



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

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Daily Insight

Largest Ukrainian banks require

WEDNESDAY, 24 SEPTEMBER 2014

UX Index (3 months to 24 Sep 2014)



Source: UX.

Key market indicators (as of 23 Sep 2014)

| | Last | Daily chg (%) | YTD chg (%) |
|--|------|---------------|-------------|
|--|------|---------------|-------------|

FX & MONEY RATES

| | | | |
|-------------------|---------|-------|--------|
| USD/UAH | 13.2500 | -6.53 | +60.80 |
| USD/UAH (1Y NDF) | 17.1225 | +2.22 | +81.77 |
| EUR/USD | 1.2847 | -0.02 | -6.52 |
| USD/RUB | 38.5907 | -0.26 | +17.41 |
| KievPRIME O/N (%) | 8.38 | -2bp | +58bp |
| KievPRIME 1M (%) | 15.63 | +3bp | -62bp |

SOVEREIGN EUROBONDS: yields and spreads

| | | | |
|--------------------------|---------|--------|----------|
| Ukraine 15, Eurobond (%) | 20.13 | +244bp | +1,178bp |
| Ukraine 17, Eurobond (%) | 15.29 | +60bp | +573bp |
| Ukraine 22, Eurobond (%) | 10.75 | +40bp | +140bp |
| Ukraine 23, Eurobond (%) | 10.77 | +40bp | +172bp |
| Ukraine 5Y CDS | 1,246bp | +63bp | +429bp |

EQUITIES

Stock market indices

| | | | |
|-----------------|----------|-------|--------|
| UX (Ukraine) | 1,085.35 | +0.65 | +19.26 |
| MSCI World | 421.98 | -0.61 | +3.29 |
| MSCI EM | 1,032.79 | -0.72 | +3.00 |
| RTS (Russia) | 1,167.25 | +1.40 | -19.09 |
| WIG-20 (Poland) | 2,485.29 | -1.21 | +3.51 |
| S&P 500 (USA) | 1,982.77 | -0.58 | +7.27 |

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.

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Economics: News & Comments

Largest Ukrainian banks require UAH56bn of capital inflow

A recent stress-test conducted on the country's largest fifteen banks revealed a worse-than-expected need for capital. According to the official statement, nine of the fifteen banks will jointly require UAH56bn. The cumulative 2Q14 equity of the entire group of the fifteen largest banks was only UAH115.9bn. Shareholders of these banks are expected to present their plans to increase their capital by the end of September 2014.

While the exact list of banks is confidential, the Deputy Chairman of NBU has announced the recapitalization of the state Ukreximbank, Oschadbank and Ukgazbank at the expense of the state budget. The IMF memorandum states that the NBU can purchase up to UAH15bn of government bonds issued for the purpose of bank recapitalizations. While the IMF's suggestion was for the authorities to bailout the largest banks, the NBU currently estimates the nationalization of the commercial banks as possible but not probable.

We also expect that the banks with the lowest regulatory capital adequacy ratios (RCAR) will be on the list of banks that will require additional capital. According to the 2Q14 official statistics, Delta Bank had a RCAR of only 10.0%, VTB Bank had 10.2%, Privatbank had 10.9%, Ukrspotsbank had 11.1%, FUIB had 11.3%, and Sberbank had 11.4%.

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Bonds: News & Comments

Liquidity increases due to injections

Broader banking sector liquidity jumped to an historical high since 2012, rising UAH10.66bn to UAH65.66bn yesterday. This increase was caused by a UAH9.58bn increase in banks' correspondent accounts with the NBU to UAH41.44bn and a UAH1.15bn increase in total local currency debt repayments scheduled for the next 30 days to UAH7.56bn. Total CDs outstanding slid UAH0.08bn to UAH16.66bn.

KyivPrime interest rates only slightly diverged: the KyivPrime ON interest rate slid 2bp to 8.38% while the KyivPrime 1M interest rate rose 3bp to 15.63%.

Investment implications: Yesterday's liquidity indicators rose after the NBU purchased about UAH13.00bn in its portfolio from the other residents' portfolio. There were likely bonds from Naftogaz's portfolio which will be spent on FX, but not likely from the FX market.

Eurobond YTM's up significantly

At yesterday's close, the yield curve adjusted to the range of 10.22-20.14% as UKRAIN 6.875% '15 rose 245bp to 20.14%, UKRAIN 6.58% '16 was up 115bp to 15.30%, and UKRAIN 6.75% '17 rose 38bp to 13.22%, while UKRAIN 9.25% '17 rose 59bp to 15.27%, UKRAIN 7.95% '21 was up 55bp to 11.40%, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 increased 36bp to 10.72% and 10.74 respectively. The 5-year CDS rose to 1,246bp.

Investment implications: YTM's rose significantly yesterday to year highs based on negative anticipations of Ukraine's ability to fulfill debt repayments arising from Naftogaz's upcoming government-guaranteed Eurobond redemption amidst rumours of a possible debt restructuring.

Primary auction results

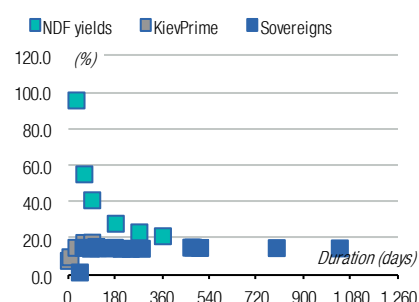
The MoF slightly changed the set of bonds offered yesterday and sold UAH0.55bn of bonds with a 12-month maturity to one bank with an interest rate of 17.50%.

Investment implications: Yesterday's bond purchases were likely not supported by the NBU via domestic QE, as the interest rate was quite high even though banking sector liquidity was also high and total CDs outstanding remained at about UAH16.0bn.

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Yield curve of the local bond market

(as of market close on 23 Sep 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 23 Sep 2014)

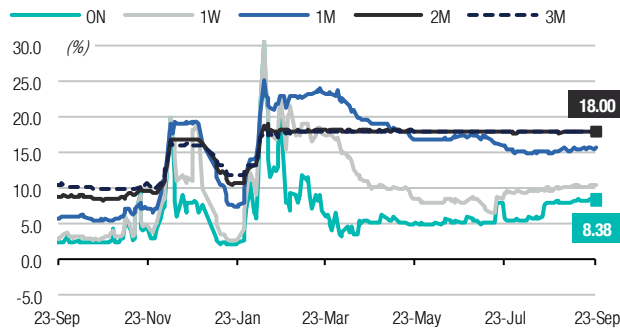
| | Last | Daily chg (%) | Weekly chg (%) | MoM chg (%) | YTD chg (%) |
|---|----------------|---------------|----------------|---------------|---------------|
| MONEY MARKET KIEV PRIME RATES (%) | | | | | |
| O/n | 8.38 | -2bp | +13bp | +38bp | +58bp |
| 1wk | 10.38 | +3bp | +7bp | +63bp | +58bp |
| 1m | 15.63 | +3bp | +13bp | +63bp | -62bp |
| 2m | 18.00 | +0bp | +0bp | +0bp | +160bp |
| 3m | 18.00 | +0bp | +0bp | +0bp | +200bp |
| LIQUIDITY WIDE MEASUREMENT (UAHm) | | | | | |
| CB acc's ¹ | 41,436 | +30.07 | +23.91 | +25.07 | +26.71 |
| CDS ² | 16,659 | -0.45 | +24.52 | +15.47 | +2,263.0 |
| Sovgns ³ | 7,647 | +0.00 | +9.56 | +120.4 | +411.6 |
| Total | 65,743 | +16.90 | +22.20 | +28.84 | +88.36 |
| HOLDERS OF UAH SOVEREIGN BONDS (UAHm) | | | | | |
| C.bank | 254,497 | +5.46 | +5.72 | +7.48 | +75.70 |
| Banks | 88,919 | +0.21 | +1.84 | +0.03 | +10.92 |
| Resid's ⁴ | 25,008 | -34.49 | -34.42 | +57.06 | +101.7 |
| Non-res ⁵ | 20,182 | +0.34 | +3.54 | +0.39 | +72.52 |
| Total | 388,607 | +0.07 | +0.77 | +7.43 | +55.99 |
| 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 | -676bp |
| Aug '15 ⁶ | N/A | +542bp | +0bp | +542bp | -81ppt |
| EUROBONDS USD SOVEREIGN BOND YIELDS (%) | | | | | |
| CDS 5yr | 1,246 | +63bp | +86bp | +298bp | +429bp |
| Jun '16 | 16.16 | +124bp | +187bp | +641bp | +727bp |
| Jul '17 | 15.29 | +60bp | +171bp | +561bp | +573bp |
| Sep '20 | 11.41 | +56bp | +59bp | +226bp | +221bp |
| Sep '21 | 11.44 | +59bp | +57bp | +221bp | +222bp |
| Sep '22 | 10.75 | +40bp | +44bp | +184bp | +140bp |
| Feb '23 | 10.77 | +40bp | +51bp | +185bp | +172bp |

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.

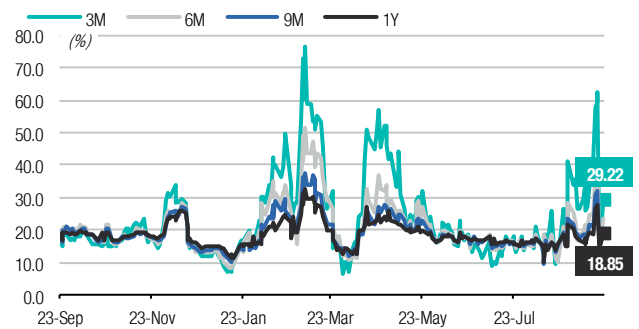
Chart page: Local bond market & Eurobond markets

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



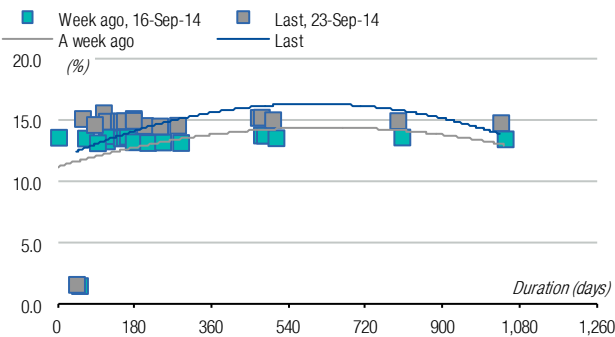
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



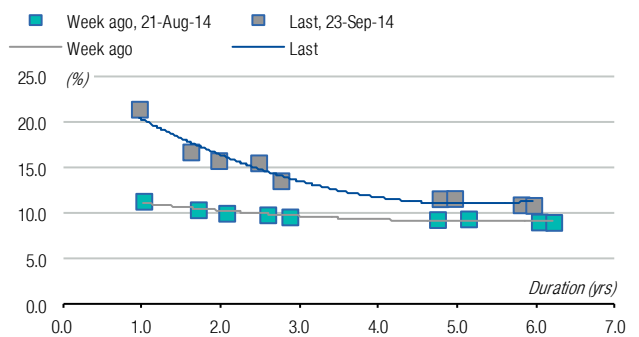
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 23 Sep 2014



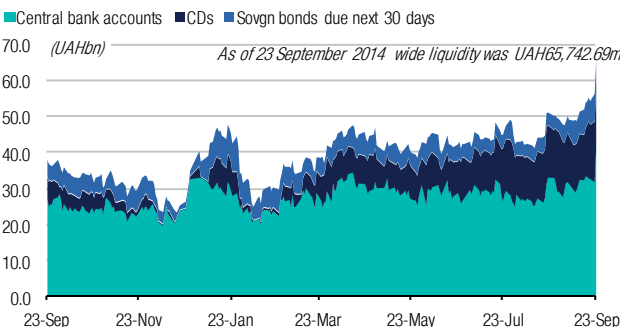
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 23 Sep 2014



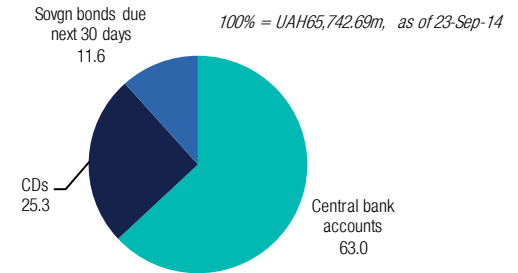
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



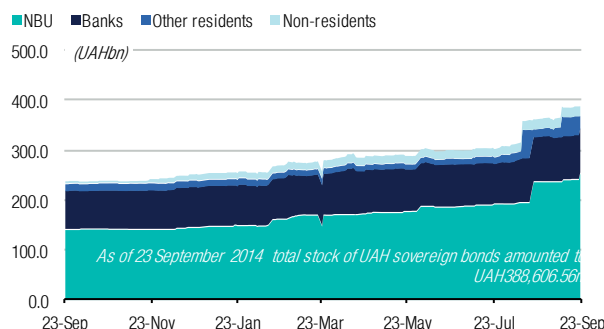
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 23 Sep 2014



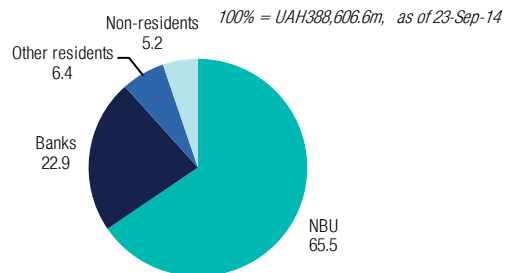
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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



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

Chart 8. Domestic sovereign debt (%) as of 23 Sep 2014



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

Table 1. Ukrainian stocks (closing prices as of 23-Sep-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) | 2013 | 2014E | 2014E | 2013 | 2014E | 2014E | 2013 | 2014E | 2014E | P/B (x) | Debt/Assets (%) |
| ENERGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cadogan Petrol... | CAD LN | London | 11.00 GBp | -2.2 | -5.4 | +6.0 | -33.3 | 0.18 | 41.7 | -21.4 | 40.2 | 16.7 | 0.0 | 28.4 | 0.26 | 392 | Neg. | Neg. | Neg. | 3.3 | N/A | N/A | Neg. | Neg. | Neg. | 0.2 | 0.0 |
| Centrenerg | CEEN UK | Kiev, UX | 7.40 UAH | +0.0 | -6.8 | +55.2 | +50.7 | 0.56 | 206.3 | 254.2 | 21.7 | 44.8 | 59.8 | 266.5 | 0.14 | 704 | 5.6 | 4.9 | 7.4 | 0.5 | 3.8 | 3.9 | 0.5 | 0.3 | 0.3 | 1.1 | 12.2 |
| Coal Energy | CLE PW | Warsaw | 0.96 PLN | +0.0 | +4.3 | -8.6 | -60.0 | 0.30 | 13.3 | 139.2 | 25.0 | 3.3 | 38.0 | 53.6 | 4.01 | 25 | Neg. | N/A | N/A | 6.2 | N/A | N/A | 1.1 | N/A | N/A | 0.1 | 39.8 |
| Donbasenergo | DOEN UK | Kiev, UX | 27.22 UAH | +0.0 | -28.5 | -1.3 | +26.4 | 2.05 | 48.6 | 84.4 | 14.2 | 6.9 | 10.3 | 31.7 | 0.21 | 465 | 1.2 | 1.2 | 1.3 | 0.3 | 1.4 | 1.1 | 0.2 | 0.2 | 0.2 | 1.0 | 17.8 |
| JKX Oil & Gas | JKX LN | London | 43.25 GBp | +0.0 | -4.7 | -39.5 | -30.8 | 0.71 | 121.7 | 126.8 | 47.2 | 57.4 | 15.1 | 36.5 | 0.05 | 1,880 | 18.7 | 20.3 | 3.7 | 1.9 | 2.3 | 2.0 | 0.7 | 0.7 | 0.7 | 0.2 | 5.5 |
| Regal Petroleum | RPT LN | London | 9.00 GBp | +0.0 | +33.3 | -30.8 | -39.5 | 0.15 | 47.3 | 20.5 | 80.9 | 38.3 | 0.0 | 9.7 | 0.03 | 3,308 | Neg. | 23.6 | N/A | 0.9 | 0.8 | N/A | 0.6 | 0.5 | N/A | 0.2 | 0.0 |
| Zakhidenergo | ZAEN UK | Kiev, PFTS | 132.90 UAH | +0.0 | -3.8 | +47.0 | +69.5 | 10.03 | 128.3 | 216.2 | 5.0 | 6.4 | 0.0 | 1.7 | 0.01 | 11,621 | 2.9 | N/A | N/A | 1.4 | N/A | N/A | 0.3 | N/A | N/A | 1.1 | 0.0 |
| METALLURGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alchevsky Meta... | ALMK UK | Kiev, UX | 0.02 UAH | +0.0 | -30.8 | -39.2 | -37.1 | 0.00 | 45.9 | 1,105.4 | 3.9 | 1.8 | 3.9 | 15.2 | 0.32 | 316 | Neg. | Neg. | N/A | N/A | Neg. | N/A | 1.0 | 0.6 | N/A | N/A | 64.5 |
| Avdiyivsky Cok... | AVDK UK | Kiev, UX | 2.40 UAH | +0.0 | -18.8 | -18.9 | -23.6 | 0.18 | 35.3 | 32.6 | 4.0 | 1.4 | 22.3 | 13.4 | 0.76 | 131 | Neg. | 234.1 | 0.6 | Neg. | 0.7 | 0.3 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 |
| Azovstal | AZST UK | Kiev, UX | 0.64 UAH | +0.0 | -26.0 | -4.2 | +5.1 | 0.05 | 203.7 | 197.4 | 4.1 | 8.4 | 14.9 | 10.1 | 0.13 | 772 | Neg. | N/A | Neg. | Neg. | N/A | 5.5 | 0.1 | N/A | 0.1 | 0.2 | 0.0 |
| Ferrexpo PLC | FXPO LN | London | 125.50 GBp | +0.0 | -9.1 | -32.5 | -26.3 | 2.06 | 1,210.5 | 1,412.9 | 22.4 | 271.1 | 1,277.9 | 1,283.8 | 0.45 | 225 | 4.6 | 4.3 | 7.6 | 2.8 | 2.8 | 3.9 | 0.9 | 1.0 | 1.0 | 1.1 | 35.1 |
| Yasynivsky Cok... | YASK UK | Kiev, UX | 0.45 UAH | +0.0 | -30.8 | -15.1 | -21.1 | 0.03 | 9.3 | 10.4 | 9.0 | 0.8 | 27.4 | 4.7 | 1.31 | 76 | Neg. | 0.9 | 0.5 | 0.0 | 0.4 | 0.3 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| Yenakievo Steel | ENMZ UK | Kiev, UX | 25.00 UAH | +0.0 | -35.4 | -21.9 | -24.5 | 1.89 | 19.9 | 16.0 | 9.4 | 1.9 | 2.7 | 15.5 | 0.35 | 288 | 3.8 | N/A | Neg. | Neg. | N/A | 0.5 | 0.0 | N/A | 0.0 | 0.6 | 0.0 |
| FOOD AND AGRIBUSINESS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AgroGeneration | ALAGR FP | EN Paris | 0.79 EUR | +0.0 | -11.2 | -36.3 | -41.5 | 1.01 | 93.7 | 149.2 | 34.0 | 31.9 | 9.3 | 7.3 | 0.02 | 4,449 | Neg. | N/A | N/A | Neg. | N/A | N/A | 2.2 | N/A | N/A | 1.7 | 35.9 |
| Agroliga | AGL PW | Warsaw | 15.36 PLN | +0.0 | -14.6 | -40.8 | -50.1 | 4.73 | 7.3 | 8.1 | 16.7 | 1.2 | 1.5 | 1.8 | 0.35 | 283 | 1.8 | N/A | N/A | 2.4 | N/A | N/A | 0.4 | N/A | N/A | 0.6 | 5.7 |
| Agroton | AGT PW | Warsaw | 2.11 PLN | +0.0 | -5.0 | +8.2 | -14.9 | 0.65 | 14.1 | 59.4 | 26.2 | 3.7 | 22.1 | 87.9 | 3.80 | 26 | Neg. | 2.0 | 1.8 | 22.2 | 6.2 | 3.7 | 0.7 | 0.7 | 0.7 | 0.1 | 28.4 |
| Astarta Holdin... | AST PW | Warsaw | 36.69 PLN | +0.0 | -3.0 | -45.2 | -47.6 | 11.30 | 282.4 | 532.6 | 31.0 | 87.6 | 0.2 | 117.6 | 0.14 | 733 | 8.5 | 27.5 | 4.3 | 7.0 | 4.2 | 4.7 | 1.1 | 1.1 | 1.1 | 0.8 | 38.2 |
| Avangard | AVGR LI | London Intl | 7.99 USD | +0.0 | -11.2 | -32.0 | -27.0 | 7.99 | 510.3 | 741.3 | 21.7 | 110.7 | 50.3 | 152.5 | 0.16 | 616 | 2.2 | 3.3 | 2.9 | 2.5 | 3.9 | 4.1 | 1.1 | 1.2 | 1.1 | 0.4 | 17.8 |
| IMC | IMC PW | Warsaw | 7.68 PLN | +0.0 | -10.7 | -36.8 | -48.1 | 2.36 | 74.0 | 225.0 | 23.9 | 17.7 | 16.0 | 41.0 | 0.21 | 487 | 2.8 | 7.4 | 1.6 | 4.2 | 4.1 | 4.0 | 2.0 | 1.2 | 1.2 | 0.5 | 38.7 |
| Kernel Holding... | KER PW | Warsaw | 25.45 PLN | +0.0 | -7.5 | -33.1 | -49.0 | 7.83 | 624.3 | 1,530.9 | 58.8 | 366.9 | 279.4 | 1,075.6 | 0.40 | 249 | 5.6 | 20.2 | 4.4 | 5.3 | 6.4 | 4.7 | 0.5 | 0.6 | 0.6 | 0.6 | 30.6 |
| KSG Agro | KSG PW | Warsaw | 1.43 PLN | +0.0 | -68.4 | -86.8 | -87.6 | 0.44 | 6.6 | 117.7 | 34.4 | 2.3 | 143.9 | 218.6 | 23.96 | 4 | Neg. | 0.6 | 0.3 | 4.5 | 3.0 | 2.5 | 1.7 | 1.2 | 1.1 | 0.4 | 44.0 |
| MHP | MHPC LI | London Intl | 12.37 USD | +0.0 | +2.9 | -27.4 | -21.2 | 12.37 | 1,307.1 | 2,517.4 | 22.3 | 291.7 | 2,064.6 | 1,484.3 | 0.71 | 140 | 8.4 | 11.2 | 4.5 | 6.4 | 5.3 | 5.0 | 1.7 | 1.8 | 1.6 | 2.2 | 47.0 |
| Milkiland | MLK PW | Warsaw | 4.10 PLN | +0.0 | -13.7 | -67.2 | -65.1 | 1.26 | 39.4 | 168.6 | 20.0 | 7.9 | 34.0 | 6.5 | 0.19 | 516 | 2.8 | Neg. | N/A | 5.1 | 4.3 | 4.8 | 0.4 | 0.4 | 0.4 | 0.2 | 30.8 |
| Mriya Agrohold... | MAYA GF | Frankfurt | 1.45 EUR | +0.0 | -12.7 | -73.1 | -66.7 | 1.86 | 197.9 | 925.7 | 20.0 | 39.6 | 0.0 | 3.5 | 0.02 | 4,757 | 2.2 | 2.3 | 0.9 | 5.6 | 3.4 | 3.1 | 1.9 | 2.2 | 2.1 | 0.5 | 45.3 |
| Ovostar Union | OVO PW | Warsaw | 69.99 PLN | +0.0 | +0.0 | -30.0 | -28.6 | 21.55 | 129.3 | 136.9 | 25.0 | 32.3 | 4.8 | 33.7 | 0.05 | 1,894 | 4.2 | 6.6 | 6.5 | 3.7 | 5.2 | 4.8 | 1.5 | 1.8 | 1.4 | 1.0 | 8.5 |
| CONSTRUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TMM | TR61 GF | Xetra | 0.24 EUR | +0.0 | +9.1 | -24.3 | -45.5 | 0.31 | 16.0 | 191.6 | 13.1 | 2.1 | 0.0 | 0.2 | 0.02 | 4,691 | Neg. | N/A | N/A | Neg. | N/A | N/A | 5.6 | N/A | N/A | 0.2 | 45.5 |
| FINANCIAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Raiffeisen Ban... | BAVL UK | Kiev, UX | 0.13 UAH | +0.0 | -7.7 | +14.0 | +46.5 | 0.01 | 292.8 | N/A | 3.8 | 11.2 | 8.8 | 24.7 | 0.27 | 370 | 3.8 | Neg. | 13.2 | N/A | N/A | N/A | N/A | N/A | N/A | 0.6 | 28.3 |
| Ukrsotsbank | USCB UK | Kiev, UX | 0.15 UAH | +0.0 | -15.7 | -22.7 | +15.1 | 0.01 | 198.5 | N/A | 4.5 | 8.9 | 0.0 | 8.2 | 0.02 | 6,524 | Neg. | 10.7 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.3 | 30.9 |

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

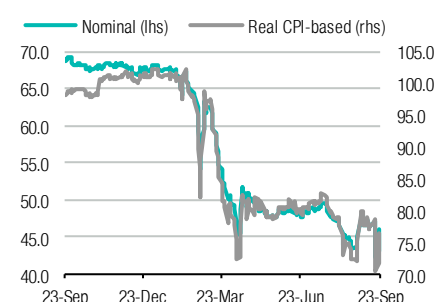
Hryvnia trades lower

The hryvnia weakened further yesterday. Bloomberg reported the UAH hit 14.5/USD shortly during midday and closed at 13.25/USD or 6.5% up, while the NBU weighted average rate hovered most of the day in the 13.57-14.00 range and closed at 13.5261/USD on US\$295m in trading, down 0.27% from the day before. The hryvnia's trade-weighted value rose 6.9%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 24 Sep 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 23 Sep 2014)

| | Last | Daily | Weekly | MoM | YTD |
|---|-----------|---------|---------|---------|---------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| USD/UAH MARKET (HRYVNIA per US DOLLAR) | | | | | |
| Spot mkt | 13.2500 | -6.53 | +2.75 | -2.21 | +60.80 |
| NBU avg | 13.5261 | +0.27 | +4.14 | +1.20 | +65.95 |
| Ttl vlm ¹ | 414.28 | +30.16 | +40.02 | +26.26 | -85.22 |
| \$ volume ² | 295.22 | +38.06 | +52.23 | +35.76 | -86.65 |
| NDF 3M | 15.6700 | +3.09 | +6.24 | +12.94 | +84.68 |
| NDF 6M | 16.1700 | +2.34 | +5.69 | +13.67 | +84.17 |
| NDF 1Y | 17.1225 | +2.22 | +5.37 | +10.18 | +81.77 |
| TRADE-WEIGHTED INDICES (TWIs, points) | | | | | |
| UAH nom'l | 45.901 | +6.88 | -2.05 | +5.84 | -32.04 |
| UAH real CPI | 76.474 | +6.88 | -2.05 | +5.84 | -24.34 |
| UAH real PPI | 115.177 | +6.88 | -2.05 | +5.84 | -17.01 |
| USD nom'l | 84.658 | -0.11 | +0.69 | +2.82 | +5.78 |
| FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs | | | | | |
| USD/RUB | 38.5907 | -0.26 | +0.83 | +6.88 | +17.41 |
| EUR/USD | 1.2847 | -0.02 | -0.87 | -2.98 | -6.52 |
| USD/CNY | 6.1384 | -0.04 | -0.13 | -0.23 | +1.39 |
| USD/PLN | 3.2491 | -0.18 | +0.56 | +2.63 | +7.48 |
| USD/TRY | 2.2393 | -0.07 | +1.64 | +2.93 | +4.24 |
| USD/BYR | 10,550.00 | +0.09 | +0.33 | +1.39 | +10.59 |
| USD/KZT | 181.7200 | -0.14 | -0.16 | -0.22 | +17.79 |
| OTHER MAJOR CURRENCIES | | | | | |
| USD/JPY | 108.8900 | +0.05 | +1.64 | +4.75 | +3.40 |
| GBP/USD | 1.6388 | +0.17 | +0.68 | -1.11 | -1.02 |
| USD/CHF | 0.9399 | +0.00 | +0.78 | +2.86 | +5.26 |
| AUD/USD | 0.8840 | -0.37 | -2.79 | -5.12 | -0.86 |
| USD/CAD | 1.1078 | +0.31 | +0.98 | +1.23 | +4.28 |
| USD/BRL | 2.4120 | +0.59 | +3.44 | +5.91 | +2.11 |
| USD/KRW | 1,039.93 | -0.08 | +0.31 | +2.18 | -0.94 |
| COMMODITIES | | | | | |
| Gold(\$/oz) | 1,223.34 | +0.67 | -0.99 | -4.43 | +1.47 |
| WTI crude ³ | 92.56 | +1.14 | -2.45 | -3.63 | -5.95 |
| Brent crd ³ | 94.98 | -0.31 | -2.42 | -5.18 | -14.29 |
| Urals crd ³ | N/A | +0.00 | +0.00 | +0.00 | +0.00 |
| TR/J CRB ⁴ | 277.80 | +0.05 | -2.32 | -3.77 | -0.85 |

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.

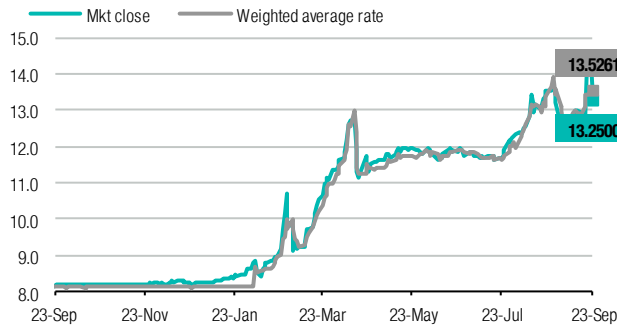
Sources: Bloomberg, Investment Capital Ukraine LLC.

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>).

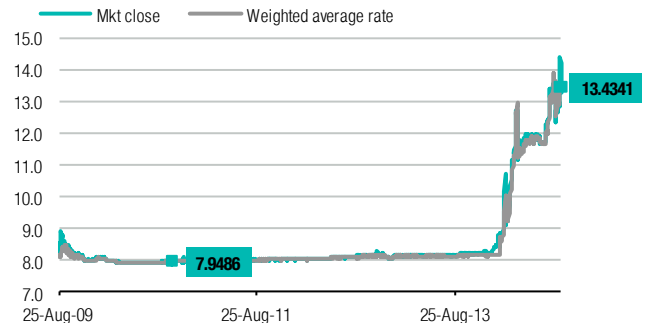
Section on FX market is continued on next page.

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)

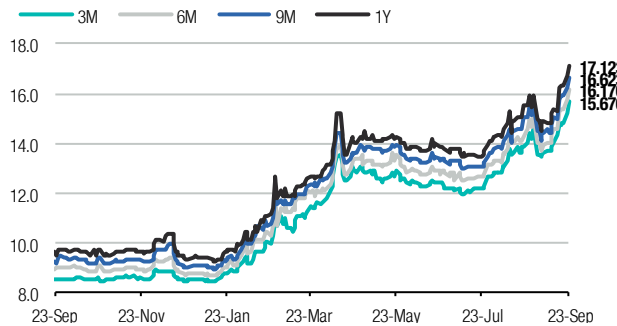


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

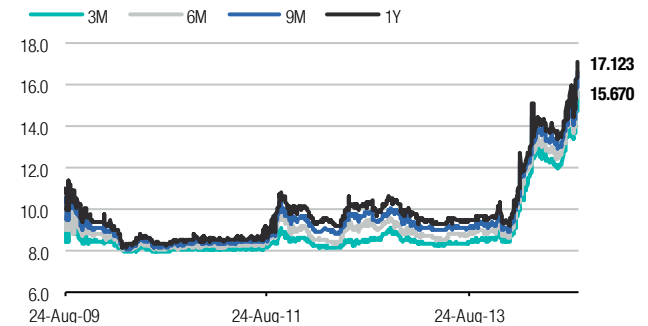


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

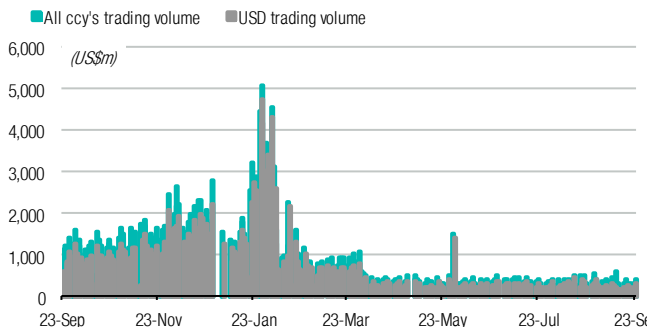


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

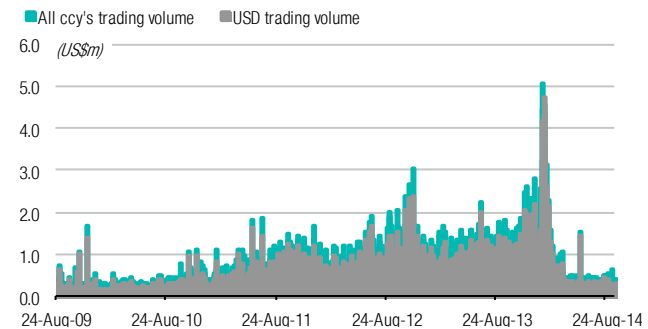


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

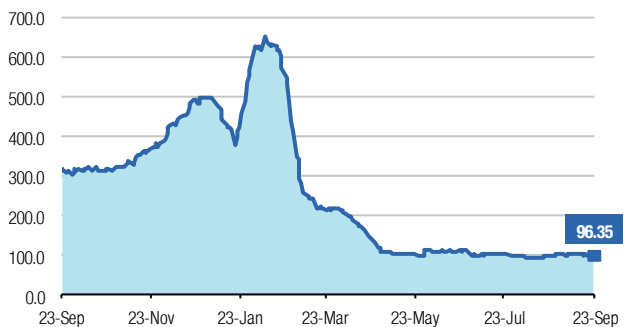


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

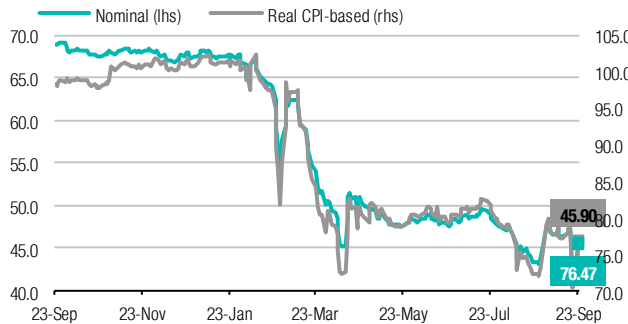


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

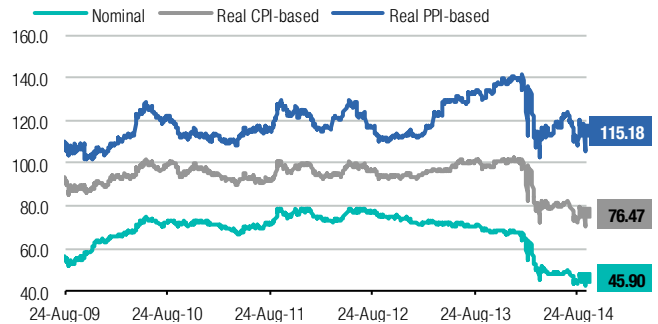
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



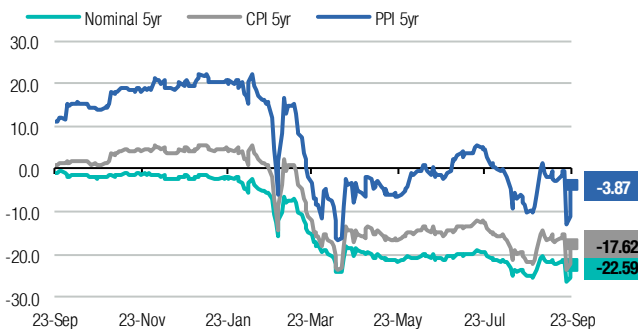
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

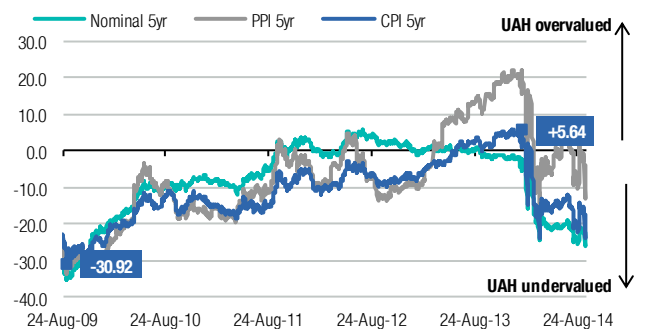


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

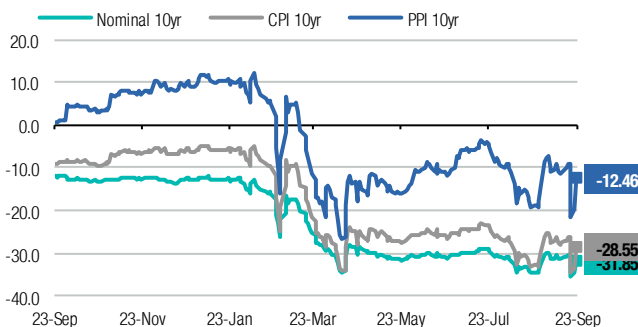


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

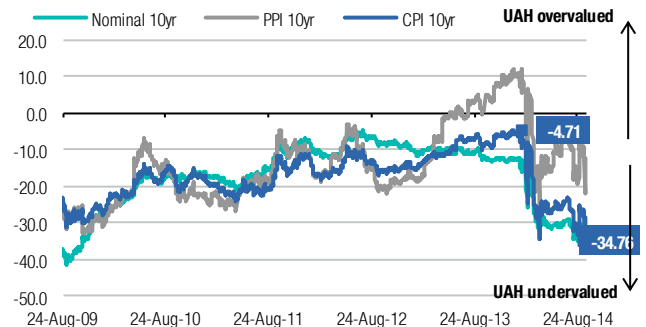


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

Chart 16. 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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