



## Erste Bank's UTX-Certificate: Profit from the Ukraine's rapid growth

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**In the course of its successful expansion into Central and Eastern Europe, Erste Bank acquired 100% of the Ukrainian Bank Prestige in 2007, which subsequently was renamed Erste Bank Ukraine. The bank operates over 70 branch offices throughout the country and aims to increase its market share from 1% to 4% through rapid organic growth by 2010.**

Apart from the banking business, a closer look at the overall economy of the country reveals an encouraging outlook. After all, the Ukraine is the second-largest country in Europe in terms of national territory, with approximately 47 million inhabitants.

### **Spring is in the air in the Ukraine: macroeconomic data and the political development incredibly promising**

In the autumn of last year, the political deadlock was overcome. The Ukraine is scheduled to become a member of the WTO in 2008 and the accession is expected to have a positive effect. Membership would not only ensure a higher degree of legal certainty, but also contribute positively to the structural transformation of the economy. The elimination of import duties on steel from the Ukraine would boost investments in exports to the EU. Moreover, the upcoming accession to the WTO is a milestone in the process of moving closer to the EU.

GDP growth hit nearly 7% in 2007 and is expected to continue at 7% in the coming year. Due to extremely low wage costs and the labour force's high degree of training, foreign direct investments have greatly increased in the past few years. This trend is expected to continue. These developments are fuelling expectations of a boom in purchase power, as economists expect real wages to rise at an annual rate of around 15% for the population of almost 47m in the coming years.

### **The Ukrainian stock market – a hidden treasure in the Eastern Europe portfolio?**

To date the relatively uncharted stock market has been mostly neglected by the international investing community. Therefore, the estimated PER for 2008 is 14. This means that the Ukrainian stock market has one of the lowest valuations in Eastern and Southeast Europe. Privatisations, the switching of assets in favour of stocks, and the lively interest of international investors are likely to substantially increase daily trading volumes. The parliament has been presented a bill to vote on with a list of 600 companies that are to be privatised within the next years.

In the autumn of 2007, the Ukrainian Stock Exchange PFTS and the Vienna Stock Exchange started collaborating and have been calculating the Ukrainian country index UTX (Ukrainian Traded Index). The index currently includes the stocks of ten Ukrainian companies; the most heavily weighted stock in the index is the utility company Zakhidenergo with 14.88%. Generally, no company is permitted to have a weighting of more than 25% in the index. The composition of the index is reviewed twice a year.

Investors that would like to take advantage of the opportunities offered by the Ukraine can do so by investing in index certificates of Erste Bank that track the index 1:1:

#### **Key Facts:**

ISIN	AT0000A08CY4
Underlying	UTX Euro (Reuters.:UTXEUR)
Exchange ratio	100:1
Currency	EUR
Maturity	open end
Exchange listing	Vienna ,Stuttgart (EUWAX(
Price information	<a href="http://www.erstebank-zertifikate.com">www.erstebank-zertifikate.com</a> <a href="http://erstebank.onvista.de">erstebank.onvista.de</a> Reuters:ERSTE02

#### **Current composition of the UTX:**

<b>Name</b>	<b>ISIN</b>	<b>Sector</b>	<b>Weighting</b>
Zakhidenergo	UA1300591005	Utilities	14.88%
Azovstal	UA0501431003	Steel	13.59%
Interpipe	UA0400081008	Steel	11.62%
Motor-Sich	UA0800541007	Aircraft supplier	10.28%
Centrenergo	UA1006831002	Utilities	10.18%
Dniproenergo	UA0800291009	Utilities	9.61%
Ukrtelecom	UA1004311007	Telecommunications	8.51%
Raiffeisen Bank Aval	UA1000051003	Bank	8.25%
Ukrnafta	UA1004781001	Oil & gas	7.73%
Ukrsotsbank	UA1002231009	Bank	5.35%