

## Stock Market Update

### Equity

On the Ukrainian Exchange, there was a decrease in the quotes of Raiffeisen Bank (BAVL) by 3.4% to 28 kopecks (MCap of USD 453 mn). Since the beginning of the year, Raiffeisen Bank shares have already lost 12.5%. The bank's financial report for 2023 was worse than expected. The net profit of the bank was UAH 4.8bn (USD 126mn), which turned out to be lower than the preliminary profit data at the level of UAH 5.2bn. Thus, the net profit per share amounted to 7.8 kopecks, resulting in an actual price-to-earnings (P/E) ratio of 3.6x. The estimated price-to-book (P/B) ratio is 0.8x. Considering that the bank is currently restricted in dividend payments, Raiffeisen Bank shares have modest growth potential due to the presence of risks of declining profitability of the bank's operations in the next two years.

In the currency area, the hryvnia devaluated by 0.9% on the cash market to 38.40 UAH/USD. On the interbank market, the hryvnia currently trades at 38.27 UAH/USD.

Quotations of shares of Ukrainian companies listed on foreign exchanges mainly had a negative trend last week. Ferrexpo shares fell by 8.1% to GBp 80.6 (MCap of USD 607mn). Shares of Astarta (AST) saw a decrease of 3.5% to PLN 29.2 (MCap of USD 178mn).

US equities took a certain pause after a period of sharp growth since the end of October. The S&P 500 broad market index corrected by 0.4%. Shares of Apple and Microsoft experienced declines of 3.7% and 3.8%, respectively. At the same time, securities of electricity producers, traditionally considered a defensive asset, began to rise. In particular, the quotations of American Electric Power increased by 6.1% during the week.

## Highlights

### POLITICS AND ECONOMICS

- Ukrainian Banks' Assets Increase by 25% YoY to USD 77bn in 2023. The Capital Adequacy Ratio Deteriorates to 21%

The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[www.bank.gov.ua/en/about/support-the-armed-forces](http://www.bank.gov.ua/en/about/support-the-armed-forces)

The National Bank also opened fundraising account for Humanitarian Assistance to Ukrainians. Please see details under the link below:

[www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine](http://www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine)

### TREND



UNITED24 charitable donations will be transferred to the official accounts of the National Bank of Ukraine and allocated by assigned ministries to cover the most pressing needs:

[www.u24.gov.ua](http://www.u24.gov.ua)

### MARKET INDEXES

|             | Last | 1W ch | YTD   |
|-------------|------|-------|-------|
| UX          | 1537 | 0.1%  | -8.8% |
| RTS         | 1119 | 0.0%  | 3.3%  |
| WIG20       | 2371 | 2.7%  | 1.2%  |
| MSCI EM     | 1016 | 2.1%  | -0.8% |
| MSCI Global | 750  | 0.4%  | 3.2%  |
| S&P 500     | 5005 | -0.4% | 4.9%  |

### FIXED INCOME

|                 | Last  | 1W ch     | YTD       |
|-----------------|-------|-----------|-----------|
| NBU Key Rate    | 15.0% | 0.0 p.p.  | 0.0 p.p.  |
| UAH 1-year bond | 16.8% | 0.0 p.p.  | 0.0 p.p.  |
| Ukraine-2026s   | 94.5% | -3.1 p.p. | 7.1 p.p.  |
| Ukraine-2034s   | 38.4% | -0.8 p.p. | -0.3 p.p. |

### CASH EXCHANGE RATES

|         | Last, UAH | 1W ch | YTD   |
|---------|-----------|-------|-------|
| USD/UAH | 38.40     | 0.9%  | 1.1%  |
| EUR/UAH | 41.60     | 0.7%  | -1.0% |

Source: Eavex Capital

## Ukrainian Banks' Assets Increase by 25% YoY to USD 77bn in 2023. The Capital Adequacy Ratio Deteriorates to 21%

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### NEWS

According to data from the National Bank, Ukraine's banks' net assets increased by 25% YoY to UAH 2.9tn (USD 77bn) in 2023. However, the capital adequacy ratio worsened from 25.4% to 21.1% due to a 4.3% YoY decrease in regulatory capital to UAH 258bn. Overall, banks' revenues for the past year amounted to UAH 446bn, while expenses stood at UAH 360bn. Consequently, banks' net profit was UAH 86bn (USD 2.3bn) for 2023 compared to a net profit of UAH 22bn in 2022 and a profit of UAH 77bn for pre-war 2021.

The number of active banks decreased from 67 to 63 institutions last year. Bank Forward, iBox Bank, Concord Bank, and UkrBudInvestBank were withdrawn from the market.

At the beginning of this year, out of 63 banks, 19 banks had 100% foreign capital.

| DATA FOR SELECTED UKRAINIAN BANKS |                               |                |                |
|-----------------------------------|-------------------------------|----------------|----------------|
|                                   | Capital adequacy ratio (>10%) | Assets, UAH bn | Change in 2023 |
| Raiffeisen Bank                   | 22.1%                         | 189.1          | +7.1%          |
| Credit Agricole                   | 28.3%                         | 103.6          | +42.7%         |
| KredoBank                         | 32.1%                         | 56.1           | +44.0%         |
| A - Bank                          | 18.2%                         | 24.7           | +38.7%         |
| Idea Bank                         | 17.9%                         | 6.2            | +36.3%         |
| IndustrialBank                    | 30.9%                         | 3.8            | -9.7%          |
| PrivatBank                        | 21.8%                         | 685.1          | +24.6%         |
| OschadBank                        | 16.6%                         | 343.5          | +26.2%         |
| UkrEximBank                       | 4.2%                          | 263.7          | +12.6%         |
| UkrGasBank                        | 15.8%                         | 175.8          | +33.5%         |

Source: The National Bank of Ukraine

### COMMENTARY

In the breakdown of bank revenues, 68% comprised interest income, another 22% came from commissions, with the remainder stemming from revaluation results and trading operations.

An unusual aspect regarding the assets of the banking system is that only 35% are directly occupied by loans, while 50% are investments in securities (mainly government bonds). Thus, the relatively low level of lending may indicate banks' reluctance to finance the real economy sector.

Among major banks, Credit Agricole (28%) and Raiffeisen Bank (22%) demonstrate very good adequacy ratios. For comparison, Oschadbank has a capital adequacy ratio of 16.6%. UkrEximBank violates the capital adequacy norm with its ratio standing at 4.2%, signaling the necessity for recapitalization of this state-owned bank.

In the group of medium-sized banks, A-Bank showed solid asset growth rate of 39% to UAH 24.7bn. A-Bank's capital adequacy is at 18.2%. The performance of IndustrialBank looked worse as it reduced its assets by 9.7% to UAH 3.8bn last year.

The total assets of state-owned banks at the beginning of 2024 amounted to nearly UAH 1.6tn (USD 42bn), of which UAH 482bn were investments in government bonds. The share of state-owned banks in the Ukrainian banking system's assets is 54%.

**QUOTES AND MULTIPLES FOR SELECTED UKRAINIAN LISTED COMPANIES**

|                              | Ticker | Today, UAH* | Absolute performance |        | MCap USD mn | EV USD mn | Free float | P/E  |       | EV/EBITDA  |              | EV/Sales 2024E |
|------------------------------|--------|-------------|----------------------|--------|-------------|-----------|------------|------|-------|------------|--------------|----------------|
|                              |        |             | 1W                   | YtD    |             |           |            | 2023 | 2024E | 2023       | 2024E        |                |
| UX Index                     | UX     | 1536        | 0.0%                 | -8.8%  |             |           |            |      |       |            |              |                |
| <b>Iron Ore Mining</b>       |        |             |                      |        |             |           |            |      |       |            |              |                |
| Ferrexpo                     | FXPO   | 80.6        | -8.1%                | -10.7% | 607         | 498       | 25.5%      | 7.6  | 5.1   | 3.6        | 2.9          | 0.6            |
| <b>Railcar Manufacturing</b> |        |             |                      |        |             |           |            |      |       |            |              |                |
| Kryukiv Wagon                | KVBZ   | 14.9        | 0.0%                 | 0.0%   | 45          | 30        | 5.0%       | 15.1 | 12.5  | 4.1        | 3.8          | 0.5            |
| <b>Oil &amp; Gas</b>         |        |             |                      |        |             |           |            |      |       |            |              |                |
| Enwell Energy (ex-Regal)     | ENW    | 12.8        | -2.3%                | -18.9% | 52          | 18        | 21.6%      | 1.8  | 1.5   | 0.4        | 0.3          | 0.2            |
| <b>Power Utilities</b>       |        |             |                      |        |             |           |            |      |       |            |              |                |
| Centrenergo                  | CEEN   | 4.00        | 0.0%                 | -10.9% | 39          | 39        | 21.7%      | 14.2 | 7.3   | 3.5        | 3.0          | 0.1            |
| <b>Agro sector</b>           |        |             |                      |        |             |           |            |      |       |            |              |                |
| MHP                          | MHPC   | 3.27        | -3.8%                | 2.2%   | 350         | 1,451     | 33.7%      | 3.3  | 5.0   | 3.5        | 3.5          | 0.6            |
| Kernel (FY22, FY23, FY24E)   | KER    | 10.09       | -0.1%                | 10.3%  | 738         | 1,333     | 5.4%       | 2.5  | 2.0   | 2.5        | 2.0          | 0.4            |
| Astarta                      | AST    | 29.20       | -3.5%                | 1.7%   | 178         | 336       | 37.0%      | 2.1  | 1.9   | 1.7        | 1.6          | 0.5            |
| <b>Banks</b>                 |        |             |                      |        |             |           |            |      |       |            |              |                |
|                              |        |             |                      |        |             |           |            |      |       | Price/Book | Price/Assets |                |
| Raiffeisen Bank Aval         | BAVL   | 0.28        | -3.4%                | -12.5% | 453         |           | 1.8%       | 3.6  | 4.4   | 0.8        | 0.7          | 0.11           |

Source: UX. PFTS. LSE. WSE. Eavex Research  
\* companies listed abroad are in traded currency

**QUOTES AND MULTIPLES FOR SELECTED U.S. COMPANIES**

|                           | Ticker  | Price USD | Absolute performance |       | MCap USD mn | EV USD mn | P/E  |       | EV/EBITDA |       | EV/Sales 2024E |      |
|---------------------------|---------|-----------|----------------------|-------|-------------|-----------|------|-------|-----------|-------|----------------|------|
|                           |         |           | 1W                   | YtD   |             |           | 2023 | 2024E | 2023      | 2024E |                |      |
| Индекс S&P 500            | S&P 500 | 5005      | -0.4%                | 4.9%  |             |           |      |       |           |       |                |      |
| <b>Technology sector</b>  |         |           |                      |       |             |           |      |       |           |       |                |      |
| Apple                     | AAPL    | 182       | -3.7%                | -5.5% | 2,839,097   | 2,901,097 |      | 29.9  | 32.3      | 23.0  | 25.2           | 7.7  |
| Microsoft                 | MSFT    | 404       | -3.8%                | 7.4%  | 3,001,316   | 3,039,316 |      | 38.6  | 40.8      | 26.4  | 25.8           | 13.5 |
| Palantir Technologies     | PLTR    | 24.44     | 0.2%                 | 42.3% | 52,852      | 49,808    |      | 330.3 | 92.7      | 184.5 | 66.4           | 16.1 |
| <b>Electric Utilities</b> |         |           |                      |       |             |           |      |       |           |       |                |      |
| American Electric Power   | AEP     | 81.35     | 6.1%                 | 0.2%  | 42,339      | 84,675    |      | 18.8  | 17.6      | 11.8  | 10.6           | 4.2  |
| Dominion Energy           | D       | 45.86     | 2.6%                 | -2.4% | 38,376      | 80,899    |      | 23.7  | 22.6      | 10.7  | 10.2           | 4.4  |
| <b>Oil &amp; Gas</b>      |         |           |                      |       |             |           |      |       |           |       |                |      |
| Exxon Mobil               | XOM     | 103.73    | 1.9%                 | 3.8%  | 417,513     | 418,823   |      | 9.9   | 9.1       | 5.2   | 4.9            | 1.2  |
| Devon Energy              | DEV     | 43.46     | 4.5%                 | -4.1% | 27,684      | 33,510    |      | 7.2   | 6.6       | 4.4   | 4.0            | 1.9  |
| PBF Energy                | PBF     | 48.16     | -9.7%                | 9.6%  | 5,885       | 6,055     |      | 1.9   | 2.1       | 1.3   | 1.3            | 0.2  |
| <b>Transportation</b>     |         |           |                      |       |             |           |      |       |           |       |                |      |
| Nordic American Tankers   | NAT     | 4.27      | 1.7%                 | 1.7%  | 892         | 1,078     |      | 7.8   | 7.3       | 7.3   | 7.0            | 2.1  |
| <b>Pharmaceutical</b>     |         |           |                      |       |             |           |      |       |           |       |                |      |
| Pfizer                    | PFE     | 27.62     | 0.2%                 | -4.1% | 155,943     | 175,943   |      | 14.9  | 13.3      | 9.6   | 8.4            | 2.4  |
| Bristol-Myers Squibb      | BMJ     | 49.86     | 0.1%                 | -2.8% | 102,562     | 134,162   |      | 12.4  | 11.7      | 6.8   | 6.6            | 2.9  |

Source: Bloomberg

**MAIN FINANCIAL FORECASTS FOR UKRAINIAN COMPANIES, USD mn**

|                              |      | Net Sales    |       |       | EBITDA       |       |       | EBITDA margin |        |       | Net Profit |       |       | Net Profit margin |        |       |
|------------------------------|------|--------------|-------|-------|--------------|-------|-------|---------------|--------|-------|------------|-------|-------|-------------------|--------|-------|
|                              |      | 2022         | 2023E | 2024E | 2022         | 2023E | 2024E | 2022          | 2023E  | 2024E | 2022       | 2023E | 2024E | 2022              | 2023E  | 2024E |
| <b>Iron Ore Mining</b>       |      |              |       |       |              |       |       |               |        |       |            |       |       |                   |        |       |
| Ferrexpo                     | FXPO | 1,248        | 750   | 850   | 765          | 140   | 170   | 61.3%         | 18.7%  | 20.0% | 220        | 80    | 120   | 17.6%             | 10.7%  | 14.1% |
| <b>Railcar Manufacturing</b> |      |              |       |       |              |       |       |               |        |       |            |       |       |                   |        |       |
| Kryukiv Wagon                | KVBZ | 111          | 84    | 56    | 5            | 7     | 8     | 4.4%          | 8.5%   | 13.9% | 1          | 3     | 4     | 1.1%              | 3.5%   | 6.4%  |
| <b>Oil &amp; Gas</b>         |      |              |       |       |              |       |       |               |        |       |            |       |       |                   |        |       |
| Regal Petroleum              | RPT  | 131          | 80    | 95    | 86           | 49    | 57    | 65.7%         | 61.3%  | 60.0% | 55         | 28    | 34    | 41.9%             | 35.0%  | 35.8% |
| <b>Electric Utilities</b>    |      |              |       |       |              |       |       |               |        |       |            |       |       |                   |        |       |
| Centrenerg                   | CEEN | 460          | 323   | 200   | -33          | -171  | 11    | -7.1%         | -53.0% | 5.5%  | -38        | -224  | 3     | -8.2%             | -69.3% | 1.4%  |
| <b>Agro sector</b>           |      |              |       |       |              |       |       |               |        |       |            |       |       |                   |        |       |
| MHP                          | MHPC | 2,642        | 2,774 | 2,550 | 384          | 410   | 415   | 14.5%         | 14.8%  | 16.3% | -231       | 105   | 70    | -8.7%             | 3.8%   | 2.7%  |
| Kernel (FY22, FY23, FY24E)   | KER  | 5,332        | 3,455 | 3,800 | 220          | 544   | 680   | 4.1%          | 15.7%  | 17.9% | -41        | 299   | 370   | -0.8%             | 8.7%   | 9.7%  |
| Astarta                      | AST  | 561          | 628   | 688   | 170          | 199   | 211   | 30.3%         | 31.7%  | 30.7% | 72         | 85    | 94    | 12.8%             | 13.5%  | 13.6% |
| <b>Banks</b>                 |      |              |       |       |              |       |       |               |        |       |            |       |       |                   |        |       |
|                              |      | Total Assets |       |       | Total Equity |       |       | Total Income  |        |       | Net Profit |       |       | Return on Equity  |        |       |
| Raiffeisen Bank Aval         | BAVL | 4,238        | 4,211 | 4,231 | 466          | 591   | 575   | 314           | 389    | 385   | 43         | 142   | 103   | 9.2%              | 24.1%  | 17.8% |

Source: Eavex Research

**FINANCIAL FORECASTS FOR SELECTED U.S. COMPANIES, USD mn**

|                           |      | Net Sales |         |         | EBITDA  |         |         | EBITDA margin |       |       | Net Profit |        |        | Net Profit margin |       |       |
|---------------------------|------|-----------|---------|---------|---------|---------|---------|---------------|-------|-------|------------|--------|--------|-------------------|-------|-------|
|                           |      | 2022      | 2023E   | 2024E   | 2022    | 2023E   | 2024E   | 2022          | 2023E | 2024E | 2022       | 2023E  | 2024E  | 2022              | 2023E | 2024E |
| <b>Technology sector</b>  |      |           |         |         |         |         |         |               |       |       |            |        |        |                   |       |       |
| Apple                     | AAPL | 383,285   | 378,000 | 375,000 | 125,820 | 126,000 | 115,000 | 32.8%         | 33.3% | 30.7% | 96,995     | 95,000 | 88,000 | 25.3%             | 25.1% | 23.5% |
| Microsoft                 | MSFT | 211,915   | 219,000 | 225,000 | 102,384 | 115,000 | 118,000 | 48.3%         | 52.5% | 52.4% | 72,361     | 77,800 | 73,500 | 34.1%             | 35.5% | 32.7% |
| Palantir Technologies     | PLTR | 1,906     | 2,300   | 3,100   | -334    | 270     | 750     | -17.5%        | 11.7% | 24.2% | -374       | 160    | 570    | -19.6%            | 7.0%  | 18.4% |
| <b>Electric Utilities</b> |      |           |         |         |         |         |         |               |       |       |            |        |        |                   |       |       |
| American Electric Power   | AEP  | 19,640    | 19,300  | 20,100  | 7,102   | 7,200   | 8,000   | 36.2%         | 37.3% | 39.8% | 2,307      | 2,250  | 2,400  | 11.7%             | 11.7% | 11.9% |
| Dominion Energy           | D    | 17,174    | 18,050  | 18,450  | 4,849   | 7,550   | 7,900   | 28.2%         | 41.8% | 42.8% | 994        | 1,620  | 1,700  | 5.8%              | 9.0%  | 9.2%  |
| <b>Oil &amp; Gas</b>      |      |           |         |         |         |         |         |               |       |       |            |        |        |                   |       |       |
| Exxon Mobil               | XOM  | 398,675   | 348,000 | 350,000 | 102,591 | 80,000  | 85,000  | 25.7%         | 23.0% | 24.3% | 55,740     | 42,000 | 46,000 | 14.0%             | 12.1% | 13.1% |
| Devon Energy              | DVN  | 19,169    | 15,600  | 17,500  | 10,368  | 7,700   | 8,400   | 54.1%         | 49.4% | 48.0% | 6,015      | 3,850  | 4,200  | 31.4%             | 24.7% | 24.0% |
| PBF Energy                | PBF  | 46,830    | 42,000  | 38,000  | 3,811   | 4,785   | 4,500   | 8.1%          | 11.4% | 11.8% | 2,876      | 3,100  | 2,750  | 6.1%              | 7.4%  | 7.2%  |
| <b>Transportation</b>     |      |           |         |         |         |         |         |               |       |       |            |        |        |                   |       |       |
| Nordic American Tankers   | NAT  | 339       | 450     | 520     | 42      | 147     | 155     | 12.4%         | 32.7% | 29.8% | 15         | 115    | 122    | 4.4%              | 25.6% | 23.5% |
| <b>Pharmaceutical</b>     |      |           |         |         |         |         |         |               |       |       |            |        |        |                   |       |       |
| Pfizer                    | PFE  | 100,330   | 69,000  | 73,000  | 39,576  | 18,400  | 21,000  | 39.4%         | 26.7% | 28.8% | 31,372     | 10,500 | 11,700 | 31.3%             | 15.2% | 16.0% |
| Bristol-Myers Squibb      | BMJ  | 46,159    | 44,900  | 45,600  | 18,540  | 19,600  | 20,200  | 40.2%         | 43.7% | 44.3% | 6,327      | 8,300  | 8,750  | 13.7%             | 18.5% | 19.2% |

Source: Bloomberg

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