

Trends

DTEK and Naftogaz Lead Gains in Ukrainian Eurobond Market Following IMF Breakthrough

Ukrainian Eurobonds rallied over the week after the IMF and Ukrainian authorities reached a staff-level agreement on the first review of the country's four-year, USD 8.1bn Extended Fund Facility program. The next IMF disbursement is expected to total USD 690mn, bringing cumulative funding under the program to USD 2.2bn.

Ukraine's sovereign Eurobonds advanced broadly. The Ukraine-2029 issue gained 1.3% to 83.7 cents on the dollar, implying a yield to maturity of about 14.4%. The longer-dated Ukraine-2036 bond rose 3.4% to 67.1 cents on the dollar, with its yield falling to 12.5%.

Corporate Eurobonds also moved higher. The strongest performance came from DTEK's 2027 notes, which climbed 5.1% during the week to 87 cents on the dollar, implying a yield of roughly 18%.

Naftogaz Eurobonds gained 3.8% to 86.5 cents on the dollar after the state-owned energy company announced plans to restructure the debt and extend the maturity of the notes to 2033 from the previously scheduled 2028 redemption date. The move marks Naftogaz's second Eurobond restructuring since the start of the war, following an earlier transaction completed in July 2023.

In political news, The European Union is set to begin formal accession negotiations with Ukraine after the lifting of a blockade by Hungary. The Ukrainian president said the beginning of negotiations provides "significant political and moral support for our state and our people."

Ukraine sees EU membership as an important "security guarantee" for a stable future once war with Russia ends.

Its best guarantee would be NATO membership, but the Trump administration insists that cannot happen. Others oppose it joining while fighting continues. Russia is strongly against it, and has cited moves toward NATO membership as a reason for launching its full-scale invasion in 2022, though it has not objected to EU membership for Kyiv.

Highlights

- > Ukraine's Annual Inflation Stands at 8.2% in May

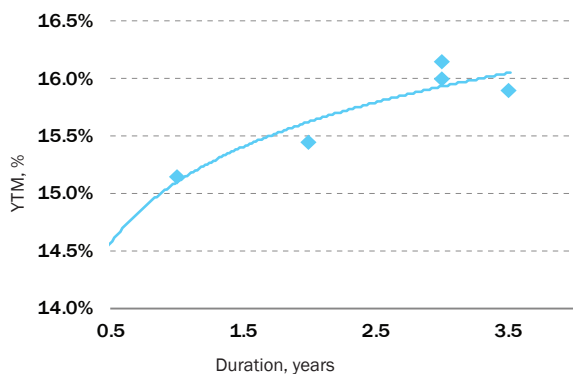
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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	14.4%	-0.5 p.p.	-3.6 p.p.
Ukraine-2036 yield	12.5%	-0.5 p.p.	-2.0 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.93	1.2%	6.0%
EUR/UAH	51.84	0.3%	4.0%

Source: Eavex Capital

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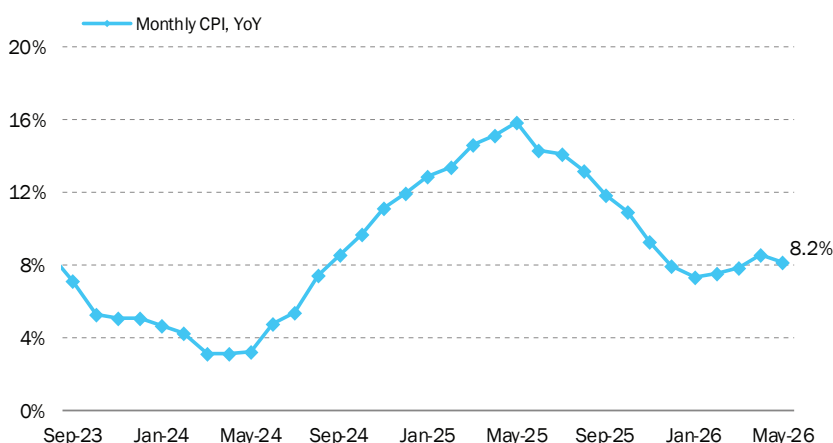
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NEWS

Ukraine's consumer inflation stood at 8.2% year-on-year in May, while prices rose 0.9% from the previous month, according to data from the National Bank of Ukraine and the State Statistics Service.

The inflation reading exceeded the trajectory projected by the central bank in its April 2026 Inflation Report. The deviation was primarily driven by faster-than-expected increases in food and services prices as businesses faced higher costs for energy, wages and logistics.

UKRAINE'S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

By rough estimates, cumulative inflation in Ukraine since the start of Russia's full-scale invasion has reached about 61%. Over the same period, the hryvnia has depreciated by roughly 59% against the dollar, with the official exchange rate weakening from UAH 28.30 per dollar to UAH 44.93.

Since the beginning of 2026, the hryvnia has lost about 6% against the U.S. currency. Adjusting current one-year hryvnia government bond yields of 15.1% for both hryvnia depreciation and U.S. inflation, which has accelerated to 4.2%, implies a real return of approximately 4.9%. That compares favorably with the real yield on one-year U.S. Treasuries, which is estimated at negative 0.3%.

When measured solely against domestic inflation, the real yield on one-year hryvnia-denominated government bonds stands at around 6.9%. As a result, local sovereign debt continues to offer attractive real returns relative to U.S. government bonds and dollar-denominated Ukrainian debt, provided inflation does not accelerate further and the hryvnia avoids a sharper depreciation.

At the latest domestic debt auction, the Finance Ministry set the yield on one-year hryvnia bonds at 15.15%. Bonds maturing in April 2028 were placed at a yield of 15.83%, while so-called reserve bonds purchased by banks and maturing in November 2029 were sold at a yield of 12.9%.

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	83.7	1.3%	14.4%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	70.3	1.9%	10.2%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	69.1	3.3%	12.8%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	68.1	3.3%	12.6%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	67.1	3.4%	12.5%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	103.8	0.0%	9.0%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.6	0.2%	11.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	87.1	5.1%	18%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	97.4	0.2%	8.1%	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	86.5	3.8%	15.4%	7.625%	8 Nov 2028	500	USD	//
Ukrainian Railways, 2026	81.0	4.5%	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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