

BANKING MARKET IN UKRAINE 2009-2011 RESEARCH BRIEF



SAMPLE

by Intelace Research
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UKRAINE – GENERAL OVERVIEW

Ukraine - Country Map



Ukraine - Overview

Area: 604 thousand square km.

Population: ~ 46 million, of which:

- 54% female, 46% male
- 86% aged 15 and over
- 68% urban population

Average life expectancy: 65Y male, 76Y female

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Major cities (inhabitants in thousand): Kiev (2610), Lviv (1470), Dnipropetrovsk (1060), Odessa (700), Donetsk (1020)

Political situation: Presidential election set for Jan 2010 are determining political direction since leaders of largest parliamentary parties are expected to be key rivals. Upcoming election is obviously not encouraging politicians to perform necessary reforms including budget spending cuts. In contrary the currently enforced increases in wages and benefits may result in higher unemployment and accelerating inflation

Country ratings

November, 2009

Fitch:
Long term fx rating: **B-**

S&P:
Long term fx rating: **CCC+**

GDP growth prospects-2010

IMF: +2.7%

World Bank: +2.5%

EIU Viewswire: +1.0%

Macroeconomic outlook:

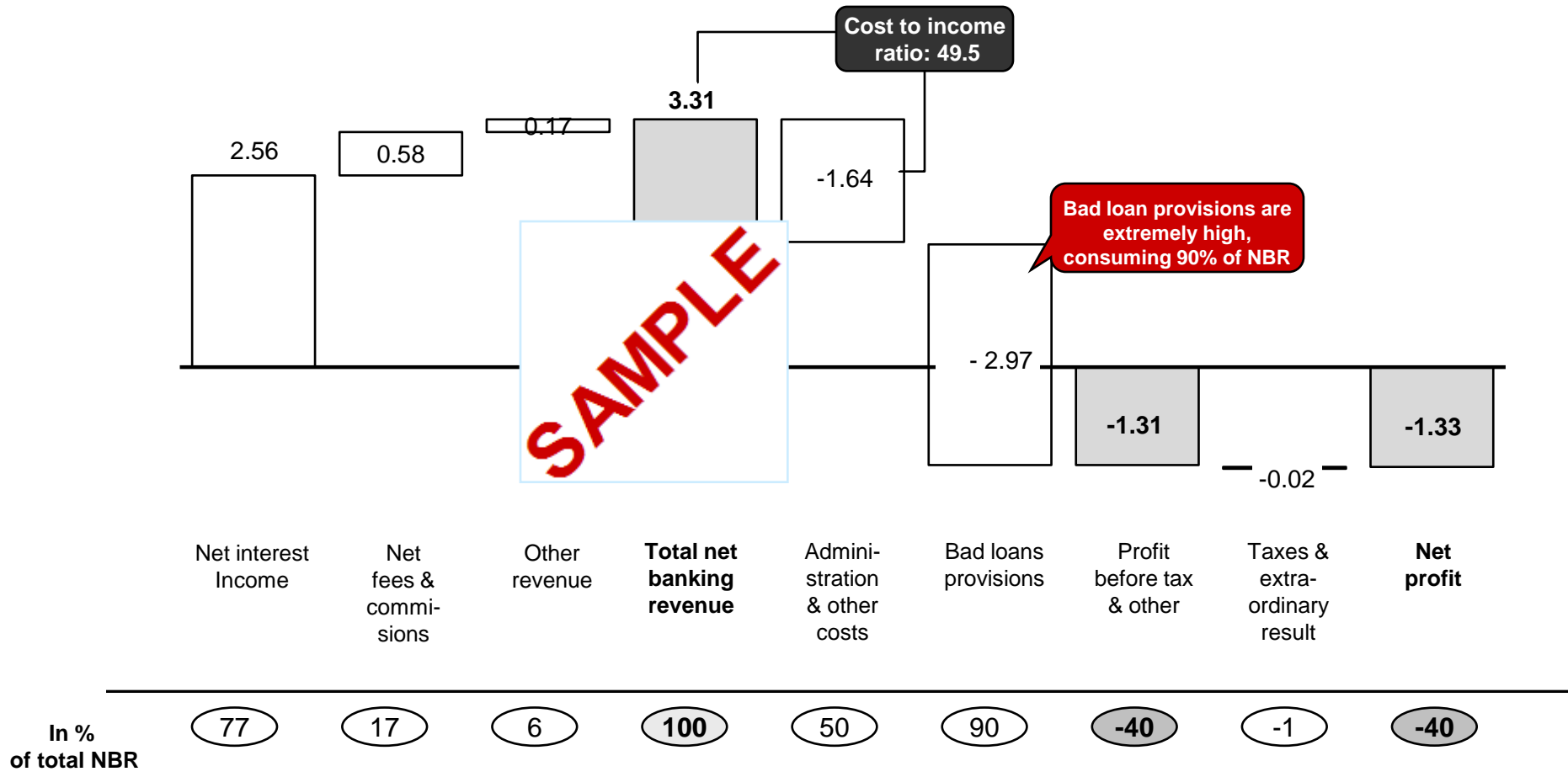
After a dramatic fall of GDP in 2009 and significant depreciation of the currency the economy is likely stabilize on a lower level in the coming year. The recovery will most probably speed up first in 2011

IN 1H 2009 UKRAINIAN BANKS RECORDED 3.3 BILLION EUR IN REVENUES BUT SUFFERED 1.3 BILLION EUR NET LOSS DUE TO COSTS OF BAD LOANS






Commercial banks - Profit and loss account, 1H 2009

EUR billion

**1H 2009
RESULTS**



RECENT BANK M&A DEALS IN UKRAINE (1/4)

Date	Buyer (Country)	Target	Stake & Price**	Valuation multiples*		
				P/A	P/BV	P/E
2006	Sberbank (RU)	 Банк НРБ	<ul style="list-style-type: none"> • 100% NRB Bank • 80 million EUR 	0.53	4.5	42.1
2006	PPF (CZ)	ПРИВАТИНВЕСТ	<ul style="list-style-type: none"> • 100% Privatinvest • 14 million EUR 	0.28	1.8	23.3
2006	PPF (CZ)	 АГРОБАНК	<ul style="list-style-type: none"> • 100% Agrobank • 24 million EUR 	0.24	2.4	60.0
2005	BNP Paribas (FR)	 УКРСИББАНК	<ul style="list-style-type: none"> • 51% Ukrsibbank • 400** million EUR 	0.4	4.9	83.4
2005	Raiffeisen Bank (AT)	 АВАЛБАНК	<ul style="list-style-type: none"> • 90% AVAL bank • 830 million EUR 	0.37	4.2	402.4
2005	SEB (SE)	 АЖІО БАНК	<ul style="list-style-type: none"> • 98% of Aggio bank • 24 million EUR 	0.51	2.0	30.6

* Price/Assets, Price/Book Value and Price/Earnings multiples for the year of transaction; Bank valuation adjusted to 100%

** Price paid for the acquired stake

Source: Banks, press, Intelace Research

TOP BANKS (1/5) – PRIVATBANK



CAGR**

Background	Products	Results																														
<ul style="list-style-type: none"> Privatbank is the largest universal bank in Ukraine. It is a clear leader in the retail banking business and belongs to top corporate players Privatbank is an independent bank, since it is owned by a group of local individual investors, corporate subjects and management 	<ul style="list-style-type: none"> PB offers a broad portfolio of products for both: individual and corporate clients. Within the retail segment PB is strong in payments cards with ~13 million active cards issued (as of 1H' 09) 	<p>Assets EUR billion</p> <table border="1"> <tr> <th>Year</th> <td>2006</td> <td>2007</td> <td>2008</td> <td>1H09</td> </tr> <tr> <th>Assets (EUR billion)</th> <td>5.08</td> <td>7.58</td> <td>7.38</td> <td>7.39</td> </tr> </table> <p>Market share*(%)</p> <table border="1"> <tr> <th>Year</th> <td>2006</td> <td>2007</td> <td>2008</td> <td>1H09</td> </tr> <tr> <th>Market share (%)</th> <td>9.9</td> <td>9.4</td> <td>8.7</td> <td>9.2</td> </tr> </table> <p>Capital EUR million</p> <table border="1"> <tr> <th>Year</th> <td>2006</td> <td>2007</td> <td>2008</td> <td>1H09</td> </tr> <tr> <th>Capital (EUR million)</th> <td>0.49</td> <td>0.73</td> <td>0.75</td> <td>0.80</td> </tr> </table>	Year	2006	2007	2008	1H09	Assets (EUR billion)	5.08	7.58	7.38	7.39	Year	2006	2007	2008	1H09	Market share (%)	9.9	9.4	8.7	9.2	Year	2006	2007	2008	1H09	Capital (EUR million)	0.49	0.73	0.75	0.80
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History	Channels:																															
<ul style="list-style-type: none"> 1992 Privatbank founded as a LLC 2000 Organizational changes, a joint stock company is created 2004 Thanks to quick growth bank gains market leadership in Ukraine 2004-2007 International expansion: Latvia, Russia, Cyprus, Georgia 2007/2008 Bank raises new capital 	<ul style="list-style-type: none"> PB has a dense distribution network with almost 3000 outlets and service points across the whole country PB leads in acquiring business w 46,600 POS terminals and also o the largest ATM network: ~8000 machines (as of 1H' 09) Internet access is available throu online banking system "Privat-24" 																															
Shareholders	Customers																															
<p>As of 1H 2009 (in %)</p> <p>Igor Kolomoyskiy: 49.0% Gennadiy Bogolubov: 48.9% Other (management and corporates): 2.1%</p>	<ul style="list-style-type: none"> Retail business is dominating Bank holds: <ul style="list-style-type: none"> - 9 million retail clients - 305 thousand SME accounts - 325 thousand corporate accounts 																															

Slightly falling market share

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* By total net assets
 ** Compound Annual Growth Rate
 Source: NBU, Bank, Intelce Research

NOTES ON METHODOLOGY

FX rates:

- As a general rule all balances like: assets, deposits, loans etc. have been converted from the local currency into Euro using **end of year** exchange rate
- All results achieved during a period of time like: profits, revenues, new sales etc. have been converted from the local currency into Euro using **average** exchange rate
- Exchange rates used in the report:

EUR/ UAH	2003	2004	2005	2006	2007	2008	1H09	3Q09
Average	6.02	6.61	6.39	6.34	6.92	7.71	10.24	10.55
End of period	6.66	7.22	5.97	6.65	7.42	10.86	10.76	11.65

Estimates and Forecasts:

- In some cases, recent or verified data was not available. Therefore, necessary short-term estimations have been done to fill the gaps. Estimates have been always indicated with the letter “E”
- When preparing forecasts we have built models using latest observed trends, available forecasts of main economic indicators, seasonal changes observed in the past and other specific factors considered important.

Multiple sources:

- In some cases multiple sources of similar data exist. In this situation we try to select the most appropriate one /in our view/. The source is indicated in the footer area of each slide. Nevertheless in specific cases, before interpreting the data it is recommended to get a good understanding on the methodology of data collection.

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The lead researcher and founder of Intelace Research is Marcin Mazurek.

Our contact details:
Intelace Research
Stryjenskich 13c/78,
02-791 Warszawa, Poland
Tel. +48 22 408 66 20,
Tel. +48 502 512 178
Fax. +48 22 349 21 40
mail: info@intelace.com url: www.intelace.com

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Intelace Research
Stryjenskich 13c / 78
02-791 Warszawa, POLAND

Tel. +48502512178, Fax. +48223492140

email: info@intelace.com
website: www.intelace.com

EU VAT ID: PL-1230807095
Local company registry (REGON) ID:
140235909

Bank: BRE Bank, Mickiewiczza 10,
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UniCredit	ПРИВАТБАНК
BNP Paribas	РАЙФФАЙЗЕН БАНК АВАЛЬ
Raiffeisen	УКРСИББАНК
PRIVATBANK	ДЕРЖАВНИЙ ЕКСПОРТНО-ІМПОРТНИЙ
REIFFEISEN AVAL	УКРСОЦБАНК
UKRSIBBANK	НАДРА
UKRSOTSBANK	ОЩАДБАНК
UKREXIMBANK	ПУМБ
PROMINVESTBANK	АЛЬФА-БАНК
OSCHADBANK	ОТП БАНК
NADRA	БРОКБІЗНЕСБАНК
OTB	ФОРУМ
FINANCE AND CREDIT	КРЕДИТПРОМБАНК
KREDITPROMBANK	ФІНАНСИ І КРЕДИТ
FIRST UKR.INTERNATIONAL	ПРИКАРПАТТЯ
FORUM	ТАС-ІНВЕСТБАНК
UKRPROMBANK	МРІЯ
BROKBUSINESSBANK	ПРЕСТИЖ
ALFA-BANK	БАНК УНІВЕРСАЛЬНИЙ
RODOVID	
TAS-KOMMERZBANK	
MARINE TRANSPORT BANK	
VNESHTORGBANK	