



Focus
Ukraine

Scope
**Economics, bonds, equity &
FX markets**

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Daily Insight

Monetary policy tightens

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WEDNESDAY, 4 MARCH 2015

UX Index (3 months to 4 Mar 2015)



Source: UX.

Key market indicators (as of 3 Mar 2015)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	24.2500	-8.49	+53.29
USD/UAH (1Y NDF)	27.9200	-6.78	+51.33
EUR/USD	1.1176	-0.07	-7.62
USD/RUB	61.8920	-1.03	+1.90
KievPRIME O/N (%)	21.75	+250bp	+285bp
KievPRIME 1M (%)	24.50	+175bp	+460bp

SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	196.64	+131bp	+13,487bp
Ukraine 17, Eurobond (%)	54.78	+5bp	+2,703bp
Ukraine 22, Eurobond (%)	24.75	+0bp	+850bp
Ukraine 23, Eurobond (%)	23.55	+0bp	+799bp
Ukraine 5Y CDS	4,276bp	+81bp	+2,077bp

EQUITIES

Stock market indices

UX (Ukraine)	1,114.56	-1.88	+7.86
MSCI World	431.35	-0.43	+3.41
MSCI EM	986.20	-0.21	+3.13
RTS (Russia)	917.05	+1.49	+16.51
WIG-20 (Poland)	2,323.09	-1.49	+0.31
S&P 500 (USA)	2,107.78	-0.45	+2.37

Notes: Chg – percentage change, if not otherwise indicated;
[1] – total traded volume for stocks listed in
green- or red-shaded box means gain or loss, respectively,
of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Economics: News & Comments

Rise of the key rate increases the price of NBU loans significantly

Yesterday, the NBU increased of its key rate from 19.5% to 30%, effective today March 4. This will have the most severe impact on banks heavily dependent on NBU loans – Privatbank (with UAH20.6bn in NBU loans, or 11.3% of total liabilities, as of January 2015), Oschadbank (UAH20bn; 18.4%), UkrEximbank (UAH5.3bn; 4.7%), Financial Initiative (UAH9.3bn; 30.4%), Finance and Credit (5.0bn; 15.8%). A significant share of these loans is at an interest rate equal to the NBU key rate plus 1.5%.

NBU has made a waiver for the existing stabilization loans - interest rate for them would be fixed until June 1st 2015 at the existing level (21%).

The banks should aim to reduce their outstanding NBU debt and offer depositors higher (up to 5ppt) interest rates. While most banks currently have been experiencing a significant run on deposits, the NBU earlier offered commercial banks the chance to profile their NBU-originated debts to prevent any further drain on liquidity.

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Delta Bank declared insolvent

After prolonged efforts to recapitalize Delta Bank (top-5 in assets), the NBU declared the bank to be insolvent after the owners failed to raise UAH22bn in capital to cover its funding gap.

The deposit guarantee fund estimated insured funds of UAH13bn, making Delta the largest failed bank to date. As the 2015 state budget provides only UAH20bn, more funding will be required if several mid-size banks also are declared insolvent. Authorities rejected the option of nationalizing Delta Bank even though it was ranked one of the top eight most important banks.

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Shareholders' responsibility to be increased

Rada passed a bill that increases shareholders' responsibilities for practices that result in intentional bank failure. As the law gives a broader yet clearer definition of related party lending and prohibits indirect lending to such clients, it is expected to decrease the concentration of risk in the Ukrainian banking sector characterized by a historically large share of non-market lending operations. The bill is up for ratification by the president.

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Bonds: News & Comments

March debut auction fails

The March debut auction failed. The MoF received no bids for the sole 2-year local currency bond maturing on 1 February 2017 which had previously raised a total of UAH42.50m at 16.70%.

Investment implications: *The NBU is adhering rigidly to its agreement with the IMF to withhold domestic QE support at bond auctions. Even though the NBU increased both its reserve requirements and the key interest rate, there was no market demand. As scheduled local currency repayments are low, we expect no market demand at auctions over the next two weeks.*

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Liquidity indicators diverge

Banks' correspondent accounts with the NBU fell UAH2.99bn to UAH24.48bn and total CDs outstanding slid UAH0.31bn to UAH17.81bn yesterday. Local currency debt repayments scheduled for the next 30 days rose UAH6.26bn to UAH10.02bn that day, causing broader banking sector liquidity to increase UAH2.96bn to UAH52.30bn.

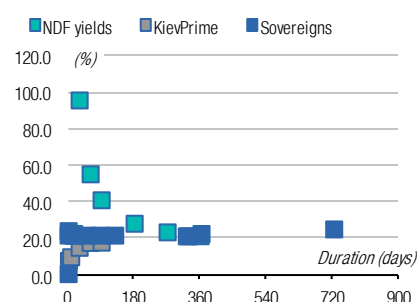
KyivPrime interest rates significantly rose yesterday because of the new NBU regulations: the KyivPrime ON interest rate rose 250bp to 21.75% while the KyivPrime 1M interest rate rose 175bp to 24.50%.

Investment implications: *Although the NBU increased its key rate to 30% and increased reserve requirements for banks to decrease liquidity and demand for FX, yesterday's liquidity indicators were the result of Monday's cash flows.*

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Yield curve of the local bond market

(as of market close on 3 Mar 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 3 Mar 2015)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	21.75	+250bp	+475bp	+285bp	+285bp
1wk	23.00	+300bp	+425bp	+400bp	+400bp
1m	24.50	+175bp	+200bp	+460bp	+460bp
2m	23.50	+262bp	+162bp	+350bp	+350bp
3m	23.50	+262bp	+162bp	+350bp	+350bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	N/A	N/A	N/A	N/A	N/A
CDs ²	N/A	N/A	N/A	N/A	N/A
Sovgns ³	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	338,309	-0.02	+0.00	+6.35	+6.35
Banks	123,405	-2.18	-4.87	+32.08	+32.08
Resid's ⁴	29,850	+0.15	+10.09	+21.59	+21.59
Non-res ⁵	30,940	-2.82	-4.84	+43.62	+43.62
Total	522,504	-0.70	-0.98	+14.17	+14.17
NDF IMPLIED YIELDS (%)					
3m	N/A	N/A	N/A	N/A	N/A
6m	N/A	N/A	N/A	N/A	N/A
9m	N/A	N/A	N/A	N/A	N/A
1yr	N/A	N/A	N/A	N/A	N/A
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	+0bp
Aug '15 ⁶	N/A	-24ppt	+0bp	-24ppt	-24ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	4,276	+81bp	+79bp	+21bp	+21bp
Jun '16	86.61	+19bp	-568bp	+50bp	+50bp
Jul '17	54.78	+5bp	-137bp	+27bp	+27bp
Sep '20	29.51	+1bp	+8bp	+11bp	+11bp
Sep '21	28.40	+1bp	-215bp	+986bp	+986bp
Sep '22	24.75	+0bp	-183bp	+850bp	+850bp
Feb '23	23.55	+0bp	-188bp	+799bp	+799bp

Notes: [1] banks' account balance at NBU; [2] certificates of deposits issued by NBU; [3] UAH sovereign bonds due next 30 days; [4] residents; [5] non-residents; [6] VAT bond.

Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart page: Local bond market & Eurobond markets

Chart 1. Kiev Prime rates (%), last 12-month period

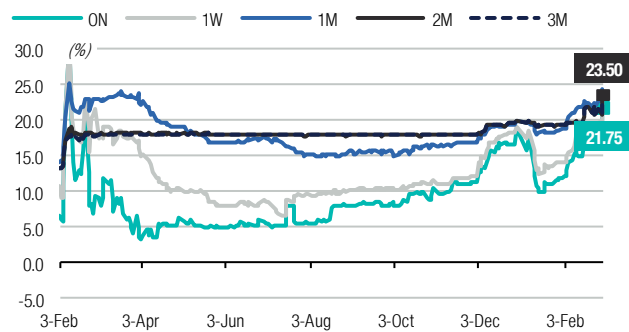


Chart 2. UAH NDF implied yields (%), last 12-month period

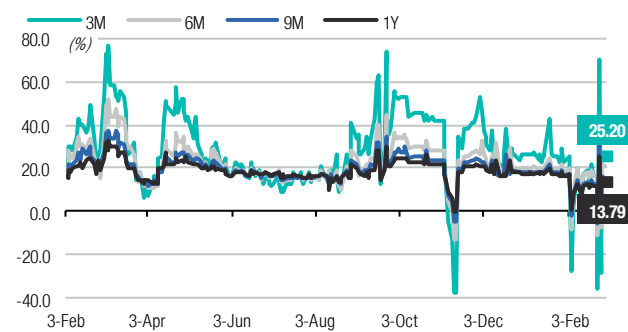


Chart 3. UAH sovereign yield curve (%) as of 3 Mar 2015

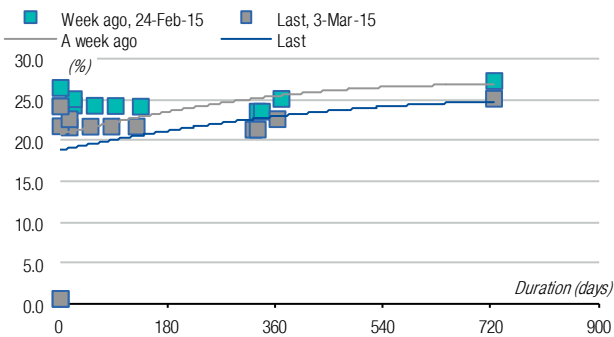


Chart 4. USD sovereign yield curve (%) as of 3 Mar 2015

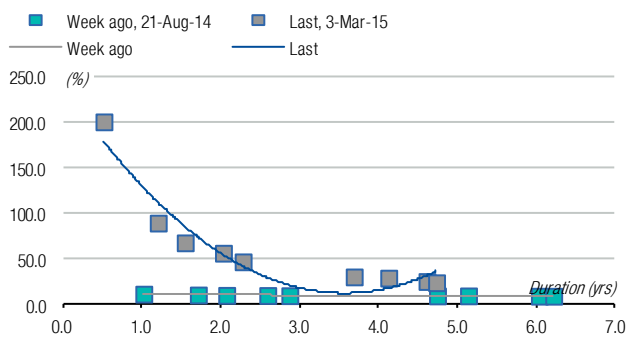


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

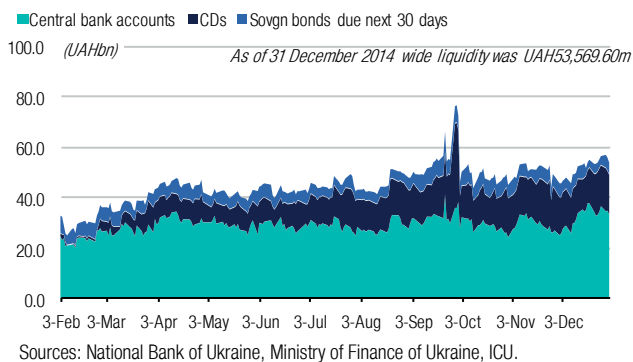


Chart 6. Breakdown of liquidity pool (%) as of 3 Mar 2015

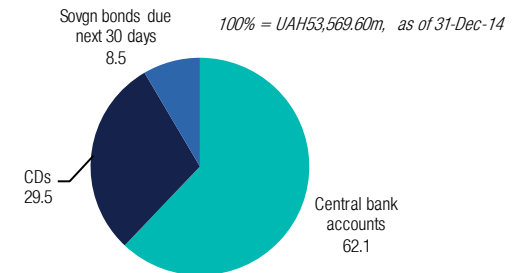


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

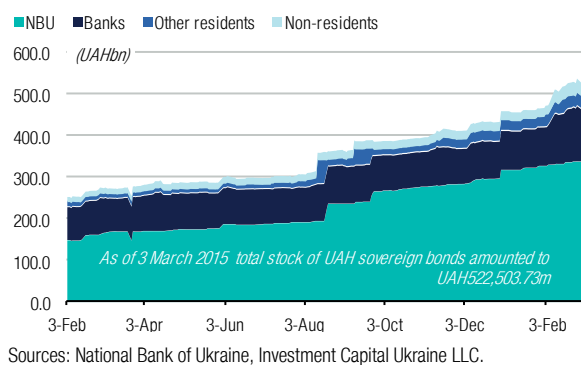


Chart 8. Domestic sovereign debt (%) as of 3 Mar 2015

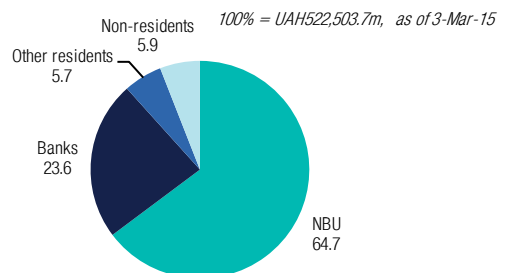


Table 1. Ukrainian stocks (closing prices as of 3-Mar-2015)

Company	Bloomberg Ticker	Listing	Share price performance (% change)				Valuation (US\$)			Free float (FF) & Liquidity						P/E			EV/EBITDA			EV/Sales			Ratios		
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	P/B (x)	Debt/ Assets (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	9.63 GBp	+0.0	-7.2	-3.8	-6.1	0.15	34.1	-13.5	40.2	13.7	1.1	9.0	0.04	2,581	Neg.	N/A	N/A	2.0	N/A	N/A	Neg.	N/A	N/A	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.94 UAH	-2.7	+15.3	+5.2	+47.7	0.33	121.1	113.4	21.7	26.3	50.1	35.8	0.16	628	6.0	6.0	Neg.	0.1	3.0	Neg.	0.4	0.2	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.66 PLN	+0.0	-1.5	+6.5	-59.5	0.18	8.0	108.3	25.0	2.0	2.4	7.7	0.55	183	Neg.	N/A	N/A	4.8	N/A	N/A	0.9	N/A	N/A	0.1	39.8
Donbasenerg	DOEN UK	Kiev, UX	29.89 UAH	-0.7	-2.0	-9.4	-26.2	1.24	29.2	62.0	14.2	4.2	0.5	5.5	0.12	844	1.3	0.8	5.4	0.1	1.2	2.5	0.3	0.2	0.4	1.1	25.1
JKX Oil & Gas	JKX LN	London	37.00 GBp	+4.2	+100.0	+208.3	-34.8	0.57	97.7	102.9	47.2	46.1	12,384.0	654.9	2.46	41	15.0	244.3	Neg.	1.6	2.1	2.0	0.6	0.6	0.7	0.2	5.5
Regal Petroleum	RPT LN	London	4.60 GBp	+0.5	+8.1	+47.0	-61.7	0.07	22.6	-7.5	80.9	18.3	0.0	3.6	0.01	19,299	Neg.	11.3	N/A	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.49 PLN	+0.0	-38.0	-38.0	-42.4	0.13	5.7	45.6	25.0	1.4	7.6	1.5	0.25	402	Neg.	N/A	N/A	Neg.	N/A	N/A	22.2	N/A	N/A	0.4	54.9
Zakhidenerg	ZAEN UK	Kiev, PFTS	162.00 UAH	+3.3	-1.3	+9.4	+32.2	6.69	85.6	93.5	5.0	4.3	0.3	0.5	0.00	78,607	3.6	N/A	N/A	0.6	N/A	N/A	0.2	N/A	N/A	1.4	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	-4.6	+13.4	+0.7	-64.3	0.00	15.6	1,199.2	3.9	0.6	0.5	1.0	0.10	1,042	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.1	N/A	N/A	85.7
Avdiivskyi Cok...	AVDK UK	Kiev, UX	1.44 UAH	-5.3	+30.8	-16.8	-53.3	0.06	11.6	-14.3	4.0	0.5	0.7	2.3	0.36	280	Neg.	Neg.	N/A	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.82 UAH	-2.3	+14.4	+10.6	+11.7	0.03	143.1	120.1	4.1	5.9	2.2	6.2	0.10	981	Neg.	Neg.	N/A	Neg.	5.2	N/A	0.1	0.1	N/A	0.3	0.0
Ferrexpo PLC	FXPO LN	London	64.00 GBp	-2.3	+20.2	+20.8	-55.6	0.98	578.2	1,229.6	22.4	129.5	502.3	1,033.1	0.78	128	2.2	2.5	8.5	2.5	2.7	4.8	0.8	0.9	1.0	0.5	35.1
Yasynivskyi Cok...	YASK UK	Kiev, UX	0.35 UAH	-7.2	+30.1	+25.0	-50.0	0.01	4.0	4.4	9.0	0.4	0.6	0.6	0.05	2,220	Neg.	0.6	0.4	0.0	0.4	N/A	0.0	0.0	0.0	0.1	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	17.90 UAH	-2.7	-1.6	-14.6	-52.5	0.74	7.8	2.4	9.4	0.7	0.5	2.5	0.30	337	Neg.	Neg.	N/A	0.4	0.1	N/A	0.0	0.0	N/A	0.8	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.53 EUR	-13.1	+60.6	+23.3	-55.1	0.59	54.7	102.9	34.0	18.6	264.8	52.3	0.53	187	Neg.	N/A	N/A	Neg.	N/A	N/A	1.7	N/A	N/A	1.2	35.9
Agroliga	AGL PW	Warsaw	9.20 PLN	-1.0	-9.8	+2.2	-59.5	2.47	3.8	4.5	16.7	0.6	0.7	3.1	0.47	212	1.1	N/A	N/A	1.3	N/A	N/A	0.3	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.29 PLN	-1.5	+1.6	+4.9	-69.6	0.35	7.5	52.8	26.2	2.0	20.6	31.9	2.51	40	Neg.	N/A	N/A	19.7	17.6	N/A	0.6	0.6	N/A	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	25.00 PLN	+0.0	+3.1	+25.0	-47.9	6.70	167.5	406.4	31.0	52.0	13.8	69.4	0.19	525	5.8	Neg.	Neg.	5.4	3.4	6.2	1.0	0.9	1.1	0.6	38.2
Avangard	AVGR LI	London Intl	2.80 USD	-2.8	+33.3	+36.6	-67.3	2.80	178.8	390.1	21.7	38.8	0.1	67.0	0.20	507	0.8	4.1	1.7	1.3	2.8	2.5	0.6	0.8	0.8	0.2	17.8
IMC	IMC PW	Warsaw	5.90 PLN	-0.8	-3.3	+4.1	-35.9	1.58	49.5	188.7	23.9	11.8	1.3	5.6	0.05	2,219	1.9	Neg.	6.1	3.5	3.6	3.8	1.6	1.2	1.1	0.3	38.7
Kernel Holding...	KER PW	Warsaw	31.51 PLN	-1.0	+5.0	+10.7	+13.1	8.44	672.9	1,400.3	58.8	395.5	952.5	1,056.8	0.33	308	Neg.	4.7	4.5	6.3	4.2	4.2	0.6	0.6	0.6	0.7	39.1
KSG Agro	KSG PW	Warsaw	1.06 PLN	-1.9	+2.9	-5.4	-84.1	0.28	4.3	91.1	34.4	1.5	8.6	15.0	1.43	70	Neg.	N/A	0.2	10.5	N/A	N/A	1.2	1.0	0.8	0.2	44.5
MHP	MHPC LI	London Intl	9.20 USD	-2.6	-3.2	+0.0	-33.3	9.20	972.1	2,102.6	22.3	217.0	5,584.7	515.3	0.31	325	6.2	78.6	3.4	5.4	4.0	4.1	1.4	1.5	1.5	1.9	47.0
Milkiland	MLK PW	Warsaw	3.41 PLN	+8.9	+51.6	+130.4	-62.2	0.91	28.6	140.9	20.0	5.7	184.3	54.9	1.28	78	2.4	Neg.	Neg.	4.2	4.6	4.8	0.4	0.4	0.6	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.45 EUR	+0.0	-14.0	-19.9	-90.9	0.50	53.4	781.2	20.0	10.7	0.0	0.8	0.01	8,171	0.6	0.6	0.2	4.7	2.9	2.6	1.6	1.8	1.8	0.1	45.3
Ovostar Union	OVO PW	Warsaw	69.90 PLN	+2.8	-4.9	-2.9	+5.9	18.73	112.4	122.0	25.0	28.1	3.7	37.8	0.02	4,497	3.7	4.5	6.1	3.3	3.9	4.5	1.4	1.5	1.4	0.8	8.5
CONSTRUCTION																											
TMM	TR61 GF	Frankfurt	0.11 EUR	+0.0	+52.8	+37.5	-63.9	0.12	6.4	133.5	13.1	0.8	0.7	0.1	0.01	9,293	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.1	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.11 UAH	-1.8	+21.3	+10.5	-32.6	0.00	131.4	N/A	3.8	5.0	10.4	11.0	0.22	454	3.1	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4
Ukrsotsbank	USCB UK	Kiev, UX	0.11 UAH	+0.0	+7.8	-15.5	-41.3	0.00	112.2	N/A	4.5	5.0	0.0	0.5	0.01	8,291	Neg.	9.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	28.2

Table 1. Ukrainian stocks (closing prices as of 3-Mar-2015)

Company	Bloomberg Ticker	Listing	Share price performance (% change)					Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios		
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	P/B (x)	Debt/ Assets (%)

Notes: mln - millions; FF - free float; n/a - not available; neg. - negative; a company name (the left column of the table) is shortened to fit the column and hence in some cases is not displayed in full; *** - P/E is above 10,000x. Sources: Bloomberg, ICU.

FX: News & Comments

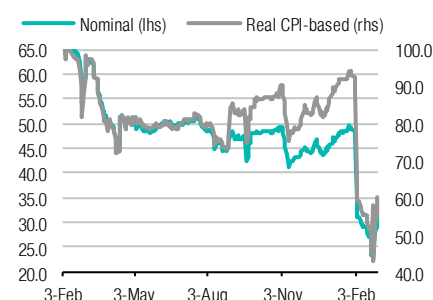
Monetary policy tightens to alleviate devaluation expectations

Yesterday, the NBU announced a series of measures to alleviate the devaluation expectations that had proliferated to the extent that it caused last week's currency crash. First, the bank raised its key policy from 19.5%, effective 6 February 2015, to 30%, effective today. Second, it said it would 'radically' reduce the volume of domestic market government bond purchases; last year, the total volume was UAH173bn, and to date this year it acquired UAH20bn, which is 6.5% less than in the same period last year. Third, it would strictly adhere to the declared ceiling of monetary base increase in 2015 of UAH91bn. In 2014, the monetary base rose 8.5% YoY. Fourth, it would streamline its earnings' transfer to state budget revenues via equal installments spread evenly over the year. By state budget law, the NBU must transfer UAH60bn in 2015, while in 2014 the volume was UAH20bn. All in all, these steps are all in the proper direction, especially in terms of reduced government debt monetization (i.e. domestic QE).

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ICU's UAH trade-weighted indices

(Last 12-month history to 4 Mar 2015)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 3 Mar 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)

USD/UAH MARKET (HRYVNIA per US DOLLAR)

Spot mkt	24.2500	-8.49	-25.38	+53.30	+53.29
NBU avg	24.8207	-7.59	-12.27	+57.41	+57.41
Ttl vlm ¹	164.01	+15.56	-29.78	-61.94	-61.94
\$ volume ²	135.56	+32.08	-23.99	-61.74	-61.74
NDF 3M	26.1200	-7.21	-11.73	+55.01	+55.01
NDF 6M	27.2200	-6.94	-11.31	+56.44	+56.44
NDF 1Y	27.9200	-6.78	-11.05	+51.33	+51.33

TRADE-WEIGHTED INDICES (TWIs, points)

UAH nom'l	31.585	+9.14	+34.38	-30.50	-30.94
UAH real CPI	60.139	+9.14	+34.38	-30.50	-29.62
UAH real PPI	84.898	+9.14	+34.38	-30.50	-30.94
USD nom'l	95.383	-0.08	+0.94	+4.72	+5.67

FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs

USD/RUB	61.8920	-1.03	-1.61	+5.35	+1.90
EUR/USD	1.1176	-0.07	-1.45	-6.88	-7.62
USD/CNY	6.2747	+0.03	+0.30	+1.08	+1.12
USD/PLN	3.7280	+0.27	+1.68	+3.95	+5.20
USD/TRY	2.5356	+0.73	+2.93	+8.13	+8.59
USD/BYR	15,100.00	+1.00	+1.34	+37.27	+37.27
USD/KZT	185.0500	-0.01	+0.08	+1.39	+1.48

OTHER MAJOR CURRENCIES

USD/JPY	119.7300	-0.33	+0.64	-0.64	-0.04
GBP/USD	1.5361	-0.03	-0.60	+0.22	-1.39
USD/CHF	0.9613	+0.29	+1.11	-4.03	-3.32
AUD/USD	0.7817	+0.66	-0.18	-3.36	-4.38
USD/CAD	1.2496	-0.31	+0.08	+6.03	+7.53
USD/BRL	2.9316	+1.25	+3.63	+8.81	+10.31
USD/KRW	1,096.31	-0.41	-1.22	-0.65	+0.49

COMMODITIES

Gold(\$/oz)	1,203.82	-0.25	+0.28	+1.23	+1.60
WTI crude ³	50.52	+1.88	+3.99	-4.12	-5.16
Brent crd ³	61.03	+0.26	+4.66	+9.59	+9.45
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	222.02	+0.02	-0.10	-2.80	-3.45

Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#) and Bloomberg (type: ALLX UTWI <GO>).

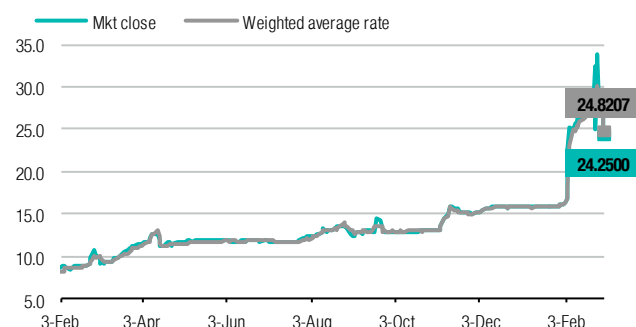
Section on FX market is continued on next page.

Notes: [1] trading volume in all foreign currencies (US\$m); [2] trading volume in the pair USD/UAH (US\$m); [3] crude oil price (USD per barrel); [4] the Thomson Reuters/Jefferies CRB Index. A green-/red-shaded box means gain or loss, respectively, of the investment into the asset. Currencies are gaining when their exchange rates strengthen versus USD.

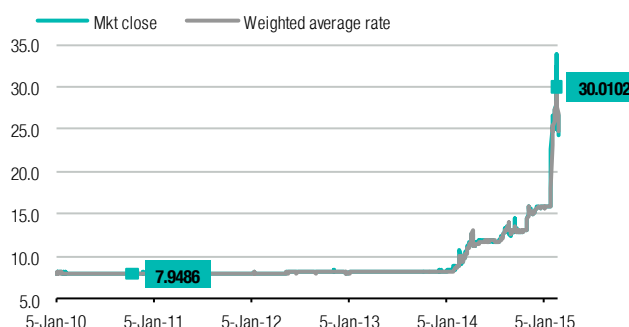
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart page #1: Foreign-exchange market

Chart 9. Spot market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

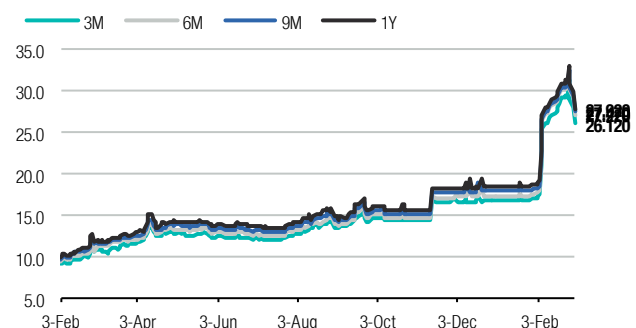


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

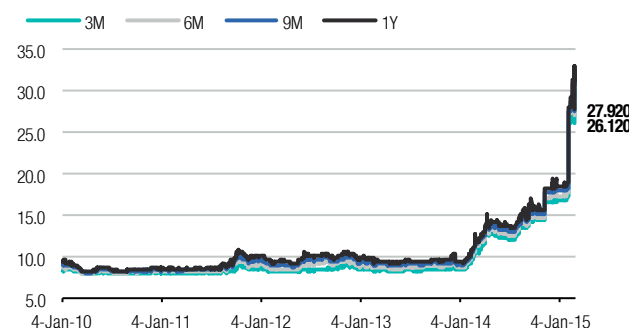


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

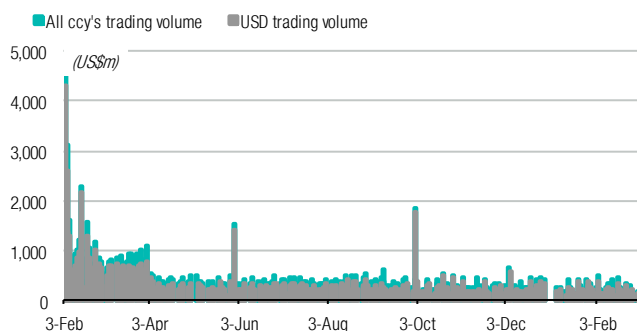


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

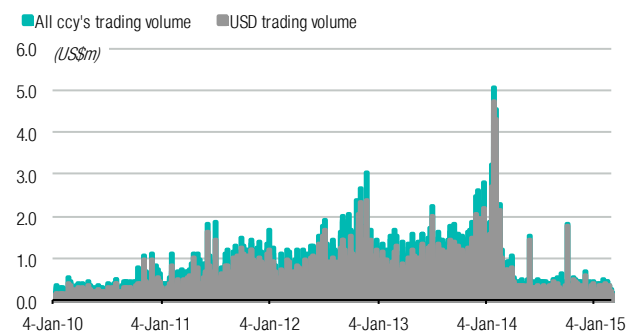


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

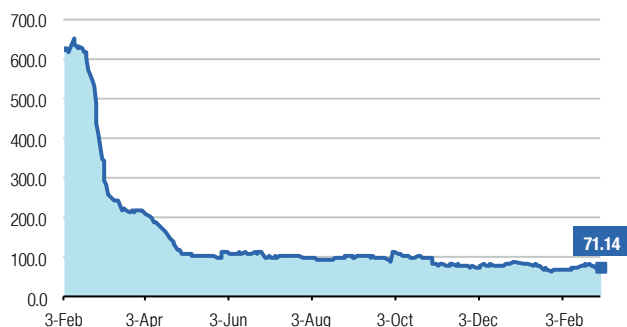


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 12. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)



Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

Chart page #2: ICU's UAH trade-weighted indices

The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August 2013.

Chart 13. Nominal and CPI-based real TWIs of UAH, history of last 12-month period

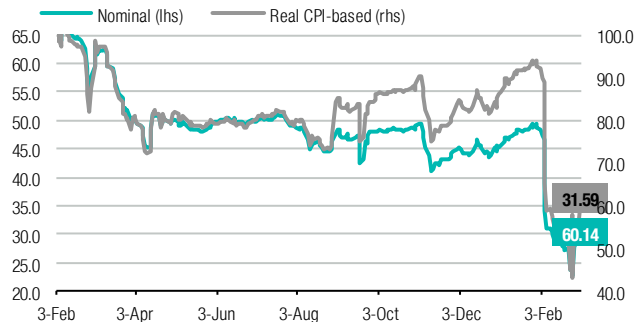


Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

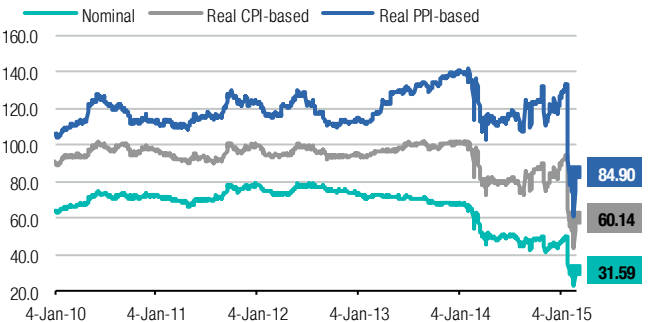


Chart 15. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)

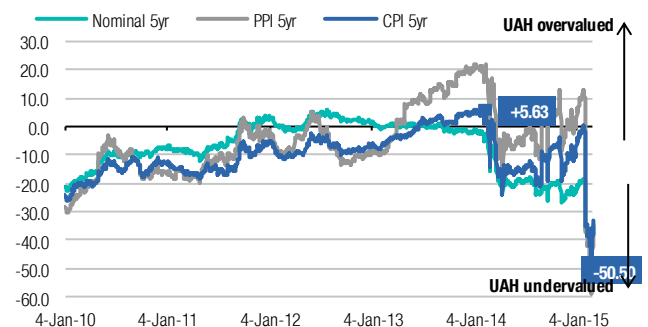
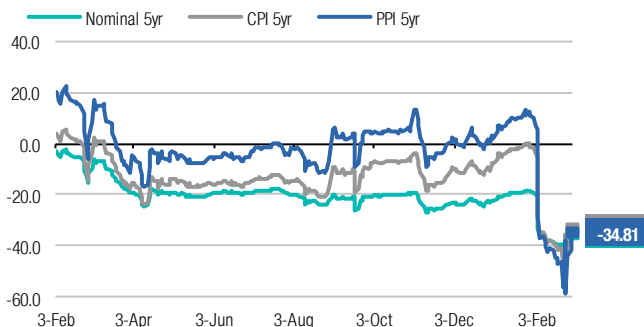
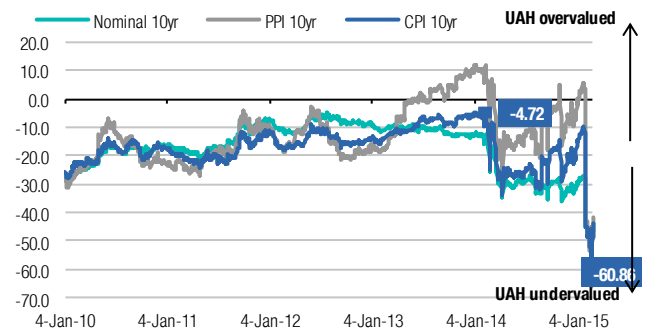
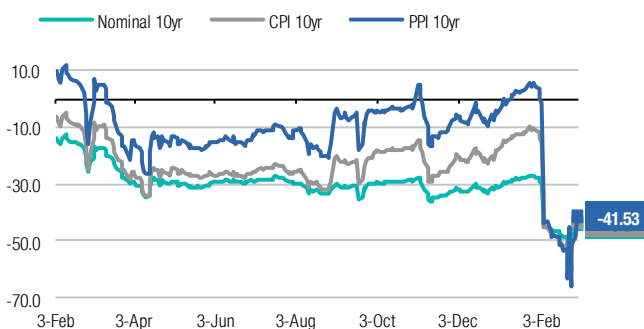


Chart 16. Deviation of UAH trade-weighted indices from their 10-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



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Disclosures

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This research publication has been prepared by the analyst(s), whose name(s) appear on the front page of this publication. The analyst(s) hereby certifies that the views expressed within this publication accurately reflect her/his own views about the subject financial instruments or issuers and no part of her/his compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views within this research publication.

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Buy: Forecasted 12-month total return greater than 20%

Hold: Forecasted 12-month total return 0% to 20%

Sell: Forecasted 12-month total return less than 0%

Note: total return is share price appreciation to a target price in relative terms plus forecasted dividend yield.

DEBT RATING DEFINITIONS

Buy: Forecasted 12-month total return significantly greater than that of relevant benchmark

Hold: Forecasted 12-month total return is in line with or modestly deviates from relevant benchmark

Sell: Forecasted 12-month total return significantly less than that of relevant benchmark



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