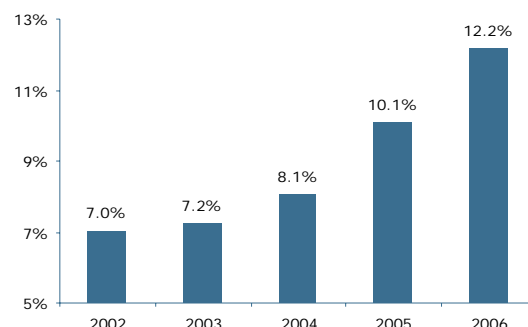
To keep pace in a rapidly growing market, domestic banks are faced with a constant need to inject fresh capital - it has become common practice for Ukrainian banks to hold regular additional share emissions (from one to three times a year). In total, over the last three years, new shares in amount of USD 3.0 bln have been issued, more than doubling the sector's share capital.

This seemingly never-ending series of additional share issues appears to be justified – banks were able to provide a sufficient increase in profits for each additional dollar issued. As banks doubled their share capital during 2004-06, they managed to triple earnings over the same period. As a result, return on shareholder equity has been steady improving from 8.1% in 2004 to 12.2% in 2006. We see the sector's ROE improving to 15.9% over the next two years.

Net income & share capital growth, % yoy



ROE and Return on Share capital

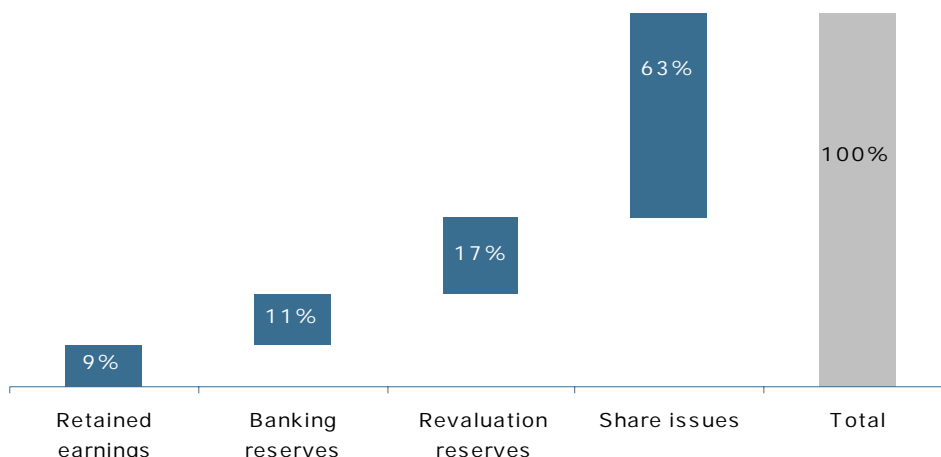


Source: National Bank of Ukraine, Concorde Capital

Share capital increases remain the main source of equity growth for Ukrainian banks. They contributed 63% to last year's equity increase. At the same time, earnings, despite the progress achieved in recent years, is still a minor contributor - contributing just 9% to total growth in equity in 2006.

Fixed asset revaluation is another widely used tool supporting Ukrainian bank's capital adequacy positions, accounting for almost one-fifth of banks' capital increases in 2006. Although constantly growing real estate prices give reasonable ground for such surpluses to appear on the bank's balance sheets, many banks go too far here, with the share resulting from revaluations making up more than half of total capital.

Main contributors to equity growth in 2006



Source: National Bank of Ukraine, Concorde Capital

Intense M&A activity to persist in 2007

Acquisition Fever

Foreign banks have notably accelerated their penetration into Ukraine. In 2005-2006 foreigners took control over twenty Ukrainian banks and gained 38% of the market by assets as of the end of last year, from just 8% in 2004. Last year, the sector saw eleven deals closed for a total amount of around USD 2.5 bln. Acquisition P/B records exceeding the levels whenever paid for any financial institution in CEE confirmed that Ukrainian banks were not subject to bargaining.

M&A Deals in the Ukrainian banking sector

Date	Buyer	Target	Price and acquired stake	P/B
Jan-07	Swedbak (Sweden)	TAS-Commertzbank	USD 753 mln for ~100%	4.6
Jan-07	Volksbanken (Austria)	Bank Electron	USD 74 mln for ~98%	4.0
Dec-06	Getin Holding (Poland)	Bank Prykarpattya	USD 22.4-25.6* mln for 81.9%	3.5-4.0
Aug-06	PPF Group (Czech Rep)	Privatinvestbank	USD 20-25* mln for 100%	2.0-2.5
Jul-06	PPF Group (Czech Rep)	Agrobank	USD 46-52* mln for 100%	3.5-4.0
Jul-06	EFG Eurobank (Greece)	Universalny	USD 49 mln for 99.3%	3.6
Jul-06	Erste Bank (Austria)	Prestige Bank	USD 35.3 mln for 50.5%	1.2
Jul-06	Russian Standard	Avtoinveststoybank	USD 9-10* mln for a <50%	1.1-1.3
May-06	OTP Bank (Hungary)	Raiffeisenbank-Ukraine	USD 833 mln for 100%	5.9
Mar-06	Credit Agricole (France)	Index Bank	USD 257 mln for 98%	5.5
Feb-06	Banca Intesa (Italy)*	Ukrsotsbank	USD 1.16 bln for 88%	5.0
Jan-06	Vneshtorgbank (Russia)	Mriya	USD 70 mln for 98%	1.6
Dec-05	BNP Paribas (France)	Ukrsibbank	USD 350 mln for 51%	3.6
Aug-05	Raiffeisen International	Aval Bank	USD 1.028 bln for 93.5%	3.1
Apr-04	PKO Bank Polski (Poland)	Kredyt Bank	USD 30 mln for 66.65%	1.6
Jan-04	SEB group (Sweden)	Azhio Bank	EUR 23.3 mln for >90%	1.5

Source: Concorde Capital

* In April 2007 Banca Intesa withdrew from the deal

Private placements in the Ukrainian banking sector

Date	Buyer	Target	Acquired stake
Aug-06	Portfolio investors	Nadra Bank	USD 45 mln for 6.74%
Apr-06	Portfolio investors	Ukrinbank	USD 36 mln for 20%
Apr-06	Portfolio investors	Rodovid Bank	USD 37 mln for 19%
Mar-06	Portfolio investors	Megabank	USD 19 mln for 20%
Oct-05	Portfolio investors	Forum	USD 20 mln for 10%

Source: Concorde Capital

Ukrainian banks: How much for sale?

Foreign ownership is still far from levels in other parts of CEE, such as the 71% of banking assets that foreigners control in Poland, 80% in Hungary and 95% in the Czech Republic. Thus, we believe the acquisition phase is far from over. We estimate foreign banks will lock up around USD 19 bln in assets during the next two years, which will bring foreign ownership closer to the average in other CEE countries. As the first and second banking tiers now offer a limited choice of acquisition targets, buying activity is moving down the tiers and focusing on mid-size banks.

By the end of 2007, we expect foreigners to gain control over 56% of the sector's assets. Estimating the system's asset growth in 2007 at 46% yoy, we also expect foreign-owned banks, which already operate in Ukraine to outpace

the system with a 70% yoy increase. This alone will bring the foreign share of assets to 46%. We see supply and demand being quite balanced in 2007, with domestic banks ready to put USD 9.5 bln in assets up for sale during the period, based on our estimates.

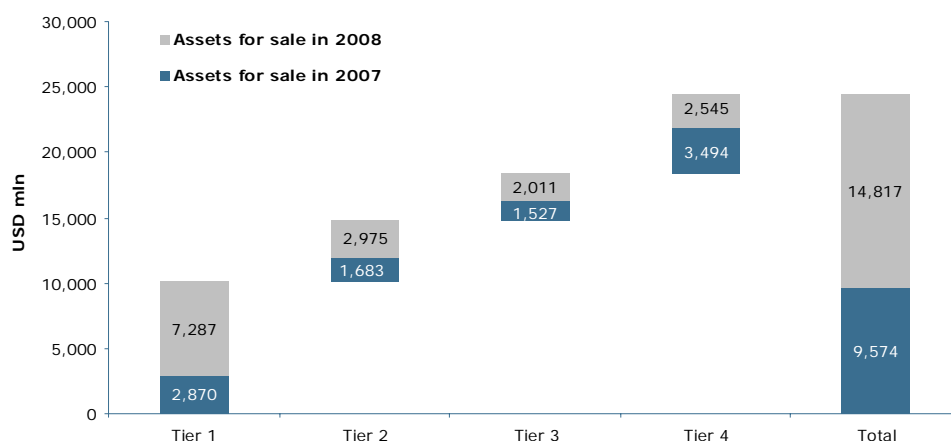
Foreign ownership penetration assumptions

	2006	2007E	2008E
The sector's total assets, USD mln	67,362	98,299	129,237
The sector's asset growth, % yoy	59%	46%	32%
Target foreign ownership penetration, % of assets	38%	56%	70%
Assets under foreign control, USD mln, eop	25,598	55,048	90,466
Foreign banks asset growth, % yoy (w/o new acquisitions)	72%	75%	50%
Assets under foreign control, USD mln (w/o new acquisitions)	17,456	44,796	82,571
Foreign ownership penetration, % of assets (w/o new acquisitions)	26%	46%	64%
Estimated demand for Ukrainian banking assets, USD mln		10,252	7,894
Estimated assets available for sale, USD mln		9,574	14,323

Source: National Bank of Ukraine, Concorde Capital estimates

All indications are that 2007 will be the last year of intense M&A activity in the sector and maybe the last chance for Ukrainian owners to demand extraordinary premiums at exit. In 2008 foreigners will require about USD 8.0 bln in assets, with some 50% oversupply.

Assets available for further acquisition



Source: National Bank of Ukraine, Concorde Capital estimates

The most likely takeover candidates in 2007

Bank	Total assets in 2006, USD mln	Comment
Bank Forum	1,461	The most likely takeover candidate in 2007. Current owners had planned to complete the deal already in 1Q07. The desire of current owners to retain a 25% stake dragged out negotiations.
Kreditprombank	1,409	In March 2007, the bank optimized its shareholder structure by accumulating a < 70% stake within one company.
Ukrgazbank	883	The bank has been in active search of a strategic investor since mid-2006.
Bank Pivdenny	800	In 2006 the bank announced plans to sell a 10-20% stake, although we believe a strategic sale is a more probable option. Early in 2007 the bank completed its reorganization into an open joint stock company.
Rodovid Bank	728	After placement of a 20% stake with institutional investors in 2006, the bank is targeting a strategic sale.
Ukrinbank	246	In 2006 the bank sold a 20% stake to portfolio investors and was planning for a strategic sale. Acquisition is highly probable in 2H07.

Source: Concorde Capital estimates

Company profiles

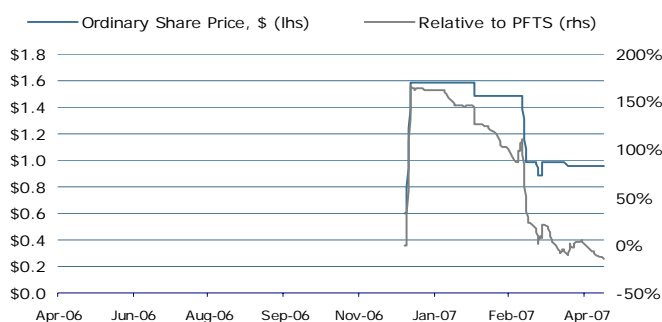
<http://www.factorialbank.com>

Target Price (USD) 1.38
Upside 38%

INVESTMENT CASE

- Having placed 10% on the market, the owners are targeting a strategic sale in 2007
- New management team is implementing a turnaround strategy to streamline the bank's performance
- Expansion into retail segment is above the sector average

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 155 mln at the end of 2006, Factorial Bank is Ukraine's 58th largest bank in terms of assets, 61st in terms of its loan portfolio and 55th in terms of equity. 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 surged 150% CAGR over the past two years, bringing the share of retail in the bank's overall loan book to 36% by the end of 2006. The bank's current network is comprised of seven branches in different Ukrainian regions and 34 outlets.

In December 2006, Factorial's owners placed a 10% stake in the bank with institutional investors at post-money 2.36x P/B. The deal brought in USD 5.8 mln in equity capital and will finance the bank's retail network expansion and development of its retail loan portfolio.

* 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

Market price*, USD	1.0
Price impact**	3
52 Wk H/L, USD	0.99 / 0.40
Chg 3m/6m/52w	-22% / n/a / n/a
Chg vs PFTS 3m/6m/52w	-65% / -96% / -86%
Chg YTD	-22%
Avg Mo Tr Vol 6M, USD mln	0.0

MCap, USD mln	59.0
Free float, %	10.0%
FF MCap, USD mln	5.9

No of shares, mln	62.1
Par Value, UAH	1.0

XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

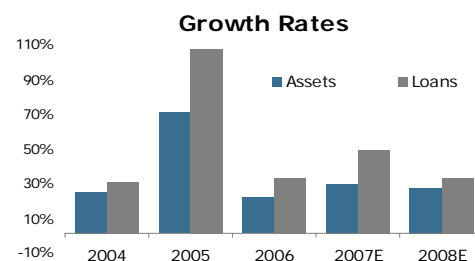
UPEC Group	41.1%
Two individuals	39.5%
Institutional investors	9.9%
Other	9.4%

MARKET MULTIPLES

	2006E	2007E
P/E	98.4	52.6
P/B	3.1	2.0
P/Loans	0.7	0.5
P/Deposits	0.4	0.3

KEY RATIOS

	2005	2006E	2007E
Net Income Mgn	4%	7%	10%
Net Interest Mgn	2%	2%	3%
ROE	1%	3%	5%
Cost/Income	86%	87%	81%



INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
Interest income	6.4	8.2	10.9	14.0	18.1	22.8
Interest expense	(4.8)	(6.8)	(9.2)	(11.2)	(13.5)	(16.3)
Net interest income	1.6	1.3	1.7	2.8	4.7	6.5
Net fee & commission income	1.1	1.8	2.3	3.7	4.9	6.9
Net trading income	0.9	0.5	0.7	0.8	1.0	1.2
Other Income	0.0	2.4	1.5	1.3	1.2	0.9
Net non interest income	2.1	4.8	4.4	5.8	7.1	9.0
Total income	3.7	6.1	6.1	8.7	11.8	15.5
Operating expenses	(3.1)	(3.9)	(5.2)	(7.6)	(9.6)	(12.2)
Operating income	0.5	2.2	0.8	1.1	2.2	3.3
Provision for Loan Losses & Other	(0.2)	(1.5)	(0.4)	(0.4)	(0.7)	(1.0)
Profit before income tax	0.4	0.7	0.4	0.7	1.5	2.3
Income tax expenses	(0.0)	(0.1)	(0.2)	(0.1)	(0.4)	(0.6)
Net income	0.3	0.6	0.2	0.6	1.1	1.7

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	2.6	2.5	8.1	9.9	14.5	19.6
Due from other banks	6.8	11.0	13.1	11.6	23.5	24.1
Loans and advances to customers	24.2	31.4	64.9	86.1	127.5	175.9
Securities portfolio	8.0	16.9	27.4	30.2	9.8	11.6
Property and equipment	11.0	9.2	10.1	15.3	21.2	27.9
Other assets	9.5	6.1	7.4	6.0	8.0	8.5
TOTAL ASSETS	62.1	77.1	131.0	158.9	204.6	267.5
LIABILITIES						
Due to the banks	10.9	9.4	12.4	4.0	1.9	13.2
Total customer's deposits	34.2	49.1	97.6	132.3	170.4	214.5
Subordinated debt	-	-	-	-	-	-
Other liabilities	5.1	1.9	3.3	3.3	3.4	4.6
TOTAL LIABILITIES	50.3	60.4	113.3	139.6	175.7	232.3
TOTAL EQUITY	11.8	16.6	17.7	19.3	28.9	35.2
TOTAL LIABILITIES & EQUITY	62.1	77.1	131.0	158.9	204.6	267.5

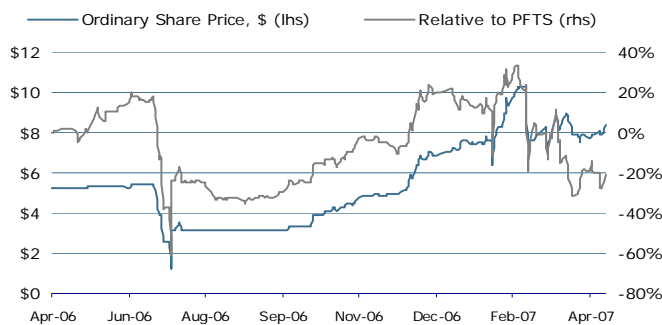
<http://www.forum.com.ua>

Target Price (USD)
Upside

9.05
10.1%

INVESTMENT CASE

- The bank reached the Top-10 list in terms of assets in 2006 following several years of growth outpacing the whole banking sector
- Emphasis on expansion into the promising retail sector will help maintain high growth in the mid term
- Raising cheaper foreign debt via syndicated loans, Eurobond placements and EBRD lending programs
- Is in the process of a strategic sale. Owner's intentions to keep a ~25% stake might have deterred some interest, but we believe the sale is highly probable in 2007
- The only Ukrainian banking stock listed on the Frankfurt Stock Exchange

SHARE PRICE PERFORMANCE*

BUSINESS OVERVIEW

Bank Forum is Ukraine's 10th largest bank, with USD 1,461 mln in assets at the end of 2006. Founded in 1994, it is a universal financial institution, offering corporate, retail, treasury and investment banking services to over 7.3 ths corporate and 56 ths private customers.

Despite a primary focus on corporate clients, the bank is making a strong shift toward retail. The bank's 165 branch offices and network of 158 ATMs ensures nationwide coverage. In 2006 the bank posted growth in basic financials: the bank's gross loan portfolio expanded by 114% yoy to USD 1,009 mln while its retail lending jumped 149% yoy to USD 164 mln, corporate loans grew 109% yoy to USD 845 mln and customer deposits grew 85% ytd to USD 845 mln.

In March the bank completed an 80% share capital increase by issuing 50 mln new shares at par USD 1.98.

* PFTS BID adjusted for new share emissions 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

Market price*, USD	8.22
Price impact**	2
52 Wk H/L, USD	12.6 / 6.6
Chg 3m/6m/52w	-33% / 18% / -35%
Chg vs PFTS 3m/6m/52w	-76% / -79% / -120%
Chg YTD	-30%
Avg Mo Tr Vol 6M, USD mln	0.5
MCap, USD mln	920.4
Free float, %	10.0%
FF MCap, USD mln	92.0
No of shares, mln	112.0
Par Value, UAH	10
XETRA	B5F
DR Ratio	1:1
Avg Mo Tr Vol 6M, USD ths	128.6

STOCK OWNERSHIP

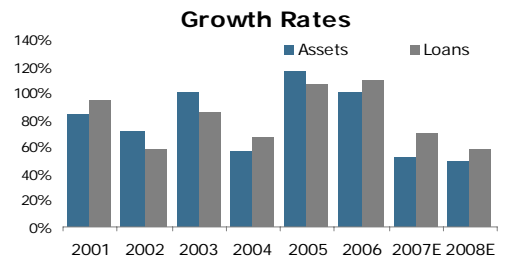
Privita Insurance	65.0%
LLC Elmak	14.8%
Portfolio investors	9.9%
Kontinental - Ukraine LLC	6.6%
Other	3.7%

MARKET MULTIPLES

	2006	2007E
P/E	139.8	79.4
P/B	5.8	3.4
P/Loans	1.0	0.6
P/Deposits	1.1	0.7

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	16%	12%	11%
Net Interest Mgn	4%	3%	4%
ROE	9%	6%	5%
Cost/Income	56%	67%	68%



INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
Interest income	20.3	39.7	66.2	114.9	196.9	300.3
Interest expense	(10.8)	(21.7)	(38.7)	(73.0)	(115.6)	(173.7)
Net interest income	9.5	18.0	27.5	41.9	81.4	126.6
Net fee & commission income	2.7	4.3	6.3	9.5	14.8	22.7
Net trading income	0.5	1.5	2.0	3.8	4.3	5.3
Net other operating income	0.1	0.1	0.2	0.7	0.8	0.9
Net non interest income	3.2	5.9	8.6	14.0	19.9	28.9
Total income	12.8	23.9	36.1	55.9	101.2	155.5
Operating expenses	(6.2)	(10.0)	(20.3)	(37.6)	(68.9)	(101.8)
Operating income	6.5	13.9	15.8	18.3	32.3	53.7
Provision for loan losses & other	(3.8)	(9.0)	(8.2)	(9.5)	(16.8)	(24.4)
Profit before income tax	2.7	4.9	7.6	8.8	15.5	29.3
Income tax expenses	(1.1)	(1.2)	(2.1)	(2.2)	(3.9)	(7.3)
Net income	1.6	3.7	5.6	6.6	11.6	22.0

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	21.5	28.8	50.9	87.3	147.2	196.1
Due from other banks	46.2	65.4	178.6	237.8	332.9	395.0
Loans and advances to customers	138.0	229.2	466.9	951.2	1,649.7	2,590.3
Securities portfolio	5.3	2.0	2.1	30.0	16.3	15.9
Property and equipment	6.9	9.4	27.6	46.3	62.9	79.4
Other assets	1.2	6.7	4.0	6.1	10.0	15.0
TOTAL ASSETS	219.1	341.6	730.2	1,358.7	2,219.0	3,291.8
LIABILITIES						
Due to the National Bank of Ukraine	11.5	26.6	12.5	11.4	12.5	13.6
Due to the other banks	46.5	67.1	204.8	293.9	496.8	620.5
Total customer's deposits	131.7	196.3	424.3	831.7	1,402.0	2,178.8
Subordinated debt	3.1	4.3	6.3	6.3	6.3	6.3
Other liabilities	1.0	1.4	5.7	56.8	34.4	45.7
TOTAL LIABILITIES	193.8	295.7	653.7	1,200.1	1,951.9	2,864.9
TOTAL EQUITY	25.3	45.8	76.5	158.6	267.1	426.8
TOTAL LIABILITIES & EQUITY	219.1	341.6	730.2	1,358.7	2,219.0	3,291.8

Khreshchatyk Bank

BXRK UZ

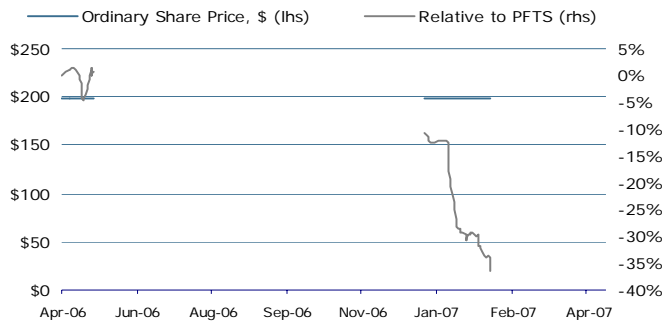
Banks

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

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*Listed on PFTS since Feb. 17, 2006

BUSINESS OVERVIEW

Khreshchatyk Bank was established in 1993 and is headquartered in Kyiv. It is a universal bank, offering a standard range of banking services. Currently, the bank's network, which increased by 40% in 2006, consists of 88 branches/offices in Kyiv and other regions throughout Ukraine.

In 2006, the bank posted growth in its key financials: assets increased by 15% yoy to USD 718 mln, its loan portfolio grew by 52% yoy to USD 403 mln, while customer deposits decreased by 3% yoy to USD 479 mln.

In 2006, Khreshchatyk Bank conducted an additional share issue, which increased the bank's charter fund by USD 57.43 mln to USD 106.93 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

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- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	n/a
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
MCap, USD mln	n/a
Free float, %	6.3%
FF MCap, USD mln	n/a
No of shares, mln	0.5
Par Value, UAH	1000
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

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

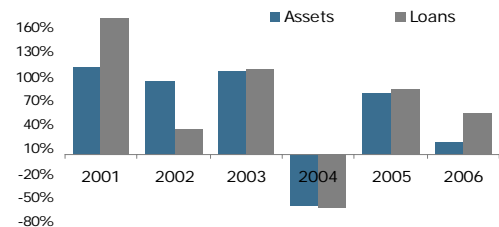
MARKET MULTIPLES

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

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	19%	19%	n/a
Net Interest Mgn	3%	4%	n/a
ROE	10%	11%	n/a
Cost/Income	71%	71%	n/a

Growth Rates



INCOME STATEMENT SUMMARY, USD mln

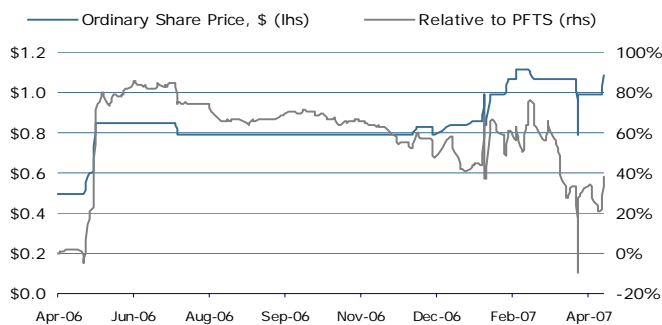
	2003	2004	2005	2006	2007E	2008E
Interest income	12.2	20.7	41.6	69.7	n/a	n/a
Interest expense	(6.6)	(12.7)	(28.3)	(47.8)	n/a	n/a
Net interest income	5.6	8.0	13.3	21.9	n/a	n/a
Net fee & commission income	2.7	4.2	6.0	9.4	n/a	n/a
Net trading income	0.4	2.0	2.0	2.5	n/a	n/a
Net other operating income	0.04	0.6	0.1	0.2	n/a	n/a
Net non interest income	3.2	6.9	8.1	12.1	n/a	n/a
Total income	8.7	14.9	21.4	34.0	n/a	n/a
Operating expenses	(6.0)	(10.7)	(15.2)	(24.0)	n/a	n/a
Operating income	2.7	4.2	6.2	10.0	n/a	n/a
Provision for loan losses & other	0.6	1.1	(1.0)	(1.0)	n/a	n/a
Profit before income tax	2.1	3.0	5.2	9.0	n/a	n/a
Income tax expenses	(0.9)	(0.8)	(1.3)	(2.6)	n/a	n/a
Net income	1.2	2.2	4.0	6.4	n/a	n/a

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	103.2	25.8	66.1	39.1	n/a	n/a
Due from other banks	396.9	165.2	246.3	167.0	n/a	n/a
Loans and advances to customers	407.0	143.4	261.9	399.6	n/a	n/a
Securities portfolio	15.0	7.7	24.8	34.9	n/a	n/a
Property and equipment	25.7	9.3	18.5	36.7	n/a	n/a
Other assets	9.5	2.2	5.1	40.3	n/a	n/a
TOTAL ASSETS	957.3	353.6	622.7	717.6	n/a	n/a
LIABILITIES						
Due to the banks	104.9	19.4	55.8	85.8	n/a	n/a
Total customer's deposits	713.0	293.0	491.4	478.6	n/a	n/a
Debt securities issued	12.4	4.7	22.9	19.8	n/a	n/a
Other liabilities	9.4	2.7	5.1	63.8	n/a	n/a
TOTAL LIABILITIES	839.7	319.8	575.2	647.9	n/a	n/a
TOTAL EQUITY	117.6	33.8	47.5	69.7	n/a	n/a
TOTAL LIABILITIES & EQUITY	957.3	353.6	622.7	717.6	n/a	n/a

<http://www.megabank.net>
Target Price (USD)
Upside
1.61
28.8%
INVESTMENT CASE

- Attractive acquisition target
- The bank is gaining momentum: 1Q earnings were half last year's semiannual numbers
- Robust retail arm was developed over the past twelve months
- Strong regional franchise, approaching nation-wide reach
- Megabank processes 11% of household utility payments in Ukraine, which ensures strong fees & commissions inflow

SHARE PRICE PERFORMANCE*

BUSINESS OVERVIEW

Megabank is a medium-sized universal bank. The bank ranked #45 in terms of assets, with a 0.3% market share at the end of 2006. 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 2006 Megabank accelerated its efforts on building its retail franchise – loans to individuals jumped by 139% yoy. 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 April 2006, Megabank placed 20% of its shares with institutional investors at post-money 2.6x P/B and the deal brought in USD 19 mln in equity capital. In 2006, the bank posted growth in its key financials, a 38% yoy increase in total assets to USD 221 mln, a 48% yoy increase of loan portfolio to USD 147 mln and 32% yoy growth in customer deposits to USD 164 mln.

* PFTS BID adjusted for new share emissions is used

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MARKET INFORMATION

Market price*, USD	1.25
Price impact**	3
52 Wk H/L, USD	1.78 / 0.96
Chg 3m/6m/52w	5% / -17% / -11%
Chg vs PFTS 3m/6m/52w	-39% / -114% / -97%
Chg YTD	-1%
Avg Mo Tr Vol 6M, USD mln	0.2

MCap, USD mln	143.8
Free float, %	20.0%
FF MCap, USD mln	28.8

No of shares, mln	115.0
Par Value, UAH	1.0

XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

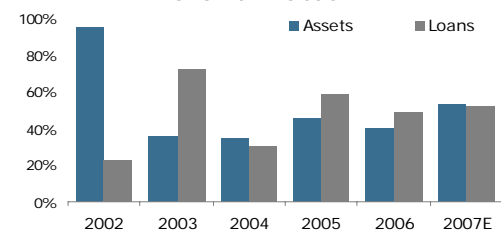
M-Invest	33.5%
Institutional investors	20.0%
Avtramat	10.0%
Mega-Garant-Life	5.2%
Turboatom	3.2%
Other	28.1%

MARKET MULTIPLES

	2006E	2007E
P/E	72.0	45.9
P/B	4.3	2.7
P/Loans	1.0	0.7
P/Deposits	0.9	0.6

KEY RATIOS

	2005	2006E	2007E
Net Income Mgn	13%	12%	15%
Net Interest Mgn	4%	4%	4%
ROE	13%	8%	8%
Cost/Income	78%	75%	70%

Growth Rates


INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
Interest income	1.2	10.6	15.1	19.8	26.9	36.9
Interest expense	(2.8)	(7.1)	(9.4)	(12.6)	(16.6)	(22.9)
Net interest income	3.7	3.4	5.7	7.2	10.3	14.0
Net fee & commission income	5.2	5.5	8.9	9.7	13.0	18.2
Net trading income	0.1	0.6	0.6	0.5	0.6	0.7
Net other operating income	0.2	1.5	1.5	0.9	0.9	0.6
Net non interest income	5.6	9.6	11.1	11.1	14.4	19.5
Total income	9.3	13.0	16.7	18.3	24.7	33.5
Operating expenses	(8.5)	(11.7)	(13.0)	(13.7)	(17.2)	(22.2)
Operating income	0.8	1.3	3.7	4.6	7.5	11.3
Provision for loan losses & other	0.0	(0.8)	(1.0)	(1.5)	(2.4)	(3.6)
Profit before income tax	0.9	0.6	2.7	3.1	5.1	7.8
Income tax expenses	(0.5)	(0.2)	(0.4)	(0.9)	(1.3)	(1.9)
Net income	0.3	0.3	2.2	2.2	3.8	5.8

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	5.7	7.8	15.2	16.6	26.2	34.0
Due from other banks	14.1	21.8	19.5	29.5	50.7	54.5
Loans and advances to customers	47.4	61.6	96.4	143.2	217.1	311.9
Securities portfolio	5.9	8.3	12.5	16.2	18.8	21.7
Property and equipment	7.7	9.3	13.8	14.1	23.9	30.0
Other assets	1.3	1.5	1.2	1.4	1.4	1.9
TOTAL ASSETS	82.0	110.4	158.5	220.9	338.1	454.0
LIABILITIES						
Due to the National Bank of Ukraine	1.8	0.8	0.3	1.5	1.6	1.8
Due to the other banks	7.1	8.2	4.5	5.9	30.5	47.3
Total customer's deposits	52.5	79.1	122.7	161.6	222.3	301.5
Debt securities issued	-	-	-	0.3	10.1	15.0
Subordinated debt	1.6	7.1	7.2	9.3	11.6	11.2
Other liabilities	7.6	1.0	2.8	5.1	5.7	7.8
TOTAL LIABILITIES	70.5	96.6	137.5	183.7	282.0	384.6
TOTAL EQUITY	11.5	13.8	21.0	37.2	56.1	69.5
TOTAL LIABILITIES & EQUITY	82.0	110.4	158.5	220.9	338.1	454.0

Nadra Bank

NADR UZ

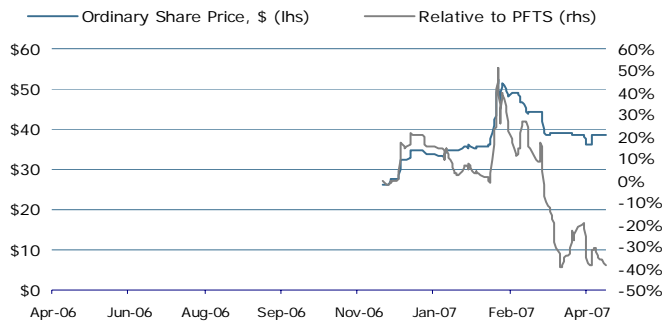
Banks

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

Target Price (USD)
Upside

N/R
n/a

SHARE PRICE PERFORMANCE*



*listed on PFTS since 30.11.06

BUSINESS OVERVIEW

Founded in 1993, Nadra Bank is the ninth Ukrainian bank by assets, with 3.1% of the market as of 2006. It is a universal bank, offering corporate and SME banking, but retail is its core focus.

At the end of 2006, the bank operated 572 branches/offices, 600 ATMs and around 3,200 multifunctional POS-terminals. Its nationwide network coverage makes Nadra one of the leading retail banks in Ukraine. The bank plans to open 128 new branches/offices by 2008.

In August 2006, Nadra 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 2006, Nadra Bank reported 74% yoy growth in assets to USD 2.04 bln, a 30% yoy increase in corporate loans to USD 674 mln, 66% growth in customer deposits to USD 1.12 bln, and 129% yoy increase in retail loans to USD 761 mln.

In 2006, Nadra conducted an additional 15 mln share issue at USD 1.98 par value, which increased the bank's charter fund by USD 29.77 mln to USD 77.3 mln. Moody's assigned Nadra Bank a long-term rating in foreign currency at the level B2 in 2006.

* PFTS MID Price is used

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MARKET INFORMATION

Market price*, USD	30.89
Price impact**	3
52 Wk H/L, USD	45.1 / 23.0
Chg 3m/6m/52w	-13% / n/a / n/a
Chg vs PFTS 3m/6m/52w	-57% / -96% / -86%
Chg YTD	-3%
Avg Mo Tr Vol 6M, USD mln	0.1
MCap, USD mln	1205.9
Free float, %	7.0%
FF MCap, USD mln	84.4
No of shares, mln	39.0
Par Value, UAH	10.0
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

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%

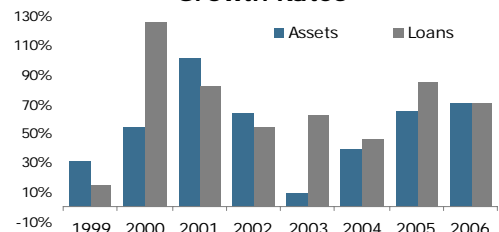
MARKET MULTIPLES

	2006	2007E
P/E	32.6	n/a
P/B	4.6	n/a
P/Loans	0.9	n/a
P/Deposits	1.1	n/a

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	28%	21%	n/a
Net Interest Mgn	6%	6%	n/a
ROE	28%	19%	n/a
Cost/Income	55%	55%	n/a

Growth Rates



INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
Interest income	42.8	74.1	111.4	186.1	n/a	n/a
Interest expense	(25.6)	(40.1)	(64.7)	(104.6)	n/a	n/a
Net interest income	17.3	33.9	46.7	81.5	n/a	n/a
Net fee & commission income	6.4	12.0	18.0	58.2	n/a	n/a
Net trading income	3.8	4.1	31.7	36.3	n/a	n/a
Net other operating income	-	2.0	0.5	2.8	n/a	n/a
Net non interest income	10.2	18.0	50.2	97.2	n/a	n/a
Total income	27.5	52.0	96.9	178.8	n/a	n/a
Operating expenses	(17.8)	(33.1)	(53.6)	(98.1)	n/a	n/a
Operating income	9.7	18.8	43.3	80.7	n/a	n/a
Provision for loan losses	(6.7)	(9.6)	(8.1)	(36.3)	n/a	n/a
Other provisions	(0.3)	(1.9)	1.0	-	n/a	n/a
Profit before income tax	2.7	7.4	36.2	44.4	n/a	n/a
Income tax expenses	(1.7)	(2.6)	(9.1)	(7.4)	n/a	n/a
Net income	1.0	4.8	27.1	37.0	n/a	n/a

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	26.8	53.6	89.3	98.2	n/a	n/a
Due from other banks	139.0	155.5	138.9	325.0	n/a	n/a
Loans and advances to customers	303.3	442.2	814.4	1,374.4	n/a	n/a
Securities portfolio	20.9	17.9	95.5	104.1	n/a	n/a
Property and equipment	33.7	42.1	55.8	70.1	n/a	n/a
Other assets	8.1	21.6	10.6	66.5	n/a	n/a
TOTAL ASSETS	531.7	732.9	1,204.4	2,038.4	n/a	n/a
LIABILITIES						
Due to the banks	186.5	243.1	276.4	553.5	n/a	n/a
Total customer's deposits	280.4	389.3	659.9	1,118.2	n/a	n/a
Debt securities issued	4.1	-	102.2	65.3	n/a	n/a
Subordinated debt	22.5	18.0	17.7	-	n/a	n/a
Other liabilities	4.1	16.1	20.2	39.1	n/a	n/a
TOTAL LIABILITIES	497.6	666.4	1,076.3	1,776.1	n/a	n/a
TOTAL EQUITY	34.2	66.5	128.0	262.3	n/a	n/a
TOTAL LIABILITIES & EQUITY	531.7	732.9	1,204.4	2,038.4	n/a	n/a

<http://www.aval.ua>

Target Price (USD) 0.215
Upside 11.9%

INVESTMENT CASE

- The new management is efficient in cutting costs and improving transparency
- Strong lending growth is fueled by focus on retail
- Planned USD 1.0 bln of foreign debt, to be raised in 2007, to finance retail lending expansion
- Upcoming 70% increase of its charter fund will strengthen the bank's position for further growth

SHARE PRICE PERFORMANCE *

BUSINESS OVERVIEW

Raiffeisen Bank Aval, part of Raiffeisen International Bank Holding AG, is the second largest bank in Ukraine by assets with an 8.2% market share in 2006. Aval is a universal bank, providing services to over 3.2 mln individuals and more than 200 ths corporate clients.

It operates the second largest nationwide retail network with 1,400 retail outlets. The bank, with loans to individuals of USD 4,135 mln as of Jan. 1, 2007, is the second largest retail lender in Ukraine.

In 2006 Aval posted asset growth of 44% yoy, to USD 5.5 bln while the bank's loan portfolio expanded 71% yoy to USD 4.3 bln. Retail loans increased 141% yoy and corporate loans 34% yoy. Customers' deposits were up 13% yoy to reach USD 3.4 bln as of Jan. 1, 2007.

On Oct. 20, 2006, Raiffeisen Bank Aval announced plans to increase its charter fund by 70% to support further rapid expansion.

* PFTS MID Price is used

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- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	0.19
Price impact**	2
52 Wk H/L, USD	0.20 / 0.08
Chg 3m/6m/52w	14% / 95% / 69%
Chg vs PFTS 3m/6m/52w	-30% / -1% / -17%
Chg YTD	48%
Avg Mo Tr Vol 6M, USD mln	3.8
MCap, USD mln	4012.7
Free float, %	4.5%
FF MCap, USD mln	180.6

No of shares, mln	20999.1
Par Value, UAH	0.1

XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

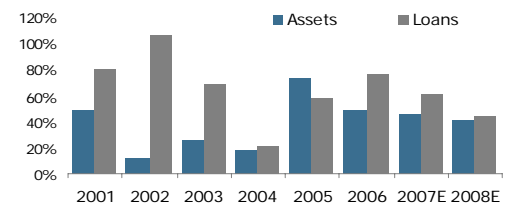
Raiffeisen International	95.5%
Ukrtelecom	0.7%
Bank Austria Creditanstalt	0.5%
Other	3.3%

MARKET MULTIPLES

	2006	2007E
P/E	60.0	30.3
P/B	6.3	3.8
P/Loans	1.0	0.6
P/Deposits	1.2	0.9

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	4%	14%	19%
Net Interest Mgn	7%	8%	8%
ROE	6%	15%	16%
Cost/Income	67%	61%	60%

Growth Rates


INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
Interest income	177.4	233.1	336.9	513.3	780.3	1,088.5
Interest expense	(90.0)	(131.3)	(172.1)	(232.4)	(307.5)	(404.5)
Net interest income	87.4	101.7	164.8	280.9	472.8	684.0
Net fee & commission income	76.2	115.5	120.6	154.5	191.7	249.2
Net trading income	19.8	24.5	30.5	30.1	34.6	42.5
Net other operating income	1.2	1.9	0.7	3.3	0.5	0.6
Net non interest income	97.1	141.8	151.8	187.8	226.7	292.3
Total income	184.5	243.5	316.6	468.7	699.5	976.3
Operating expenses	(138.7)	(173.4)	(212.0)	(285.4)	(421.8)	(581.4)
Operating income	45.8	70.1	104.6	183.3	277.7	394.9
Provision for loan losses & other	(49.0)	(23.4)	(74.8)	(81.8)	(111.9)	(136.7)
Profit before income tax	(3.2)	46.7	29.8	101.6	165.8	258.2
Income tax expenses	(3.8)	(13.8)	(15.6)	(34.7)	(33.2)	(51.6)
Net income	(7.0)	32.9	14.2	66.9	132.6	206.5

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	121.9	202.2	632.7	482.4	559.2	672.3
Due from other banks	243.1	178.8	337.5	363.9	391.6	428.2
Loans and advances to customers	1,231.3	1,496.0	2,354.1	4,135.0	6,215.8	8,898.3
Securities portfolio	52.8	57.9	175.1	89.0	142.6	77.1
Property and equipment	125.8	170.8	192.6	331.8	456.2	535.6
Other assets	32.3	36.3	14.0	97.4	67.5	94.0
TOTAL ASSETS	1,807.2	2,142.1	3,706.0	5,499.6	7,833.0	10,705.5
LIABILITIES						
Due to the National Bank of Ukraine	74.9	132.8	13.2	12.3	13.4	14.6
Due to the other banks	209.1	244.7	496.1	1,233.1	2,059.6	3,116.2
Total customer's deposits	1,387.8	1,588.7	2,827.4	3,382.6	4,474.0	5,846.2
Subordinated debt	7.7	0.1	69.9	70.9	70.2	70.2
Other liabilities	7.5	9.0	29.0	164.9	145.9	172.4
TOTAL LIABILITIES	1,687.1	1,975.3	3,435.6	4,863.8	6,763.1	9,219.7
TOTAL EQUITY	120.1	166.8	270.5	635.8	1,069.8	1,485.9
TOTAL LIABILITIES & EQUITY	1,807.2	2,142.1	3,706.0	5,499.6	7,833.0	10,705.5

Rodovid Bank

RODB UZ

Banks

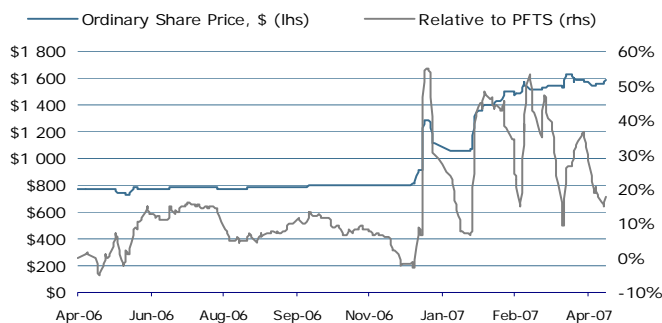
<http://www.rodovidbank.com>

Target Price (USD) 2,135
Upside 35.1%

INVESTMENT CASE

- Double assets in 2006
- Aggressive expansion into retail: loans to individuals up 325% yoy and retail/total loans surged to 42% vs. 17% in 2005
- Charter fund increase by 24%, or USD 123 mln, will be conducted at market price and completed in June, 2007. A 10-20% stake placement among institutional investors is possible during the emission;

SHARE PRICE PERFORMANCE*



* listed on PFTS since 27 Mar 2006

BUSINESS OVERVIEW

Rodovid Bank is one of Ukraine's fastest growing banks and was the 21st largest by assets in 2006. It was created in 1990 as open JSC bank Percombank. With the arrival of new shareholders and management in the summer of 2004, the bank was renamed Rodovid. Headquartered in Kyiv, Rodovid is a universal banking institution, providing traditional commercial banking services (corporate and consumer lending, deposits, current accounts, F/X operations and a fixed-income brokerage) to corporate and private customers. Rodovid operates a retail network in Kyiv as well as in other regions that consisted of 210 branches/offices at the end of 2006.

In 2006, Rodovid's assets increased 101% yoy to USD 728 mln, loan portfolio grew 73% yoy to reach USD 436 mln and customer deposits raised 53% yoy to USD 396 mln. The bank is aggressively expanding into retail – loans to individuals jumped 325% yoy to USD 185 mln in 2006.

Rodovid Bank placed a 19% stake with portfolio investors and plans to attract a USD 10 mln syndicated loan and issue Eurobonds for USD 100 mln in 2007.

* PFTS MID Price is used

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- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	1580.2
Price impact**	3
52 Wk H/L, USD	1 633.6 / 693.1
Chg 3m/6m/52w	18% / 99% / 113%
Chg vs PFTS 3m/6m/52w	-26% / 2% / 27%
Chg YTD	43%
Avg Mo Tr Vol 6M, USD mln	3.9
MCap, USD mln	553.1
Free float, %	19%
FF MCap, USD mln	105.1
No of shares, mln	0.4
Par Value, UAH	1000
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

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

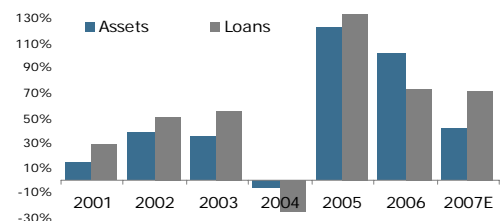
MARKET MULTIPLES

	2006	2007E
P/E	123.8	48.4
P/B	6.2	2.4
P/Loans	1.3	0.8
P/Deposits	1.3	1.0

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	16%	17%	24%
Net Interest Mgn	2%	2%	4%
ROE	6%	7%	7%
Cost/Income	57%	67%	57%

Growth Rates



INCOME STATEMENT SUMMARY, USD mln

	2004	2005	2006	2007E	2008E
Interest income	3.7	22.0	51.3	85.7	133.4
Interest expense	(2.7)	(16.6)	(41.1)	(58.1)	(76.8)
Net interest income	1.1	5.4	10.1	27.6	56.5
Net fee & commission income	3.5	5.4	10.5	15.3	22.1
Net trading income	1.1	2.0	3.1	3.6	4.4
Net other operating income	0.1	1.1	2.0	1.2	0.8
Net non interest income	4.7	8.5	15.5	20.0	27.3
Total income	5.8	13.8	25.7	47.6	83.8
Operating expenses	(2.6)	(7.8)	(17.2)	(27.2)	(44.7)
Operating income	3.1	5.9	8.5	20.5	39.1
Provision for loan losses & other	(2.3)	(3.3)	(3.1)	(5.2)	(8.8)
Profit before income tax	0.8	2.6	5.4	15.2	30.3
Income tax expenses	(0.1)	(0.5)	(1.0)	(3.8)	(7.6)
Net income	0.7	2.1	4.5	11.4	22.7

BALANCE SHEET SUMMARY, USD mln

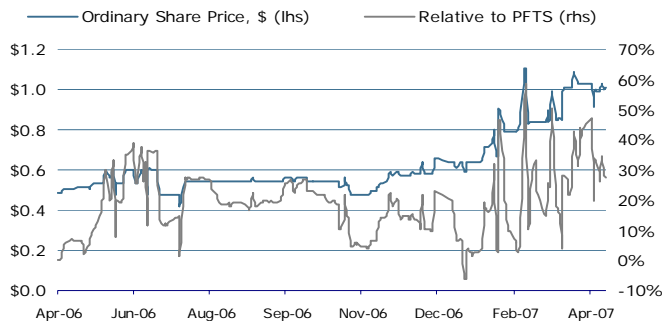
	2004	2005	2006	2007E	2008E
ASSETS					
Cash & Balances with the National Bank of Ukraine	2.6	31.4	45.8	52.6	66.9
Due from other banks	80.0	49.5	193.0	154.1	183.9
Loans and advances to customers	42.9	247.3	428.3	733.9	1,158.1
Securities portfolio	11.7	9.4	22.3	26.5	30.8
Property and equipment	14.2	19.3	30.7	51.1	79.3
Other assets	0.7	5.4	7.6	9.1	13.7
TOTAL ASSETS	163.0	362.2	727.8	1,027.4	1,532.7
LIABILITIES					
Due to the banks	27.6	50.4	191.4	189.2	404.9
Total customer's deposits	103.0	264.0	410.3	560.7	753.0
Subordinated debt	-	-	-	-	-
Other liabilities	0.7	12.6	37.0	47.7	61.8
TOTAL LIABILITIES	131.3	327.0	638.6	797.6	1,219.6
TOTAL EQUITY	31.7	35.2	89.1	229.8	313.1
TOTAL LIABILITIES & EQUITY	163.0	362.2	727.8	1,027.4	1,532.7

<http://www.ukrgasbank.com>

Target Price (USD) 1.23
Upside 19.4%

INVESTMENT CASE

- Above sector average growth: assets grew by 72% yoy and loans raised by 80% yoy in 2006;
- Rapidly diversified into retail: loans to individuals soared 306% yoy and the share of retail in total loans more than doubled in 2006
- The bank is set for acquisition in 2007-08

SHARE PRICE PERFORMANCE*


* listed on PFTS since 1 Mar 2006

BUSINESS OVERVIEW

Established in 1993, Ukrgazbank is the successor to Intergazbank and Hadjibeybank. Headquartered in Kyiv, the bank operated a network of 149 branches/offices in different regions of Ukraine, as of Oct. 1, 2006. Ukrgazbank is a universal bank, providing standard commercial banking services to 200 ths individuals and 13 ths corporate clients.

As of the end of 2006, the bank was ranked 17th in Ukraine by assets with a 1.3% market share. A charter fund increase of USD 19.8 mln to USD 79.2 mln was completed by the bank's in March 2007.

In 2006, Ukrgazbank posted growth in its key financials: assets by 72% yoy to USD 883 mln, loan portfolio by 80% yoy to USD 428 mln and customer deposits by 76% yoy to USD 532 mln.

After previously focusing more on corporate business, Ukrgazbank accelerated its expansion into retail with consumer lending surging 306% yoy to USD 117 mln in 2006. The bank also plans to expand its retail network by adding 150 new outlets in 2007.

* PFTS BID adjusted for new share emissions is used

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MARKET INFORMATION

Market price*, USD	1.03
Price impact**	3
52 Wk H/L, USD	1.11 / 0.51
Chg 3m/6m/52w	30% / 53% / 28%
Chg vs PFTS 3m/6m/52w	-14% / -43% / -57%
Chg YTD	27%
Avg Mo Tr Vol 6M, USD mln	0.1
MCap, USD mln	412.0
Free float, %	10.0%
FF MCap, USD mln	41.2
No of shares, mln	400.0
Par Value, UAH	1.0
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

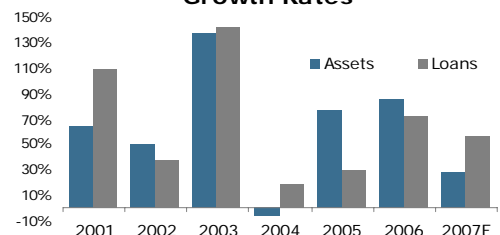
Ukrgazinvest	10.0%
Individuals	11.0%
Investanalytic	10.0%
Finance- Invest Alliance	10.0%
Naftogaz Ukraine	5.0%
Other	54.0%

MARKET MULTIPLES

	2006	2007E
P/E	67.6	54.9
P/B	4.4	3.3
P/Loans	1.0	0.6
P/Deposits	0.8	0.5

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	7%	14%	12%
Net Interest Mgn	2%	4%	4%
ROE	4%	8%	7%
Cost/Income	57%	75%	75%

Growth Rates


INCOME STATEMENT SUMMARY, USD mln

	2004	2005	2006	2007E	2008E
Interest income	29.4	50.3	70.8	99.4	134.7
Interest expense	(20.1)	(31.7)	(47.3)	(67.8)	(88.5)
Net interest income	9.3	18.7	23.5	31.6	46.2
Net fee & commission income	6.1	6.1	11.3	19.0	28.5
Net trading income	1.8	5.4	6.5	8.0	10.1
Net other operating income	5.8	0.5	3.5	2.4	2.9
Net non interest income	13.7	11.9	21.3	29.4	41.5
Total income	23.1	30.6	44.8	61.0	87.7
Operating expenses	(16.2)	(22.3)	(33.4)	(45.5)	(60.4)
Operating income	6.9	8.3	11.4	15.5	27.3
Provision for loan losses & other	(4.5)	(4.7)	(5.6)	(5.5)	(8.8)
Profit before income tax	2.4	3.6	5.8	10.0	18.5
Income tax expenses	0.1	(1.4)	0.3	(2.5)	(4.6)
Net income	2.4	2.2	6.1	7.5	13.9

BALANCE SHEET SUMMARY, USD mln

	2004	2005	2006	2007E	2008E
ASSETS					
Cash & Balances with the National Bank of Ukraine	25.6	56.5	60.8	81.0	105.3
Due from other banks	35.7	110.5	231.6	192.2	232.5
Loans and advances to customers	174.7	240.2	411.5	636.4	942.6
Securities portfolio	9.6	24.6	93.2	108.4	125.9
Property and equipment	17.8	44.3	71.9	98.7	124.0
Other assets	5.8	1.2	14.4	14.1	19.5
TOTAL ASSETS	269.3	477.3	883.3	1,130.8	1,549.9
LIABILITIES					
Due to the banks	29.0	103.5	200.0	208.5	291.8
Total customer's deposits	198.1	304.4	532.4	736.0	1,003.3
Subordinated debt	-	9.9	-	11.6	11.2
Other liabilities	13.7	8.0	56.6	51.4	64.0
TOTAL LIABILITIES	240.9	425.7	788.9	1,007.4	1,370.2
TOTAL EQUITY	28.4	51.6	94.4	123.4	179.6
TOTAL LIABILITIES & EQUITY	269.3	477.3	883.3	1,130.8	1,549.9

<http://www.ukrinbank.com>

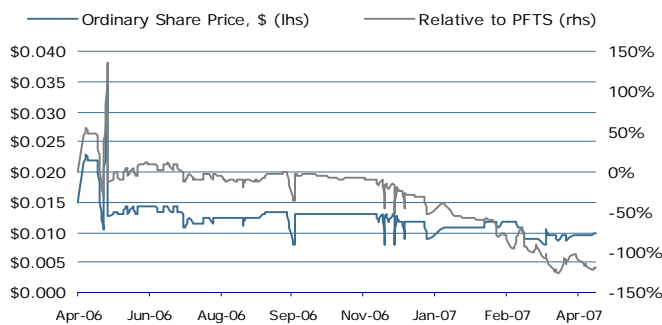
Target Price (USD)
Upside

0.01
0%

INVESTMENT CASE

- Gained a stronger focus on retail: the retail share grew to 25% of total loans in 2006 against 15% a year before
- Asset growth outperformed sector average in 2006. Charter fund increase by around USD 20 mln in 1H07 will support the bank's further lending growth
- The bank is among the most probable acquisition targets for 2007

SHARE PRICE PERFORMANCE*



BUSINESS OVERVIEW

Established in 1988, Ukrinbank is one of the oldest banks in Ukraine. It provides commercial banking services to individual and corporate clients through a comparatively wide retail branch network that consisted of 118 outlets in different regions of Ukraine at the end of 2006. The bank is headquartered in Kyiv. Ukrinbank was Ukraine's 43th largest bank by assets in 2006, enjoying a market share of 0.4%. 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 2006, the bank's assets grew by 75% yoy to USD 246 mln, total loans expanded by 53% yoy to USD 140 mln and customer deposits increased by 12% to USD 130 mln.

In 2007 the bank plans to add another 32 outlets to its retail network.

* PFTS MID Price is used

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MARKET INFORMATION

Market price*, USD	0.01
Price impact**	3
52 Wk H/L, USD	0.03 / 0.00
Chg 3m/6m/52w	-9% / -23% / 233%
Chg vs PFTS 3m/6m/52w	-53% / -119% / 148%
Chg YTD	-9%
Avg Mo Tr Vol 6M, USD mln	0.0
MCap, USD mln	202.3
Free float, %	20.0%
FF MCap, USD mln	40.5
No of shares, mln	20427.7
Par Value, UAH	0.01
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

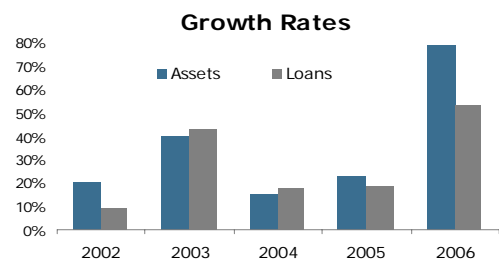
Shelton	73.4%
Management	1.3%
Institutional investors	20.0%
Other	5.3%

MARKET MULTIPLES

	2006	2007E
P/E	139.5	88.4
P/B	2.3	5.0
P/Loans	1.5	1.0
P/Deposits	1.6	1.2

KEY RATIOS

	2005	2006	2007E
Net Income Mgn	2%	7%	8%
Net Interest Mgn	7%	8%	7%
ROE	2%	3%	4%
Cost/Income	89%	77%	80%



INCOME STATEMENT SUMMARY, USD mln

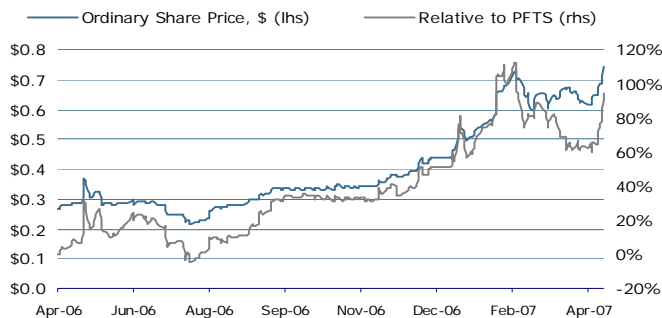
	2003	2004	2005	2006	2007E	2008E
Interest income	10.9	13.5	14.9	18.9	27.2	36.8
Interest expense	(5.1)	(7.9)	(8.3)	(8.3)	(11.9)	(17.2)
Net interest income	5.9	5.6	6.6	10.6	15.3	19.7
Net fee & commission income	4.3	4.6	5.1	6.3	8.8	11.2
Net trading income	1.5	2.0	2.5	2.4	2.8	3.4
Net other operating income	0.4	0.7	0.8	1.0	0.7	0.5
Net non interest income	6.2	7.2	8.5	9.8	12.3	15.1
Total income	12.1	12.8	15.1	20.4	27.6	34.7
Operating expenses	(10.4)	(11.7)	(14.0)	(15.8)	(22.1)	(26.0)
Operating income	1.7	1.2	1.0	4.6	5.5	8.8
Provision for loan losses & other	(0.2)	(0.7)	(0.0)	(0.0)	(2.5)	(3.5)
Profit before income tax	1.5	0.5	0.4	2.4	3.1	5.3
Income tax expenses	(0.5)	(0.2)	(0.1)	(1.0)	(0.8)	(1.3)
Net income	0.9	0.3	0.3	1.4	2.3	4.0

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	12.9	13.2	22.7	13.4	16.9	21.3
Due from other banks	6.0	8.3	8.0	28.0	49.8	50.3
Loans and advances to customers	63.0	74.1	86.5	134.4	196.9	276.8
Securities portfolio	0.5	0.7	0.7	0.5	0.6	0.7
Property and equipment	14.8	14.9	15.6	66.8	66.4	68.6
Other assets	0.9	1.5	2.4	2.7	1.2	1.6
TOTAL ASSETS	98.0	112.6	135.9	245.8	331.8	419.4
LIABILITIES						
Due to the banks	6.0	11.2	3.3	15.4	116.8	139.2
Total customer's deposits	75.1	83.5	114.9	130.2	169.9	225.1
Subordinated debt	2.0	2.0	-	-	-	-
Other liabilities	2.5	1.8	3.2	12.9	4.9	6.6
TOTAL LIABILITIES	85.5	98.5	121.4	158.5	291.6	370.9
TOTAL EQUITY	12.5	14.1	14.5	87.3	40.2	48.5
TOTAL LIABILITIES & EQUITY	98.0	112.6	135.9	245.8	331.8	419.4

<http://www.usb.com.ua>
Target Price (USD)
Upside
0.80
12.7%
INVESTMENT CASE

- All positives priced in. After withdrawal of Intesa, the announcement of a new buyer may serve as a catalyst.
- The bank's is steadily growing at rates outpacing the sector
- Margins stable, above market average
- Low-cost, diversified deposit base with a sizeable portion of demand deposits
- Next year, the share of foreign borrowing will double, which is going to reduce cost of funding

SHARE PRICE PERFORMANCE*

BUSINESS OVERVIEW

Founded in 1990, UkrSotsbank was the sixth-largest bank by assets in 2006 with a market share of 5.2%. Headquartered in Kyiv, its extensive network of 530 branches (23 offices in Kyiv and 507 regional branches), makes it one of the top retail banks in Ukraine. UkrSotsbank provides commercial banking services to over 1 mln private clients via its broad retail network. The bank currently is looking for another strategic buyer, after Italy's Banca Intesa walked away from the acquisition deal in Apr. 2007. In 2006 UkrSotsbank increased its assets 63% yoy to USD 3.47 bln, and customer deposits grew 32% yoy to USD 2.18 bln. The bank's loan portfolio expanded 73% to USD 436 mln with retail lending more than doubled over 2006. UkrSotsbank is among the leading players in the mortgage segment.

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- 3: All other stocks (quoted price is less reliable and should be considered indicative)

MARKET INFORMATION

Market price*, USD	0.71
Price impact**	2
52 Wk H/L, USD	0.74 / 0.23
Chg 3m/6m/52w	34% / 105% / 119%
Chg vs PFTS 3m/6m/52w	-10% / 9% / 33%
Chg YTD	61%
Avg Mo Tr Vol 6M, USD mln	12.8
MCap, USD mln	2634.0
Free float, %	4.4%
FF MCap, USD mln	115.9
No of shares, mln	3700.0
Par Value, UAH	0.1
XETRA	n/a
DR Ratio	n/a
Avg Mo Tr Vol 6M, USD ths	n/a

STOCK OWNERSHIP

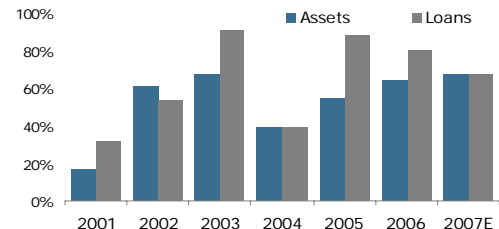
Banca Intesa	88.0%
Tempsford Investments	7.6%
Other	4.4%

MARKET MULTIPLES

	2006E	2007E
P/E	46.3	26.4
P/B	6.9	4.2
P/Loans	1.1	0.6
P/Deposits	1.2	0.9

KEY RATIOS

	2005	2006E	2007E
Net Income Mgn	16%	26%	31%
Net Interest Mgn	6%	6%	5%
ROE	14%	20%	20%
Cost/Income	72%	59%	52%

Growth Rates


INCOME STATEMENT SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
Interest income	86.7	122.7	178.0	281.3	464.8	710.6
Interest expense	(40.8)	(70.0)	(107.8)	(162.2)	(278.7)	(409.3)
Net interest income	45.9	52.8	70.2	119.1	186.1	301.3
Net fee & commission income	43.5	51.0	65.9	79.8	102.4	127.6
Net trading income	(0.2)	5.8	12.2	18.7	21.8	25.3
Net other operating income	1.3	2.2	4.5	5.3	6.5	7.2
Net non interest income	44.6	59.0	82.5	103.8	130.8	160.1
Total income	90.5	111.8	152.8	222.9	316.8	461.4
Operating expenses	(68.7)	(84.6)	(109.4)	(131.9)	(165.0)	(223.5)
Operating income	21.8	27.2	43.3	91.0	151.8	237.8
Provision for loan losses & other	(6.2)	(2.0)	(11.4)	(11.5)	(19.0)	(32.3)
Profit before income tax	15.6	25.2	31.9	79.5	132.8	205.5
Income tax expenses	(4.7)	(4.2)	(7.9)	(22.6)	(33.2)	(51.4)
Net income	10.9	21.1	24.0	56.9	99.6	154.1

BALANCE SHEET SUMMARY, USD mln

	2003	2004	2005	2006	2007E	2008E
ASSETS						
Cash & Balances with the National Bank of Ukraine	111.3	170.4	320.3	541.6	516.5	636.0
Due from other banks	99.8	152.3	85.5	40.1	581.2	689.3
Loans and advances to customers	517.9	720.5	1,368.2	2,460.7	4,108.4	6,482.5
Securities portfolio	115.0	94.5	129.6	102.3	116.5	137.5
Property and equipment	78.6	157.8	190.3	293.9	441.8	598.0
Other assets	17.5	12.1	18.5	33.0	48.1	73.1
TOTAL ASSETS	940.2	1,307.6	2,112.5	3,471.6	5,812.5	8,616.3
LIABILITIES						
Due to the banks	98.0	45.8	94.8	757.6	2,183.3	3,845.3
Total customer's deposits	747.7	1,078.4	1,668.5	2,178.0	2,869.6	3,741.2
Other liabilities	14.1	29.8	158.6	154.4	129.9	159.9
TOTAL LIABILITIES	859.8	1,154.0	1,921.9	3,090.1	5,182.8	7,746.4
TOTAL EQUITY	80.4	153.6	190.6	381.5	629.7	870.0
TOTAL LIABILITIES & EQUITY	940.2	1,307.6	2,112.5	3,471.6	5,812.5	8,616.3

Appendices

Appendix 1

Ukraine's Top-60 banks: Balance sheet summary

Rank	Bank	Securities	Due from banks	Gross loans	Retail loans	PP&E	Total assets	Due to banks	Customer's deposits	Realit deposits	Total liabilities	Equity
1	Privatbank	234,284	446,077	5,696,535	2,289,933	259,513	6,688,557	653,355	4,927,147	3,007,590	6,037,417	651,140
2	Raiffeisenbank Bank Aval	88,021	368,883	4,304,000	2,085,613	331,708	5,499,616	1,316,267	3,382,589	2,295,895	4,863,805	635,810
3	Ukrsibbank	121,680	321,615	3,606,383	1,940,551	230,855	4,429,690	2,195,965	1,369,500	730,523	4,033,604	396,086
4	Ukreximbank	171,312	450,994	2,770,898	76,085	200,525	3,692,991	1,479,317	1,527,587	596,657	3,328,615	364,376
5	Prominvestbank	18,213	97,558	2,870,100	226,525	159,261	3,484,310	85,108	3,045,958	1,504,923	3,172,829	311,481
6	Ukrsotsbank	101,150	40,076	2,512,970	1,376,884	293,920	3,471,575	757,629	2,176,743	1,014,964	3,090,058	381,517
7	Oshadbank	413,296	469,678	882,522	533,927	334,021	2,295,129	180,953	1,671,405	1,481,122	1,940,398	354,731
8	OTP Bank	22,721	166,656	1,940,833	913,877	24,435	2,213,161	1,149,238	808,280	376,580	2,025,143	188,017
9	Nadra	112,771	324,990	1,435,204	760,713	70,050	2,038,358	553,473	1,118,177	745,945	1,776,070	262,288
10	Forum	28,289	339,282	1,008,558	163,740	51,125	1,461,047	421,594	844,631	416,350	1,309,232	151,815
11	Finance & Credit	61,750	109,308	1,178,235	357,251	23,116	1,453,521	257,522	995,948	611,732	1,315,306	138,215
12	Kreditprombank	31,085	341,284	950,252	259,721	34,410	1,409,430	443,673	739,429	286,350	1,280,236	129,194
13	Ukroprombank	10,072	94,645	1,108,634	149,299	29,770	1,297,697	142,195	946,686	716,642	1,111,839	185,858
14	Brokbusinessbank	58,208	174,449	907,140	182,718	91,238	1,293,225	215,528	845,424	341,895	1,090,339	202,885
15	PUMB	90,728	223,550	693,990	91,494	92,714	1,204,530	384,359	603,508	200,416	1,010,380	194,150
16	Alfa Bank	15,402	184,913	964,180	92,061	42,788	1,244,403	574,761	527,832	24,030	1,146,643	97,759
17	Ukrgazbank	93,219	231,568	428,604	117,083	71,880	883,333	200,036	532,357	341,389	788,943	94,390
18	VaBank	39,256	194,673	509,072	99,951	31,354	872,772	206,620	544,520	207,434	763,274	109,498
19	TAS-Commertsbank	16,592	125,196	570,206	230,009	38,114	816,442	186,052	484,764	254,813	703,181	113,261
20	Pivdenny	12,094	67,786	594,453	70,307	80,383	799,652	102,248	566,367	269,550	709,344	90,308
21	Rodovid Bank	22,293	192,914	436,043	184,817	30,780	727,765	191,362	395,960	191,129	638,626	89,138
22	Khreschatik	68,428	166,976	403,436	71,676	36,708	717,630	85,789	478,555	149,769	647,899	69,731
23	Pravex Bank	210	75,302	480,265	425,071	62,387	709,510	55,578	539,034	457,898	637,547	71,964
24	ING Bank-Ukraine	120,056	102,032	389,374	4,116	1,698	687,241	323,720	253,531	6,696	588,583	98,658
25	Kredobank	26,725	39,016	496,450	116,847	36,886	660,957	96,543	479,774	288,309	599,920	51,038
26	Dongorbank	82,469	102,172	336,280	44,842	32,448	584,289	58,594	441,472	151,781	514,516	69,773
27	Miya	5,899	81,971	390,025	44,834	53,742	561,860	42,368	392,539	164,944	509,543	52,318
28	HVB Bank-Ukraine	13,100	113,528	411,788	20,470	1,658	559,098	254,213	214,768	34,022	511,548	47,550
29	Index Bank	4,828	99,326	314,625	93,606	59,225	539,201	42,524	406,829	281,544	502,909	36,292
30	Industrialbank	59,852	59,991	361,721	44,689	28,561	531,854	71,733	367,182	97,558	448,150	83,705
31	Citibank	48,115	116,315	334,340	1,249	7,537	526,279	178,580	282,956	734	475,504	50,775
32	Financial Initiative	10,496	169,116	316,818	452	500	503,164	206,710	213,259	7,171	420,270	82,894
33	Imexbank	8,549	130,080	283,443	38,632	39,708	502,291	66,386	366,587	221,612	444,273	58,018
34	Calyon Bank	185	68,607	305,297	1,046	7,099	415,543	132,185	211,389	5,071	378,126	37,417
35	TAS-Investbank	9,721	96,305	303,384	133,580	5,581	411,430	142,762	208,586	77,323	365,086	46,344
36	Procedit Bank	0	37,667	298,729	207,340	13,668	366,353	17,750	237,541	124,710	339,678	26,675
37	Bank Kyiv	2,257	20,262	263,862	32,124	31,434	328,815	10,426	276,228	168,028	292,744	36,072
38	Activ Bank	13,508	138,932	142,432	24,450	6,621	315,337	137,002	101,505	51,372	243,989	71,349
39	Vneshtorgbank	4,059	71,109	220,481	15,445	513	299,737	125,197	107,215	1,527	240,955	58,782
40	Delta Bank	10,112	5,447	222,063	194,967	7,937	299,571	2,785	51,918	22,727	227,576	71,995
41	Kredit Bank	14,676	41,299	219,326	23,293	2,060	278,079	35,745	190,768	82,430	244,328	33,751
42	Expres Bank	6,718	9,082	170,709	72,091	16,376	251,324	8,515	185,376	86,337	203,963	47,361
43	Ukrinbank	477	27,963	140,161	35,417	66,827	245,812	15,398	130,156	76,860	158,503	87,309
44	MT Bank	1,847	35,575	181,868	34,893	12,605	241,445	31,083	179,234	66,618	214,898	26,548
45	NRB-Bank	14,865	53,028	168,093	61,333	2,717	238,786	59,145	145,816	54,756	215,067	23,719
46	Megabank	16,157	29,489	147,403	32,275	14,069	221,926	7,376	164,546	98,826	184,738	37,188
47	BIG Energiya Bank	4,250	44,447	125,556	19,164	5,997	205,461	35,095	116,415	83,625	175,115	30,345
48	Tavrika	4,819	30,377	159,564	21,147	1,475	198,103	34,434	139,799	85,184	178,132	19,970
49	Kyiv Rus Bank	3,215	36,574	138,675	29,051	13,997	195,269	42,649	125,860	88,002	176,515	18,753
50	Prestige Bank	7,747	54,392	105,673	54,173	10,809	190,056	113,439	16,510	11,356	130,592	59,464
51	UBDP	5,705	24,074	148,757	44,619	2,056	188,138	22,770	127,990	61,679	157,613	30,524
52	Petrocommertsbank-Ukraine	761	16,574	135,612	19,803	2,208	180,400	17,077	144,680	55,905	165,810	14,589
53	Arkada	20,851	1,056	99,977	35,689	11,812	175,980	0	137,888	41,057	139,171	36,809
54	Zakhidcombank	2,074	6,414	161,267	29,846	3,177	170,931	12,535	135,719	74,941	151,243	19,688
55	Agrobank	26	28,060	116,531	78,685	3,490	168,912	0	149,610	66,409	153,193	15,719
56	Expobank	201	10,600	123,258	13,943	27,258	167,466	21,315	92,075	51,897	134,330	33,135
57	SEB Bank	2,208	15,869	84,896	17,206	21,549	162,786	45,263	75,509	39,751	137,661	25,125
58	Factorial Bank	30,151	11,554	88,877	31,343	15,289	158,943	4,000	132,339	60,070	139,629	19,314
59	Dniester	454	16,855	100,940	16,435	10,951	136,580	26,583	82,117	62,046	122,830	13,751

Source: National Bank of Ukraine

Appendix 2

Ukraine's Top-60 banks: Income statement summary

Rank	Bank	Net interest income	Net fee income	Total revenue	Operational costs	Operating profit	Provision charge	Net income
1	Privatbank	371,736	267,308	733,106	(351,290)	381,816	(277,021)	100,239
2	Ralfeisenbank Bank Aval	280,898	154,488	468,728	(285,396)	183,332	(81,754)	66,915
3	Ukrsibbank	131,084	79,569	237,957	(145,085)	92,872	(75,482)	13,581
4	Ukreximbank	134,655	51,925	209,017	(89,528)	119,489	(16,530)	72,918
5	Prominvestbank	169,526	109,182	300,224	(190,442)	109,782	(47,691)	44,115
6	Ukrsotsbank	119,118	79,833	222,882	(131,883)	90,999	(11,499)	56,898
7	Oshadbank	117,282	63,790	204,557	(158,307)	46,251	(5,073)	28,773
8	OTP Bank	123,000	18,600	152,799	(53,767)	99,032	(14,012)	63,423
9	Nadra	81,547	58,157	178,791	(98,104)	80,687	(36,292)	36,951
10	Forum	44,067	10,067	59,190	(41,070)	18,120	(10,906)	5,496
11	Finance & Credit	35,153	31,650	86,819	(50,032)	36,787	(14,835)	20,136
12	Kreditprombank	33,040	16,245	56,544	(32,300)	24,244	(6,144)	11,267
13	Ukrprombank	59,711	8,913	72,391	(41,331)	31,060	(16,164)	10,721
14	Brokbusinessbank	16,161	13,856	61,497	(26,831)	34,666	(19,737)	11,901
15	PUMB	42,904	17,982	60,914	(32,450)	28,464	(5,266)	16,207
16	Alfa Bank	30,337	20,433	57,159	(34,814)	22,345	(16,125)	3,592
17	Ukrgazbank	23,509	11,289	44,837	(33,440)	11,397	(5,633)	6,094
18	VaBank	23,535	11,148	39,882	(29,617)	10,264	(3,576)	5,214
19	TAS-Commertsbank	22,802	16,851	49,005	(34,855)	14,150	(10,529)	3,430
20	Pivdenny	32,394	16,614	55,561	(33,655)	21,906	(10,135)	9,087
21	Rodovid Bank	10,144	10,457	25,687	(17,195)	8,492	(3,063)	4,466
22	Khreschatik	21,862	9,373	33,996	(24,007)	9,988	(1,002)	6,424
23	Pravex Bank	24,865	71,165	105,505	(77,719)	27,786	(5,769)	16,489
24	ING Bank-Ukraine	26,072	6,255	33,012	(10,939)	22,073	(103)	16,812
25	Kredobank	23,470	13,277	39,727	(29,658)	10,068	(3,144)	4,586
26	Dongorbank	24,145	7,051	32,351	(12,188)	20,163	(3,024)	12,418
27	Miya	27,055	13,150	43,322	(25,602)	17,721	(5,557)	7,763
28	HVB Bank-Ukraine	21,826	5,053	29,182	(9,114)	20,068	(3,968)	11,571
29	Index Bank	14,503	11,390	35,106	(34,538)	569	(12,606)	(10,725)
30	Industrialbank	28,260	9,782	39,548	(20,271)	19,277	(6,268)	9,757
31	Citibank	14,669	1,496	28,406	(8,099)	20,307	(4,008)	11,865
32	Financial Initiative	15,697	540	17,804	(3,546)	14,258	(11,013)	3,121
33	Imexbank	19,891	8,564	31,170	(23,941)	7,230	(1,564)	4,482
34	Calyon Bank	15,002	4,392	22,728	(5,777)	16,951	(3,041)	10,326
35	TAS-Investbank	20,062	1,609	26,730	(6,460)	20,270	(15,505)	4,182
36	Procredit Bank	28,865	5,459	35,638	(24,919)	10,719	(4,472)	4,330
37	Bank Kyiv	17,667	4,983	26,014	(13,471)	12,543	(7,943)	3,249
38	Activ Bank	6,818	4,570	13,364	(5,833)	7,530	(1,927)	4,171
39	Vneshtorgbank	13,770	1,101	15,686	(3,795)	11,890	(6,143)	4,221
40	Delta Bank	11,008	14,602	25,647	(9,045)	16,602	(15,552)	708
41	Kredit Bank	15,215	5,375	25,055	(8,351)	16,704	(6,370)	7,432
42	Expres Bank	15,358	22,670	41,228	(31,147)	10,080	(464)	6,587
43	Ukrinbank	10,603	6,326	20,402	(15,766)	4,636	(2,219)	1,453
44	MT Bank	12,934	7,835	22,349	(17,279)	5,069	(2,778)	1,060
45	NRB-Bank	11,962	1,551	15,266	(5,875)	9,391	(5,132)	3,085
46	Megabank	7,305	9,587	18,322	(13,693)	4,629	(1,505)	2,234
47	BIG Energiya Bank	5,780	3,089	11,286	(8,910)	2,376	(1,073)	1,007
48	Tavrika	10,386	1,812	13,062	(9,969)	3,094	1,736	3,520
49	Kyiv Rus Bank	7,688	3,352	12,703	(9,086)	3,618	(2,532)	627
50	Prestige Bank	6,237	70	6,874	(5,918)	956	(800)	72
51	UBDP	8,104	3,541	13,686	(7,547)	6,139	(3,968)	1,552
52	Petrocommertsbank-Ukraine	8,053	7,079	16,689	(9,875)	6,814	(3,147)	2,289
53	Arkada	9,711	12,080	22,565	(11,004)	11,561	(7,530)	2,300
54	Zakhidcombank	9,134	4,941	16,215	(7,401)	8,813	(3,636)	3,569
55	Agrobank	6,039	6,864	13,526	(11,931)	1,595	(95)	1,133
56	Expobank	7,879	3,119	13,046	(5,588)	7,458	(3,107)	3,170
57	SEB Bank	5,169	3,767	10,769	(9,305)	1,464	205	1,084
58	Factorial Bank	2,841	3,663	8,671	(7,561)	1,110	(412)	602
59	Dnister	4,517	2,564	8,185	(6,056)	2,128	(864)	832

Source: National Bank of Ukraine

Appendix 3

Ukrainian banking sector evolution

	2002	2003	2004	2005	2006
Number of banks	157	158	160	165	170
Foreign banks	27	26	26	32	48
Share of foreign banks, % of capital	13.7	11.3	9.6	19.5	27.6
Share of top 10 banks, % of assets	54.0	53.7	53.1	53.8	52.4
Key Financials, USD bln					
Total assets	12.0	18.8	25.3	42.4	67.4
Total loans	7.8	12.5	16.5	28.2	48.6
Corporate loans	7.2	10.9	13.7	21.6	33.2
Retail loans	0.6	1.7	2.8	6.6	15.4
Total deposits	7.3	11.3	15.3	26.5	36.2
Corporate deposits	3.7	5.2	7.6	12.1	15.2
Retail deposits	3.6	6.0	7.8	14.4	21.0
Equity	1.9	2.4	3.5	5.0	8.4
Net income	0.1	0.2	0.2	0.4	0.8
Growth, % yoy					
Total assets	33%	57%	35%	67%	59%
Total loans	47%	61%	32%	71%	73%
Corporate loans	43%	52%	26%	57%	54%
Retail loans	136%	173%	65%	139%	135%
Total deposits	44%	55%	36%	73%	37%
Corporate deposits	25%	42%	44%	60%	26%
Retail deposits	70%	68%	29%	85%	46%
Equity	25%	29%	44%	45%	67%
Net income	28%	21%	53%	80%	91%
Ratios					
ROA, %	1.27	1.04	1.07	1.31	1.61
ROE, %	7.97	7.61	8.43	10.39	13.52
Net interest margin, %	6	5.78	4.9	4.9	5.30
Capital adequacy ratio, %	18	15	17	15	14
Banking Penetration					
Assets/GDP	28%	38%	39%	50%	67%
Loans/GDP	18%	25%	25%	33%	48%
Retail loans/GDP	1%	3%	4%	8%	15%
Deposits/GDP	17%	23%	24%	31%	36%

Source: National Bank of Ukraine, Concorde Capital

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