

A Universal Bank with Ambitious Goals

An Interview with Borys V. Tymonkin, Chairman of the Board,
Joint-Stock Commercial Bank for Social Development UKRSOTSBANK, Kiev



Borys V. Tymonkin

EDITORS' NOTE In addition to his current post with Ukrsotsbank, which he assumed in 2001, Borys Tymonkin is head of the council of the First Stock Trading System (PFTS), Vice Chairman of the Supervisory Council of the Interregional Securities Union (MFS), and Vice Chairman of the supervisory council of the Association of Ukrainian Banks (AUB). He is a graduate of the Kyiv Institute of National Economy (now Vadym Hetman Kyiv National Economic University).

COMPANY BRIEF The Joint-Stock Commercial Bank for Social Development "UkrSotsbank" (www.usb.com.ua) is currently one of the largest system banks in Ukraine, with net assets exceeding UAH 21.5 billion as of May 2007. Founded 16 years ago, the bank operates in three principal sectors: retail banking for individuals and small- and medium-sized enterprises, corporate banking for Ukrainian organizations, and securities services for other commercial banks and financial companies. UkrSotsbank also offers specialized services to the construction industry, governmental agencies, and pension funds. Recognized as the best consumer bank in Ukraine in 2006, UkrSotsbank also operates around 500 branches and outlets, 800 ATMs in Ukraine and employs approximately 10,000 people.

What do people most need to know about the Ukrainian banking sector?

One of the most important trends is the attraction of foreign capital to the Ukrainian bank-

ing market. The sale of several Ukrainian banks shows a change in the investment environment in recent years. By purchasing banks in Ukraine, the international business world has voted for our country. Our banks are now attractive for global capital. Our GDP has grown steadily.

What is UkrSotsbank's strategy for the future?

We are planning to develop as a universal bank with rather ambitious goals and plans. In accordance with our 2007 results, we can reach the level of UAH 27 billion in net assets and an additional UAH 13 billion over the next year that will enable us to achieve UAH 40 billion. We plan to reach UAH 100 billion in net assets in the next five years, which is very significant for Ukraine. Our individual loans portfolio – UAH 8.9 billion – exceeded our volume of corporate loans, UAH 6.8 billion, in the summer of 2006. We are gradually approaching the balanced, European credit portfolio paradigm of 70 to 75 percent individual loans to 20 to 25 percent from corporate borrowers.

Today we offer not only mortgages but also loans for reconstruction and consumer purposes, secured by real estate collateral. Our bank emphasizes transparency in our pricing, and we attract new customers with the high quality of our services and simple procedures, rather than with ostensibly low rates. Mortgages constitute 70 percent of our individual loans portfolio.

We pay special attention to automating our self-service areas, which won't be any different than those of the best European banks. Our self-service areas are equipped with information kiosks and ATMs. Our information kiosks enable clients to carry out cashless transactions, such as transfers from one account to another, without assistance. Moreover, at the kiosks, clients are able to purchase mobile phone vouchers, subscribe to Internet services, and make use of IP telephony. Using our ATMs, clients can deposit funds, repay overdrafts, and make loan payments. Our self-service areas are open 24 hours a day, making it possible for clients to carry out all necessary operations conveniently, without assistance from the bank's staff, in a secured building. We are actively developing our Internet banking services, and we are planning to send bank statements to our clients by mail, so they do not have to waste their time going to the bank for such statements.

In the corporate segment, our bank remains the leader in terms of corporate funds held on

current accounts, and as of January 2007 the figure exceeded UAH 3.2 billion. Clients are seeking a reliable bank with high-quality service. Our leading position in corporate funds proves that our stability and profitability are unquestionably appreciated by our corporate clients.

Today, JSCB "UkrSotsbank" is an absolute leader in the Ukrainian factoring market, and is the only native bank that provides services of international factoring. Our bank represents Factors Chain International in Ukraine. It is also included in its international catalog of factoring market leaders of different countries.

You've noted that "politics does not have that much of an impact" on Ukraine's economy. Why?

Today, our political and economic systems are separated from each other. So even in times of political crisis, the large majority of enterprises continue operating in their regular way. The only things that may spoil this atmosphere are some frightening statements made by chief executives of the state. That is why our policy makers should realize the degree of their responsibility for their words and actions.

I don't see any basic preconditions for serious stability challenges for the Ukrainian financial system. Our banks have a good reserve of liquidity. Due to the solid business appetite of our clients, loan volumes – including investment loans – are permanently growing. The development of construction projects in Ukraine is significant. The number of projects available for rent will increase, and will become a powerful driver for the economy as a whole. Neither the economic nor financial system of Ukraine can be destroyed by political crisis. Besides, both the banking system and the national bank will do their best to keep the situation stable, applying their experience obtained during events at the end of 2004.

UkrSotsbank has announced plans to modernize all of its branches in the next two to three years, as well as to implement Internet banking. What are your plans exactly?

By the end of 2009, we plan to solve all technical problems, and enable our clients to use the whole range of banking services anywhere in the country. Our policy with regard to innovations will become very aggressive this year. As I have already mentioned, we have paid special attention to our information kiosks, have increased the number of self-service areas, and have implemented full Internet banking. These are the products of the future. ●