



CONCORDE CAPITAL

# Sberbank lending program

Loans to boost trade with Russia

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## Key macroeconomic indicators

	2008	2009E	2010F
<b>Business cycle</b>			
Real GDP, chg yoy	2.1	-7.0	4.0
Nominal GDP, USD bln	180.3	119.5	140.1
Industrial output, chg yoy	-3.1	-11.5	7.5
CPI (eop), chg yoy	22.3	15.0	7.0
PPI (eop), chg yoy	23.0	18.0	10.0

## External sector

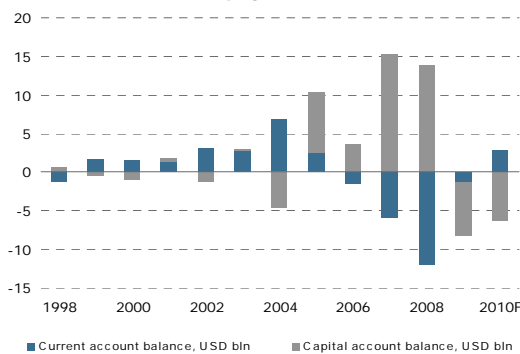
	2008	2009E	2010F
NBU reserves (eop), USD bln	31.5	23.3	19.9
FDI net, USD bln	9.7	7.5	9.0
Current account balance, % GDP	-6.6	-1.1	2.0
Capital account balance, % GDP	7.7	-5.9	-4.4
External debt, % of GDP	57.3	84.6	70.6

## Exchange rate

	2008	2009E	2010F
Interbank UAH/USD (avg)	5.27	8.50	8.10

Source: State Statistics Committee, National Bank of Ukraine, Ministry of Finance, Bloomberg, Concorde Capital

## Ukraine's balance of payments



Source: National Bank of Ukraine, Concorde Capital

- Yesterday, the Ukrainian daughter of Sberbank said that it received USD 400 mln credit from its parent for the purpose of lending to Ukraine's real economy
- The Sberbank loan follows similar announcements from the World Bank, EBRD, and Prominvestbank
- We expect Sberbank's loans to focus on companies that export to or import from Russia
- We will look closely for new large-scale lending programs and could review our 2009 balance of payments forecasts

### Sberbank to lend USD 400 mln to Ukraine's real economy

Yesterday, Vladislav Kravets, deputy head of board of directors of the Ukrainian daughter of Sberbank, said that its parent bank extended a USD 400 mln credit line for the purpose of lending to Ukraine's real economy. He said the facility will be funneled into sectors that form the backbone of Ukraine's GDP – metallurgy, heavy machinery, coke and chemicals, transportation, communications, etc.

The exact targets of Sberbank's loan program were not disclosed, but we estimate the volume of the loan could cover as much as 4-6% of the total external debt (excluding trade loans) of the abovementioned sectors due to be repaid in 2009.

### Int'l and Russian lenders announce support programs

Sberbank's USD 400 mln loan follows recent announcements from other institutions to support the real sector of Ukraine's economy:

- On March 31, Prominvestbank (75%-owned by Russian Vnesheconombank) officials said they planned to allocate USD 500 mln for loans to the real economy
- On March 31, the European Bank for Reconstruction and Development said that it planned to grant USD 220 bln in loans to domestic agricultural companies
- On April 7, the World Bank announced that it would provide a USD 400 mln loan to Ukravtodor for road improvement

We had little doubt that multilateral development banks would allocate money to support Ukraine. However, the active participation of Russian banks in lending to Ukraine's economy has come as a surprise – we think Russian lenders are looking to seize market share now during the crisis, in order to find themselves in a better competitive position when the banking sector revives.

Sberbank has already announced one-year floating rate credit lines to Azovmash (in the amount of USD 17.2 mln), a heavy machinery manufacturer, and Yasinivsky Coke (USD 30.0 mln). Interestingly, both companies have close trade ties with Russia, and thus we can expect more support for companies that export to or import from Russia.

### Loan programs could have implications for BoP forecast

The USD 400 mln provided by Sberbank will equal about 1% of total inflows via the financial account of balance of payments expected in 2009. We will look closely for new large-scale lending programs and could review our 2009 balance of payments forecasts.

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