

Trends

Ukrainian Sovereign Eurobond Decline After Recent Upward Momentum

Quotes for Ukraine's sovereign Eurobonds were broadly lower last week with the long-term 10-year debt papers declining by 1.8% to 64.9 cents on the dollar (13.0% YTM). The Ukraine-2029 issue decreased by 0.8% to 82.6 (14.9% YTM).

In the corporate bond universe, debt of poultry producer MHP rose by 0.4% to 103.8 (9.0% YTM) after the company announced a further expansion in Europe through the acquisition of Greek poultry producer Nitsiakos AVEE, which generates annual revenue of about EUR 540mn.

The Kernel-2027 Eurobonds remained unchanged at 94.4 (11.2% YTM) shrugging off another Russian attack on the company's assets in Chornomorsk. Facilities were damaged after being struck by an enemy drone, but investors appeared largely unfazed by the incident.

In the latest political developments, Ukraine's President Volodymyr Zelensky has arrived in the UK for talks with top European allies. The talks - hosted by Prime Minister Sir Keir Starmer in Downing Street - also involve French President Emmanuel Macron and German Chancellor Friedrich Merz. Sunday's meeting in London comes as US President Donald Trump's focus has shifted to the war with Iran.

Earlier, the Ukrainian leader accused Russia of a "vile" attack after Kyiv officials said a drone had struck a storage facility for spent nuclear fuel near the Chornobyl nuclear plant. There were no injuries and a fire was put out with radiation levels remaining stable. The Russian strike on Chornobyl "partially destroyed" a spent nuclear fuel storage building, according to Ukraine's state-owned nuclear operator, Enerhoatom. Last year, a Russian drone hit the protective shelter over its damaged nuclear reactor.

On Friday, Putin rejected a proposal by Zelensky for face-to-face talks on ending the war, saying he did not see any point in meeting the Ukrainian leader.

Zelensky sent an open letter calling for a direct negotiations, writing it would be "wrong to simply wait" for the conflict to once again become the focus of US attention.

Highlights

- > Zelenskiy Says No to Donetsk Withdrawal, Calls for Contact Line Freeze
- > Ukraine's FX Reserves Fall 5.2% in May to USD 45.7bn

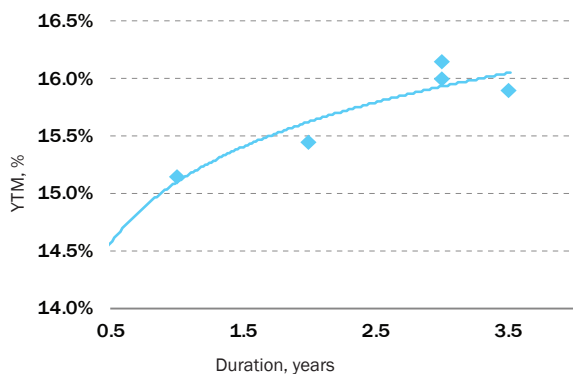
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

www.bank.gov.ua/en/about/support-the-armed-forces

The National Bank also opened fundraising account for Humanitarian Assistance to Ukrainians. Please see details under the link below:

www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine

UAH-DENOMINATED BOND YIELD CURVE



Source: Bloomberg, Eavex Capital

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.0%	0.0 p.p.	-0.5 p.p.
UAH 1-year bond yield	15.2%	0.0 p.p.	-1.2 p.p.
Ukraine-2029 yield	14.9%	0.5 p.p.	-3.1 p.p.
Ukraine-2036 yield	13.0%	0.3 p.p.	-1.5 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.38	0.2%	4.7%
EUR/UAH	51.67	0.4%	3.6%

Source: Eavex Capital

Zelenskiy Says No to Donetsk Withdrawal, Calls for Contact Line Freeze

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NEWS

President Zelenskiy on Sunday (Jun 7) once again confirmed his longstanding position on Ukrainian-controlled territory in Donetsk province, stating that the Putin regime's demand for a Ukrainian military withdrawal from the area is a non-starter.

Zelenskiy was speaking to Europe's Sky News after meeting in London with the leaders of Germany, France, and Britain, the 3 largest European NATO countries.

The European leaders backed Zelenskiy's call for peace talks to begin based on a freezing of the current line of contact and a full cease-fire, without Ukraine ceding any additional territory. Putin regime spokesman Dmitry Peskov had stated earlier last week that the war "could end tomorrow" if Zelenskiy agrees to withdraw the Ukrainian military from the approximately 20% of Donetsk which it currently controls.

COMMENTARY

The peace process has been stuck in a holding pattern ever since August 2025, when Putin and US President Trump apparently agreed (though never stated publicly by Washington) that Ukraine should cede the remainder of Donetsk as a condition for ending the war.

Zelenskiy refused, and all the negotiations have been hung up on this single issue. Previously, the Putin regime had stated that it was confident in its ability to capture the territory militarily by the summer of 2026; however, the slow start to Russia's 2026 summer offensive has called this into question, and it now looks as though Ukraine will manage to defend the most heavily fortified Donbas territories - including the cities of Slavyansk and Kramatorsk - into the autumn.

The question from our point of view is whether it even suits Putin to capture the Donbas now, or whether he might prefer to leave it in Ukrainian hands as a justification for continuing the war into another winter, in order to further wear down Ukrainian social & political cohesion. The latter option would also likely prevent Ukraine from holding elections within the next 12 months. Ultimately, we believe, the only way to force Putin to end the war is for Ukraine and its Western allies to convince the Kremlin that price of continuing is simply too high.

Ukraine's FX Reserves Fall 5.2% in May to USD 45.7bn

by Dmitry Churin
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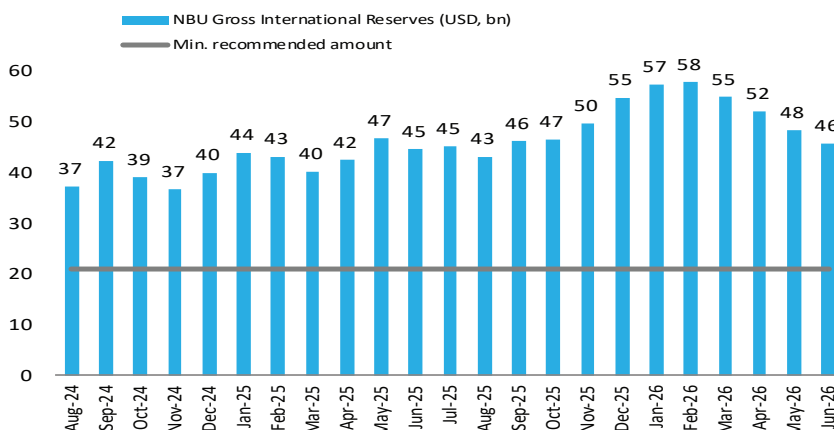
NEWS

Ukraine's international reserves declined by 5.2% in May 2026, falling to USD 45.7bn from USD 48.2bn a month earlier.

The decrease was primarily driven by sizable foreign-exchange interventions by the National Bank of Ukraine, which sold USD 3.1bn to support stability in the currency market.

Despite the decline, reserve holdings remain at a comfortable level, covering more than five months of future imports.

UKRAINE'S FX RESERVES, USD bn



Source: National Bank of Ukraine

COMMENTARY

The decline in Ukraine's international reserves in May came as little surprise. The economy continues to operate with a structural trade deficit, meaning demand for foreign currency to finance imports exceeds foreign-exchange earnings generated by exports. Under such conditions, the National Bank of Ukraine is forced to regularly intervene in the interbank market by selling foreign currency to balance supply and demand and prevent excessive volatility in the hryvnia exchange rate.

In May, the central bank sold an average of USD 757mn per week. Since the beginning of the year, the regulator has spent roughly USD 18bn on foreign-exchange interventions, compared with USD 36bn during the whole of 2025.

For now, reserve levels remain comfortable and provide the central bank with sufficient capacity to maintain stability in the foreign-exchange market. However, the continuity of international financial assistance remains the key variable for investors. As imports are expected to continue exceeding exports, the economy will remain dependent on external financing as the primary source of reserve replenishment.

Should inflows from international partners decline significantly or be temporarily interrupted, Ukraine could face a shortage of foreign currency. In such a scenario, the risks of a meaningful depreciation of the hryvnia would increase, while policymakers could also be forced to reintroduce tighter administrative restrictions in the financial market.

SELECTED UKRAINIAN EURO BONDS								
Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings ¹
Sovereign Eurobonds								
Ukraine, 2029	82.6	-0.8%	14.9%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	69.0	-0.9%	10.7%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	66.9	-1.6%	13.4%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	65.9	-3.5%	13.1%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	64.9	-1.8%	13.0%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	103.8	0.4%	9.0%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.4	0.0%	11.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	82.9	3.5%	23%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	97.2	0.1%	8.3%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	89.9	0.0%	11.4%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2028	83.3	-0.1%	16.6%	7.625%	8 Nov 2028	500	USD	//
Ukrainian Railways, 2026	77.5	-0.5%	n/a	8.25%	9 Jul 2026	500	USD	//

¹ Moody's/S&P/Fitch

Source: Boerse-Berlin, Boerse-Stuttgart. TR Data, Eavex Research

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