



Bond Market Insight

Weekly review: No financing

MONDAY, 3 FEBRUARY, 2014

RESEARCH INSIGHT

The last week of January reflected the negative anticipation of the financial situation in Ukraine, significant pressure from the FX market, month-end tax payments, and the selling of emerging market bonds. Ukraine's political crisis heightens its perceived risk which is further underlined by its lack of external financing and large debt burden. All steps of resolving the political situation took place last week and their positive impact on the financial markets was cut by a ratings downgrade. As a result, Ukrainian's government did not attract significant financing in January and should face challenges this week.

Domestic bond market. During last week, the MoF attracted insufficient financing despite large debt repayments, primarily because of the significant decline in liquidity due to low support from the NBU, month-end tax payments, significantly higher turnover on the FX market, and the plummeting UAH/USD exchange rate. The MoF's large debt repayments only slightly supported liquidity and had no positive impact on money market rates.

Eurobond market. Ukrainian Eurobonds saw only one day of rebound last Tuesday when steps to resolve political crisis caused spreads to tighten. However, the lack of promised new financing from Russia, the postponement of which caused S&P to downgrade the Ukrainian FX rating, caused a new wave of yield increases. Moody's also downgraded Ukraine by one level at the end of last week. We should see increased bond sales this week.

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Key market indicators (as of 31 Jan 2014)

	Last close	Weekly chg (%)	YTD chg (%)
Currencies			
USD/UAH (spot)	8.6175	2.16	4.58
USD/UAH (1Y NDF)	9.9000	2.06	5.10
Rates, yields & spreads (%)			
Kiev Prime ON	10.75	831bp	295bp
Kiev Prime 3M	13.25	125bp	-275bp
UAH NDF 1Y	15.53	-12bp	55bp
Ukraine CDS 5Y	N/A		
Libor USD 1yr	0.57	-1bp	-2bp
UST 2yr	0.33	-1bp	-5bp
UST 10yr	2.64	-7bp	-38bp
UKRAINE 17	10.40	67bp	85bp
UKRAINE 23	9.86	61bp	81bp
Money market data (UAHbn)			
Accounts at NBU	23.30	-16.83	-28.74
NBU CDs outstanding	2.79	-80.64	83.55
Local currency bond market data (UAHbn)			
Govt bond outstanding	N/A		
Held by			
NBU	N/A		
Banks	N/A		
Other residents	N/A		
Non-residents	N/A		

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

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

Research team

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Market update and news

Domestic bond market

Liquidity high with reallocation of funds

Liquidity fell significantly last week ...

Broader banking sector liquidity fell UAH12.63bn last week to UAH31.43bn on Friday, setting a new low of this year, while banks' correspondent accounts with the NBU fell UAH5.52bn to UAH23.30bn, CDs outstanding fell UAH4.41bn to UAH1.38bn and total debt repayments scheduled for the next 30 days fell UAH2.70bn to UAH6.75bn. This decline was not final as last Friday's changes in indicators will be seen in today's NBU statistics.

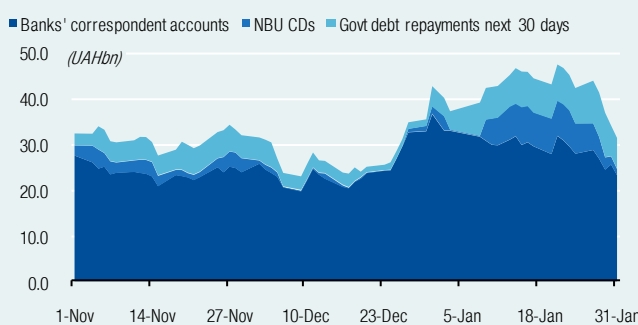
...despite significant inflows from the NBU and the MoF

The main reason for the decline in liquidity was month-end tax payments to the budget due last Thursday. In addition to the tax payments, the NBU made in UAH3.15bn in inflows, including redeeming CDs and issuing repos, as well as purchasing UAH0.78bn in government bonds. While we saw a significant decline in liquidity, to decrease its pressure on the money market, the NBU attempted to compensate for the outflows. However, with these inflows, liquidity declined. The MoF refinanced only a small part of debt repayments last week, selling UAH0.28bn of bonds while it repaid UAH3.05bn in debt principal and interest repayments.

FX market also has a significant impact on liquidity

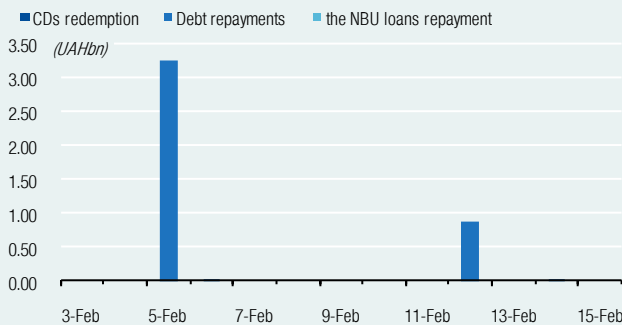
Liquidity outflows last week were significant, not only due to tax payments but because of significant turnover at the FX market which beat all records exceeding US\$5.0bn of deals. This was most likely due to banks' purchasing FX, similar to Naftogaz's purchase of FX using local currency funds from state-owned banks to repay debt to Gazprom, government officials claimed last week.

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



Sources: MoF, NBU, Investment Capital Ukraine LLC.

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



Sources: MoF, NBU, Investment Capital Ukraine LLC.

No CD redemptions, one debt repayment, and Naftogaz's standard payment to Russia

This week, despite large debt repayments, the MoF will not follow last week's tradition and will try to refinance these repayments at the primary market (see comment below). Naftogaz will likely make a new payment to Gazprom this week, putting additional pressure on the FX market. These cash flows will be the main factors this week which could have an impact on liquidity.

Last week's primary auction results and a new announcement

Last Tuesday the MoF accepted only one small bid...

The MoF held two auctions last week. Last Tuesday's auction attracted less than 10% of the needed refinancing. Of the three offered bonds, the 5-year bond received one non-competitive bid for UAH273.0m while the 7-year bond attracted one small bid for a mere UAH10.0m at the standard interest rate of 14.30%. The MoF accepted the bid for the 7-year bond and announced a new auction for Wednesday offering the 5-year bond again.

...announced an additional auction for Wednesday

The additional auction, at which the MoF offered only a 5-year local currency bond, was announced on Tuesday evening. The main reason was that one non-competitive bid could not be accepted because there were no normal bids for the same bond. The MoF likely anticipated that the sole investor would submit his bid again. This anticipation was correct, and last Wednesday the MoF received two bids, one of them was the same non-competitive bid for UAH273.0m, while the second one was insufficient, being merely a technical bid to set the coupon rate for the bond. As a result, the MoF refinanced only one-tenth of last week's repayments by using funds from last week's borrowings, instead using budget revenues and selling proceeds from FX reserves.

This week's offering is oriented for debt refinancing

Domestic and external debt repayments scheduled for this week are significant. If the MoF does not receive the second part of the promised financing from Russia in a few days, these repayments will have to be refinanced using domestic sources. To receive large demand, the MoF last Friday announced an auction for tomorrow offering six bonds, five of which will be local currency denominated and one denominated in US dollars. The local currency bonds, with maturities from 77 days to 7 years, will see demand from the market for short-term bonds while demand for long-term bonds will be supported by domestic QE.

Eurobond market

Debt burden increases

In recently published debt statistics by the MoF, total sovereign debt as of December 31 rose UAH33.95bn, mostly on the UAH26.09bn increase of public debt. Domestic public debt rose UAH10.89bn due to large issues of debt at the end of last year, while external debt rose slightly more significantly, up UAH15.20bn. The MoF issued US\$3.0bn of new Eurobonds last month (about UAH24.0bn) while it repaid UAH2.74bn to the IMF and UAH5.99bn to VTB on the loan received last September. Guaranteed debt rose UAH7.86bn, of which UAH3.93bn came from the Naftogaz state guarantee on its new UAH4.8bn domestic bond which reduced its banks loans by UAH0.87bn to UAH5.99bn and issued UAH4.00bn in guaranteed debt to repay the loan from Gasprombank to Naftogaz.

Sovereign debt increased at the end of last year and this increase was the most significant this year, about half of total increase in debt burden during last year, amounted to UAH68.60bn. This year, the MoF will continue to increase its debt burden as the state budget included the budget deficit and large financing from debt markets.

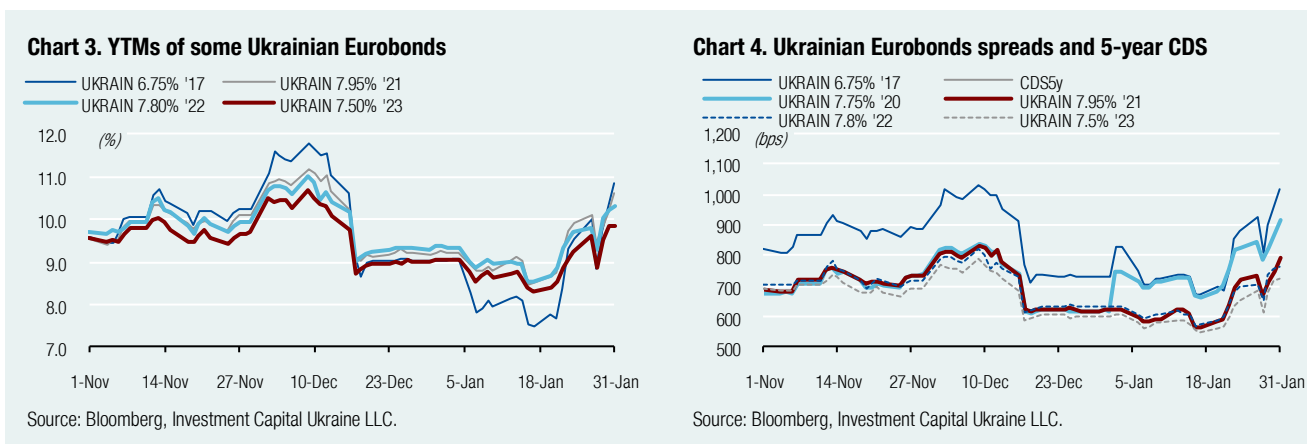
No financing under current conditions

Two main reasons for the depreciation were political issues and the postponement of the Russian financing

Ukrainian risks are now concentrated on two issues. On the one hand, there is a political crisis which has continued for two months and is unlikely to be resolved within a few days. The resignation of the government and the adoption of a new law last Tuesday slightly improved the situation, but this improvement was cut by a ratings downgrade. Tuesday's rebound was very short-term. When bond selling increased last Wednesday, YTM's started to rise and continued to rise to new record high levels. On the other hand, Ukraine was ready for receiving of second tranche of financing from Russia, but due to the government's

resignation and unresolved political crisis, Russia most likely will not issue the financing very soon.

With these two issues in place last Friday, UKRAIN 6.875% '15 rose to 13.25%, UKRAIN 9.25% '17 rose to 11.17%, UKRAIN 7.95% '21 rose to 10.60%, while UKRAIN 7.80% '22 to 10.29% and UKRAIN 7.50% '23 rose to 9.86%.



S&P downgrades Ukraine to CCC+

Yields began to rise last Wednesday after steps to resolve the political crisis were taken, but they had no immediate positive impact. The prior day, S&P announced a Ukrainian ratings downgrade to CCC+ with a negative outlook, citing political uncertainty and the possibility that Russia might reverse its decision to issue the promised loans if Ukraine pulls away from the de-facto Customs Union in favor of joining the EU instead.

At the end of last week, Moody's downgraded Ukraine to Caa2 and kept its outlook as negative. This decision will cause a new wave of bond selling by many investors, spreads should widen further, and YTM of Eurobonds should rise higher.

Metinvest's steel output down 1% YoY in 2013

According to its operational update released last Friday, Metinvest reduced its output of crude steel by 0.5% YoY to 12.4mt in 1Q13. At the same time, the company's production of iron ore concentrate was marginally up 2% YoY to 36.9mt, while production of coking coal was down 1.9% YoY to 11.4mt.

In 4Q13, Metinvest's crude output fell 7.8% QoQ but grew 2.5% YoY to 2.952mt, iron ore concentrate output grew 1.3% QoQ and 1.5% YoY to 9.192mt and raw coking coal output dropped 15.7% QoQ and 10.9% to 2.502mt. The significant decline in 4Q13 output of coking coal was explained by the company as partially prompted by stopped operations at Metinvest's Affinity mine in the US due to safety works.

Table 1. Highlights of Metinvest's production in 4Q13 and 2013

(000 tonnes)	4Q12	3Q13	4Q13	Change (% QoQ)	Change (% YoY)	2012	2013	Change (% YoY)
Crude steel	2,881	3,200	2,952	-7.8	2.5	12,459	12,391	-0.5
Raw coking coal	2,808	2,967	2,502	-15.7	-10.9	11,623	11,393	-2.0
Iron ore concentrate	9,059	9,070	9,192	1.3	1.5	36,224	36,926	1.9

Sources: d

Table 2. Metinvest's Eurobond quotation as of market close, 31 January 2014

Issuer	Moody's/S&P/Fitch	Ccy	Volume	Coupon (%)	Maturity	Price (%)	YTW (%)	Spread (bp)
Metinvest	Caa1/--/B-	USD	500m	10.25	20-May-15	100.125	10.118	979

Metinvest	Caa1/--/B-	USD	750m	8.75	14-Feb-18	92.625	11.070	956
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Source: Bloomberg

In the challenging market environment of 2013, Metinvest managed to maintain nearly flat production. We assume that in the company's metallurgical division, the key business segment, the sales decline due to higher competition in Asia and the CIS was to a great degree offset by a growing market share in Europe. We expect that the European market recovery that just began will provide further support for Metinvest's production in 2014. However, the abundance of supply will not allow the company to capitalize significantly on this recovery. Moreover, the company should see rising competition pressure in the CIS and Asia due to additions of steelmaking capacities in these regions, and the current political instability in MENA leaves the growth of the steel demand highly uncertain. The demand for steel from the Ukrainian market, which suffers from a lack of access to finances, should remain stagnant at best. These risks lead us to expect Metinvest's production of steel to decline 1-2% YoY in 2014.

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 31 Jan 2014

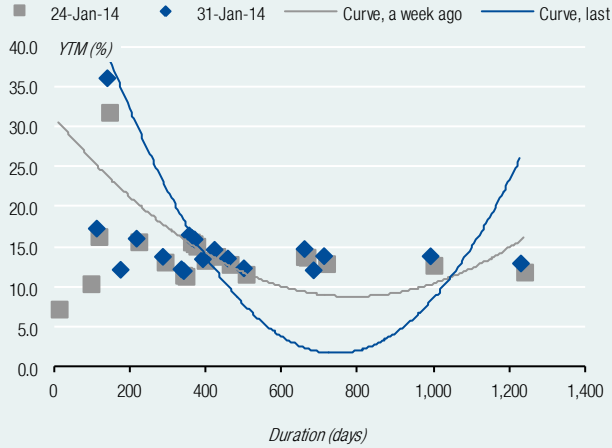
Ticker	Volume (UAHm)	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Duartion (years)	1W daily avg turnover (UAHm)	1W total turnover (UAHm)	Total turnover (UAHm)	Liquidity ratio*
140362	1,472.09	9.2	21-May-14	99.666	17.39	2	105	0.30	46.21	231.06	1,731.50	1.18
157135	2,533.55	7.97	23-Jul-14	98.438	12.26			0.47	0.00	0.00	168.98	0.07
158794	1,305.55	7.5	10-Sep-14	98.415	16.14	5	45	0.59	12.67	63.34	1,644.02	1.26
149231	1,052.09	8.32	19-Nov-14	97.875	13.88	-25	72	0.78	0.00	0.00	1,639.88	1.56
151278	1,267.57	8.5	7-Jan-15	97.563	12.33	-44	80	0.91	1.91	3.83	998.61	0.79
000999	165.84	9.6	14-Jan-15	98.500	12.10	-38	70	0.93	0.00	0.00	0.00	0.00
155485	1,882.92	8.09	11-Feb-15	96.625	16.54	-44	88	0.97	29.61	118.43	5,350.09	2.84
157143	430.88	8.02	18-Feb-15	96.500	16.22	-38	78	0.99	0.00	0.00	0.00	0.00
157127	425.84	8.02	25-Feb-15	96.375	16.04	-50	90	1.01	4.70	14.10	2,053.39	4.82
160642	1,740.11	7.75	18-Mar-15	97.391	13.58	4	21	1.07	12.10	60.50	5,677.48	3.26
142699	2,686.68	9.45	22-Apr-15	97.375	14.75	-63	88	1.15	35.49	212.93	10,417.37	3.88
142681	464.86	4.8	6-May-15	103.500	-3.98	-19	35	0.26	0.00	0.00	0.00	0.00
141071	1,306.00	9.45	27-May-15	97.250	13.66	-63	79	1.25	4.06	24.33	6,090.10	4.66
142673	1,508.06	4.5	17-Jun-15	91.000	36.11	-63	430	0.38	0.00	0.00	0.00	0.00
144083	19.22	9.45	8-Jul-15	97.250	12.44	-75	80	1.37	0.00	0.00	0.00	0.00
152441	2,773.97	8.25	27-Jan-16	93.875	12.20	-138	-164	1.87	0.00	0.00	55.17	0.02
153282	76.78	8.25	3-Feb-16	93.750	14.84	-138	108	1.80	0.00	0.00	71.92	0.94
160923	2,585.25	7.5	16-Mar-16	92.000	154.32	-138	5,048	0.13	0.00	0.00	0.00	0.00
160907	247.19	8	23-Mar-16	92.875	13.96	-138	99	1.94	0.00	0.00	151.96	0.61
160915	2,585.25	8.25	22-Mar-17	89.875	13.94	-238	118	2.71	0.00	0.00	0.00	0.00
151286	4,567.28	7.5	20-Dec-17	85.375	13.05	-275	113	3.37	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

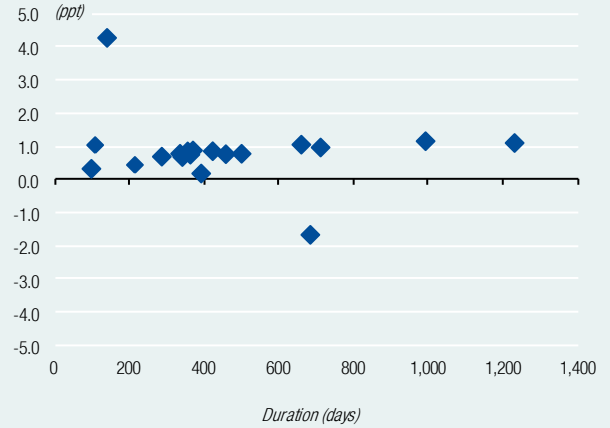
Last one compared to 1 week ago



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

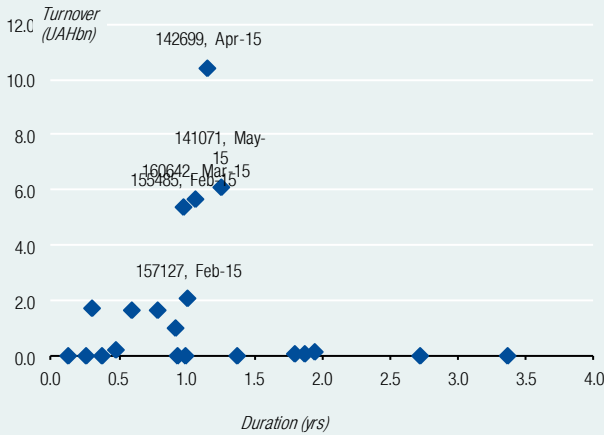
Chart 6. Movement of the local-currency sovereign yield curve

Over last week, in percentage points



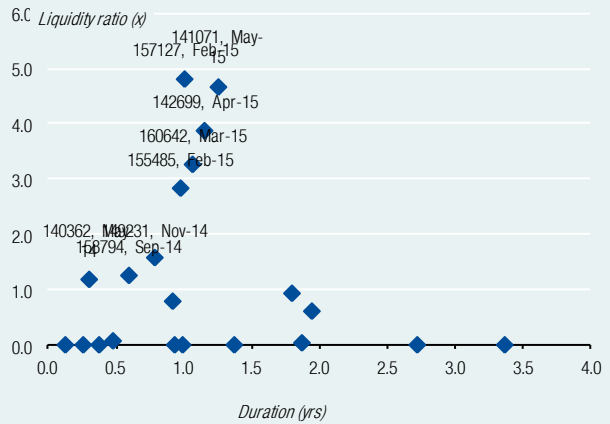
Sources: Ministry of Finance, Bloomberg, PFTS, Investment Capital Ukraine LLC.

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 3, page 7. 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 3, page 7. 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 4. Ukrainian Eurobonds as of 31 Jan 2014

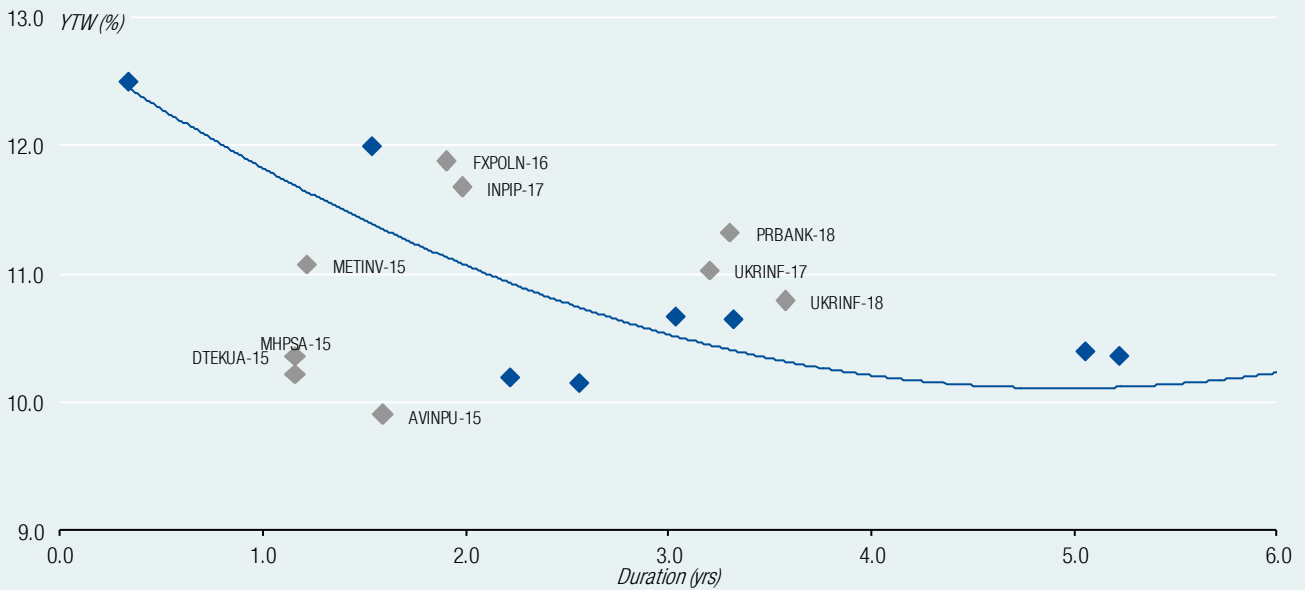
Ticker	Issuer	Ratings	Volume (million)	Curr- ency	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Spread (bp)	Duration (years)
UKRAIN-15	Ministry of Finance	Caa2/CCC+/B-	600.0	EUR	4.95	13-Oct-15	92.750	9.80	-300	211	921	1.63
CITKIE-15	Kyiv	Caa1 /*- /CCC+/B-	250.0	USD	8	6-Nov-15	92.500	12.90	-81	60	1,223	1.63
CITKIE-16	Kyiv	Caa1 /*- /CCC+/B-	300.0	USD	9.375	11-Jul-16	92.313	13.16	-113	60	1,261	2.21
AGTPW-14	Agroton	NR/NR/WD	50.0	USD	12.5	14-Jul-14	52.188	236.03	0	864	21,732	0.44
NAFTO-14	Naftogaz of Ukraine	NR/NR/B-	1,595.0	USD	9.5	30-Sep-14	94.813	18.25	-294	517	1,739	0.63
PUMBUZ-14	FUIB	Caa1 /*- /NR/NR	252.5	USD	11	31-Dec-14	97.313	14.22	-100	125	1,368	0.86
EXIMUK-15	Ukreximbank	Caa1 /*- /NR/B-	750.0	USD	8.375	27-Apr-15	90.188	17.58	-250	257	1,706	1.16
DTEKUA-15	DTEK	Caa1 /*- /NR/B-	500.0	USD	9.5	28-Apr-15	99.438	9.97	-150	131	925	1.16
MHPSA-15	MHP	Caa1 /*- /NR/B-	584.8	USD	10.25	29-Apr-15	100.250	10.00	-81	70	945	1.16
METINV-15	Metinvest Holding	Caa1 /*- /NR/B-	500.0	USD	10.25	20-May-15	99.563	10.59	-194	161	979	1.22
PRBANK-15	Pryvatbank	Caa1 /*- /NR/B-	200.0	USD	9.375	23-Sep-15	87.875	18.28	38	-21	1,725	1.49
AVINPU-15	Avangard	NR/NR/B-	200.0	USD	10	29-Oct-15	100.813	9.46	13	-8	870	1.59
EXIMUK-16	Ukreximbank	Caa2 /*- /NR/CC	125.0	USD	8.4	9-Feb-16	81.375	17.14	88	-52	1,646	1.85
OSCHAD-16	Oshchadbank	Caa1 /*- /NR/B-	500.0	USD	8.25	10-Mar-16	84.625	17.29	-131	92	1,655	1.88
MRIYA-16	Mriya Agroholding	NR/B-/B-	250.0	USD	10.95	30-Mar-16	99.063	11.44	-106	57	1,067	1.90
FXPOLN-16	Ferrexpo PLC	Caa1 /*-/B-/B-	500.0	USD	7.875	7-Apr-16	93.250	11.46	-156	88	1,092	1.98
INPIP-17	Interpipe	NR/NR/C	200.0	USD	10.25	2-Aug-17	81.813	17.42	-219	99	1,639	2.96
UKRINF-17	Infrastructure Projects Fin	(P)Caa2/NR/NR	550.0	USD	9	7-Dec-17	88.838	12.76	-433	154	1,175	3.24
EXIMUK-18	Ukreximbank	Caa1 /*- /NR/B-	500.0	USD	8.75	22-Jan-18	81.625	15.07	-144	58	1,323	3.35
METINV-18	Metinvest Holding	Caa1 /*- /NR/B-	750.0	USD	8.75	14-Feb-18	92.250	11.19	-375	122	957	3.30
PRBANK-18	Pryvatbank	Caa1 /*- /NR/B-	175.0	USD	10.875	28-Feb-18	85.688	15.77	-25	11	1,387	3.15
OSCHAD-18	Oshchadbank	Caa1 /*- /NR/B-	500.0	USD	8.875	20-Mar-18	79.688	15.75	-163	65	1,408	3.32
UKRAIN-14	Ministry of Finance	Caa1 /*- /CCC+/B-	1,000.0	USD	7.95	4-Jun-14	99.250	10.16	0	8	779	0.33
UKRAIN-15	Ministry of Finance	Caa1 /*- /CCC+/B-	500.0	USD	6.875	23-Sep-15	93.573	11.28	-224	160	1,025	1.53
UKRAIN-16	Ministry of Finance	Caa1 /*- /CCC+/B-	1,250.0	USD	6.25	17-Jun-16	92.862	9.69	-83	43	887	2.21
UKRAIN-16	Ministry of Finance	Caa1 /*- /CCC+/B-	1,000.0	USD	6.58	21-Nov-16	92.466	9.72	-72	33	897	2.55
UKRAIN-17	Ministry of Finance	Caa1 /*- /CCC+/B-	2,600.0	USD	9.25	24-Jul-17	96.702	10.40	-188	67	944	3.03
UKRAIN-17	Ministry of Finance	Caa1 /*- /CCC+/B-	700.0	USD	6.75	14-Nov-17	89.102	10.30	-214	75	926	3.31

UKRAIN-20	Ministry of Finance	Caa1 /*- /CCC+/B-	1,500.0	USD	7.75	23-Sep-20	88.244	10.23	-177	40	855	5.05
UKRAIN-21	Ministry of Finance	Caa1 /*- /CCC+/B-	1,500.0	USD	7.95	23-Feb-21	89.109	10.15	-94	21	724	5.22
UKRAIN-22	Ministry of Finance	Caa1 /*- /CCC+/B-	2,250.0	USD	7.8	28-Nov-22	86.048	10.24	-278	53	745	6.23
UKRAIN-23	Ministry of Finance	Caa1 /*- /CCC+/B-	1,250.0	USD	7.5	17-Apr-23	85.920	9.86	-335	61	703	6.43
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
PRBANK-16	Pryvatbank	Caa2 /*- /NR/NR	150.0	USD	8.75	9-Feb-16	76.007	21.04	-50	48	1,778	1.84
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	85.579	19.69	285	-254	1,394	1.38
UKRINF-17	Infrastructure Projects Fin	Caa1 /*- /NR/NR	538.0	USD	8.375	3-Nov-17	92.750	10.77	0	1	981	3.20
UKRINF-18	Infrastructure Projects Fin	Caa1 /*- /NR/NR	690.0	USD	7.4	20-Apr-18	89.563	10.53	0	1	876	3.57

Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 9. Term structure of yields of Ukrainian Eurobonds as of 31 Jan 2014

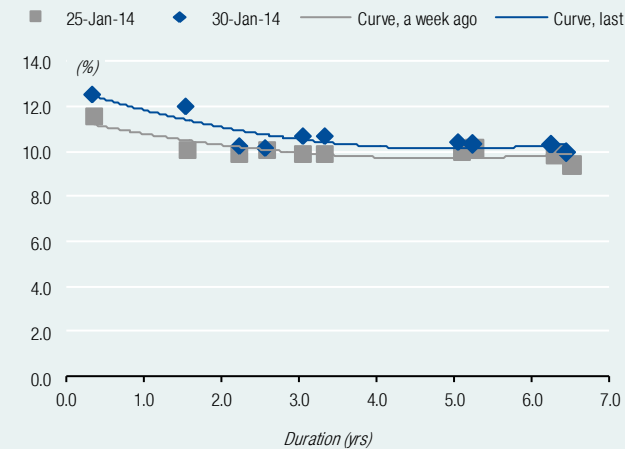
Blue dots are Ukraine sovereign Eurobonds; grey dots are corporate Eurobonds and red ones are municipal Eurobonds



Sources: Bloomberg, Investment Capital Ukraine LLC..

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

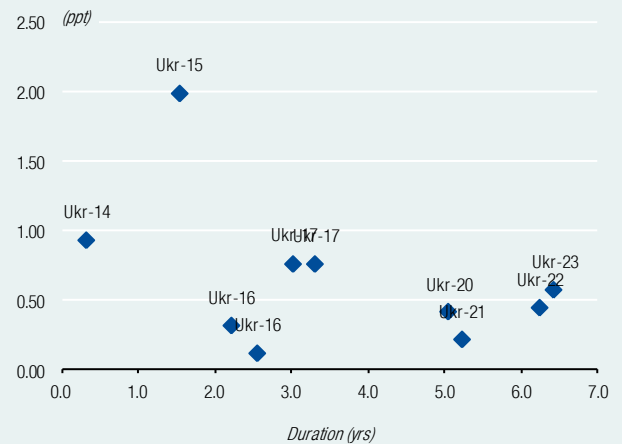
Last one compared to 1 week ago



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

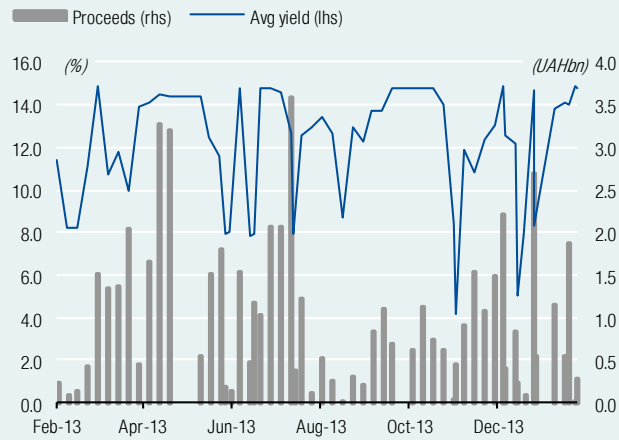
Date	Qty of bonds offered/sold	Proceeds (UAHm)	Volume of bonds sold* (UAHm)	Volume of bids submitted (UAHm)	Qty of bids submitted	Lowest yield asked** (%)	Highest yield asked** (%)	MoF cut-off yield (%)	Qty of bids accepted	Average yield (%)	WA yield (%)	Average duration (years)	WA duration (years)
29-Jan-14	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
6-Aug-13	2	513.53	496.03	530.43	9	8.25	14.30	11.28	4	13.44	14.80	3.08	4.50
30-Jul-13	3	120.84	85.84	149.34	12	7.75	14.25	10.08	7	12.92	10.47	1.82	1.50
23-Jul-13	3	1,214.05	1,209.77	1,214.82	16	7.70	14.25	10.08	16	12.57	14.55	1.99	2.39
18-Jul-13	1	388.81	395.00	395.00	5	7.75	7.75	7.75	5	7.89	7.89	0.21	0.21
16-Jul-13	5	3,582.50	3,375.00	3,581.70	20	7.75	14.30	10.66	19	12.63	14.57	2.69	3.52
9-Jul-13	3	2,076.42	2,068.40	2,168.40	11	7.75	14.30	12.10	10	14.63	14.79	2.87	3.81
2-Jul-13	2	2,057.20	2,024.50	2,024.50	6	14.25	14.30	14.28	6	14.82	14.79	4.06	3.66
25-Jun-13	2	1,039.05	1,023.50	1,023.50	3	14.25	14.30	14.28	3	14.82	14.83	4.08	4.24
20-Jun-13	1	1,164.57	1,197.21	1,197.21	5	7.75	7.75	7.75	5	7.94	7.94	0.36	0.36
18-Jun-13	1	476.54	490.00	490.00	7	7.75	7.75	7.75	7	7.88	7.88	0.37	0.37
11-Jun-13	2	1,541.07	1,526.95	1,526.95	5	14.25	14.30	14.28	5	14.82	14.82	4.12	4.09

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

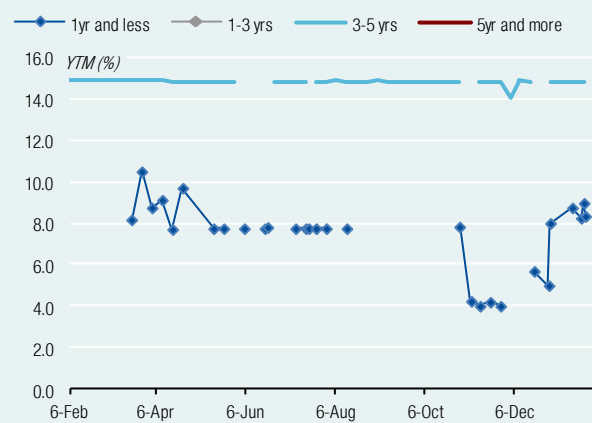
Last 12-month period



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

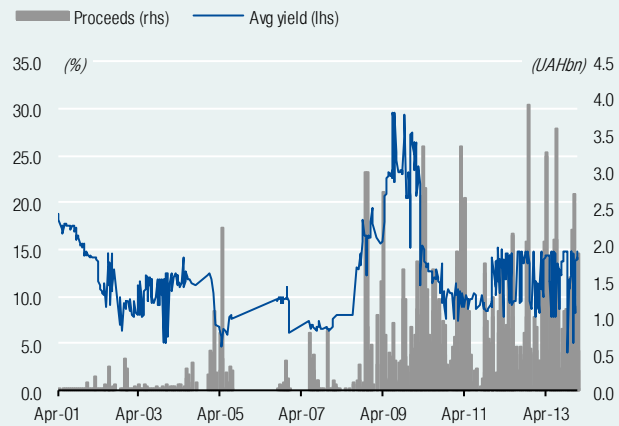
Last 12-month period



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

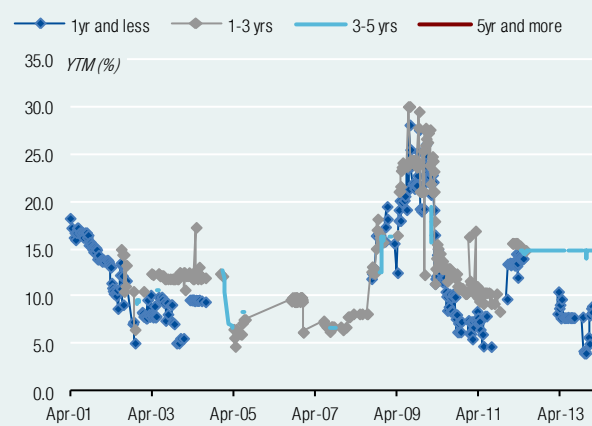
History since April 2001 to present



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 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								
UA4000134936	Coupon bonds	2,745,100,000.00	15.00	Semi-annually	No	No		5-Feb-2014
UA4000178479	Zero-coupon bonds	550,000,000.00		Upon maturity	No	No		12-Feb-2014
UA4000137277	Coupon bonds	1,750,000,000.00	15.00	Semi-annually	No	No		12-Mar-2014
UA4000160899	Zero-coupon bonds	497,000,000.00		Upon maturity	No	No		19-Mar-2014
UA4000115117	Coupon bonds	1,525,000,000.00	10.75	Semi-annually	No	No		26-Mar-2014
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
UA4000123863	Coupon bonds	752,000,000.00	10.10	Semi-annually	No	No		9-Jul-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
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	273,010,000.00	14.25	Semi-annually	No	No		23-Jan-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
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

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
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		73,665,123,000.00						
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
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

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
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	819,126,000.00	5.50	Semi-annually	Yes	No		21-Aug-2015
UA4000082622	Coupon bonds	3,321,949,200.00	5.50	Semi-annually	Yes	No		24-Aug-2015
UA4000083059	Coupon bonds	2,413,914,000.00	5.50	Semi-annually	Yes	No		25-Aug-2015
Total		6,569,521,200.00						
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
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

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
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								
UA4000179055	Zero-coupon bonds	1,725,861,195.00		Upon maturity	No	No		12-Feb-2014
UA4000177125	Zero-coupon bonds	258,525,000.00		Upon maturity	No	No		23-Apr-2014
UA4000140362	Coupon bonds	1,472,093,055.00	9.20	Semi-annually	No	No		21-May-2014
UA4000157135	Coupon bonds	2,533,545,000.00	7.97	Semi-annually	No	No		23-Jul-2014
UA4000158794	Coupon bonds	1,305,551,250.00	7.50	Semi-annually	No	No		10-Sep-2014
UA4000174247	Coupon bonds	697,293,630.00	4.80	Semi-annually	No	Yes	29-Oct-2014	29-Oct-2014
UA4000149231	Coupon bonds	1,052,093,340.00	8.32	Semi-annually	No	No		19-Nov-2014
UA4000173058	Coupon bonds	861,750,000.00	7.75	Semi-annually	No	No		26-Nov-2014
UA4000177133	Coupon bonds	1,938,937,500.00	7.88	Semi-annually	No	No		10-Dec-2014
UA4000171649	Coupon bonds	855,157,612.50	8.25	Semi-annually	No	No		24-Dec-2014
UA4000151278	Coupon bonds	1,267,565,310.00	8.50	Semi-annually	No	No		7-Jan-2015
UA4000133771	Coupon bonds	165,843,787.50	9.60	Semi-annually	No	No		14-Jan-2015
UA4000155485	Coupon bonds	1,882,923,750.00	8.09	Semi-annually	No	No		11-Feb-2015
UA4000157143	Coupon bonds	430,875,000.00	8.02	Semi-annually	No	No		18-Feb-2015
UA4000157127	Coupon bonds	425,842,380.00	8.02	Semi-annually	No	No		25-Feb-2015
UA4000160642	Coupon bonds	1,740,105,922.50	7.75	Semi-annually	No	No		18-Mar-2015
UA4000142699	Coupon bonds	2,686,677,975.00	9.45	Semi-annually	No	No		22-Apr-2015
UA4000166821	Coupon bonds	2,297,425,500.00	7.75	Semi-annually	No	No		6-May-2015
UA4000142681	Coupon bonds	464,862,420.00	4.80	Semi-annually	No	Yes	6-May-2015	6-May-2015
UA4000141071	Coupon bonds	1,305,999,360.00	9.45	Semi-annually	No	No		27-May-2015
UA4000167837	Coupon bonds	1,496,945,925.00	7.75	Semi-annually	No	No		3-Jun-2015
UA4000142673	Coupon bonds	1,508,062,500.00	4.50	Semi-annually	No	Yes	17-Jun-2015	17-Jun-2015
UA4000144083	Coupon bonds	19,217,025.00	9.45	Semi-annually	No	No		8-Jul-2015
UA4000171409	Coupon bonds	899,477,415.00	8.25	Semi-annually	No	No		15-Jul-2015
UA4000152441	Coupon bonds	2,773,973,250.00	8.25	Semi-annually	No	No		27-Jan-2016
UA4000153282	Coupon bonds	76,781,925.00	8.25	Semi-annually	No	No		3-Feb-2016
UA4000160923	Coupon bonds	2,585,250,000.00	7.50	Semi-annually	No	Yes	16-Mar-2016	16-Mar-2016
UA4000160907	Coupon bonds	247,192,987.50	8.00	Semi-annually	No	No		23-Mar-2016
UA4000166847	Coupon bonds	641,572,875.00	8.00	Semi-annually	No	No		25-May-2016
UA4000172506	Coupon bonds	1,945,719,472.50	8.75	Semi-annually	No	No		10-Aug-2016
UA4000177414	Coupon bonds	2,572,323,750.00	7.75	Semi-annually	No	Yes	26-Oct-2016	26-Oct-2016
UA4000177752	Coupon bonds	430,237,305.00	7.75	Semi-annually	No	Yes	30-Nov-2016	30-Nov-2016
UA4000178305	Coupon bonds	860,302,260.00	7.75	Semi-annually	No	No		14-Dec-2016
UA4000160915	Coupon bonds	2,585,250,000.00	8.25	Semi-annually	No	No		22-Mar-2017
UA4000166854	Coupon bonds	2,800,687,500.00	7.45	Semi-annually	No	Yes	17-May-2017	17-May-2017
UA4000151286	Coupon bonds	4,567,275,000.00	7.50	Semi-annually	No	No		20-Dec-2017
UA4000177554	Coupon bonds	1,722,784,747.50	7.50	Semi-annually	No	Yes	21-Nov-2018	21-Nov-2018
Total		53,101,982,925.00						

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
Grand total		259,031,304,125.00						

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	Inte- rest	Prin- cipal		Ordin- aries	VATs	Recaps	Ordin- aries	VATs	Recaps	Inte- rest	Prin- cipal	
BY QUARTERS																		
1Q14	1,231.3	180.3	1,609.2	7,067.1	1,638.7		3,768.0	10,431.7		143.0	20.9	186.9	820.8	190.3		437.6	1,211.6	
2Q14	2,972.5		3,137.4	4,050.2		1,598.3	7,563.1	7,379.1		345.2		364.4	470.4		185.6	878.4	857.0	
3Q14	1,643.7	135.6	2,551.4	752.8	1,643.6	1,500.0	5,446.7	9,345.5		190.9	15.7	296.3	87.4	190.9	174.2	632.6	1,085.4	
4Q14	2,950.8		3,371.4	25.8		4,696.5	7,719.3	11,952.7		342.7		391.6	3.0		545.5	896.5	1,388.2	
1Q15	1,476.4	90.4	2,169.8	453.7	1,643.6	2,000.0	4,636.5	10,710.4		171.5	10.5	252.0	52.7	190.9	232.3	538.5	1,244.0	
2Q15	2,821.6		2,833.2	250.8			6,769.2	11,480.8		327.7		329.1	29.1			786.2	1,333.4	
3Q15	1,657.1	45.2	2,560.9	0.8	1,643.6	1,000.0	4,975.7	4,888.1		192.5	5.2	297.4	0.1	190.9	116.1	577.9	567.7	
4Q15	2,847.4		2,961.1	0.8		6,000.0	6,389.0	6,909.8		330.7		343.9	0.1		696.9	742.0	802.5	
1Q16	1,527.8		2,201.9	0.8		2,750.0	4,342.5	9,051.0		177.4		255.7	0.1		319.4	504.4	1,051.2	
2Q16	2,847.4		2,642.4	0.8		9,085.0	6,028.0	9,727.4		330.7		306.9	0.1		1,055.2	700.1	1,129.8	
3Q16	1,527.7		2,071.3	80.8		7,135.0	3,959.1	11,951.5		177.4		240.6	9.4		828.7	459.8	1,388.1	
4Q16	2,831.2		2,245.7				5,589.4	4,339.9		328.8		260.8				649.2	504.0	
1Q17	1,511.5		1,732.4			1,250.0	3,396.8	3,835.3		175.6		201.2			145.2	394.5	445.4	
2Q17	2,831.2		2,245.7	3,688.5		6,357.9	5,417.0	12,847.1		328.8		260.8	428.4		738.4	629.2	1,492.1	
3Q17	1,511.5		1,673.0	1,810.0		6,550.0	3,230.8	8,360.0		175.6		194.3	210.2		760.7	375.2	971.0	
4Q17	2,567.4		1,895.7	5,212.9		7,658.3	4,699.0	17,438.4		298.2		220.2	605.4		889.5	545.8	2,025.4	
1Q18	1,382.1		1,337.9	4,318.9		6,375.0	2,766.3	10,693.9		160.5		155.4	501.6		740.4	321.3	1,242.0	
2Q18	2,194.8		1,435.9	11,845.3		7,157.9	3,695.3	19,003.3		254.9		166.8	1,375.8		831.4	429.2	2,207.1	
3Q18	1,073.3		1,011.1	5,101.3		10,145.1	2,130.7	15,246.5		124.7		117.4	592.5		1,178.3	247.5	1,770.8	
4Q18	1,350.1		1,066.2	5,108.8		4,655.3	2,480.9	11,486.9		156.8		123.8	593.4		540.7	288.1	1,334.1	
BY YEARS																		
2014	8,798.3	315.9	10,669.4	11,895.9	3,282.3	7,794.8	24,497.0	39,108.9		1,021.9	36.7	1,239.2	1,381.6	381.2	905.3	2,845.2	4,542.3	
2015	8,802.4	135.6	10,525.1	706.0	3,287.2	9,000.0	22,770.4	33,989.0		1,022.3	15.7	1,222.4	82.0	381.8	1,045.3	2,644.6	3,947.6	
2016	8,734.0		9,161.4	82.4		18,970.0	19,919.0	35,069.7		1,014.4		1,064.0	9.6		2,203.3	2,313.5	4,073.1	
2017	8,421.7		7,546.8	10,711.3		21,816.2	16,743.7	42,480.7		978.1		876.5	1,244.1		2,533.8	1,944.7	4,933.9	
2018	6,000.3		4,851.1	26,374.4		28,333.4	11,073.2	56,430.6		696.9		563.4	3,063.2		3,290.8	1,286.1	6,554.1	

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												
1Q14	1,078.6	542.9	0.0	3,614.6	1,621.5	3,614.6	134.9	67.9	0.0	452.2	202.9	452.2
2Q14	2,909.8	1,216.1	7,993.0	8,272.2	4,125.9	16,265.2	364.0	152.1	1,000.0	1,034.9	516.2	2,034.9
3Q14	2,039.7	832.3	0.0	8,788.0	2,872.0	8,788.0	255.2	104.1	0.0	1,099.5	359.3	1,099.5
4Q14	2,592.1	1,119.6	0.0	8,595.3	3,711.6	8,595.3	324.3	140.1	0.0	1,075.3	464.4	1,075.3
1Q15	2,039.7	666.1	0.0	7,498.4	2,705.8	7,498.4	255.2	83.3	0.0	938.1	338.5	938.1
2Q15	2,592.1	845.8	0.0	11,046.0	3,437.9	11,046.0	324.3	105.8	0.0	1,382.0	430.1	1,382.0
3Q15	2,039.7	428.7	3,996.5	1,842.8	2,468.4	5,839.3	255.2	53.6	500.0	230.6	308.8	730.6
4Q15	2,592.1	481.9	30,140.2	990.7	3,074.0	31,130.8	324.3	60.3	3,770.8	123.9	384.6	3,894.8
1Q16	1,902.3	386.0	0.0	5,271.3	2,288.4	5,271.3	238.0	48.3	0.0	659.5	286.3	659.5
2Q16	1,840.1	478.2	9,991.3	595.1	2,318.3	10,586.3	230.2	59.8	1,250.0	74.5	290.0	1,324.5
3Q16	1,902.3	177.9	0.0	1,804.7	2,080.2	1,804.7	238.0	22.3	0.0	225.8	260.3	225.8
4Q16	1,527.9	454.4	7,993.0	3,582.9	1,982.2	11,575.9	191.2	56.8	1,000.0	448.3	248.0	1,448.3
1Q17	1,902.3	98.9	0.0	2,397.9	2,001.2	2,397.9	238.0	12.4	0.0	300.0	250.4	300.0
2Q17	1,264.9	315.5	0.0	2,597.7	1,580.4	2,597.7	158.3	39.5	0.0	325.0	197.7	325.0
3Q17	1,902.3	0.0	20,781.8	0.0	1,902.3	20,781.8	238.0	0.0	2,600.0	0.0	238.0	2,600.0
4Q17	1,264.9	218.8	5,595.1	4,236.3	1,483.7	9,831.4	158.3	27.4	700.0	530.0	185.6	1,230.0
1Q18	941.2	0.0	0.0	0.0	941.2	0.0	117.8	0.0	0.0	0.0	117.8	0.0
2Q18	1,076.1	59.9	0.0	0.0	1,136.0	0.0	134.6	7.5	0.0	0.0	142.1	0.0
3Q18	941.2	0.0	0.0	0.0	941.2	0.0	117.8	0.0	0.0	0.0	117.8	0.0
4Q18	1,076.1	59.9	0.0	1,597.9	1,136.0	1,597.9	134.6	7.5	0.0	199.9	142.1	199.9
BY YEARS												
2014	8,620.1	3,710.9	7,993.0	29,270.0	12,330.9	37,263.0	1,078.5	464.3	1,000.0	3,662.0	1,542.7	4,662.0
2015	9,263.5	2,422.5	34,136.7	21,378.0	11,686.0	55,514.6	1,159.0	303.1	4,270.8	2,674.6	1,462.0	6,945.4
2016	7,172.6	1,496.5	17,984.3	11,254.1	8,669.1	29,238.3	897.4	187.2	2,250.0	1,408.0	1,084.6	3,658.0
2017	6,334.5	633.2	26,376.9	9,231.9	6,967.7	35,608.8	792.5	79.2	3,300.0	1,155.0	871.7	4,455.0
2018	4,034.5	119.8	0.0	1,597.9	4,154.3	1,597.9	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

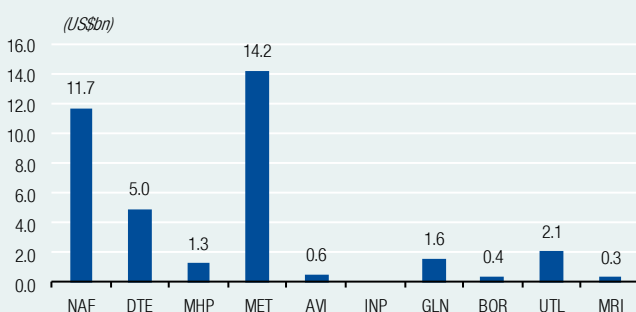
Table 10. Ukrainian corporate bond issuers and their key financial figures and ratios* (US\$m)

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.

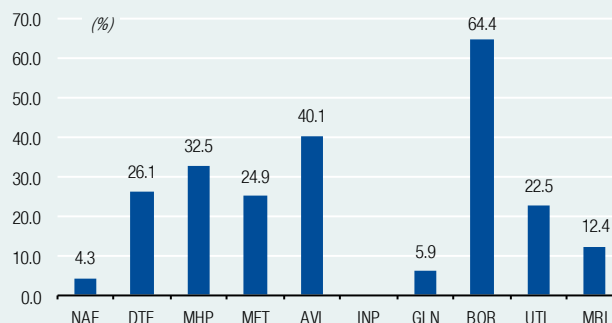
Sources: Company data, Investment Capital Ukraine LLC.

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



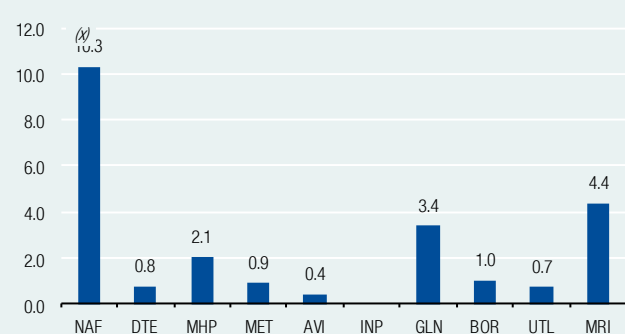
Source: Company data, Investment Capital Ukraine LLC.

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



Source: Company data, Investment Capital Ukraine LLC.

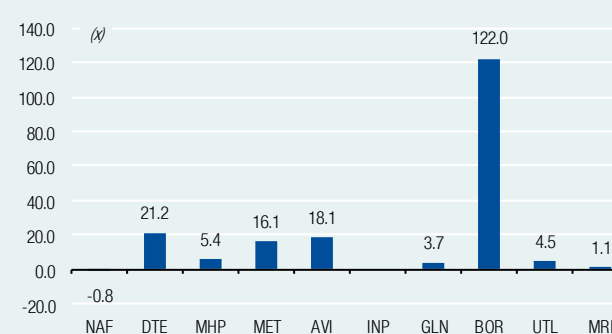
Chart 18. Ukraine's companies by leverage ratio



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 exchange 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.

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