



# Government Securities Market in 2011: Key Developments

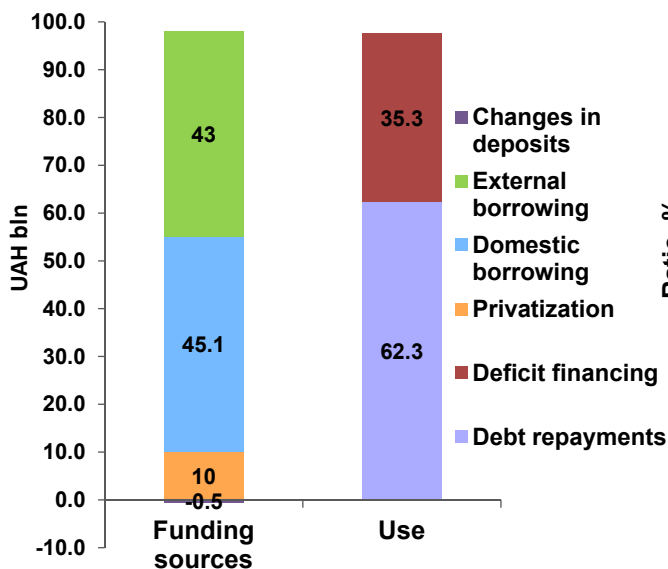
*Presented by Paul Roberti, Senior Sovereign Debt Advisor  
FINREP*

*Kyiv, November 16, 2011*

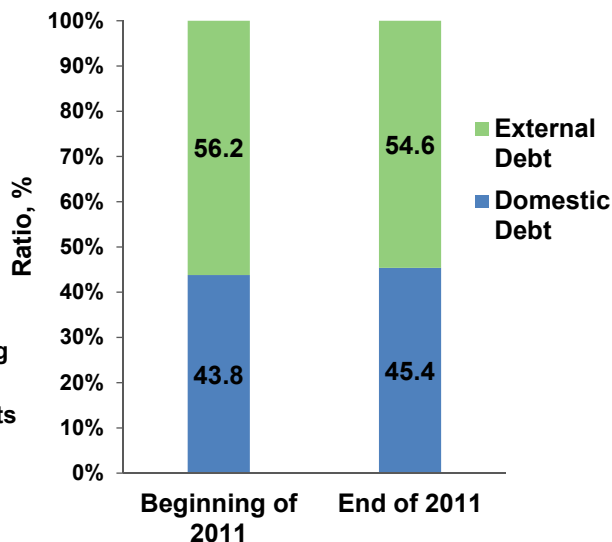
[www.finrep.kiev.ua](http://www.finrep.kiev.ua)



**Planned Budget Financing in 2011**

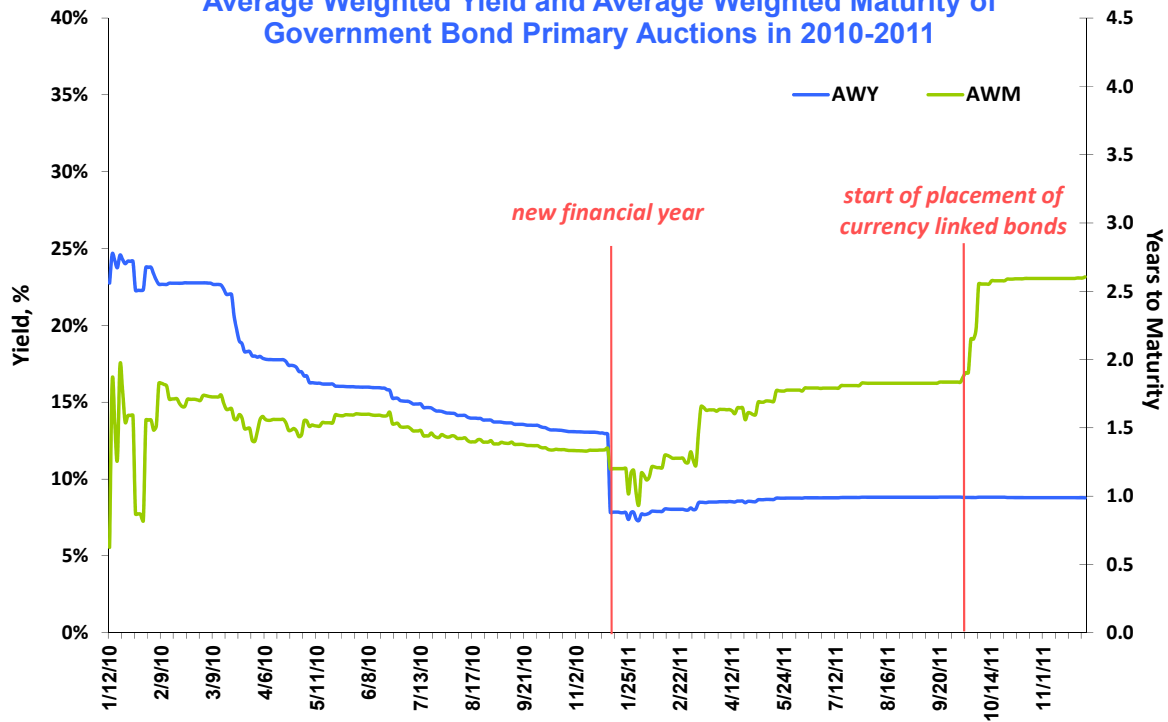


**Planned Ratio of Domestic and External Debt**

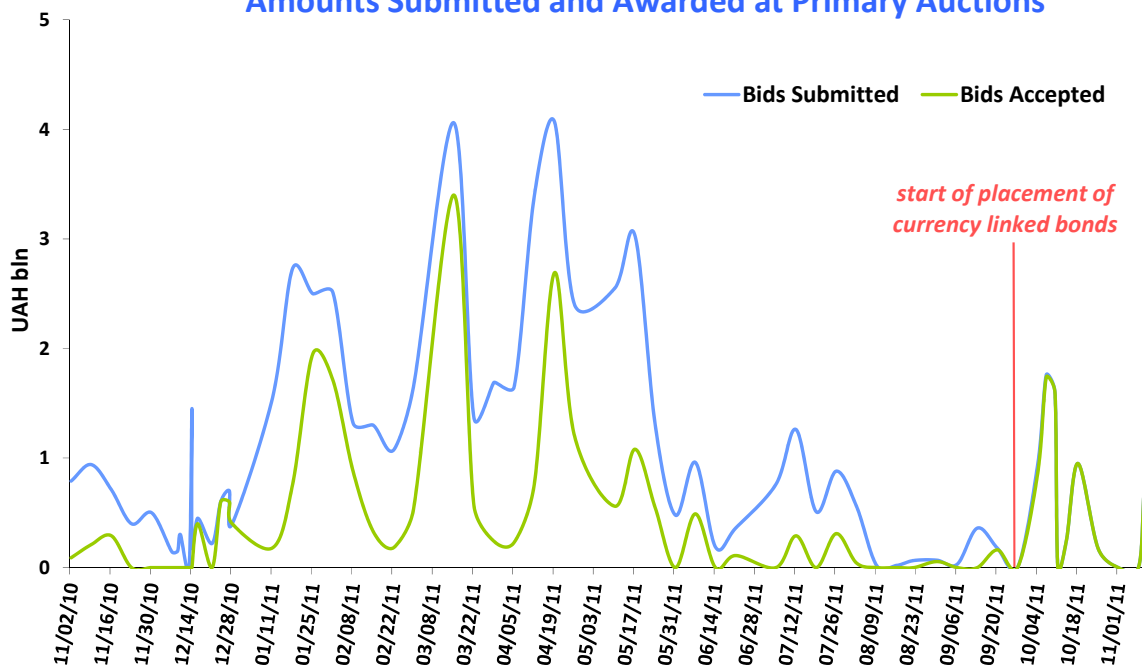




**Average Weighted Yield and Average Weighted Maturity of Government Bond Primary Auctions in 2010-2011**

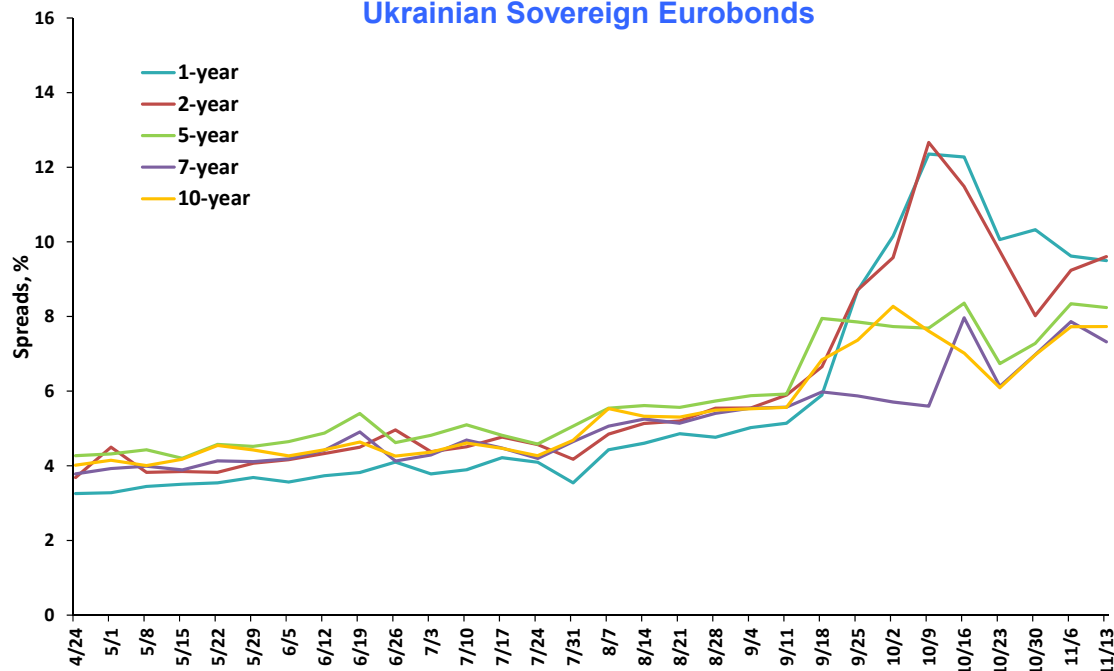


**Amounts Submitted and Awarded at Primary Auctions**





**Credit Spreads between U.S. Treasuries and Ukrainian Sovereign Eurobonds**



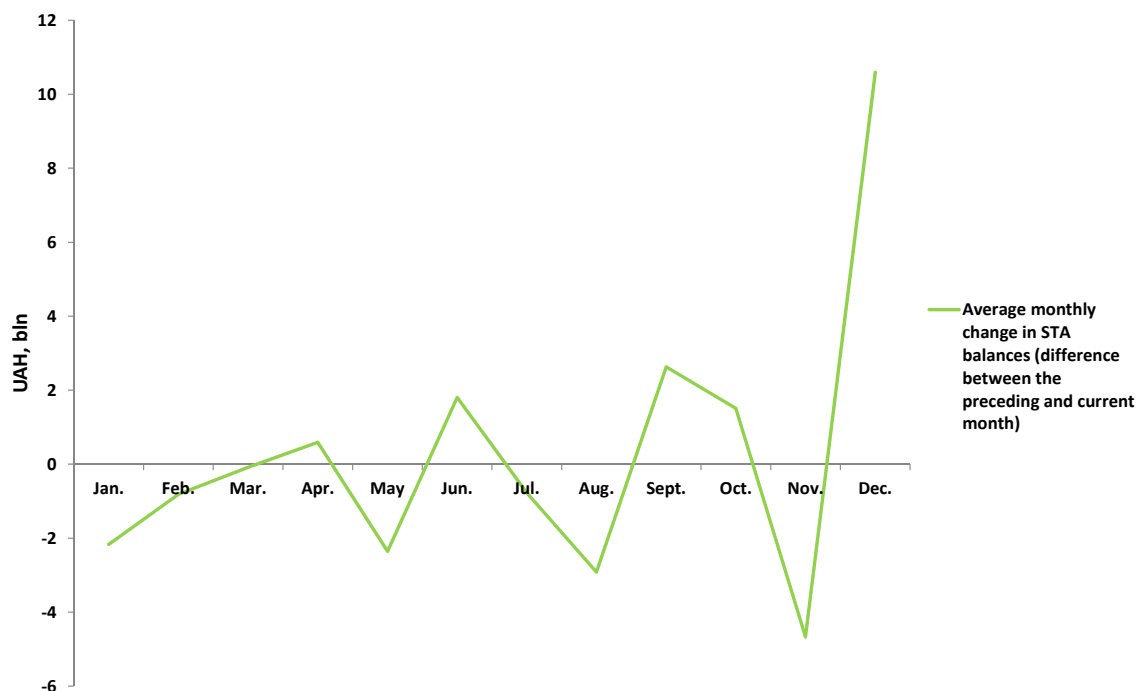
**External vs. Domestic Borrowing Costs**

Eurobond Code and Issue Date	Currency	Maturity	Coupon Rate	Average Accounting Annual Return Rate in UAH	Domestic Borrowing Rate at Relevant Periods		Exceeding by Accounting Annual Return Rate in UAH of Relevant Domestic Borrowing Rate
<b>XS0305394941*</b> June 26, 2007	USD	5 yrs.	6.39%	<b>23.50%</b>	<b>6.60%</b> 3 yrs. July 9, 2007	<b>13%</b> 2 yrs. Mar. 24, 2010	<b>10.50%</b>
<b>XS0278503080</b> Sept 15, 2006	CHF	3 yrs.	3.50%	<b>36.46%</b>	<b>9.40%</b> 3 yrs. Oct 26, 2006		<b>27.06%</b>
<b>XS0232329879*</b> Oct 13, 2005	EUR	10 yrs.	4.95%	<b>24.25%</b>	<b>7.50%</b> 3 yrs. July 26, 2005	<b>12.5%</b> 3 yrs. Sept. 1, 2008	<b>11.75%</b>
<b>Private Placement</b> Dec 19, 2006	JPY	4 yrs.	3.20%	<b>35.58%</b>	<b>6.00%</b> 3 yrs. Dec. 21, 2006	<b>19.50%</b> 1 yr. Dec. 1, 2009	<b>16.08%</b>

Note: the cost of outstanding Eurobonds was translated into UAH based on the exchange rate as of the last coupon payment date.



### Average Dynamics of STA Balances in 2003-2011



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## Key Points for Future Debt Management Strategies

- domestic issuance given a substantially defined priority each fiscal year;
- pricing of all issues at current market rates of interest;
- relevant minimum quantities of each new/re-opened issues offered to investors;
- development of benchmark issues;
- commitment to extend yield curve;
- use of buybacks, switches and reverse auctions in debt management;
- implementing use of classic repurchase/reverse repurchase agreements using single treasury account balances;
- quarterly and monthly review of debt offering calendar;
- legislation necessary for issuing variable/floating rate securities;
- development of instruments suited for investments parameters of Pillar II/III
- devising thrift instrument suitable for small/retail investors

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