



CONCORDE CAPITAL

Ukraine / Financial services

Ukrainian banks

Foreigners leading in, digging out

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Tickers

Ukrsotsbank (UniCredit)	USCB UK
Raiffeisen Bank Aval	BAVL UK
Bank Forum (Commerzbank)	FORM UK

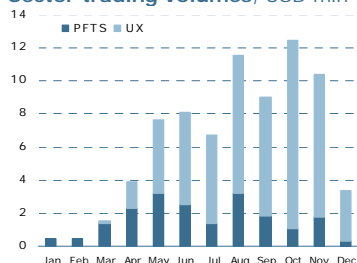
Key financials, 2009E, IFRS, \$ mln

	Assets	Book value	Net income
USCB	4,935	419	(256)
BAVL	7,544	668	(214)
FORM	2,106	99	(152)

Key ratios, 3Q09E

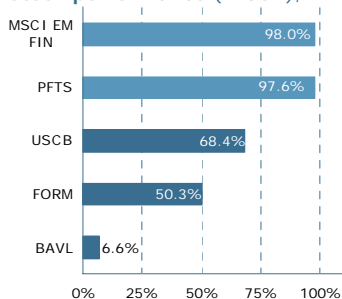
	C/I	Int. rate margin	CAR
USCB	33.1%	8.2%	15.2%
BAVL	50.0%	9.1%	11.7%
FORM	67.0%	5.8%	15.4%

Sector trading volumes, USD mln



Source: UX, PFTS, Bloomberg, Concorde Capital calculations

Stock performance (in USD), YTD



Source: UX, PFTS, Bloomberg, Concorde Capital calculations

The Ukrainian banking system is showing signs of stabilization after weathering the crisis' dog days, with retail deposits slowly returning to the system (+4.4% in July-November), and owners and IFIs actively supporting their capital. Nonetheless banks are still reluctant to lend due to poor asset quality and lack of funding. We expect the banking system to resume faster growth and turn profitable in 2H10, with foreign-owned banks better positioned to exploit new opportunities and expand market share.

Reluctant to lend on quality, funding concerns

Ukrainian banks' gross loan portfolios declined 0.5% in June-November 2009 vs. ~+8.7% for the same period in 2008 (net of exchange rate effect). This can be attributed to both high risk aversion due to deteriorating asset quality (average system NPLs stand at ~25% of loan portfolios) and a lack of sufficient funding due to the slow deposit base restoration and scarce interbank liquidity.

Foreign-owned banks well positioned for life post-crisis

Slowly but surely, public confidence is returning to Ukrainian banks as retail deposits went up 4.4% in July-November after +4.1% in 2Q09. The average increase in deposits for banks with foreign owners in 2Q09-3Q09 was ~+17% vs. the average of +5.6% for the whole banking system. It is already clear that foreign-owned banks will not only survive the crisis but also gain market share and increase margins by capitalizing on their owners' support and more stable image in retail customers' eyes.

Banking system adds to CAR; confidence trickling back

Since the onset of the crisis last September, the owners of Ukrainian banks have almost doubled banks' share capital, with the average capital adequacy ratio reaching 16.1% in October 2009 vs. 13.6% in September 2008. We believe large banks, on average, now have enough capital to write off up to 15% of their loan portfolios and resume lending in 2H10-2011.

Improvement expected to accelerate in 2H10

We see the Ukrainian banks' situation improving faster in 2H10 as we maintain that overall recovery in the real economy should be seen by then. We believe the level of NPLs will cease to increase already by early-2010.

USCB, BAVL, FORM all sport discounts to EE counterparts

The three most liquid Ukrainian banking stocks are trading at significant discounts to their Eastern Europe counterparts: their median P/B is 1.3x vs. 2x for the peers. Furthermore, Ukrainian banks are trading 84-90% lower compared to their peaks at end-2007, while local stock market index PFTS is now 78% lower and MSCI EM Financials index is 36% lower than their respective end-2007 levels.

We rate two Ukrainian banks BUY:

- USCB**
- Strong support from parent UniCredit, which avoided a government bailout and accompanying restrictions on BS size and structure
 - One of the lowest C/I ratios (33.1%) in the system
- BAVL**
- Strong customer base and lower than average Loans/Deposits ratio (182% vs. 214%)
 - One of the highest interest rate margins (9.1% annual. in 3Q09)

Valuation summary*

	Price USD	MCap USD mln	P/B 2009E	FF %	FF USD mln	Upside	Rec.
Ukrsotsbank	0.046	578.3	1.38	4.5%	26.0	60%	BUY
RB Aval	0.032	762.5	1.02	3.8%	29.0	102%	BUY
Forum	0.816	184.3	1.86	10.7%	19.7	25%	HOLD

* Prices as of December 18, 2009

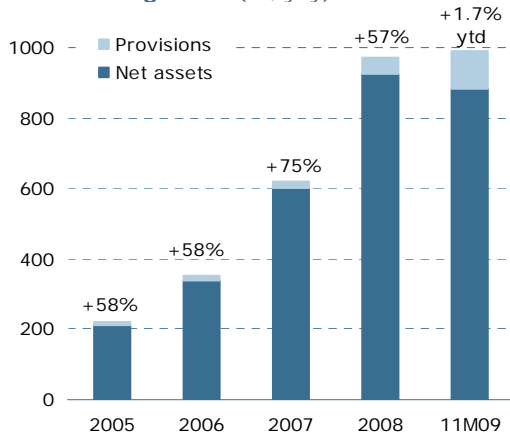
Source: Bloomberg, Company data, Concorde Capital calculations

Banks' capital up via charter fund increases, subordinated debt

In 2009 the owners of many Ukrainian banks supported them with equity/quasi-equity capital injections: most of it was done by foreign or state owners (the state injected ~60% of new capital), while most smaller banks with local private owners struggled to raise necessary capital.

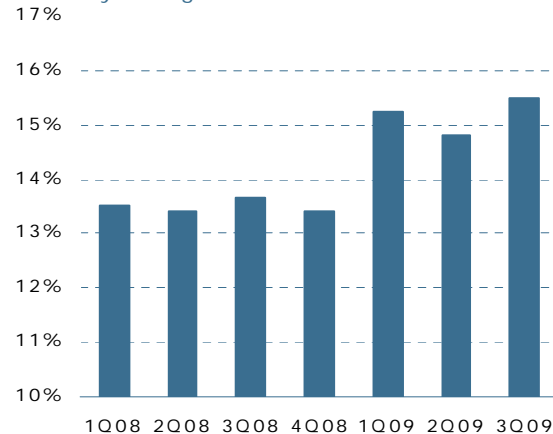
The system's average capital adequacy ratio reached 15.6% in September, vs. 13.6% a year earlier and 14.5% as of end-June. The main sources for capital have been charter fund infusions by owners or subordinated debt. Total share capital grew 17.4% over 2Q-3Q09 to UAH 110.7 bln (USD 13.8 bln), while subordinated debt surged 36.2% to UAH 26.6 bln (USD 3.3 bln).

Bank assets (UAH bln) and Total asset growth (% , yoy)



Source: National Bank of Ukraine

Regulatory capital to risk-weighted assets (CAR), Quarterly average



Source: National Bank of Ukraine

To facilitate regulatory capital accumulation, in September the NBU allowed banks' Tier 2 regulatory capital (including subordinated debt) to equal up to 100% of Tier 1 capital, vs. 50% earlier. Subordinated debt can be provided to a bank directly in foreign currency as opposed to equity injections, which have to be converted into hryvnias before investing. The absence of FX risks makes subordinated debt a more preferable option for foreign owners and international financial institutions, the primary providers of such resources, to support local banks.

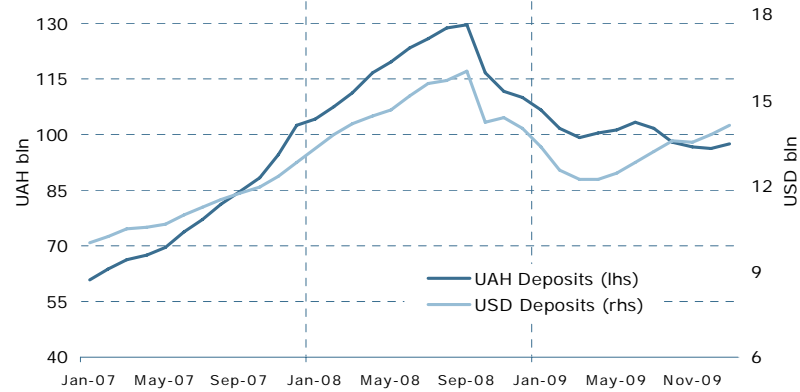
Deposit inflow accompanied by "flight to quality"

Public confidence in Ukrainian banks is gradually returning as retail deposit inflows, up 4.1% over 2Q09, added an additional 4.4% in July-November. Notably, large banks with foreign owners have seen above average deposit inflows, and are gaining market share.

Deposit inflows in foreign currency (mostly USD) increased 10.1% in the last five months. UAH deposits dropped 5.8% over the same period, corresponding to increased UAH exchange rate volatility in August-September. Following exchange rate stabilization in October-November, UAH deposits increased 0.8%. We expect that broader economic and exchange rate stabilization by mid-2010 to facilitate an acceleration in retail deposit inflows into the banking system.

The restoration of customer confidence will be also supported by the repayment of deposits at Ukrprombank and Nadra, which combined hold ~8% of all retail deposits. In late November, the government decided to liquidate Ukrprombank and transfer ~UAH 7 bln (USD 0.88 bln) of its retail deposits (~3.5% of whole banking system's retail deposits) to Rodovid Bank. Rodovid will fund these liabilities with Ukrprombank's most liquid assets and an additional UAH 5.6 bln capital infusion from the government. The prime-minister announced on December 11 that retail deposits and selected assets of Nadra Bank might also be transferred to Rodovid Bank to speed up the return of deposits to people.

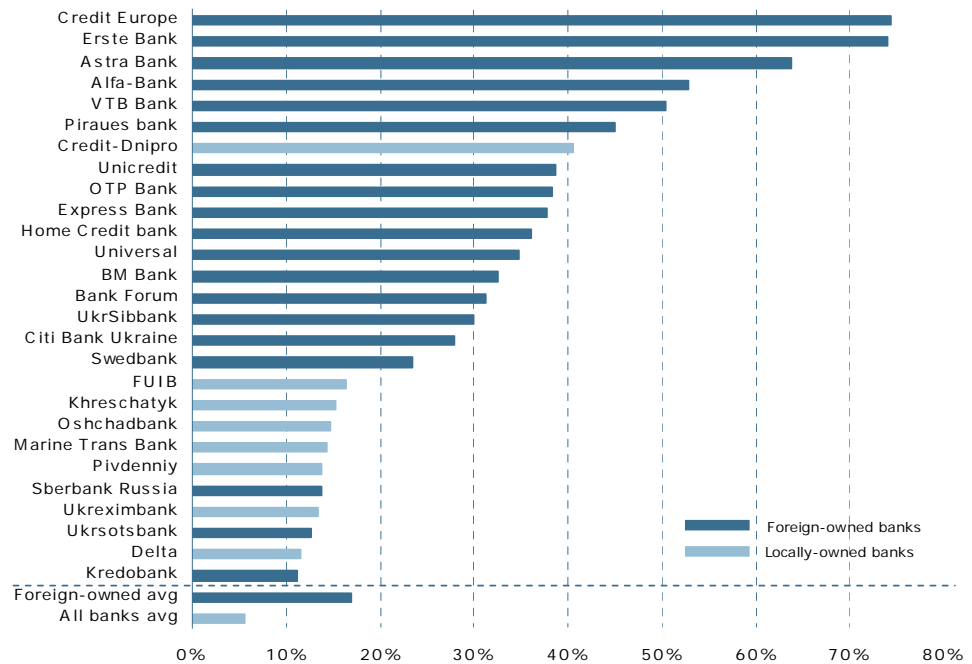
Retail deposits attracted by Ukrainian banks



Source: National Bank of Ukraine

The deposit inflow is not spread evenly - a “flight to quality” effect can be observed: the average deposit increase for banks with foreign owners in 2Q-3Q09 constituted ~+17% vs. the average of +5.6% for the whole banking system. We believe this trend will prevail in the future and banks with foreign owners will increase their market share in both the deposit and loan markets.

Growth of retail deposits during April-September 2009 for the largest banks (banks with fastest retail deposits inflow)



Source: National Bank of Ukraine, Concorde Capital calculations

NPLs still high

We estimate that the share of NPLs in the Ukrainian banking system is now approaching 25% of the loan portfolios. Fitch recently reported that four large Ukrainian banks with foreign capital had NPLs equal to ~20% of their loan portfolios as of end-1H09. We believe that in 2H09 this figure could only have gone up as real economy remained weak (real GDP plunged ~17.5% yoy in 9M09 and the UAH depreciated 60% since September 2008).

We expect NPLs to stop increasing by early-2010 although the unwinding of troubled assets might take some time.

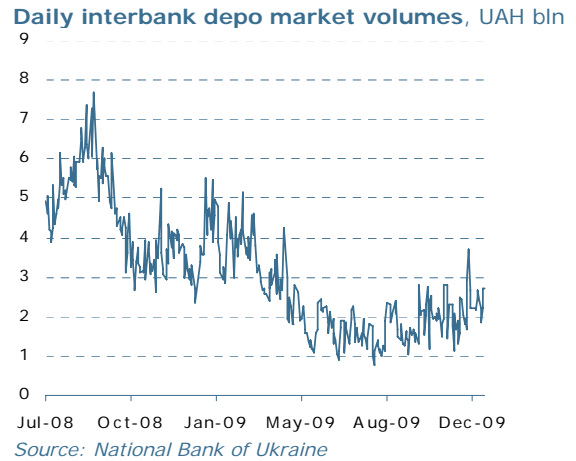
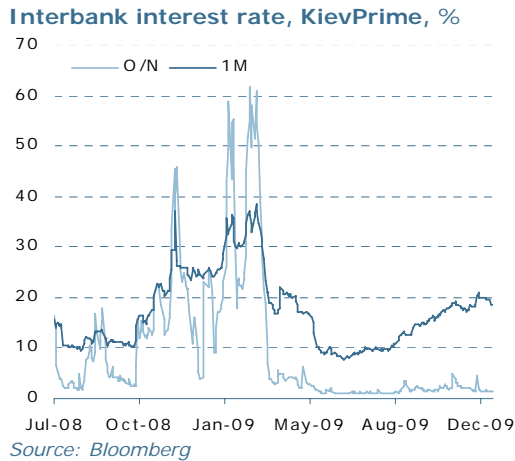
The poor quality of banks’ loan portfolios explains the net losses at most banks as they have had to accumulate provisions against those troubled assets. The Ukrainian banking system’s total losses were UAH 6.6 bln (USD 0.8 bln) in 3Q09 vs. UAH 7.3 bln (USD 0.9 bln) in 2Q09.

Banks' total provisions (according to UAS) grew by 38% in 1-11M09, from 10.1% to 14.1% of loan portfolios (vs. 6% as of end-2008). Although UAS underestimates the volume of provisions compared to IFRS reports, we believe the upward trend is reflected fairly enough.

Interbank liquidity scarce, not supported by the NBU

In 2009, interbank liquidity has remained scarce and without significant support from the NBU. Interbank transaction volumes declined substantially: the daily average in September-November was UAH 1.9 bln (USD 0.24 bln) vs. the average UAH 4.6 bln (USD 0.58 bln) in 2008. At the same time, interbank o/n interest rates stabilized at a relatively low level of 2% after significant volatility between 20% and 60% in early-2009.

The combination of low volumes with low short-term rates means banks with sufficient liquidity (mostly those with foreign owners and some recently recapitalized by the government, such as Ukgazbank) only lend to their high-quality counterparts or do not lend at all. The high risk aversion within the system is also confirmed by increasing 1M rates from 10% to 20% since June.



Banks are also not receiving day-to-day liquidity support from the NBU. With the Ukrainian economy still weak, the NBU has implicitly maintained exchange rate stability as a policy priority. As a result, the average daily balance on banks' correspondent accounts at the NBU dropped to UAH 14.3 bln in November, down from UAH 16.8 bln (USD 2.1 bln) in September and UAH 18.7 bln (USD 2.3 bln) in August. In July-November, the NBU provided banks with only UAH 0.4 bln (USD 0.05 bln) in short-term loans (overnight, 14d, 90d, short-term repo) vs. UAH 15.2 bln (USD 1.9 bln) in 1H09.

The NBU is also restricting banks' liquidity through other channels. It has been withdrawing hryvnias from the domestic market via FX interventions (USD 4.1 bln in July-November). It also recently increased its sales of CDs to banks: UAH 46.4 bln (USD 5.8 bln) in July-November vs. UAH 39.5 bln (USD 4.9 bln) in 1H09. In addition, the NBU increased the share of obligatory reserves banks should keep in a separate account at the NBU and cannot use, even for intraday transactions from 40% to 50% of total reserves starting in September.

We expect the NBU to soften its monetary policy by mid-2010 as the situation on the domestic FX market stabilizes, following improvement in the balance of payments and a return of confidence to the hryvnya.

Banks' revitalization not expected until 2H10

We do not expect a resumption in banks' asset growth until 2H10, but even then the speed will depend on the general macroeconomic environment and NBU.

Firstly, banks must improve asset quality to reduce uncertainty about future profitability and funding needs. The necessary prerequisite for this is a recovery in the real economy, which we expect by mid-2010.

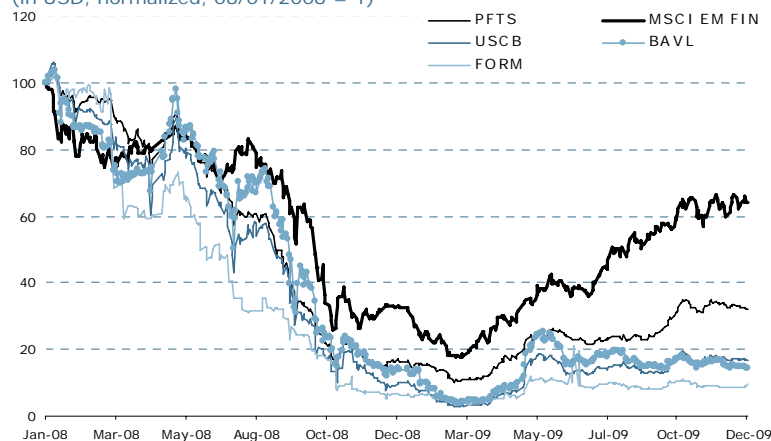
Secondly, the NBU, most likely, will further restrict banks' lending in foreign currency to reduce the system's FX exposure and increase stability. Since banks do not have stable and relatively cheap UAH funding, the NBU's approach might hamper growth in banks' loan portfolios and profitability for some time. Banks will have to concentrate mostly on shorter-term products and limit funding of mortgages and long-term corporate investments.

Valuation summary

Ukrainian banks are trading with significant discounts compared to their emerging market counterparts. Ukrainian lenders' median P/B of 1.3x is lower than 2.0x for comparable banks. Furthermore, since June local banking stocks have been flat compared to the upward trend of the UX and MSCI EM Financials index.

Equity indices and Ukrainian banks stocks since their peak at end-2007

(in USD, normalized, 08/01/2008 = 1)



Source: UX, PFTS, Bloomberg, Concorde Capital calculations

Ukrainian banks are also trading 84-90% lower compared to their peaks at end-2007, while local stock market index PFTS is now 78% lower and MSCI EM Financials index is 36% lower than their respective end-2007 levels.

With upside potentials of 60% for USCB and 102% for BAVL, we rate these stocks as BUYs. We rate FORM a HOLD due to unresolved issues surrounding its proposed charter fund increase.

Valuation summary

	MCap		P/B	
	USD mln	09E	10E	
Ukrsotsbank	578	1.38	1.13	
Raiffeisen Aval	763	1.02	0.96	
Forum	184	1.86	1.38	

Emerging market peers	Country	MCap	P/B	
PKO BP	Poland	16,185	2.16	2.05
Pekao SA	Poland	14,578	2.28	2.15
OTP	Hungary	7,623	1.09	0.99
Komerční Banka	Czech Rep.	7,961	2.15	1.99
Akbank	Turkey	17,753	1.96	1.77
Garanti	Turkey	16,569	2.06	1.74
Median			2.11	1.88

USCB price, USD per share

Implied by peer median	0.070	0.076
Upside/downside	53%	66%

BAVL price, USD per share

Implied by peer median	0.065	0.062
Upside/downside	107%	97%

FORM price, USD per share

Implied by peer median	0.922	1.114
Upside/downside	13%	37%

Source: Bloomberg, Concorde Capital estimates

One of the problems with using the P/B multiple is that it is affected by banks' policies as to accumulation of provisions against loan losses. We think actual NPLs are approximately the same for large Ukrainian banks. Hence, institutions with smaller provisions have artificially inflated retained earnings and all equity and can look underpriced on P/B. In order to eliminate this effect, we calculate

P/B'09E and P/B'10E for BAVL, USCB, FORM assuming provisions against 17% of their loan portfolios at end-2009 and 20% at end-2010 regardless of their current accounting practices.

Ukrasotsbank (USCB UK)

BUY

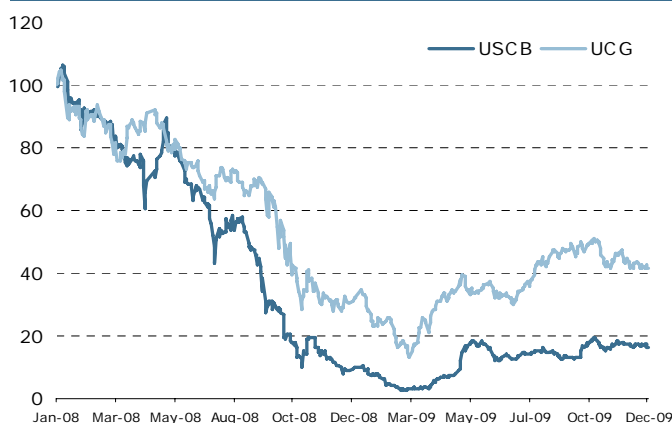
<http://www.usb.com.ua>

Fair price (USD) 0.073
Upside 60%

INVESTMENT CASE

- Supported by parent UniCredit Group, which funds ~50% of liabilities. UniCredit has not been a recipient of government equity infusions, has no limitations on its balance sheet size
- Attracted USD 100 mln 10-year subordinated loan, part of regulatory capital, from EBRD in August. In 3Q09 Ukrasotsbank's share capital was up UAH 500 mln (USD 62.5 mln, 28%) as a result of a decision made in March 2009
- Retail deposits increased 5.9% in 3Q09, vs. system average of +1.8%
- One of the best Cost/Income ratios in the sector as of end-3Q09: 33.1% (annualized), vs. sector average of 47%
- Risk of slow restoration in corporate deposit volumes: corporate deposits decreased 16.7% in 3Q09 and 29.3% YTD, dropping its Loans/Deposits ratio from 311% to 358% in 9M09
- NPL coverage by provisions of Ukrasotsbank equaled 40% as of the end of 3Q09, according to UAS vs. system average for large banks of 57%

SHARE PRICE PERFORMANCE of Ukrasotsbank and UniCredit*



* Market information as of December 18, 2009
Source: UX, PFTS, Bloomberg

MARKET INFORMATION

Market Price*, USD 0.046
52 Wk H/L USD 0.054/0.008
Chg 3m/6m/52w 24.8%/27.6%/80.5%
Chg YTD 68.4%
Avg M Tr Vol 6M, USD ths 4,417

MCap, USD mln 578.3
Free float 4.5%
FF Mcap, USD mln 26.0

No of shares, mln 12,695.0
Par Value, UAH 0.10

STOCK OWNERSHIP

UniCredit Bank Austria 95.5%
Other 4.5%

STOCK INDICATORS

	2009E	2010E
P/B	1.38	1.13
BVPS, USD	0.033	0.040

KEY RATIOS

	2008	3Q09
CAR (NBU rules)	11.4%	15.2%
Loans/Deposits	311.2%	358.2%
Interest rate margin	6.2%	8.2%
Cost/Income	46.5%	33.1%

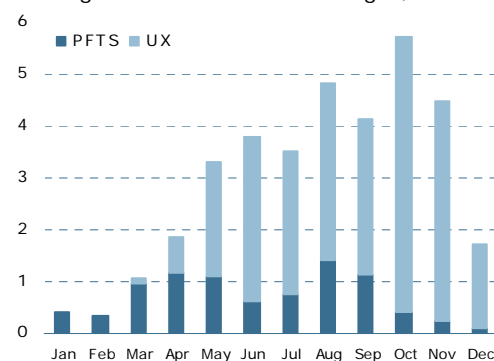
GROWTH RATES (over the period)

	1H09	3Q09
Total assets	-7.0%	0.0%
Corporate deposits	-15.1%	-16.7%
Retail deposits	-14.2%	+5.9%

KEY FINANCIALS: Ukrasotsbank vs. UniCredit

	USCB 3Q09E	UCG 3Q09
Assets, USD bln	5.3	1,436.6
BV of Equity, USD bln	0.5	89.0

Trading volumes on local exchanges, USD mln



Source: UX, PFTS

Financial statements, IFRS

Balance sheet summary, USD mln

	2007	2008	2009E	2010F
Cash & Equivalents	707	427	301	204
Due From Banks	48	19	17	16
Loans	4,835	5,767	5,051	4,619
Less Provisions	(120)	(255)	(859)	(924)
Other Assets	653	453	423	365
Total Assets	6,124	6,412	4,935	4,280
Due To Banks	1,503	3,193	2,357	2,198
Clients' Deposits	3,001	1,855	1,428	1,343
Subordinated Debt	0	150	244	215
Other Liabilities	1,018	578	486	76
Total Liabilities	5,523	5,776	4,516	3,832
Equity	601	636	419	448
Total Liabilities & Equity	6,124	6,412	4,935	4,280

Income statement summary, USD mln

	2007	2008	2009E	2010F
Net Interest Income	189	402	424	340
Provisions Change	(51)	(184)	(613)	(169)
NI After Provisions	138	219	(189)	171
Net Fees Income	94	118	56	52
SG&A	(184)	(245)	(144)	(125)
Other Income/(Expense)	44	82	22	9
EBT	93	174	(256)	106
Tax	(25)	(48)	0	(27)
Net Income	67	126	(256)	80
NI Attributed To Common Equity	67	126	(256)	80
Earnings Per Share, USD	0.007	0.012	(0.020)	0.006

Selected ratios

	2007	2008	2009E	2010F
Loans loss provisions/Total loans	-2.5%	-4.4%	-17.0%	-20.0%
Loans/Deposits	161.1%	311.0%	353.8%	343.8%
Interest Rate Margin		7.6%	7.8%	7.0%
Cost/Income	64.9%	47.1%	30.0%	32.0%
Cost/Avg Assets		-3.9%	-2.5%	-2.7%
RoA (annualized)		2.0%	-4.5%	1.7%
RoE (annualized)		20.4%	-48.6%	18.4%

Raiffeisen Bank Aval (BAVL UK)

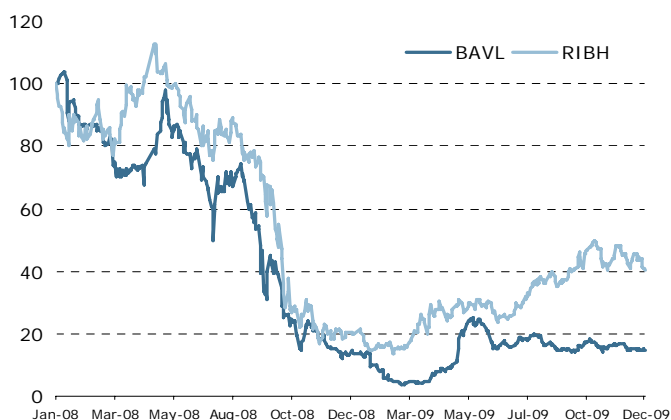
BUY
<http://www.aval.ua>

 Fair price (USD) 0.064
 Upside 102%

INVESTMENT CASE

- Shareholders approved UAH 932 mln (USD 116.5 mln) share capital in October. Also attracted USD 75 mln in subordinated debt from EBRD, on top of USD 75 mln attracted earlier. These new transactions will bring BAVL's CAR to 14.4% from 11.7% currently vs. sector average of 15.6%
- Stable customer base: Loans/Deposits ratio of 182% is below system average 214%. In 3Q09, retail deposit inflow equaled 2.2% and corporate deposits were up 12% vs. sector average of +1.8% and +4.2%, respectively
- One of the highest interest rate margins in the sector: 9.1% in four quarters ending in 3Q09 (compared with average of ~7.5% for large banks), up from 7.7% in 2008
- Conservative in accumulating provisions against troubled assets: 16% of loan portfolio (covering 76% of NPLs) as of end-3Q09 vs. system average of ~11% (according to UAS)
- NPLs constitute 20.9% of the bank's loan portfolio as of end-3Q09, in line with the system average
- Risk of slowness in reducing administrative costs: C/I ratio was 50% in 3Q09 annual. vs. 54% in 2008

SHARE PRICE PERFORMANCE of RB Aval and Raiffeisen Intl*



* Market information as of December 18, 2009
 Source: UX, PFTS, Bloomberg

MARKET INFORMATION

Market Price* , USD	0.032
52 Wk H/L USD	0.055/0.008
Chg 3m/6m/52w	-1.5%/-10.5%/1.8%
Chg YTD	6.6%
Avg M Tr Vol 6M, USD ths	3,942

MCap , USD mln	762.5
Free float	4%
FF Mcap, USD mln	29.0

No of shares , mln	24,149.3
Par Value, UAH	0.10

STOCK OWNERSHIP

Raiffeisen International	96.2%
Other	3.8%

STOCK INDICATORS

	2009E	2010E
P/B	1.02	0.96
BVPS	0.031	0.033

KEY RATIOS

	2008	3Q09
CAR (NBU rules)	11.4%	11.7%
Loans/Deposits	205.9%	182.0%
Interest rate margin	7.7%	9.1%
Cost/Income	54.0%	50.0%

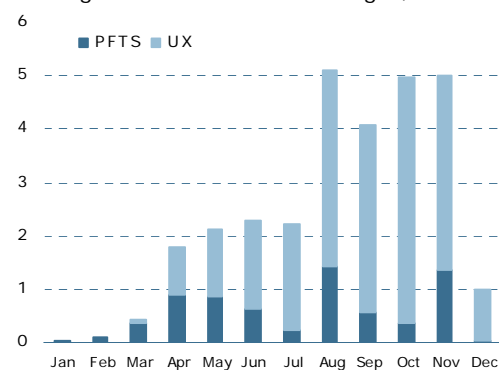
GROWTH RATES (over the period)

	1H09	3Q09
Total assets	-8.4%	+7.6%
Corporate deposits	+3.8%	+12.0%
Retail deposits	-3.9%	+2.2%

KEY FINANCIALS: RB Aval vs. Raiffeisen Intl

	BAVL 3Q09	RBI 3Q09
Assets, USD bln	7.9	116.3
BV of Equity, USD bln	0.8	10.3

Trading volumes on local exchanges, USD mln



Source: UX, PFTS

Financial statements, IFRS

Balance sheet summary, USD mln

	2007	2008	2009E	2010F
Cash & Equivalents	599	951	778	644
Due From Banks	225	251	503	553
Loans	7,530	7,419	6,677	7,278
Less Provisions	(283)	(423)	(1,135)	(1,456)
Other Assets	695	589	722	775
Total Assets	8,766	8,788	7,544	7,794
Due To Banks	2,861	4,020	3,166	2,872
Clients' Deposits	4,453	3,389	3,288	3,616
Subordinated Debt	68	141	216	216
Other Liabilities	388	214	208	218
Total Liabilities	7,770	7,764	6,877	6,923
Equity	997	1,024	668	871
Total Liabilities & Equity	8,767	8,788	7,544	7,794

Income statement summary, USD mln

	2007	2008	2009E	2010F
Net Interest Income	443	701	775	698
Provisions Change	(68)	(226)	(713)	(320)
Net Interest Income After Provisions	375	475	63	377
Net Fees Income	188	218	163	192
SG&A	(381)	(507)	(469)	(454)
Other Income/(Expense)	22	111	29	0
EBT	204	297	(215)	115
Tax	(53)	(78)	0	(29)
Net Income	152	218	(215)	87
NI Attributed To Common Equity	150	218	(214)	86
Earnings Per Share, USD	0.007	0.009	(0.009)	0.003

Selected Ratios

	2007	2008	2009E	2010F
Loans loss provisions/Total loans	-3.8%	-5.7%	-17.0%	-20.0%
Loans/Deposits	169.1%	218.9%	203.1%	201.2%
Interest Rate Margin		9.4%	11.0%	10.0%
Cost/Income	60.3%	55.2%	50.0%	51.0%
Cost/Avg Assets		-5.8%	-5.7%	-5.9%
RoA (annualized)		2.5%	-2.6%	1.1%
RoE (annualized)		21.6%	-25.4%	11.3%

Bank Forum (FORM UK)

HOLD

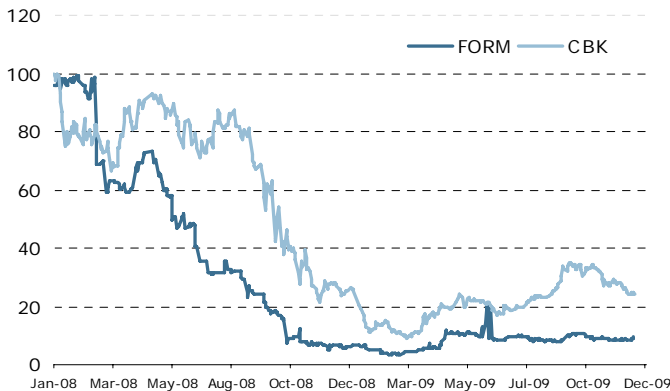
<http://www.forum.ua>

Fair price (USD) 1.018
Upside* 25%

INVESTMENT CASE

- Above average retail and corporate deposits inflow: 31.1% and 14.0% over 1Q09-3Q09, vs. sector average of 5.6% and 2.3% respectively. This allowed the bank to improve its Loans/Deposits ratio from 270% as of end-2008 to 237% as of end-October
- Attracted USD 100 mln in subordinated debt from EBRD in July, supporting its regulatory capital
- NPLs stand at 22% of its total loan portfolio and provisions according to UAS cover only ~38% of those – much lower than system average of 57%
- Cost/Income ratio stands at 67%, vs. average of 47% for large banks. In October the bank announced a program to cut SG&A; we expect C/I ratio improvement by mid-2010
- Net interest rate margin was 5.8% in 3Q09, lower than average of ~7.5% for large Ukrainian banks
- Forum is required by the NBU to increase regulatory capital by UAH 525 mln (USD 65.6 mln, 20%), but its shareholders have not agreed on a charter fund increase vs. subordinated debt, which presents the risk of possible sanctions from the NBU in the short-term
- Expected consolidation by Commerzbank of another 26% stake (from Leonid Yurushev) would be a stock trigger. We think Yurushev's reluctance to participate in the pro-rata charter fund increase is a negotiating tactic to get a better price for his stake

SHARE PRICE PERFORMANCE of Forum and Commerzbank*



* Market information as of December 18, 2009
Source: UX, PFTS, Bloomberg

MARKET INFORMATION

Market Price*, USD 0.82
52 Wk H/L USD 1.78/0.29
Chg 3m/6m/52w 17.8%/0.2%/43.2%
Chg YTD 50.3%
Avg M Tr Vol 6M, USD ths 1,334

MCap, USD mln 184.3
Free float 10.7%
FF MCap, USD mln 19.7

No of shares, mln 226.0
Par Value, UAH 10.0

STOCK OWNERSHIP

Commerzbank AG (CBK GR) 63.0%
Leonid Yurushev 26.3%
Other 10.7%

STOCK INDICATORS

	2009E	2010E
P/B	1.86	1.38
BVPS	0.44	0.59

KEY RATIOS

	2008	3Q09
CAR (NBU)	10.0%	15.4%
Loans/Deposits	270.3%	237.0%
Interest rate margin	5.3%	5.8%
Cost/Income	68.1%	67.0%

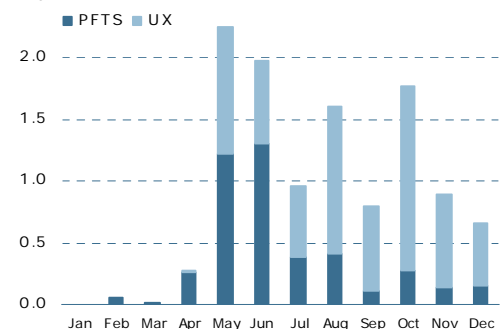
GROWTH RATES (over the period)

	1H09	3Q09
Total assets	-4.5%	-1.2%
Corporate deposits	-0.9%	+14.3%
Retail deposits	+8.8%	+6.4%

KEY FINANCIALS: Forum vs. Commerzbank

	FORM 3Q09	CBK 3Q09
Assets, USD bln	2.2	1,338.5
BV of Equity, USD bln	0.2	42.8

Trading volumes on local exchanges, USD mln



Source: UX, PFTS

Financial statements, IFRS

Balance sheet summary, USD mln

	2007	2008	2009E	2010F
Cash & Equivalents	218	131	110	92
Due From Banks	107	51	40	33
Loans	1,926	2,218	2,178	2,010
Less Provisions	(73)	(147)	(370)	(402)
Other Assets	170	169	149	133
Total Assets	2,348	2,423	2,106	1,867
Due To Banks	495	1,047	868	610
Clients' Deposits	1,163	823	911	921
Subordinated Debt	50	50	133	117
Other Liabilities	388	241	95	72
Total Liabilities	2,096	2,162	2,007	1,721
Equity	252	261	99	146
Total Liabilities & Equity	2,348	2,423	2,106	1,867

Income statement summary, USD mln

	2007	2008	2009E	2010F
Net Interest Income	87	142	140	124
Provisions Change	(34)	(174)	(229)	(77)
Net Interest After Provisions	52	(32)	(89)	47
Net Fees Income	13	18	11	13
SG&A	(72)	(112)	(91)	(68)
Other Income/(Expense)	10	33	16	7
EBT	4	(93)	(152)	(1)
Tax	(2)	22	0	0
Net Income	2	(70)	(152)	(1)
NI Attributed To Common Equity	2	(70)	(152)	(1)
Earnings Per Share, USD		(0.31)	(0.67)	(0.00)

Selected Ratios

	2007	2008	2009E	2010F
Loans loss provisions/Total loans	-3.8%	-6.6%	-17.0%	-20.0%
Loans/Deposits	165.6%	269.4%	238.9%	218.2%
Interest Rate Margin		6.8%	6.4%	5.9%
Cost/Income	71.8%	70.0%	60.0%	50.0%
Cost/Avg Assets		-4.7%	-4.0%	-3.4%
RoA (annualized)		-2.9%	-6.7%	-0.1%
RoE (annualized)		-53.8%	-84.8%	-1.1%

Analyst certification

I, Mykyta Mykhaylychenko, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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