



CONCORDE CAPITAL

Ukraine / Fixed income

Global CDS market data

Ukraine among the most traded

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Sovereign Eurobonds

| Issue | Curr | Amnt*, \$ bln | Coupon |
|------------------|------|------------------|------------|
| Ukraine, Sep' 18 | CHF | 0.66 | 3.5% |
| Ukraine, Oct' 15 | EUR | 0.77 | 4.9% |
| Ukraine, Nov' 17 | USD | 0.70 | 6.7% |
| Ukraine, Nov' 16 | USD | 1.00 | 6.6% |
| Ukraine, Mar' 11 | USD | 0.60 | 6.9% |
| Ukraine, Jun' 13 | USD | 1.00 | 7.6% |
| Ukraine, Jun' 12 | USD | 0.50 | 6.4% |
| Ukraine, Dec' 10 | JPY | 0.36 | 3.2% |
| Ukraine, Aug' 09 | USD | 0.50 | LIBOR+3.4% |

* Outstanding amounts given in USD equivalent
Source: Ministry of Finance, Bloomberg

Ratings

| | |
|---------|----|
| S&P | B |
| Moody's | B1 |
| Fitch | B+ |

Market implied ratings

| | Rating | Gap* |
|--------------|--------|------|
| Bond-implied | Caa2 | -4 |
| CDS-implied | Caa1 | -3 |

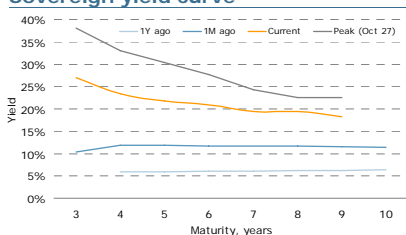
*Notches versus Moody's Senior Unsecured Rating. Source: Moody's

Ukraine's 5Y CDS spread, bps



Source: Bloomberg

Sovereign yield curve



Source: Bloomberg

The Depository Trust & Clearing Corp, the worldwide central register of credit default swap contracts, yesterday released trading data amid calls for more transparency. The first DTCC report put the total outstanding CDS market at USD 33.6 trillion, 0.2% of which is against Ukrainian sovereign debt.

- With gross notional value of CDS contracts of USD 65.5 bln, the Ukrainian government was #19 in the world, and #7 among sovereigns. No other Ukrainian issuer was listed in the database's 1,000 largest reference entities
- After excluding offsetting contracts, Ukraine's gross notional amount of USD 65.5 bln was netted by the DTCC to USD 3.3 bln in order to represent the maximum possible fund transfers in the case of a credit event. The latter figure is more comparable to the size of outstanding sovereign bonds (USD 6.1 bln)
- The relation of the net notional to gross notional values on Ukraine's CDS contracts is 5%, 7th lowest among the 1,000 largest reference entities in the world, and well below the 12% median
- This low of a ratio reveals active speculation on Ukrainian CDS which, in our view, is related to the high volatility of Ukrainian fixed income instruments; only Turkey has a lower ratio in the sovereign universe (4%)
- We await for another section of the DTCC weekly report that is scheduled to be published on November 11. This data will allow for an evaluation of how active trading in Ukrainian CDS was over the last week of October when spreads were above 2,000 bps

World's top-20 reference entities by gross notional outstanding

| # | Reference Entity | Gross Notional, bln | Net Notional, bln | Number of Contracts |
|----|--------------------------------------|---------------------|-------------------|---------------------|
| 1 | REPUBLIC OF TURKEY | 188.6 | 7.6 | 14 093 |
| 2 | REPUBLIC OF ITALY | 148.6 | 22.6 | 3 253 |
| 3 | FEDERATIVE REPUBLIC OF BRAZIL | 147.3 | 12.3 | 11 664 |
| 4 | RUSSIAN FEDERATION | 110.1 | 8.3 | 7 651 |
| 5 | GMAC LLC | 100.6 | 4.4 | 13 602 |
| 6 | MERRILL LYNCH & CO. INC. | 94.6 | 8.2 | 9 931 |
| 7 | THE GOLDMAN SACHS GROUP INC. | 92.8 | 6.9 | 9 793 |
| 8 | MORGAN STANLEY | 91.9 | 8.4 | 9 913 |
| 9 | GENERAL ELECTRIC CAPITAL CORPORATION | 86.0 | 12.2 | 8 457 |
| 10 | COUNTRYWIDE HOME LOANS INC. | 84.6 | 6.7 | 11 919 |
| 11 | UNITED MEXICAN STATES | 74.9 | 4.9 | 6 387 |
| 12 | TELECOM ITALIA SPA | 70.2 | 4.4 | 7 671 |
| 13 | DEUTSCHE BANK AKTIENGESSELLSCHAFT | 68.8 | 12.4 | 5 910 |
| 14 | DEUTSCHE TELEKOM AG | 68.1 | 5.4 | 6 804 |
| 15 | FRANCE TELECOM | 67.4 | 4.6 | 6 383 |
| 16 | THE BEAR STEARNS COMPANIES INC. | 67.1 | 4.5 | 7 968 |
| 17 | REPUBLIC OF THE PHILIPPINES | 66.2 | 3.6 | 8 007 |
| 18 | CITIGROUP INC. | 65.7 | 6.1 | 6 463 |
| 19 | UKRAINE | 65.5 | 3.3 | 6 023 |
| 20 | GENERAL MOTORS CORPORATION | 64.7 | 4.1 | 9 683 |

Note: Government entities are shaded

Source: DTCC

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