



CONCORDE CAPITAL

Ukraine / Financial services

Ukrainian banks

1Q09 results: Capital injections offset losses

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- The National Bank of Ukraine released 1Q09 financial results for Ukrainian banks this week
- The sector's net interest income nearly doubled yoy, due to a widening spread between interest on deposits and loans
- The increased spreads did not help avoid losses – provisions for loan losses grew 7.6x yoy and exceeded net interest incomes
- Increased accumulated losses were more than compensated by new capital injections: sector's capital adequacy grew from 14.0% as of January 1 to 15.4% as of April 1
- The rate of deposit outflow has been decreasing in recent months
- Foreign currency exposure in assets and liabilities is balanced

Sector's P&L evolution, UAH mln, quarterly

	1Q08	2Q08	3Q08	4Q08	1Q09	yoy	qoq
Net interest income	7,340	8,638	9,742	11,832	14,500	98%	23%
Non-interest income	4,582	5,733	6,277	15,381	5,306	16%	-66%
Operating income	4,847	5,966	7,035	16,822	10,059	108%	-40%
Provision for loan losses	-2,217	-2,748	-3,609	-15,550	-16,860	660%	8%
Net income	2,079	2,197	2,392	636	-7,020		

Sector's balance sheet evolution, UAH bln, eop

	2007	1Q08	2Q08	3Q08	2008	1Q09	yoy	qoq
Cash and due from banks	127.8	117.2	130.5	136.7	151.0	109.9	-6%	-27%
Gross loans & accrued incomes	434.7	490.3	528.4	577.6	752.3	737.9	51%	-2%
Retail	153.6	175.7	190.0	204.7	268.9	264.6	51%	-2%
Corporate	276.4	309.2	332.0	365.7	473.0	471.7	53%	0%
Provisions for loan impairment	17.3	19.1	20.9	23.9	42.5	62.3	225%	47%
Net loan portfolio	417.4	471.1	507.5	553.6	709.9	675.6	43%	-5%
Securities portfolio	17.4	18.8	19.3	21.3	16.5	30.9	64%	87%
Fixed & intangible assets	28.1	29.4	31.0	33.6	38.5	38.8	32%	1%
Deferred tax assets	0.3	0.5	0.4	0.4	0.8	1.0	94%	26%
Other assets	8.3	8.5	9.9	9.9	9.3	14.4	69%	54%
Total assets	599.4	645.6	698.7	755.6	926.1	870.6	35%	-6%
Due to banks	168.6	171.6	185.0	207.5	320.8	280.2	63%	-13%
Customer accounts	318.4	350.9	379.9	404.3	436.7	336.1	-4%	-23%
Retail	166.0	181.4	198.2	206.9	216.3	193.6	7%	-11%
Corporate	152.4	169.5	181.7	197.4	220.4	142.6	-16%	-35%
Debt securities issued	19.3	19.7	19.5	16.1	10.5	17.7	-10%	69%
Deferred tax liabilities	2.5	2.6	2.7	3.0	3.8	3.8	46%	2%
Other liabilities	21.0	22.4	28.0	32.5	35.0	115.7	417%	231%
Total liabilities	529.8	567.2	615.0	663.4	806.8	753.6	33%	-7%
Equity	69.6	78.5	83.7	92.2	119.3	117.1	49%	-2%

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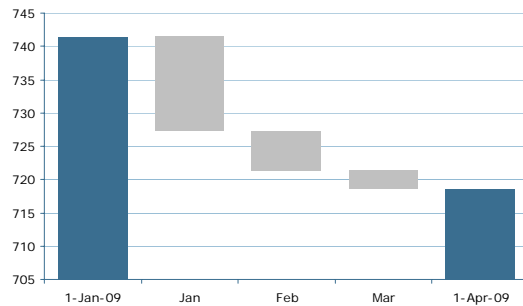
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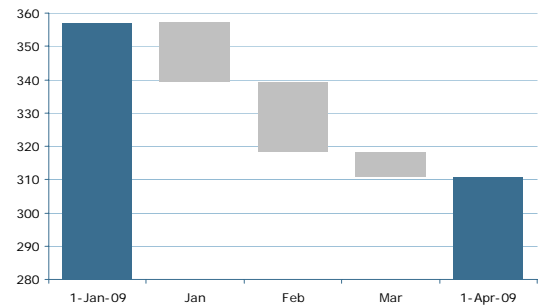
Loan and deposit outflow decelerates...

... and is set to prompt stabilization in the balance of customer accounts in the second or third quarter of 2009.

Loan portfolio change, UAH bln

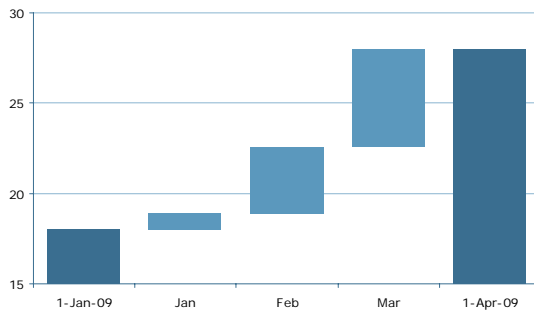


Customer accounts change, UAH bln

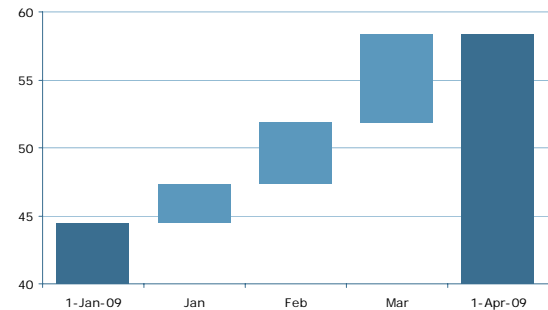


NPLs and loan loss provisions are still growing

Reported NPLs, UAH bln



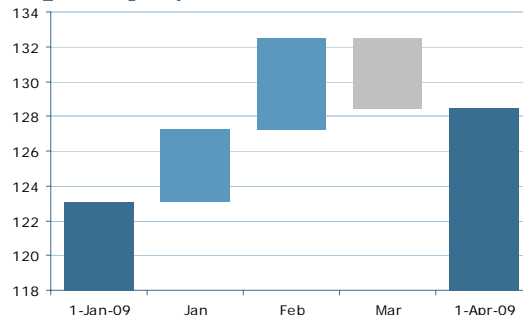
Change of loan loss provisions, UAH bln



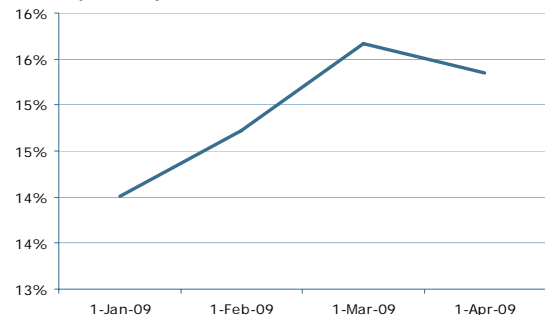
We believe the stats on provisions was spoiled by Ukrprombank, which accounted for 26% of the first quarter's increase in the banking system's provisions. We expect stabilization in sector provisions in the next two quarters.

Capital adequacy remains high

Regulatory capital, UAH bln

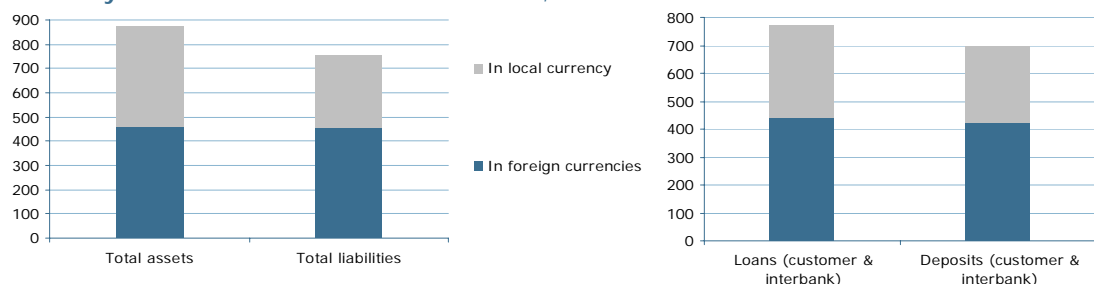


CAR (tier II)



F/X risk seems low

Currency breakdown of assets and liabilities, UAH bln



Listed banks: key statistics (1Q09)

	BAVL	USCB	NADR	FORM	UGZB	RODB	BXRK	MEGA	UKIB	Sector mean
Key balance articles, UAH mln										
Total assets	59,807	46,674	28,073	19,385	12,496	10,988	4,869	3,029	1,605	
Loans & receivables	53,783	42,691	25,099	16,874	9,223	9,220	3,387	2,390	1,138	
% of retail loans	49%	55%	66%	30%	36%	30%	24%	31%	26%	35%
Provisions % of loans	9.3%	5.6%	7.4%	5.5%	4.9%	3.2%	1.4%	3.2%	8.0%	8.4%
Liabilities	52,698	41,425	26,793	16,942	11,040	9,750	4,109	2,695	1,173	
Customer accounts	25,594	12,286	10,595	5,824	6,345	4,472	2,744	1,574	776	
% of term deposits	67%	50%	79%	62%	82%	70%	74%	78%	63%	74%
% of retail accounts	64%	49%	81%	63%	74%	61%	66%	62%	61%	58%
Equity	7,110	5,249	1,281	2,443	1,456	1,238	760	334	432	
QoQ change										
Assets	-8.5%	-6.1%	-8.1%	-5.5%	-15.6%	-16.7%	-6.7%	3.0%	-5.0%	-6.0%
Loans	-2.9%	-4.0%	-2.0%	-1.4%	-2.2%	-8.7%	-1.3%	-1.0%	-5.1%	-2.3%
Liabilities	-9.0%	-6.9%	-6.7%	-9.0%	-17.3%	-17.3%	-7.9%	3.3%	-6.7%	-6.6%
Customer accounts	-6.0%	-13.9%	-28.3%	-26.1%	-19.6%	-29.2%	-10.9%	-16.8%	-17.7%	-23.0%
Equity	-4.4%	1.4%	-30.3%	29.3%	0.2%	-12.2%	0.5%	0.2%	-0.1%	-1.8%
F/X exposure: Portion of foreign currency in accounts:										
Assets	62%	72%	55%	71%	30%	24%	27%	38%	39%	53%
Liabilities	71%	81%	46%	83%	34%	26%	33%	43%	49%	61%
Loans	69%	80%	64%	76%	40%	29%	22%	38%	51%	57%
Customer accounts	48%	51%	50%	58%	44%	36%	29%	42%	42%	41%
Earnings, UAH mln										
Net interest income	1,064.5	755.7	352.0	222.9	119.3	137.5	61.4	22.1	25.0	
Operating income	727.2	694.4	-606.3	115.7	-5.3	64.4	16.6	9.1	4.4	
Provisions	-1,096.1	-563.5	50.2	-202.2	8.3	-69.4	-6.6	-7.6	-4.0	
Net income	-369.0	54.2	-557.5	-86.7	4.2	1.5	5.4	0.7	0.4	
ROA	-0.6%	0.1%	-2.0%	-0.4%	0.0%	0.0%	0.1%	0.0%	0.0%	-0.8%
ROE	-5.2%	1.0%	-43.5%	-3.5%	0.3%	0.1%	0.7%	0.2%	0.1%	-6.0%
P/B ^{1Q09}	0.92	0.55	1.01	0.08	0.48	0.19	1.02	0.22	0.47	0.55

Note: Gray cells indicate worse than sector average performance

Banks-issuers of Eurobonds: key statistics (1Q09)

	Privat	UkrSib	Ukrexim	Ukrsots	Alfa	Nadra	Forum	FUIB*	F&C**	VAB	Sector mean
Key balance articles, UAH mln											
Total assets	74,366	52,371	51,070	46,674	30,387	28,073	19,385	18,551	18,316	7,104	
Loans & receivables	71,359	48,677	42,947	42,691	28,075	25,099	16,874	14,498	15,880	5,994	
% of retail loans	34%	61%	5%	55%	27%	66%	30%	30%	38%	32%	35%
Provisions % of loans	14.6%	9.2%	5.0%	5.6%	10.4%	7.4%	5.5%	9.0%	4.6%	6.0%	8.4%
Liabilities	65,859	48,351	42,878	41,425	27,217	26,793	16,942	15,189	15,840	6,208	
Customer accounts	44,042	12,420	14,586	12,286	9,910	10,595	5,824	4,909	7,666	2,939	
% of term deposits	72%	58%	63%	50%	80%	79%	62%	74%	81%	73%	74%
% of retail accounts	65%	58%	49%	49%	17%	81%	63%	60%	69%	60%	58%
Equity	8,507	4,020	8,192	5,249	3,170	1,281	2,443	3,362	2,477	895	
QoQ change											
Assets	-7.2%	-6.0%	5.7%	-6.1%	-6.0%	-8.1%	-5.5%	-8.0%	-0.7%	-8.3%	-6.0%
Loans	-4.4%	-5.0%	10.5%	-4.0%	-1.8%	-2.0%	-1.4%	-6.9%	-1.3%	-4.7%	-2.3%
Liabilities	-8.5%	-4.9%	-2.1%	-6.9%	-6.2%	-6.7%	-9.0%	-8.9%	-0.8%	-9.3%	-6.6%
Customer accounts	-22.9%	-26.3%	-21.5%	-13.9%	-48.2%	-28.3%	-26.1%	-34.1%	-25.7%	-33.5%	-23.0%
Equity	3.8%	-17.4%	81.8%	1.4%	-4.2%	-30.3%	29.3%	-3.6%	0.0%	-0.7%	-1.8%
F/X exposure: portion of foreign currency:											
In assets	50%	77%	58%	72%	66%	55%	71%	59%	46%	58%	53%
In liabilities	55%	85%	69%	81%	70%	46%	83%	68%	52%	66%	61%
In loans	48%	85%	63%	80%	68%	64%	76%	71%	45%	67%	57%
In customer accounts	56%	55%	53%	51%	52%	50%	58%	55%	57%	56%	41%
Earnings, UAH mln											
Net interest income	2,926.3	743.8	771.7	755.7	396.2	352.0	222.9	282.1	209.4	115.0	
Operating income	2,130.2	676.2	755.7	694.4	741.6	-606.3	115.7	228.1	83.5	55.8	
Changed provisions	-1,788.3	-1,631.4	-743.1	-563.5	-898.0	50.2	-202.2	-347.8	-83.3	-62.6	
Net income	339.4	-851.8	7.6	54.2	-161.4	-557.5	-86.7	-119.8	0.2	-6.8	
ROA	0.5%	-1.6%	0.0%	0.1%	-0.5%	-2.0%	-0.4%	-0.6%	0.0%	-0.1%	-0.8%
ROE	4.0%	-21.2%	0.1%	1.0%	-5.1%	-43.5%	-3.5%	-3.6%	0.0%	-0.8%	-6.0%

Note: * First Ukrainian International Bank; ** Finance & Credit Bank
 Gray cells indicate worse than sector average performance

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