

NBU allows Ukrainian banks to freely purchase their own Eurobonds

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Posted by:

Posted on : 2017/8/12 13:04:49

Analyst: "All this leads us to maintain our bullish view on OSCHAD, EXIMUK and PUMBUZ notes."

KYIV, Aug 12, 2017 - The National Bank of Ukraine (NBU) made it easier for banks to purchase their own international Eurobonds, Concorde Capital informed clients, based on an Aug 9 bank news release. The NBU has also eased the purchase by banks of sovereign Eurobonds of G7 countries with ratings of no less than AA-/Aa3 and maturity of no longer than five years. While earlier a Ukrainian bank had to apply for an individual license for such purchases, now it can do such transactions by using its general license, the NBU commented. Currently, three Ukrainian banks have Eurobonds outstanding, including Oschadbank (OSCHAD), Ukreximbank (EXIMUK) and PUMB (PUMBUZ). There are also three Eurobond issues of Privatbank (PRBANK), which were bailed-in in late 2016, based on Ukrainian legislation. Concorde analyst Alexander Paraschiy added: "As we highlighted in our comments on the interim financial results of Oschadbank and Ukreximbank, their Eurobonds are currently the most expensive source of their funding. Therefore, it would be wise for them to consider their partial purchase or early redemption in order to reduce their average cost of funding and interest expense. The approved regulation makes such operations easier for the banks. This may also play to support the prices of these bonds. All this leads us to maintain our bullish view on OSCHAD, EXIMUK and PUMBUZ notes.

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