

Bond Market Insight

Weekly review: Week of uncertain stability

TUESDAY, 8 APRIL, 2014

RESEARCH INSIGHT

Last week was less positive than the week before as an uncertain schedule of issuances of financial support for Ukraine resulted in wavering sentiment. Despite the plethora of promised financial support, concrete steps to the reality of issuances have not yet materialized.

Domestic bond market. Domestic banking sector liquidity was high and rose significantly last week, causing money market interest rates to decline, but having only a slight impact on bonds market. Although local currency liquidity rose to UAH32.12bn in banks' correspondent accounts with the NBU and to UAH45.03bn in broader indicator, liquidity has been mostly short-term with a large portion invested in CDs with ON maturities, most likely as funds deposited by banks' clients for FX purchases.

The MoF last week held two auctions, one of which was used to test new instruments last week. At the same time, we saw significant support of banks by the NBU under its domestic QE program at the primary auction, raising funds to cover a majority of the expenses.

Eurobond market. The Eurobond market was quite stable without significant changes in conditions for Ukraine. The risks of default remain high due to the lack of FX inflows from the EU, the US and the IMF. Although these issues were announced earlier last month, no practical steps beyond a declaration merely tightened spreads. Until loans or grants are received by Ukraine, we doubt that spreads will tighten further.

CONTENTS

Market update and news	2
Appendixes	2
UAH bond market	7
Eurobond market	9
Primary market for UAH state bonds.	12
UAH state bonds outstanding	14
2011 weekly state debt payback	19
5yr sovereign local debt payback	20
5yr sovereign external debt payback.	21
Ukraine issuers' credit metrics	22
Glossary	24

Key market indicators (as of 7 Apr 2014)

	Last close	Weekly chg (%)	YTD chg (%)
Currencies			
USD/UAH (spot)	11.7000	3.08	41.99
USD/UAH (1Y NDF)	13.1159	1.67	39.23
Rates, yields & spreads (%)			
Kiev Prime ON	4.75	-25bp	-305bp
Kiev Prime 3M	18.00	-5bp	200bp
UAH NDF 1Y	12.72	-156bp	-227bp
Ukraine CDS 5Y	850bp	0bp	33bp
Libor USD 1yr	0.55	0bp	-3bp
UST 2yr	0.39	-4bp	1bp
UST 10yr	2.70	-5bp	-33bp
UKRAINE 17	10.31	95bp	75bp
UKRAINE 23	8.96	53bp	-9bp
Money market data (UAHbn)			
Accounts at NBU	33.09	4.63	1.19
NBU CDs outstanding	7.74	-51.52	0.00
Local currency bond market data (UAHbn)			
Govt bond outstanding	284.58	1.31	14.24
Held by			
NBU	170.69	0.24	17.84
Banks	86.78	2.94	8.25
Other residents	11.12	0.96	-10.32
Non-residents	15.99	4.58	36.68

Notes: chg – percentage change; bp – basis points.

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

Research team

Alexander Valchyshen
Alexander Martynenko
Taras Kotovych

Market update and news

Domestic bond market

Liquidity significant increase

Liquidity rose significantly last week to UAH45.03 in the broader indicator

Last week, banks' correspondent accounts with the NBU rose UAH5.88bn to UAH32.12bn. The NBU decreased its CDs outstanding just UAH1.55bn to UAH8.18bn last Friday and the MoF repaid only UAH0.35bn of debt interest repayments which were mostly refinanced on the same day (see comment below). As a result, broader banking sector liquidity increased UAH5.91bn to UAH45.03bn last week. The NBU purchased UAH1.24bn of new government bonds last week (see comment below).

KyivPrime interest rates declined slightly

The increase in liquidity caused money market interest rates to decline slightly, as the KyivPrime ON interest rate declined to 3.31% and the KyivPrime 1M interest rate declined to 22.13% last Thursday. However, prior to the weekend, they slightly rose last Friday to 3.75% and 22.75%, respectively.

Chart 1. Banking sector liquidity (UAHbn) (last 3 months)

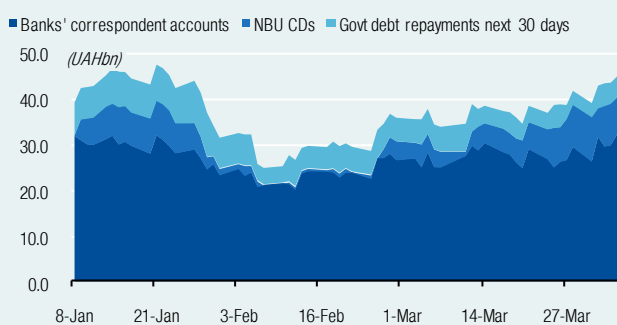
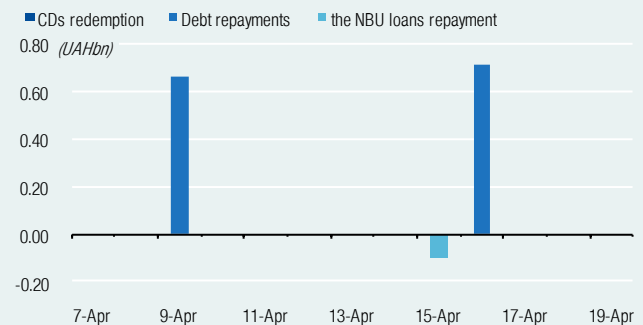


Chart 2. Future redemptions of CDs and UAH state bonds (UAHbn)



This week should not be much different from last week, and liquidity should remain high and stable. The MoF's debt repayments will be insignificant and could be refinanced. At the same time, Naftogaz's payments to Gazprom this week (if paid on schedule) could reduce banks' correspondent accounts with the NBU.

Last week's primary auction

Two auctions took place last week

The MoF held two primary auctions last week, one was an unscheduled auction last Monday, per routine, which appears to have been supported by domestic QE, and the second was the debut auction in April.

The unscheduled auction provided the budget with UAH1.16bn of proceeds from a 3-year bond offering...

Last Monday's auction was quite unusual, because the MoF offered a rarely issued 3-year bond instead of a 5-year bond. The bond attracted three bids at 14.25%, all of which were accepted, for UAH1.16bn of funds. These proceeds most likely were needed to cover state budget needs, possibly to refinance debt repayments which were not refinanced during two previous weeks. Considering the low coupon rate of this offering versus the most recent KyivPrime 1M interest rate of 23.00%, last Monday's demand was most likely supported by domestic QE.

...while this month started with a significantly different set of bonds...

At the debut auction of this month last Tuesday, the MoF offered a 2-year coupon-bearing bond (a one-time issuance in this month's schedule) in addition to the routinely scheduled 6-month zero-coupon bonds and 3-month USD-denominated bonds. The standard 5-year or 7-year bonds were not included in this month's scheduled offerings.

...and issue only 6-month bonds

Of the bonds offered last Tuesday, only the 6-month bond collected UAH330.0m in demand from four bids at interest rates in the range of 12.75-23.50%. The largest bid was for UAH300.0m (par value) submitted at the lowest interest rate of 12.75%, which was accepted by the MoF, providing the state budget with UAH282.07m. These funds covered a majority, but not all, of the UAH350.58m in scheduled interest repayments due last Wednesday.

The debt auction in April appears to have attracted true market demand

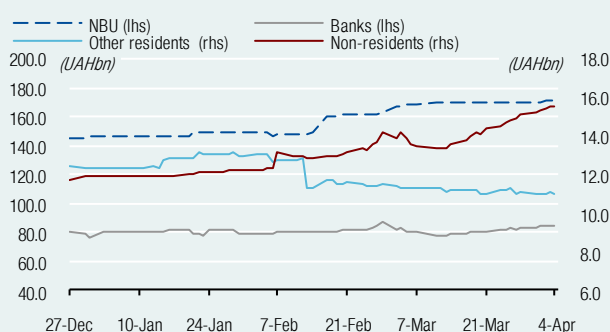
This debut auction appears to be the MoF's initiative to create true market demand at the primary auctions, i.e. not pre-arranging bids with state-owned banks at below-market rates. However, in anticipation of external financing from the IMF later this month, rather than issue more expensive external debt at market rates, the MoF will probably continue to use domestic QE to support domestic borrowings at lower rates over the next several weeks.

Bondholder structure movements

Portfolios rose due to new bond purchases and to the exchange rate increase

The NBU slightly increased its portfolio last week as it purchased UAH1.24bn of bonds from the market, most likely from the banks' portfolio. At the same time, this increase was insufficient due to a significant increase in banks' and non-residents' portfolios following the increase in the official UAH/USD exchange rate last week to UAH11.2416/USD last Wednesday (see charts below). As a result, the NBU's share slid to 60.43%, while the banks' share rose to 30.15% and the non-residents' share rose to 5.51%, the highest level since August 2011.

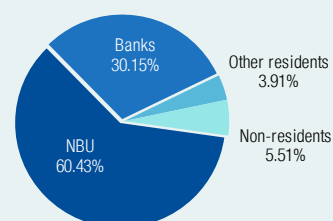
Chart 3. UAH state bondholders' portfolios (last 3 months)



Notes: Other Residents' and Non-residents' data is plotted against the right-side axis, all other groups of bondholders are plotted against the left-side axis.

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

Chart 4. Breakdown of government bondholders (14 March, 2014)



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

Primary auction schedule for April

The MoF significantly changed the list of offered bonds for April

In its April primary auction schedule announced last Tuesday, the MoF will hold five auctions this month every Tuesday. Most notably, the MoF significantly changed the list of offered bonds, most likely in an initiative to create a viable environment to meet market demand, offering bonds with maturities no longer than two years. A one-time offering of a 2-year bond was included in the schedule just for last week's debut auction. Through the end of the month, the MoF will offer zero-coupon bonds with maturities up to 12 months (see the table below).

The MoF will try to minimize dependence on domestic QE

The new schedule shows that the MoF will gradually ease its dependence on domestic QE and allow rates to approach market demand. At the same time, short-term borrowings could be used to finance the state budget until promised external financing is received, as occurred yesterday (see comment above).

Table 1. Primary auction schedule for April, 2014

	1-Apr	8-Apr	15-Apr	22-Apr	29-Apr
zero-coupon bonds	6m	3m, 12m	9m	3m, 12m	9m
ordinary coupon-bearing bonds	2y	-	-	-	-
FX-denominated bonds	3m	4m	3m	-	4m

Notes: *m - month, y - year

Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

The MoF could continue its practice of changing this schedule and holding unscheduled auctions.

Eurobond market

Eurobond conditions rather stable

Yields slightly corrected and became more stable last week

The Eurobond market was rather stable last week after rebounding significantly a week ago. The marked impact of support through declarations of potential offerings that occurred a week ago, including the results of the IMF mission, caused spreads to tighten through the beginning of last week. Last week yields began with a slight decline but then slightly corrected by the end of the week, made the yield curve significantly more flat than it was a few weeks earlier.

The yield curve adjusted to 8.28-9.29% at the end of last week

The spread tightening was insufficient last week. Last Friday, the yield curve moved to the range of 8.28-9.29% as UKRAIN 6.875% '15 declined to 8.83%, UKRAIN 9.25% '17 slid to 9.29%, UKRAIN 7.95% '21 declined to 8.78%, while UKRAIN 7.80% '22 and UKRAIN 7.50% '23 declined to 8.67% and 8.28%, respectively..

Chart 5. YTM of some Ukrainian Eurobonds

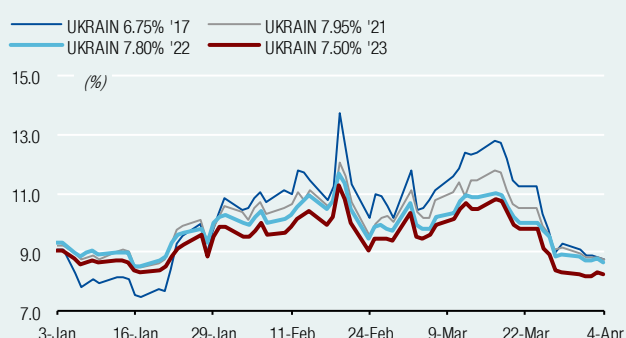
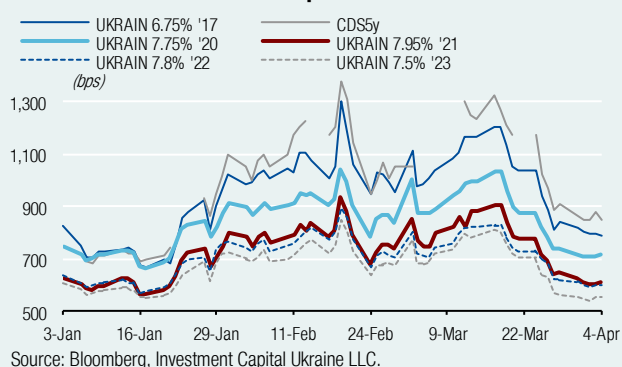


Chart 6. Ukrainian Eurobonds spreads



Conditions could remain unchanged this week

This week, the situation should remain steady with little movement expected, barring any significant news on Ukraine-Russia relations or declarations of the issuance of loans or grants. Only executed issuances could improve the situation for Ukrainian Eurobonds, thereby causing spreads to tighten and yields to decline further.

FUIB Group grew moderately in 2013 on increased efficiency

In its consolidated IFRS results, FUIB Group reported net earnings of UAH554.8m, up two-fold from last year, as its gross loan portfolio rose 18.4% YoY to UAH24.6bn.

The gross corporate portfolio increased 15% YoY to UAH17.8bn as the food and agriculture sector loan share increased from 22% in 2012 to 27% in 2013, as expected. FUIB's transport and infrastructure sector loans rose UAH0.5bn, or 73.2% YoY, and non-banking financial institution sector loans increased UAH0.6bn, or 102.0% YoY. NPL came in at 8.8% of the total gross portfolio with nearly 100% provision coverage.

High focus on consumer lending. The Group made a significant shift to consumer loans in its retail business. Total gross consumer loans grew by UAH1.2bn, or 57.3% YoY, while their share rose 14ppt to 50% in 2013. FUIB has not been actively issuing new mortgages and we expect their share to decline further as NPLs fell from 39.5% in 2012 to 29.7% in 2013. NPL coverage remains moderate at 63.3%

The deposit base has increased UAH3.bn, or 19.2% YoY, in 2013. Retail customer deposits rose only 10.4% YoY due to the slowdown in 2H13 as the result of customers transferring deposits to institutions that offer higher rates.

2014 Deposits outflow. The bank has suffered significant outflow of customer deposits during the first two months of 2014. Household deposits that accounted for 53.9% of the consolidated total deposits have decreased their position in all currencies. The bank has managed to offset the decline by attracting business deposits, predominantly from companies which belong to the SCM.

Table 2. Changes in customer deposits in 2014

	December 31, 2013	February 28, 2014	Change
Total deposits in hryvnia	11,572	11,132	-3.8%
Retail clients, UAHm	5,365	4,591	-14.4%
Corporate clients, UAHm	6,207	6,541	5.4%
Total deposits in US\$	927	943	1.7%
Retail clients, US\$m	614	576	-6.2%
Corporate clients, US\$m	313	367	17.3%
Total deposits in EUR	133	141	6.0%
Retail clients, EURm	89	80	-10.1%
Corporate clients, EURm	44	61	38.6%

Notes: FUIB only, according to the UAS

Sources: Bank data.

FUIB managed to increase operational efficiency as the cost-to-income ratio has declined 10.1ppt to 52.8%. Total pre-provision income has increased 31% YoY to UAH2.6bn while operating income rose by only 10% to UAH1.4bn.

The Group accrued UAH276m in provisions in January- February 2014, a significant amount considering that the total provision charge for 2013 amounted to UAH553m. The bank increased its reserves for foreign currency denominated loans as collateral denominated in hryvnia significantly depreciated over the period.

Impact of Crimea. The Group has nine bank branches in Crimea (six with the FUIB brand and three with the Renaissance Credit brand), of which only three branches are owned by the Group while the rest are leased. The Crimean region accounts for 2.3% of the Group's total assets and 1.3% of the liabilities, with approximately 60% of the loan portfolio constituting corporate loans. Total net assets in Crimea is UAH409m.

Appendixes

The following pages contain tabular information on the local fixed-income market. There are tables that detail government debt repayments such as a weekly schedule for current year and quarterly schedule for next 5 years.

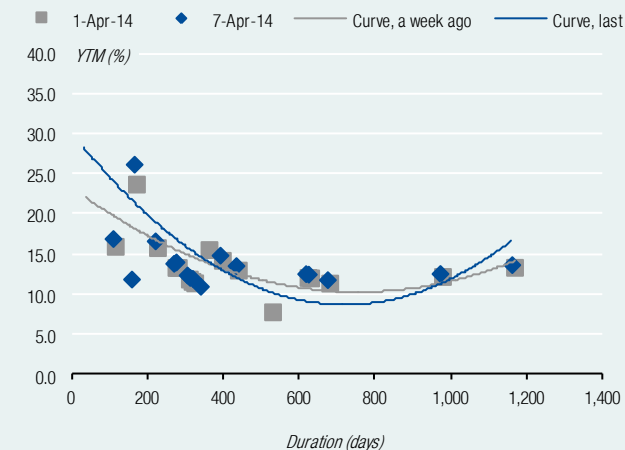
UAH bond market

Table 3. Ukrainian local-currency government bonds as of 7 Apr 2014

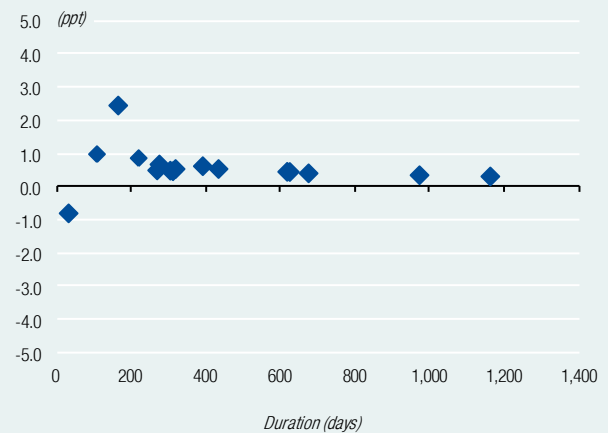
Ticker	Volume (UAHm)	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Duation (years)	1W daily avg turnover (UAHm)	1W total turnover (UAHm)	Total turnover (UAHm)	Liquidity ratio*
140362	1,998.66	9.2	21-May-14	99.855	46.98			0.12	56.92	284.58	2,723.68	1.36
157135	3,439.80	7.97	23-Jul-14	99.313	16.98	0	97	0.29	0.00	0.00	168.98	0.05
158794	1,772.55	7.5	10-Sep-14	98.868	11.94			0.43	0.00	0.00	1,662.88	0.94
149231	1,428.43	8.32	19-Nov-14	98.750	16.69	-19	84	0.60	5.76	23.03	1,961.79	1.37
151278	1,720.98	8.5	7-Jan-15	98.625	13.90	-13	52	0.73	0.00	0.00	1,446.66	0.84
000999	225.17	9.6	14-Jan-15	99.250	14.07	-25	69	0.75	0.00	0.00	0.00	0.00
155485	2,556.45	8.09	11-Feb-15	98.063	12.44	-19	51	0.83	10.28	41.11	5,680.79	2.22
157143	585.00	8.02	18-Feb-15	98.000	12.14	-19	49	0.85	0.00	0.00	0.00	0.00
157127	578.17	8.02	25-Feb-15	97.875	12.02	-25	56	0.87	0.00	0.00	2,274.04	3.93
160642	2,362.55	7.75	18-Mar-15	97.787	11.04			0.93	36.86	36.86	6,216.79	2.63
142681	643.13	4.8	6-May-15	102.813	-4.77	0	-78	0.08	0.00	0.00	0.00	0.00
141071	1,773.16	9.45	27-May-15	98.375	14.91	-38	64	1.07	13.56	54.25	6,501.83	3.67
142673	2,047.50	4.5	17-Jun-15	92.875	62.83	-25	795	0.20	0.00	0.00	0.00	0.00
144083	26.09	9.45	8-Jul-15	98.125	13.61	-38	56	1.18	0.00	0.00	0.00	0.00
152441	3,766.23	8.25	27-Jan-16	95.250	12.61	-50	47	1.69	0.00	0.00	55.17	0.01
153282	104.25	8.25	3-Feb-16	95.125	12.55	-50	47	1.71	0.00	0.00	71.92	0.69
160923	3,510.00	7.5	16-Mar-16	93.500	26.23	-50	247	0.45	0.00	0.00	0.00	0.00
160907	335.61	8	23-Mar-16	94.250	11.86	-50	43	1.85	8.10	8.10	160.05	0.48
160915	3,510.00	8.25	22-Mar-17	90.625	12.63	-63	37	2.66	0.00	0.00	0.00	0.00
151286	6,201.00	7.5	20-Dec-17	85.625	13.73	-63	33	3.18	0.00	0.00	0.00	0.00

Notes: 1W - last 7-day period; turnover figures are trade volumes for a bond reported by PFTS; total turnover - total volume of trades with the bond at PFTS since issue date; [*] liquidity ratio - ratio of total turnover to bond's volume in outstanding.

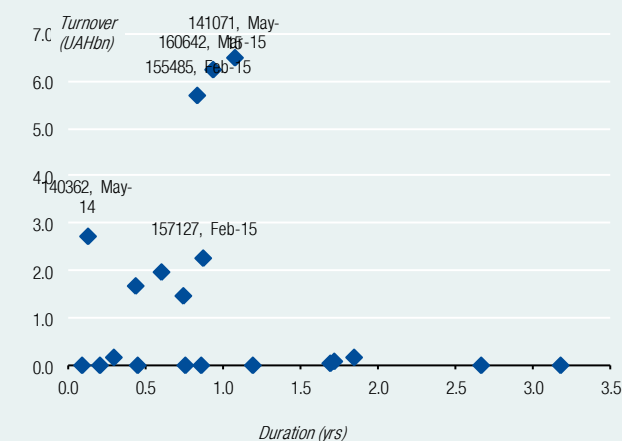
Sources: Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 7. Shape of the local-currency sovereign yield curve*Last one compared to 1 week ago*

Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

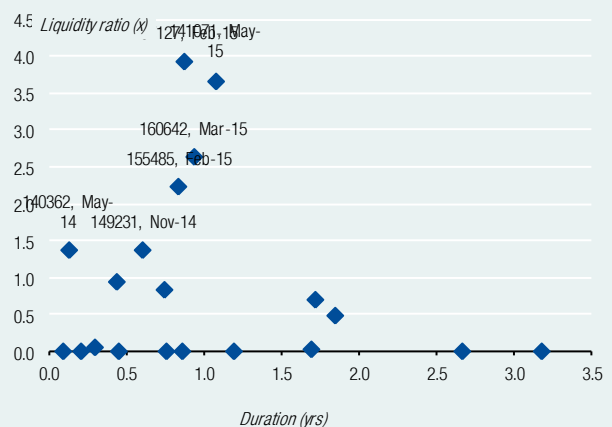
Chart 8. Movement of the local-currency sovereign yield curve*Over last week, in percentage points*

Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 9. Map of Ukraine's local-currency government bonds by total turnover plotted against their duration

Note: Total turnover and duration are taken from Table 3, page 7. The bonds with turnover of UAH2bn and more have labels, which consist of PFTS ticker and after a comma month and year of maturity.

Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 10. Map of Ukraine's local-currency government bonds by liquidity ratio plotted against their duration

Note: Total turnover and duration are taken from Table 3, page 7. The bonds with liquidity ratio of 1.1x and more have labels, which consist of PFTS ticker and after a comma month and year of maturity.

Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

Eurobond market

Table 4. Ukrainian Eurobonds as of 7 Apr 2014

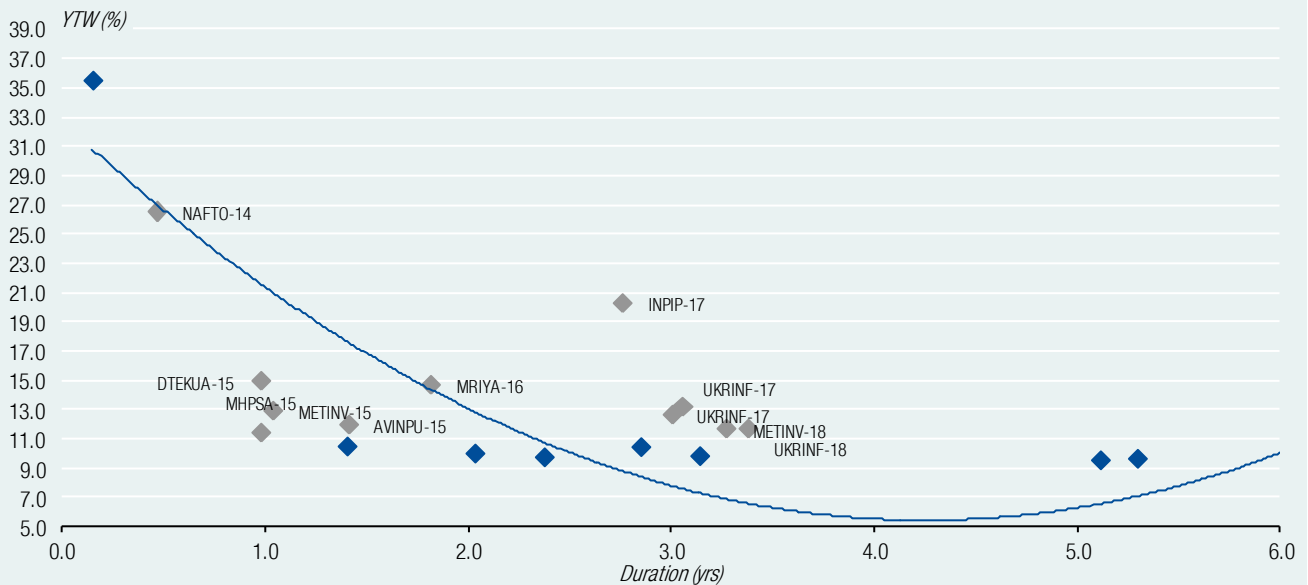
Ticker	Issuer	Ratings	Volume (million)	Curr- ency	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Spread (bp)	Duration (years)
UKRAIN-14	Ministry of Finance	Caa3/CCC/CC C	1,000.0	USD	7.95	4-Jun-14	96.750	30.16	-188	1,375	2,481	0.15
UKRAIN-15	Ministry of Finance	Caa3/CCC/CC C	500.0	USD	6.875	23-Sep-15	95.931	9.95	-132	103	898	1.40
UKRAIN-15	Ministry of Finance	Caa3/CCC/CC C	600.0	EUR	4.95	13-Oct-15	93.769	9.54	-23	21	805	1.46
UKRAIN-16	Ministry of Finance	Caa3/CCC/CC C	1,250.0	USD	6.25	17-Jun-16	93.183	9.78	-207	112	912	2.03
UKRAIN-16	Ministry of Finance	Caa3/CCC/CC C	1,000.0	USD	6.58	21-Nov-16	93.223	9.57	-178	82	894	2.37
UKRAIN-17	Ministry of Finance	Caa3/CCC/CC C	2,600.0	USD	9.25	24-Jul-17	97.081	10.31	-258	95	927	2.85
UKRAIN-17	Ministry of Finance	Caa3/CCC/CC C	700.0	USD	6.75	14-Nov-17	91.214	9.70	-268	94	867	3.14
UKRAIN-20	Ministry of Finance	Caa3/CCC/CC C	1,500.0	USD	7.75	23-Sep-20	91.769	9.48	-352	77	769	5.11
UKRAIN-21	Ministry of Finance	Caa3/CCC/CC C	1,500.0	USD	7.95	23-Feb-21	92.112	9.54	-385	80	667	5.29
UKRAIN-22	Ministry of Finance	Caa3/CCC/CC C	2,250.0	USD	7.8	28-Nov-22	91.010	9.34	-379	67	654	6.13
UKRAIN-23	Ministry of Finance	Caa3/CCC/CC C	1,250.0	USD	7.5	17-Apr-23	91.104	8.96	-309	53	612	6.33
AGTPW-14	Agroton	NR/NR/WD	50.0	USD	12.5	14-Jul-14	40.063	639.52	44	1,550	50,940	0.26
NAFTO-14	Naftogaz of Ukraine	NR/NR/CCC	1,595.0	USD	9.5	30-Sep-14	92.938	26.33	-275	706	2,607	0.47
DTEKUA-15	DTEK	Caa1/NR/CCC	500.0	USD	9.5	28-Apr-15	95.375	14.40	-94	107	1,346	0.98
MHPSA-15	MHP	Caa1/NR/CCC	584.8	USD	10.25	29-Apr-15	99.625	10.62	44	-44	946	0.98
METINV-15	Metinvest Holding	Caa1/NR/CCC	500.0	USD	10.25	20-May-15	97.688	12.52	-25	27	1,169	1.04
AVINPU-15	Avangard	NR/NR/CCC	200.0	USD	10	29-Oct-15	97.875	11.53	-38	28	1,068	1.41
MRIYA-16	Mriya Agroholding	NR/CCC/CCC	250.0	USD	10.95	30-Mar-16	94.438	14.28	-144	90	1,346	1.81
INPIP-17	Interpipe	NR/NR/C	200.0	USD	10.25	2-Aug-17	77.750	19.69	0	3	1,823	2.76
UKRINF-17	Infrastructure Projects Fin	Caa3/NR/NR	538.0	USD	8.375	3-Nov-17	89.000	12.28	0	1	1,105	3.00
UKRINF-17	Infrastructure Projects Fin	(P)Caa3/NR/N R	550.0	USD	9	7-Dec-17	88.597	13.01	-76	30	1,193	3.06
METINV-18	Metinvest Holding	Caa1/NR/CCC	750.0	USD	8.75	14-Feb-18	91.625	11.50	-169	58	964	3.27
UKRINF-18	Infrastructure Projects Fin	Caa3/NR/NR	690.0	USD	7.4	20-Apr-18	87.750	11.27	0	1	916	3.38
CITKIE-15	Kyiv	Caa2/CCC/CC C	250.0	USD	8	6-Nov-15	85.500	19.09	-56	59	1,804	1.45
CITKIE-16	Kyiv	Caa2/CCC/CC C	300.0	USD	9.375	11-Jul-16	85.000	17.71	-75	51	1,684	2.02
VABANK-14	VAB Bank	Caa1 /*- /NR/WD	112.5	USD	10.5	14-Jun-14	90.100	38.87	0	0	4,071	0.38
PUMBUZ-14	FUIB	Caa2/NR/NR	252.5	USD	11	31-Dec-14	90.875	25.20	194	-289	2,392	0.70
EXIMUK-15	Ukreximbank	Caa2/NR/CCC	750.0	USD	8.375	27-Apr-15	90.250	19.06	19	-5	1,850	0.98
PRBANK-15	Privatbank	Caa1u/NR/CC C	200.0	USD	9.375	23-Sep-15	83.125	23.76	13	3	2,263	1.38
EXIMUK-16	Ukreximbank	Caa3/NR/C	125.0	USD	8.4	9-Feb-16	79.250	19.84	13	2	1,787	1.73
PRBANK-16	Privatbank	Caa2u/NR/NR	150.0	USD	8.75	9-Feb-16	69.528	28.20	-20	38	2,551	1.73
OSCHAD-16	Oshchadbank	NR/NR/B	200.0	USD	8.25	10-Mar-16	0.000	0.00	0	0	0	0.00
OSCHAD-16	Oshchadbank	Caa2/NR/CCC	500.0	USD	8.25	10-Mar-16	87.000	16.41	-150	108	1,549	1.79

FXPOLN-16 Ferrexpo PLC	Caa1/CCC+/C CC	500.0	USD	7.875	7-Apr-16	96.563	9.82	-31	19	923	1.88
NADRA-17 Nadra Bank	WR/NR/WD	59.7	USD	8	22-Jun-17	82.180	23.81	0	0	1,949	1.28
EXIMUK-18 Ukreximbank	Caa2/NR/CCC	500.0	USD	8.75	22-Jan-18	84.688	14.10	-69	28	1,238	3.19
PRBANK-18 Pryvatbank	Caa1u/NR/CC C	175.0	USD	10.875	28-Feb-18	79.563	18.46	-19	10	1,631	3.14
OSCHAD-18 Oshchadbank	Caa2/NR/CCC	500.0	USD	8.875	20-Mar-18	84.625	14.08	-88	34	1,211	3.34

Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 11. Term structure of yields of Ukrainian Eurobonds as of 7 Apr 2014

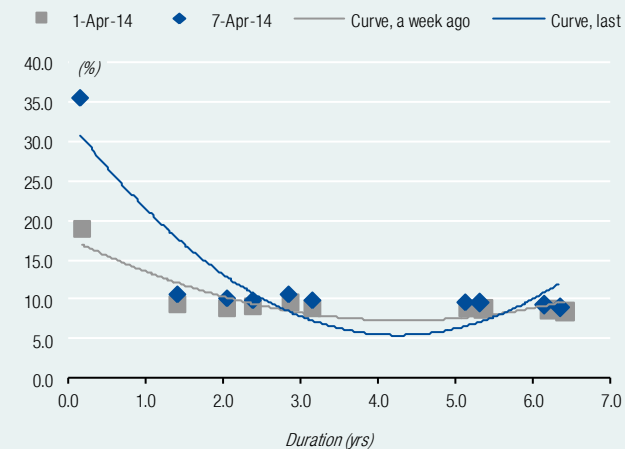
Blue dots are Ukraine sovereign Eurobonds; grey dots are corporate Eurobonds and red ones are municipal Eurobonds



Sources: Bloomberg, Investment Capital Ukraine LLC..

Chart 12. Shape of the USD sovereign yield curve at Eurobond market

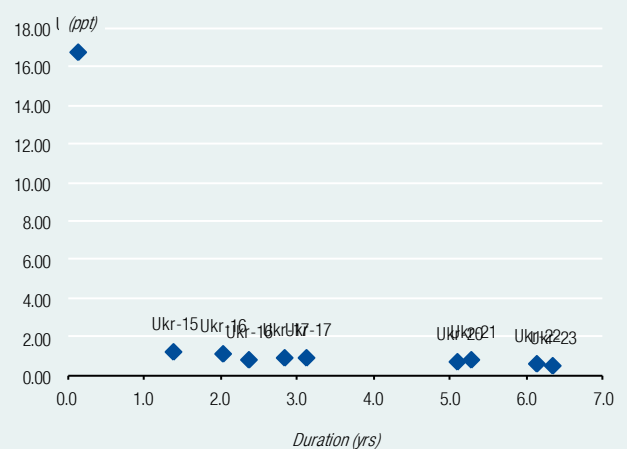
Last one compared to 1 week ago



Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 13. Movement of the USD sovereign yield curve at Eurobond market

Over last week, in percentage points



Note: each point of the chart has a label, where "Ukr" means Ukraine sovereign bond and a two-digit figure after a dash means year of maturity of the bond.
Sources: Bloomberg, Investment Capital Ukraine LLC.

Primary market for UAH state bonds

Table 5. Primary market for local-currency government bonds: results of recent auctions

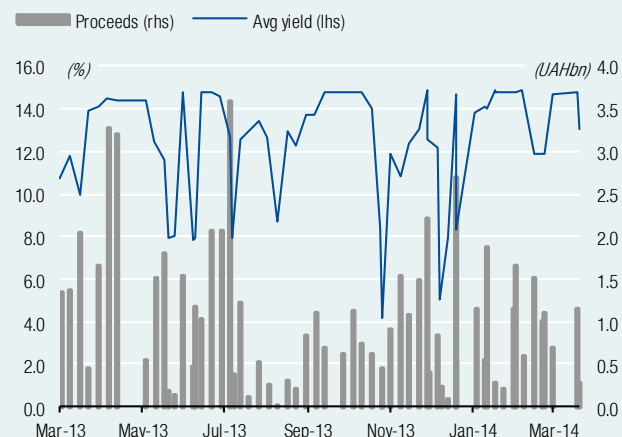
Date	Qty of bonds offered/sold	Proceeds (UAHm)	Volume of bonds sold* (UAHm)	Volume of bids submitted (UAHm)	Qty of bids submitted	Lowest yield asked** (%)	Highest yield asked** (%)	MoF cut-off yield (%)	Qty of bids accepted	Average yield (%)	WA yield (%)	Average duration (years)	WA duration (years)
1-Apr-14	1	282.07	300.00	330.00	4	12.75	23.50	12.75	1	13.08	13.08	0.50	0.50
31-Mar-14	1	1,155.23	1,150.00	1,150.00	3	14.25	14.25	14.25	3	14.80	14.80	2.50	2.50
12-Mar-14	2	684.52	712.08	712.08	3	14.00	14.00	14.00	3	14.71	14.71	0.29	0.29
6-Mar-14	1	1,100.34	1,100.00	1,100.00	1	11.50	11.50	11.50	1	11.86	11.86	3.92	3.92
4-Mar-14	1	1,000.00	1,000.00	1,000.00	1	11.50	11.50	11.50	1	11.86	11.86	3.93	3.93
27-Feb-14	1	1,503.69	1,500.00	1,500.00	1	11.50	11.50	11.50	1	11.86	11.86	3.91	3.91
26-Feb-14	1	1,500.00	1,500.00	1,500.00	1	11.50	11.50	11.50	1	11.86	11.86	3.93	3.93
18-Feb-14	1	600.00	600.00	600.00	1	14.25	14.25	14.25	1	14.84	14.84	3.73	3.73
13-Feb-14	1	1,655.00	1,650.00	1,650.00	1	14.25	14.25	14.25	1	14.80	14.80	3.71	3.71
11-Feb-14	1	1,151.08	1,145.00	1,145.00	2	14.25	14.25	14.25	2	14.79	14.79	3.69	3.69
4-Feb-14	1	209.27	208.71	208.71	2	14.25	14.25	14.25	2	14.79	14.79	3.71	3.71
29-Jan-14	1	273.01	273.01	0.00	2	14.25	14.25	14.25	2	14.80	14.80	3.73	3.73
28-Jan-14	1	10.11	10.00	10.00	1	14.30	14.30	14.30	1	14.85	14.85	4.56	4.56
23-Jan-14	3	1,881.79	688.05	1,958.05	11	8.25	14.25	10.67	10	14.03	14.13	1.48	1.59
21-Jan-14	3	537.93	340.00	540.28	10	5.00	14.25	9.17	7	14.15	14.48	1.41	1.83
14-Jan-14	2	1,150.73	1,152.26	1,152.26	19	8.75	14.25	11.50	6	13.85	14.76	2.35	3.68
31-Dec-13	1	544.86	550.00	550.00	1	8.00	8.00	8.00	1	8.29	8.29	0.12	0.12
30-Dec-13	4	2,695.11	2,374.81	2,645.12	6	5.00	14.30	9.64	6	14.67	14.81	2.09	3.81
24-Dec-13	1	99.96	99.83	99.83	1	7.75	7.75	7.75	1	7.92	7.92	2.71	2.71
19-Dec-13	2	234.96	184.00	234.00	4	4.80	5.00	4.90	4	5.00	5.06	0.02	0.02
17-Dec-13	2	837.39	123.30	823.30	2	7.75	14.25	11.00	2	12.14	14.09	3.07	3.49
10-Dec-13	2	405.47	47.49	397.49	2	7.75	14.30	11.03	2	12.53	14.40	3.59	4.31
9-Dec-13	2	2,211.89	2,200.00	2,200.00	2	14.25	14.30	14.28	2	14.83	14.84	4.14	4.31
3-Dec-13	4	1,480.13	1,405.00	1,454.93	5	7.75	14.30	12.10	5	13.04	14.66	3.60	3.96
26-Nov-13	5	1,083.86	862.07	1,082.98	13	4.00	14.30	9.56	13	12.39	11.66	2.63	1.82
19-Nov-13	5	1,542.65	761.35	1,536.85	9	4.00	14.25	9.10	9	10.87	10.94	3.11	2.68
12-Nov-13	5	906.07	654.81	900.81	15	4.00	14.25	8.65	14	11.93	10.63	1.43	0.58
6-Nov-13	1	458.93	460.00	565.00	11	4.00	10.00	4.25	4	4.12	4.12	0.06	0.06
5-Nov-13	1	49.89	48.65	48.65	1	8.25	8.25	8.25	1	8.41	8.41	1.58	1.58
29-Oct-13	2	614.19	625.55	665.55	7	7.75	14.25	11.13	5	14.03	14.02	2.19	2.18
22-Oct-13	1	739.96	738.00	738.00	3	14.25	14.25	14.25	3	14.79	14.79	3.71	3.71
15-Oct-13	2	1,128.68	1,126.01	1,126.01	3	14.25	14.30	14.28	3	14.82	14.82	4.17	4.12
8-Oct-13	1	613.39	606.94	606.94	3	14.25	14.25	14.25	3	14.79	14.79	3.66	3.66
24-Sep-13	3 / 2	694.79	677.00	678.61	6	8.25	14.30	9.52	4	14.82	14.84	4.07	4.42
17-Sep-13	3	1,093.44	1,021.00	1,081.01	6	4.80	14.30	11.12	5	13.68	14.66	3.20	3.87
10-Sep-13	4 / 3	840.87	794.63	820.02	10	8.25	14.30	9.20	9	13.73	14.70	3.34	3.52
3-Sep-13	5 / 2	207.13	207.00	282.10	11	0.00	16.00	4.86	3	12.29	10.40	5.37	6.44
27-Aug-13	4	302.20	166.64	319.64	14	7.75	14.30	11.26	12	12.91	13.24	3.09	2.79
20-Aug-13	2	20.07	20.00	20.00	3	8.25	8.75	8.50	3	8.74	8.85	2.23	2.46
13-Aug-13	5	250.03	228.63	249.60	8	7.75	14.30	10.66	8	12.70	13.99	2.68	2.06

Notes: the tables depicts the history of last 40 auctions; [*] - volume of bonds sold at the auction at par value; [**] - lowest and highest yields that are indicated in the bid orders submitted to the auction in order to buy all bonds offered by MoF.

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 14. Effective yield of debt raised by MoF and total volume of proceeds at the government bond auctions

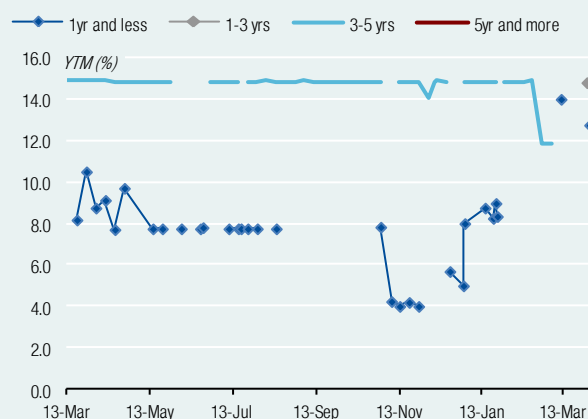
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 15. Yield-to-maturity of government bonds sold at auctions, breakdown by duration of bonds sold

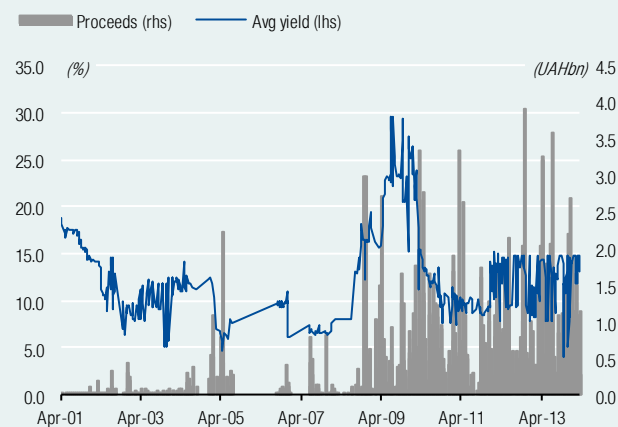
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 16. Effective yield of debt raised by MoF and total volume of proceeds at the government bond auctions

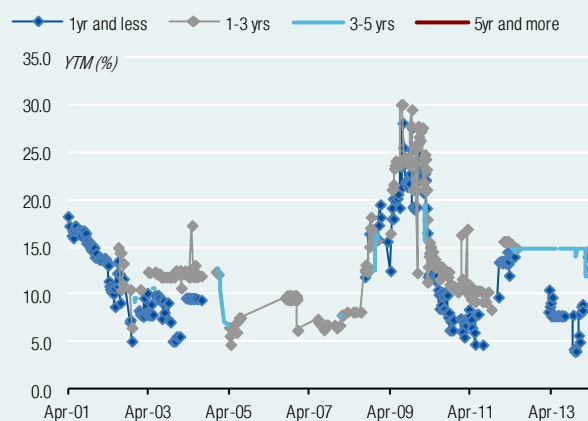
History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 17. Yield-to-maturity of government bonds sold at auctions, breakdown by duration of bonds sold

History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

UAH state bonds outstanding

Table 6. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
Government UAH bonds								
UA4000176085	Zero-coupon bonds	1,002,052,000.00		Upon maturity	No	No		23-Apr-2014
UA4000118871	Coupon bonds	1,437,350,000.00	10.13	Semi-annually	No	No		30-Apr-2014
UA4000051403	Coupon bonds	1,000,000,000.00	15.60	Semi-annually	No	No		14-May-2014
UA4000179048	Zero-coupon bonds	610,000,000.00		Upon maturity	No	No		21-May-2014
UA4000179865	Zero-coupon bonds	712,080,000.00	14.00	Upon maturity	No	No		25-Jun-2014
UA4000123863	Coupon bonds	752,000,000.00	10.10	Semi-annually	No	No		9-Jul-2014
UA4000180210	Zero-coupon bonds	300,000,000.00		Upon maturity	No	No		1-Oct-2014
UA4000178883	Zero-coupon bonds	25,000,000.00		Upon maturity	No	No		15-Oct-2014
UA4000064026	Coupon bonds	1,000,000.00	18.50	Semi-annually	No	No		21-Jan-2015
UA4000064166	Coupon bonds	451,875,000.00	15.00	Semi-annually	No	No		28-Jan-2015
UA4000141592	Coupon bonds	250,000,000.00	14.30	Semi-annually	No	No		20-May-2015
UA4000106181	Coupon bonds	80,002,000.00	9.50	Quarterly	Yes	Yes	13-Jul-2016	13-Jul-2016
UA4000107528	Coupon bonds	7,875,000.00	12.50	Quarterly	Yes	No		20-Jul-2016
UA4000180202	Coupon bonds	1,150,000,000.00	14.25	Semi-annually	No	No		15-Mar-2017
UA4000138853	Coupon bonds	1,928,720,000.00	14.30	Semi-annually	No	No		5-Apr-2017
UA4000142665	Coupon bonds	1,759,740,000.00	14.30	Semi-annually	No	No		24-May-2017
UA4000145973	Coupon bonds	1,810,000,000.00	14.30	Semi-annually	No	No		2-Aug-2017
UA4000148027	Coupon bonds	1,824,455,000.00	14.30	Semi-annually	No	No		11-Oct-2017
UA4000148571	Coupon bonds	1,890,000,000.00	14.30	Semi-annually	No	No		18-Oct-2017
UA4000177745	Coupon bonds	5,000,000.00	12.10	Semi-annually	No	No		15-Nov-2017
UA4000151203	Coupon bonds	1,493,409,000.00	14.30	Semi-annually	No	No		13-Dec-2017
UA4000157119	Coupon bonds	2,500,330,000.00	14.30	Semi-annually	No	No		7-Feb-2018
UA4000160626	Coupon bonds	1,818,593,000.00	14.30	Semi-annually	No	No		7-Mar-2018
UA4000162127	Coupon bonds	2,751,160,000.00	14.30	Semi-annually	No	No		4-Apr-2018
UA4000165765	Coupon bonds	1,585,600,000.00	14.25	Semi-annually	No	No		11-Apr-2018
UA4000166219	Coupon bonds	400,000,000.00	14.25	Semi-annually	No	No		18-Apr-2018
UA4000166201	Coupon bonds	2,254,507,000.00	14.25	Semi-annually	No	No		2-May-2018
UA4000168082	Coupon bonds	3,050,250,000.00	14.25	Semi-annually	No	No		16-May-2018
UA4000171391	Coupon bonds	1,803,816,000.00	14.25	Semi-annually	No	No		27-Jun-2018
UA4000170732	Coupon bonds	3,853,400,000.00	14.25	Semi-annually	No	No		4-Jul-2018
UA4000174239	Coupon bonds	1,247,936,000.00	14.25	Semi-annually	No	No		5-Sep-2018
UA4000175467	Coupon bonds	1,364,010,000.00	14.25	Semi-annually	No	No		10-Oct-2018
UA4000176093	Coupon bonds	1,644,780,000.00	14.25	Semi-annually	No	No		24-Oct-2018
UA4000177919	Coupon bonds	2,100,000,000.00	14.25	Semi-annually	No	No		14-Nov-2018
UA4000178891	Coupon bonds	2,077,263,000.00	14.25	Semi-annually	No	No		9-Jan-2019
UA4000179196	Coupon bonds	1,626,723,000.00	14.25	Semi-annually	No	No		23-Jan-2019
UA4000179519	Coupon bonds	1,650,000,000.00	14.25	Semi-annually	No	No		30-Jan-2019
UA4000179766	Coupon bonds	1,500,000,000.00	11.50	Semi-annually	No	No		13-Feb-2019
UA4000179691	Coupon bonds	600,000,000.00	14.30	Semi-annually	No	No		13-Feb-2019
UA4000179741	Coupon bonds	1,500,000,000.00	11.50	Semi-annually	No	No		20-Feb-2019
UA4000179824	Coupon bonds	2,100,000,000.00	11.50	Semi-annually	No	No		27-Feb-2019
UA4000138861	Coupon bonds	2,160,000,000.00	14.00	Semi-annually	No	No		17-Apr-2019
UA4000142137	Coupon bonds	1,900,000,000.00	14.13	Semi-annually	No	No		22-May-2019
UA4000146997	Coupon bonds	1,996,041,000.00	14.30	Semi-annually	No	No		18-Sep-2019
UA4000148589	Coupon bonds	2,000,000,000.00	14.30	Semi-annually	No	No		23-Oct-2019
UA4000148944	Coupon bonds	500,000,000.00	14.30	Semi-annually	No	No		30-Oct-2019
UA4000157671	Coupon bonds	1,760,800,000.00	14.30	Semi-annually	No	No		12-Feb-2020
UA4000165773	Coupon bonds	1,820,000,000.00	14.30	Semi-annually	No	No		8-Apr-2020

Table 6. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000166805	Coupon bonds	1,944,904,000.00	14.30	Semi-annually	No	No		6-May-2020
UA4000171094	Coupon bonds	2,403,338,000.00	14.30	Semi-annually	No	No		8-Jul-2020
UA4000175459	Coupon bonds	1,195,000,000.00	14.30	Semi-annually	No	No		23-Sep-2020
UA4000178024	Coupon bonds	2,024,807,000.00	14.30	Semi-annually	No	No		21-Oct-2020
UA4000177927	Coupon bonds	1,500,000,000.00	14.30	Semi-annually	No	No		18-Nov-2020
UA4000179170	Coupon bonds	10,000,000.00	14.30	Semi-annually	No	No		23-Dec-2020
UA4000173371	Coupon bonds	330,000,000.00	10.00	Semi-annually	No	No		23-Aug-2023
Total		77,463,816,000.00						
Government recap'n bonds								
UA4000063200	Coupon bonds	1,598,269,000.00	9.75	Semi-annually	No	No		11-Jun-2014
UA4000136436	Coupon bonds	1,500,000,000.00	9.65	Semi-annually	No	No		30-Jul-2014
UA4000136451	Coupon bonds	1,500,000,000.00	9.75	Semi-annually	No	No		8-Oct-2014
UA4000063218	Coupon bonds	1,598,270,000.00	9.75	Semi-annually	No	No		12-Nov-2014
UA4000063226	Coupon bonds	1,598,270,000.00	9.75	Semi-annually	No	No		17-Dec-2014
UA4000136469	Coupon bonds	1,500,000,000.00	9.95	Semi-annually	No	No		4-Feb-2015
UA4000092100	Coupon bonds	500,000,000.00	9.50	Semi-annually	No	No		18-Mar-2015
UA4000146393	Coupon bonds	1,000,000,000.00	9.95	Semi-annually	No	No		2-Sep-2015
UA4000048789	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		18-Nov-2015
UA4000050090	Coupon bonds	4,000,000,000.00	9.50	Semi-annually	No	No		16-Dec-2015
UA4000092118	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		17-Feb-2016
UA4000115190	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		9-Mar-2016
UA4000050199	Coupon bonds	3,885,000,000.00	9.50	Semi-annually	No	No		13-Apr-2016
UA4000050017	Coupon bonds	3,700,000,000.00	9.50	Semi-annually	No	No		10-May-2016
UA4000092126	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		29-Jun-2016
UA4000092134	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		13-Jul-2016
UA4000119945	Coupon bonds	1,750,000,000.00	9.50	Semi-annually	No	No		24-Aug-2016
UA4000050207	Coupon bonds	3,885,000,000.00	9.50	Semi-annually	No	No		14-Sep-2016
UA4000115208	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		15-Feb-2017
UA4000092142	Coupon bonds	1,200,000,000.00	9.50	Semi-annually	No	No		12-Apr-2017
UA4000057111	Coupon bonds	1,033,333,000.00	9.50	Semi-annually	No	No		31-May-2017
UA4000057277	Coupon bonds	1,188,431,000.00	9.50	Semi-annually	No	No		7-Jun-2017
UA4000057301	Coupon bonds	936,171,000.00	9.50	Semi-annually	No	No		14-Jun-2017
UA4000156863	Coupon bonds	2,000,000,000.00	14.30	Semi-annually	No	No		28-Jun-2017
UA4000058606	Coupon bonds	3,100,000,000.00	9.50	Semi-annually	No	No		19-Jul-2017
UA4000158315	Coupon bonds	1,000,000,000.00	14.30	Semi-annually	No	No		16-Aug-2017
UA4000092167	Coupon bonds	1,200,000,000.00	9.50	Semi-annually	No	No		23-Aug-2017
UA4000115216	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		13-Sep-2017
UA4000058614	Coupon bonds	1,658,263,000.00	9.50	Semi-annually	No	No		4-Oct-2017
UA4000153340	Coupon bonds	1,500,000,000.00	14.30	Semi-annually	No	No		8-Nov-2017
UA4000151476	Coupon bonds	2,000,000,000.00	14.30	Semi-annually	No	No		29-Nov-2017
UA4000153126	Coupon bonds	500,000,000.00	14.30	Semi-annually	No	No		13-Dec-2017
UA4000130082	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		27-Dec-2017
UA4000130090	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		17-Jan-2018
UA4000115638	Coupon bonds	1,975,000,000.00	9.50	Semi-annually	No	No		21-Feb-2018
UA4000160758	Coupon bonds	1,000,000,000.00	14.30	Semi-annually	No	No		14-Mar-2018
UA4000061790	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		28-Mar-2018
UA4000119952	Coupon bonds	1,750,000,000.00	9.50	Semi-annually	No	No		25-Apr-2018
UA4000055586	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		9-May-2018
UA4000057319	Coupon bonds	936,172,000.00	9.50	Semi-annually	No	No		30-May-2018
UA4000057129	Coupon bonds	1,033,333,000.00	9.50	Semi-annually	No	No		6-Jun-2018
UA4000057285	Coupon bonds	1,188,431,000.00	9.50	Semi-annually	No	No		13-Jun-2018

Table 6. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000173314	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		20-Jun-2018
UA4000058622	Coupon bonds	1,916,119,000.00	9.50	Semi-annually	No	No		18-Jul-2018
UA4000173306	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		25-Jul-2018
UA4000173298	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		1-Aug-2018
UA4000120877	Coupon bonds	604,000,000.00	9.50	Semi-annually	No	No		8-Aug-2018
UA4000173280	Coupon bonds	1,250,000,000.00	14.25	Semi-annually	No	No		15-Aug-2018
UA4000115224	Coupon bonds	1,250,000,000.00	9.50	Semi-annually	No	No		22-Aug-2018
UA4000062525	Coupon bonds	650,000,000.00	9.50	Semi-annually	No	No		12-Sep-2018
UA4000115646	Coupon bonds	1,975,001,000.00	9.50	Semi-annually	No	No		19-Sep-2018
UA4000058630	Coupon bonds	1,355,345,000.00	9.50	Semi-annually	No	No		3-Oct-2018
UA4000059323	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		31-Oct-2018
UA4000121495	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		7-Nov-2018
UA4000064307	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		21-Nov-2018
UA4000177943	Coupon bonds	300,000,000.00	9.50	Semi-annually	No	No		28-Nov-2018
UA4000061808	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		6-Feb-2019
UA4000064315	Coupon bonds	1,294,999,000.00	9.50	Semi-annually	No	No		13-Mar-2019
UA4000058648	Coupon bonds	1,933,060,000.00	9.50	Semi-annually	No	No		3-Apr-2019
UA4000121503	Coupon bonds	1,100,000,000.00	9.50	Semi-annually	No	No		15-May-2019
UA4000057293	Coupon bonds	1,188,432,000.00	9.50	Semi-annually	No	No		29-May-2019
UA4000057327	Coupon bonds	936,172,000.00	9.50	Semi-annually	No	No		5-Jun-2019
UA4000057137	Coupon bonds	1,033,334,000.00	9.50	Semi-annually	No	No		12-Jun-2019
UA4000064323	Coupon bonds	1,000,000,000.00	9.50	Semi-annually	No	No		17-Jul-2019
UA4000063119	Coupon bonds	1,276,191,000.00	9.50	Semi-annually	No	No		21-Aug-2019
UA4000064349	Coupon bonds	1,295,000,000.00	9.50	Semi-annually	No	No		25-Sep-2019
UA4000064117	Coupon bonds	900,000,000.00	9.50	Semi-annually	No	No		16-Oct-2019
UA4000064125	Coupon bonds	900,000,000.00	9.50	Semi-annually	No	No		20-Nov-2019
UA4000063010	Coupon bonds	950,000,000.00	9.50	Semi-annually	No	No		11-Mar-2020
UA4000061816	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		15-Apr-2020
UA4000121511	Coupon bonds	1,100,000,000.00	9.50	Semi-annually	No	No		20-May-2020
UA4000063127	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		17-Jun-2020
UA4000063028	Coupon bonds	949,981,000.00	9.50	Semi-annually	No	No		12-Aug-2020
UA4000061824	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		4-Nov-2020
UA4000177950	Coupon bonds	1,400,000,000.00	9.50	Semi-annually	No	No		25-Nov-2020
UA4000063135	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		9-Jun-2021
UA4000121529	Coupon bonds	1,100,000,000.00	9.50	Semi-annually	No	No		22-Sep-2021
UA4000063143	Coupon bonds	1,500,000,000.00	9.50	Semi-annually	No	No		1-Jun-2022
Total		112,971,577,000.00						
Government VAT bonds 2010								
UA4000078141	Coupon bonds	14,532,000.00	5.50	Semi-annually	Yes	No		27-Jul-2015
UA4000082531	Coupon bonds	614,344,500.00	5.50	Semi-annually	Yes	No		21-Aug-2015
UA4000082622	Coupon bonds	2,491,461,900.00	5.50	Semi-annually	Yes	No		24-Aug-2015
UA4000083059	Coupon bonds	1,810,435,500.00	5.50	Semi-annually	Yes	No		25-Aug-2015
Total		4,930,773,900.00						
Government indexed bonds								
UA4000129100	Coupon bonds	1,610,000,000.00	8.22	Semi-annually	No	No		24-Sep-2014
UA4000129902	Coupon bonds	175,000,000.00	8.22	Semi-annually	No	No		22-Oct-2014
UA4000130595	Coupon bonds	200,000,000.00	8.25	Semi-annually	No	No		29-Oct-2014
UA4000130603	Coupon bonds	1,200,100,000.00	8.22	Semi-annually	No	No		5-Nov-2014
UA4000132278	Coupon bonds	250,000,000.00	9.75	Semi-annually	No	No		3-Dec-2014
UA4000137822	Coupon bonds	700,000,000.00	9.30	Semi-annually	No	No		4-Mar-2015
UA4000138242	Coupon bonds	470,000,000.00	9.30	Semi-annually	No	No		8-Apr-2015

Table 6. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000139513	Coupon bonds	900,000,000.00	9.30	Semi-annually	No	No		13-May-2015
UA4000141600	Coupon bonds	100,000,000.00	9.30	Semi-annually	No	No		3-Jun-2015
UA4000144075	Coupon bonds	600,000,000.00	9.30	Semi-annually	No	No		15-Jul-2015
UA4000146070	Coupon bonds	200,000,000.00	9.30	Semi-annually	No	No		12-Aug-2015
UA4000146500	Coupon bonds	525,000,000.00	9.30	Semi-annually	No	No		9-Sep-2015
UA4000148217	Coupon bonds	329,000,000.00	9.30	Semi-annually	No	No		28-Oct-2015
UA4000149082	Coupon bonds	580,000,000.00	9.30	Semi-annually	No	No		11-Nov-2015
UA4000151500	Coupon bonds	557,000,000.00	9.19	Semi-annually	No	No		13-Jan-2016
UA4000160634	Coupon bonds	60,000,000.00	9.10	Semi-annually	No	No		16-Mar-2016
UA4000129233	Coupon bonds	850,000,000.00	8.75	Semi-annually	No	No		10-Aug-2016
UA4000129118	Coupon bonds	1,940,000,000.00	8.75	Semi-annually	No	No		28-Sep-2016
UA4000177406	Coupon bonds	477,000,000.00	9.50	Semi-annually	No	No		16-Nov-2016
UA4000129241	Coupon bonds	1,000,000,000.00	9.25	Semi-annually	No	No		15-Sep-2021
Total		12,723,100,000.00						

Government foreign-currency bonds

UA4000177125	Zero-coupon bonds	351,000,000.00		Upon maturity	No	No		23-Apr-2014
UA4000140362	Coupon bonds	1,998,664,200.00	9.20	Semi-annually	No	No		21-May-2014
UA4000157135	Coupon bonds	3,439,800,000.00	7.97	Semi-annually	No	No		23-Jul-2014
UA4000158794	Coupon bonds	1,772,550,000.00	7.50	Semi-annually	No	No		10-Sep-2014
UA4000174247	Coupon bonds	964,688,400.00	4.80	Semi-annually	No	Yes	29-Oct-2014	29-Oct-2014
UA4000149231	Coupon bonds	1,428,429,600.00	8.32	Semi-annually	No	No		19-Nov-2014
UA4000173058	Coupon bonds	1,170,000,000.00	7.75	Semi-annually	No	No		26-Nov-2014
UA4000177133	Coupon bonds	2,632,500,000.00	7.88	Semi-annually	No	No		10-Dec-2014
UA4000171649	Coupon bonds	1,161,049,500.00	8.25	Semi-annually	No	No		24-Dec-2014
UA4000151278	Coupon bonds	1,720,976,400.00	8.50	Semi-annually	No	No		7-Jan-2015
UA4000133771	Coupon bonds	225,166,500.00	9.60	Semi-annually	No	No		14-Jan-2015
UA4000155485	Coupon bonds	2,556,450,000.00	8.09	Semi-annually	No	No		11-Feb-2015
UA4000157143	Coupon bonds	585,000,000.00	8.02	Semi-annually	No	No		18-Feb-2015
UA4000157127	Coupon bonds	578,167,200.00	8.02	Semi-annually	No	No		25-Feb-2015
UA4000160642	Coupon bonds	2,362,545,900.00	7.75	Semi-annually	No	No		18-Mar-2015
UA4000142699	Coupon bonds	3,647,709,000.00	9.45	Semi-annually	No	No		22-Apr-2015
UA4000142681	Coupon bonds	643,125,600.00	4.80	Semi-annually	No	Yes	6-May-2015	6-May-2015
UA4000166821	Coupon bonds	3,119,220,000.00	7.75	Semi-annually	No	No		6-May-2015
UA4000141071	Coupon bonds	1,773,158,400.00	9.45	Semi-annually	No	No		27-May-2015
UA4000167837	Coupon bonds	2,032,407,000.00	7.75	Semi-annually	No	No		3-Jun-2015
UA4000142673	Coupon bonds	2,047,500,000.00	4.50	Semi-annually	No	Yes	17-Jun-2015	17-Jun-2015
UA4000144083	Coupon bonds	26,091,000.00	9.45	Semi-annually	No	No		8-Jul-2015
UA4000171409	Coupon bonds	1,221,222,600.00	8.25	Semi-annually	No	No		15-Jul-2015
UA4000152441	Coupon bonds	3,766,230,000.00	8.25	Semi-annually	No	No		27-Jan-2016
UA4000153282	Coupon bonds	104,247,000.00	8.25	Semi-annually	No	No		3-Feb-2016
UA4000160923	Coupon bonds	3,510,000,000.00	7.50	Semi-annually	No	Yes	16-Mar-2016	16-Mar-2016
UA4000160907	Coupon bonds	335,614,500.00	8.00	Semi-annually	No	No		23-Mar-2016
UA4000166847	Coupon bonds	871,065,000.00	8.00	Semi-annually	No	No		25-May-2016
UA4000172506	Coupon bonds	2,641,707,900.00	8.75	Semi-annually	No	No		10-Aug-2016
UA4000177414	Coupon bonds	3,492,450,000.00	7.75	Semi-annually	No	Yes	26-Oct-2016	26-Oct-2016
UA4000177752	Coupon bonds	584,134,200.00	7.75	Semi-annually	No	Yes	30-Nov-2016	30-Nov-2016
UA4000178305	Coupon bonds	1,168,034,400.00	7.75	Semi-annually	No	No		14-Dec-2016
UA4000160915	Coupon bonds	3,510,000,000.00	8.25	Semi-annually	No	No		22-Mar-2017
UA4000166854	Coupon bonds	3,802,500,000.00	7.45	Semi-annually	No	Yes	17-May-2017	17-May-2017
UA4000151286	Coupon bonds	6,201,000,000.00	7.50	Semi-annually	No	No		20-Dec-2017
UA4000177554	Coupon bonds	2,339,028,900.00	7.50	Semi-annually	No	Yes	21-Nov-2018	21-Nov-2018

Table 6. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
Total		69,783,433,200.00						
Grand total		277,872,700,100.00						

Note: the list of local-currency government bonds may not be complete as it reflects ICU knowledge regarding the outstanding stock of the government bonds, which is published by Ministry of Finance of Ukraine as its website (http://minfin.gov.ua/control/publish/article/main?art_id=274776&cat_id=234036).

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

2014 weekly state debt payback

Table 7. Weekly schedule of state bond auctions and volume of state debt* to be repaid within a 7-day period since auction date (UAH)

Month	Auction details	1st Tuesday	2nd Tuesday	3rd Tuesday	4th Tuesday	5th Tuesday
January	Auction date	1-Jan-13	8-Jan-13	15-Jan-13	22-Jan-13	29-Jan-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
February	Auction date	5-Feb-13	12-Feb-13	19-Feb-13	26-Feb-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
March	Auction date	5-Mar-13	12-Mar-13	19-Mar-13	26-Mar-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
April	Auction date	2-Apr-13	9-Apr-13	16-Apr-13	23-Apr-13	30-Apr-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
May	Auction date	30-Apr-13	7-May-13	14-May-13	21-May-13	28-May-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
June	Auction date	4-Jun-13	11-Jun-13	18-Jun-13	25-Jun-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
July	Auction date	2-Jul-13	9-Jul-13	16-Jul-13	23-Jul-13	30-Jul-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
August	Auction date	6-Aug-13	13-Aug-13	20-Aug-13	27-Aug-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
September	Auction date	3-Sep-13	10-Sep-13	17-Sep-13	24-Sep-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
October	Auction date	1-Oct-13	8-Oct-13	15-Oct-13	22-Oct-13	29-Oct-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00
November	Auction date	5-Nov-13	12-Nov-13	19-Nov-13	26-Nov-13	
	Local debt repayment ¹	0.00	0.00	0.00	0.00	
	External debt repayment ²	0.00	0.00	0.00	0.00	
	Total	0.00	0.00	0.00	0.00	
December	Auction date	3-Dec-13	10-Dec-13	17-Dec-13	24-Dec-13	31-Dec-13
	Local debt repayment ¹	0.00	0.00	0.00	0.00	0.00
	External debt repayment ²	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00

Notes: highlighted data – above UAH1bn in bold font, above UAH4bn shaded in blue; [*] interest and principal; [1] – government bonds (ordinary bonds, VAT bonds and recapitalisation bonds; [2] – external debt means Eurobonds and loans denominated in local currency by most recent FX rates. Sources: Ministry of Finance of Ukraine, Investment Capital Ukraine LLC.

5yr sovereign local debt payback

Table 8. Local-currency bonds repayments for the upcoming 5-year period

Period	Repayments (UAHm)									Repayments, US dollar equivalent (US\$m)								
	Interest			Principal			Total			Interest			Principal			Total		
	Ordin- aries	VATs	Recaps	Ordin- aries	VATs	Recaps	Inter- est	Prin- cipal		Ordin- aries	VATs	Recaps	Ordin- aries	VATs	Recaps	Inter- est	Prin- cipal	
BY QUARTERS																		
2Q14	2,887.0		2,957.2	4,762.3		1,598.3	7,627.5	8,710.2		248.9		254.9	410.5		137.8	657.5	750.9	
3Q14	2,275.8	135.6	2,551.4	752.8	1,643.6	1,500.0	6,380.6	10,718.7		196.2	11.7	220.0	64.9	141.7	129.3	550.1	924.0	
4Q14	2,950.8		3,371.4	325.8		4,696.5	8,114.1	14,204.1		254.4		290.6	28.1		404.9	699.5	1,224.5	
1Q15	2,108.5	90.4	2,169.8	453.7	1,643.6	2,000.0	5,516.8	12,825.6		181.8	7.8	187.1	39.1	141.7	172.4	475.6	1,105.7	
2Q15	2,821.6		2,833.2	250.8			7,090.1	14,983.9		243.2		244.2	21.6			611.2	1,291.7	
3Q15	2,289.2	45.2	2,560.9	0.8	1,643.6	1,000.0	5,770.2	5,216.7		197.3	3.9	220.8	0.1	141.7	86.2	497.4	449.7	
4Q15	2,847.4		2,961.1	0.8		6,000.0	6,573.4	6,909.8		245.5		255.3	0.1		517.2	566.7	595.7	
1Q16	2,159.9		2,201.9	0.8		2,750.0	5,123.5	11,083.9		186.2		189.8	0.1		237.1	441.7	955.5	
2Q16	2,847.4		2,642.4	0.8		9,085.0	6,212.4	9,956.9		245.5		227.8	0.1		783.2	535.6	858.3	
3Q16	2,159.8		2,071.3	80.8		7,135.0	4,659.8	12,647.5		186.2		178.6	7.0		615.1	401.7	1,090.3	
4Q16	2,831.2		2,245.7				5,764.6	5,721.6		244.1		193.6				496.9	493.2	
1Q17	2,143.6		1,732.4	1,150.0		1,250.0	4,067.1	5,910.0		184.8		149.3	99.1		107.8	350.6	509.5	
2Q17	2,831.2		2,245.7	3,688.5		6,357.9	5,538.7	13,848.9		244.1		193.6	318.0		548.1	477.5	1,193.9	
3Q17	2,061.7		1,673.0	1,810.0		6,550.0	3,781.0	8,360.0		177.7		144.2	156.0		564.7	325.9	720.7	
4Q17	2,567.4		1,895.7	5,212.9		7,658.3	4,783.4	19,072.1		221.3		163.4	449.4		660.2	412.4	1,644.1	
1Q18	1,932.3		1,337.9	4,318.9		6,375.0	3,316.5	10,693.9		166.6		115.3	372.3		549.6	285.9	921.9	
2Q18	2,194.8		1,435.9	11,845.3		7,157.9	3,718.4	19,003.3		189.2		123.8	1,021.1		617.1	320.6	1,638.2	
3Q18	1,623.5		1,011.1	5,101.3		10,145.1	2,680.8	15,246.5		140.0		87.2	439.8		874.6	231.1	1,314.3	
4Q18	1,350.1		1,066.2	5,108.8		4,655.3	2,504.0	12,103.2		116.4		91.9	440.4		401.3	215.9	1,043.4	
BY YEARS																		
2014	8,113.6	135.6	8,880.0	5,840.8	1,643.6	7,794.8	22,122.2	33,633.0		699.4	11.7	765.5	503.5	141.7	672.0	1,907.1	2,899.4	
2015	10,066.6	135.6	10,525.1	706.0	3,287.2	9,000.0	24,950.6	39,935.9		867.8	11.7	907.3	60.9	283.4	775.9	2,150.9	3,442.8	
2016	9,998.2		9,161.4	82.4		18,970.0	21,760.4	39,409.8		861.9		789.8	7.1		1,635.3	1,875.9	3,397.4	
2017	9,604.0		7,546.8	11,861.3		21,816.2	18,170.2	47,191.0		827.9		650.6	1,022.5		1,880.7	1,566.4	4,068.2	
2018	7,100.7		4,851.1	26,374.4		28,333.4	12,219.7	57,046.8		612.1		418.2	2,273.7		2,442.5	1,053.4	4,917.8	

Notes: Ordinaries - the government bonds sold via auctions; VATs - VAT bonds; Recaps - recapitalisation bonds.

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

5yr sovereign external debt payback

Table 9. Foreign-currency debt* (Eurobonds and loans) repayments for the upcoming 5-year period

Period	Repayments, hryvnia equivalent (UAHm)						Repayments, US dollar equivalent (US\$m)					
	Interest		Principal		Total		Interest		Principal		Total	
	Eurobond	Loan	Eurobond	Loan	Interest	Principal	Eurobond	Loan	Eurobond	Loan	Interest	Principal
BY QUARTERS												
2Q14	3,983.7	1,651.2	11,106.2	8,897.4	5,634.9	20,003.6	358.7	148.7	1,000.0	801.1	507.4	1,801.1
3Q14	2,834.2	1,137.1	0.0	10,174.9	3,971.3	10,174.9	255.2	102.4	0.0	916.1	357.6	916.1
4Q14	3,542.2	1,534.3	0.0	10,918.7	5,076.6	10,918.7	318.9	138.2	0.0	983.1	457.1	983.1
1Q15	2,834.2	916.8	0.0	9,634.6	3,750.9	9,634.6	255.2	82.5	0.0	867.5	337.7	867.5
2Q15	3,542.2	1,165.6	0.0	14,404.0	4,707.8	14,404.0	318.9	105.0	0.0	1,296.9	423.9	1,296.9
3Q15	2,834.2	592.8	5,553.1	2,174.7	3,426.9	7,727.8	255.2	53.4	500.0	195.8	308.6	695.8
4Q15	3,542.2	668.2	39,479.8	990.7	4,210.4	40,470.4	318.9	60.2	3,554.7	89.2	379.1	3,644.0
1Q16	2,643.3	536.4	0.0	7,324.5	3,179.7	7,324.5	238.0	48.3	0.0	659.5	286.3	659.5
2Q16	2,556.8	664.4	13,882.8	826.9	3,221.2	14,709.6	230.2	59.8	1,250.0	74.5	290.0	1,324.5
3Q16	2,643.3	247.1	0.0	2,507.6	2,890.4	2,507.6	238.0	22.3	0.0	225.8	260.3	225.8
4Q16	2,123.0	631.4	11,106.2	4,978.4	2,754.3	16,084.6	191.2	56.8	1,000.0	448.3	248.0	1,448.3
1Q17	2,643.3	137.4	0.0	3,331.9	2,780.7	3,331.9	238.0	12.4	0.0	300.0	250.4	300.0
2Q17	1,757.6	438.5	0.0	3,609.5	2,196.0	3,609.5	158.3	39.5	0.0	325.0	197.7	325.0
3Q17	2,643.3	0.0	28,876.1	0.0	2,643.3	28,876.1	238.0	0.0	2,600.0	0.0	238.0	2,600.0
4Q17	1,757.6	304.0	7,774.3	5,886.3	2,061.6	13,660.6	158.3	27.4	700.0	530.0	185.6	1,230.0
1Q18	1,307.8	0.0	0.0	0.0	1,307.8	0.0	117.8	0.0	0.0	0.0	117.8	0.0
2Q18	1,495.2	83.3	0.0	0.0	1,578.4	0.0	134.6	7.5	0.0	0.0	142.1	0.0
3Q18	1,307.8	0.0	0.0	0.0	1,307.8	0.0	117.8	0.0	0.0	0.0	117.8	0.0
4Q18	1,495.2	83.3	0.0	2,220.3	1,578.4	2,220.3	134.6	7.5	0.0	199.9	142.1	199.9
BY YEARS												
2014	10,360.1	4,322.6	11,106.2	29,991.0	14,682.8	41,097.2	932.8	389.2	1,000.0	2,700.4	1,322.0	3,700.4
2015	12,752.8	3,343.3	45,032.9	27,204.1	16,096.1	72,236.9	1,148.3	301.0	4,054.7	2,449.4	1,449.3	6,504.2
2016	9,966.3	2,079.3	24,989.0	15,637.4	12,045.6	40,626.4	897.4	187.2	2,250.0	1,408.0	1,084.6	3,658.0
2017	8,801.7	879.9	36,650.5	12,827.7	9,681.6	49,478.1	792.5	79.2	3,300.0	1,155.0	871.7	4,455.0
2018	5,605.9	166.5	0.0	2,220.3	5,772.4	2,220.3	504.8	15.0	0.0	199.9	519.7	199.9

Notes: [*] debt redemptions include also interest payments; debt comprises Eurobonds, IMF and VTB loans; IMF loan is meant all tranches received in 2008-10; [1] redemption of US\$2bn loan to VTB is a worst-case scenario within this loan agreement, it may be prolonged 2 times and this in effect may shift the redemption to 4Q11 or 2Q12.

Sources: Ministry of Finance, IMF, Bloomberg, Reuters, Investment Capital Ukraine LLC.

Ukraine issuers' credit metrics

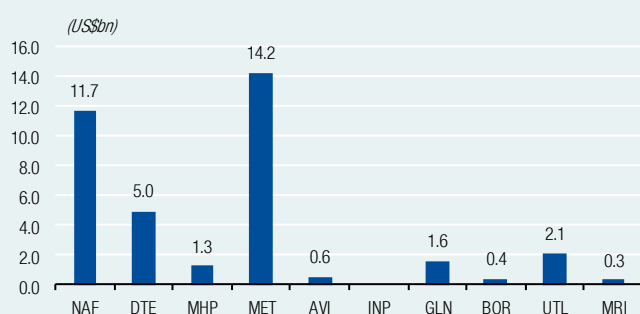
Table 10. Ukrainian corporate bond issuers and their key financial figures and ratios* (US\$m)

Issuer	Ticker	Filing	Revenues	EBITDA	Int exp	Cash	ST debt	LT debt	Debt	Net debt	EBITDA mrg (%)	Debt/EBITDA (x)	Net debt/EBITDA (x)	EBITDA int cov (x)
Naftogaz of Ukraine	NAFTO	4Q10	11,673.6	502.2	-613.5	333.2	685.2	4,824.9	5,510.1	5,176.9	4.3	11.0	10.3	Neg.
DTEK	DTEKUA	4Q11	4,965.0	1,294.6	60.9	1,304.1	429.4	1,878.3	2,307.7	1,003.6	26.1	1.8	0.8	21.2
MHP	MHPSA	1Q12	1,279.9	416.4	77.2	111.0	210.5	755.3	965.8	854.8	32.5	2.3	2.1	5.4
Metinvest Holding	METINV	4Q11	14,189.0	3,533.0	220.0	792.0	1,147.0	2,834.0	3,981.0	3,189.0	24.9	1.1	0.9	16.1
Avangard	AVINPU	4Q11	553.3	222.1	12.3	237.8	122.5	210.0	332.6	94.8	40.1	1.5	0.4	18.1
Interpipe	INPIP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Concern Galnaftogaz	GLNGUZ	1Q12	1,647.2	96.8	26.3	13.9	136.9	203.9	340.8	326.9	5.9	3.5	3.4	3.7
Boryspil Int'l Airport	BORYS	1Q12	431.4	277.8	2.3	33.8	108.0	212.5	320.5	286.8	64.4	1.2	1.0	122.0
Ukrtelecom	UTLMUZ	2Q12	2,091.2	470.0	103.5	22.3	177.7	194.3	372.1	349.8	22.5	0.8	0.7	4.5
Mriya Agro Holding	MRIYA	3Q11	344.8	42.6	40.1	192.0	96.0	282.2	378.3	186.3	12.4	8.9	4.4	1.1
Ferrexpo	FXPOLN	4Q11	1,788.0	798.0	43.3	890.2	18.9	951.4	970.4	80.2	44.6	1.2	0.1	18.4
Agroton	AGTPW	2Q11	102.1	10.4	0.3	4.2	19.3	1.0	20.3	16.1	10.2	2.0	1.6	31.0
Agromat	AGROM	2Q11	149.7	28.3	16.0	3.3	23.5	30.1	53.5	50.2	18.9	1.9	1.8	1.8
KSG Agro	KSGPW	3Q11	3.2	1.7	-0.7	5.5	5.6	10.7	16.4	10.9	52.8	9.5	6.4	Neg.
IMC	IMCPW	3Q11	5.6	-2.3	0.2	13.4	4.0	18.1	22.1	8.7	Neg.	Neg.	Neg.	Neg.

Notes: [*] financial figures and appropriate ratios are calculated using LTM data; LTM - last 12-month period; Int exp - interest expenses; ST debt - short-term debt; LT debt - long-term debt; int cov - interest coverage.

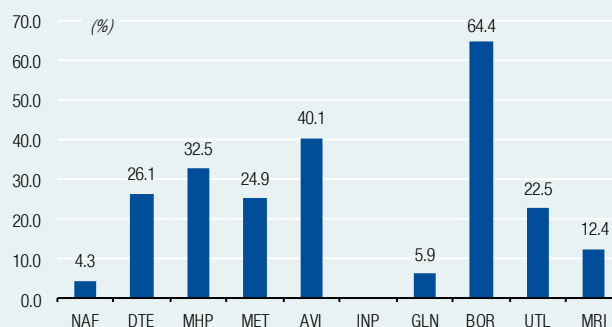
Sources: Company data, Investment Capital Ukraine LLC.

Chart 18. Ukraine's companies by sales (LTM)



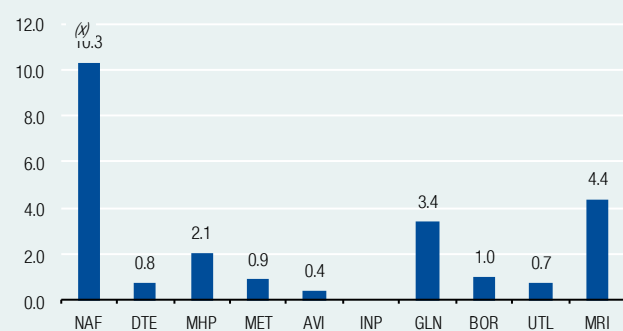
Source: Company data, Investment Capital Ukraine LLC.

Chart 19. Ukraine's companies by EBITDA margin (LTM)



Source: Company data, Investment Capital Ukraine LLC.

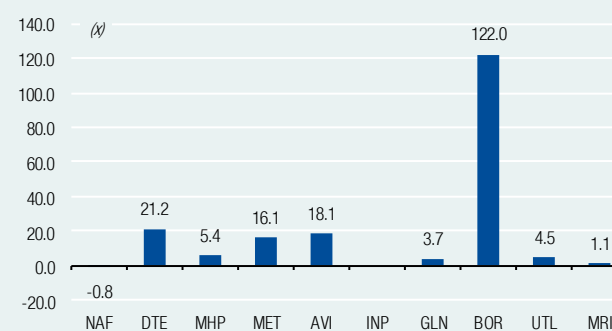
Chart 20. Ukraine's companies by leverage ratio



Note: leverage - net debt to EBITDA (LTM).

Source: Company data, Investment Capital Ukraine LLC.

Chart 21. Ukraine's companies by interest coverage ratio



Note: interest coverage - EBITDA to interest expenses (LTM).

Source: Company data, Investment Capital Ukraine LLC.

Glossary

The following is the list of terms, phrases and abbreviations that are frequently used in this report's weekly publications.

Average duration, or interchangeably, **bond auction average duration**: Duration calculated from all cash flows obtained from the bonds sold at the auction. Yield-to-maturity, price, and each cash flow (coupons and principal) are calculated on a per-bond basis.

Average yield, or interchangeably, **bond auction average yield**: A yield-to-maturity calculated from all cash flows obtained from the bonds sold at the auction and versus the total price paid per bond to acquire them. Price and each cash flow (coupons and principal) are calculated on a per-bond basis.

Basis point, or interchangeably, **bp**: One-hundredth of a percentage point, or 0.01%.

BoP: Balance of payments.

Certificate(s) of Deposit, or interchangeably, **CD(s)**: Short-term money market instruments that allow the NBU, the central bank, to absorb excess liquidity from the local banks. Their durations are 2, 3, or up to 5 days; two weeks; one month; 1.5 months; two months; and up to three months.

CDS: A Credit default swap; a contract that references the performance of a loan or a bond (sovereign, corporate, or municipal). A CDS is normally quoted in basis points, or hundredths of a percent.

CRA: Credit rating agency. These include international industry majors Moody's, Standard & Poor's, and Fitch. It could refer also to other credit rating agencies, including Credit-Rating of Ukraine.

EFSF: European Financial Stability Facility (<http://www.efsf.europa.eu>), created on 9 May, 2010 by the euro area member states, as a Luxembourg-registered company owned by Euro Area Member States (EAMS), which has a mandate to lend to the EAMS in times of difficulty, e.g., in bail-outs. For the purpose of its operations, the EFSF is able to issue bonds EAMS-guaranteed for up to €440bn. Thanks to its structure of credit enhancements, including a cash reserve and a loan-specific cash buffer¹, the EFSF has top credit ratings from major CRAs: 'Aaa' by Moody's, 'AAA' by S&P, and 'AAA' by Fitch.

MoE: Ministry of Economy of Ukraine (<http://www.me.gov.ua>).

MoF: Ministry of Finance of Ukraine (<http://www.minfin.gov.ua>).

NBU: National Bank of Ukraine, the central bank of Ukraine (<http://www.bank.gov.ua>).

Party of Regions, or interchangeably, **PoR**: The *de facto* ruling political party in Ukraine currently. It won the presidency in the February 2010 presidential elections with a slim margin over Yulia Tymoshenko's Bloc, then consolidated power in the parliament, where it has a majority over minor loyal factions, while incapable of forming a majority itself. The next elections for Parliament and the president's office are expected to take place in 2012 and 2015, respectively.

¹ For instance, in order to lend €17.7bn to Ireland, the EFSF has to raise around €26.5bn from the financial market.

Percentage point, or interchangeably, **ppt**: one percent, 1%.

Recaps, or interchangeably, **recapitalisation bonds**: Local-currency bond(s), representing a general financial obligation by the government on par with other government's financial obligations, which was/were issued with the purpose of recapitalising state-owned entities like Naftogaz of Ukraine, commercial banks from Ukreximbank to Oschadbank, and the State Mortgage Institution (SMI).

UAH: Ukrainian national currency, the hryvnia.

UAH TWI, or interchangeably, **hryvnia trade-weighted index**: Index of the local currency calculated by Investment Capital Ukraine (ICU), which is calculated upon nominal exchanges rates to the US dollar and headline consumer price inflation indices of Ukraine and its 26 trading partners, which as a whole, comprise a 76% share of merchandise trade turnover. Please refer to *ICU Quarterly Report "Ukraine's See-saw Puzzle"* published on 14 July, 2009 for more details on the methodology of the index. There are nominal and real UAH TWIs, the former based on exchange rates, and the latter based on both exchange rates and inflation. There are monthly and daily UAH TWIs, which are tracked by ICU. Monthly TWI calculation is based on the monthly data for inflation and trade statistics as well as monthly average exchange rates. Daily TWI calculation is based on the monthly data for inflation and trade statistics; however, its core substance is to reflect daily movements of the exchange rates of Ukraine's currency as well as of its key trading partners.

UAS: Ukrainian accounting standards.

VATs, or interchangeably, **VAT bonds**: Local-currency bond(s), representing a general financial obligation by the government on par with other government's financial obligations, which was/were issued in accordance with the government's initiative to offload the government's accumulated arrears on VAT refunds to domestic exporters.

Weighted-average duration, or interchangeably, **bond auction weighted-average duration**: Duration calculated from all cash flows obtained from the bonds sold at the auction. Yield-to-maturity, price, and each cash flow (coupons and principal) are calculated for the total number of bonds sold at the auction.

Weighted-average yield, or interchangeably, **bond auction weighted-average yield**: A yield-to-maturity calculated from all cash flows obtained from the bonds sold at the auction and against the total price paid to acquire them. Price and each cash flow (coupons and principal) are calculated for the total number of bonds sold at the auction.

YTM, or interchangeably, **yield-to-maturity**: The interest rate that creates the present value of cash flows obtained from holding a bond equal to the price of the bond. The YTM factors in coupon income and any capital gain (loss) the investor will realise by holding the bond to maturity. It also takes into consideration the timing of coupon payments and principal repayment, which can be done at the maturity date (for a bullet bond) or in accordance with an amortisation schedule (amortisation bond). The YTM uses an interest-on-interest principle, assuming that coupon income can be reinvested at an interest rate equal to the YTM, and is calculated in accordance with the Ukraine's domestic bond market standard, which is represented by the following formula:

$$Price + AI = \sum_{i=1}^n \frac{CF_i}{(1+YTM)^{\frac{t_i}{365}}},$$

where *Price* and *AI* are clean price and accrued interest of the bond, respectively, as of the date of purchase; *n* is the number of cash flows to be obtained by a bond holder; *CF_i* is the

cash flow (coupon income, principal repayment) obtained from a bond; t_i is the number of days between a purchase date and i -th cash flow date, and YTM is yield-to-maturity.

YTW, or interchangeably, **yield-to-worst**: The same as yield-to-maturity (YTM); however, it is calculated assuming the worst-case scenario under the terms of a bond issue, e.g., the cash flow is trimmed to the earliest possible bond redemption such as due to a call or a put option, embedded into the bond.

This page is intentionally left blank

Disclosures

ANALYST CERTIFICATION

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.



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Office 44, 11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kiev, 01030 Ukraine
Phone/Fax +38 044 2200120

CHAIRMAN OF THE BOARD OF DIRECTORS

Valeria Gontareva
valeria.gontareva@icu.ua

CORPORATE FINANCE TEL. +38 044 2200120

Makar Paseniuk, Managing Director
makar.paseniuk@icu.ua

Volodymyr Demchyshyn, Director
volodymyr.demchyshyn@icu.ua

Ruslan Kilmukhametov, Vice-president
ruslan.kilmukhametov@icu.ua

FIXED-INCOME SALES AND TRADING TEL. +38 044 2201621

Konstantin Stetsenko, Managing Director
konstantin.stetsenko@icu.ua

Sergiy Byelyayev, Fixed-Income Trading
sergiy.byelyayev@icu.ua

Vitaliy Sivach, Fixed-Income Trading
vitaliy.sivach@icu.ua

EQUITY SALES AND TRADING TEL. +38 044 2201621

Vlad Sinani, Director, Equities
vlad.sinani@icu.ua

Julia Pecheritsa, International Equity
Sales
julia.pecheritsa@icu.ua

RESEARCH DEPARTMENT TEL. +38 044 2200120

Alexander Valchyshen,
Head of Research
alexander.valchyshen@icu.ua

Alexander Martynenko
Senior equity analyst (Metals & Mining)
alexander.martynenko@icu.ua

Taras Kotovych
Fixed-income analyst
taras.kotovych@icu.ua

Lee Daniels, Rolfe Haas
Editors

Investment Capital Ukraine LLC is regulated by Securities and Stock Market State Commission of Ukraine (licence numbers: dealer activity AE 263019, broker activity AE 263018, underwriting activity AE 263020 dated 11 April 2013).

DISCLAIMER

This research publication has been prepared by Investment Capital Ukraine LLC solely for information purposes for its clients. It does not constitute an investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Investment Capital Ukraine makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Investment Capital Ukraine LLC. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report.

Additional information is available upon request.

