

Bond Market Insight

Weekly review: Post-election week

MONDAY, 2 JUNE, 2014

Following last week's successful presidential elections, the Eurobond markets continued to monetize positive anticipations as prices increased and the yield curve flattened. Meanwhile, the domestic bond market was under the pressure of tax payments and new borrowings as a new VAT-bond issuance was announced for this year.

Domestic bond market. Although domestic liquidity fell at the beginning of last week and rose through the end of the week, last Friday's cash flows to be revealed in the NBU statistics today could show a new decline after the final day of month-end tax payments. At the same time, the MoF decreased its pressure on liquidity as it sold FX-denominated bonds twice last week following insufficient local currency denominated bond auctions.

The Ukrainian government published its resolution for a VAT bond issuance announced earlier for this year. These bonds could be issued in the second half of June and July, and most likely no later than that. These bonds could be attractive for non-residents if the yields exceed 20% or if the NDF rates decline.

Eurobond market. Ukrainian Eurobonds opened last week with a continued rebound, monetizing positive anticipations, but last Thursday we saw a slight correction and divergence last Friday that caused the yield curve to flatten to the range of 8.61-10.24%. UKRAIN 7.95% '14 is scheduled for redemption this week, possibly coinciding with the new president's inauguration date, positive news which could show improved conditions. Last week's correction could be due to the end of the month, unresolved gas negotiations with Russia, and the debt redemption scheduled for this week.

RESEARCH INSIGHT

CONTENTS

Market update and news	2
Appendixes	5
UAH bond market	6
Eurobond market	8
Primary market for UAH state bonds.	11
UAH state bonds outstanding	13
2011 weekly state debt payback	18
5yr sovereign local debt payback	19
5yr sovereign external debt payback.	20
Ukraine issuers' credit metrics	21
Glossary	23

Key market indicators (as of 30 May 2014)

	Last close	Weekly chg (%)	YTD chg (%)
Currencies			
USD/UAH (spot)	11.8000	-1.26	43.20
USD/UAH (1Y NDF)	13.7500	-3.51	45.97
Rates, yields & spreads (%)			
Kiev Prime ON	5.00	-5bp	-280bp
Kiev Prime 3M	18.00	-10bp	200bp
UAH NDF 1Y	17.15	-274bp	216bp
Ukraine CDS 5Y	890bp	-60bp	74bp
Libor USD 1yr	0.53	0bp	-5bp
UST 2yr	0.37	3bp	-1bp
UST 10yr	2.48	-6bp	-55bp
UKRAINE 17	9.51	-64bp	-5bp
UKRAINE 23	8.79	-22bp	-26bp
Money market data (UAHbn)			
Accounts at NBU	31.00	14.35	-5.20
NBU CDs outstanding	13.03	-17.32	0.00
Local currency bond market data (UAHbn)			
Govt bond outstanding	289.99	0.95	16.41
Held by			
NBU	177.26	0.20	22.38
Banks	86.48	3.04	7.87
Other residents	10.12	-2.06	-18.37
Non-residents	16.13	0.25	37.86

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

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

Research team

Taras Kotovych

Market update and news

Domestic bond market

Liquidity recovers

Liquidity recovered last week after hitting the low last Tuesday...

Banking sector liquidity rose last week, most likely as the result of month-end tax payments being made a week before or postponed results from this past Friday which should be included in NBU statistics today. Broader liquidity rose last week from last month's low seen last Tuesday at UAH38.00bn to UAH42.43 last Friday as banks' correspondent accounts with the NBU increased from UAH25.25bn last Tuesday to UAH31.00bn at the end of last week and only a slight decline in CDs outstanding.

...with minimal inflows from the NBU and MoF

The NBU made less than UAH1.7bn of inflows last week, with UAH1.05bn in loans and UAH0.35bn in bond purchases, while CDs outstanding slid only UAH0.24bn last week. MoF inflows were insufficient as only UAH0.51bn were repaid in debt interest repayments in local currency while only UAH0.10bn in local currency was raised at the primary bond auctions (see comment below).

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

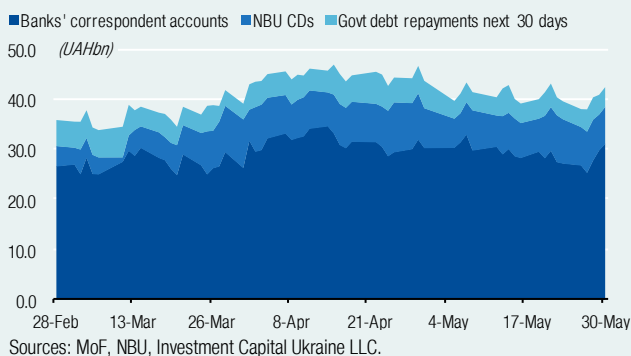
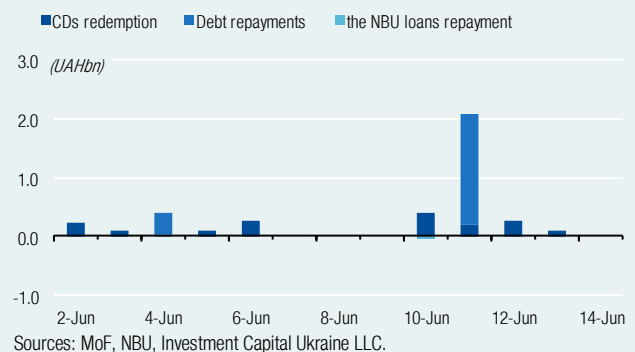


Chart 2. Future redemptions of CDs and UAH state bonds (UAHbn)



Liquidity should recover this week if FX purchasing is not required

We could see a decline in liquidity today due to NBU statistics on last Friday's cash flows which could be significant because of the last day of month-end tax payments. Liquidity could recover slightly following the report, and the NBU could increase its CDs outstanding. Total local currency debt repayments scheduled for the next 30 days are also expected to rise this week as significant repayments are scheduled at the beginning of July and small interest repayments are scheduled for this Wednesday. The MoF could increase its new borrowings, but this will not be as important this week as the large repayments that are scheduled for next week. Moreover, MoF is also scheduled to repay the USD-denominated bonds that were sold last week. At the same time, new changes in the NBU regulation that permits banks' correspondent accounts to have 10% less of official reserves could cause liquidity to decline if funds are spent on FX purchasing.

Last week's primary auctions

The MoF sold three bonds last week, including 2-week USD-denominated bonds...

The MoF held two primary auctions last week, amending the list of offered bonds and offering FX-denominated bonds following a long break from their being offered before. At last week's primary auctions, along with the originally scheduled 5-year local currency denominated bond on Tuesday, the MoF added a routinely offered 2-year local currency bond and the debut offering of a new 2-week USD-denominated bond, a rarely seen short maturity.

...rarely sold at the end of last year and this January, mostly to cover gaps, on anticipation of new external financing

Of the short-term zero-coupon bonds sold a few times last year, most had maturities of approximately five months. Three prior auctions offered bonds similar to those sold yesterday: two auctions were last December, and one was held this January. The shortest maturity bond had a one week maturity, offered last December prior to receiving the debut tranche of Russian financing that was meant to cover the budget gap. Later that month, the MoF sold a 3-week bond at a similar volume to the one-week bond that was sold 10 days before. The offering in January occurred when the prior December bonds were redeemed just before the new tranche from Russia was announced by the Minister of Finance.

FX-denominated bonds could be sold to increase reserves

Last week, the MoF sold UAH0.02bn of 2-year bonds, UAH0.08bn of 5-year bonds and US\$0.26bn of USD-denominated bonds that mature next week. Last week's auctions followed a large financing received last month from the IMF and a US-backed Eurobond offering, and also following a significant USD-denominated bond redemption a week before, while debt repayments in FX at the domestic market should be insufficient over the next two months. The MoF could have raised FX for the short period of time to compensate for its outflow last week, for the replenishment of FX reserves prior to month-end and next week's scheduled Eurobond redemption, and possibly for payments to Russia on natural gas imports, the debt of which increased every month.

New VAT bond issuance could be launched this month

Ukraine announced that it will issue VAT bonds for the third time in its history...

The Ukrainian government announced its intention to issue bonds to pay VAT refunds for the third time. Approximately UAH2.0bn in VAT-bond debt debuted in 2004, followed by a second offering of UAH16.4bn in 2010. The MoF could issue UAH17.0bn of new VAT bonds this year, according to the Minister of Finance. This year, bonds should have the usual 5-year maturity, semi-annual amortization payments, and semi-annual coupon payments at a 9.5% coupon rate.

...after some required steps will be made

The resolution that was published last week included several required tasks prior to issuance: to analyze all debt on the VAT refund, to have the new Cabinet of Ministers establish a debt ceiling for the VAT refund, and to prepare register of tax payers and their refund volumes which will be restructured for each tax payer. There is a two month deadline to prepare the register, but the issue could be launched earlier and divided into several tranches.

With a 2.4 year duration, these bonds could be attractive for a market with about a 20% or greater discount...

These bonds will have a duration of about 2.4 years, and if we will compare the new issue with a recent 2-year local currency bond with a 17.78% yield (17.00% coupon rate) and secondary bond market yields, a new VAT-bond could yield 20.0% or higher. However, with the coupon rate for new bonds set at 9.5%, which is higher than the previous offerings of these bonds, it is still below market and tax payers should sell them at a discount. To give to the buyer a 20.0% yield, the discount should be at about 20.0%. If demand is low, the discount could rise to 30%, increasing yields to about 28-30%.

...but it will depend on the situation in Ukraine and on market anticipations on the FX exchange rate

Demand and prices of new bonds at the secondary market will depend on the political and economic situation in Ukraine. If the current exchange rate for non-residents' is undervalued and they anticipate local currency appreciation in the short-term, new VAT bonds will be in much higher demand. Demand for new bonds from non-residents at the secondary market could be problematic. Taking into account the current NDF rates, the UAH/USD exchange rate is expected to be UAH13-14/USD for the 6-month and 12-month periods, investments in local currency denominated bonds with yields below 20.0% are less attractive. Demand from non-residents could rise if Ukraine's sentiment improves, particularly in the UAH/USD exchange rate, thus increasing the profitability of investments in VAT-bonds.

Eurobond market

Slight correction at the end of last week

Eurobonds rose last week with a slight correction...

Last week opened with a continued rebound that forced prices to rise significantly, e.g. UKRAIN 9.25% '17 rose to 99.9, but last Thursday started a slight correction the stopped the rebound for a while, most likely due to month-end corrections of portfolios just prior to the UKRAIN 7.95% '14 redemption this week and also due to unresolved problems with the gas debt redemption to Russia which has been assembled by Ukraine since the year's beginning.

...resulting in a yield curve adjustment to new levels

But despite this correction, the yield curve adjusted to the range of 8.61-10.24% a slight decline of some Eurobonds to new lows has occurred since the rebound started. During last week UKRAIN 6.875% '15 declined 138bp to 10.24%, UKRAIN 6.25% '16 declined 99bp to 8.77%, UKRAIN 9.25% '17 slid 51bp to 9.52%, while UKRAIN 7.95% '21 slid 13bp to 8.95%, UKRAIN 7.80% '22 slid 11bp to 9.09% and UKRAIN 7.50% '23 declined 18bp to 8.75% (see left-hand chart below). The 5-year CDS declined to 890bp last week and spreads tightened significantly (see right-hand chart below).

Chart 3. YTM's of some Ukrainian Eurobonds

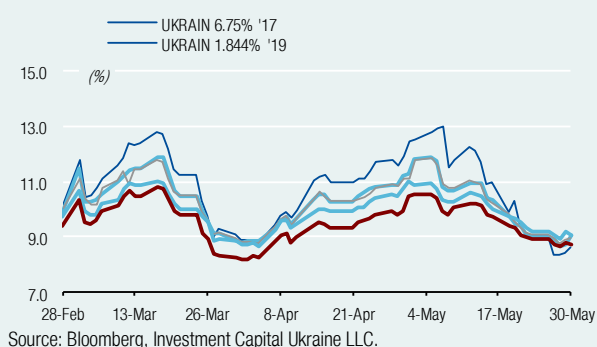
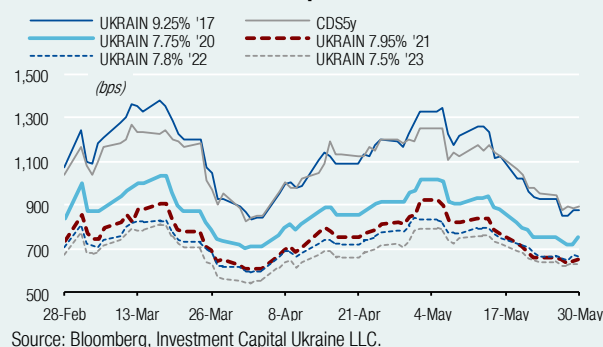


Chart 4. Ukrainian Eurobonds spreads



This week we could see market volatility due not only to large debt scheduled repayments, but also to unresolved gas payments to Russia, a possible escalation of the conflict in eastern Ukraine, and uncertainty arising from the new president's election and strategy. We do not anticipate bond prices to decline significantly, but the market should be volatile at about 9.0% with a possible widening of spreads at the short-term end of the yield curve.

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.

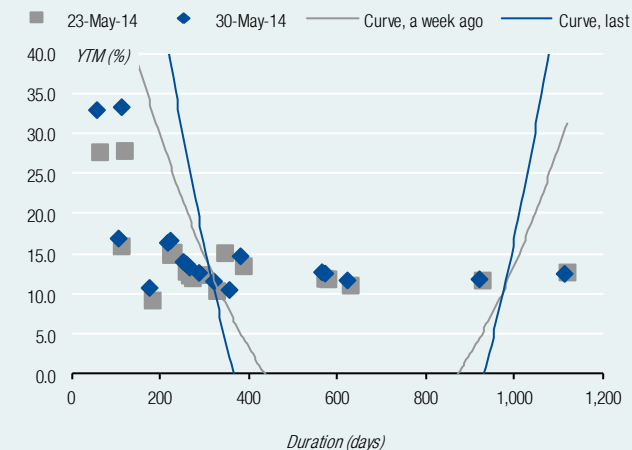
UAH bond market

Table 1. Ukrainian local-currency government bonds as of 30 May 2014

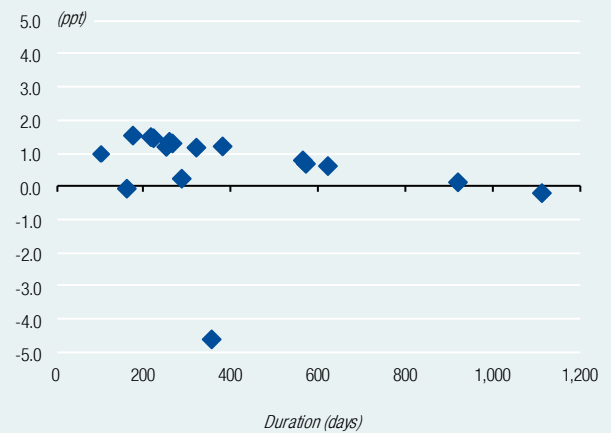
Ticker	Volume (UAHm)	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Duortion (years)	1W daily avg turnover (UAHm)	1W total turnover (UAHm)	Total turnover (UAHm)	Liquidity ratio*
157135	3,469.20	7.97	23-Jul-14	99.688	33.01	-13	525	0.15	0.00	0.00	168.98	0.05
158794	1,787.70	7.5	10-Sep-14	99.248	17.02	5	97	0.28	0.00	0.00	1,675.30	0.94
149231	1,440.64	8.32	19-Nov-14	99.188	10.87	-50	156	0.47	0.00	0.00	2,065.98	1.43
151278	1,735.69	8.5	7-Jan-15	99.188	16.49	-50	152	0.59	30.36	91.07	1,634.27	0.94
000999	227.09	9.6	14-Jan-15	99.750	16.76	-50	148	0.60	0.00	0.00	0.00	0.00
155485	2,578.30	8.09	11-Feb-15	98.750	14.11	-50	122	0.68	0.00	0.00	6,054.50	2.35
157143	590.00	8.02	18-Feb-15	98.625	13.79	-63	138	0.70	0.00	0.00	0.00	0.00
157127	583.11	8.02	25-Feb-15	98.625	13.40	-63	133	0.72	0.00	0.00	2,305.70	3.95
160642	2,382.74	7.75	18-Mar-15	98.111	12.74	4	26	0.78	0.00	0.00	6,639.53	2.79
142699	3,678.89	9.45	22-Apr-15	99.375	11.69	-75	120	0.87	0.00	0.00	11,527.32	3.13
142681	643.57	4.8	6-May-15	102.813	-0.92	0	-4	0.44	0.00	0.00	0.00	0.00
141071	1,788.31	9.45	27-May-15	99.250	10.61	-63	-459	0.97	7.04	42.22	6,612.84	3.70
142673	2,065.00	4.5	17-Jun-15	94.188	384.44	-69	19,841	0.05	0.00	0.00	0.00	0.00
144083	26.31	9.45	8-Jul-15	98.875	14.81	-88	124	1.04	0.00	0.00	0.00	0.00
152441	3,798.42	8.25	27-Jan-16	96.625	12.83	-88	82	1.54	0.00	0.00	55.17	0.01
153282	105.14	8.25	3-Feb-16	96.625	12.66	-75	71	1.56	0.00	0.00	71.92	0.68
160923	3,540.00	7.5	16-Mar-16	95.125	33.37	-75	545	0.30	0.00	0.00	0.00	0.00
160907	338.48	8	23-Mar-16	95.875	11.81	-75	64	1.70	0.00	0.00	160.05	0.47
160915	3,540.00	8.25	22-Mar-17	93.625	11.95	-13	15	2.52	0.00	0.00	0.00	0.00
151286	6,254.00	7.5	20-Dec-17	89.875	12.62	63	-17	3.05	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.

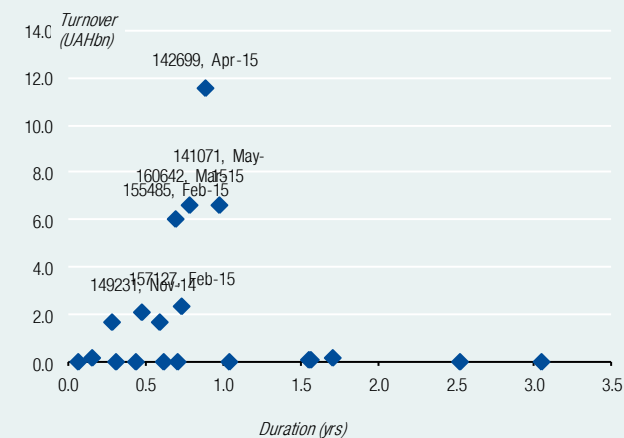
Sources: Bloomberg, PFTS, Investment Capital Ukraine LLC.

Chart 5. 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.

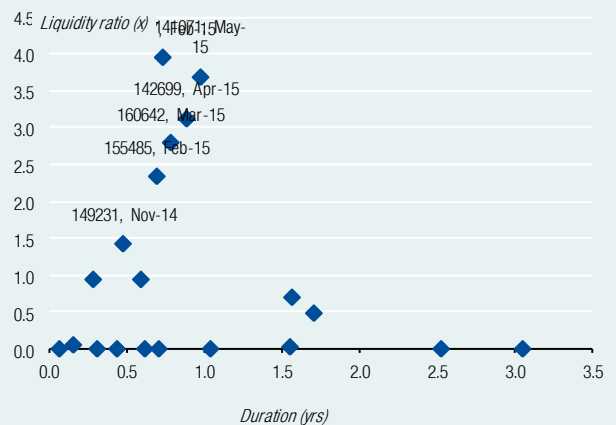
Chart 6. Movement of the local-currency sovereign yield curve*Over last week, in percentage points*

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

Chart 7. Map of Ukraine's local-currency government bonds by total turnover plotted against their duration

Note: Total turnover and duration are taken from Table 1, page 6. The bonds with turnover of UAH2bn and more have labels, which consist of PFTS ticker and after a coma month and year of maturity.

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

Chart 8. Map of Ukraine's local-currency government bonds by liquidity ratio plotted against their duration

Note: Total turnover and duration are taken from Table 1, page 6. The bonds with liquidity ratio of 1.1x and more have labels, which consist of PFTS ticker and after a coma month and year of maturity.

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

Eurobond market

Table 2. Ukrainian Eurobonds as of 30 May 2014

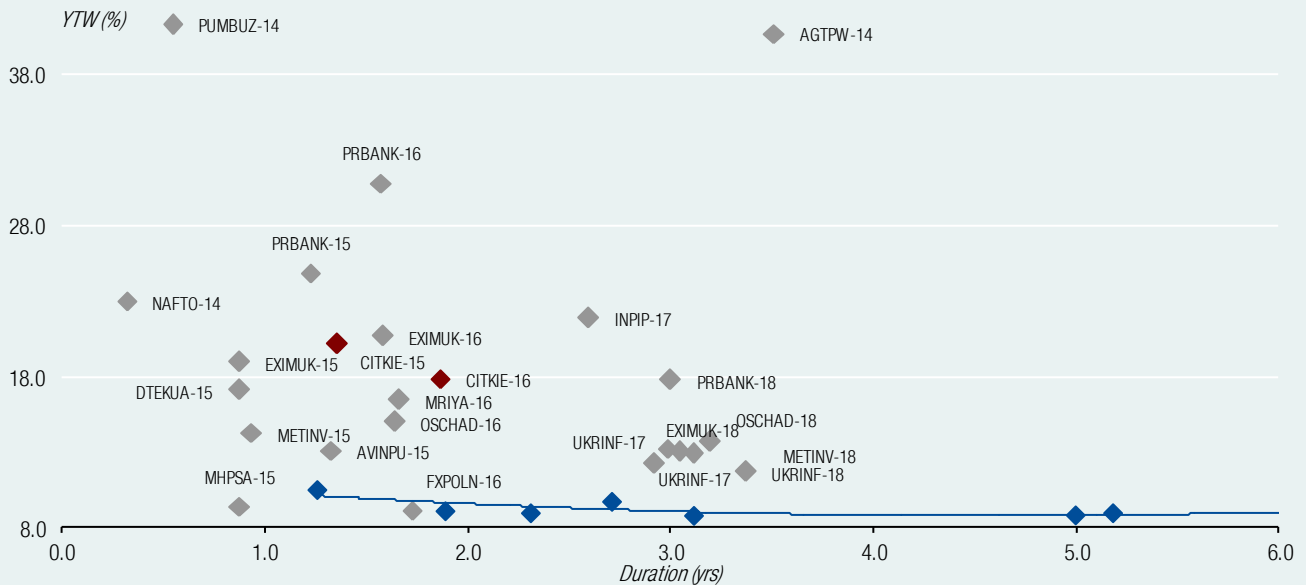
Ticker	Issuer	Ratings	Volume (million)	Curr- ency	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Spread (bp)	Duration (years)
CITKIE-15	Kyiv	Caa3/CCC/CC C	250.0	USD	8	6-Nov-15	86.188	19.59	263	-237	1,869	1.36
CITKIE-16	Kyiv	Caa3/CCC/CC C	300.0	USD	9.375	11-Jul-16	86.563	17.25	419	-272	1,627	1.86
AGTPW-14	Agroton	NR/NR/WD	50.0	USD	12.5	14-Jul-14	31.875	38.49	0	20	3,490	3.51
NAFTO-14	Naftogaz of Ukraine	NR/NR/CCC	1,595.0	USD	9.5	30-Sep-14	95.938	22.75	75	-187	2,244	0.32
PUMBUZ-14	FUIB	Caa3/NR/NR	252.5	USD	11	31-Dec-14	86.500	38.46	169	-312	3,716	0.55
EXIMUK-15	Ukreximbank	Caa3/NR/CCC	750.0	USD	8.375	27-Apr-15	91.938	18.53	-6	26	1,773	0.87
DTEKUA-15	DTEK	Caa2/NR/CCC	500.0	USD	9.5	28-Apr-15	94.625	16.14	13	-7	1,479	0.87
MHPSA-15	MHP	Caa2/NR/CCC	584.8	USD	10.25	29-Apr-15	101.375	8.61	94	-111	751	0.88
METINV-15	Metinvest Holding	Caa2/NR/CCC	500.0	USD	10.25	20-May-15	97.188	13.46	50	-53	1,228	0.93
PRBANK-15	Pryvatbank	Caa3u/NR/CC C	200.0	USD	9.375	23-Sep-15	83.938	24.48	138	-132	2,376	1.23
AVINPU-15	Avangard	NR/NR/CCC	200.0	USD	10	29-Oct-15	96.813	12.53	269	-220	1,160	1.33
EXIMUK-16	Ukreximbank	Ca/NR/C	125.0	USD	8.4	9-Feb-16	79.938	20.50	6	7	1,996	1.58
PRBANK-16	Pryvatbank	Cau/NR/NR	150.0	USD	8.75	9-Feb-16	71.527	28.22	7,153	2,822	2,540	1.57
OSCHAD-16	Oshchadbank	Caa3/NR/CCC	500.0	USD	8.25	10-Mar-16	90.500	14.52	113	-74	1,370	1.64
MRIYA-16	Mriya Agroholding	NR/CCC/CCC	250.0	USD	10.95	30-Mar-16	92.250	15.99	88	-57	1,519	1.66
FXPOLN-16	Ferrexpo PLC	Caa2/CCC+/C CC	500.0	USD	7.875	7-Apr-16	98.125	8.99	19	-11	854	1.73
INPIP-17	Interpipe	NR/NR/C	200.0	USD	10.25	2-Aug-17	76.000	21.00	-19	15	1,936	2.60
UKRINF-17	Infrastructure Projects Fin	Caa3/NR/NR	538.0	USD	8.375	3-Nov-17	87.938	12.85	-691	266	1,169	2.98
UKRINF-17	Infrastructure Projects Fin	(P)Caa3/NR/N R	550.0	USD	9	7-Dec-17	91.848	11.91	325	-123	1,083	2.92
EXIMUK-18	Ukreximbank	Caa3/NR/CCC	500.0	USD	8.75	22-Jan-18	88.125	12.94	106	-39	1,135	3.05
METINV-18	Metinvest Holding	Caa2/NR/CCC	750.0	USD	8.75	14-Feb-18	88.563	12.72	-31	13	1,101	3.11
PRBANK-18	Pryvatbank	Caa3u/NR/CC C	175.0	USD	10.875	28-Feb-18	82.875	17.27	19	-6	1,525	3.00
OSCHAD-18	Oshchadbank	Caa3/NR/CCC	500.0	USD	8.875	20-Mar-18	86.625	13.48	131	-48	1,175	3.19
UKRINF-18	Infrastructure Projects Fin	Caa3/NR/NR	690.0	USD	7.4	20-Apr-18	88.000	11.30	-633	214	941	3.37
UKRAIN-14	Ministry of Finance	Caa3/CCC/CC C	1,000.0	USD	7.95	4-Jun-14	98.500	534.83	-150	52,718	26,928	0.00
UKRAIN-15	Ministry of Finance	Caa3/CCC/CC C	500.0	USD	6.875	23-Sep-15	96.266	9.99	192	-162	911	1.25
UKRAIN-15	Ministry of Finance	Caa3/CCC/CC C	600.0	EUR	4.95	13-Oct-15	94.338	9.55	64	-49	864	1.31
UKRAIN-16	Ministry of Finance	Caa3/CCC/CC C	1,250.0	USD	6.25	17-Jun-16	95.395	8.77	179	-100	808	1.88
UKRAIN-16	Ministry of Finance	Caa3/CCC/CC C	1,000.0	USD	6.58	21-Nov-16	95.407	8.69	198	-93	805	2.31
UKRAIN-17	Ministry of Finance	Caa3/CCC/CC C	2,600.0	USD	9.25	24-Jul-17	99.293	9.51	169	-64	850	2.71
UKRAIN-17	Ministry of Finance	Caa3/CCC/CC C	700.0	USD	6.75	14-Nov-17	95.100	8.42	181	-63	725	3.11
UKRAIN-20	Ministry of Finance	Caa3/CCC/CC C	1,500.0	USD	7.75	23-Sep-20	95.266	8.74	124	-27	712	4.99
UKRAIN-21	Ministry of Finance	Caa3/CCC/CC C	1,500.0	USD	7.95	23-Feb-21	95.319	8.89	90	-19	632	5.18
UKRAIN-22	Ministry of Finance	Caa3/CCC/CC	2,250.0	USD	7.8	28-Nov-22	92.062	9.17	82	-15	661	6.25

		C										
UKRAIN-23	Ministry of Finance	Caa3/CCC/CC	1,250.0	USD	7.5	17-Apr-23	92.180	8.79	127	-22	619	6.46
		C										
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
OSCHAD-16	Oshchadbank	NR/NR/B	200.0	USD	8.25	10-Mar-16	0.000	0.00	0	0	0	0.00
NADRA-17	Nadra Bank	WR/NR/WD	59.7	USD	8	22-Jun-17	82.180	23.81	0	0	1,949	1.28

Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 9. Term structure of yields of Ukrainian Eurobonds as of 30 May 2014

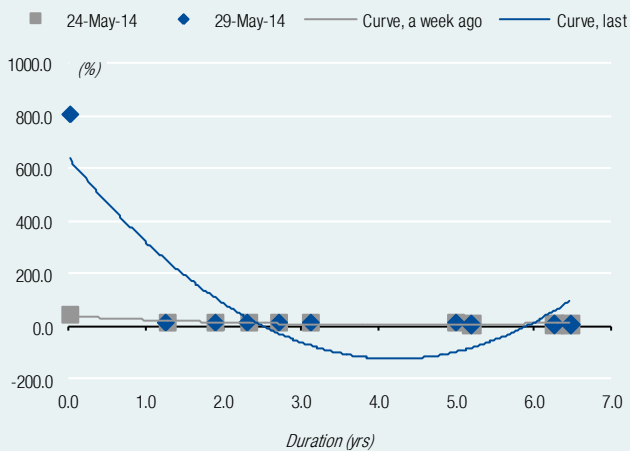
Blue dots are Ukraine sovereign Eurobonds; grey dots are corporate Eurobonds and red ones are municipal Eurobonds



Sources: Bloomberg, Investment Capital Ukraine LLC..

Chart 10. Shape of the USD sovereign yield curve at Eurobond market

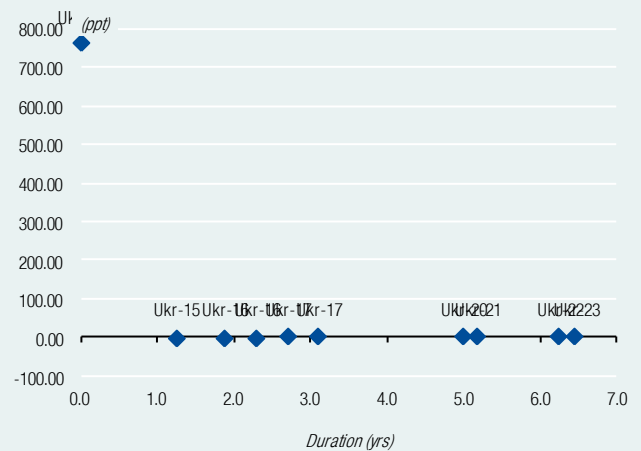
Last one compared to 1 week ago



Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 11. 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 3. Primary market for local-currency government bonds: results of recent auctions

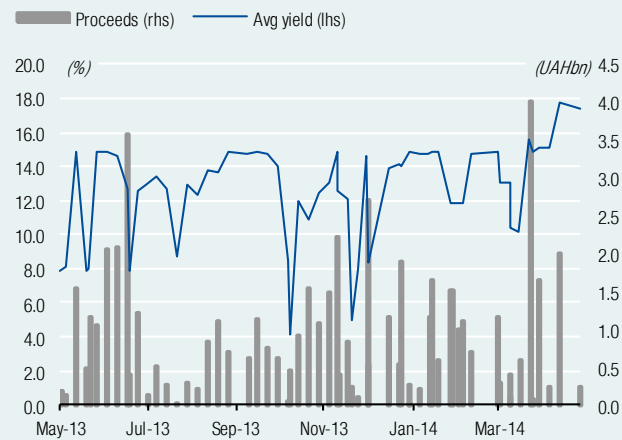
Date	Qty of bonds offered/sold	Proceeds (UAHm)	Volume of bonds sold* (UAHm)	Volume of bids submitted (UAHm)	Qty of bids submitted	Lowest yield asked** (%)	Highest yield asked** (%)	MoF cut-off yield (%)	Qty of bids accepted	Average yield (%)	WA yield (%)	Average duration (years)	WA duration (years)
27-May-14	2	234.83	215.00	245.00	11	3.00	17.50	10.00	10	17.38	14.62	0.91	0.20
13-May-14	1	2,000.00	1,987.48	1.99	4	17.00	17.00	17.00	4	17.74	17.74	1.74	1.74
6-May-14	2	246.60	100.00	320.00	4	9.95	20.00	12.48	2	15.15	14.96	1.40	1.17
29-Apr-14	2	1,636.78	20.00	1,620.00	7	9.95	16.00	12.48	3	15.11	15.60	1.38	2.42
24-Apr-14	1	74.96	74.73	74.73	1	14.30	14.30	14.30	1	14.85	14.85	3.70	3.70
22-Apr-14	1	4,000.00	4,000.00	4,000.00	4	15.00	15.00	15.00	4	15.59	15.59	2.52	2.52
15-Apr-14	1	587.66	600.00	600.00	1	9.95	9.95	9.95	1	10.21	10.21	0.21	0.21
9-Apr-14	1	391.04	400.00	400.00	1	9.95	9.95	9.95	1	10.34	10.34	0.23	0.23
8-Apr-14	1	103.66	110.00	110.00	2	12.75	12.75	12.75	2	13.09	13.09	0.48	0.48
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

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

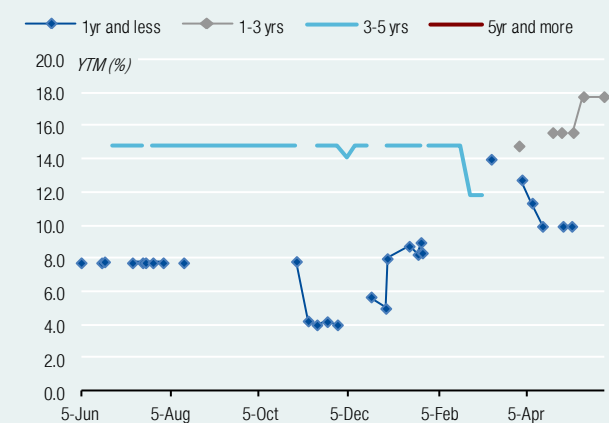
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 13. Yield-to-maturity of government bonds sold at auctions, breakdown by duration of bonds sold

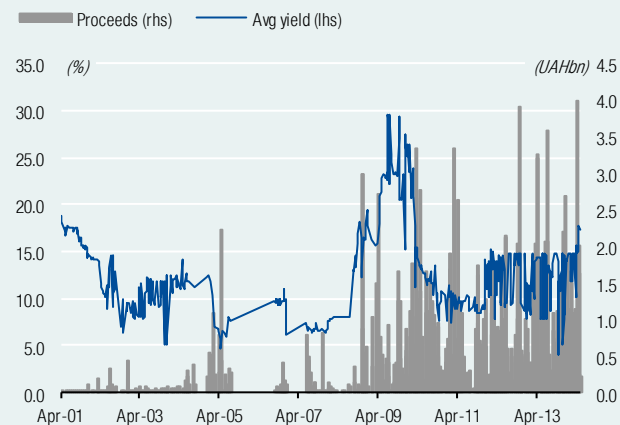
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

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

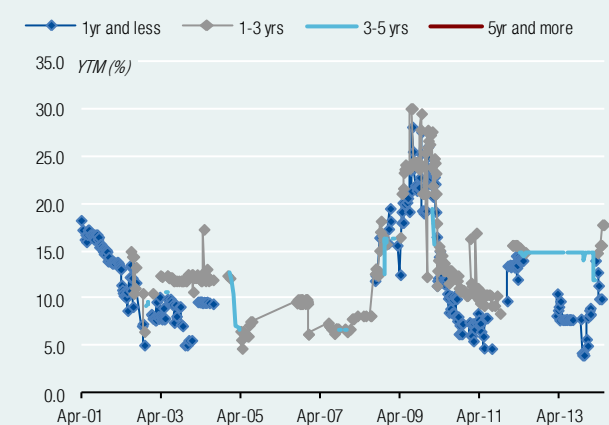
History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

Chart 15. 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 4. 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								
UA4000179865	Zero-coupon bonds	712,080,000.00	14.00	Upon maturity	No	No		25-Jun-2014
UA4000180319	Zero-coupon bonds	1,000,000,000.00		Upon maturity	No	No		2-Jul-2014
UA4000123863	Coupon bonds	752,000,000.00	10.10	Semi-annually	No	No		9-Jul-2014
UA4000180442	Zero-coupon bonds	170,000,000.00		Upon maturity	No	No		30-Jul-2014
UA4000180210	Zero-coupon bonds	410,000,000.00		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
UA4000180582	Coupon bonds	1,987,478,000.00	17.00	Semi-annually	No	No		27-Apr-2016
UA4000180772	Coupon bonds	20,000,000.00	17.00	Semi-annually	No	No		18-May-2016
UA4000106181	Coupon bonds	80,002,000.00	9.50	Quarterly	Yes	Yes	13-Jul-2016	13-Jul-2016
UA4000107528	Coupon bonds	7,087,500.00	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
UA4000180459	Coupon bonds	1,600,000,000.00	15.00	Semi-annually	No	No		29-Mar-2017
UA4000138853	Coupon bonds	1,928,720,000.00	14.30	Semi-annually	No	No		5-Apr-2017
UA4000180400	Coupon bonds	4,000,000,000.00	15.00	Semi-annually	No	No		19-Apr-2017
UA4000180541	Coupon bonds	100,000,000.00	15.00	Semi-annually	No	No		3-May-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
UA4000180426	Coupon bonds	74,733,000.00	14.30	Semi-annually	No	No		10-Apr-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

Table 4. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
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
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		82,475,837,500.00						

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

Table 4. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
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
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

Table 4. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
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
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

UA4000180764	Zero-coupon bonds	2,537,000,000.00		Upon maturity	No	No		11-Jun-2014
UA4000157135	Coupon bonds	3,469,200,000.00	7.97	Semi-annually	No	No		23-Jul-2014
UA4000158794	Coupon bonds	1,787,700,000.00	7.50	Semi-annually	No	No		10-Sep-2014
UA4000174247	Coupon bonds	965,358,000.00	4.80	Semi-annually	No	Yes	29-Oct-2014	29-Oct-2014
UA4000149231	Coupon bonds	1,440,638,400.00	8.32	Semi-annually	No	No		19-Nov-2014
UA4000173058	Coupon bonds	1,180,000,000.00	7.75	Semi-annually	No	No		26-Nov-2014
UA4000177133	Coupon bonds	2,655,000,000.00	7.88	Semi-annually	No	No		10-Dec-2014
UA4000171649	Coupon bonds	1,170,973,000.00	8.25	Semi-annually	No	No		24-Dec-2014
UA4000151278	Coupon bonds	1,735,685,600.00	8.50	Semi-annually	No	No		7-Jan-2015
UA4000133771	Coupon bonds	227,091,000.00	9.60	Semi-annually	No	No		14-Jan-2015
UA4000155485	Coupon bonds	2,578,300,000.00	8.09	Semi-annually	No	No		11-Feb-2015
UA4000157143	Coupon bonds	590,000,000.00	8.02	Semi-annually	No	No		18-Feb-2015
UA4000157127	Coupon bonds	583,108,800.00	8.02	Semi-annually	No	No		25-Feb-2015
UA4000160642	Coupon bonds	2,382,738,600.00	7.75	Semi-annually	No	No		18-Mar-2015
UA4000142699	Coupon bonds	3,678,886,000.00	9.45	Semi-annually	No	No		22-Apr-2015
UA4000142681	Coupon bonds	643,572,000.00	4.80	Semi-annually	No	Yes	6-May-2015	6-May-2015
UA4000166821	Coupon bonds	3,145,880,000.00	7.75	Semi-annually	No	No		6-May-2015
UA4000141071	Coupon bonds	1,788,313,600.00	9.45	Semi-annually	No	No		27-May-2015
UA4000167837	Coupon bonds	2,049,778,000.00	7.75	Semi-annually	No	No		3-Jun-2015
UA4000142673	Coupon bonds	2,065,000,000.00	4.50	Semi-annually	No	Yes	17-Jun-2015	17-Jun-2015
UA4000144083	Coupon bonds	26,314,000.00	9.45	Semi-annually	No	No		8-Jul-2015
UA4000171409	Coupon bonds	1,231,660,400.00	8.25	Semi-annually	No	No		15-Jul-2015
UA4000152441	Coupon bonds	3,798,420,000.00	8.25	Semi-annually	No	No		27-Jan-2016
UA4000153282	Coupon bonds	105,138,000.00	8.25	Semi-annually	No	No		3-Feb-2016
UA4000160923	Coupon bonds	3,540,000,000.00	7.50	Semi-annually	No	Yes	16-Mar-2016	16-Mar-2016
UA4000160907	Coupon bonds	338,483,000.00	8.00	Semi-annually	No	No		23-Mar-2016
UA4000166847	Coupon bonds	878,510,000.00	8.00	Semi-annually	No	No		25-May-2016
UA4000172506	Coupon bonds	2,664,286,600.00	8.75	Semi-annually	No	No		10-Aug-2016
UA4000177414	Coupon bonds	3,522,300,000.00	7.75	Semi-annually	No	Yes	26-Oct-2016	26-Oct-2016
UA4000177752	Coupon bonds	589,126,800.00	7.75	Semi-annually	No	Yes	30-Nov-2016	30-Nov-2016
UA4000178305	Coupon bonds	1,178,017,600.00	7.75	Semi-annually	No	No		14-Dec-2016
UA4000160915	Coupon bonds	3,540,000,000.00	8.25	Semi-annually	No	No		22-Mar-2017

Table 4. Outstanding of local-currency government bonds

ISIN	Bond type	Outstanding volume (UAH)	Coupon rate (%)	Payment frequency	Amortisation option	Put option	Next put	Maturity date
UA4000166854	Coupon bonds	3,835,000,000.00	7.45	Semi-annually	No	Yes	17-May-2017	17-May-2017
UA4000151286	Coupon bonds	6,254,000,000.00	7.50	Semi-annually	No	No		20-Dec-2017
UA4000177554	Coupon bonds	2,359,020,600.00	7.50	Semi-annually	No	Yes	21-Nov-2018	21-Nov-2018
Total		70,534,500,000.00						
Grand total		283,635,788,400.00						

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 5. 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 6. 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	Inte- rest	Prin- cipal	Ordin- aries	VATs	Recaps	Ordin- aries	VATs	Recaps	Inte- rest	Prin- cipal
BY QUARTERS																
2Q14	106.8		1,531.2	712.1		1,598.3	2,236.6	4,847.3	9.0		129.8	60.3		135.4	189.5	410.8
3Q14	2,275.8	135.6	2,551.4	1,922.8	1,643.6	1,500.0	6,390.4	11,933.3	192.9	11.5	216.2	162.9	139.3	127.1	541.6	1,011.3
4Q14	3,554.3		3,371.4	435.8		4,696.5	8,730.1	14,369.4	301.2		285.7	36.9		398.0	739.8	1,217.8
1Q15	2,108.5	90.4	2,169.8	453.7	1,643.6	2,000.0	5,524.9	12,894.2	178.7	7.7	183.9	38.4	139.3	169.5	468.2	1,092.7
2Q15	3,425.0		2,833.2	250.8			7,703.9	15,092.2	290.3		240.1	21.3			652.9	1,279.0
3Q15	2,409.2	45.2	2,560.9	0.8	1,643.6	1,000.0	5,895.5	5,227.4	204.2	3.8	217.0	0.1	139.3	84.7	499.6	443.0
4Q15	3,330.9		2,961.1	0.8		6,000.0	7,062.9	6,909.8	282.3		250.9	0.1		508.5	598.6	585.6
1Q16	2,279.9		2,201.9	0.8		2,750.0	5,248.4	11,149.8	193.2		186.6	0.1		233.1	444.8	944.9
2Q16	3,330.9		2,642.4	2,008.3		9,085.0	6,701.9	11,971.8	282.3		223.9	170.2		769.9	568.0	1,014.6
3Q16	2,279.8		2,071.3	80.8		7,135.0	4,782.0	12,670.1	193.2		175.5	6.8		604.7	405.3	1,073.7
4Q16	3,144.0		2,245.7				6,083.1	5,766.4	266.4		190.3				515.5	488.7
1Q17	2,263.6		1,732.4	2,750.0		1,250.0	4,188.3	7,540.0	191.8		146.8	233.1		105.9	354.9	639.0
2Q17	3,144.0		2,245.7	7,788.5		6,357.9	5,855.5	17,981.4	266.4		190.3	660.0		538.8	496.2	1,523.9
3Q17	2,061.7		1,673.0	1,810.0		6,550.0	3,781.0	8,360.0	174.7		141.8	153.4		555.1	320.4	708.5
4Q17	2,572.8		1,895.7	5,212.9		7,658.3	4,791.4	19,125.1	218.0		160.7	441.8		649.0	406.1	1,620.8
1Q18	1,932.3		1,337.9	4,318.9		6,375.0	3,316.5	10,693.9	163.8		113.4	366.0		540.3	281.1	906.3
2Q18	2,200.1		1,435.9	11,845.3		7,157.9	3,724.5	19,003.3	186.5		121.7	1,003.9		606.6	315.6	1,610.5
3Q18	1,623.5		1,011.1	5,101.3		10,145.1	2,680.8	15,246.5	137.6		85.7	432.3		859.8	227.2	1,292.1
4Q18	1,355.5		1,066.2	5,108.8		4,655.3	2,510.1	12,123.2	114.9		90.4	433.0		394.5	212.7	1,027.4
BY YEARS																
2014	5,936.9	135.6	7,454.1	3,070.7	1,643.6	7,794.8	17,357.1	31,150.0	503.1	11.5	631.7	260.2	139.3	660.6	1,471.0	2,639.9
2015	11,273.6	135.6	10,525.1	706.0	3,287.2	9,000.0	26,187.2	40,123.5	955.4	11.5	892.0	59.8	278.6	762.7	2,219.3	3,400.3
2016	11,034.6		9,161.4	2,089.8		18,970.0	22,815.4	41,558.1	935.1		776.4	177.1		1,607.6	1,933.5	3,521.9
2017	10,042.2		7,546.8	17,561.3		21,816.2	18,616.3	53,006.5	851.0		639.6	1,488.3		1,848.8	1,577.7	4,492.1
2018	7,111.4		4,851.1	26,374.4		28,333.4	12,231.9	57,066.8	602.7		411.1	2,235.1		2,401.2	1,036.6	4,836.2

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 7. 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	1,793.6	666.7	11,660.8	4,520.9	2,460.2	16,181.7	153.8	57.2	1,000.0	387.7	211.0	1,387.7
3Q14	2,975.7	1,191.5	0.0	10,422.0	4,167.2	10,422.0	255.2	102.2	0.0	893.8	357.4	893.8
4Q14	3,819.0	1,608.2	0.0	11,332.6	5,427.2	11,332.6	327.5	137.9	0.0	971.9	465.4	971.9
1Q15	2,975.7	961.4	0.0	10,015.2	3,937.1	10,015.2	255.2	82.5	0.0	858.9	337.6	858.9
2Q15	3,819.0	1,222.6	0.0	15,002.3	5,041.6	15,002.3	327.5	104.8	0.0	1,286.6	432.4	1,286.6
3Q15	2,975.7	622.0	5,830.4	2,233.8	3,597.7	8,064.2	255.2	53.3	500.0	191.6	308.5	691.6
4Q15	3,819.0	701.3	41,143.6	990.7	4,520.4	42,134.3	327.5	60.1	3,528.4	85.0	387.7	3,613.3
1Q16	2,775.3	563.2	0.0	7,690.3	3,338.5	7,690.3	238.0	48.3	0.0	659.5	286.3	659.5
2Q16	2,792.0	697.6	14,576.0	868.1	3,489.6	15,444.2	239.4	59.8	1,250.0	74.5	299.3	1,324.5
3Q16	2,775.3	259.5	0.0	2,632.9	3,034.8	2,632.9	238.0	22.3	0.0	225.8	260.3	225.8
4Q16	2,336.5	662.9	11,660.8	5,227.1	2,999.4	16,887.9	200.4	56.8	1,000.0	448.3	257.2	1,448.3
1Q17	2,775.3	144.3	0.0	3,498.2	2,919.6	3,498.2	238.0	12.4	0.0	300.0	250.4	300.0
2Q17	1,952.8	460.3	0.0	3,789.8	2,413.2	3,789.8	167.5	39.5	0.0	325.0	206.9	325.0
3Q17	2,775.3	0.0	30,318.1	0.0	2,775.3	30,318.1	238.0	0.0	2,600.0	0.0	238.0	2,600.0
4Q17	1,952.8	319.2	8,162.6	6,180.2	2,272.0	14,342.8	167.5	27.4	700.0	530.0	194.8	1,230.0
1Q18	1,373.1	0.0	0.0	0.0	1,373.1	0.0	117.8	0.0	0.0	0.0	117.8	0.0
2Q18	1,677.4	87.4	0.0	0.0	1,764.8	0.0	143.8	7.5	0.0	0.0	151.3	0.0
3Q18	1,373.1	0.0	0.0	0.0	1,373.1	0.0	117.8	0.0	0.0	0.0	117.8	0.0
4Q18	1,677.4	87.4	0.0	2,331.2	1,764.8	2,331.2	143.8	7.5	0.0	199.9	151.3	199.9
BY YEARS												
2014	8,588.3	3,466.3	11,660.8	26,275.5	12,054.6	37,936.3	736.5	297.3	1,000.0	2,253.3	1,033.8	3,253.3
2015	13,589.5	3,507.3	46,974.0	28,242.0	17,096.8	75,216.0	1,165.4	300.8	4,028.4	2,422.0	1,466.2	6,450.3
2016	10,679.0	2,183.2	26,236.8	16,418.3	12,862.2	42,655.2	915.8	187.2	2,250.0	1,408.0	1,103.0	3,658.0
2017	9,456.2	923.8	38,480.7	13,468.2	10,380.1	51,949.0	810.9	79.2	3,300.0	1,155.0	890.2	4,455.0
2018	6,100.8	174.8	0.0	2,331.2	6,275.7	2,331.2	523.2	15.0	0.0	199.9	538.2	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

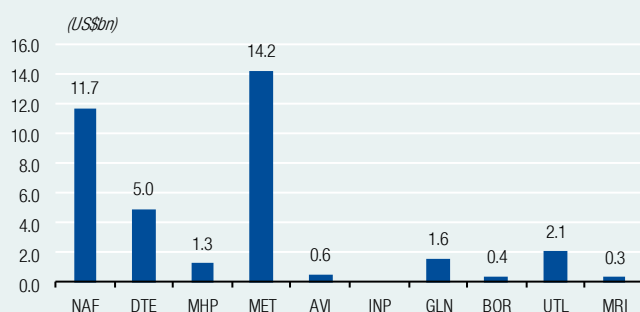
Table 8. Ukrainian corporate bond issuers and their key financial figures and ratios* (US\$m)

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.

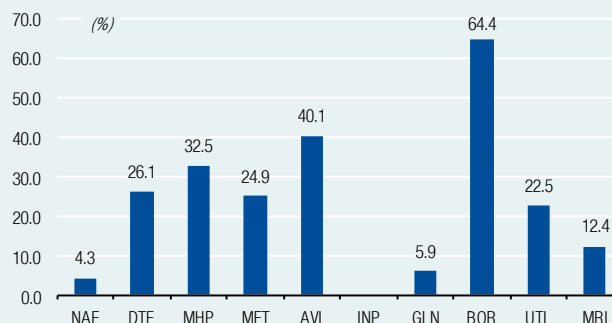
Sources: Company data, Investment Capital Ukraine LLC.

Chart 16. Ukraine's companies by sales (LTM)



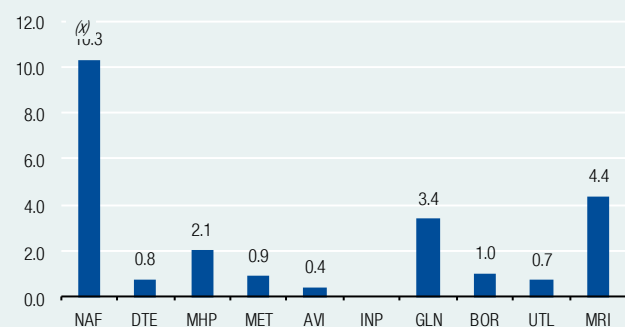
Source: Company data, Investment Capital Ukraine LLC.

Chart 17. Ukraine's companies by EBITDA margin (LTM)



Source: Company data, Investment Capital Ukraine LLC.

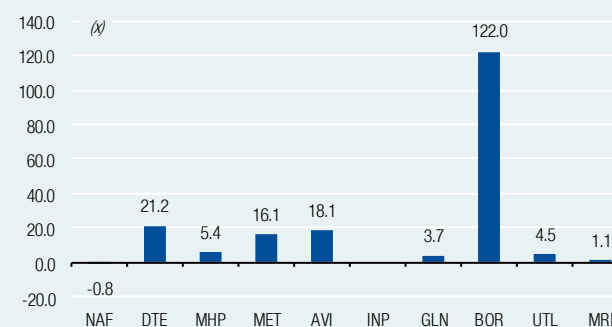
Chart 18. Ukraine's companies by leverage ratio



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

Source: Company data, Investment Capital Ukraine LLC.

Chart 19. 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.

