

Bond Market Insight

MoF continues to borrow actively in hryvnia

Comment on government bond placement

The state budget received almost UAH15bn yesterday, only from UAH military and regular bonds.

Table 1. Details of domestic government bonds placed at the auction (UAHbn)

ISIN	Coupon rate (%)	Payment frequency ¹	Maturity	Qty of bonds sold	Price (UAH)	Proceeds ² (UAHm)	Volume ² (UAHm)	YTM ³ (%)	Out-standing (m) ⁴
UA4000237416	16.35	SA	18-Nov-26	3,967,657	1,068.77	4,240.53	3,967.66	17.07	11,382.91
UA4000237424	17.10	SA	23-Jun-27	5,000,000	1,055.11	5,275.56	5,000.00	17.88	12,260.39
UA4000237556	17.80	SA	15-Nov-28	5,000,000	1,074.85	5,374.24	5,000.00	18.65	7,925.85
Total UAH				13,967,657		14,890.32	13,967.66		31,569.15

Note: [1] payment frequency abbreviations: M - monthly, Qtly - quarterly, SA - semi-annually, @Mty - at maturity date; [2] proceeds and volumes for the USD-denominated bonds are calculated based on the previous day's exchange rate 41.66/USD, 48.29/EUR; [3] yields on coupon-bearing bonds are effective yields to maturity. Sources: Ministry of Finance of Ukraine, Bloomberg, ICU.

Yesterday, the one-year military paper received the smallest demand, just UAH4bn, but in 43 bids. The ministry fully satisfied all of them at the usual rate levels—16.35% maximum and weighted average rate.

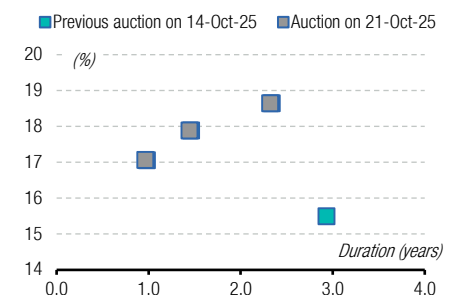
Demand for 20-month securities slightly exceeded the cap, with interest rates in bids at the usual level. Therefore, the ministry had to satisfy all bids, but at a little less than bidders wanted. The MoF fully satisfied non-competitive bids (satisfied at the weighted average rate) and bids with lower yields than the cut-off rate.

At the same time, the MoF had to cut bids much more for the three-year note. Again, non-competitive and competitive bids with rates below the cut-off level were fully satisfied. However, most of the bidders probably received only a bit more than half of what they bid for. The MoF received UAH7.8bn of bids vs UAH5bn cap, of which only UAH511m were non-competitive. Given that the weighted average rate is similar to the cut-off rate, the volume of demand with a yield below the cut-off rate was insignificant.

The Ministry of Finance attracted UAH14.9bn to the budget by placing only three UAH instruments. These were the smallest proceeds in October, but they are almost similar to the first auction of October if we compare only these three instruments. However, two weeks ago, demand was focused on two shorter terms of maturity, but yesterday, that was on a three-year note. Such demand distribution may indicate that expectations are growing for the NBU to lower the key policy rate tomorrow.

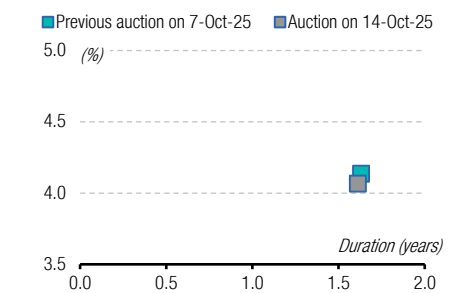
WEDNESDAY, 22 OCTOBER 2025

UAH-denominated domestic gov't bonds: yield curve in past two auctions



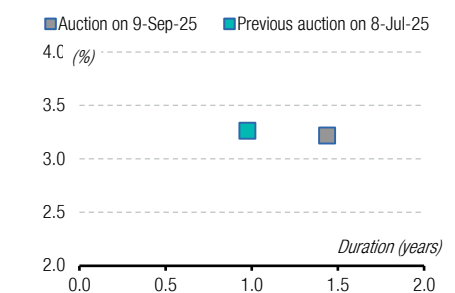
Source: Ministry of Finance of Ukraine, ICU.

USD-denominated domestic gov't bonds: yield curve in past two auctions



Source: Ministry of Finance of Ukraine, ICU.

EUR-denominated domestic gov't bonds: yield curve in past two auctions

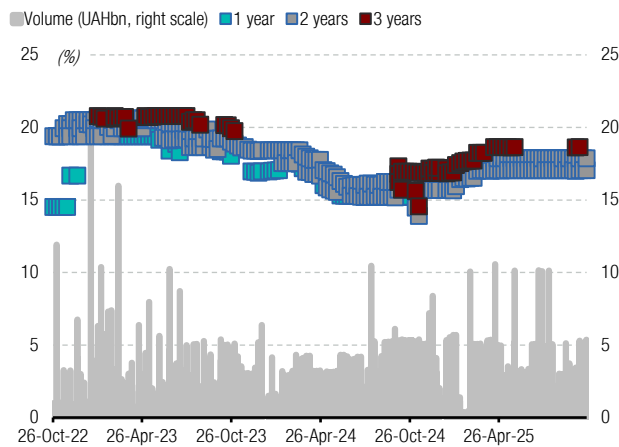


Source: Ministry of Finance of Ukraine, ICU.

Appendix: Yields-to-maturity, repayments

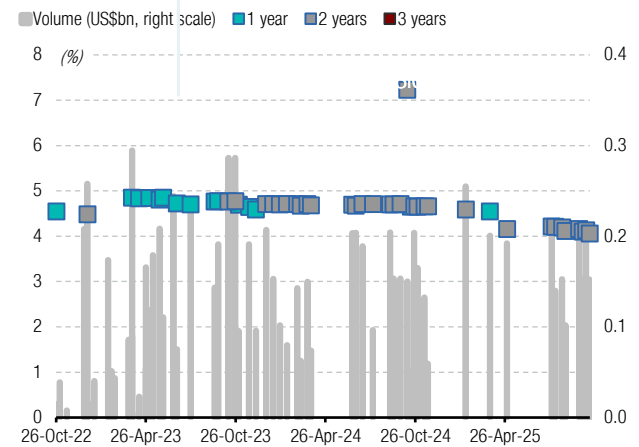
Chart 1. Three-year history of domestic government bond placements at primary market: proceeds (in billions) and yields-to-maturity (%)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

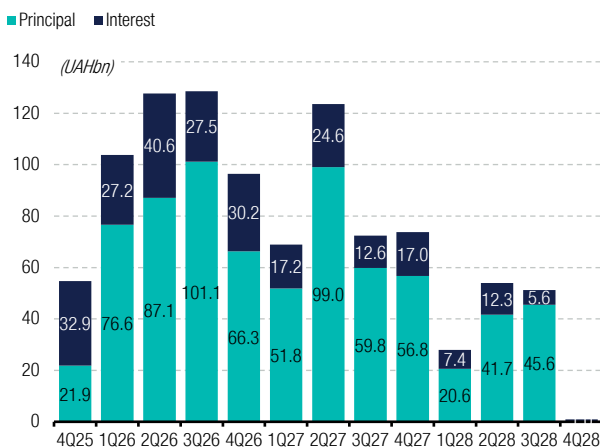
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

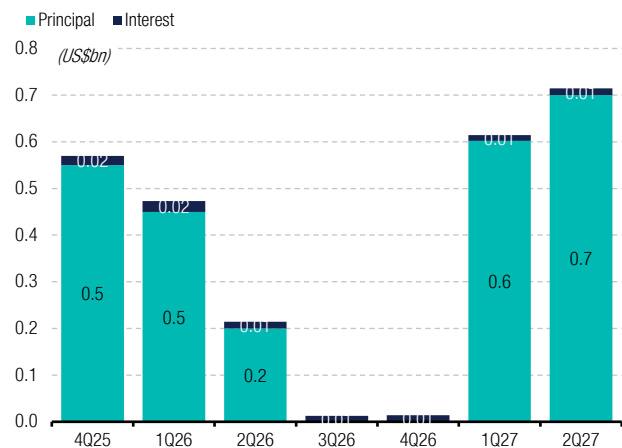
Chart 2. Future repayments on domestic government bonds (in billions of currency)

UAH-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

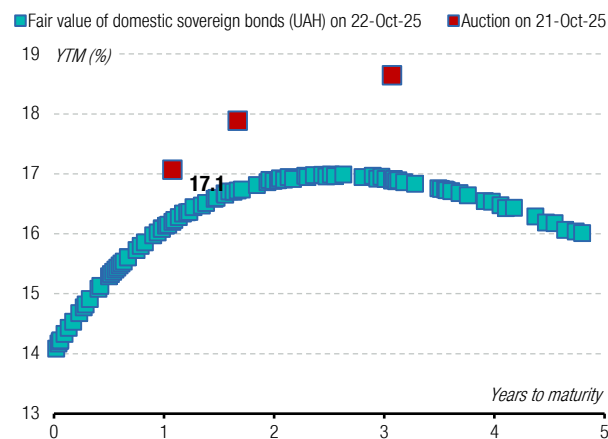
USD-denominated domestic government bonds



Source: Ministry of Finance of Ukraine, ICU.

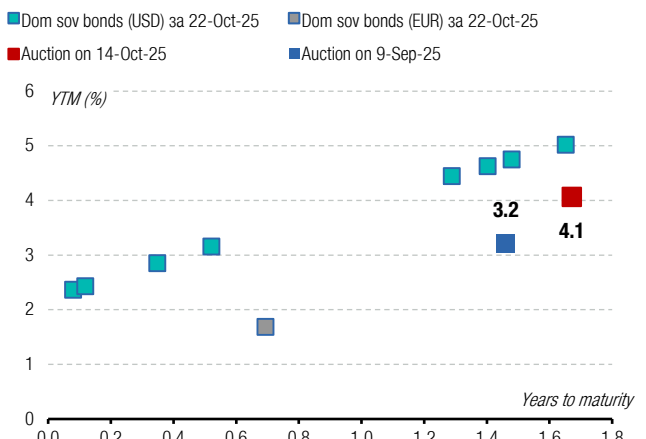
Chart 3. YTM of domestic government bonds as calculated by NBU versus placements via primary market auctions

UAH-denominated domestic government bonds



Source: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

USD- and EUR-denominated domestic government bonds



Source: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

This page is intentionally left blank.



11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kyiv, 01030 Ukraine
Phone/Fax +38 044 3777040

WEB www.icu.ua



RESEARCH

Alexander Martynenko

Head of corporate research
alexander.martynenko@icu.ua

Mykhaylo Demkiv

Financial analyst (Banks)
mykhaylo.demkiv@icu.ua

Taras Kotovych

Senior financial analyst (Sovereign debt)
taras.kotovych@icu.ua

Dmitriy Dyachenko

Financial analyst
dmitriy.dyachenko@icu.ua

Investment Capital Ukraine LLC is regulated by Securities and Stock Market State Commission of Ukraine (license numbers: dealer activity AE 263019, broker activity AE 263018, underwriting activity AE 263020 dated 11 April 2013).

DISCLAIMER

This research publication has been prepared by Investment Capital Ukraine LLC solely for information purposes for its clients. It does not constitute an investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Investment Capital Ukraine makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Investment Capital Ukraine LLC. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report.

Additional information is available upon request.

