

Trends

Ukraine's Debt Talks Stall as Creditors Reject GDP Warrant Swap Proposal

Ukraine's Finance Ministry said the latest round of talks with holders of GDP warrants ended without an agreement, after the creditors' committee rejected the government's proposal to swap the instruments for a new series of Eurobonds maturing in 2030–2032. As a result, Ukraine remains in technical default on USD 3.2bn of GDP-linked securities.

Market prices for the warrants rose 4.8% over the past week to 88 cents on the dollar from 84 cents, as investors continued to hope for a future exchange offering more favorable terms than the government's latest proposal.

Indicative prices for Ukraine's sovereign Eurobonds showed mixed performance over the week. The 2029 notes gained 1.3% to trade at 69 cents on the dollar, implying a yield to maturity of about 20%, while the longer-dated 2036 notes slipped 0.4% to 54 cents, with an implied yield near 15%.

Ukraine's long-term foreign-currency sovereign credit rating sits at "RD" (Restricted Default) with Fitch Ratings, reflecting that a default or default-like process is underway until the GDP warrants creditors are satisfied. Meanwhile, Moody's Investors Service has affirmed Ukraine's long-term issuer rating at "Ca", defined by the agency as "highly speculative and are likely in, or very near, default."

The harsh ratings underscore the lasting impact of the war with Russia on Ukraine's economy – including deep output losses, strained public finances, and a looming need for significant external financing.

Among corporate debt issues, quotes for DTEK Energy-2027 dropped by 2.2% to 67.2 (29% YTM) while Kernel-2027 issue gained 0.4% to close at 90.4 (12.5% YTM).

Highlights

- > Russia Attacks Power Stations Ahead of Peak Demand Season; Ukraine Halts Kramatorsk Train Service
- > Ukraine's Banks Cut Bad Loans Ratio to 25%, Lowest Since 2015

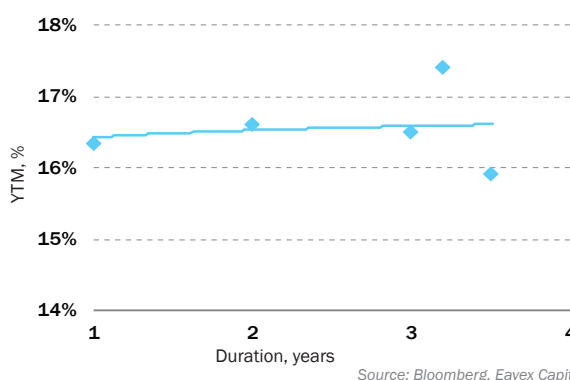
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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



FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.5%	0.0 p.p.	2.0 p.p.
UAH 1-year bond yield	16.4%	0.0 p.p.	0.0 p.p.
Ukraine-2029 yield	20.1%	-0.4 p.p.	4.2 p.p.
Ukraine-2036 yield	15.5%	0.1 p.p.	1.1 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	42.15	0.2%	-0.2%
EUR/UAH	48.90	0.2%	10.4%

Source: Eavex Capital

Russia Attacks Power Stations Ahead of Peak Demand Season; Ukraine Halts Kramatorsk Train Service

by Will Ritter
w.ritter@eavex.com.ua

NEWS

A Russian missile & drone attack against Ukrainian energy infrastructure overnight on Friday-Saturday (Nov 7-8) has forced large areas of the country into electricity blackouts.

The power stations of Kyiv-based energy major CentrEnergO were knocked off line, and substations that feed the Western Ukrainian nuclear plants at Khmelnytskyi and Rivne were also targeted, according to a statement from Foreign Minister Andriy Sybiga. The worst-hit areas are in the east of country, with Kharkiv's subway network shut down and the city of Kremenchuk (Poltava province) reportedly blacked out completely on Sunday (Nov 9), with no electricity, water, or heat.

Earlier last week, the Donetsk military administration indefinitely suspended all train service into the provincial capital of Kramatorsk due to security concerns amid stepped-up Russian attacks on railway infrastructure.

The eastern terminus of the train line has been moved to the town of Barvinkove in southeastern Kharkiv province, some 60km from Kramatorsk.

COMMENTARY

The Putin regime has begun its electricity infrastructure attacks earlier in the season this year in the hopes of causing greater disruption to Ukraine's civilian life during the winter. In our view, the most difficult period is likely to be from now until the end of December, with daylight at a minimum and uncertainty about winter weather and associated energy consumption needs at its greatest.

Meanwhile, Ukraine continues to slip from the headlines in Western media, with coverage of the war reaching its lowest level since the start of the Russian invasion in early 2022.

The Zelenskiy government is placing its hopes on disrupting Russia's energy economy via drone strikes on oil refineries; the difficulty with this strategy is that it is unclear what level of disruption inside Russia is needed to force the Putin regime to alter its calculations.

There has also been a lack of positive news from the front line, with Ukraine having lost around 500 sq km of territory during the month of October, and the long-besieged city of Pokrovsk (Donetsk province) reportedly close to encirclement by Russian forces.

In our view, the Zelenskiy government needs to try to keep European capitals and the Trump administration engaged and focused on the long-promised oil industry "secondary sanctions" that could put a major dent in Russia's oil export revenue.

Ukraine's Banks Cut Bad Loans Ratio to 25%, Lowest Since 2015

by Dmitry Churin
d.churin@eavex.com.ua

NEWS

The share of nonperforming loans (NPLs) in Ukraine's banking sector fell to 25% as of October 1, down from 30% at the start of the year, according to the National Bank of Ukraine (NBU).

The central bank said defaults surged during the first year of Russia's full-scale invasion, when roughly 20% of loans went into default and NPLs made up 39% of banks' portfolios. The ratio has been declining steadily since mid-2023.

In absolute terms, total lending in the banking system rose by UAH 182bn (USD 4.1 bn) in the first nine months of 2025, a 14% increase to UAH 1.48 tr (USD 35bn). Over the same period, the share of nonperforming loans shrank by UAH 23bn, or 5.7%, to UAH 371bn (USD 8.8bn).

The NPL ratio among household loans dropped 2.7 percentage points to 12.8%, while for corporate loans it fell 6.5 points to 32.5%.

COMMENTARY

The current 25% NPL level marks the lowest since 2015. The improvement was mainly driven by growth in new, higher-quality lending and by banks writing off certain categories of bad loans.

Still, legacy nonperforming loans at state-owned banks continue to weigh on the sector. Excluding old bad debts recognized during the 2015–2017 banking reform — including those linked to former owners of PrivatBank — the NPL ratio would stand at 14.3%, the NBU said.

For comparison, the average NPL ratio in the euro area is 2.2%, while in Eastern Europe it averages around 3.5% — 3.6% in Poland and 3.0% in Hungary.

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	68.9	1.3%	20.1%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/RD
Ukraine, 2030 (B)	53.6	2.1%	15.9%	-	1 Feb 2030	531	USD	Ca/SD/RD
Ukraine, 2034	55.3	-0.2%	16.3%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/RD
Ukraine, 2035	55.1	-0.2%	15.6%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/RD
Ukraine, 2036	53.8	-0.4%	15.5%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/RD
Ukraine, GDP-linked	88.0	4.8%			31 May 2040	3,239	USD	//
Corporate Eurobonds								
MHP, 2026	94.4	-0.1%	21.0%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	90.4	0.4%	12.5%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	67.2	-2.2%	29%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	88.9	0.1%	39%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	74.4	-0.7%	17.1%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	78.6	-0.4%	17.4%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	73.0	-2.7%	72%	8.25%	9 Jul 2026	500	USD	/CC/C

¹ Moody's/S&P/Fitch

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

Eavex Capital

7 Klovsyky uzviz, 16th Floor
Carnegie Center
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454

E-mail: research@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

SALES & TRADING

Pavlo Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitskiy@eavex.com.ua

RESEARCH

Dmytro Churin

Head of Research

d.churin@eavex.com.ua

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2025 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence, issued 06.10.2015