

Trends

Ukrainian Eurobonds Start Year on Negative Territory

Indicative quotes for Ukrainian sovereign Eurobonds dropped by 2.4% on average last week as Russia continued attacks on the country's energy infrastructure. Russia's strikes show the urgent need for air defense in Ukraine.

With talks on ending the war making little progress on the toughest issues, Moscow issued a dramatic threat to harden its stance. The two thorniest issues – Russia's demands that Ukraine cede significant territory in the country's southeast, and security guarantees that would protect Ukraine against future Russian aggression.

Meanwhile, security advisers from Ukraine's top allies met in Kyiv on Saturday for talks on a US-brokered plan to end the war with Russia, days after Kyiv announced a deal was "90 percent" ready.

Officials from 15 countries including Britain, France and Germany as well as representatives from NATO and the European Union joined the meeting, the first of several planned for the new year. A follow-up summit of European leaders was expected to take place in France on Tuesday.

A recent draft of the peace plan said that the United States, NATO and European states would provide Ukraine with so-called Article 5-like guarantees – a reference to NATO's mutual defense clause, which requires its members to come to one another's aid in the event of an attack.

The provisions outlined in the draft also include keeping Ukraine's army at a peacetime strength of 800,000 troops, with funding from Western partners; membership in the European Union, which Ukraine sees as a deterrent to Russia; European military support; and a bilateral security agreement with the United States, voted on by Congress.

The Ukraine-2029 issue declined by 2.8% last week to close at 72.1 cents on the dollar (19.3% YTM) and the long-term benchmark Ukraine-2036 decreased by 2.9% to 56.3 (15.1% YTM).

In corporate debt papers, DTEK Energy-2027 slipped by 3.7% to 64.2 (35% YTM) while NaftoGaz-2028 remained unchanged at 72.3 (21.3 YTM).

Highlights

- > Zelenskiy Signals Harder Line with Choice of Budanov to Lead Admin
- > Ukraine Raises UAH 569bn (USD 13.5bn) From Domestic Bond Sales in 2025

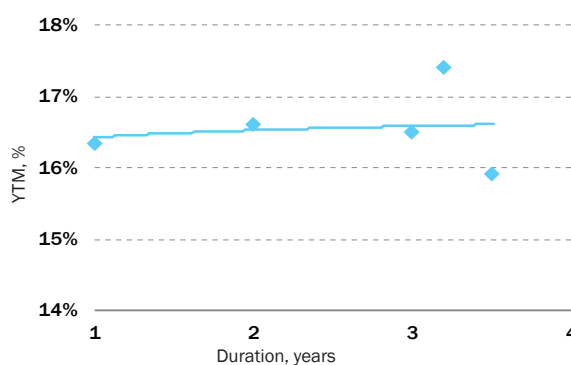
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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	15.5%	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	19.3%	1.9 p.p.	1.3 p.p.
Ukraine-2036 yield	15.1%	0.6 p.p.	0.6 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	42.45	0.4%	0.4%
EUR/UAH	49.95	0.0%	0.0%

Source: Eavex Capital

Zelenskiy Signals Harder Line with Choice of Budanov to Lead Admin

by Will Ritter
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NEWS

President Zelenskiy appointed HUR military intelligence chief Gen. Kyrilo Budanov as the new head of his administration on Friday (Jan 2), ending weeks of uncertainty that had followed the ouster of previous head Andriy Yermak. Zelenskiy also announced other key government changes, including the transfer of Defense Minister Dennis Shmyhal to lead the Energy Ministry, the appointment of Technology Minister Mykhailo Fedorov to take the place of Shmyhal, and the replacement of 5 provincial governors seen as close to Yermak.

Deputy Foreign Minister Serhiy Kislytsia, who has been heavily involved in recent negotiations with the US, will become the first deputy administration head under Budanov.

The role of Budanov at HUR will be assumed by current Foreign Intelligence Agency director Oleg Ivaschenko.

Separately, Zelenskiy appeared to take a harder line toward Ukraine's Western allies ahead of this week's diplomatic meetings in Europe, stating in a social media post that Ukraine intends "to continue our active defense, if the pressure of partner countries on Russia is not sufficient" to force a diplomatic settlement in the near future.

COMMENTARY

Zelenskiy's move to replace Yermak with Budanov, 39, indicates to us that Zelenskiy feels he needs an enforcer in the role of administration chief, rather than a figure who is experienced in dialogue with Western countries, such as Shmyhal or Kislytsia.

This choice by Zelenskiy can also be seen as an attempt to co-opt Budanov as a political rival, although we believe that former top general Valeriy Zaluzhnyi would be a stronger presidential challenger to Zelenskiy than Budanov, given the latter's youth and rather limited public profile.

Budanov enjoys strong support from Ukraine's hard-line nationalists, a constituency which Zelenskiy would likely need to have on his side in order to secure another term in office.

The situation with elections remains unclear, given the possibility that peace talks will fail to yield results amid ongoing Russian efforts to capture additional Ukrainian territory. However, it is not out of the question that the election could be held this year, even if a final peace deal is not concluded; the vote taking place under martial law would give Zelenskiy an advantage, we think.

Ukraine Raises UAH 569bn (USD 13.5bn) From Domestic Bond Sales in 2025

by Dmytro Churin
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NEWS

Ukraine raised UAH 430bn at domestic bond auctions in 2025, along with USD 2.4bn and EUR 779mn, according to data from the National Bank of Ukraine's depository. Total proceeds amounted to UAH 569bn, equivalent to about USD 13.5bn.

Over the same period, the government allocated UAH 320bn, as well as USD 2.9bn and EUR 753mn, to service and redeem domestic government bonds. As a result, net domestic borrowing by the Finance Ministry exceeded repayments by the equivalent of UAH 94bn in 2025.

The rollover ratio of domestic bonds reached 113% in nominal terms across all currencies at prevailing official exchange rates.

COMMENTARY

The Finance Ministry's ability to successfully refinance domestic bonds has helped keep the debt burden under control without adding pressure on the FX market or monetary policy. This, in turn, supports investor confidence in local bonds, reduces the risk of liquidity shocks in the banking system and creates more favorable conditions for gradually extending the average maturity of domestic debt.

Maximum yields at December auctions stood at 17.80% on UAH-denominated bonds, 4.00% on USD bonds and 3.25% on EUR bonds.

Outstanding domestic government bonds are held as follows:

Banks: UAH 936bn (47.6%)

National Bank: UAH 665bn (33.8%)

Corporates: UAH 212bn (10.8%)

Households: UAH 112bn (5.7%)

Insurance companies: UAH 24bn (1.2%)

Non-residents: UAH 16bn (0.8%)

Total outstanding domestic bonds amount to UAH 1.97trn, or roughly USD 47bn in nominal terms.

Domestic bonds account for about 24% of Ukraine's total state and state-guaranteed debt.

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	72.1	-2.8%	19.3%	4.50%	1 Feb 2029	1,168	USD	Ca/SD/CCC
Ukraine, 2030 (B)	57.5	-1.5%	14.5%	-	1 Feb 2030	531	USD	Ca/SD/CCC
Ukraine, 2034	58.6	-2.3%	15.5%	4.50%	1 Feb 2034	3,150	USD	Ca/SD/CCC
Ukraine, 2035	57.5	-2.4%	15.2%	4.50%	1 Feb 2035	2,946	USD	Ca/SD/CCC
Ukraine, 2036	56.3	-2.9%	15.1%	4.50%	1 Feb 2036	2,456	USD	Ca/SD/CCC
Corporate Eurobonds								
MHP, 2026	95.1	-0.5%	23%	6.95%	4 Apr 2026	550	USD	//
Kernel, 2027	91.5	0.0%	12.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	64.2	-3.7%	35%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	88.7	-0.1%	58%	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	0.0%	21.3%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	72.3	-1.0%	n/a	8.25%	9 Jul 2026	500	USD	/CC/C

¹ Moody's/S&P/Fitch

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

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