

Focus List: Financials

The Financials sector continues to look attractive, with the sector and the industry groups all having average PRVIt scores greater than 50 (over 50 is attractive, 50 is neutral, and under 50 is unattractive). In **Figure 1**, we provide an update of our sector attractiveness table originally provided in our Global Roadmap published in January 2025 ([Roadmap](#)).

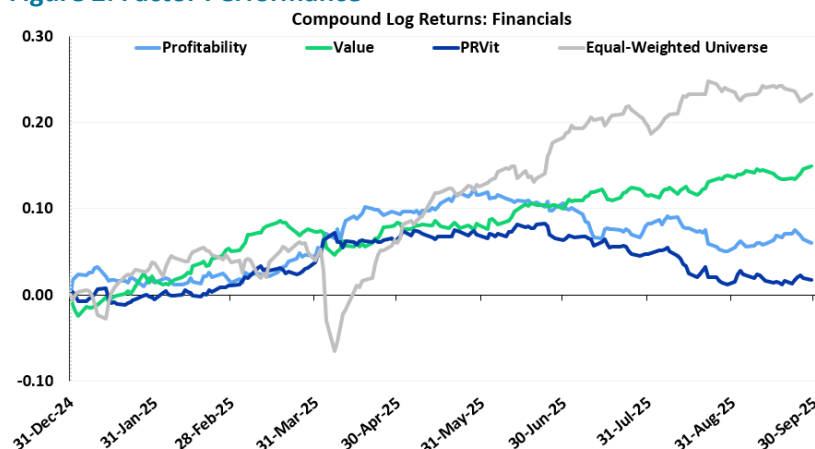
Figure 1: Financial Sector Attractiveness

Global Financials	PRVIt	Quality	Value
Financials	52	62	47
Banks	53	63	36
Financial Services	51	59	56
Insurance	52	70	53

Factor Performance

In **Figure 2** we plot the compound alpha for our Profitability, Value, and PRVIt factors for the global Financials sector this year. Cheap Value has outperformed expensive Value for most of the year (aside from a small dip in late March). Profitability had been strong from January to May but rolled over in the latter part of the year.

Figure 2: Factor Performance



In October 2023, we released our [EVA Analyst Focus List](#), which was a selection of stocks chosen by the EVA analyst team, utilizing the EVA framework, to pick what the sector specialists view as most attractive within their sectors. In **Figure 3**, we provide the Focus List names with updated scoring data and the total shareholder return since the Focus List was published. The average return of the group is 79.69%, 1027bps ahead of the MSCI Financials Index.

Figure 3: Financials Focus List (Sorted by Descending Market Cap)

Name	Ticker	Country	Market Cap (US\$M)	PRVIt	Profit (P)	Quality (P - R)	Valuation (V)	ESG Perform. Score	TSR Since Focus List
Focus List									
M&T BANK CORP	MTB	USA	31,070	67	43	56	45	41	70.48%
ABU DHABI COMMERCIAL BANK	ADCB UH	ARE	28,497	57	91	80	69	45	91.04%
SVENSKA HANDELSBANKEN	SHBA SS	SWE	26,312	57	59	65	73	58	55.57%
HANA FINANCIAL GROUP INC	086790 KS	KOR	18,069	88	76	52	12	53	125.59%
RAIFFEISEN BANK INTERNATI AG	RBI AV	AUT	11,523	33	43	18	7	61	151.68%
INDUSTRIAL BANK OF KOREA	024110 KS	KOR	11,112	73	42	30	8	45	93.08%
WEBSTER FINANCIAL CORP	WBS	USA	9,955	46	34	31	35	29	60.57%
WINTRUST FINANCIAL CORP	WTFC	USA	8,876	39	63	38	61	28	83.47%
BLUE OWL CAPITAL CORP	OBDC	USA	6,751	99	96	90	11		18.43%
BANK OZK	OZK	USA	5,897	86	63	79	39	29	47.02%
Average				65	61	54	36	43	79.69%
MSCI AC World / Financials -SEC									69.42%

Key Summary

- We examine the ten Financials on our 'Focus Names' list: our underlying selection criteria was centered around strong performance within the PRVIt model, assessing for strong Quality and attractive Valuation levels.
- In this report, we look at adding **DBK GR** and **2881 TT** while removing **RBI AV** and **WTFC**.

EVA Primer

- EVA measures the true economic profit of a business after compensating shareholders for use of their capital and is therefore superior to standard accounting measures.
- The value of a company is the capital invested plus the present value of future EVA generation. The math is like a DCF: $\text{Market Value} = \text{Capital} + \text{PV}(\text{EVA})$.
- Therefore, more Economic Value Added (EVA) is better.

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About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

Figure 4: Focus List, Expanded View

Figure 4 is the same as Figure 3 but with additional metrics. **RBI AV** and **WTFC** have seen significant drops in PRVit, both falling into our 'underweight' category (PRVit: 20-40). **ADCB UH**, **SHBA SS**, and **WBS** have all fallen into our 'hold' category (PRVit: 40-60). Sixty percent of the names outperformed the index.

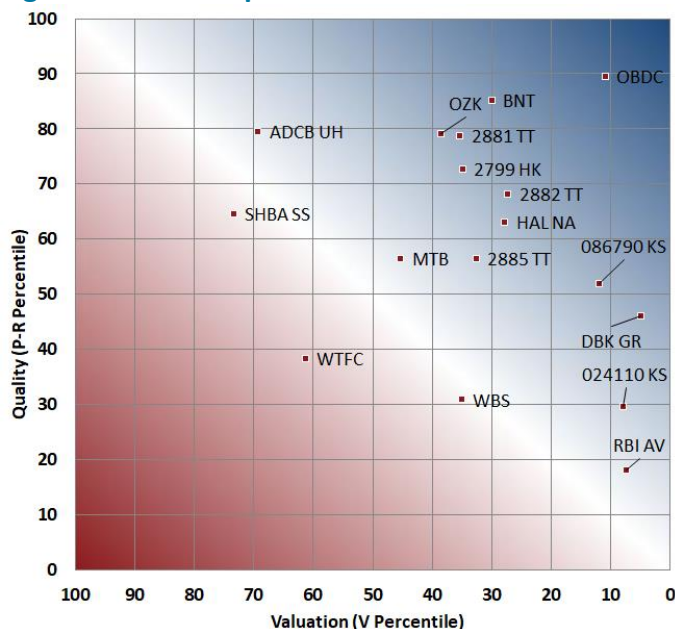
Name	Ticker	Country	Market Cap (US\$M)	EVA Margin	EVA Mom	Future Growth Reliance	PRVit	Profit (P)	Quality (P - R)	Valuation (V)	ESG Perform. Score	ESGF	TSR Since Focus List
Focus List													
M&T BANK CORP	MTB	USA	31,070	0.7%	0.2%	3.4%	67	43	56	45	41	C-	70.48%
ABU DHABI COMMERCIAL BANK	ADCB UH	ARE	28,497	33.8%	6.6%	-55.5%	57	91	80	69	45	C+	91.04%
SVENSKA HANDELSBANKEN	SHBA SS	SWE	26,312	15.7%	-3.3%	-10.0%	57	59	65	73	58	C+	55.57%
HANA FINANCIAL GROUP INC	086790 KS	KOR	18,069	11.6%	5.5%	-136.4%	88	76	52	12	53	C+	125.59%
RAIFFEISEN BANK INTERNATI AG	RBI AV	AUT	11,523	12.6%	-10.0%	-228.6%	33	43	18	7	61	C+	151.68%
INDUSTRIAL BANK OF KOREA	024110 KS	KOR	11,112	12.4%	-11.0%	-176.4%	73	42	30	8	45	C	93.08%
WEBSTER FINANCIAL CORP	WBS	USA	9,955	0.5%	-1.2%	-6.1%	46	34	31	35	29	C-	60.57%
WINTRUST FINANCIAL CORP	WTFC	USA	8,876	7.3%	0.2%	-9.9%	39	63	38	61	28	C-	83.47%
BLUE OWL CAPITAL CORP	OBDC	USA	6,751	49.4%	2.9%	-986.4%	99	96	90	11	-	-	18.43%
BANK OZK	OZK	USA	5,897	17.5%	-4.7%	-61.7%	86	63	79	39	29	C	47.02%
Average				16.2%	-1.5%	-166.7%	65	61	54	36	43		79.69%
MSCI AC World / Financials -SEC													69.42%

In Figure 5, we provide a list of attractive names in the Financial sector: these names have attractive PRVit scores (≥ 80), attractive Profitability Trend (P2) scores (≥ 80), and cheap Valuations (≤ 40).

Figure 5: Attractive Names

Name	Ticker	Country	Market Cap (US\$M)	EVA Margin	EVA Mom	Future Growth Reliance	PRVit	Profit (P2)	Quality (P - R)	Valuation (V)	ESG Perform. Score	ESGF	TSR YTD
Attractive Names													
DEUTSCHE BANK AG	DBK GR	DEU	68,636	1.1%	8.1%	-97.4%	84	88	46	5	59	C+	85.07%
FUBON FINANCIAL HOLDING CO	2881 TT	TWN	39,756	47.2%	156.1%	-138.8%	90	97	79	35	56	B-	5.35%
CATHAY FINANCIAL HOLDING CO	2882 TT	TWN	31,334	54.5%	355.9%	-285.5%	89	100	68	27	56	B-	1.40%
BROOKFIELD WEALTH SOLUTIONS	BNT	BMU	16,799	36.7%	32.8%	0.0%	94	98	85	30	-	-	19.80%
YUANTA FINANCIAL HOLDING CO	2885 TT	TWN	15,069	6.7%	28.2%	-8.4%	80	92	56	33	53	C+	10.58%
HAL TRUST	HAL NA	BMU	14,334	3.9%	2.5%	-26.6%	90	80	63	28	-	-	20.26%
CHINA CITIC FINANCIAL ASSET	2799 HK	CHN	10,827	62.0%	99.2%	-586.5%	97	99	73	35	22	C	60.00%
Average				30.3%	97.5%	-163.3%	89	93	67	28	49		28.92%
MSCI AC World / Financials -SEC													19.39%

Figure 6: HEAT Map



Commentary

Our HEAT Map provides a visual representation of the tradeoff between Quality (y-axis, higher is better) and Valuation (x-axis, right is cheaper).

Most of the names remain cheap, with the exceptions of **ADCB UH**, **SHBA SS**, and **WTFC**.

At this time, we add **DBK GR** and **2881 TT** to the Focus List and remove **RBI AV** and **WTFC**.

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + Present Value of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

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