


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Bank earnings announcements; Liquidity low;
 YTM's rise to new highs; NBU intervenes in UAH

FRIDAY, 31 JANUARY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 31 Jan 2014)



Key market indicators (as of 30 Jan 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	8.4750	+0.00	+2.85
USD/UAH (1Y NDF)	9.9225	+2.56	+5.33
EUR/USD	1.3555	-0.79	-1.37
USD/RUB	34.8651	-0.63	+6.07
KievPRIME O/N (%)	8.63	+153bp	+83bp
KievPRIME 1M (%)	13.25	+115bp	-300bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	10.40	+54bp	+85bp
Ukraine 22, Eurobond (%)	10.24	+18bp	+89bp
Ukraine 23, Eurobond (%)	9.86	+33bp	+81bp
Ukraine 5Y CDS	1,006bp	+78bp	+189bp

EQUITIES

Stock market indices

UX (Ukraine)	887.49	+0.78	-2.48
MSCI World	393.89	+0.21	-3.59
MSCI EM	936.37	-0.03	-6.61
RTS (Russia)	1,320.90	+0.99	-8.44
WIG-20 (Poland)	2,335.89	+0.97	-2.71
S&P 500 (USA)	1,794.19	+1.13	-2.93

MOST ACTIVE: Top 3 stocks by value traded (US\$m)

FXPO LN	3.72	66.3% of total ¹
KER PW	0.93	16.7%
MHPC LI	0.20	3.5%

GAINERS: Top 3 stocks (in listed currency)

DOEN UK	UAH 32.08	+5.18	+16.27
YASK UK	UAH 0.58	+4.91	+8.87
JKX LN	GBp 72.25	+2.85	+1.05

LOSERS: Top 3 stocks (in listed currency)

IMC PW	PLN 10.50	-7.08	-13.58
MLK PW	PLN 9.43	-5.51	-24.56
MHPC LI	USD 15.61	-4.23	-8.45

Notes: Chg – percentage change, if not otherwise indicated;
 [1] – total traded volume for stocks listed in Table 3, pp. 4;
 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

Brokbusinessbank doubles its loan portfolio

Brokbusinessbank increased its share capital from UAH2.5bn in 3Q13 to UAH14.1bn in 4Q14. Simultaneously it received UAH2.3bn of subordinated debt which led to the equity-to-assets ratio of 50.1%, the highest of the top 25 banks.

Brokbusinessbank used the funding to grow its corporate loan portfolio, growing it 104.5% QoQ to UAH24.0bn. We assume that these loans were issued to a relatively large number of borrowers, with the maximum exposure to each not exceeding UAH650m.

The loan loss reserve (LLR) remained practically unchanged, leading us to assume that no additional provisions were withheld for those loans, particularly as the LLR rate dropped from 3.6% in 3Q14 to 2.1% in 4Q13.

Table 1. Key financials of Brokbusinessbank (UAHm, if not otherwise indicated)

	4Q12	4Q13	Change (%)
Assets	16,928	28,914	70.8
Gross loans	14,400	26,820	86.3
LLR, % of gross loans	3.7	2.1	-1.6ppt
Equity	2,919	14,478	396.0
Net interest income (annualised)	(73)	369	-603.2
Operating income before LLP (annualised)	307	528	72.2
Operating expenses (annualised)	(451)	(500)	10.7
Loan loss provision (annualised)	148	(48)	-132.5
Net income (annualised)	1	(20)	-3,888.0
Net interest margin (%)	(0.5)	2.1	2.5ppt
Regulatory capital ratio (%)	17.4	47.7	30.3ppt

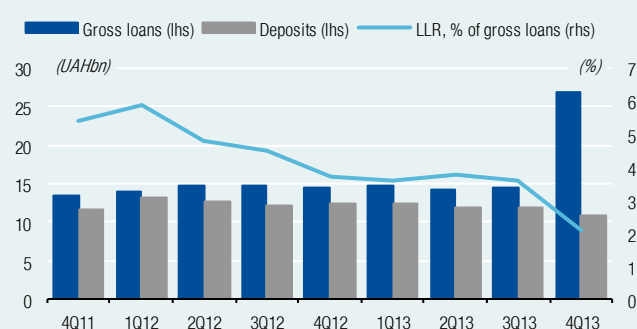
Notes: Based on quarterly UAS data

Sources: Bank data, Investment Capital Ukraine LLC.

Total deposits declined 9.1% QoQ in 4Q13 to UAH10.9bn, as household deposits continued to decrease, down UAH1.2bn or 18.2% QoQ. At the same time, corporate deposits increased only by a marginal 2.6%, implying that the funds received were immediately utilized for lending. Because of this, the cash-to-liabilities ratio remained low at 5.4%.

Chart 1. Dynamic of the loan portfolio and bank's deposits

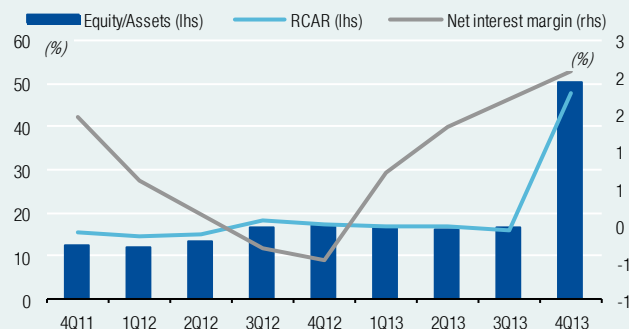
Notes: Based on quarterly UAS data



Sources: Bank data, Investment Capital Ukraine LLC.

Chart 2. Key financial ratios

Notes: Based on quarterly UAS data



Sources: Bank data, Investment Capital Ukraine LLC.

The bank's net interest margin improved by a slight 0.4ppt to 2.1% in 4Q13. However, pre-provision income was only UAH28m greater than the operating expenses, suggesting a significant volume of non-performing loans or loans with below-market interest rates.

VTB Bank reduces its exposure in Ukraine

Russian VTB Bank reported a UAH572m net loss in 4Q13, driving down net earnings for 2013 to negative UAH194m. The bank implemented a massive UAH625m loan loss provision in the last quarter to compensate for the decline in asset quality.

Total bad credit exposure rose to UAH7.5bn or 30.2% QoQ in 4Q13. The corporate loan portfolio was most vulnerable to the impairment as the LLR rate rose from 15.1% in 3Q13 to 17.3% in 4Q13. The bank has written-off approximately UAH0.5bn of bad loans in 4Q13, resulting in total gross loans to decline UAH1.8bn, or 7.3%.

Table 2. Key financials of VTB Bank(UAHm, if not otherwise indicated)

	4Q12	4Q13	Change (%)
Assets	85,996	103,568	20.4
Gross loans	61,348	64,281	4.8
LLR, % of gross loans	16.6	19.8	3.2ppt
Equity	18,118	20,456	12.9
Net interest income -annualised)	4,928	5,528	12.2
Operating income before LLP -annualised)	5,752	7,174	24.7
Operating expenses -annualised)	-3,203	-3,481	8.7
Loan loss provision -annualised)	-1,969	-2,736	39.0
Net income -annualised)	566	679	20.0
Net interest margin -%)	7.2	6.8	-0.4ppt
Regulatory capital ratio -%)	25.4	25.4	0.1ppt

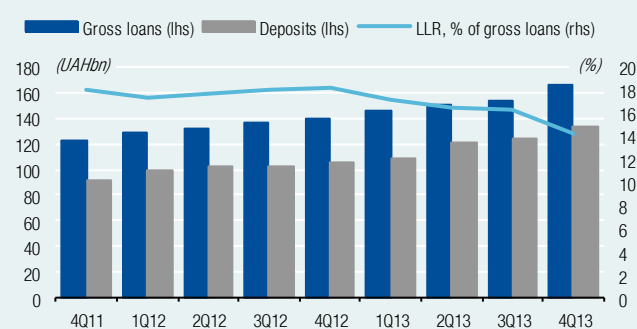
Notes: Based on quarterly UAS data

Sources: Bank data, Investment Capital Ukraine LLC.

Total deposits declined UAH1.1bn or 9.2% QoQ, following the decline of the loan portfolio. Net loan-to-deposits ratio remained stable, though high, for the whole of 2013, fluctuating between 167.6 and 171.8.

Chart 3. Dynamic of loan portfolio and bank deposits

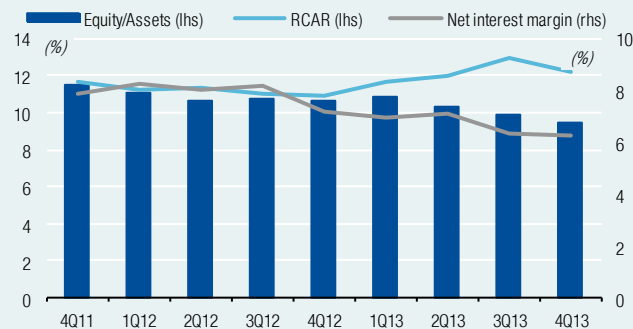
Notes: Based on quarterly UAS data



Sources: Bank data, Investment Capital Ukraine LLC.

Chart 4. Key financial ratios

Notes: Based on quarterly UAS data



Sources: Bank data, Investment Capital Ukraine LLC.

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Table 3. Ukrainian stocks (closing prices as of 30-Jan-2014)

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)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	P/B (x)	Debt/Assets (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	11.75 GBP	+0.0	+13.3	+13.3	-1.1	0.19	44.7	-18.3	40.2	18.0	0.0	13.4	0.10	1,036	Neg.	Neg.	Neg.	2.8	2.8	5.7	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	4.46 UAH	+1.0	-6.5	-6.5	-28.1	0.53	194.5	269.4	21.7	42.2	17.4	70.1	0.08	1,276	7.1	6.6	4.6	0.5	3.9	2.7	0.3	0.3	0.3	0.7	12.2
Coal Energy	CLE PW	Warsaw	1.16 PLN	+0.0	+10.5	+10.5	-91.2	0.37	16.7	74.6	25.0	4.2	111.4	109.0	6.05	17	Neg.	Neg.	N/A	1.2	10.2	N/A	0.6	0.8	N/A	0.1	7.7
Donbasenergo	DOEN UK	Kiev, UX	32.08 UAH	+5.2	+16.3	+16.3	+52.5	3.79	89.5	145.6	14.2	12.7	100.7	56.3	0.18	570	24.5	3.2	4.7	0.6	2.6	2.5	0.3	0.2	0.3	1.2	17.8
JKX Oil & Gas	JKX LN	London	72.25 GBP	+2.8	+1.0	+1.0	+31.4	1.19	204.5	201.5	47.2	96.5	161.4	97.2	0.08	1,289	Neg.	6.3	5.7	1.5	2.0	2.2	1.0	1.0	1.0	0.4	2.5
Regal Petroleum	RPT LN	London	12.50 GBP	-3.8	-3.8	-3.8	-58.8	0.21	66.0	39.2	80.9	53.4	4.4	7.6	0.01	8,358	5.7	13.2	N/A	1.8	2.3	N/A	1.0	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	0.63 PLN	+0.0	+18.9	+18.9	-66.8	0.20	8.7	48.4	25.0	2.2	7.7	40.7	1.79	56	Neg.	N/A	N/A	24.1	N/A	N/A	1.2	N/A	N/A	0.2	42.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.3	-7.2	-7.2	-30.6	0.00	109.5	1,766.5	3.9	4.2	5.9	18.1	0.19	520	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	1.1	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.72 UAH	-0.4	-8.0	-8.0	-12.2	0.32	62.7	58.4	4.0	2.5	0.7	13.1	0.42	236	Neg.	Neg.	2.5	Neg.	1.4	0.8	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.60 UAH	-2.0	-10.7	-10.7	-15.1	0.07	296.7	286.9	4.1	12.2	4.2	19.0	0.04	2,547	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	156.60 GBP	-1.8	-18.0	-18.0	-37.0	2.58	1,519.0	2,106.5	22.4	340.3	3,716.5	2,342.0	0.97	104	7.1	6.0	6.5	5.3	4.4	4.6	1.5	1.3	1.3	1.0	37.0
Yasynivsky Cok...	YASK UK	Kiev, UX	0.58 UAH	+4.9	+8.9	+8.9	-15.0	0.07	18.6	20.3	9.0	1.7	1.6	2.0	0.06	1,683	2.3	1.5	1.1	0.1	0.7	0.7	0.0	0.0	0.1	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	31.30 UAH	+0.3	-2.2	-2.2	-13.6	3.69	39.0	32.8	9.4	3.7	2.8	10.3	0.23	436	4.8	Neg.	2.0	Neg.	Neg.	N/A	0.0	0.0	0.0	0.7	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.23 EUR	-0.8	-0.8	-0.8	-28.9	1.67	58.4	85.3	34.0	19.9	16.2	42.1	0.18	541	Neg.	N/A	N/A	Neg.	N/A	N/A	1.3	N/A	N/A	1.3	35.9
Agroliga	AGL PW	Warsaw	26.40 PLN	-2.2	+1.8	+1.8	+32.0	8.44	13.0	13.3	16.7	2.2	8.8	11.1	0.53	188	18.5	N/A	N/A	18.1	N/A	N/A	5.2	N/A	N/A	N/A	7.5
Agroton	AGT PW	Warsaw	2.57 PLN	+1.6	+31.8	+31.8	-76.3	0.82	17.8	65.1	26.2	4.7	100.5	141.1	7.17	14	2.6	3.7	2.4	4.5	7.0	4.2	0.7	1.0	0.8	0.1	28.0
Astarta Holdin...	AST PW	Warsaw	66.00 PLN	-0.8	-1.3	-1.3	+9.8	21.10	527.5	852.5	31.0	163.6	120.7	217.0	0.11	885	8.6	7.4	4.3	9.7	7.1	4.7	1.8	1.7	1.4	0.9	38.9
Avangard	AVGR LI	London Intl	11.25 USD	-2.1	-4.3	-4.3	-2.9	11.25	718.6	884.9	21.7	155.9	0.1	249.7	0.24	415	3.2	3.2	3.3	3.2	3.0	3.1	1.4	1.3	1.2	0.6	22.3
IMC	IMC PW	Warsaw	10.50 PLN	-7.1	-13.6	-13.6	-33.0	3.36	105.1	221.3	23.9	25.1	45.9	16.3	0.09	1,111	5.6	4.0	4.3	6.1	5.3	4.4	2.9	1.6	1.1	0.8	33.0
Kernel Holding...	KER PW	Warsaw	38.95 PLN	-3.3	+2.3	+2.3	-44.1	12.45	992.3	1,712.6	58.8	583.2	933.6	2,054.3	0.25	395	8.9	9.4	5.4	5.9	6.1	4.8	0.6	0.7	0.6	0.8	30.6
KSG Agro	KSG PW	Warsaw	9.00 PLN	+1.6	-17.1	-17.1	-32.3	2.88	43.2	165.1	34.4	14.9	7.6	17.1	0.07	1,402	5.3	3.6	3.6	39.2	5.6	4.5	4.4	2.4	1.5	0.5	29.2
MHP	MHPC LI	London Intl	15.61 USD	-4.2	-8.4	-8.4	-4.8	15.61	1,649.5	2,850.5	22.3	368.2	198.4	1,281.4	0.20	507	5.6	7.7	5.6	6.1	6.6	5.4	2.0	1.9	1.7	1.4	45.8
Milkiland	MLK PW	Warsaw	9.43 PLN	-5.5	-24.6	-24.6	-40.5	3.01	94.2	227.4	20.0	18.8	10.7	7.5	0.07	1,355	5.4	5.3	5.2	6.3	5.6	4.5	0.6	0.5	0.5	0.4	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.20 EUR	+0.0	-3.7	-3.7	+9.5	7.04	748.1	1,480.0	20.0	149.6	0.0	1.7	0.00	596,879	4.3	4.7	4.9	6.4	5.5	6.0	4.3	3.9	3.5	0.8	34.8
Ovostar Union	OVO PW	Warsaw	80.00 PLN	-0.4	-20.0	-20.0	-18.8	25.58	153.5	165.5	25.0	38.4	0.6	41.8	0.08	1,312	6.5	6.0	4.1	5.9	5.4	3.4	2.3	2.0	1.5	1.5	3.7
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.32 EUR	+0.0	+0.0	+0.0	-4.8	0.43	22.2	181.6	13.1	2.9	0.0	0.0	N/A	N/A	Neg.	N/A	N/A	Neg.	N/A	N/A	8.3	N/A	N/A	0.2	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.70 UAH	-0.1	-8.0	-8.0	+32.1	0.08	49.0	N/A	5.5	2.7	2.3	2.4	0.03	3,441	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	21.3
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.11 UAH	-1.9	-1.5	-1.5	+8.3	0.01	395.6	N/A	3.8	15.1	19.8	47.5	0.16	626	10.5	6.0	3.2	N/A	N/A	N/A	N/A	N/A	N/A	0.5	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.18 UAH	+1.1	-3.7	-3.7	+49.3	0.02	386.5	N/A	4.5	17.3	5.8	10.9	0.01	9,439	1,081.7	199.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	30.9

Table 3. Ukrainian stocks (closing prices as of 30-Jan-2014)

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)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	P/B (x)

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; *** -- means that P/E ratio is above 10,000x.

Sources: Bloomberg, Investment Capital Ukraine LLC.

Bonds: News & Comments

Liquidity remains low

Banks' correspondent accounts with the NBU rose UAH1.13bn to UAH25.67bn yesterday after receiving significant funds from the NBU and the MoF. This is the first time this year that the MoF did not refinance a large debt repayment and instead made a large injection on Wednesday, decreasing total local currency debt repayments scheduled for the next 30 days by UAH3.05bn to UAH6.75bn. The NBU also supported liquidity as it redeemed UAH0.91bn in CDs, decreasing total CDs outstanding to UAH1.76bn. Broader banking sector liquidity fell UAH2.82bn to UAH34.17bn.

Money market interest rates rose significantly again yesterday, setting new record highs: the KyivPrime ON interest rate rose 153bp to 8.63% while the KyivPrime 1M interest rate rose 115bp to 13.25%.

Investment implications: The MoF's made a UAH2.78bn net inflow and the NBU injected at least UAH1.11bn, including UAH0.91 of CD redemptions and UAH0.20bn of 13-day loans issued on Wednesday. However, these inflows caused bank's correspondent accounts to increase only UAH1.13bn after pressure from the FX market and month-end tax payments. Liquidity should decline more today without NBU support.

YTM's rise further

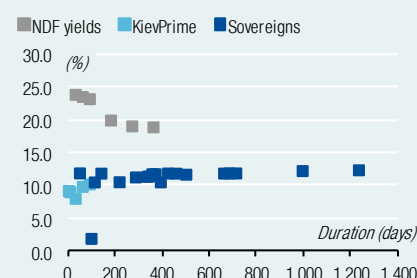
After US Treasury YTM's slightly rose yesterday as the 5-year bond YTM rose 1bp to 1.51% and the 10-year bond YTM rose 2bp to 2.70% in reaction to news that QE3 will be tapered further, Ukrainian Eurobonds become more and more risky.

After Tuesday's one-day rebound, YTM's continued to increase yesterday and many Eurobond yields rose above 10.0% and their spreads penetrated 1,000bp. Some investors sold their portfolios due to the sovereign ratings downgrade, but anticipations of the upcoming large debt repayments not being refinanced with promised Russian financing caused the most volatility. As a result, YTM's of Ukrainian Eurobonds at the close rose as UKRAIN 6.875% '15 rose 182bp to 11.28%, UKRAIN 9.25% '17 rose 56bp to 10.41%, while UKRAIN 7.95% '21 rose 36bp to 10.15%, UKRAIN 7.80% '22 rose 22bp to 10.24% and UKRAIN 7.50% '23 rose 36bp to 9.86%.

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Yield curve of the local bond market

(as of market close on 30 Jan 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 30 Jan 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	8.63	+153bp	+633bp	+83bp	+83bp
1wk	11.00	+190bp	+812bp	+120bp	+120bp
1m	13.25	+115bp	+575bp	-300bp	-300bp
2m	12.75	+70bp	+200bp	-365bp	-365bp
3m	13.25	+30bp	+125bp	-275bp	-275bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	25,667	+4.61	-13.33	-21.51	-21.51
CDs ²	4,075	-42.06	-74.08	+168.1	+168.1
Sovgns ³	6,730	+0.00	-13.96	+350.2	+350.2
Total	36,472	-4.77	-31.39	+2.11	+2.11
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	N/A	N/A	N/A	N/A	N/A
Banks	N/A	N/A	N/A	N/A	N/A
Resid's ⁴	N/A	N/A	N/A	N/A	N/A
Non-res ⁵	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A
NDF IMPLIED YIELDS (%)					
3m	18.19	+116bp	+444bp	+605bp	+605bp
6m	15.16	+59bp	+220bp	+176bp	+176bp
9m	15.11	+94bp	+120bp	+110bp	+110bp
1yr	17.75	+294bp	+305bp	+276bp	+276bp
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+54bp	-676bp	-676bp
Aug '15 ⁶	N/A	+74bp	+0bp	+0bp	+0bp
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	1,006	+78bp	+147bp	+185bp	+189bp
Jun '16	9.69	+57bp	+62bp	+80bp	+80bp
Jul '17	10.40	+54bp	+95bp	+85bp	+85bp
Sep '20	10.23	+47bp	+47bp	+104bp	+104bp
Sep '21	10.15	+32bp	+42bp	+93bp	+93bp
Sep '22	10.24	+18bp	+66bp	+89bp	+89bp
Feb '23	9.86	+33bp	+74bp	+81bp	+81bp

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

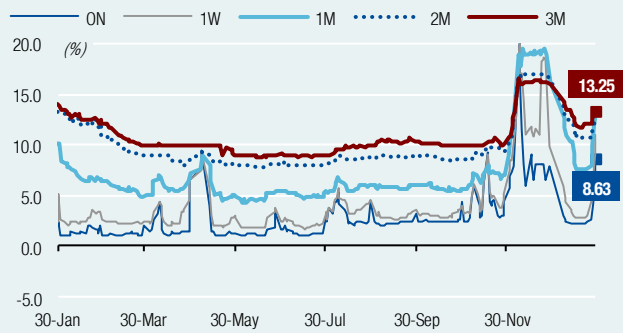


Chart 6. UAH NDF implied yields (%), last 12-month period



Chart 7. UAH sovereign yield curve (%) as of 30 Jan 2014

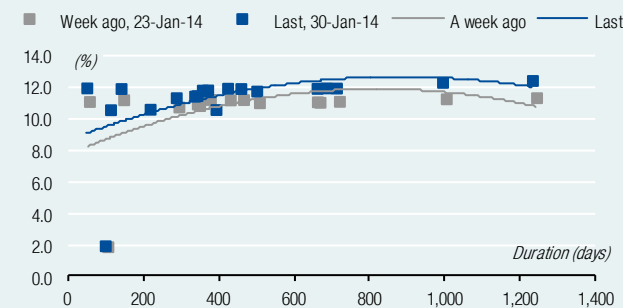


Chart 8. USD sovereign yield curve (%) as of 30 Jan 2014

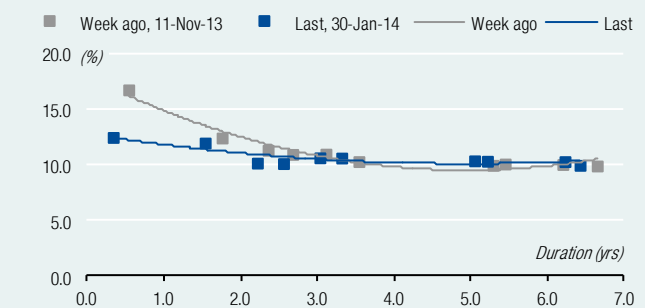


Chart 9. Banking sector liquidity (UAHbn), last 12-month period

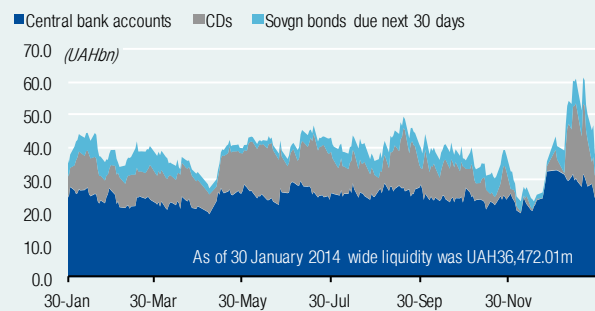


Chart 10. Breakdown of liquidity pool (%) as of 30 Jan 2014

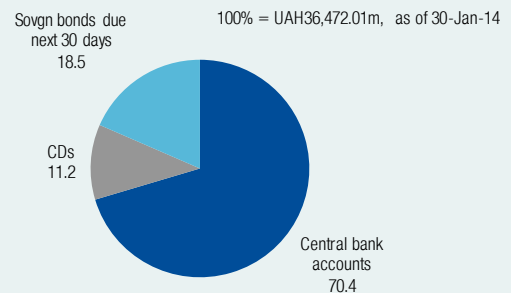


Chart 11. Holders of sovereign bonds (UAHbn), last 12 months

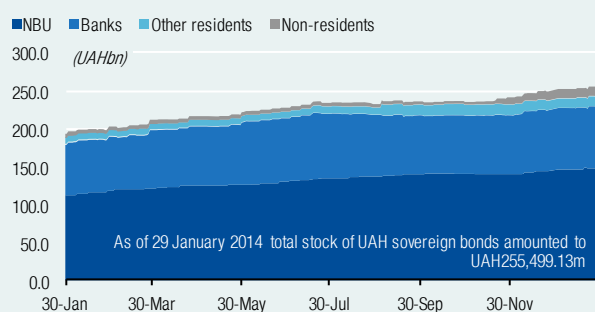
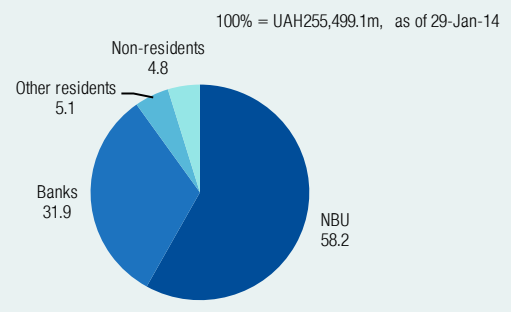


Chart 12. Domestic sovereign debt (%) as of 30 Jan 2014



FX: News & Comments

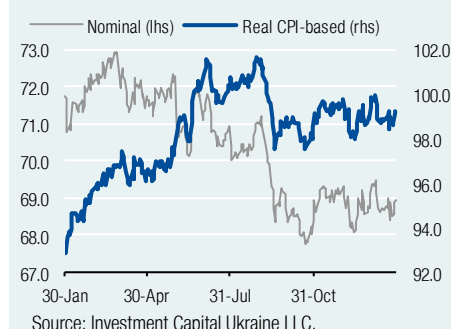
NBU intervenes at 8.40/USD for fourth consecutive day

While Bloomberg data reported that the USD/UAH rate hovered at 8.50/USD during the trading day and closed at 8.4750/USD, Interfax-Ukraine reported that the NBU continued to intervene by offering US dollars at 8.40/USD even as the USD/UAH rate fell as low as 8.63/USD. Market pressure is climbing despite efforts to control it as trading volume hit US\$3.04bn yesterday, an increase from the previous day's volume. Meanwhile, the UAH's real trade-weighted index was up by 0.08% as the Russian ruble gained 0.63% to 34.8651/USD, thanks to increased FX selling by the Russian central bank, signaling that Russian authorities have become concerned about the potential of fear-based selling of the RUB and household purchasing of FX. The Euro declined 0.79%, while the renmibi moved down 0.09%.

Alexander Valchysen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 31 Jan 2014)



FX market indicators (as of 30 Jan 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	8.4750	+0.00	+0.41	+2.85	+2.85
NBU avg	8.1408	-0.17	-0.14	-0.12	-0.12
Ttl vlm ¹	3446.04	+8.94	+41.67	+22.98	+22.98
\$ volume ²	3039.52	+8.18	+63.36	+37.48	+37.48
NDF 3M	8.8550	+0.28	+1.49	+4.36	+4.36
NDF 6M	9.1050	+0.28	+1.45	+3.70	+3.70
NDF 1Y	9.9225	+2.56	+3.09	+5.33	+5.33
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	68.945	+0.08	+0.78	+0.47	+0.25
UAH real CPI	99.180	+0.08	+0.78	+0.47	+0.25
UAH real PPI	131.681	+0.08	+0.78	+0.47	+0.25
USD nom'l	81.085	+0.72	+0.80	+1.36	+1.31
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	34.8651	-0.63	+2.28	+6.15	+6.07
EUR/USD	1.3555	-0.79	-1.03	-1.78	-1.37
USD/CNY	6.0603	+0.09	+0.13	-0.03	+0.10
USD/PLN	3.1223	+0.95	+2.28	+3.92	+3.28
USD/TRY	2.2692	+0.36	-1.02	+6.86	+5.63
USD/BYR	9,640.00	+0.00	+0.26	+1.05	+1.05
USD/KZT	155.4900	+0.01	+0.27	+1.18	+0.79
OTHER MAJOR CURRENCIES					
USD/JPY	102.7200	+0.42	-0.52	-2.31	-2.46
GBP/USD	1.6485	-0.47	-0.91	-0.10	-0.43
USD/CHF	0.9028	+0.94	+0.61	+1.70	+1.11
AUD/USD	0.8794	+0.63	+0.30	-1.24	-1.38
USD/CAD	1.1157	-0.13	+0.50	+4.78	+5.03
USD/BRL	2.4094	-1.14	+0.41	+2.11	+2.00
USD/KRW	1,080.68	+1.00	+0.64	+2.39	+2.94
COMMODITIES					
Gold(\$/oz)	1,243.92	-1.84	-1.60	+3.96	+3.17
WTI crude ³	N/A	N/A	N/A	N/A	N/A
Brent crd ³	N/A	N/A	N/A	N/A	N/A
Urals crd ³	N/A	N/A	N/A	N/A	N/A
TR/J CRB ⁴	283.56	-0.29	+0.81	+0.35	+1.21

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

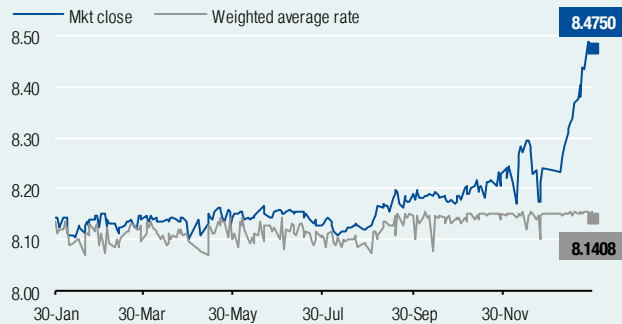
Section on FX market is continued on next page.

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.

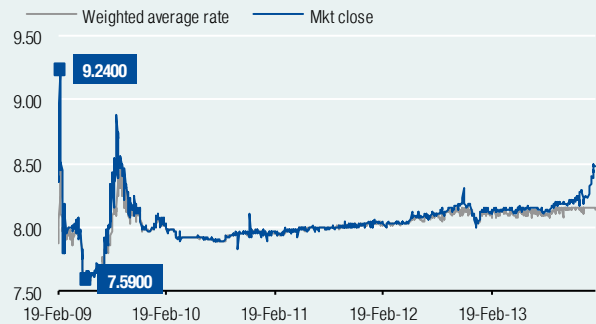
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart page #1: Foreign-exchange market

Chart 13. Spot market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

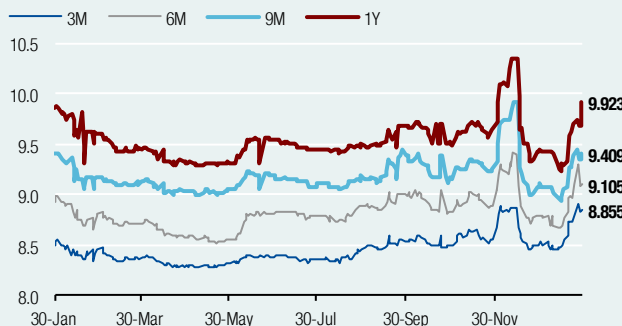


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

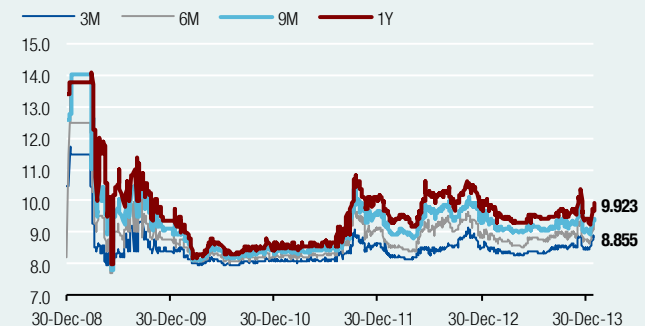


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 14. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

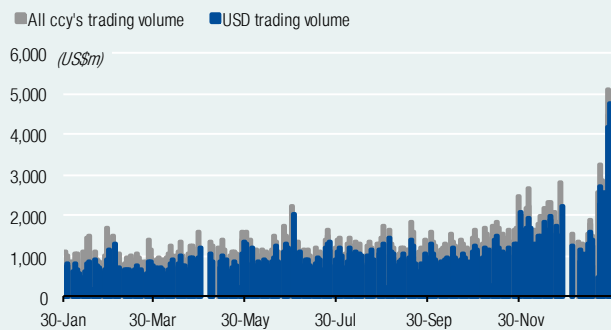


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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

Chart 15. 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 16. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)

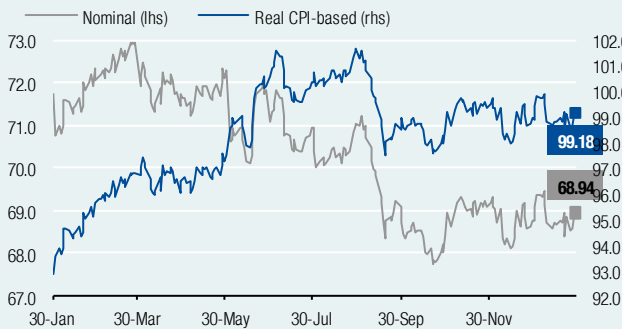


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

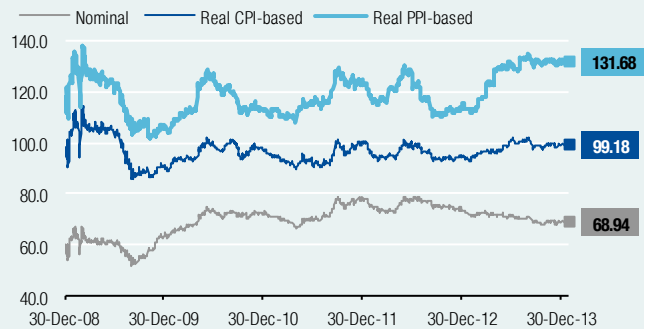
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

Chart 17. Nominal and CPI-based real TWIs of UAH, history of last 12-month period



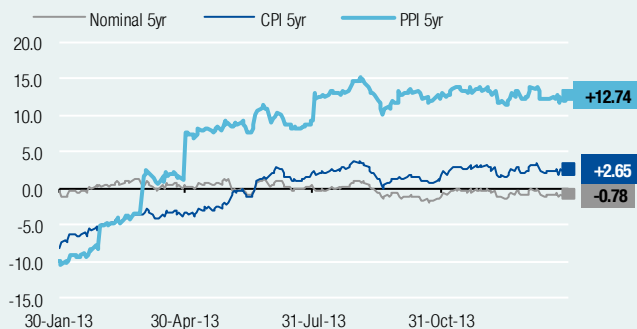
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 18. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

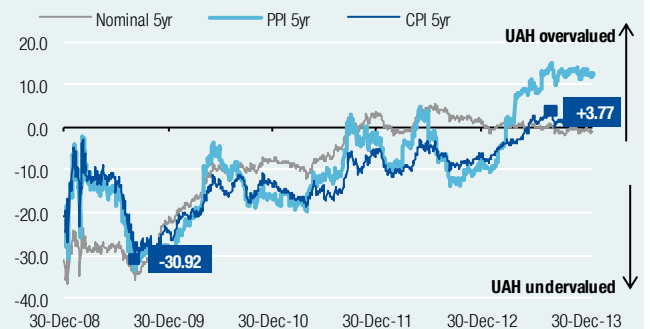


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 19. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)

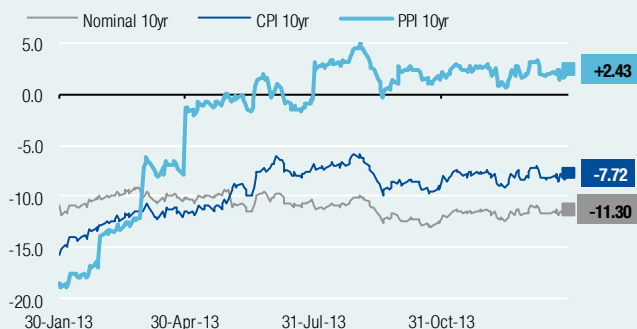


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

Chart 20. Deviation of UAH trade-weighted indices from their 10-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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Disclosures

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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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