



CONCORDE CAPITAL

Ukraine / Fixed income

First Ukrainian International Bank

Seeking to restructure its LPNs

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First Ukrainian International Bank (FUIB) informed holders of its LPNs of its intention to restructure its USD 275 mln Eurobonds due February 2010. We believe the bank is seeking to prolong the debt's tenor, and possibly issue new LPNs to refinance the current ones.

Security

FIUKR 9 ¾	
ISIN	XS0287015787
Moody's	B1
Price	44.5
YTM	163.5%
Amt' outstanding	USD 275 mln
Coupon	9.75%
Maturity date	02/16/2010

- Last week FUIB sent letters to Eurobond holders, informing them of its intention to restructure the issue due on Feb. 16, 2010. The bank said it hired HSBC to develop a restructuring proposal within the next four months

- In an interview with the daily Kommersant today, CEO Rafal Juszcak said FUIB is in negotiations with all its creditors (including holders of the banks' syndicated debts due in June and August 2009). According to Juszcak, the bank has enough cash on its account to meet its obligations in 2009. Still the management intends to minimize cash outflows to safeguard the bank's financial stability.

Current cash and debt positions, USD mln

Cash	168	Cynd. loan due in Jun 09	50
Due from banks	328	Cynd. loan due in Aug 09	154
		LPN due in Feb 10	275

Source: FUIB, Concorde Capital estimates

- We believe FUIB will seek to substitute its current notes with a new issue. The hiring HSBC (the underwriter of FUIB's current Eurobonds) supports this idea.
- Our conclusions:
 - + FUIB recognizes its obligations to international creditors (both Eurobond-holders and syndicated lenders) and is attempting to treat them equally by proposing them comparable conditions for debt restructuring
 - + The bank is starting negotiations to restructure its Eurobonds nine months in advance, and in transparent fashion, which leads us to believe the conditions will satisfy the majority of the creditors
 - FUIB appears uncertain of its future financial stability
 - Following the news of the bank's failure to repay a debt to Cargill in late April, which raised cross-default risk, the bank may use restructuring as a preventive step to avoid possible acceleration of its Eurobonds repayment

FLASH NOTE

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Financial statements, UAH

BALANCE SHEET, UAS

	2008	1Q09	qoq
ASSETS			
Cash & balances with banks	3,896,258	3,809,342	-2%
Gross loans & accr. Incomes	15,570,127	14,498,134	-7%
<i>Corporate</i>	10,953,335	10,199,318	-7%
<i>Retail</i>	4,458,938	4,298,816	-4%
Provision for loan impairment	994,982	1,300,891	31%
Loan portfolio, net	14,575,145	13,197,243	-9%
Securities portfolio	413,819	254,474	-39%
Fixed & intangible assets	1,150,402	1,101,833	-4%
Deferred tax assets	0	0	
Other assets	123,583	188,512	53%
Total assets	20,159,205	18,551,404	-8%
LIABILITIES			
Due to banks & other leders	8,423,721	9,722,917	15%
Customer accounts	7,451,901	4,909,178	-34%
<i>Corporate</i>	3,965,723	1,941,178	-51%
<i>Retail</i>	3,486,178	2,968,000	-15%
Debt securities issued	285,076	279,831	-2%
Deferred tax liabilities	155,277	153,562	-1%
Other liabilities	355,876	277,518	-22%
Total liabilities	16,671,850	15,189,444	-9%
EQUITY			
Share capital	2,522,842	2,522,842	0%
Treasury stock	0	0	
Emission differences	98,129	98,129	0%
Reserves	818,929	818,513	0%
Retained earnings	47,455	-77,524	-263%
Total equity	3,487,356	3,361,960	-4%
Total liabilities & equity	20,159,206	18,551,404	-8%

INCOME STATEMENT, UAS

	FY08	4Q08	1Q09	qoq
Interest income	1,738,387	575,074	692,710	20%
Interest expense	(1,006,274)	(339,343)	(410,604)	21%
Net interest income	732,112	235,730	282,106	20%
Fee & commission income	260,997	64,992	69,628	7%
Fee & commission expense	(64,485)	(16,094)	(13,626)	-15%
Net fee & commission income	196,512	48,898	56,002	15%
Trading income	89,965	74,409	7,682	-90%
Other income	36,744	7,932	56,556	613%
Net non-interest income	323,221	131,239	120,240	-8%
Total revenues	1,055,333	366,969	402,346	10%
Operating expenses	(433,879)	(156,152)	(174,295)	12%
Operating income	621,454	210,817	228,051	8%
Provision for loan losses & other	(599,285)	(348,860)	(347,810)	0%
Profit (loss) before tax	22,169	(138,044)	(119,759)	-13%
Income tax expense	(9,069)	58,019	0	n/m
Net income (loss)	13,100	(80,026)	(119,759)	50%

Source: National Bank of Ukraine

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