

Bond Market Insight

Weekly review: Nothing important, low volatility

MONDAY, 18 AUGUST, 2014

There was no catalytic news last week, and investor sentiment remains unchanged. After Ukrainian Eurobond prices fell significantly the week before, last week saw slight volatility at the new level of 10.0% without any significant movements. Domestic borrowings remained relatively unchanged as well, as only one large issue of bonds, likely for Naftogaz, changed situations with bondholder's shares.

Domestic bond market. Domestic liquidity was steady at about UAH42.0bn during the week, slightly increasing only last Friday, as it most likely received large loans from the NBU. Liquidity was under pressure from quarterly tax payments and the FX market while the MoF tried to get new financing, which was very difficult and provided some funds only at the end of last week.

Eurobond market. The Eurobond market was slightly volatile and corrected after a significant increase during the previous week. While expectations of a Russian invasion declined and risks decreased slightly, the situation in eastern Ukraine remains unchanged. There was slight volatility and YTM's remained at the same level as the week before.

RESEARCH INSIGHT

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Key market indicators (as of 15 Aug 2014)

	Last close	Weekly chg (%)	YTD chg (%)
Currencies			
USD/UAH (spot)	13.1250	4.58	59.28
USD/UAH (1Y NDF)	14.8703	2.03	57.86
Rates, yields & spreads (%)			
Kiev Prime ON	5.75	-15bp	-205bp
Kiev Prime 3M	18.00	0bp	200bp
UAH NDF 1Y	13.92	-286bp	-107bp
Ukraine CDS 5Y	965bp	-35bp	149bp
Libor USD 1yr	0.55	0bp	-3bp
UST 2yr	0.41	-4bp	3bp
UST 10yr	2.34	-8bp	-69bp
UKRAINE 17	9.79	-115bp	23bp
UKRAINE 23	9.13	-44bp	8bp
Money market data (UAHbn)			
Accounts at NBU	27.40	0.38	-16.22
NBU CDs outstanding	12.90	11.60	0.00
Local currency bond market data (UAHbn)			
Govt bond outstanding	358.34	15.06	43.85
Held by			
NBU	194.82	1.11	34.50
Banks	88.40	3.28	10.27
Other residents	57.20	258.65	361.41
Non-residents	17.92	4.08	53.16

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 slight increase due injections

Broader liquidity slightly rose last week likely due to an NBU injection

Last week was without significant changes in liquidity and rose slightly, likely due to an NBU injection. Starting from UAH41.30bn of broader liquidity, this indicator remained close to this level through Wednesday, then slightly increased last Thursday and Friday, and close last week at UAH44.02bn (see left-hand chart below). This increase is very similar to the volume of 3-month loans issued at last Wednesday's tender for 13 banks at UAH2.63bn.

Liquidity reallocation to CDs also took place last week

Banks' correspondent accounts with the NBU were a bit more volatile, starting week from UAH26.60bn and declining to UAH25.24bn last Wednesday, with a new increase to UAH27.40bn last Friday. This volatility was partially caused by the NBU absorbing liquidity via CDs, as total CDs outstanding was increased last week to UAH12.90bn.

The NBU injection mentioned above took place last week at last Wednesday's tender for liquidity support, but likely was received by banks last Friday, as the largest increase took place this day after a significantly smaller one last Thursday. The MoF's interest repayment made last Wednesday was insufficient to have an impact on liquidity dynamic.

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

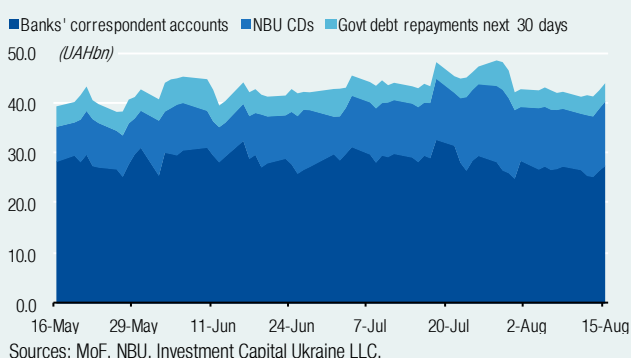
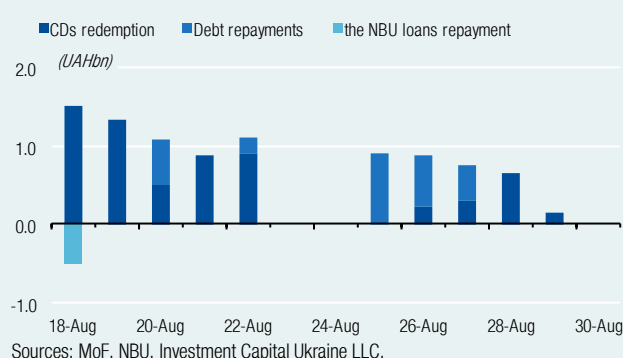


Chart 2. Future redemptions of CDs and UAH state bonds (UAHbn)



Tax payments and loan repayments should decrease liquidity

This week, we could see significantly larger pressure on liquidity as quarterly tax payments are scheduled through 20 August, only to be followed by month-end tax payments. Also, banks are scheduled to repay to the NBU UAH500.0m of loans issued at the end of May to six banks. CD redemptions could be used by the NBU to cover some outflows from liquidity and new tenders on liquidity support could be a bit more significant. Last Friday's bond purchases will be included in today's NBU statistics, and if there was no support via domestic QE, the impact of this deal could be quite negative.

The MoF received UAH2.12bn of proceeds last week

Last week's primary auctions

The MoF held primary auctions last week three times, not four as a week before, but last week's auctions provided the MoF with larger proceeds than the week before. The MoF attracted UAH2.12bn of proceeds, including UAH13.98m of proceeds from "military" bonds, while a week ago the MoF attracted UAH1.75bn of proceeds, including only UAH6.52m from "military" bonds.

**Only UAH14.02m of
proceeds for the
Ukrainian army were
received last week**

The week's first scheduled auction was unsuccessful and the MoF did not announce a new one for Wednesday. On Thursday, military bonds received two bids which were accepted at the usual fixed 7.0% rate. Demand was twice the amount of that seen at the last successful auction, but still was significantly lower than that seen at the debut auction two weeks ago. Yesterday's auction, which provided the state budget with UAH14.02m of proceeds, appears to have offered bonds to attract some portion of demand from banks which neither purchased bonds on Tuesday nor received NBU loans on Wednesday. They attracted no bids possibly because free liquidity in the banking system was invested in FX or paid to the state budget as quarterly tax payments.

**Last Friday the MoF sold
bonds following two
failed attempts...**

After two unsuccessful primary auctions on Tuesday and Thursday, the MoF held two reopenings of 3-year bonds and sold more than UAH2.0bn on Friday. These auctions were held in two attempts, one after the other, offering the same bond but receiving bids from only three bidders.

**...collected a total of
three bids at 18.98%**

On Friday, the MoF collected three bids, with two bids at the debut attempt and one at the second, for UAH1.10bn and UAH1.01bn, respectively. All bids were submitted at the same rate of 18.98%, significantly above the coupon rate at 15.00%, as the MoF had to sell bonds at a significant discount to raise UAH2.03bn of proceeds. This auction, with large demand and only three bids, could be supported under domestic QE. In a few days, we could see an increase in the NBU's portfolio of government bonds.

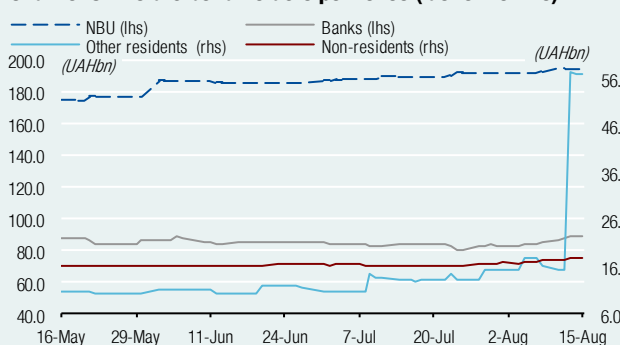
The practice of holding many attempts to get financing for the second consecutive week could indicate that the MoF has some problems with the budget's performance or has large expenditures which could not be postponed.

New large issue of bonds for Naftogaz

**A new large issue for a
non-bank significantly
changed bondholders'
shares**

Last Tuesday, the MoF appears to have issued new bonds for Naftogaz's share capital increase, which was approved by the government a week ago. This issue caused a significant increase in total bonds outstanding and in the other residents' portfolio to about UAH42.07bn. Total bonds outstanding also rose due to the increase in the NBU's official exchange rate as FX-denominated bonds included in statistics use this exchange rate for calculation. As a result, the other residents' share rose 1,114bp to 15.99%, causing a decline in the NBU's share by 751bp to 54.33%. Banks' and non-residents' shares also fell 306bp and 57bp to 24.70% and 4.98%, respectively.

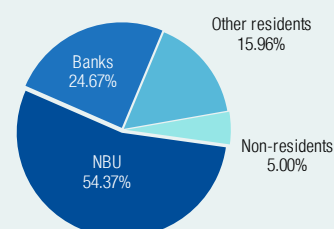
Chart 3. UAH state bond holders portfolios (last 3 months)



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

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

Chart 4. Breakdown of government bondholders (25 July, 2014)



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

Bonds could be sold to the NBU soon

Bonds were issued for Naftogaz, which, in need of financial resources, most likely will sell them or use them for REPOs. We could see movements of these bonds to banks' or mostly to the NBU portfolios very soon, as a redemption of the company's Eurobonds is scheduled at the end of September.

Eurobond market

YTM's slight volatility after increasing

Situation stabilized last week

The beginning of August was very negative for Ukrainian Eurobonds, as the Russian invasion was once more at the top of anticipations and caused prices to fall significantly, adjusting the yield curve mostly above 10.0%. But after these anticipations were not realized and Russia changed its movements to a humanitarian convoy, the situation in the Eurobond market became more positive, amidst only slight volatility, with levels at about 10.0%. Yields did not move significantly last week (see left-hand chart below) while spreads tightened insignificantly.

Chart 5. YTM's of some Ukrainian Eurobonds

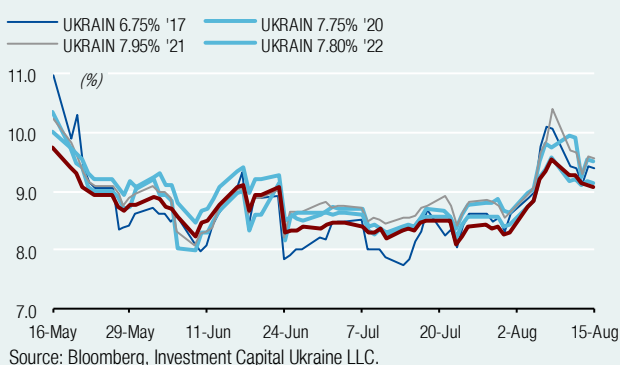
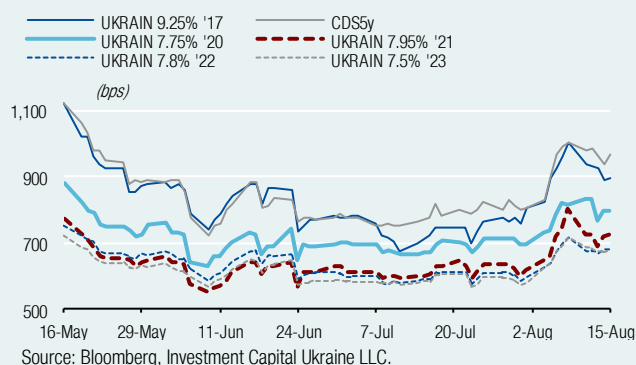


Chart 6. Ukrainian Eurobonds spreads



Anti-terrorist operations in eastern Ukraine did not have significant positive results, but step-by-step they did move to increase control of the Lugansk and Donetsk regions. This fact increased positive anticipations, and the 5-year CDs declined last week till Thursday to 934bp, but last Friday rose to 965bp as Russian forces being seen crossing the Ukrainian border.

We do not anticipate significant changes that would move the yield curve significantly this week. YTM's should remain volatile at about 10.0% with the yield curve possibly even flattening.

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.

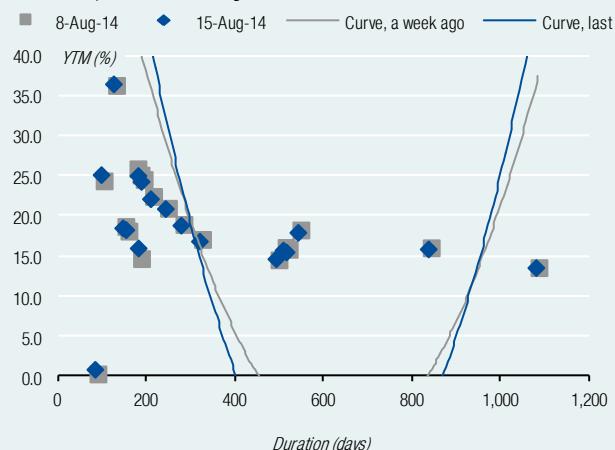
UAH bond market

Table 1. Ukrainian local-currency government bonds as of 15 Aug 2014

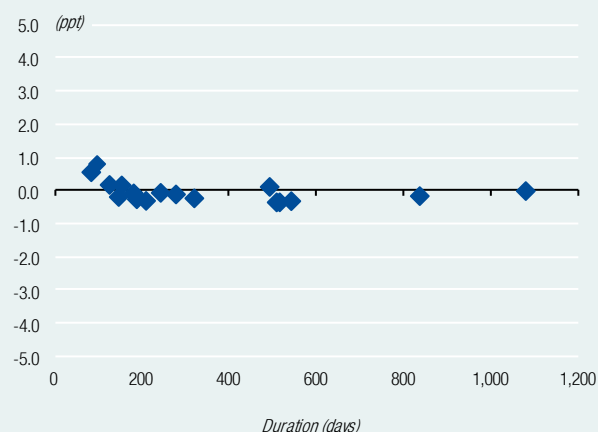
Ticker	Volume (UAHm)	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Duartion (years)	1W daily avg turnover (UAHm)	1W total turnover (UAHm)	Total turnover (UAHm)	Liquidity ratio*
160915	3,937.50	8.25	22-Mar-17	88.500	15.92	50	-14	2.29	0.00	0.00	0.00	0.00
151286	6,956.25	7.5	20-Dec-17	86.125	13.60	19	1	2.96	0.00	0.00	0.00	0.00
158794	1,988.44	7.5	10-Sep-14	99.563	78.31	25	1,614	0.07	0.00	0.00	1,681.18	0.85
149231	1,602.41	8.32	19-Nov-14	98.188	25.17	25	78	0.26	121.56	364.69	3,288.49	2.05
151278	1,930.58	8.5	7-Jan-15	97.438	18.54	38	-17	0.40	0.00	0.00	2,135.54	1.11
000999	252.59	9.6	14-Jan-15	97.688	18.32	25	18	0.42	0.00	0.00	0.00	0.00
155485	2,867.81	8.09	11-Feb-15	96.688	16.03	19	-986	0.49	0.00	0.00	6,611.51	2.31
157143	656.25	8.02	18-Feb-15	96.750	25.06	44	-6	0.49	0.00	0.00	0.00	0.00
157127	648.59	8.02	25-Feb-15	96.625	24.33	50	-24	0.51	0.00	0.00	2,615.22	4.03
160642	2,650.29	7.75	18-Mar-15	96.125	22.17	50	-29	0.57	50.00	99.99	7,183.87	2.71
142699	4,091.98	9.45	22-Apr-15	96.500	20.94	38	-4	0.66	74.54	223.63	12,268.19	3.00
142681	703.55	4.8	6-May-15	102.188	0.93	-13	58	0.22	0.00	0.00	0.00	0.00
141071	1,989.12	9.45	27-May-15	96.000	18.87	38	-9	0.76	11.98	35.94	8,227.37	4.14
142673	2,296.88	4.5	17-Jun-15	92.000	36.47	50	20	0.34	0.00	0.00	0.00	0.00
144083	29.27	9.45	8-Jul-15	95.500	16.89	44	-21	0.87	0.00	0.00	0.00	0.00
151500	557.00	9.19	13-Jan-16	94.557	14.70	10	14	1.35	0.00	0.00	134.77	0.24
152441	4,224.94	8.25	27-Jan-16	91.625	15.77	63	-33	1.39	0.00	0.00	55.17	0.01
153282	116.94	8.25	3-Feb-16	91.625	15.54	63	-33	1.41	0.00	0.00	71.92	0.61
160923	3,937.50	7.5	16-Mar-16	90.000	381.89	56	9,438	0.09	0.00	0.00	0.00	0.00
160907	376.49	8	23-Mar-16	90.625	17.98	63	-29	1.48	0.00	0.00	340.18	0.90

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

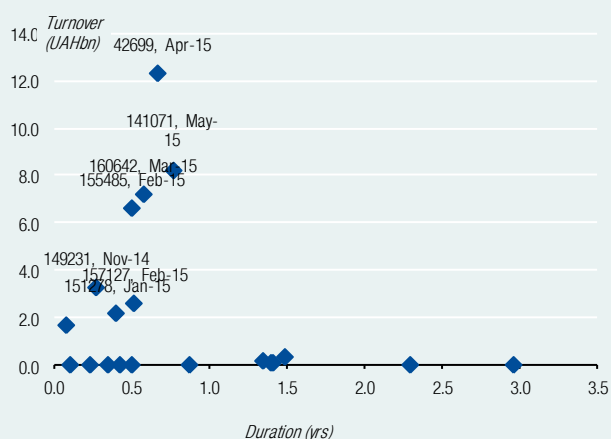
Sources: Bloomberg, PFTS, Investment Capital Ukraine LLC.

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

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

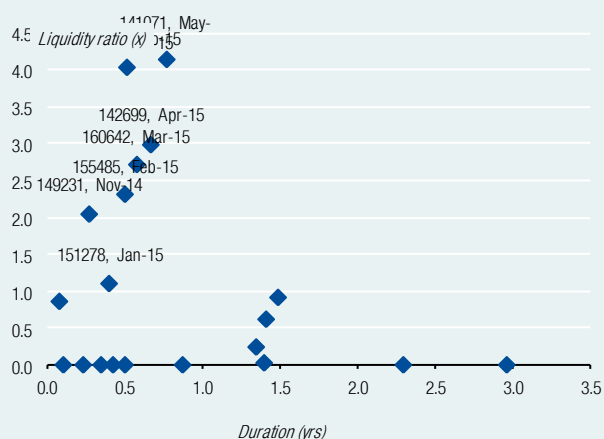
Chart 8. Movement of the local-currency sovereign yield curve*Over last week, in percentage points*

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

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

Note: Total turnover and duration are taken from Table 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 10. Map of Ukraine's local-currency government bonds by liquidity ratio plotted against their duration

Note: Total turnover and duration are taken from Table 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 15 Aug 2014

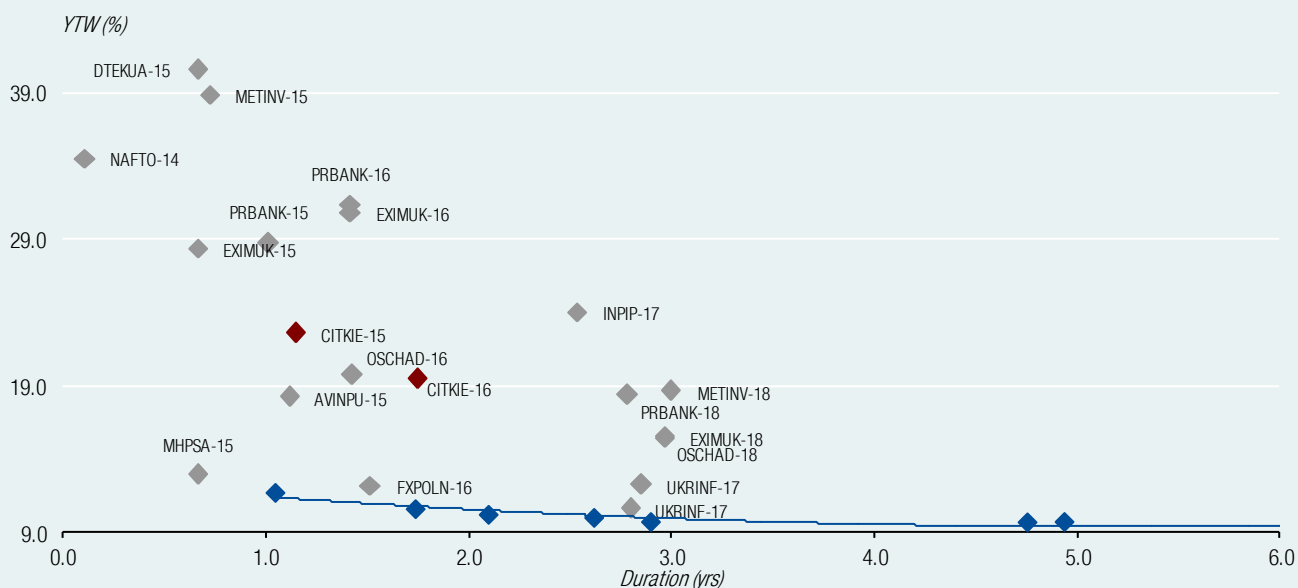
Ticker	Issuer	Ratings	Volume (million)	Curr- ency	Coupon rate (%)	Maturity	Price (% of par)	YTM (%)	Weekly price chg (bp)	Weekly yield chg (bp)	Spread (bp)	Duration (years)
CITKIE-15	Kyiv	Caa3/CCC/CC C	250.0	USD	8	6-Nov-15	85.813	21.95	-6	28	2,091	1.15
CITKIE-16	Kyiv	Caa3/CCC/CC C	300.0	USD	9.375	11-Jul-16	85.313	18.96	-13	18	1,805	1.75
NAFTO-14	Naftogaz of Ukraine	NR/NR/CCC	1,595.0	USD	9.5	30-Sep-14	97.500	32.18	69	-214	2,975	0.11
PUMBUZ-14	FUIB	Caa3/NR/NR	252.5	USD	11	31-Dec-14	84.688	61.67	-325	1,404	6,335	0.35
EXIMUK-15	Ukreximbank	Caa3/NR/CCC	750.0	USD	8.375	27-Apr-15	88.438	28.01	-56	158	2,724	0.66
DTEKUA-15	DTEK	Caa2/NR/CCC	500.0	USD	9.5	28-Apr-15	83.000	40.04	138	-199	3,910	0.66
MHPSA-15	MHP	Caa2/NR/CCC	584.8	USD	10.25	29-Apr-15	98.813	12.04	94	-139	1,075	0.66
METINV-15	Metinvest Holding	Caa2/NR/CCC	500.0	USD	10.25	20-May-15	83.000	38.33	56	-34	3,743	0.72
PRBANK-15	Pryvatbank	Caa3u/NR/CC C	200.0	USD	9.375	23-Sep-15	84.000	27.28	-13	47	2,544	1.01
AVINPU-15	Avangard	NR/NR/CCC	200.0	USD	10	29-Oct-15	91.750	17.96	-13	25	1,729	1.11
EXIMUK-16	Ukreximbank	Ca/NR/C	125.0	USD	8.4	9-Feb-16	73.750	29.01	238	-232	2,684	1.42
PRBANK-16	Pryvatbank	Cau/NR/NR	150.0	USD	8.75	9-Feb-16	73.000	29.84	-2,735	2,429	2,792	1.42
OSCHAD-16	Oshchadbank	Caa3/NR/CCC	500.0	USD	8.25	10-Mar-16	85.875	19.18	281	-231	1,823	1.42
MRIYA-16	Mriya Agroholding	NR/CC/C	250.0	USD	10.95	30-Mar-16	45.813	73.56	-225	512	7,128	1.35
FXPOLN-16	Ferrexpo PLC	Caa2/CCC+/C CC	500.0	USD	7.875	7-Apr-16	94.125	11.94	188	-131	1,125	1.51
NADRA-17	Nadra Bank	WR/NR/WD	41.0	USD	8	22-Jun-17	100.000	7.97	4,000	-4,345	740	1.57
INPIP-17	Interpipe	NR/NR/C	200.0	USD	10.25	2-Aug-17	72.563	23.69	-388	232	2,248	2.53
NADRA-17	Nadra Bank	NR/NR/NR	50.0	USD	9.375	5-Dec-17	100.000	8.45	0	6	757	2.98
UKRINF-17	Infrastructure Projects Fin	(P)Caa3/NR/N R	550.0	USD	9	7-Dec-17	92.546	11.78	56	-21	1,045	2.85
EXIMUK-18	Ukreximbank	Caa3/NR/CCC	500.0	USD	8.75	22-Jan-18	83.250	15.20	138	-57	1,337	2.96
METINV-18	Metinvest Holding	Caa2/NR/CCC	750.0	USD	8.75	14-Feb-18	75.813	18.47	-88	46	1,677	3.00
PRBANK-18	Pryvatbank	Caa3u/NR/CC C	175.0	USD	10.875	28-Feb-18	82.688	17.69	-19	12	1,544	2.78
OSCHAD-18	Oshchadbank	Caa3/NR/CCC	500.0	USD	8.875	20-Mar-18	82.875	15.25	275	-114	1,338	2.96
UKRAIN-15	Ministry of Finance	Caa3/CCC/CC C	500.0	USD	6.875	23-Sep-15	95.625	11.23	146	-142	1,029	1.04
UKRAIN-15	Ministry of Finance	Caa3/CCC/CC C	600.0	EUR	4.95	13-Oct-15	93.435	11.33	156	-153	1,056	1.10
UKRAIN-16	Ministry of Finance	Caa3/CCC/CC C	1,250.0	USD	6.25	17-Jun-16	93.375	10.31	133	-81	957	1.73
UKRAIN-16	Ministry of Finance	Caa3/CCC/CC C	1,000.0	USD	6.58	21-Nov-16	93.884	9.66	227	-118	865	2.09
UKRAIN-17	Ministry of Finance	Caa3/CCC/CC C	2,600.0	USD	9.25	24-Jul-17	98.649	9.79	282	-115	866	2.61
UKRAIN-17	Ministry of Finance	Caa3/CCC/CC C	700.0	USD	6.75	14-Nov-17	92.684	9.42	32	-11	821	2.89
UKRAIN-20	Ministry of Finance	Caa3/CCC/CC C	1,500.0	USD	7.75	23-Sep-20	91.776	9.56	336	-79	781	4.75
UKRAIN-21	Ministry of Finance	Caa3/CCC/CC C	1,500.0	USD	7.95	23-Feb-21	92.170	9.59	19	-4	703	4.93
UKRAIN-22	Ministry of Finance	Caa3/CCC/CC C	2,250.0	USD	7.8	28-Nov-22	92.014	9.20	215	-40	657	6.04
UKRAIN-23	Ministry of Finance	Caa3/CCC/CC C	1,250.0	USD	7.5	17-Apr-23	90.380	9.13	239	-44	662	6.22

OSCHAD-16	Oshchadbank	NR/NR/B	200.0	USD	8.25	10-Mar-16	0.000	0.00	0	0	0	0.00
UKRINF-17	Infrastructure Projects Fin	Caa3/NR/NR	538.0	USD	8.375	3-Nov-17	94.750	10.33	0	1	917	2.79
UKRINF-18	Infrastructure Projects Fin	Caa3/NR/NR	690.0	USD	7.4	20-Apr-18	91.563	10.21	441	-159	839	3.18

Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 11. Term structure of yields of Ukrainian Eurobonds as of 15 Aug 2014

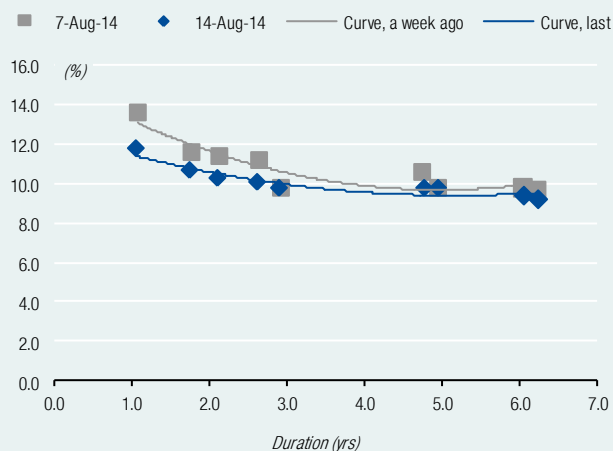
Blue dots are Ukraine sovereign Eurobonds; grey dots are corporate Eurobonds and red ones are municipal Eurobonds



Sources: Bloomberg, Investment Capital Ukraine LLC..

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

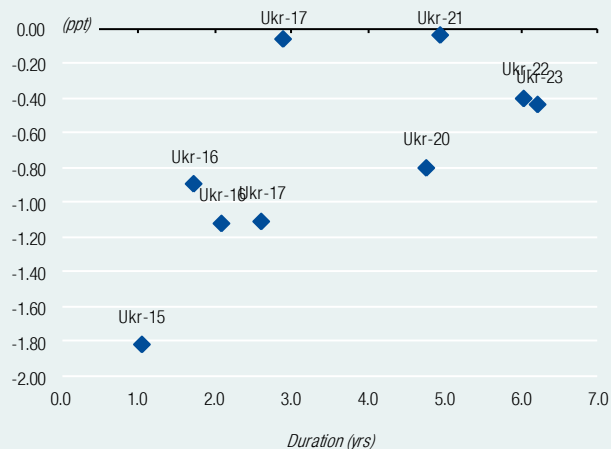
Last one compared to 1 week ago



Sources: Bloomberg, Investment Capital Ukraine LLC.

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

Over last week, in percentage points



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

Primary market for UAH state bonds

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

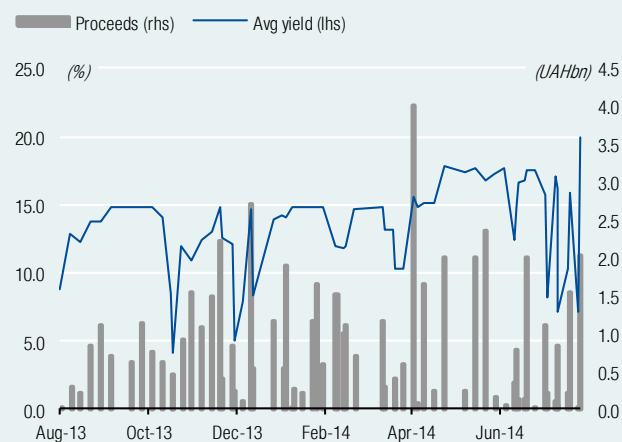
Date	Qty of bonds offered/sold	Proceeds (UAHm)	Volume of bonds sold* (UAHm)	Volume of bids submitted (UAHm)	Qty of bids submitted	Lowest yield asked** (%)	Highest yield asked** (%)	MoF cut-off yield (%)	Qty of bids accepted	Average yield (%)	WA yield (%)	Average duration (years)	WA duration (years)
15-Aug-14	2	2,031.53	1,100.00	2,104.54	3	18.98	18.98	18.98	3	19.94	19.94	2.18	2.18
14-Aug-14	1	14.02	13.98	13.98	2	7.00	7.00	7.00	2	7.13	7.13	1.85	1.85
8-Aug-14	2	1,538.01	1,530.00	1.53	4	14.30	17.00	15.65	4	15.79	16.78	2.68	2.07
7-Aug-14	3	210.40	226.51	226.51	7	7.00	15.90	12.60	7	10.31	14.78	1.01	0.56
31-Jul-14	1	50.02	50.00	50.00	1	7.00	7.00	7.00	1	7.13	7.13	1.89	1.89
30-Jul-14	2	837.38	950.00	950.00	2	15.90	16.00	15.95	2	16.11	16.12	0.85	0.84
29-Jul-14	2	97.18	100.32	100.32	3	15.90	16.75	16.33	3	17.13	17.26	1.26	1.41
23-Jul-14	1	200.09	200.00	200.00	1	8.00	8.00	8.00	1	8.14	8.14	0.98	0.98
22-Jul-14	3	1,091.39	1,090.00	1.09	7	14.30	16.75	15.65	7	15.78	15.05	2.02	2.74
15-Jul-14	1	20.00	20.00	20.00	1	16.75	16.75	16.75	1	17.47	17.47	1.78	1.78
9-Jul-14	1	2,000.88	2,000.00	2,000.00	1	16.75	16.75	16.75	1	17.47	17.47	1.78	1.78
8-Jul-14	3	127.39	130.00	130.00	7	12.00	16.95	14.63	7	16.81	17.13	0.81	1.00
3-Jul-14	3	139.02	140.00	140.00	7	8.00	16.95	12.32	7	16.62	16.50	0.69	0.60
2-Jul-14	1	769.00	746.86	746.86	1	14.30	14.30	14.30	1	14.85	14.85	3.52	3.52
1-Jul-14	1	339.83	350.00	350.00	2	12.00	12.00	12.00	2	12.41	12.41	0.25	0.25
24-Jun-14	1	55.17	55.00	55.00	3	16.95	16.95	16.95	3	17.69	17.69	1.76	1.76
17-Jun-14	2	159.59	166.97	176.97	6	15.00	18.00	15.98	5	17.24	16.97	1.16	0.95
10-Jun-14	3	2,351.07	2,362.00	2,392.00	12	12.00	16.95	14.65	9	16.74	17.58	0.86	1.57
3-Jun-14	1	2,000.00	2,000.00	2,020.00	6	16.98	17.50	16.98	4	17.72	17.72	1.78	1.78
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

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

Sources: Ministry of Finance, Investment Capital Ukraine LLC.

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

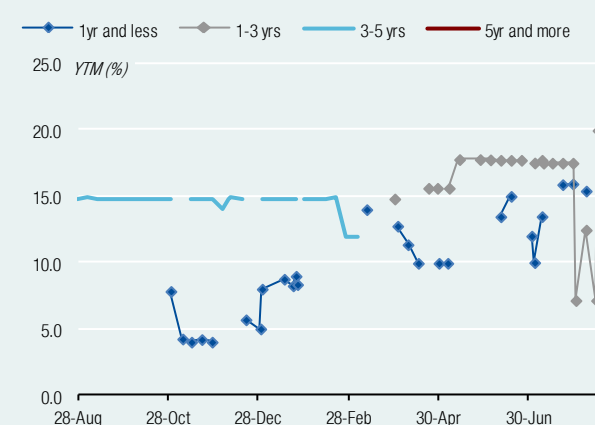
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

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

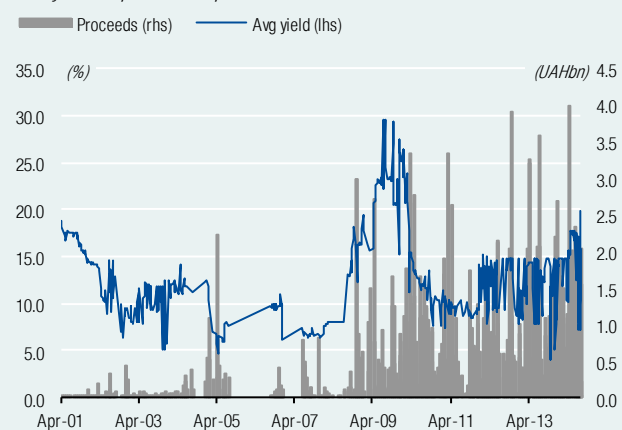
Last 12-month period



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

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

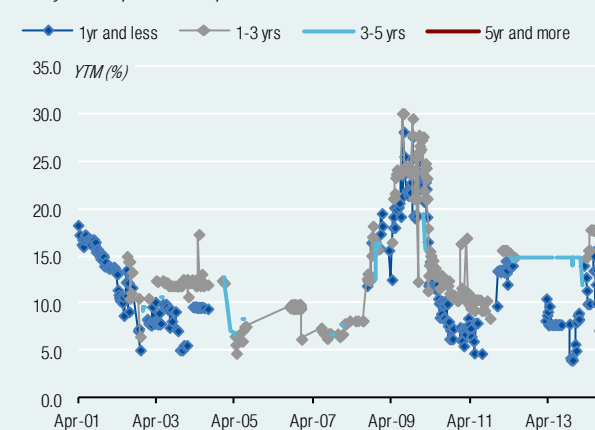
History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

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

History since April 2001 to present



Sources: Ministry of Finance, Investment Capital Ukraine LLC.

UAH state bonds outstanding

Table 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								
UA4000184238	Zero-coupon bonds	300,000,000.00	12.00	Upon maturity	No	No		10-Sep-2014
UA4000180210	Zero-coupon bonds	830,000,000.00		Upon maturity	No	No		1-Oct-2014
UA4000178883	Zero-coupon bonds	25,000,000.00		Upon maturity	No	No		15-Oct-2014
UA4000184246	Zero-coupon bonds	182,000,000.00	14.92	Upon maturity	No	No		10-Dec-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
UA4000185722	Zero-coupon bonds	170,000,000.00	14.90	Upon maturity	No	No		28-Jan-2015
UA4000185383	Zero-coupon bonds	845,000,000.00	15.88	Upon maturity	No	No		15-Apr-2015
UA4000141592	Coupon bonds	250,000,000.00	14.30	Semi-annually	No	No		20-May-2015
UA4000185607	Zero-coupon bonds	450,000,000.00		Upon maturity	No	No		29-Jul-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
UA4000181275	Coupon bonds	2,000,000,000.00	16.98	Semi-annually	No	No		1-Jun-2016
UA4000184253	Coupon bonds	2,030,000,000.00	16.95	Semi-annually	No	No		8-Jun-2016
UA4000184352	Coupon bonds	211,970,000.00	16.95	Semi-annually	No	No		15-Jun-2016
UA4000185201	Coupon bonds	2,000,000,000.00	16.75	Semi-annually	No	No		6-Jul-2016
UA4000106181	Coupon bonds	80,002,000.00	9.50	Quarterly	Yes	Yes	13-Jul-2016	13-Jul-2016
UA4000185276	Coupon bonds	1,395,320,000.00	16.75	Semi-annually	No	No		13-Jul-2016
UA4000107528	Coupon bonds	6,300,000.00	12.50	Quarterly	Yes	No		20-Jul-2016
UA4000185623	Coupon bonds	70,488,000.00	7.00	Semi-annually	No	No		27-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	6,104,537,000.00	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

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
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	1,571,589,000.00	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
UA4000185755	Coupon bonds	300,000,000.00	14.30	Semi-annually	No	No		31-Jul-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
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		93,817,141,000.00						

Government recap'n bonds

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

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
UA4000130082	Coupon bonds	2,000,000,000.00	9.50	Semi-annually	No	No		27-Dec-2017
UA4000179576	Coupon bonds	2,500,000,000.00	14.25	Semi-annually	No	No		16-Jan-2018
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
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
UA4000179535	Coupon bonds	2,500,000,000.00	14.25	Semi-annually	No	No		28-Nov-2018
UA4000179543	Coupon bonds	2,500,000,000.00	14.25	Semi-annually	No	No		5-Dec-2018
UA4000179550	Coupon bonds	2,500,000,000.00	14.25	Semi-annually	No	No		19-Dec-2018
UA4000179568	Coupon bonds	1,066,400,000.00	14.25	Semi-annually	No	No		26-Dec-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
UA4000180798	Coupon bonds	2,500,000,000.00	14.30	Semi-annually	No	No		29-Jul-2020
UA4000063028	Coupon bonds	949,981,000.00	9.50	Semi-annually	No	No		12-Aug-2020
UA4000180806	Coupon bonds	2,500,000,000.00	14.30	Semi-annually	No	No		26-Aug-2020
UA4000180814	Coupon bonds	2,500,000,000.00	14.30	Semi-annually	No	No		30-Sep-2020
UA4000180822	Coupon bonds	2,500,000,000.00	14.30	Semi-annually	No	No		14-Oct-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

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
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		130,939,708,000.00						
Government VAT bonds 2010								
UA4000078141	Coupon bonds	9,688,000.00	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		4,925,929,900.00						
Government indexed bonds								
UA4000129100	Coupon bonds	1,610,000,000.00	8.22	Semi-annually	No	No		24-Sep-2014
UA4000129902	Coupon bonds	175,000,000.00	8.22	Semi-annually	No	No		22-Oct-2014
UA4000130595	Coupon bonds	200,000,000.00	8.25	Semi-annually	No	No		29-Oct-2014
UA4000130603	Coupon bonds	1,200,100,000.00	8.22	Semi-annually	No	No		5-Nov-2014
UA4000132278	Coupon bonds	250,000,000.00	9.75	Semi-annually	No	No		3-Dec-2014
UA4000137822	Coupon bonds	700,000,000.00	9.30	Semi-annually	No	No		4-Mar-2015
UA4000138242	Coupon bonds	470,000,000.00	9.30	Semi-annually	No	No		8-Apr-2015
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								
UA4000158794	Coupon bonds	1,988,437,500.00	7.50	Semi-annually	No	No		10-Sep-2014
UA4000174247	Coupon bonds	1,055,328,750.00	4.80	Semi-annually	No	Yes	29-Oct-2014	29-Oct-2014
UA4000149231	Coupon bonds	1,602,405,000.00	8.32	Semi-annually	No	No		19-Nov-2014
UA4000173058	Coupon bonds	1,312,500,000.00	7.75	Semi-annually	No	No		26-Nov-2014
UA4000177133	Coupon bonds	2,953,125,000.00	7.88	Semi-annually	No	No		10-Dec-2014
UA4000171649	Coupon bonds	1,302,459,375.00	8.25	Semi-annually	No	No		24-Dec-2014
UA4000151278	Coupon bonds	1,930,582,500.00	8.50	Semi-annually	No	No		7-Jan-2015
UA4000133771	Coupon bonds	252,590,625.00	9.60	Semi-annually	No	No		14-Jan-2015
UA4000155485	Coupon bonds	2,867,812,500.00	8.09	Semi-annually	No	No		11-Feb-2015
UA4000157143	Coupon bonds	656,250,000.00	8.02	Semi-annually	No	No		18-Feb-2015
UA4000157127	Coupon bonds	648,585,000.00	8.02	Semi-annually	No	No		25-Feb-2015
UA4000160642	Coupon bonds	2,650,291,875.00	7.75	Semi-annually	No	No		18-Mar-2015
UA4000142699	Coupon bonds	4,091,981,250.00	9.45	Semi-annually	No	No		22-Apr-2015
UA4000166821	Coupon bonds	3,499,125,000.00	7.75	Semi-annually	No	No		6-May-2015
UA4000142681	Coupon bonds	703,552,500.00	4.80	Semi-annually	No	Yes	6-May-2015	6-May-2015
UA4000141071	Coupon bonds	1,989,120,000.00	9.45	Semi-annually	No	No		27-May-2015
UA4000167837	Coupon bonds	2,279,943,750.00	7.75	Semi-annually	No	No		3-Jun-2015

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
UA4000142673	Coupon bonds	2,296,875,000.00	4.50	Semi-annually	No	Yes	17-Jun-2015	17-Jun-2015
UA4000144083	Coupon bonds	29,268,750.00	9.45	Semi-annually	No	No		8-Jul-2015
UA4000171409	Coupon bonds	1,369,961,250.00	8.25	Semi-annually	No	No		15-Jul-2015
UA4000185458	Coupon bonds	2,625,000,000.00	8.00	Semi-annually	No	No		22-Jul-2015
UA4000152441	Coupon bonds	4,224,937,500.00	8.25	Semi-annually	No	No		27-Jan-2016
UA4000153282	Coupon bonds	116,943,750.00	8.25	Semi-annually	No	No		3-Feb-2016
UA4000160923	Coupon bonds	3,937,500,000.00	7.50	Semi-annually	No	Yes	16-Mar-2016	16-Mar-2016
UA4000160907	Coupon bonds	376,490,625.00	8.00	Semi-annually	No	No		23-Mar-2016
UA4000166847	Coupon bonds	977,156,250.00	8.00	Semi-annually	No	No		25-May-2016
UA4000172506	Coupon bonds	2,963,454,375.00	8.75	Semi-annually	No	No		10-Aug-2016
UA4000177414	Coupon bonds	3,917,812,500.00	7.75	Semi-annually	No	Yes	26-Oct-2016	26-Oct-2016
UA4000177752	Coupon bonds	655,278,750.00	7.75	Semi-annually	No	Yes	30-Nov-2016	30-Nov-2016
UA4000178305	Coupon bonds	1,310,295,000.00	7.75	Semi-annually	No	No		14-Dec-2016
UA4000160915	Coupon bonds	3,937,500,000.00	8.25	Semi-annually	No	No		22-Mar-2017
UA4000166854	Coupon bonds	4,265,625,000.00	7.45	Semi-annually	No	Yes	17-May-2017	17-May-2017
UA4000151286	Coupon bonds	6,956,250,000.00	7.50	Semi-annually	No	No		20-Dec-2017
UA4000177554	Coupon bonds	2,623,910,625.00	7.50	Semi-annually	No	Yes	21-Nov-2018	21-Nov-2018
Total		74,368,350,000.00						
Grand total		316,774,228,900.00						

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	7-Jan-14	14-Jan-14	21-Jan-14	28-Jan-14	
	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	
February	Auction date	4-Feb-14	11-Feb-14	18-Feb-14	25-Feb-14	
	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	4-Mar-14	11-Mar-14	18-Mar-14	25-Mar-14	
	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	1-Apr-14	8-Apr-14	15-Apr-14	22-Apr-14	29-Apr-14
	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	6-May-14	13-May-14	20-May-14	27-May-14	
	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	
June	Auction date	3-Jun-14	10-Jun-14	17-Jun-14	24-Jun-14	
	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	1-Jul-14	8-Jul-14	15-Jul-14	22-Jul-14	29-Jul-14
	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	5-Aug-14	12-Aug-14	19-Aug-14	26-Aug-14	
	Local debt repayment ¹	0.00	0.00	1,738,352,898.50	1,119,455,307.25	
	External debt repayment ²	0.00	0.00	718,656,398.23	38,761,520.53	
	Total	0.00	0.00	2,457,009,296.73	1,158,216,827.78	
September	Auction date	2-Sep-14	9-Sep-14	16-Sep-14	23-Sep-14	30-Sep-14
	Local debt repayment ¹	313,825,000.00	2,665,736,245.75	811,697,512.66	2,136,431,979.00	1,300,580,000.00
	External debt repayment ²	0.00	1,832,862,420.81	1,235,305,251.18	2,074,298,946.68	0.00
	Total	313,825,000.00	4,498,598,666.56	2,047,002,763.84	4,210,730,925.68	1,300,580,000.00
October	Auction date	7-Oct-14	14-Oct-14	21-Oct-14	28-Oct-14	
	Local debt repayment ¹	2,293,208,150.00	865,794,358.50	1,400,848,327.06	2,113,045,279.88	
	External debt repayment ²	1,372,210,497.50	546,600,984.38	171,777,099.21	765,781,674.26	
	Total	3,665,418,647.50	1,412,395,342.88	1,572,625,426.27	2,878,826,954.14	
November	Auction date	4-Nov-14	11-Nov-14	18-Nov-14	25-Nov-14	
	Local debt repayment ¹	1,653,284,087.50	2,152,816,298.50	2,384,699,891.75	2,104,634,603.44	
	External debt repayment ²	252,331,066.47	382,999,665.75	2,007,679,826.05	3,668,531,828.61	
	Total	1,905,615,153.97	2,535,815,964.24	4,392,379,717.80	5,773,166,432.05	
December	Auction date	2-Dec-14	9-Dec-14	16-Dec-14	23-Dec-14	30-Dec-14
	Local debt repayment ¹	1,102,254,379.38	3,822,897,585.00	2,526,134,442.25	1,955,482,699.22	514,467,890.00
	External debt repayment ²	101,051,450.40	2,727,057,903.17	2,469,982,285.77	2,471,217,507.00	0.00
	Total	1,203,305,829.77	6,549,955,488.17	4,996,116,728.02	4,426,700,206.21	514,467,890.00

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																		
3Q14	922.1	135.2	1,464.1	300.0	1,638.7		3,248.3	5,537.2		70.4	10.3	111.7	22.9	125.0		247.9	422.5	
4Q14	4,179.0		4,252.8	1,037.8		4,696.5	10,404.9	15,785.2		318.9		324.5	79.2		358.4	794.0	1,204.5	
1Q15	2,416.8	90.4	2,705.4	623.7	1,643.6	2,000.0	6,580.5	13,973.4		184.4	6.9	206.4	47.6	125.4	152.6	502.1	1,066.3	
2Q15	4,049.7		3,725.1	1,095.8			9,358.0	17,426.4		309.0		284.2	83.6			714.1	1,329.8	
3Q15	2,717.4	45.2	3,172.6	450.8	1,643.6	1,000.0	6,990.2	8,443.6		207.4	3.4	242.1	34.4	125.4	76.3	533.4	644.3	
4Q15	3,955.6		3,929.0	0.8		6,000.0	8,734.7	6,909.8		301.8		299.8	0.1		457.8	666.5	527.3	
1Q16	2,588.1		2,737.6	0.8		2,750.0	6,156.2	12,023.7		197.5		208.9	0.1		209.8	469.8	917.5	
2Q16	3,955.5		3,610.3	6,250.2		9,085.0	8,373.7	16,312.4		301.8		275.5	476.9		693.2	639.0	1,244.7	
3Q16	2,588.1		2,606.9	3,546.6		7,135.0	5,655.4	16,435.1		197.5		198.9	270.6		544.4	431.5	1,254.1	
4Q16	3,408.9		3,213.5				7,391.2	6,360.4		260.1		245.2				564.0	485.3	
1Q17	2,285.1		2,268.0	2,750.0		1,250.0	4,761.8	7,937.5		174.4		173.1	209.8		95.4	363.4	605.7	
2Q17	3,408.9		3,213.5	9,893.0		6,357.9	7,140.5	20,516.6		260.1		245.2	754.9		485.2	544.9	1,565.6	
3Q17	2,083.2		2,208.7	1,810.0		6,550.0	4,338.1	8,360.0		159.0		168.5	138.1		499.8	331.0	637.9	
4Q17	2,679.8		2,863.5	5,212.9		7,658.3	5,902.6	19,827.4		204.5		218.5	397.8		584.4	450.4	1,513.0	
1Q18	1,953.7		1,873.5	4,318.9		8,875.0	3,873.5	13,193.9		149.1		143.0	329.6		677.2	295.6	1,006.8	
2Q18	2,307.2		2,403.7	11,845.3		7,157.9	4,809.3	19,003.3		176.1		183.4	903.9		546.2	367.0	1,450.1	
3Q18	1,644.9		1,368.6	5,101.3		10,145.1	3,059.8	15,246.5		125.5		104.4	389.3		774.1	233.5	1,163.4	
4Q18	1,462.5		2,034.1	5,108.8		13,221.7	3,594.9	20,954.4		111.6		155.2	389.8		1,008.9	274.3	1,599.0	
BY YEARS																		
2014	5,101.1	135.2	5,717.0	1,337.8	1,638.7	4,696.5	13,653.2	21,322.4		389.3	10.3	436.2	102.1	125.0	358.4	1,041.8	1,627.0	
2015	13,139.5	135.6	13,532.0	2,171.0	3,287.2	9,000.0	31,663.4	46,753.1		1,002.6	10.3	1,032.6	165.7	250.8	686.8	2,416.1	3,567.6	
2016	12,540.6		12,168.3	9,797.6		18,970.0	27,576.5	51,131.5		956.9		928.5	747.6		1,447.5	2,104.3	3,901.7	
2017	10,456.9		10,553.7	19,665.9		21,816.2	22,143.0	56,641.4		797.9		805.3	1,500.6		1,664.7	1,689.7	4,322.1	
2018	7,368.3		7,679.9	26,374.4		39,399.8	15,337.5	68,398.1		562.3		586.0	2,012.5		3,006.5	1,170.4	5,219.2	

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												
3Q14	1,573.5	546.0	0.0	3,780.4	2,119.5	3,780.4	134.9	46.8	0.0	324.2	181.8	324.2
4Q14	3,819.0	1,785.5	0.0	11,332.6	5,604.6	11,332.6	327.5	153.1	0.0	971.9	480.6	971.9
1Q15	2,975.7	1,192.1	0.0	10,015.2	4,167.8	10,015.2	255.2	102.2	0.0	858.9	357.4	858.9
2Q15	3,819.0	1,399.7	0.0	15,002.3	5,218.8	15,002.3	327.5	120.0	0.0	1,286.6	447.5	1,286.6
3Q15	2,975.7	852.9	5,830.4	4,566.0	3,828.6	10,396.4	255.2	73.1	500.0	391.6	328.3	891.6
4Q15	3,819.0	878.7	41,143.6	990.7	4,697.7	42,134.3	327.5	75.4	3,528.4	85.0	402.9	3,613.3
1Q16	2,775.3	700.5	0.0	7,690.3	3,475.8	7,690.3	238.0	60.1	0.0	659.5	298.1	659.5
2Q16	2,792.0	874.9	14,576.0	868.1	3,666.9	15,444.2	239.4	75.0	1,250.0	74.5	314.5	1,324.5
3Q16	2,775.3	397.2	0.0	2,632.9	3,172.4	2,632.9	238.0	34.1	0.0	225.8	272.1	225.8
4Q16	2,336.5	840.2	11,660.8	5,227.1	3,176.7	16,887.9	200.4	72.1	1,000.0	448.3	272.4	1,448.3
1Q17	2,775.3	281.6	0.0	3,498.2	3,056.9	3,498.2	238.0	24.2	0.0	300.0	262.2	300.0
2Q17	1,952.8	637.5	0.0	3,789.8	2,590.3	3,789.8	167.5	54.7	0.0	325.0	222.1	325.0
3Q17	2,775.3	137.7	30,318.1	0.0	2,912.9	30,318.1	238.0	11.8	2,600.0	0.0	249.8	2,600.0
4Q17	1,952.8	481.3	8,162.6	6,180.2	2,434.1	14,342.8	167.5	41.3	700.0	530.0	208.7	1,230.0
1Q18	1,373.1	106.9	0.0	0.0	1,480.0	0.0	117.8	9.2	0.0	0.0	126.9	0.0
2Q18	1,677.4	218.8	0.0	0.0	1,896.2	0.0	143.8	18.8	0.0	0.0	162.6	0.0
3Q18	1,373.1	76.7	0.0	0.0	1,449.7	0.0	117.8	6.6	0.0	0.0	124.3	0.0
4Q18	1,677.4	188.5	0.0	2,331.2	1,865.8	2,331.2	143.8	16.2	0.0	199.9	160.0	199.9
BY YEARS												
2014	5,392.5	2,331.5	0.0	15,113.1	7,724.1	15,113.1	462.4	199.9	0.0	1,296.1	662.4	1,296.1
2015	13,589.5	4,323.5	46,974.0	30,574.2	17,912.9	77,548.2	1,165.4	370.8	4,028.4	2,622.0	1,536.2	6,650.3
2016	10,679.0	2,812.8	26,236.8	16,418.3	13,491.8	42,655.2	915.8	241.2	2,250.0	1,408.0	1,157.0	3,658.0
2017	9,456.2	1,538.0	38,480.7	13,468.2	10,994.3	51,949.0	810.9	131.9	3,300.0	1,155.0	942.8	4,455.0
2018	6,100.8	590.9	0.0	2,331.2	6,691.7	2,331.2	523.2	50.7	0.0	199.9	573.9	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

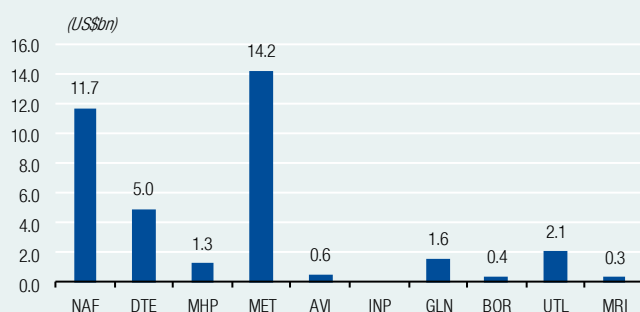
Table 8. Ukrainian corporate bond issuers and their key financial figures and ratios* (US\$m)

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.

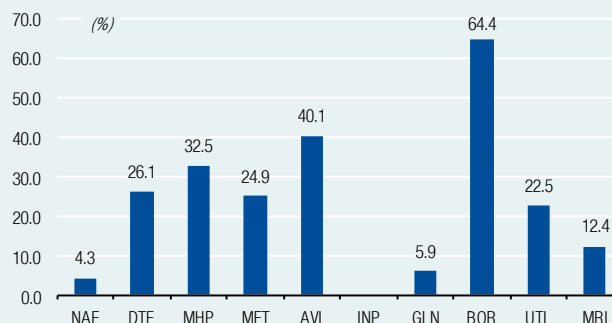
Sources: Company data, Investment Capital Ukraine LLC.

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



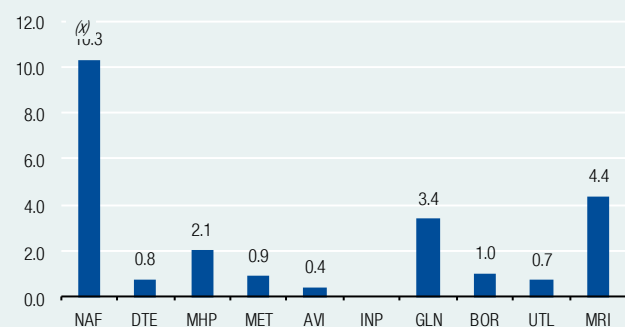
Source: Company data, Investment Capital Ukraine LLC.

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



Source: Company data, Investment Capital Ukraine LLC.

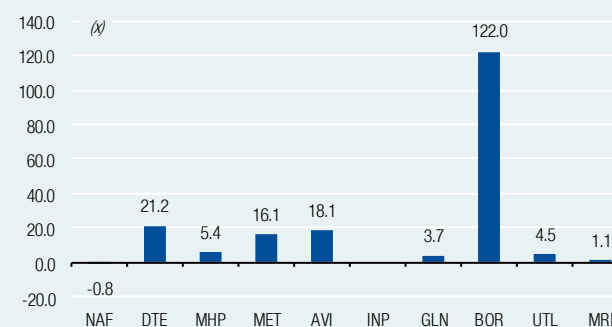
Chart 20. Ukraine's companies by leverage ratio



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

Source: Company data, Investment Capital Ukraine LLC.

Chart 21. Ukraine's companies by interest coverage ratio



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

Source: Company data, Investment Capital Ukraine LLC.

Glossary

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

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

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

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

BoP: Balance of payments.

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

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

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

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

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

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

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

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

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

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

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

UAH: Ukrainian national currency, the hryvnia.

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

UAS: Ukrainian accounting standards.

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

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

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

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

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

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

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

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

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