

Trends

Ukraine Sovereign Bonds Gain 5% as European Parliament Approves Funding; DTEK Surges

Ukraine's sovereign Eurobond market strengthened, with indicative prices rising about 5% on average. The move followed the European Parliament's final approval on Feb. 11 of a decision to mobilize EUR 90bn in financial assistance for Ukraine in 2026-2027.

The loan is split into EUR 30bn for macro-financial assistance – budget support to help fund the Ukrainian state – delivered through the EU's Ukraine Facility, and EUR 60bn to strengthen Ukraine's defence capabilities and support the procurement of military equipment.

Defence purchases would, in principle, come from Ukrainian, EU and European Economic Area or European Free Trade Association industries, with limited exemptions allowing sourcing from other countries if certain items are not immediately available for urgent delivery to Ukraine.

The support loan would be financed through common EU borrowing on capital markets and guaranteed by "headroom" in the EU's long-term budget – the margin between spending limits and the maximum resources the EU is allowed to call on.

Debt-servicing costs would be covered by the EU's annual budgets, with the Commission estimating costs of about EUR 1 bn in 2027 and around EUR 3 bn a year from 2028.

Ukraine would be liable for repaying the loan principal once it receives war reparations from Russia.

The Ukraine-2035 issue added 5.6% over the week to 64.6 cents on the dollar, implying a yield to maturity of about 13.4%.

Corporate Eurobonds rallied as well. Notes issued by DTEK due in December 2027 jumped 6.0% to around 80 cents on the dollar, pushing the yield to roughly 22%, amid hopes that progress may eventually be achieved in talks aimed at ending the war.

Highlights

- > No New Clarity on Ukraine Peace after Munich Conference
- > Ukraine Inflation Hits 7.4%, Still Above Target Path

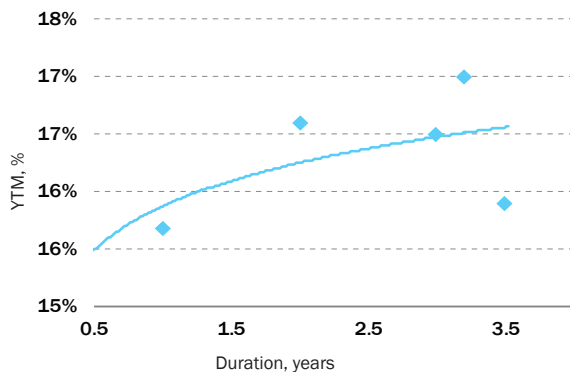
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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	15.5%	-0.1 p.p.	-0.8 p.p.
Ukraine-2029 yield	15.9%	-1.2 p.p.	-2.1 p.p.
Ukraine-2036 yield	13.3%	-0.9 p.p.	-1.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	43.29	0.1%	2.3%
EUR/UAH	51.45	0.6%	3.0%

Source: Eavex Capital

No New Clarity on Ukraine Peace after Munich Conference

by Will Ritter
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NEWS

The 2026 Munich Security Conference, an annual gathering of Western foreign policy & defense elites, provided no specific signs of a new Western approach to ending the Russian invasion of Ukraine this past weekend.

EU top diplomat Kaia Kallas gave a speech on Sunday (Feb 15) repeating previous longstanding themes about Russian losses being unsustainable.

US Secretary of State Marco Rubio, the keynote representative from Washington at the event, stated that Russia's main objective is now taking control over the remaining part of Donetsk province still held by Ukraine, which includes the Slavyansk-Kramatorsk urban agglomeration. However, Kremlin-connected Russia analyst Tatiana Stanovaya stated on social media that Moscow's so-called "political demands", such as Russian-language and church guarantees and building "Russia-friendly institutions" in Ukraine, are actually more important than the territorial issues.

Separately, President Zelenskiy denied a report in the Financial Times published on Tuesday (Feb 10) that he intends to announce a presidential election in Ukraine by May 15 in response to demands from the Trump administration. The FT wrote that Trump had called for the fast-track election as part of an agreement for Ukraine to obtain US security guarantees. Trump told reporters on Saturday that "Zelenskiy needs to get moving" to meet the terms of those guarantees. Talks between Ukrainian and Russian representatives are due to resume this week in Geneva, though expectations of a breakthrough are low. Ukraine's delegation is led by new Zelenskiy administration head Kyrilo Budanov.

COMMENTARY

In our opinion, the window for a definitive peace deal to end the war in 2026 is beginning to narrow, with little to no progress having been made during the winter.

The idea of Ukraine holding a presidential election only 90 days from now looks absurd, and - as we have stated many times previously - we do not believe that Zelenskiy is willing to abandon the Ukraine-controlled portion of the Donbas.

Zelenskiy has strengthened his political position considerably since firing his much-maligned administration chief Andriy Yermak in November, and is now in a win-win situation; a vote on a short timeline would handicap opposition candidates, while continued postponement of elections simply leaves him in power.

The Munich conference also provided Zelenskiy with a high-profile forum to rally his supporters among the Western elite, with such events also tending to give him a bump in domestic Ukrainian polling. The bottom line is that neither Zelenskiy nor Putin currently seem to feel themselves under the kind of pressure that would force them into the major concessions which ending the fighting would require.

Ukraine Inflation Hits 7.4%, Still Above Target Path

by Dmitry Churin
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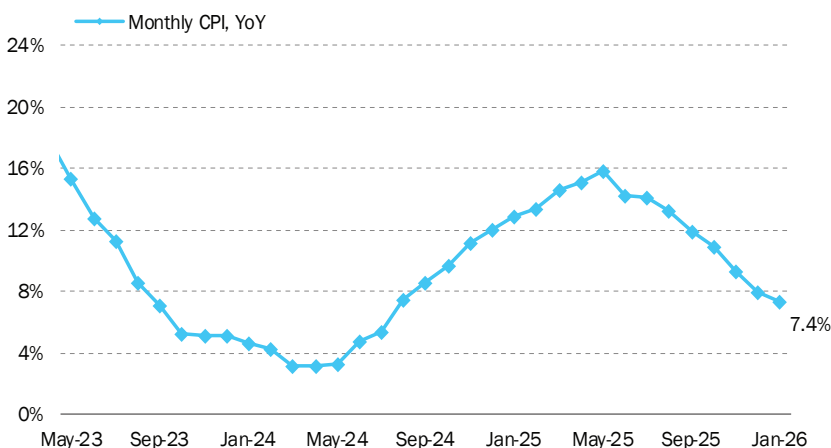
NEWS

Ukraine's annual inflation rate slowed to 7.4% in January from 8.0% in December, extending a disinflation trend that began in June last year.

The deceleration was driven in part by a high base of comparison, but more importantly by the roll-off of the one-time 64% surge in household electricity tariffs back in 2024.

The National Bank of Ukraine forecasts consumer-price growth at 7.5% for 2026. The outlook allowed policymakers in January to start an easing cycle, trimming the key rate to 15.0% from 15.5%. The central bank expects inflation to return to its 5% target in the third quarter of 2028.

UKRAINE'S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

On a month-on-month basis, the State Statistics Service of Ukraine said prices rose 0.7% in January from December. That pace remains elevated, and any renewed weakening of the hryvnia could lead to a visible acceleration in consumer inflation.

It is also worth noting that official inflation readings often diverge from the price dynamics experienced by households and private businesses. Some analytical platforms recently estimated that average price growth in Ukraine was closer to 14% in 2025, compared with the official 8.0%.

More broadly, Ukraine's financial markets pay limited attention to the headline inflation gauge. Interest rates across the system tend to be driven primarily by banking-sector liquidity and by the deposit rates lenders need to offer to attract retail funding. Leading domestic banks currently pay between 13% and 16% per annum on one-year hryvnia deposits.

Against this backdrop, the Finance Ministry has been guiding the market toward lower domestic borrowing costs this year. Yields on one-year local bonds at primary auctions have declined to 15.54% from 16.35% since the start of the year, while three-year notes have eased to 16.8% from 17.8%.

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	79.6	3.2%	15.9%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	65.7	4.5%	11.2%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	65.6	5.1%	13.7%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	64.6	5.6%	13.4%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	63.5	5.5%	13.3%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	103.7	0.0%	9.7%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	95.7	0.3%	9.6%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	80.1	6.0%	22%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	98.4	-0.2%	18%	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	87.8	3.3%	11.9%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	78.9	2.5%	18.5%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	77.1	3.2%	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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