



Ukraine / Banking

Ukrsotsbank

Threefold Share Issue Starts

HOLD

June 1, 2007

12M Target

Undiluted
USD 0.80

Diluted
USD 0.30

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Market Information

Bloomberg	USCB UZ
No of Shares, mln	
Current	3,700
After share issue	10,200
Market price, USD	0.36
MCap, USD mln*	1,332
Free float	4.4%
FF MCap, USD mln	58.6

* based on old # of shares

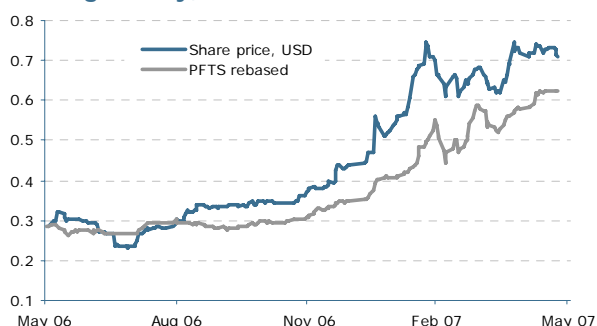
Stock Ownership

Interpipe affiliated companies	88%
Tempsford Investments	7.6%
Other	4.4%

Ratios, 2006

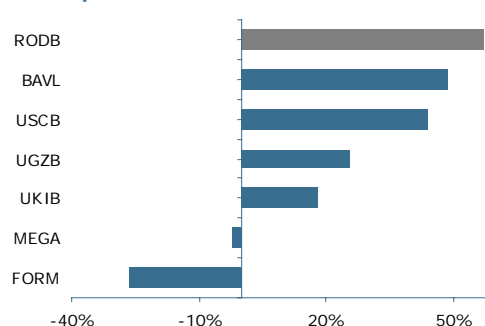
Net Interest Margin	6.0%
Net Margin	26.0%
ROE	20.0%
Cost/Income	59.0%

Trading history, USD



Source: PFTS

Sector performance, YTD*



* PFTS Mid, not adjusted for new share issues

Following the ex-rights date on June 4, Ukrsotsbank will open subscription for a USD 129 mln additional share issue, which will triple the bank's share capital to USD 202 mln. The bank is going to place 6.5 bln common shares at par value of USD 0.0198.

Today the market has reacted to the share issue: The price dropped 81% from the yesterday's USD 0.65 to USD 0.36. We estimate that the price should adjust further to around USD 0.25-0.27 per share.

Our diluted target of USD 0.30 suggests a 17% downside to the current market price and around an 11-20% upside to the fully diluted price. We maintain our HOLD recommendation.

In the meantime, today the PFTS Index committee decided to temporarily exclude Ukrsotsbank from its index calculations for June so that a sharp drop in the price will not affect index dynamics. The move went into effect June 1, 2007.

Key Financials, USD mln

	Loans	Deposits	Equity	Net income
2006	2,461	2,178	382	57
2007E	4,108	2,870	630	100
2008E	6,483	3,741	870	154

Spot exchange rate: 5.05

	P/E	P/B
	44.5	6.6
	25.6	4.0
	16.7	3.2

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