



CONCORDE CAPITAL

Ukraine / Fixed income

Ukrainian banks

EBRD names first five loan recipients

March 26, 2009

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- Delo reported today that the EBRD plans to extend subordinated loans to Bank Forum, Ukrsotsbank (within framework of support to parent UniCredit), Ukreximbank and Uksribbank
- We continue to view the large size of these banks and their backing by global parents (or the state) as a key advantage; our recommendation is to stick to issues with the shortest duration

Ukreximbank

Security

Bloomberg UXIMUK
ISIN XS0201281192

Ratings

Moody's Ba3
Fitch B

Ukrsotsbank

Security

Bloomberg USCBUZ
ISIN XS0286235774

Ratings

Moody's Ba3
Fitch B

Forum Bank

Security

Bloomberg FORUMZ
ISIN XS0272333096

Ratings

Moody's Ba3
Fitch B

Uksribbank

Security

Bloomberg UKRSIB
ISIN XS0312018020

Ratings

Moody's Ba3
Fitch B

EBRD names 5 Ukrainian banks it will support financially

The European Bank for Reconstruction and Development is ready to support the following banks via subordinated loans: Bank Forum (FORUMZ), Ukrsotsbank (USCBUZ), Megabank, Ukreximbank (UXIMUK), and Uksribbank (UKRSIB), according to an article in today's Delo newspaper, which cited Anton Usov, the Kyiv-based press secretary of the EBRD. According to Usov, the EBRD operating committee has approved aid to these five banks, and the EBRD is also looking at providing assistance to eight others. Usov said that relevant agreements should be signed by mid-May.

EBRD President Thomas Mirov said in mid-February that the EBRD was ready to allocate EUR 500 mln to recapitalize Ukrainian banks. Specifically, Boris Timonkin, Ukrsotsbank's CEO, said in today's Delo article, that his bank was seeking to receive USD 100 mln from the EBRD in the form of a subordinated loan under the framework of support to its parent, UniCredit Group. Last week Interfax reported that the EBRD could give up to USD 100 mln to Bank Forum.

We recommend sticking to shortest duration issues

The news supports our recommendation to focus on Eurobond issues of the four arguably highest quality issuers in the banking sector: Ukreximbank, Ukrsotsbank, Forum Bank and Uksribbank. We reiterate our view that the large size of the aforementioned banks and control by global parents (or the state in Ukreximbank's case) are advantages that can help them secure new funding. We favor bonds with the shortest duration.

Bank	Majority shareholder	Ownership, %	Ranking by assets, Jan 1, 2009
Ukreximbank	State	100%	#6
Ukrsotsbank	UniCredit Group	94.2%	#5
Forum Bank	Commerzbank	60%	#12
Uksribbank	BNP Paribas	51%	#4

Source: Bloomberg, Concorde Capital

FLASH NOTE

FLASH NOTE

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Banking Eurobonds: Our top picks

Issuer	Price	YTM, %	Amnt outst, USD mln	Coupon, %	Maturity date	Issue date
Ukreximbank'09	71.0	95.7	250	7.75	09/23/09	09/23/04
Ukrsotsbank'10	60.0	77.9	400	8.00	02/22/10	02/22/07
Forum Bank'09	79.0	57.0	100	10.00	10/30/09	10/30/06
Ukrsibbank'10	55.0	62.2	200	7.38	07/23/10	07/23/07

Source: Bloomberg, Concorde Capital

Financial statements, Ukreximbank

INCOME STATEMENT, UAS, UAH mln

	2004	2005	2006	2007	2008
Interest income	472	753	1,505	2,444	4,033
Interest expense	(227)	(407)	(825)	(1,496)	(2,418)
Net interest income	245	346	680	948	1,615
Fee & commission income	174	205	288	414	440
Fee & commission expense	(22)	(21)	(25)	(33)	(46)
Net fee & commission income	152	184	262	380	394
Trading income	43	44	101	143	682
Other income	(0)	5	13	31	65
Net non-interest income	195	232	376	554	1,141
Total revenues	440	579	1,056	1,502	2,756
Operating expenses	(259)	(308)	(452)	(596)	(852)
Operating income	182	271	603	907	1,904
Provision for loan losses & other	(50)	(19)	(83)	(219)	(1,046)
Profit before tax	132	252	520	688	857
Income tax expense	(42)	(72)	(152)	(187)	(235)
Net income	90	181	368	501	622

BALANCE SHEET, UAS, UAH mln

	2004	2005	2006	2007	2008
ASSETS					
Cash & balances with NBU	456	855	784	1,081	2,770
Due from banks	419	1,441	2,278	2,569	4,352
Gross loan portfolio	3,933	7,401	13,993	22,350	38,332
Corporate	0	7,305	13,609	21,340	36,249
Retail	0	97	384	1,010	2,083
Provision for loan impairment	418	373	426	605	1,411
Loan portfolio, net	3,516	7,028	13,567	21,745	36,921
Securities portfolio	385	473	872	1,859	2,036
Fixed & intangible assets	413	431	1,013	1,056	1,470
Accrued incomes	50	88	36	195	520
Deferred tax assets	0	0	0	0	0
Other assets	58	60	101	106	256
Total assets	5,296	10,376	18,650	28,610	48,325
LIABILITIES					
Due to banks	1,409	3,560	7,471	11,522	22,065
Customer accounts	3,202	5,154	7,714	11,968	18,576
Corporate	-	3,424	4,701	6,727	10,925
Retail	-	1,730	3,013	5,240	7,651
Debt securities issued	0	200	496	1,275	1,051
Accrued expenses	30	81	226	384	733
Deferred tax liabilities	0	35	176	150	177
Other liabilities	41	278	726	749	1,216
Total liabilities	4,682	9,309	16,810	26,047	43,819
EQUITY					
Total equity	614	1,067	1,840	2,563	4,506
Total liabilities & equity	5,296	10,376	18,650	28,610	48,325

Source: National Bank of Ukraine

Financial statements, Ukrsotsbank

INCOME STATEMENT, UAS, UAH mln

	2004	2005	2006	2007	2008
Interest income	648	909	1,421	2,600	4,580
Interest expense	(372)	(550)	(819)	(1,645)	(2,456)
Net interest income	276	359	602	955	2,124
Fee & commission income	290	342	420	523	658
Fee & commission expense	(19)	(13)	(17)	(32)	(59)
Net fee & commission income	272	329	403	490	599
Trading income	62	63	94	180	837
Other income	22	40	27	90	104
Net non-interest income	356	431	524	761	1,540
Total revenues	632	790	1,126	1,715	3,665
Operating expenses	(442)	(549)	(666)	(910)	(1,292)
Operating income	190	241	460	805	2,372
Provision for loan losses & other	(61)	(71)	(58)	(318)	(1,249)
Profit before tax	129	171	401	487	1,123
Income tax expense	(43)	(53)	(114)	(125)	(332)
Net income	86	117	287	362	792

BALANCE SHEET, UAS, UAH mln

	2004	2005	2006	2007	2008
ASSETS					
Cash & balances with NBU	899	1,630	2,735	2,826	1,653
Due from banks	797	414	202	960	1,706
Gross loan portfolio	4,171	7,252	12,690	24,164	43,689
Corporate	0	4,276	5,737	10,971	19,511
Retail	0	2,976	6,953	13,193	24,177
Provision for loan impairment	205	203	264	541	1,689
Loan portfolio, net	3,966	7,049	12,427	23,623	42,000
Securities portfolio	441	542	517	1,270	715
Fixed & intangible assets	875	974	1,484	2,053	2,758
Accrued incomes	52	85	83	251	627
Deferred tax assets	0	0	0	0	0
Other assets	38	68	83	245	236
Total assets	7,068	10,763	17,531	31,227	49,695
LIABILITIES					
Due to banks	243	975	3,826	9,027	26,964
Customer accounts	5,714	8,350	10,993	16,211	14,270
Corporate	-	4,803	5,867	8,698	6,909
Retail	-	3,547	5,126	7,513	7,361
Debt securities issued	17	152	374	2,153	589
Accrued expenses	52	102	132	274	879
Deferred tax liabilities	0	115	234	305	447
Other liabilities	133	42	47	63	1,370
Total liabilities	6,158	9,736	15,605	28,033	44,519
EQUITY					
Total equity	910	1,027	1,927	3,194	5,176
Total liabilities & equity	7,068	10,763	17,531	31,227	49,695

Source: National Bank of Ukraine

Financial statements, Forum Bank

INCOME STATEMENT, UAS, UAH mln

	2004	2005	2006	2007	2008
Interest income	211	329	610	1,156	1,943
Interest expense	(115)	(195)	(387)	(738)	(1,236)
Net interest income	96	135	223	417	707
Fee & commission income	27	40	63	112	161
Fee & commission expense	(4)	(8)	(12)	(15)	(20)
Net fee & commission income	23	32	51	97	141
Trading income	7	16	21	44	115
Other income	1	2	4	7	11
Net non-interest income	31	51	76	148	267
Total revenues	127	186	299	565	974
Operating expenses	(55)	(109)	(207)	(345)	(578)
Operating income	72	77	92	220	396
Provision for loan losses & other	(47)	(36)	(55)	(155)	(367)
Profit before tax	25	42	36	66	29
Income tax expense	(6)	(10)	(9)	(13)	(19)
Net income	18	32	28	53	10

BALANCE SHEET, UAS, UAH mln

	2004	2005	2006	2007	2008
ASSETS					
Cash & balances with NBU	154	262	257	755	888
Due from banks	348	914	1,713	3,336	2,007
Gross loan portfolio	1,288	2,379	5,093	9,627	16,862
Corporate	1,197	2,046	4,266	7,393	11,606
Retail	92	333	827	2,234	5,255
Provision for loan impairment	75	101	153	288	710
Loan portfolio, net	1,213	2,277	4,941	9,339	16,152
Securities portfolio	11	115	143	471	679
Fixed & intangible assets	47	140	258	393	493
Accrued incomes	21	30	46	81	199
Deferred tax assets	0	0	0	0	0
Other assets	33	15	21	44	95
Total assets	1,826	3,753	7,378	14,419	20,513
LIABILITIES					
Due to banks	498	874	2,129	4,558	9,414
Customer accounts	1,031	2,302	4,265	7,740	7,879
Corporate	591	1,244	2,163	3,889	3,801
Retail	440	1,058	2,103	3,851	4,078
Debt securities issued	2	70	48	312	3
Accrued expenses	16	37	89	166	254
Deferred tax liabilities	0	6	13	20	8
Other liabilities	60	96	67	276	1,066
Total liabilities	1,606	3,385	6,612	13,072	18,624
EQUITY					
Total equity	220	368	767	1,347	1,889
Total liabilities & equity	1,826	3,753	7,378	14,419	20,513

Source: National Bank of Ukraine

Financial statements, Ukrsibbank

INCOME STATEMENT, UAS, UAH mln

	2004	2005	2006	2007	2008
Interest income	623	848	1,644	3,113	5,367
Interest expense	(356)	(534)	(982)	(1,784)	(2,946)
Net interest income	268	314	662	1,329	2,421
	0	0	0	0	0
Fee & commission income	143	150	425	579	572
Fee & commission expense	(14)	(21)	(23)	(27)	(40)
Net fee & commission income	129	129	402	552	532
Trading income	63	76	121	175	656
Other income	29	83	17	(8)	15
Net non-interest income	222	288	540	718	1,203
	0	0	0	0	0
Total revenues	489	602	1,202	2,047	3,624
	0	0	0	0	0
Operating expenses	(285)	(492)	(733)	(1,233)	(1,829)
	0	0	0	0	0
Operating income	204	111	469	815	1,795
	0	0	0	0	0
Provision for loan losses & other	(154)	(17)	(381)	(597)	(1,195)
	0	0	0	0	0
Profit before tax	51	93	88	218	600
Income tax expense	(11)	(37)	(19)	(82)	(172)
	0	0	0	0	0
Net income	39	56	69	200	428

BALANCE SHEET, UAS, UAH mln

	2004	2005	2006	2007	2008
ASSETS					
Cash & balances with NBU	514	738	983	2,099	2,607
Due from banks	612	671	1,624	2,919	1,593
Gross loan portfolio	3,753	7,864	18,212	30,794	50,412
Corporate	0	4,689	8,412	12,965	19,908
Retail	0	3,174	9,800	17,828	30,505
Provision for loan impairment	335	350	676	1,129	2,705
Loan portfolio, net	3,418	7,514	17,536	29,665	47,707
Securities portfolio	563	655	702	1,128	1,140
Fixed & intangible assets	403	879	1,166	1,339	1,615
Accrued incomes	73	105	220	336	630
Deferred tax assets	0	0	0	8	60
Other assets	99	108	139	171	344
Total assets	5,681	10,669	22,370	37,664	55,697
LIABILITIES					
Due to banks	1,397	2,895	11,090	19,933	30,458
Customer accounts	3,310	5,529	6,916	11,554	16,862
Corporate	-	2,858	3,227	5,215	8,763
Retail	-	2,670	3,689	6,338	8,099
Debt securities issued	32	790	1,345	851	50
Accrued expenses	84	172	236	402	810
Deferred tax liabilities	0	28	13	0	0
Other liabilities	116	309	771	1,891	2,647
Total liabilities	4,939	9,721	20,370	34,631	50,827
EQUITY					
Total equity	742	948	2,000	3,033	4,870
Total liabilities & equity	5,681	10,669	22,370	37,664	55,697

Source: National Bank of Ukraine

Financial statements, Megabank

INCOME STATEMENT, UAS, UAH mln

	2004	2005	2006	2007	2008
Interest income	57	76	101	171	323
Interest expense	(38)	(48)	(64)	(107)	(219)
Net interest income	19	27	37	64	104
Fee & commission income	34	43	50	72	95
Fee & commission expense	(1)	(1)	(1)	(2)	(3)
Net fee & commission income	33	42	48	70	92
Trading income	3	3	3	3	17
Other income	9	4	5	4	8
Net non-interest income	46	48	56	78	117
Total revenues	65	76	93	142	222
Operating expenses	(58)	(63)	(69)	(98)	(148)
Operating income	7	13	23	44	74
Provision for loan losses & other	(1)	(5)	(8)	(12)	(40)
Profit before tax	6	8	16	32	34
Income tax expense	(1)	(2)	(4)	(8)	(12)
Net income	5	6	11	24	22

BALANCE SHEET, UAS, UAH mln

	2004	2005	2006	2007	2008
ASSETS					
Cash & balances with NBU	42	77	79	153	58
Due from banks	115	100	149	238	173
Gross loan portfolio	341	501	744	1,340	2,368
Corporate	0	433	581	925	1,631
Retail	0	68	163	415	737
Provision for loan impairment	4	8	16	26	58
Loan portfolio, net	337	493	728	1,314	2,310
Securities portfolio	43	65	82	167	193
Fixed & intangible assets	45	68	71	117	139
Accrued incomes	3	6	2	11	36
Deferred tax assets	0	1	1	0	0
Other assets	4	3	9	9	31
Total assets	589	812	1,121	2,010	2,941
LIABILITIES					
Due to banks	48	25	37	213	429
Customer accounts	419	629	831	1,352	1,893
Corporate	-	264	332	573	709
Retail	-	365	499	779	1,184
Debt securities issued	5	0	2	25	109
Accrued expenses	3	4	7	22	46
Deferred tax liabilities	0	0	6	11	11
Other liabilities	39	37	50	65	120
Total liabilities	513	696	933	1,688	2,608
EQUITY					
Total equity	76	116	188	322	333
Total liabilities & equity	589	812	1,121	2,010	2,941

Source: National Bank of Ukraine

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