

## Trends

### Ukraine Bonds Steady as Fitch Lifts Rating Out of Default

Trading in Ukrainian sovereign eurobonds was subdued amid the Christmas holidays in major financial centers. Indicative prices for long-dated Ukraine 2035 bonds were unchanged at 58.9 cents on the dollar, implying a yield to maturity of about 14.8%.

Meanwhile, Fitch upgraded Ukraine's sovereign credit rating to CCC from "Restricted Default" (RD), reflecting the completion of the country's external debt restructuring and the normalization of relations with bondholders. The move formally removes Ukraine from default status and restores its access to standard credit metrics.

The agency cautioned that the rating remains deep in speculative territory, constrained by ongoing war-related risks, large financing needs and heavy reliance on external support. Debt sustainability remains highly sensitive to the duration and intensity of the conflict, as well as to the continued commitment of international partners.

While the upgrade is largely technical, it improves the legal and benchmark standing of Ukraine's bonds and reduces uncertainty for investors. Market reaction is expected to be limited, with geopolitical developments continuing to be the primary driver of valuations.

In corporate debt papers, MHP-2026 issue rose by 0.4% to 95.6 (25% YTM) and Kernel-2027 remained unchanged at 91.5 (12.2% YTM).

On the downside, NaftoGaz-2028 declined by 1.4% to 72.3 (21.5% YTM) as russia continued to attack Ukraine's energy infrastructure. Ukraine is managing emergency power outages while preparing for possible further attacks. Strikes on energy facilities disrupt daily life, strain logistics, weaken the economy, and increase pressure on Kyiv. Additionally, the attacks heighten security concerns near NATO borders, as russia has targeted areas close to Poland in previous barrages.

## Highlights

- Ukraine's Debt Service to Hover Near 10% of GDP Through 2028 as Liabilities Top USD 197bn

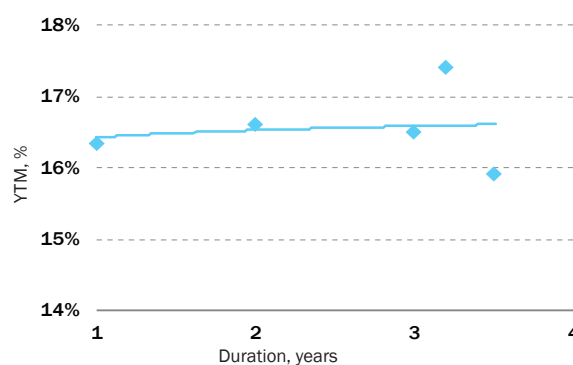
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[www.bank.gov.ua/en/about/support-the-armed-forces](http://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](http://www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine)

### UAH-DENOMINATED BOND YIELD CURVE



Source: Bloomberg, Eavex Capital

### FIXED INCOME

	Last	1W chg	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	17.4%	-1.2 p.p.	1.5 p.p.
Ukraine-2036 yield	14.5%	-0.3 p.p.	0.1 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	42.30	-0.2%	0.1%
EUR/UAH	49.95	0.1%	12.8%

Source: Eavex Capital

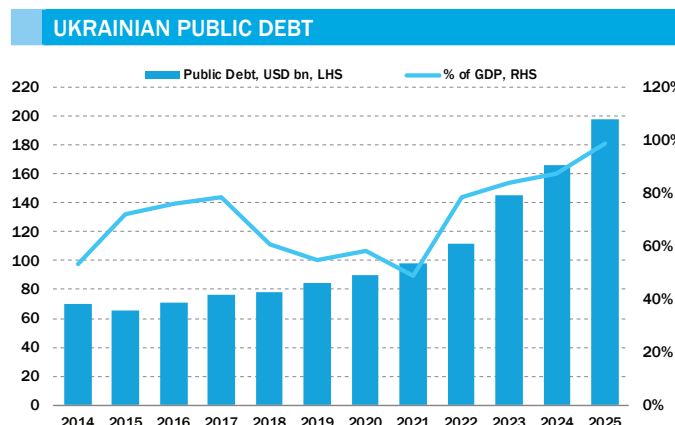
**Ukraine’s Debt Service to Hover Near 10% of GDP Through 2028 as Liabilities Top USD 197bn**

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**NEWS**

Ukraine’s debt service payments are projected to average UAH 1.19 trillion a year in 2026–2028, equivalent to roughly 10.4% of the country’s expected gross domestic product.

The figures are outlined in the government’s debt management strategy, approved at a Cabinet meeting on Dec. 24.



Source: MinFln

**COMMENTARY**

Ukraine’s total spending on debt repayments and interest is projected at UAH 1.05 trillion (USD 25bn) in 2025, rising to UAH 1.17 trillion (USD 26bn) in 2026, UAH 1.26 trillion (USD 28bn) in 2027 and UAH 1.29 trillion (USD 29 bn) in 2028.

Measured against forecast economic output, debt service is expected to amount to about 10% of GDP over the next several years. Payments will equal 11.7% of GDP in 2025, easing to 11.3% in 2026, 10.5% in 2027 and 9.5% in 2028.

According to the latest official data, Ukraine’s state and state-guaranteed debt stood at USD 197bn as of Nov. 1.

The Finance Ministry has raised most borrowing on concessional terms, pushing the weighted-average cost of public debt down to 4.9% this year, compared with 7.2% before the war.

External liabilities account for about 75% of total public debt, while 77% is denominated in foreign currency.

In relative terms, debt is projected to reach 108% of GDP by the end of 2025 and rise to 110% in 2026.

In 2026 alone, the Finance Ministry will need to allocate UAH 668bn (USD 15.8bn equivalent) to repay and service domestic debt, implying average weekly borrowings of about UAH 12.8bn at local bond auctions.

Last week, government bond sales raised the equivalent of UAH 12.7bn, including proceeds from foreign-currency bonds totaling EUR 115mn.

SELECTED UKRAINIAN EURO BONDS								
Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>								
Ukraine, 2029	74.2	-1.1%	18.0%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/CCC
Ukraine, 2030 (B)	58.4	0.7%	14.0%	-	1 Feb 2030	531	USD	Ca/SD/CCC
Ukraine, 2034	60.0	0.2%	15.0%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/CCC
Ukraine, 2035	58.9	0.0%	14.8%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/CCC
Ukraine, 2036	58.0	-0.2%	14.5%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/CCC
<b>Corporate Eurobonds</b>								
MHP, 2026	95.6	0.4%	25%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	91.5	0.1%	12.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	66.7	3.1%	32%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	88.8	-0.7%	55%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	75.2	0.0%	17.6%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	72.3	-1.4%	21.5%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	73.0	1.8%	n/a	8.25%	9 Jul 2026	500	USD	/CC/C

<sup>1</sup> Moody's/S&P/Fitch

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

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