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## Analyst's Notebook

Ukraine / Fixed Income  
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### Ukreximbank Eurobond Placement Makes A Splash

**The largest Ukrainian Eurobond issue in 2006 improves the average weighted cost of Eurobond borrowing for Ukrainian corporations.**

After a relatively quiet 1H, Ukreximbank's offering of \$350 mln, announced on August 31, was the largest ever from a Ukrainian bank and the first from an EEMEA borrower since late July. The book was twice oversubscribed allowing for a coupon 75 bps lower, and a 88 bps tighter spread over UST-10, than the bank's previous placement earlier this year.

Ukreximbank's record of Eurobond placements stands out when compared to other Ukrainian issuers:

#### Corporate Eurobond Issues In 2006

Security	Issue Amount USD, mln	Issue date	Maturity	Coupon, %	Spread over UST-10, bps	Spread over Libor, bps
PrivatBank, 2016	150	09.02.2006	09.02.2016	8.75	416	369
Ukreximbank, 2016	95	09.02.2006	09.02.2016	8.4	381	325
Azovstal, 2011	175	28.02.2006	28.02.2011	9.125	455	398
Ukreximbank, 2011	350	07.09.2006	07.09.2011	7.65	293	219

Source: Bloomberg, Concorde Capital

Before Ukreximbank's latest issue, the weighted average cost of Eurobond borrowings by Ukrainian corporations in 2006 equaled 8.83%, or 64 basis points higher than 2005. Thanks to the recent placement, the indicator dropped to 8.29% - only 10 bps more than in 2005. Quite remarkable, taking into account that over the same period the UST-10 benchmark increased by more than 50 bps.

In 2002 Ukrainian corporations borrowed at Eurobond markets at an average weighted cost of 12.75%, in 2003 this figure was 10.89%, a year later it dropped down to 8.72%, and again declined to 8.19% in 2005.

We are eager to see what other Ukrainian issuers will offer this fall. In particular, Ukrsibbank (a BNP-Paribas acquisition) is expected to make a sizeable Eurobond issue.

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