



Ukraine Overview of the Banking Sector

Basic Data

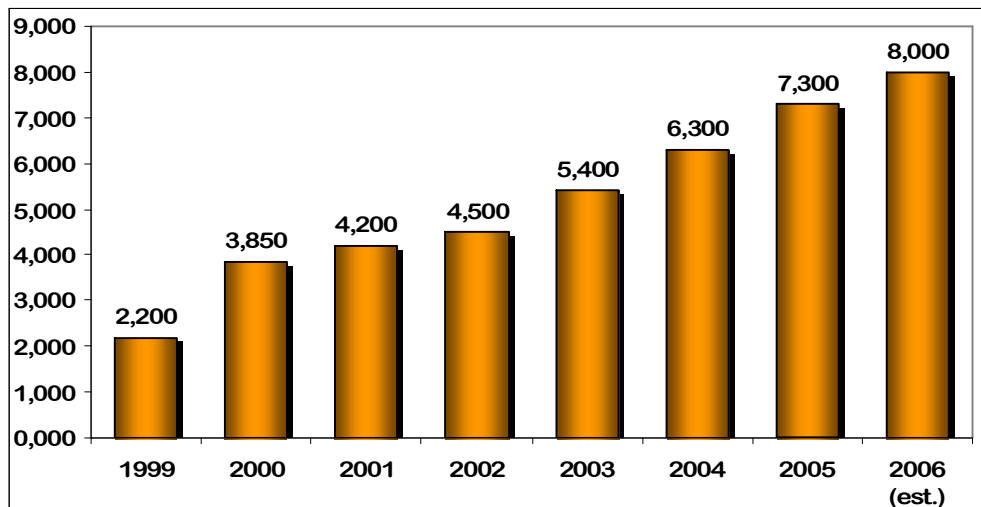
Ukraine is one of the biggest Ukrainian countries with the population of 47 million people

Ukraine has a well diversified population and geographic wealth distribution.

GDP per Capita (PPP) on a purchasing power parity basis



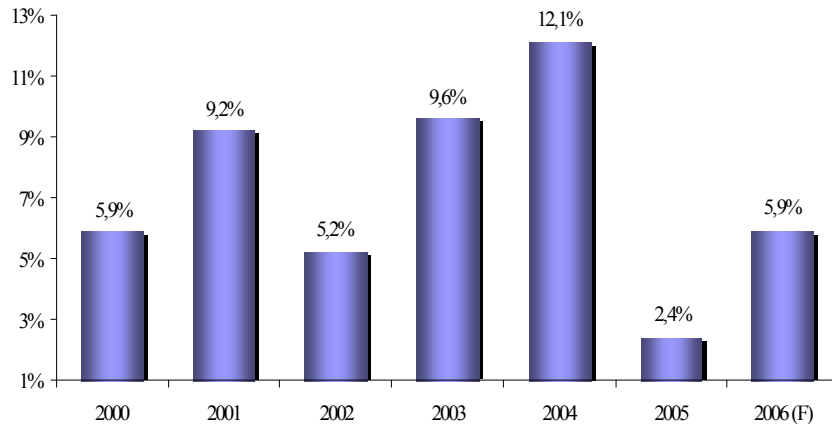
© www.world-gazetteer.com



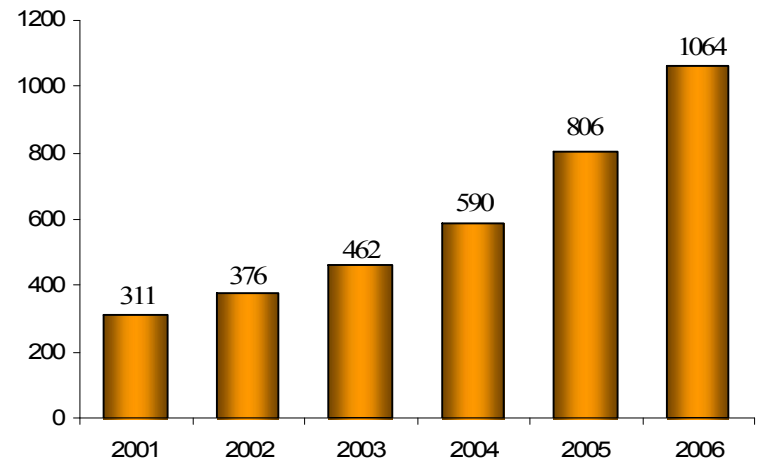
Population in '000 (2001)	
Kiev (capital)	2,601
Charkiv	1,470
Dnipropetrovs'k	1,065
Odesa	1,029
Donetsk	1,016
Lviv	760

Convincing Growth

GDP Growth



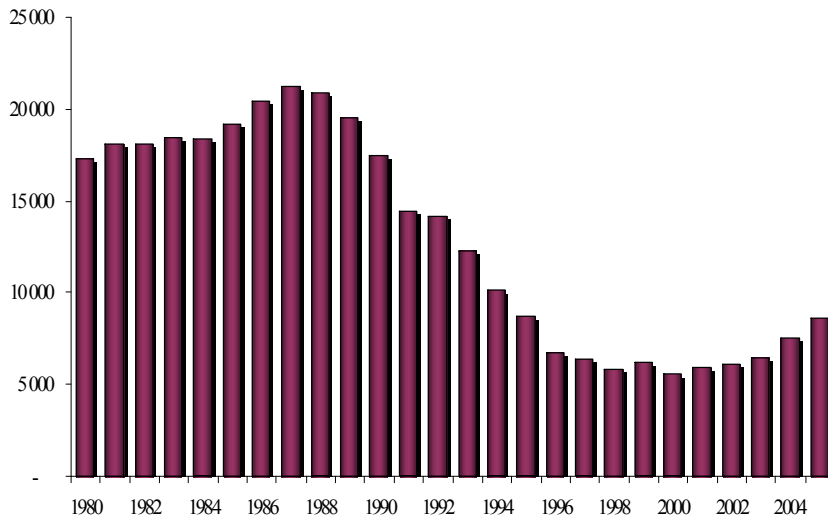
Average Salary in UAH



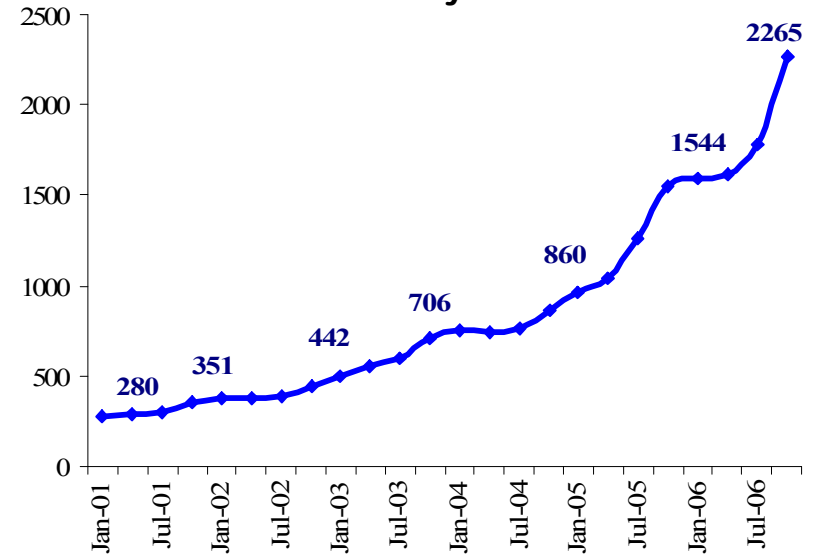
- Strong economic growth drives the average salary levels
- The potential of 47 million people market is still largely untapped

Residential Construction and Property Prices

Residential Construction Volumes, '000 m²



Average Residential Price (US\$/1m²)
in Kyiv

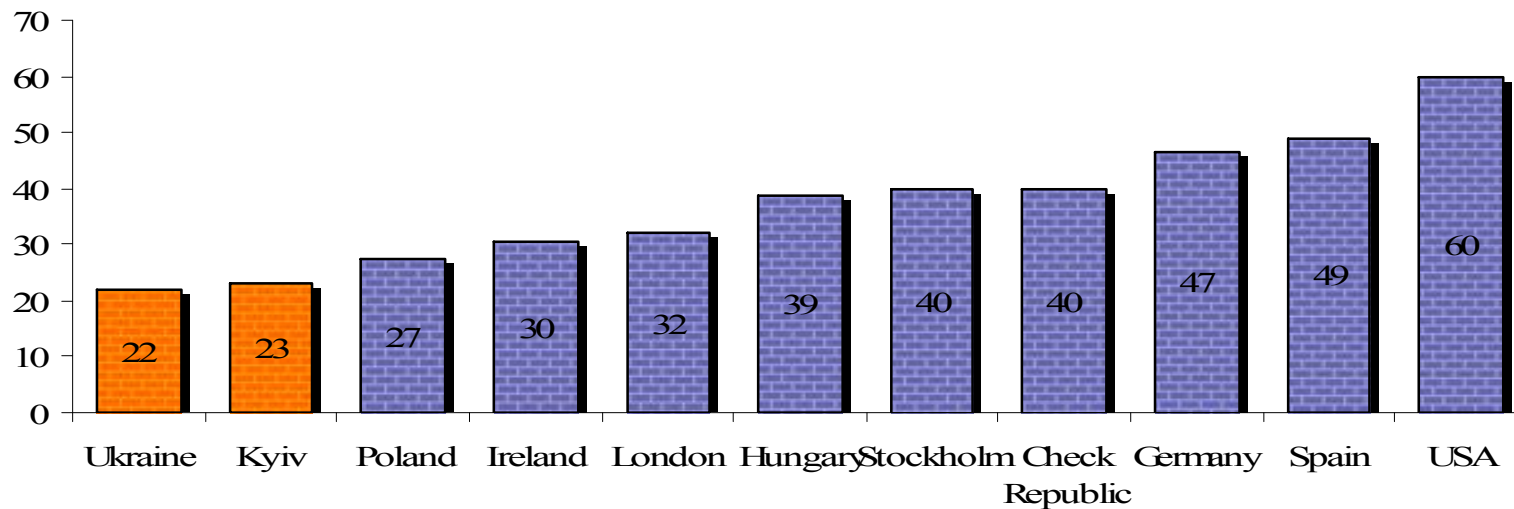


Housing construction still lagging behind the “good old times”

The market is demand driven resulting in the rapidly growing prices in major urban areas, particularly Kiev, Odessa and central districts of Lviv, Dnipropetrovs'k and Charkiv

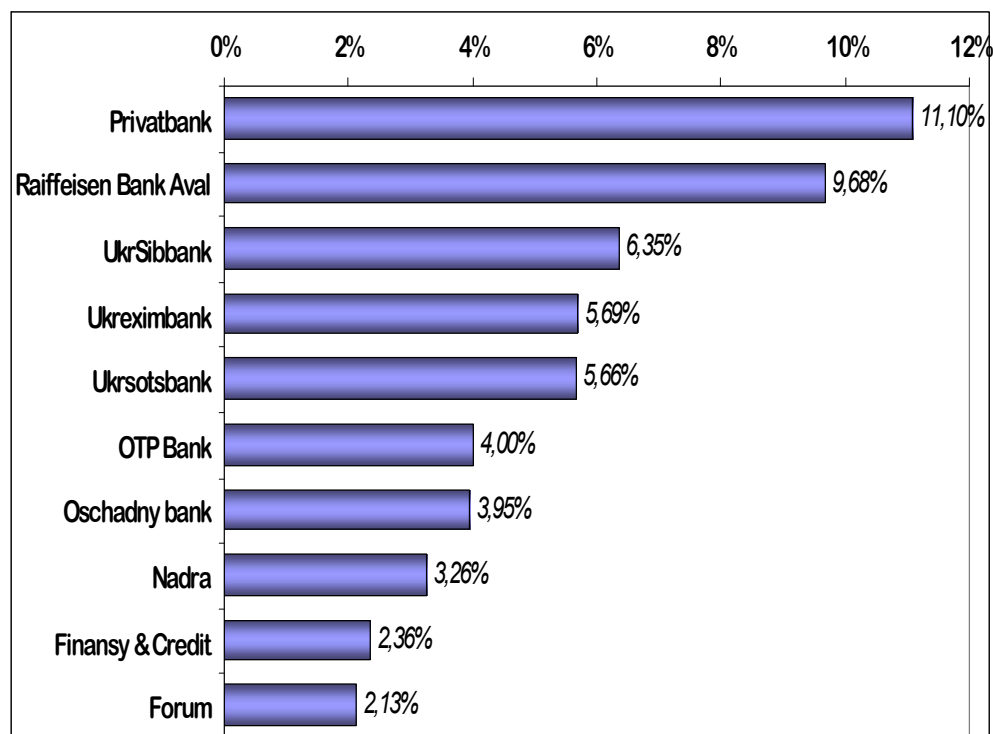
Lagging behind...

Number of squared meters per capita in Ukraine versus selected jurisdictions



Banks In UA

TOP-10 Banks - Share in total assets of the banking system, %



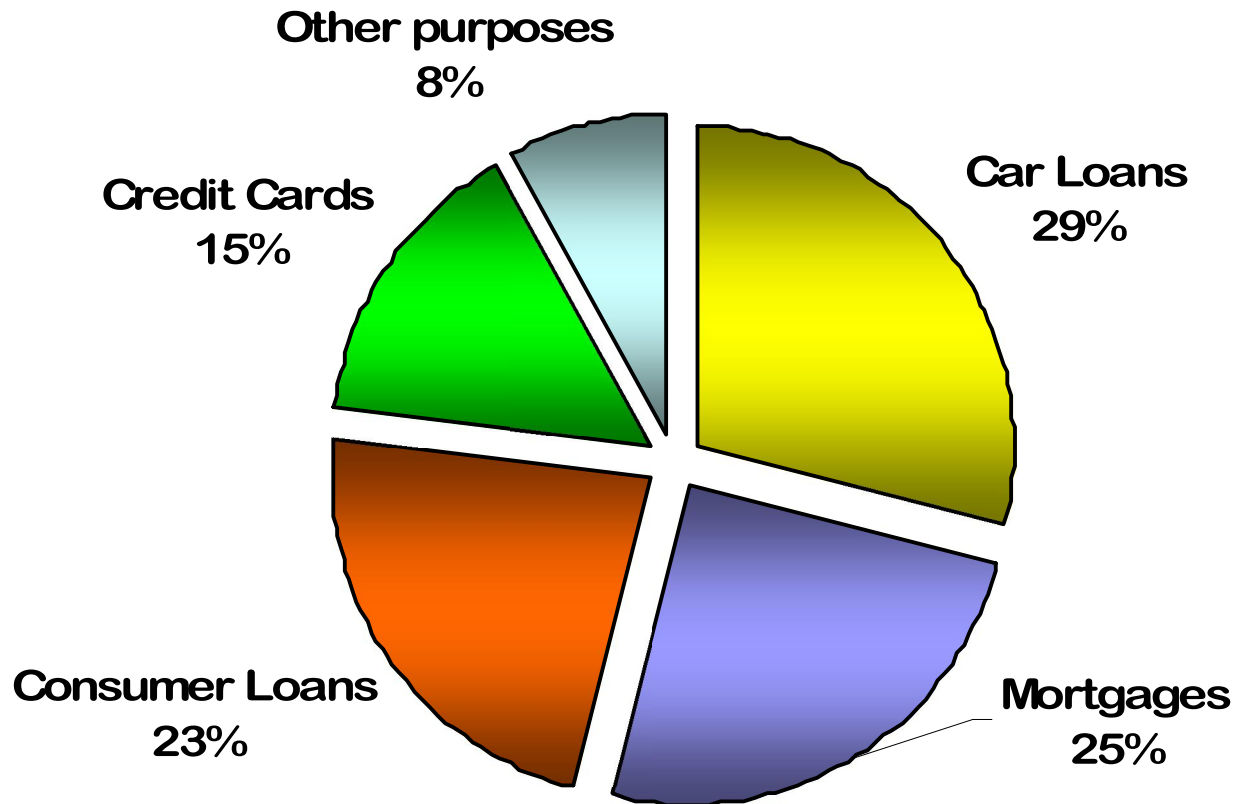
There were 166 banks operating in Ukraine as of September 1, 2006. Out of them 30 are with foreign capital

Total assets – € 43 billion

Foreign capital accounts for roughly 1/3 of the Ukrainian banking sector

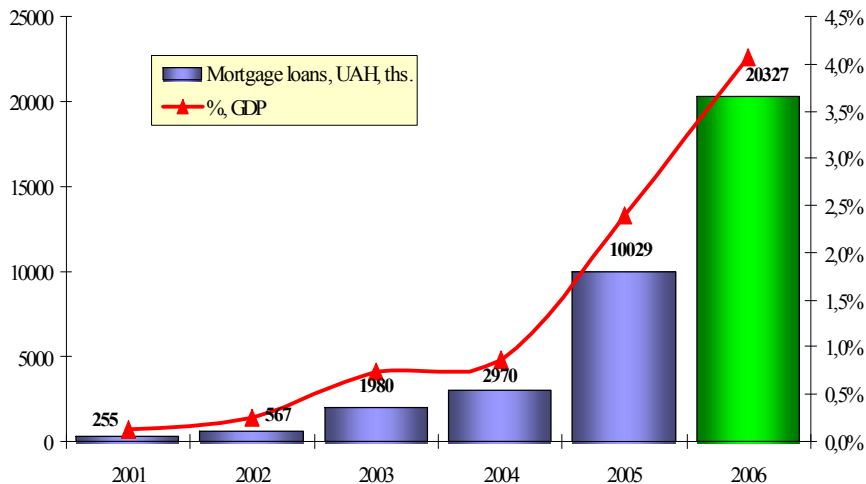
Retail Banking

Total market size is around
€12,5 billion



Mortgage Market – Beating all Expectations

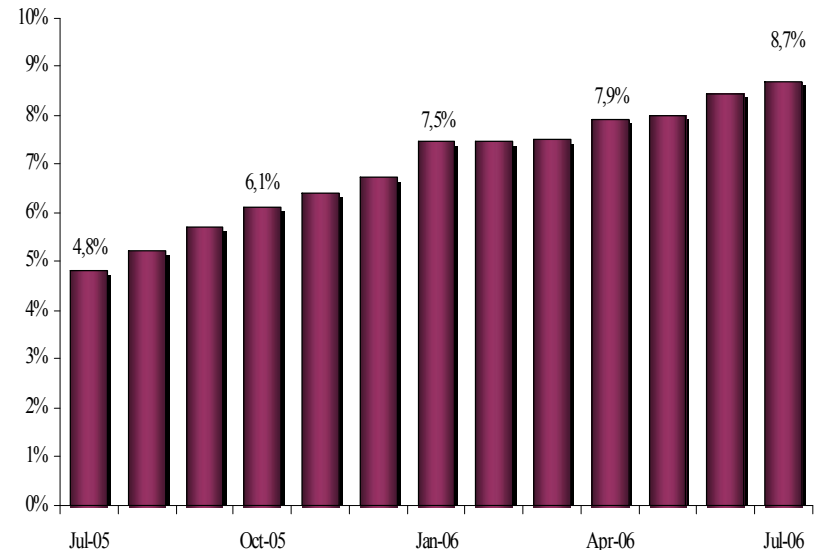
Mortgage Dynamics,
(volume in UAH left; % of GDP right; 1€ = 6,5UAH)



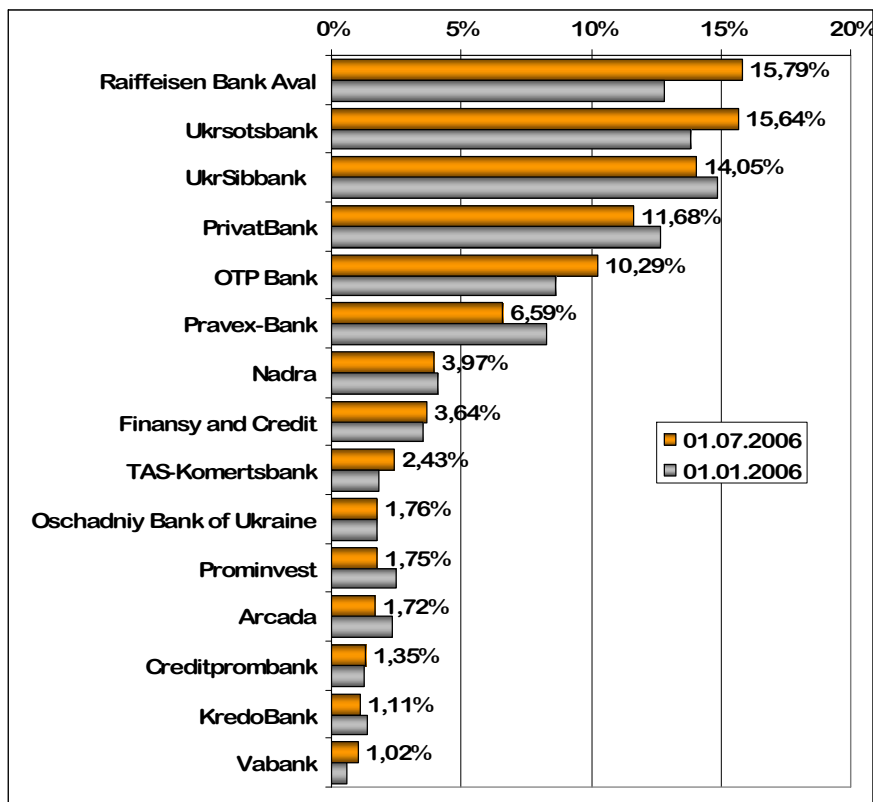
The total mortgage portfolio will exceed € 3 billion benchmark this year, constituting 8,7% of the banking lending portfolio and roughly 3,7% of the nation's GDP

Mortgage market “slowed down” in 2006 only doubling in size after growing more than threefold in 2005

Mortgage Loans as % of the overall banking lending portfolio



The Key Players in Mortgage



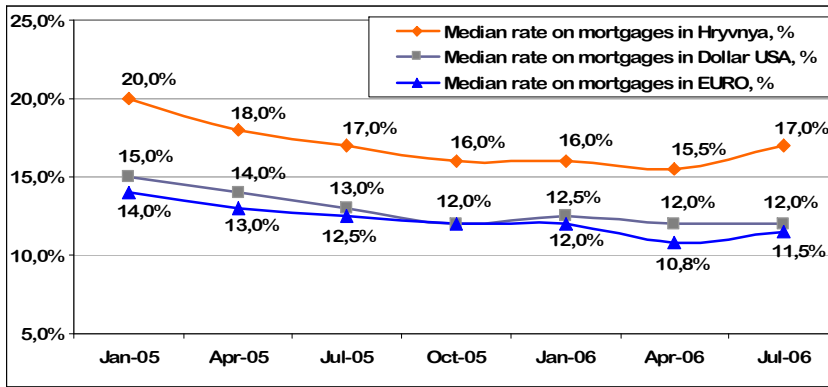
The mortgage market remains highly concentrated, 86 % of mortgage market accounts for the first ten banks, the first five banks control more than 67 % and the first 15 banks – more than 92.8 % of the market.

13 banks have mortgage portfolio of more than EURO 50 million, while only 8 of them have a portfolio above EURO 100 million.

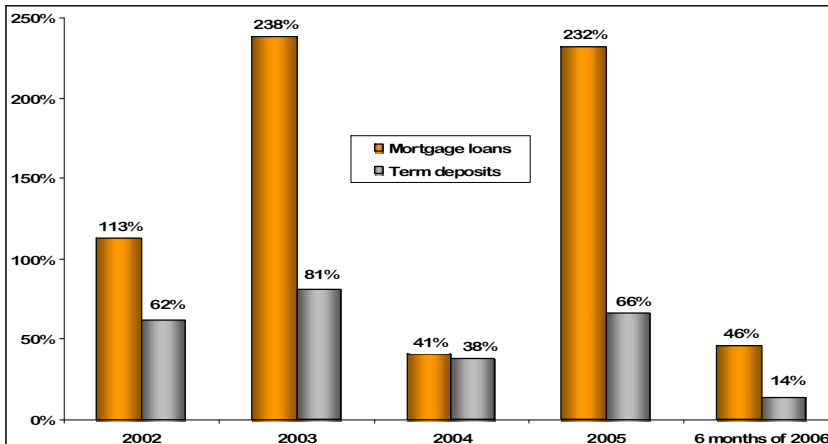
Market share of 15 biggest banks on the mortgage loans market as of July 1, 2006, %

Funding, funding and funding

Median rates on mortgage loans in 2005-2006, %



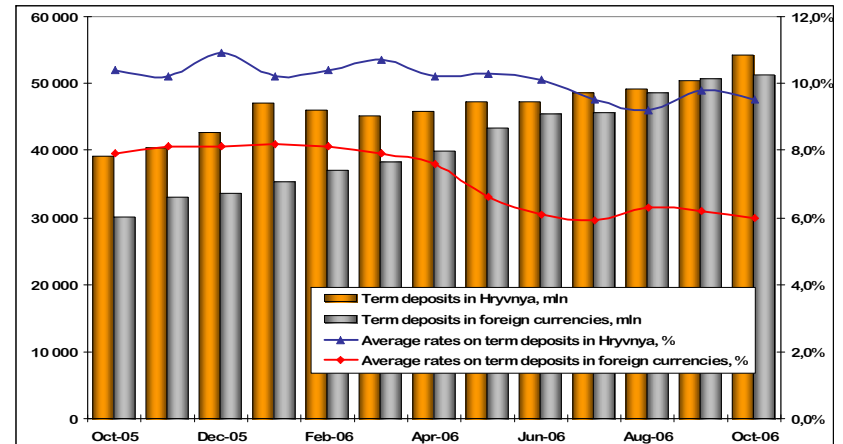
The dynamics of growth in mortgage loans and term deposits in 2002-2006, %



- Deposits are still the main source of mortgage financing for Ukrainian small and middle banks. However, a 3 tier funding system exists:

- International banks (BNP Paribas, Calyon, UniCredit, Intesa, SEB, OTP, Raiffeisen, etc subsidiaries), tapping into parent group “cheap resources”
- Leading local banks (Privat, F&C, Nadra, etc) relying on deposits and some international borrowing (eurobonds and syndicated loans)
- Small and Medium Size local banks – relying fully on deposits

Volume of term deposits, in millions UAH. Interest rate on term deposits in 2005-2006





Refinancing is Top on the Agenda

- **First securitization just happened**
- **First Covered Bond just happened**
- **Legal framework is in place**

Typical Features of the Mortgage Loan

Interest rates	fixed
- in UAH	16,5-17,5%
- in EUR	10-12%
Typical LTV	65-75%
Duration	5-30 years
Payment to Income, %	50%
Default level	Less than 1 %
Average Loan Size	€ 40,000
Currency of choice	USD, EUR (85%)



Kyiv, Ukraine

+380-44-230-2225

unia@unia.com.ua

www.unia.com.ua