Medium-Term State Debt Management Strategy for 2027 – 2029

Executive summary

The Medium-Term State Debt Management Strategy for 2027 – 2029 (hereafter referred to as the Strategy) is a tool designed by the Ministry of Finance of Ukraine to assess the current status and dynamics of the state debt of Ukraine and define objectives, targets and tasks over the medium term to optimize state debt structure from a cost/risk perspective, while continuing to ensure debt sustainability and facilitating a gradual return to international capital markets when economic, security and market conditions become conducive.

The Strategy is being implemented in the context of russia's unprovoked full-scale military invasion of Ukraine started in 2022. Before the war, Ukraine had achieved a significant reduction in its debt burden since 2015 and a strong macro-economic performance. However, despite showcasing strong resilience, the Ukrainian economy and public finances have been strongly impacted by russia's full-scale invasion of Ukraine given the unprecedented nature of the shock. In this context, Ukraine's financial position has been and is still strongly supported by international partners through grants and concessional funding.

Ukraine has also made significant progress in implementing its external debt treatment strategy. The restructuring of sovereign and sovereign-guaranteed Eurobonds has been completed, materially reducing near-term debt service and extending the repayment profile. In addition, the successful GDP-linked warrants transaction fully removed a highly volatile contingent instrument from Ukraine's debt perimeter, containing potential future risks linked to economic recovery and avoiding significant cash outflows during the reconstruction period. Together, these transactions have strengthened debt sustainability, reduced refinancing risks, and created a more predictable debt service profile over the medium term.

In line with the defined guiding principles, the Ministry of Finance identifies **four key strategic objectives for state debt management in 2027–2029:**

1. attract long-term concessional financing and maximise the share of grants in official support;
2. support the development of the domestic capital market;
3. optimise the state debt structure;
4. maintain effective communication with investors.

Consistent and transparent communication with investors will remain among priorities of the Strategy, with the objective of preserving investor confidence and ensuring that Ukraine is ready to restore international market access as soon as conditions allow, including following the end of the war. Regular engagement with market participants will help maintain visibility on Ukraine's macro-fiscal performance, debt management priorities and reform progress, while preparing the ground for a gradual return to international capital markets in line with IMF programme targets. This objective will remain subject to continued IMF support and alignment with Ukraine's broader external debt treatment strategy.

The Strategy aims to achieve these objectives to ensure state budget financing at the lowest possible cost over the medium term, while keeping risks at a controlled level.

1. Ukraine's state debt snapshot

1.1 Ukraine's state debt snapshot

State debt split by holders as of end of period

	Dec-2021		Dec-2022		Dec-2023		Dec-2024		Dec-2025	
	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total
External debt	**1,300**	**55%**	**2,325**	**63%**	**3,600**	**69%**	**4,829**	**72%**	**6,799**	**78%**
IFIs, EU	584	25%	1,254	34%	2,413	47%	3,655	55%	5,417	62%
Bilateral loans	41	2%	183	5%	263	5%	346	5%	369	4%
Commercial banks	51	2%	60	2%	59	1%	62	1%	91	1%
Eurobonds holders	625	26%	829	22%	865	17%	766	11%	922	11%
Domestic debt	**1,063**	**45%**	**1,390**	**37%**	**1,588**	**31%**	**1,863**	**28%**	**1,967**	**22%**
NBU	314	13%	703	19%	690	13%	678	10%	666	8%
Domestic government bond holders	529	22%	438	12%	648	12%	932	14%	1,034	12%
State banks, SOEs and DGF (recapitalization)[1]	219	9%	249	7%	249	5%	253	4%	268	3%
Total state debt	**2,363**	**100%**	**3,715**	**100%**	**5,188**	**100%**	**6,692**	**100%**	**8,766**	**100%**
as % of GDP[2]	***43.3%***		***70.9%***		***78.3%***		***87.3%***		***98.2%***	
State-guaranteed debt	**309**	**12%**	**360**	**9%**	**331**	**6%**	**289**	**4%**	**277**	**3%**
as % of GDP[2]	***5.7%***		***6.9%***		***5.0%***		***3.8%***		***3.1%***	
Total public debt	**2,672**	**100%**	**4,075**	**100%**	**5,520**	**100%**	**6,981**	**100%**	**9,043**	**100%**
as % of GDP[2]	***49.0%***		***77.8%***		***83.3%***		***91.1%***		***101.2%***	

Source Ministry of Finance of Ukraine
Note 1 Such domestic bonds are recorded at nominal value
Note 2 For the calculations of indicators as a % of GDP, nominal GDP values of UAH 5,451bn, 5,239bn, 6,628bn, 7,662bn and 8,931bn were used for 2021, 2022, 2023, 2024 and 2025, respectively

State debt split by instruments as of end of period

	Dec-2021		Dec-2022		Dec-2023		Dec-2024		Dec-2025	
	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total
Marketable securities[1]	**1,299**	**55%**	**1,691**	**46%**	**1,938**	**37%**	**2,124**	**32%**	**2,382**	**27%**
Domestic government bonds	529	22%	438	12%	648	12%	932	14%	1,034	12%
NBU (CPI & key-policy linked)[2]	145	6%	425	11%	425	8%	425	6%	426	5%
Eurobonds	625	26%	829	22%	865	17%	766	11%	922	11%
NBU and commercial bank loans	**53**	**2%**	**62**	**2%**	**61**	**1%**	**64**	**1%**	**67**	**1%**
Concessional loans[3]	**624**	**26%**	**1,437**	**39%**	**2,676**	**52%**	**4,001**	**60%**	**5,786**	**66%**
IFIs, EU	584	25%	1,254	34%	2,413	47%	3,655	55%	5,417	62%
Bilateral loans	41	2%	183	5%	263	5%	346	5%	369	4%
Other securities	**387**	**16%**	**525**	**14%**	**513**	**10%**	**504**	**8%**	**507**	**6%**
State banks, SOEs and DGF (recapitalization)[4]	219	9%	249	7%	249	5%	253	4%	268	3%
NBU (incl. recapitalization)	167	7%	276	7%	263	5%	251	4%	239	3%
Total state debt	**2,363**	**100%**	**3,715**	**100%**	**5,188**	**100%**	**6,692**	**100%**	**8,766**	**100%**
as % of GDP	***43.3%***		***70.9%***		***78.3%***		***87.3%***		***98.2%***	
State-guaranteed debt	**309**	**12%**	**360**	**9%**	**331**	**6%**	**289**	**4%**	**277**	**3%**
as % of GDP	***5.7%***		***6.9%***		***5.0%***		***3.8%***		***3.1%***	
Total public debt	**2,672**	**100%**	**4,075**	**100%**	**5,520**	**100%**	**6,981**	**100%**	**9,043**	**100%**
as % of GDP	***49.0%***		***77.8%***		***83.3%***		***91.1%***		***101.2%***	

Source Ministry of Finance of Ukraine
Note 1 Marketable securities are financial assets generally in bond format which can be easily exchanged (either on a stock market or over-the-counter) and/or which bear interest rates aligned with current market conditions
Note 2 NBU-owned securities are not listed but are issued in bond format and thus defined as marketable securities as per Note 1
Note 3 Concessional loans are defined here as loans with a combination of lower-than-market interest rates, grace periods and/or long-term maturities (the definition retained here is broader than the IMF definition, based on a minimum of 35% grant element using a 5% discount rate)
Note 4 Such domestic bonds are recorded at nominal value

State debt split by currency as of end of period

	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
	% of total	% of total	% of total	% of total	% of total
UAH	40%	34%	28%	26%	21%
USD	35%	29%	25%	26%	22%
EUR	14%	23%	33%	33%	45%
GBP	0.02%	0.02%	0.02%	0.12%	0.41%
XDR[1]	10%	10%	10%	11%	9%
JPY	1%	1%	1%	1%	0%
CAD	0%	1%	2%	3%	2%
Total state debt	**100%**	**100%**	**100%**	**100%**	**100%**

Source Ministry of Finance of Ukraine
Note 1 Debt denominated in XDR (or SDR) pertains solely to debt owed to the IMF. For reference, the IMF SDR is based on a basket of currencies, which currently consists in 43% of USD, 29% of EUR, 12% of CNY, 8% of JPY and 7% of GBP

State debt split by interest rate type as of end of period

	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
	% of total	% of total	% of total	% of total	% of total
Fixed	74%	66%	69%	67%	73%
Variable	26%	34%	31%	33%	27%
Total state debt	**100%**	**100%**	**100%**	**100%**	**100%**

Source Ministry of Finance of Ukraine

State debt split by average time to maturity as of end of period

	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025
	years	years	years	years	years
State domestic debt	6.2	9.0	7.5	6.2	5.7
State external debt	6.3	8.9	12.5	15.0	15.8
Total state debt	**6.3**	**9.0**	**11.0**	**12.6**	**13.4**

Source Ministry of Finance of Ukraine

1.2 Ukraine's state debt service profile (2021 – 2025)

Ukraine's debt service in 2021–2025 has gradually increased, driven by increasing budget deficit on the back of wartime requirements.

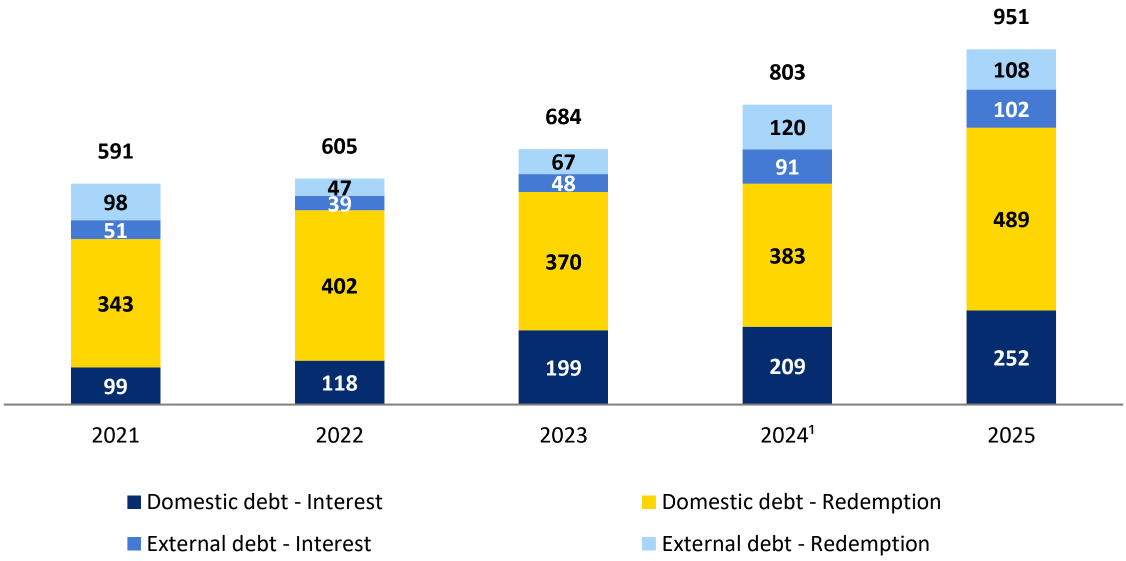
Total state debt service grew from UAH 591bn in 2021 to UAH 951bn in 2025, with state debt interests as a share of state budget general fund revenues decreasing from 13.8% to 13.3% over the same period.

State debt service in 2021–2025

UAH bn	2021	2022	2023	2024	2025
State debt redemptions	441	449	436	503	597
State debt interests	150	156	247	300	354
Total debt service	**591**	**605**	**684**	**803**	**951**
Average (2021-2025)			727		
Debt service / GDP	10.8%	11.5%	10.3%	10.5%	10.6%
State debt interests / General fund of state budget revenues	13.8%	10.5%	14.9%	13.8%	13.3%

Sources Ministry of Finance of Ukraine, SSSU

Ukraine's actual state debt service profile in 2021–2025, UAHbn



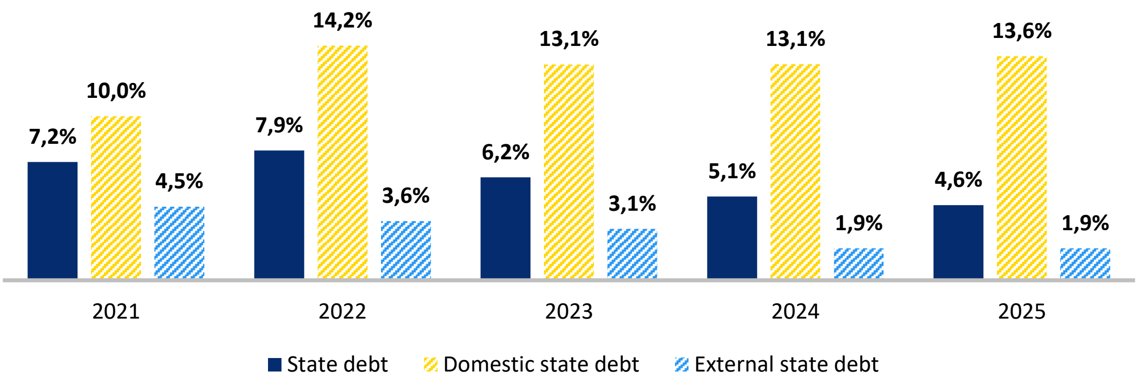
Source Ministry of Finance of Ukraine
Note 1 Payments in 2024 are presented excluding the external state debt transaction (a non-cash transaction)

1.3 Risk indicators of Ukraine's state debt

Overall, **Ukraine's debt portfolio remains broadly consistent with the Medium-Term State Debt Management Strategy (MTDS) 2026 - 2028 targets**. The weighted average cost of debt of 4.6% remains below the ≤5.0% ceiling, while the average time to maturity of 13.4 years exceeds the ≥12-year target. At the same time, the debt structure continues to **reflect wartime financing conditions**, with elevated foreign-currency exposure remaining the key area for gradual improvement over the medium term.

Cost of debt. As of end of 2025, the weighted average cost of total state debt was at 4.6%, within the ≤5.0% target of the MTDS for 2026-2028, supported by external concessional financing (weighted average cost of 1.9%). In contrast, domestic debt cost was at 13.6%, to be compared to Ukraine's inflation, which reached 8.0% year-on-year as of end-2025.

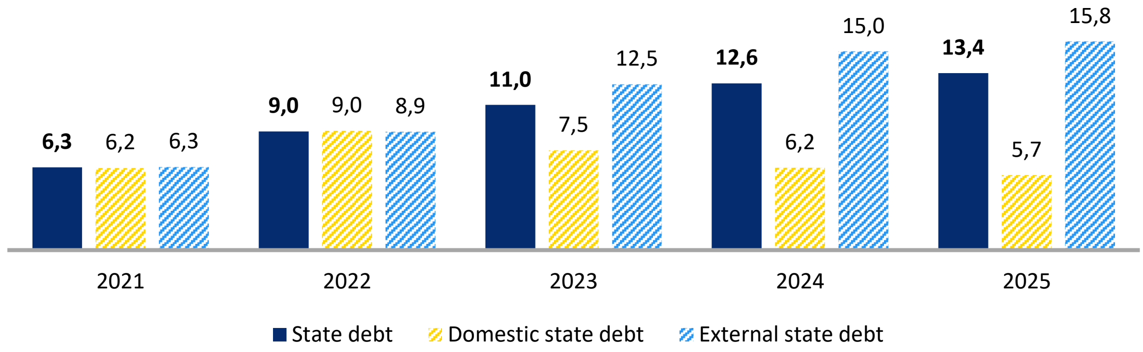
Weighted average interest rate of Ukraine's state debt as of end of period, %



Source Ministry of Finance of Ukraine

Refinancing risk. Weighted average maturity of 13.4 years exceeds the ≥12-year target, driven by the long-term concessional loans and extension of maturities achieved as part of the 2024 Eurobond restructuring. Only 6.3% of state debt matures within one year (21.4% of domestic debt and 2.0% of external debt).

Weighted average time to maturity of Ukraine's state debt as of end of period, years



Source Ministry of Finance of Ukraine

Interest rate risk. Fixed-rate debt (73.4%) and long re-fixing period (10.6 years) help limit exposure to interest rate volatility and ensure predictable debt servicing costs. At the same time, the share of debt subject to interest-rate re-fixing within one year stood at 29.6%, while floating-rate debt accounted for 26.6% as of end-2025.

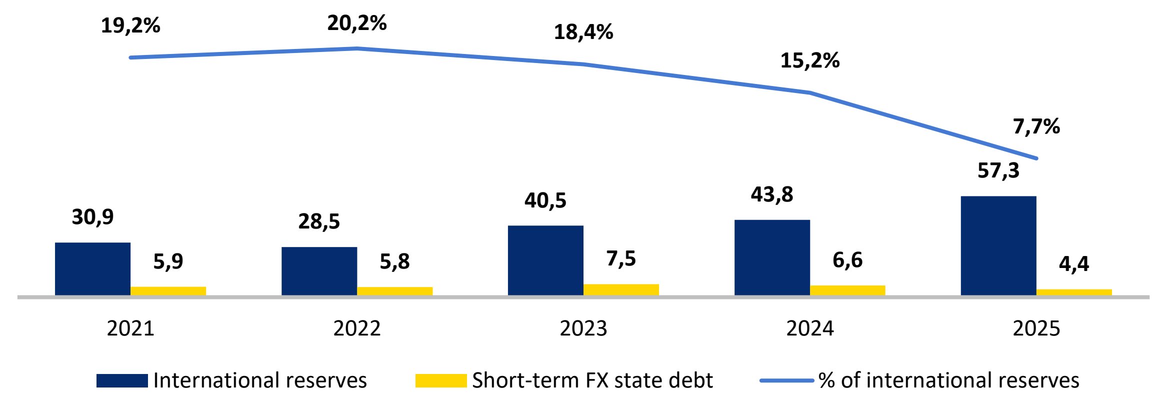
Interest rate risk indicators (as of end-2025)

	External debt	Domestic debt	Total state debt
Average time to re-fix the interest rates (years)	13.1	2.6	10.6
Debt with interest rates to be refixed in 1 year (% of total)[1]	25.8%	43.0%	29.6%
Principal payments with floating interest rates (% of total)	28.1%	21.6%	26.6%

Source Ministry of Finance of Ukraine
Note 1 Debt re-fixing in 1 year includes all the variable-rate debt and fixed-rate debt maturing in 2026

FX risk. FX-denominated debt represents 79.2% of total. This elevated share reflects reliance on wartime concessional financing. Short-term FX-denominated state debt amounted to only 7.7% of Ukraine's international reserves as of end-2025, significantly below the pre-full-scale invasion level of 19.2% and less than half the 2024 level. The 2025 decline was achieved through the repayment of short-term FX-denominated domestic government bonds and their replacement by new issuances with maturities exceeding one year.

Short-term FX debt as a share of international reserves, USDbn



Source Ministry of Finance of Ukraine

At the same time, only 7.2% of domestic debt is represented by FX. Increasing the share of local-currency debt remains a strategic priority, supported by ongoing domestic market development and rising retail investor participation.

Since October 2022, retail investors have been able to purchase domestic government military bonds directly through the Diia application, giving households simple and fast access to primary market placements. As of December 31, 2025, 5.7% of outstanding domestic government bonds, or c. UAH 112bn, were owned by retail investors, compared with 4.2% a year earlier and only 2.3% as of end-2021, while c. UAH 23bn had been purchased through the Diia application.

Ukraine will continue to seek to increase the participation of international investors in the domestic debt market. In March 2019, the NBU established correspondent relations with the international central securities depository Clearstream, enabling foreign investors to access the domestic government bond market. This channel quickly gained traction: before the war, the share of non-residents among holders of outstanding domestic government bonds reached 15% in certain periods. Since the beginning of the full-scale war, restrictions have been imposed on foreign-currency transfers abroad, including the repatriation of proceeds from the redemption of domestic government bonds, except for critical needs. However, to facilitate investment in domestic government bonds and improve foreign investors' access to the domestic market, in March 2023 the NBU permitted the repatriation abroad of interest income on domestic government bonds received after 1 April 2023. To attract new financing in hryvnia from foreign investors, it is advisable to further review the existing NBU restrictions with the aim of liberalizing them.

Contingent liabilities. State-guaranteed debt amounted to UAH 277bn or USD 6.5bn as of end-2025 vs UAH 289bn or USD 6.9bn as of end-2024, demonstrating a continuous gradual decrease over the last few years.

The largest portion of state-guaranteed debt is comprised by loans from IFIs (48% as of end-2025), while the rest is attributable to the green sustainability bond issued by NPC Ukrenergo, bank loans and domestic debt. To be noted that an agreement in principle was reached in April 2025 with investors to restructure the bond issued by Ukrenergo.

As part of the 2024 sovereign Eurobond restructuring, the state-guaranteed Eurobond of Ukravtodor was exchanged into sovereign Eurobonds with a 37% nominal haircut, contributing to the decrease in state-guaranteed debt.

Contingent liabilities risk has also materially decreased following the **successful restructuring of Ukraine's USD 3.2bn GDP-linked warrants in December 2025**. By fully removing the highly volatile growth-linked instrument and replacing it with a predictable package of C Bonds, Ukraine eliminated the risk of large and uncertain future payouts that could otherwise have reached USD 6bn–20bn over 2025–2041, depending on various macroeconomic assumptions. The transaction reduces budget and liquidity risks during the IMF programme and reconstruction period, while supporting the restoration of state debt sustainability.

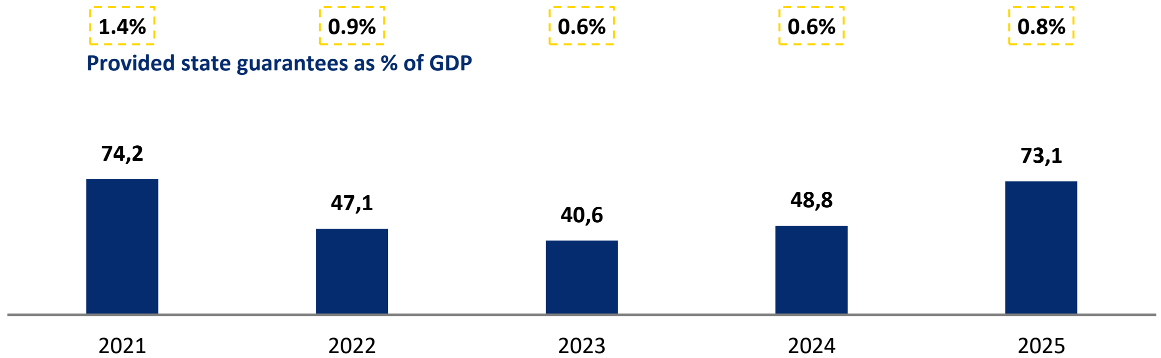
State guaranteed debt split by holders as of end of period

	Dec-2021		Dec-2022		Dec-2023		Dec-2024		Dec-2025	
	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total	UAHbn	% of total
External debt	**260**	**84%**	**288**	**80%**	**263**	**79%**	**219**	**76%**	**212**	**77%**
IFIs	189	61%	195	54%	165	50%	141	49%	134	48%
Commercial loans	47	15%	63	17%	65	20%	42	15%	42	15%
Bilateral loans	25	8%	30	8%	32	10%	36	12%	37	13%
Domestic debt	**49**	**16%**	**72**	**20%**	**69**	**21%**	**69**	**24%**	**64**	**23%**
Commercial loans	32	10%	60	17%	61	18%	65	22%	62	22%
State Mortgage Institution bonds, Ukravtodor bonds, domestic government bonds	17	5%	12	3%	8	2%	4	2%	2	1%
Total state-guaranteed debt	**309**	**100%**	**360**	**100%**	**332**	**100%**	**289**	**100%**	**277**	**100%**
as % of GDP	***5.7%***		***6.9%***		***5.0%***		***3.8%***		***3.1%***	

Source Ministry of Finance of Ukraine

Provided state guarantees reached UAH 73.1bn (USD 1.8bn) in 2025, rising from UAH 48.8bn (USD 1.2bn) in 2024. As a share of GDP, state guarantees compressed from 1.4% in 2021 to 0.6% in 2023–2024 and 0.8% in 2025.

State guarantees provided during the year, UAHbn



Source Ministry of Finance of Ukraine

1.4 Ukraine's credit ratings

Ukraine's current credit ratings

Selected credit rating agencies	Sovereign long-term ratings (foreign/local currency) *As of 01/07/2026*	Outlook *As of 01/07/2026*	Recent rating actions
S&P Global Ratings	CCC+/CCC+	Stable	• Foreign currency ratings raised from Selective Default (SD) to CCC+ in January 2026 on completed restructuring of GDP-linked warrants • Local currency long-term ratings affirmed in January 2026
Fitch Ratings	CCC/CCC+	n.a.	• Foreign currency long-term ratings raised from Restricted Default (RD) to CCC in December 2025 on completed restructuring of GDP-linked warrants • Ratings affirmed in April 2026
Rating and Investment Information (R&I)	CCC-	n.a.	• The Foreign Currency Issuer Rating was downgraded to CCC- in May 2025

As of 1st June, 2026, Ukraine had long-term foreign currency ratings of CCC+, CCC and CCC- with S&P, Fitch, and R&I, respectively. S&P and Fitch have recently upgraded Ukraine from the default category following the successful restructuring of GDP-linked warrants.

Credit rating agencies mainly justify Ukraine's current ratings by pointing to russia's full-scale invasion, which continues to generate high security, macroeconomic, and fiscal risks that weaken economic stability and leave the country reliant on external financial support. They also highlight **Ukraine's manageable near-term debt-service profile, substantial foreign-exchange reserves, and strong, sustained financial backing from international partners** as key factors supporting its creditworthiness despite russia's war.

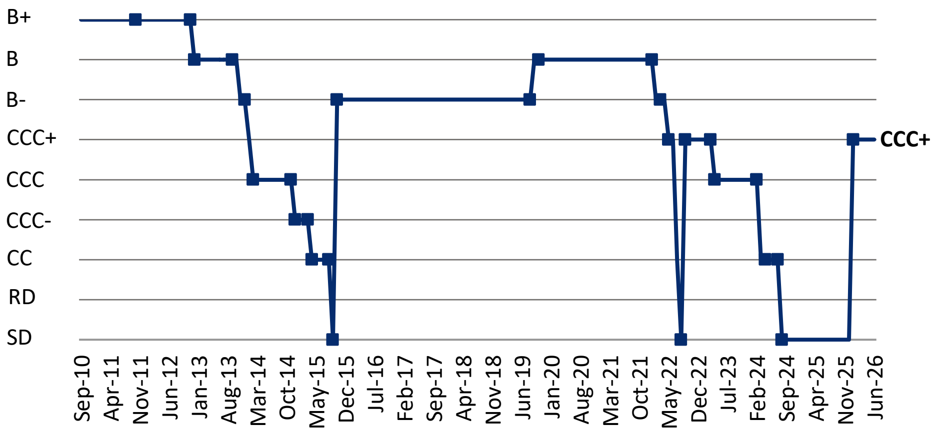
S&P and Fitch identify a material improvement in Ukraine's security / geopolitical environment, stronger medium-term macroeconomic outlook, and continued predictable donor support as **key upgrade triggers.**

Focus on S&P Global Ratings

According to S&P's methodology, Ukraine scores 5, 5, 6, 6 and 6 across the five rating pillars, institutional, economic, external, fiscal, and monetary respectively. These scores are then averaged into two composite profiles, i) institutional & economic, and ii) flexibility & performance. They are eventually crossed in a matrix to derive an indicative rating of "B-".

However, as ratings in the CCC range are governed by S&P's dedicated "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings" rather than the standard matrix output, it is these criteria that S&P applied to **assign a final rating of "CCC+"** in January 2026. In particular, S&P stated that *"Ukraine's capacity to meet its financial commitments remains vulnerable and dependent on favorable financial and economic conditions, including the evolution of the full-scale invasion of Ukraine and the continued support of its allies".*

However, S&P underlined **Ukraine's manageable government debt service requirements over the next 12 months and their expectation of steady international financial support,** motivating a "stable" outlook.



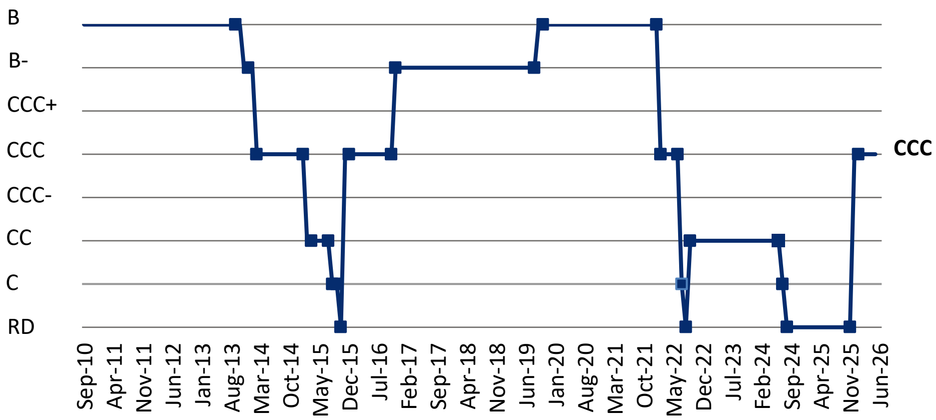
Focus on Fitch Ratings

According to Fitch's methodology, Ukraine's creditworthiness is assessed through the Sovereign Rating Model (SRM), a quantitative multiple-regression model built around four factors: Structural, Macroeconomic, Public Finances and External Finances.

Each factor produces a weighted notch contribution which, combined with a constant intercept, yields a predicted Long-Term Foreign-Currency rating. For Ukraine, this process produced an SRM-predicted rating of "CCC+".

However, as ratings of "CCC+" and below are governed by Fitch's rating definitions rather than the standard framework, it is these definitions that Fitch applied to **affirm a Long-Term Foreign-Currency IDR of "CCC" in April 2026**. In particular, Fitch stated that the ratings *"reflects substantial credit risk given the full-scale invasion of Ukraine and its macroeconomic and fiscal effects"*.

To be noted that Fitch highlighted that these factors were balanced by ***"a manageable near-term debt service profile, substantial FX reserves and significant support from official partners, most notably the EU".***

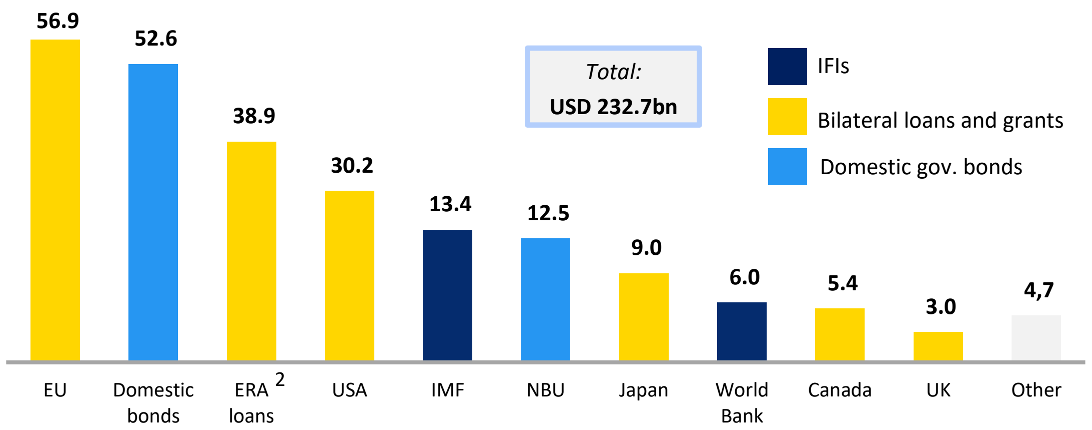


2. Key areas of state debt management during 2022–2026

2.1 Cooperation with the EU, IFIs and bilateral partners

Since the beginning of the russia's full-scale invasion of Ukraine in February 2022, concessional external support has been the key source of Ukraine's budget financing. Among external partners, the EU has provided the largest volume of support, mainly through five MFA programmes and the Ukraine Facility. Grants accounted for c.USD 38bn of international aid, or 23% of total support in 2022–2025. Grant funding was complemented in 2025 by G7 ERA loans backed by frozen russian assets, which provided USD 37.9bn and accounted for 72% of total external support during the year. IFIs, primarily the IMF and the World Bank, have also played an important role – both by providing financing directly and by anchoring broader donor coordination and reform conditionality.

General fund support since February 24 2022[1], USDbn



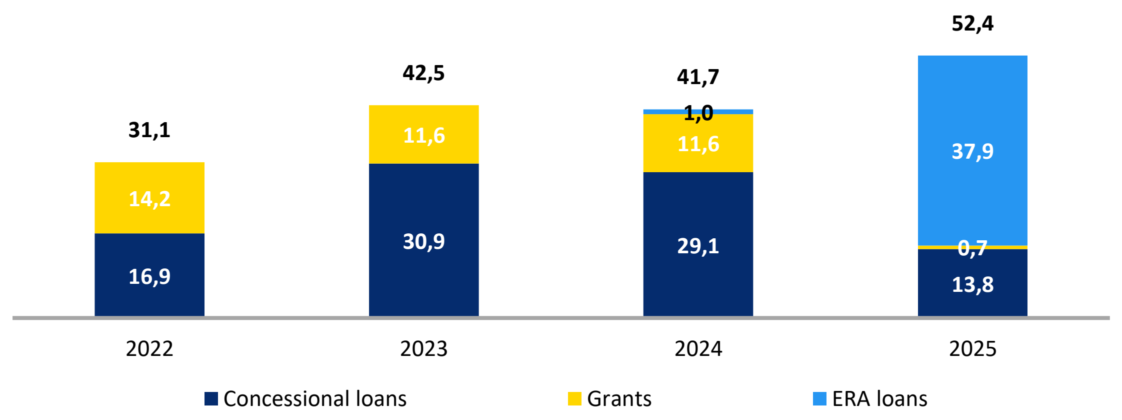
Source Ministry of Finance of Ukraine, SSSU
Note 1 As of end-2025
Note 2 Includes UK ERA loans channeled to the special fund of the state budget

Since February 2022, Ukraine has attracted USD 167.6bn in grants and concessional loans / guarantees as of end-2025. The provided loans have long tenors (e.g. up to 45Y for the ERA loans, up to 35Y for the EU loans), long grace period (e.g., 5 to 10 years) as well as concessional interest rates.

As of end-2025, the EU, the USA, the IMF, Canada, Japan as well as the World Bank have provided USD 120.9bn (72% of the total). Additionally, Ukraine received USD 38.9bn (23% of the total) under the G7 ERA initiative. The remaining USD 7.7bn has been covered by EIB, Germany, the UK, CEB, as well as 18 other countries.

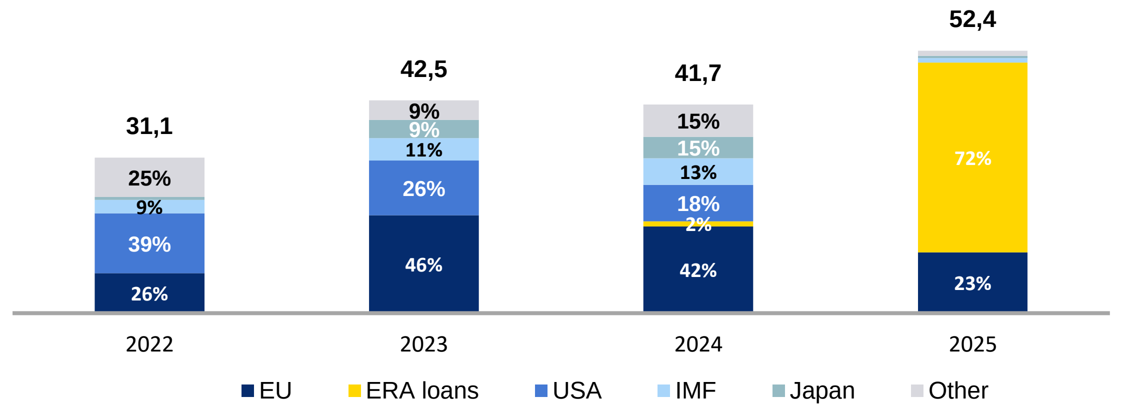
The composition of international support has evolved over time. In 2022–2023, Ukraine relied largely on US grant support, while in 2023-2024 the EU was the dominant source of external financing, with G7 ERA loans accounting for most of 2025 support.

Evolution of international support by type of funding, USDbn



Source Ministry of Finance of Ukraine

Evolution of international support by source, USDbn



Source Ministry of Finance of Ukraine

Received external budget financing since February 2022 (general fund)

US$ m	2022			2023			2024			2025			Total since Feb 2022
	Loans	Grants	Total	Loans	Grants	Total	Loans	Grants	Total	Loans	Grants	Total	
ERA loans									1,000			37,939 [2]	38,939
EU	7,265	696	7,961	19,528	-	19,528	14,117	3,208	17,326	11,451	669	12,120	56,935
USA	-	11,976	11,976	-	10,950	10,950	-	7,314 [1]	7,314	-	-	-	30,240
IMF	2,693	-	2,693	4,474	-	4,474	5,278	-	5,278	912	-	912	13,357
Japan	581	-	581	3,394	233	3,626	3,596	722	4,319	454	-	454	8,980
Canada	1,887	-	1,887	1,757	-	1,757	1,761	-	1,761	-	-	-	5,405
World Bank	1,385	-	1,385	655	-	655	3,226	21	3,247	732	1	733	6,021
UK	947	91	1,039	998	-	998	998	-	998	-	-	-	3,034
Germany	322	1,260	1,582	-	105	105	-	-	-	-	-	-	1,688
EIB	720	-	720	-	-	-	-	-	-	-	-	-	720
Norway	-	21	21	-	190	190	-	306	306	-	-	-	517
France	437	-	437	-	-	-	-	-	-	-	-	-	437
Italy	206	125	330	-	-	-	-	-	-	-	-	-	330
Netherlands	318	-	318	-	-	-	-	-	-	-	-	-	318
Spain	-	-	-	51	50	101	3	-	3	-	-	-	104
South Korea	-	-	-	-	-	-	100	-	100	-	-	-	100
Denmark	30	21	51	-	-	-	-	-	-	-	-	-	51
Sweden	49	-	49	-	-	-	-	-	-	-	-	-	49
Finland	-	-	-	-	36	36	-	-	-	-	-	-	36
Lithuania	10	12	22	-	-	-	-	-	-	-	-	-	22
Ireland	-	-	-	-	21	21	-	-	-	-	-	-	21
Latvia	10	5	16	-	-	-	-	-	-	-	-	-	16
Austria	-	10	10	-	-	-	-	-	-	-	-	-	10
Switzerland	-	-	-	-	30	30	-	-	-	-	-	-	30
CEB	-	-	-	-	-	-	11	-	11	232	-	232	244
Belgium	-	5	5	-	3	3	-	-	-	-	-	-	8
Albania	-	1	1.0	-	-	-	-	-	-	-	-	-	1
Iceland	-	0	0	-	2	2	-	-	-	-	-	-	2
Estonia	-	-	-	-	0	0	-	-	-	-	-	-	0
Total	**16,862**	**14,224**	**31,086**	**30,855**	**11,621**	**42,476**	**29,090**	**11,572**	**41,662**	**13,782**	**670**	**52,391**	**167,615**

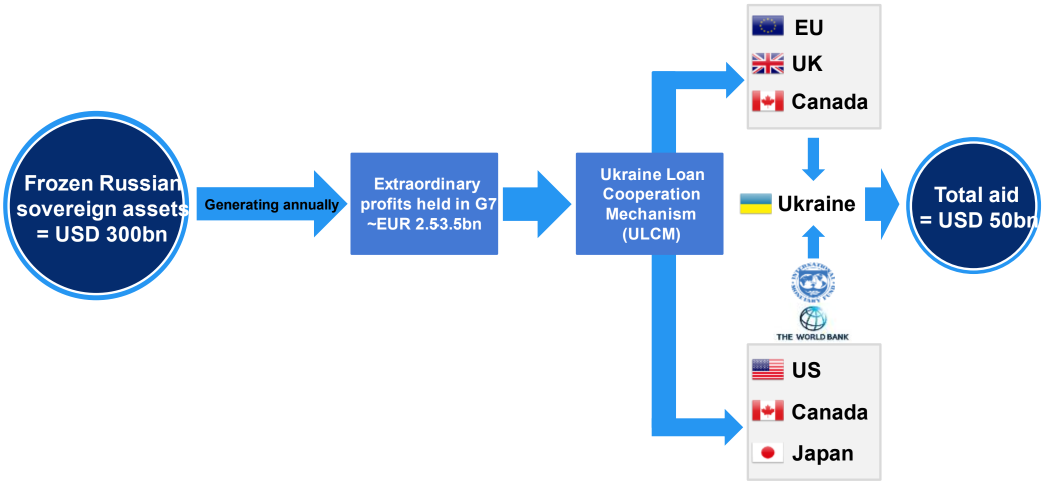
Note 1 includes US$ 1.6bn grant enabling US$ 4.8bn loan from World Bank
Note 2 includes UK ERA loans channeled to the special fund of the state budget

Sources Ministry of Finance of Ukraine

Extraordinary Revenue Acceleration Loans for Ukraine (ERA). In June 2024, the G7 launched the ERA initiative to provide Ukraine with around USD 50bn in financing backed by revenues from frozen russian assets. In 2025, Ukraine received USD 37.9bn under the ERA initiative, accounting for 72% of total external support during the year.

To facilitate the borrowing of ERA loans, amendments were made to the Budget Code of Ukraine to establish a legal framework for transactions involving contingent liabilities, including the conditions and specific features of their accounting treatment. The use of contingent liability transactions through which ERA loans were raised helped minimise their impact on debt sustainability. These loans do not create a burden on the state budget, as they will be repaid from revenues generated by frozen russian assets.

This treatment allowed ERA loans to be excluded from the IMF's assessment of Ukraine's debt sustainability, thereby reducing risks to the sustainability of state debt and state-guaranteed debt.



Source The World Bank, US Treasury, EPRS, UK Government

European Union. In 2022–2026, the EU provided EUR 76.8bn in concessional loans and around EUR 8bn in grants. This represents direct budget support to Ukraine under various financing mechanisms.

In 2022–2025, the EU made disbursements under five MFA programmes and under the Ukraine Facility.

Ukraine Facility

The Ukraine Facility programme, amounting to EUR 50bn, was approved by the Council of the European Union on 28 February 2024. It provides for EUR 38.3bn of direct budget support to Ukraine in 2024–2027, of which EUR 5.3bn are grants. The loan package has concessional terms: a 35-year maturity, with interest costs reimbursed by the EU. In March–April 2024, EUR 6.0bn was disbursed under the bridge financing mechanism, while further tranches depend on reform implementation.

On 14 May 2024, the EU Economic and Financial Affairs Council approved the Ukraine Plan, which includes 69 reforms and 151 quarterly implementation indicators. In addition, amendments were made to the Ukraine Plan in 2025 and 2026 to update it. By April 28, 2026, Ukraine has implemented 86 (57%) of all quarterly implementation indicators, while another 41 (27%) were in progress. As of mid-June 2026, total disbursements under the Ukraine Facility amounted to EUR 29.5bn, including EUR 3.9bn in grants.

Ukraine Support Loan

On 11 February 2026, the European Parliament adopted a package of legislative acts aimed at providing Ukraine with EU credit support amounting to EUR 90bn for 2026–2027.

On 1 April 2026, the European Commission approved the 2026 Financing Strategy prepared by Ukraine to meet the requirements of the EU regulation on the Ukraine Support Loan instrument.

On 23 April, an Implementing Decision on providing support in 2026 was adopted, and the relevant Financing Strategy was approved.

The 2026 Financing Strategy provides for financial support of up to EUR 45bn in 2026, allocated as follows:

- Defence component – EUR 28.3bn
- Budget component – EUR 16.7bn
    - EUR 13.2bn – budget support under the Ukraine Support Loan
    - EUR 3.5bn – reserve/buffer

The EUR 16.7bn budget component is split equally between the EU MFA programme and the top-up to the Ukraine Facility, at EUR 8.35bn each.

On 27 May 2026, the Loan Agreement under the Ukraine Support Loan and the Memorandum of Understanding on macro-financial assistance were signed. The relevant Memorandum was signed by the EU side on 20 May 2026. On 28 May 2026, the relevant international agreements were ratified by the Verkhovna Rada of Ukraine. These international agreements entered into force on 3 June 2026. The first MFA tranche of EUR 3.2bn was disbursed to Ukraine on 25 June 2026.

USA. On April 29, 2022, Ukraine received the first non-repayable USD 0.5bn grant from the USA through the World Bank's Ukraine PEACE[1] Project. In 2022 - 2024, Ukraine has received USD 30.2bn in grants from the USA. These funds were used to cover priority social, humanitarian, and healthcare expenses, as well as to support internally displaced persons.

IMF. Due to the full-scale russian full-scale invasion of Ukraine, on March 07, 2022, Ukraine requested additional funding from the IMF. On March 9, 2022, the IMF approved SDR 1.0bn (c. USD 1.4bn) equivalent to 50% of Ukraine's quota under the Rapid Financing Instrument (RFI). Ukraine canceled the Stand-by[2] Arrangement and expressed intent to work with the IMF to design an appropriate economic program aimed at rehabilitation and growth, when conditions permit. On October 7, 2022, another SDR 1.0bn (c. USD 1.3bn) was disbursed under the RFI Food Shock Window.

On April 8, 2022, the IMF established Multi-Donor Administered Account for Ukraine, aiming to channel donor resources in the form of grants and loans. As of end-2025, USD 8.0bn (about SDR 6.0bn) have been channelled through this account.

On November 23, 2022, Ukraine requested a four-month Program Monitoring with Board Involvement (PMB) to anchor macroeconomic policies and prepare to a fully-fledged IMF program. On December 19, 2022, IMF Executive Board approved the request and in February 2023 completed review of Ukraine under this program.

On March 31, 2023, the IMF Executive Board approved a 48-month EFF program for Ukraine totaling SDR 11.6bn (577% of quota, or USD 15.6bn), with an immediate disbursement of SDR 2bn (c. USD 2.7bn). In June 2023 – June 2025 Ukraine successfully completed eight reviews of the program. This marks the highest number of successful IMF-supported program reviews in history. By 2025-end, total disbursements under the EFF program reached SDR 8.0bn (c. USD 10.7bn).

With russia's full-scale invasion still ongoing and insufficient time remaining under the previous EFF program approved in March 2023 to restore external viability, Ukraine has requested a new IMF program to resolve balance of payments issues and restore medium-term external viability under the IMF's policy. The 2023 EFF program has therefore been cancelled and replaced.

On November 26th 2025, Ukrainian authorities reached a Staff-Level Agreement (SLA) with IMF on a new 48-month Extended Fund Facility (EFF) Arrangement. On February 26th 2026, the IMF Executive Board approved this new program, replacing the 2023 EFF.

[1] The Public Expenditures for Administrative Capacity Endurance (PEACE) Project helps the Government of Ukraine sustain critical (social, humanitarian, and healthcare) budget expenses

[2] The Stand-by Arrangement (SBA) provides short-term (12-24 months typically, but not more than 36 month) financial assistance to countries facing balance of payments problems. Ukraine's 14-month SBA was signed in June 2020. In October 2021 it was extended by June 2022

The new EFF provides SDR 5.9bn, equivalent to c.USD 8.1bn or 295% of quota, over 48 months, including an immediate disbursement of c.USD 1.5bn upon approval. The programme is frontloaded and envisages three reviews in 2026 – in June, September and December – followed by semi-annual reviews through December 2029, with individual review disbursements ranging from c.SDR 322m to SDR 704m.

As part of the new IMF program, debt sustainability targets have been reassessed by the IMF. **To achieve debt sustainability on a forward-looking basis, the following targets should be met:**

- Debt (excluding loans like ERA and USL) should fall below 68 percent of GDP by 2035.
- Average GFN should fall below 7.0 percent of GDP in 2030–35.
- In addition, debt service to external creditors (excluding multilaterals) in 2026–28 should not exceed USD 1bn per year.

The IMF assessed in February 2026 Ukraine's state debt to be sustainable on a forward-looking basis in a baseline scenario, subject to the continued implementation of Ukraine's external debt treatment strategy, which includes:

- Completing the restructuring of remaining commercial claims part of the external debt treatment perimeter.
- Completing the extension of the debt standstill with the Group of GCU, which gathers the majority of Ukraine's official bilateral creditors, until the end of the new IMF program. This is part of GCU's commitment to a 2-step process involving i) a debt standstill during the IMF program period and ii) an additional debt treatment to restore debt sustainability, to be negotiated once the conditions of Exceptionally High Uncertainty (EHU) abate or at the latest by the end of the new IMF program.

In a downside scenario, additional measures would be needed to restore debt sustainability, including a potential second restructuring of commercial claims.

In 2026 and going forward, Ukraine remains committed to **ensuring debt sustainability and implementing its external debt treatment strategy.**

Regarding official bilateral debt, the current debt standstill, agreed with the Group of Creditors of Ukraine (GCU), has been extended in April 2026 until the end of the new IMF program in February 2030. Ukraine will continue to **ensure compliance with the principle of Comparability of Treatment ("CoT") going forward.**

Ukraine has restructured the majority of commercial debts in 2024 and 2025. Regarding remaining claims to be treated within its external commercial debt stock, Ukraine is currently executing the restructuring of government guaranteed Eurobonds issued by **Ukrenergo**, for which an Agreement in Principle (AiP) was reached with selected bondholders in April 2025. Ukraine is also in discussions with **Cargill** for the restructuring of a commercial loan on terms comparable to other commercial claims.

Canada. In 2022 - 2024, Canada disbursed USD 5.4bn in concessional loans to Ukraine. USD 5.0bn has been provided in the form of concessional loans with a 10Y tenor and a 4.5Y grace period.

The remaining USD 0.4bn was provided through the 5-year Ukraine Sovereignty Bond, a dedicated CAD 500m facility agreed in December 2022. Canada has issued the vehicle to raise proceeds to support the general state budget destined to provide essential services to Ukrainians, including pensions, the purchasing of fuel or restoring energy infrastructure. This 5-year vehicle offers a 3.245% rate of return for Canadian investors.

This bond issuance is entirely guaranteed by the Government of Canada, which will assume the credit risk associated with the loan. Proceeds from the bond issuance were transferred to Ukraine through a specific loan through the IMF Administered Account for Ukraine which aims at coordinating international financial support to Ukraine in a structure reflecting terms of the bond issued by Canada.

World Bank Group: Over 2022-2025, the World Bank disbursed USD 6.0bn for Ukraine. Moreover, against the backdrop of the russian invasion, the World Bank repurposed funds from programs that were already in place (such as Ukraine Emergency COVID-19 Response and Vaccination Project).

On March 7, 2022, the World Bank approved a supplemental budget support package, called Financing of Recovery from Economic Emergency in Ukraine (FREE Ukraine), providing USD 0.4bn loan and in parallel started developing a dedicated program of supporting Ukraine during wartime.

On June 9, 2022, PEACE program has been signed aiming to support Ukraine's critical state budget expenditures (school education and civil staff).

In the end of 2022, additional loan agreements were signed to extend the support of critical budget expenditures (health, pension, social, first responders, high education).

During 2022-2025, the World Bank provided USD 4.1bn through PEACE program, covering essential state budget expenditures.

Moreover, FREE Ukraine, URTF[3], PEACE[4], as well as other programs have become a platform for mobilizing donor support in the form of grants and guarantees. Since February 2022, the World Bank has mobilized USD 90.0bn in financial support to Ukraine, of which USD 72.2bn has been disbursed as of April 30, 2026.

European Investment Bank (EIB). On March 4, 2022, EIB approved EIB's Ukraine Solidarity Urgent Response EUR 0.7bn package for direct budget support. In 2022, EIB provided USD 0.7bn to Ukraine in the form of concessional loans.

2.2 Selected debt restructuring operations recently conducted

Sovereign and Ukravtodor Eurobonds restructuring. In August 2022, Eurobond investors agreed to a two-year standstill on c.USD 21.1bn of sovereign and sovereign-guaranteed Eurobonds. The transaction capitalised deferred interest, extended maturities by two years and generated c.USD 5bn in savings, without any consent fee.

In the context of IMF program approved in March 2023, Ukraine committed to implementing an **external debt treatment strategy to restore debt sustainability.**

In August 2024, Ukraine successfully settled debt operation for 13 series of Eurobonds and 1 sovereign-guaranteed Eurobond issued by Ukravtodor, with approximately USD 20.5bn of outstanding principal amount (around USD 24bn including accrued interests), into a package of new sovereign bonds consisting of four series of Step Up A Bonds and four series of Step Up B Bonds. This transaction led to an upfront nominal haircut of 37%.

Under the restructuring, Bond A and Bond B were designed with low initial and step-up coupons, combined with an extended and back-loaded maturity profile. Bond A carries minimal coupons during the first 18 months, rising from 1.75% p.a. in 2025 to 4.5% p.a. in 2026–H1 2027, 6.0% p.a. in H2 2027–2033 and 7.75% p.a. from 2034 onwards, with first amortisation only in 2029. Bond B provides for no coupon payments until H1 2027, followed by 3.0% p.a. in H2 2027–2033 and 7.75% p.a. from 2034 onwards, with first amortisation in 2030.

This structure materially reduces near-term cash debt service and shifts the bulk of repayments to 2034–2036. The restructuring reduced scheduled debt service by c. USD 11.4bn, or 93%, over 2024–2027, and by c. USD 22.8bn, or 77%, through 2033, compared with the original Eurobond terms.

A contingent component has been incorporated into Step Up B Bonds due in 2035 and 2036. It will materialize in February 2030 subject to a single test in November 2029, should Ukraine's 2028 GDP outperform the IMF baseline[5]. If two conditions are met[6], the amount of principal increase will be proportional to any upside in nominal GDP, subject to a predetermined coefficient and formula.

GDP-linked warrants restructuring. **In December 2025, Ukraine successfully restructured its USD 3.2bn GDP-linked warrants,** allowing 100% removal of the instrument based on 99% favorable votes.

[3] Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund

[4] The Public Expenditures for Administrative Capacity Endurance (PEACE) Project helps the Government of Ukraine sustain critical (social, humanitarian, and healthcare) budget expenses

[5] Relevant IMF projection figures correspond to the baseline scenario of the 4th review of the Extended Fund Facility (EFF) for Ukraine, which details were published on 28th June 2024

[6] 2028 nominal GDP is at least 3% above the IMF baseline scenario, and 2028 real GDP is at least equal to the IMF baseline

The transaction enabled the restructuring of USD 2.6bn of GDP-linked warrants, while warrants totalling USD 0.6bn previously repurchased by the Ministry of Finance before the full-scale invasion of Ukraine were cancelled. Under the transaction, the restructured warrants were exchanged at a nominal exchange ratio of 1.34x into new sovereign Eurobonds ("C Notes") due 2032 totalling USD 3.5bn, aggregable with the A and B Eurobonds issued in 2024, with an upfront cash component of up to 7 cents for consenting holders.

This landmark transaction marked a **substantial step towards the restoration of Ukraine's state debt sustainability** by fully removing these highly volatile instruments, avoiding substantial cash outflows in the reconstruction period, and preserving resources vital for funding the country's defence against russia's full-scale invasion.

		Key economic terms for consenting Holders[1] at or prior to the Early Consent Deadline	
Cash component		■ **Up to U.S.$70 in cash** for U.S.$1,000 notional amount of warrants, of which: □ **U.S.$50** of **Early Consent Fee** (Holders consenting after the Early Consent Deadline will instead receive U.S.$25 of Base Consent Fee) □ **U.S.$20** of **Cash Consideration** of which **U.S.$10 subject to approval of the Extraordinary Resolution by the ER Requisite Consents**	**Reallocation of Excess Consent Fee and Excess Cash Consideration** to consenting holders in case the ER is implemented
New Securities ("C bonds")	Principal	■ **U.S.$1,340 in aggregate principal amount of C bonds** for U.S.$1,000 notional amount of warrants ■ Final amount of C bonds issued on settlement date: **U.S.$ 3,498m**	**The Mandatory Exchange Consideration:** - **Did not include a cash component** - **Involved an exchange into existing B bonds instead of new C bonds**: for each U.S.$1,000 notional amount of warrants, an aggregate principal amount of existing Ukraine's B bonds of U.S.$1,360, consisting of (i) U.S.$680 of B bonds due 2030 and (ii) U.S.$680 of B bonds due 2034
	Interest rate	*Interest shall be payable semi-annually in arrear, on 1 February and 1 August of each year until maturity, accruing interest at the following annual rates* From (and including) the **Issue Date** to (but excluding) **1 February 2027: 4.00%[2]** From (and including) **1 February 2027** to (but excluding) **1 August 2029: 5.50%** From (and including) **1 August 2029** to (but excluding) **1 February 2032: 7.25%**	
	Principal amortisation	**U.S.$450** on **1 February 2030** **U.S.$450** on **1 February 2031** **U.S.$100** on **1 February 2032** *Per U.S.$1,000 in nominal amount of C bonds*	

Note 1. Holders submitting valid Participation Instructions or Voting Only Instructions in favour of the Ordinary Resolution and Extraordinary Resolution
Note 2. Interest will first be paid in respect of the short first interest period ending on 1 February 2026

Sources Ministry of Finance of Ukraine

The transaction materialized in significant cash savings for Ukraine, with contractual payments of USD 4.6bn from 2025 to 2032 on the new C Bonds, while payouts under GDP-linked warrants from 2025 to 2041 could have amounted to between USD 6bn and USD 20bn, depending on various macroeconomic scenarios.

Economic terms for new C bonds were negotiated to **limit short-term cash outflows for Ukraine,** especially during the period of the new IMF program, **whilst meeting Comparability of Treatment ("CoT") undertakings towards official bilateral creditors.**

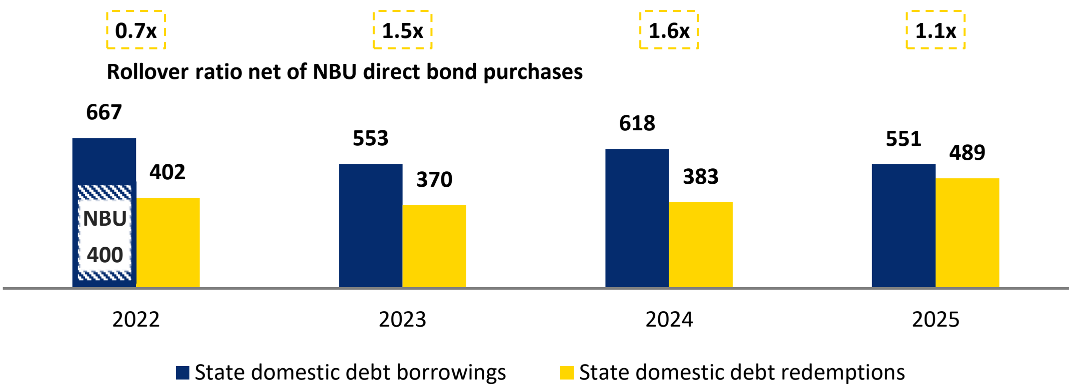
2.3 Domestic debt market evolution

In 2025, **UAH 569bn (USD 13.65bn)** was raised from domestic sources for the state budget through the issuance of domestic government bonds, of which UAH 551bn (USD 13.2bn) was directed to state budget financing. Redemptions reached **UAH 489bn (USD 11.7bn)**, resulting in a net domestic borrowing position of **UAH 63bn (USD 1.5bn)**.

The narrowing of the rollover ratio (net of NBU direct bond purchases) in 2025 reflects a growing stock of maturing domestic debt, as securities issued during the peak wartime borrowing years of 2022–2024 began rolling over.

Cumulatively over 2022–2025, the state raised UAH 2,389bn (USD 64.4bn) in gross domestic issuance against UAH 1,644bn (USD 43.8bn) in redemptions, implying aggregate net domestic borrowing of UAH 746bn (USD 20.6bn) across the period (1.5x rollover ratio), which demonstrates the strength of the domestic debt market.

Domestic government bond issuances and redemptions, UAHbn



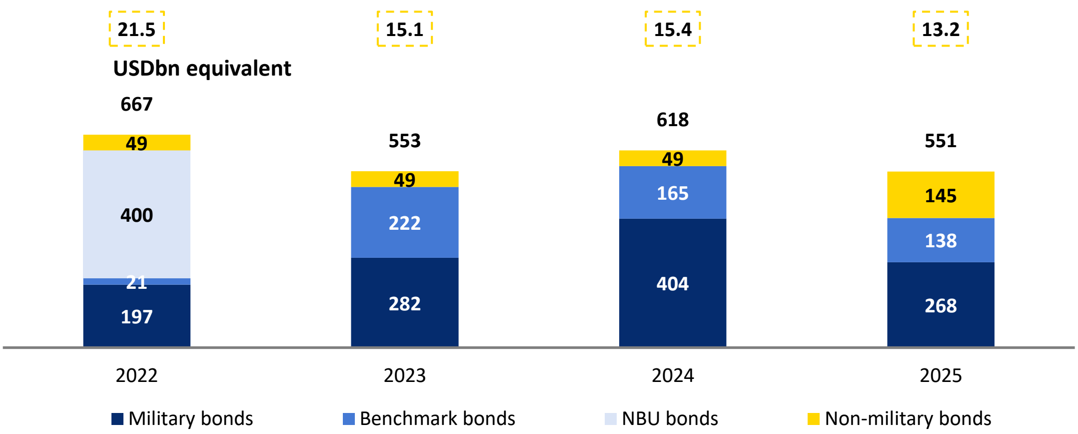
Source Ministry of Finance of Ukraine

Domestic government bond issuances include **several instrument types** with different policy roles. **Wartime bonds** are marketable securities that help mobilise uninterrupted financing during wartime, with broad access for banks, corporates and retail investors. The NBU introduced a simplified financial monitoring procedure specifically for investors in wartime bonds. **Benchmark bonds** are eligible for banks' reserve requirement coverage – currently up to 60% of required reserves – which creates stable structural demand from the banking sector and supports lower-cost, non-monetary domestic financing. **NBU-owned securities** reflect the exceptional direct purchases by the National Bank of Ukraine in 2022, which were discontinued from 2023 as Ukraine returned to fully market-based domestic issuance.

A notable development in 2025 was the introduction of **switch auctions** – a new active debt management tool launched by the Ministry of Finance jointly with the NBU in February 2025. The primary objectives of the programme are to smooth the redemption schedule, reduce short-term refinancing pressure, and extend the average maturity of domestic debt. **Four switch auctions were conducted during the year, shifting UAH 34bn** of near-maturity domestic government bonds into longer-dated securities with maturities extended by 2–4 years.

In terms of issuance composition, **military bonds remained the largest instrument at UAH 268bn (49% of total issuance)**, followed by domestic non-military bonds at UAH 145bn (26% of total issuance) and benchmark bonds at UAH 138bn (25% of total issuance).

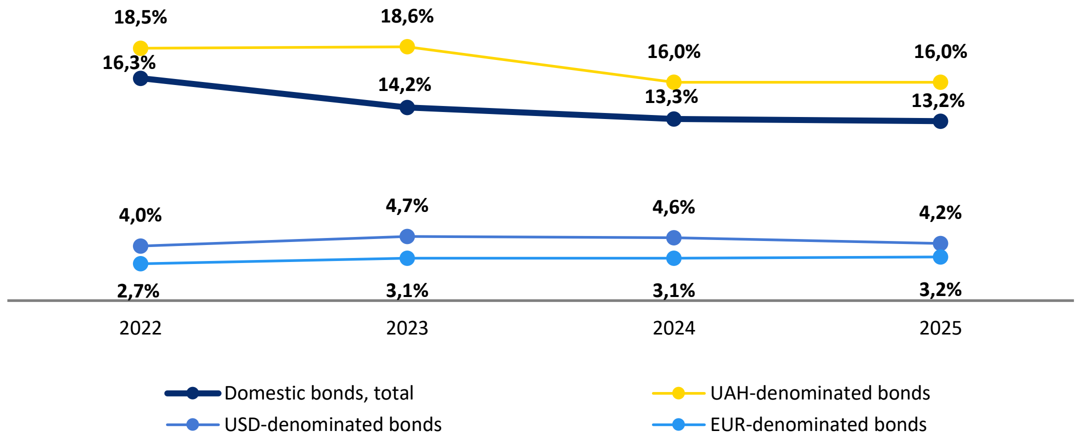
Domestic bond issuances by bond type, UAHbn



Source Ministry of Finance of Ukraine

The weighted average nominal yield on domestic government bond issuances has **declined steadily from 16.3% in 2022 to 13.2% in 2025**, driven by the **NBU's monetary policy easing cycle** and **improving macrofinancial stability**. In 2025, the weighted average nominal yield stood at 16.0% for UAH-denominated bonds, 4.2% for USD-denominated bonds, and 3.2% for EUR-denominated bonds. In real terms[7], UAH-denominated bond yields turned positive after 2022, increasing from -1.7% in 2022 to 5.7% in 2023, 9.5% in 2024 and 3.3% in 2025, as lower inflation allowed the Ministry of Finance to cautiously reduce nominal issuance rates while preserving positive real returns on hryvnia instruments.

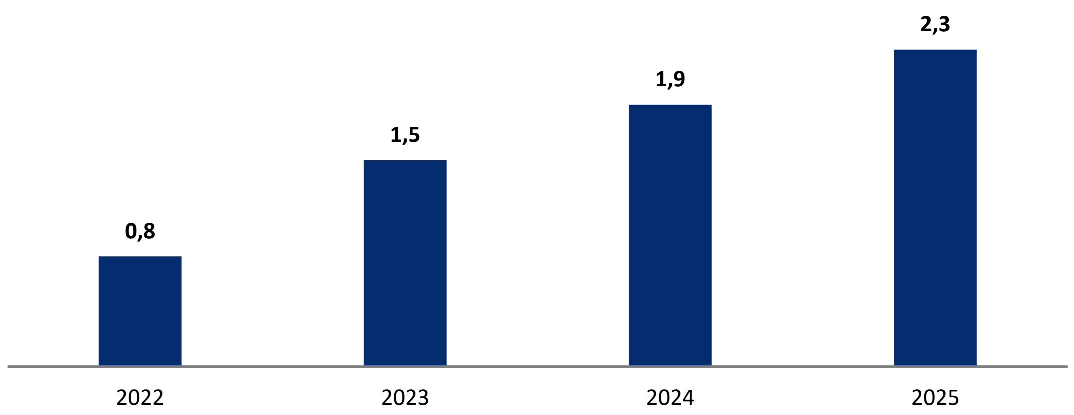
Weighted average nominal yield of domestic government bonds issued during the year, %



Source Ministry of Finance of Ukraine

The weighted average time to maturity of domestic market government bond issuances has increased consistently from 0.8 years in 2022 to 2.3 years in 2025, reflecting the Ministry of Finance's deliberate shift towards medium-term instruments, partially supported by the introduction of switch auctions aimed at extending the duration profile of the domestic debt portfolio.

Weighted average time to maturity of domestic market bonds issued during the year, years



Source Ministry of Finance of Ukraine

[7] Average annual CPI growth was used to calculate real interest rates for UAH-denominated bonds

3. Financing of borrowing requirements forecast

3.1 Baseline macroeconomic assumption

In 2027–2029, **macroeconomic developments will continue to be shaped by elevated security and external uncertainty.** The duration of the active phase of the full-scale invasion of Ukraine will determine the pace of recovery in production, investment activity, labour market conditions, import needs, export dynamics, inflationary pressures and foreign exchange market stability. As a result, **medium-term debt indicators will remain sensitive to deviations from forecast assumptions**.

Baseline macroeconomic assumptions for 2027-2029

	2025	2026	2027	2028	2029
	actual	plan[1]	forecast[2]		
Real GDP growth	1.8%	1.6%	4.5%	5.3%	6.7%
Nominal GDP, UAHbn	8,931	10,105	11,531	13,131	14,952
Nominal GDP, USDbn	214	228	245	267	295
CPI (eop), %	8.0%	9.2%	8.9%	6.9%	5.1%
PPI (eop), %	8.2%	12.6%	10.3%	9.1%	7.4%
UAH/USD exchange rate					
UAH/USD average	41.7	44.4	47.1	49.1	50.7
UAH/USD eop	42.4	45.8	48.3	50.1	51.5

Source Ministry of Finance of Ukraine
Note 1 Based on the Law of Ukraine “On the State Budget of Ukraine for 2026” (as amended) and the Budget Declaration for 2027–2029
Note 2 According to the Budget Declaration for 2027–2029, approved by the Cabinet of Ministers of Ukraine on 17 June 2026, the baseline scenario assumes a significant improvement in the security situation starting from 2027. Forecasts are based on the Forecast of Economic and Social Development of Ukraine for 2027–2029, approved by Resolution of the Cabinet of Ministers of Ukraine No. 695 dated 4 June 2026

Gross domestic product. In spite of the current security situation, Ukraine’s economy continued to grow in 2025, with a real GDP growth of 1.8%, and expected growth of 1.6% in 2026 in the baseline scenario.

Lower economic growth remains one of the key risks to medium-term budget financing needs. It may result from a longer continuation of active hostilities, additional damage or slower recovery of energy, transport and production infrastructure, labour shortages linked to migration and mobilisation, and weaker private investment.

Real GDP growth is forecasted at 4.5% in 2027, 5.3% in 2028 and 6.7% in 2029. However, under a more constrained wartime trajectory, average annual growth in 2027–2029 could be around 3.5%, compared with 5.5% under more favourable conditions. This would slow the recovery of production, consumption and investment, limit tax base expansion and complicate deficit reduction. In nominal terms, average GDP would amount to UAH 12.7tn (USD 259bn) versus UAH 13.2tn (USD 270bn) under the more favourable scenario.

Investment. Investment activity will be critical to restoring production capacity, modernising infrastructure and expanding export potential. The share of gross fixed capital formation in GDP is projected to increase from 26% in 2027 to 29.2% in 2028 and 31.5% in 2029.

However, the quality of recovery will depend not only on the investment-to-GDP ratio, but also on the structure of investment, private sector participation, access to long-term financing and capital allocation to productive, energy efficiency, transport and export-oriented projects. Prolonged security risks, high uncertainty, limited financing access and slower infrastructure recovery could weaken investment activity, weighing on capital renewal, productivity growth and export recovery.

Inflation. Inflation will affect nominal budget parameters, price expectations and domestic funding conditions. In 2025, the CPI growth (end of period) reached 8.0%, lower than previous inflation level seen in 2024.

The disinflation path remains sensitive to external energy risks, including geopolitical tensions in the Middle East becoming protracted, risks to supply through the Strait of Hormuz and broader volatility in global oil markets. Additional pressure may also arise from labour shortages, the pass-through of sharp exchange-rate movements to prices and new supply shocks.

External trade. According to forecast calculations, the goods and services deficit is projected at USD 70.9bn in 2027, USD 74.3bn in 2028 and USD 73.7bn in 2029.

This reflects the import-intensive nature of the wartime economy and reconstruction. Imports are projected to rise from USD 131.3bn in 2027 to USD 151.1bn in 2029, while exports increase from USD 60.4bn to USD 77.5bn. Imports are expected to be driven by defence, energy, transport, reconstruction, machinery, fuel and intermediate goods.

Exchange rate. The average annual exchange rate is forecasted at UAH 47.1/USD in 2027, UAH 49.1/USD in 2028 and UAH 50.7/USD in 2029. The hryvnia exchange rate will remain sensitive to external sector conditions, international support, international reserve levels and expectations.

Faster depreciation could materialise if the external trade deficit widens, export conditions deteriorate, logistics constraints persist or energy and transport infrastructure suffer renewed damage.

3.2 Financing sources for borrowing requirements (2025-2029)

According to the 2027–2029 Budget Declaration, approved by the Cabinet of Ministers of Ukraine on 17 June 2026, **state budget financing needs are expected to remain elevated,** rising to UAH 2,746bn (USD 61bn) in 2027 before declining to UAH 1,702bn (USD 38bn) in 2029.

This trajectory mainly reflects a **gradual reduction in the primary state budget deficit** from UAH 1,567bn (USD 33bn) in 2027 to UAH 162bn (USD 3bn) in 2029. At the same time, **debt repayments and service are expected to remain sizeable** and increase to UAH 1,540bn (USD 30bn) in 2029, mainly reflecting domestic debt redemptions, repayments to the IMF and the EU, and the start of repayment of Eurobonds restructured in 2024.

State borrowing will remain the key source of budget financing over the forecast period, covering almost the entire financing need. External borrowing is expected to cover c.80% of total financing needs in 2026–2028. At the same time, domestic borrowing is projected to provide a stable complementary source of financing, ranging between UAH 420bn and UAH 566bn (USD 9–13bn) per year in 2026–2029.

By 2029, the share of external borrowing is expected to decline to 67% of total financing needs, while domestic borrowing is projected to play a more prominent role in covering the remaining funding requirements.

As a share of GDP, the **state budget deficit is expected to decline gradually from 18.3% in 2025 to 5.5% in 2029**, reflecting the projected normalization of fiscal balances over the medium term given the baseline assumption of a significant improvement in the security situation starting from 2027.

At the same time, **total state and state-guaranteed debt is expected to continue increasing in 2026–2028**, reaching 114.2% of GDP in 2028, before declining to 108.7% of GDP in 2029.

State borrowing and state debt indicators are sensitive to changes in financing needs during 2027–2029, as well as to changes in key forecast macroeconomic indicators of Ukraine's economic and social development.

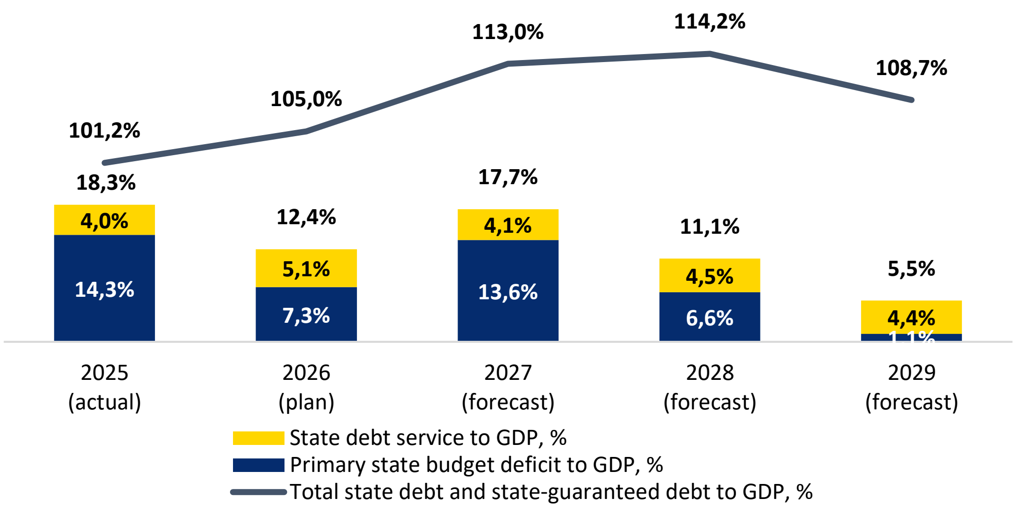
State budget financing in 2025-2029[1]

State budget financing in 2025-2029

	2025	2026	2027	2028	2029
	actual	plan	forecast		
UAHbn					
State budget financing needs					
Total financing need	**2,233**	**1,908**	**2,746**	**2,060**	**1,702**
Primary state budget deficit	1,274	738	1,567	872	162
State debt service	362	513	474	585	660
State debt repayment	597	657	705	603	880
Sources of funding					
Total funding	**2,233**	**1,908**	**2,746**	**2,060**	**1,702**
Government borrowing	2,257	1,898	2,736	2,058	1,700
Government domestic borrowing	*551*	*420*	*543*	*451*	*566*
Government external borrowing	*1,705*	*1,479*	*2,193*	*1,608*	*1,134*
Proceeds from privatization of state property and financing of active operations	(24)	9	9	2	2

Source Ministry of Finance of Ukraine
Note 1 Based on the Law of Ukraine "On the State Budget of Ukraine for 2026" (as amended) and the Budget Declaration for 2027–2029

State budget deficit and state debt as a share of GDP in 2025-2029[1,2]



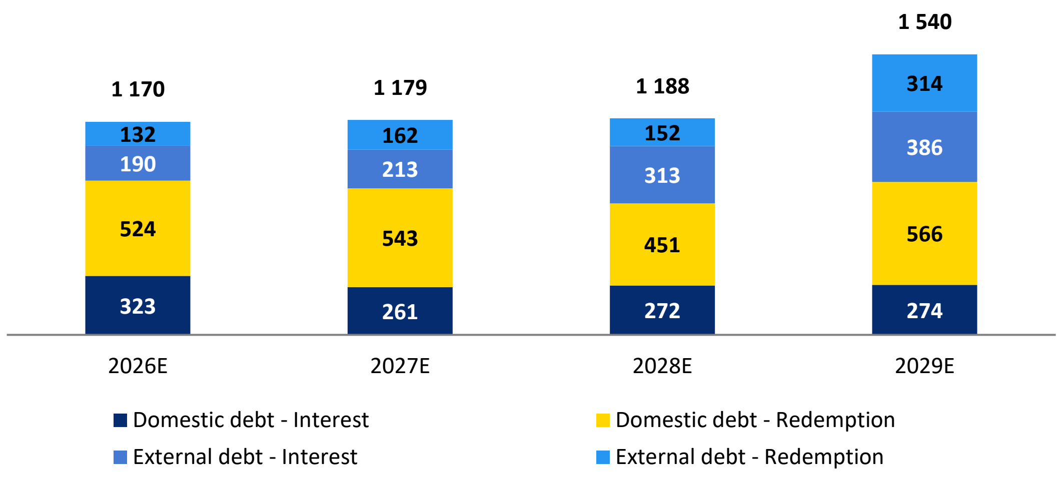
Source Ministry of Finance of Ukraine
Note 1 Based on the Law of Ukraine "On the State Budget of Ukraine for 2026" (as amended) and the Budget Declaration for 2027–2029
Note 2 Without deducting loans to be repaid from sources other than the state budget, including revenues generated by frozen assets of the russian federation, in accordance with the Ukraine Loan Cooperation Mechanism

3.3 Ukraine's forecasted state debt service profile (2026–2029)

Ukraine's projected state debt service and redemption obligations are expected to remain elevated over 2026–2029, averaging UAH 1,269bn per year over the period. Following a moderate increase in 2027 and 2028 (UAH 1,179bn and UAH 1,188bn, respectively), payments are projected to rise sharply to UAH 1,540bn in 2029, driven primarily by higher external debt redemptions (UAH 314bn) and domestic debt redemptions (UAH 566bn).

The current state debt service profile reflects the successful Eurobond restructuring completed in August 2024. **The transaction reduced payments on these bonds by 93%, generating savings of USD 11.4bn over 2024–2027.** In addition, debt service costs through 2033 will be reduced by approximately 77%, resulting in total savings of USD 22.8bn.

Ukraine's state debt service profile, UAHbn



Source Ministry of Finance of Ukraine

State debt service in 2026–2029

UAH bn	**2026E**	**2027E**	**2028E**	**2029E**
State debt redemptions	657	705	603	880
State debt interests	513	474	585	660
Total	**1,170**	**1,179**	**1,188**	**1,540**
Average (2026-2029)		**1,269**		
Debt service / GDP	**11.6%**	**10.2%**	**9.0%**	**10.3%**
State debt interests / State budget revenues	**19.7%**	**19.0%**	**20.2%**	**20.7%**

Sources Ministry of Finance of Ukraine, MinEco
Note Based on the Law of Ukraine "On the State Budget of Ukraine for 2026" and the Budget Declaration for 2027–2029

The maintenance of a smoothed debt redemption profile is supported by (i) attracting concessional loans with long tenors (> 5Y) as well as (ii) performing liability management operations. Liability management ("LM") operations represent the proactive refinancing of selected state debt liabilities (domestic or external) prior to their final maturity date, with the objective of smoothening the redemption profile of state debt, reducing refinancing risk, extending its weighted average maturity and/or reducing the average cost of debt.

4. Measures and approaches to achieving state debt management objectives in 2027–2029

Four main objectives for state debt management have been defined, aimed at securing financing for Ukraine at the lowest possible cost while containing risks to the state debt portfolio.

Objective 1. Attract long-term concessional financing and maximise the share of grants in official support

Official external support from the EU, partner countries and international financial institutions, including the IMF and the World Bank, will remain the main source of financing of the state budget deficit in 2027–2029. To this end, Ukraine will focus on strategic dialogue with the EU and IFIs to mobilize the financial resources required to sustain economic resilience and safeguard priority public expenditures. In particular, Ukraine expects that the EU will continue to provide crucial financing support to Ukraine going forward, corresponding to around two thirds of financing needs over the 2027-2029 period.

Under martial law, the priority will remain to attract external borrowing on concessional terms and non-repayable financial assistance in the form of grants. The Ministry of Finance will focus on maximising the grant component to prevent a sharp increase in the nominal debt burden.

Continued active engagement with G7 countries will be needed to attract financing backed by revenues from frozen russian assets, such as ERA loans, which helps reduce the direct debt pressure on Ukraine's state budget.

Under the baseline Ukraine Facility instrument, disbursements of around EUR 9bn are projected in 2026, including EUR 7.6bn in loans and EUR 1.5bn in grants, of which EUR 2.8bn had already been provided as of mid-June.

In addition, in 2026, Ukraine is expected to receive EUR 13.5bn under the Ukraine Support Loan, including EUR 8.35bn under the Ukraine Facility and EUR 5.15bn under the EU macro-financial assistance programme.

In 2027, funding is expected to be received under the Ukraine Support Loan, alongside EUR 2.5bn to be raised under the Ukraine Facility.

For reference

Ukraine Facility

The European Commission established a dedicated instrument to support Ukraine's recovery and macro-financial stability. The instrument to support Ukraine's recovery, reconstruction and modernisation is expected to reach EUR 50bn over 2024–2027, in the form of both grants and loans. Grants will be mobilised through a special instrument proposed in the context of the mid-term review of the Multiannual Financial Framework (MFF). Loans will be guaranteed by the headroom.

The programme is based on three pillars:

Pillar I: The Commission will provide support to Ukraine in the form of grants and loans. The first pillar aims to provide stable and predictable financing, especially to support the state budget. To benefit from this support, the Government must prepare the Ukraine Plan. The Plan should include structural reforms needed for EU integration.

Overall, under this pillar, the EU plans to provide EUR 5.27bn in grants and EUR 33.0bn in loans over 2024–2027.

Pillar II: A dedicated investment programme for Ukraine will focus on attracting and mobilising public and private investment to support implementation of the Plan.

This pillar is expected to help mobilise EUR 2.0bn in grant funding annually from 2024 to 2027.

Pillar III: Technical assistance and other support measures will be provided to facilitate implementation of the Plan, including mobilisation of reform expertise, support for municipalities, civil society and other forms of bilateral assistance. Traditionally, this type of assistance is available only to countries preparing for EU accession. Interest rate subsidies on loans will also be covered under this pillar.

Under this pillar, the EU plans to provide EUR 2.5bn in grants over 2024–2027, of which EUR 0.5bn will be allocated for administrative support. Measures and ways to achieve state debt management objectives.

Ukraine Support Loan

In December 2025, the European Council agreed to provide EUR 90bn in support for Ukraine's budgetary and military needs over the next two years, confirming the EU's unwavering commitment to supporting Ukraine.

This financial commitment for Ukraine for 2026 and 2027 amounts to EUR 90bn.

The proposed support is structured into two components:

- EUR 60bn will be allocated for military assistance
- EUR 30bn will be provided as general budget support

The relevant resources will be financed through joint EU borrowing on capital markets and guaranteed by the reserve of the EU's long-term budget. Debt service costs will be covered from the Union's annual budgets. Repayment of the loan principal by Ukraine will take place after Ukraine receives reparations from russia.

External sources

Lender	Available instruments (non-exhaustive)
World Bank	• Development Policy Loans • Other budget financing instruments
EIB / EBRD / CEB / JICA / KfW	• Project loans
IMF	• Loans under the EFF cooperation program to cover priority budgetary needs
European Union, including loans backed by revenues from frozen russian assets	• Reparation Loan • Loans under the Ukraine Facility program • Macro-financial assistance under the Ukraine Loan Cooperation Mechanism (ULCM) • Other available instruments
Bilateral loans, including loans backed by revenues from frozen russian assets	• Bilateral financing from partner countries, including assistance under the ULCM • Other available instruments
Commercial / semi-concessional loans	• Loans from national development banks • Commercial borrowings

Objective 2. Support the development of the domestic capital market

The development of a liquid domestic capital market is a fundamental prerequisite for strengthening Ukraine's financial security and sovereignty. An effective domestic government borrowing market allows Ukraine to finance critical state budget expenditures using domestic resources, materially reducing reliance on external support and mitigating FX risks by raising funds in local currency. Market-based debt instruments also provide a non-inflationary alternative to monetary deficit financing, support financial system stability by offering reliable investment instruments for banks, businesses and individuals, and create an important domestic funding base for large-scale post-full-scale invasion of Ukraine recovery projects.

Ukraine will continue to focus on domestic market development, in line with its course towards deeper cooperation with the EU. The key measures include:

1. Strengthening the role of market auctions and avoiding monetary financing

Ukraine will maintain the practice of zero budget deficit financing through the purchase of domestic government bonds by the NBU, fully in line with the structural benchmarks of the new IMF programme.
The Ministry of Finance plans to issue domestic government bonds in volumes necessary to meet domestic debt redemption needs. In the event of additional borrowing needs, including to cover security and defence sector expenditures, the volume of domestic government bond issuances is expected to increase. This strategy will help Ukraine continue avoiding monetary financing.
The issuance of benchmark domestic government bonds, which banks may use to meet reserve requirements, will continue. This will stimulate primary demand from the banking sector while supporting non-emission-based state budget financing. Banks are allowed to count a defined list of benchmark domestic government bonds towards covering up to 60% of their required reserves[8].

2. Expanding and diversifying the investor base

Increasing the share of non-residents.

Currently, the share of non-residents has declined from 1.2% in 2024 to 0.8% in 2025 due to the NBU's FX restrictions. The gradual lifting of FX restrictions introduced by NBU Resolution No. 18 dated 24 February 2022 "On the operation of the banking system during martial law" will create favourable conditions for attracting non-residents and bringing foreign capital back to Ukraine.

Stimulating retail investor demand. Cooperation with the Ministry of Digital Transformation will continue to expand the list of bonds available in the Diia mobile application. Domestic government bonds will continue to be promoted among individuals as an alternative to bank deposits, supported by the preservation of the zero personal income tax and military levy rate on domestic government bond income under the Tax Code, the absence of fees for purchasing and depository servicing of military bonds, and the continued development of mobile banking applications enabling direct purchases of domestic government bonds.

3. Conducting active domestic bond operations

Ukraine will continue switch auctions aimed at smoothing the domestic government bond redemption profile. By actively supporting public debt management operations, switch auctions will also help prevent liquidity outflows needed to finance other priority state expenditures, including the security and defence sector. This will reduce short-term pressure on the state budget, extend the average debt maturity and support liquidity in the domestic government securities market.

[8] Decision of the Board of the National Bank of Ukraine dated 23 November 2017 No. 752-rsh "On the Formation and Holding of Required Reserves", as amended

The Ministry of Finance may also carry out a transaction involving bonds held by the NBU by exchanging them for new domestic government bonds on terms agreed with the National Bank of Ukraine. In particular, to reduce interest rate risk, the terms of bonds linked to the consumer price index and the NBU key policy rate may be revised where this would reduce projected interest payments and ensure a smoother distribution of payments after 2035.

Objective 3. Optimise the state debt structure

Optimising the state debt structure is a prerequisite to continuously ensure debt sustainability. It includes a strategic review and adjustment of key debt parameters, such as maturities, currency and interest rate structure, to reduce the overall financing burden and risks.

Loan maturity. When selecting the financial terms of external loans provided by international donors, preference will be given to instruments with maturities of 20–30 years and grace periods of 5–10 years. When preparing the domestic government bond auction calendar, the Ministry of Finance will avoid issuing short-term bonds with maturities of up to one year. Such calendars will be prepared taking into account demand assessments following consultations with primary dealers.

Regular auctions of 2–4-year bonds will help build a reliable risk-free yield curve, serving as a benchmark for Ukraine’s corporate and municipal sectors.

Loan currency. The Ministry of Finance aims to increase the share of debt denominated in national currency. However, this is currently constrained by the ongoing war, elevated financing needs and the preference for long-term external concessional financing. At the same time, the Ministry of Finance will gradually minimise the issuance of FX-denominated domestic government bonds, with a view to fully phasing out this practice over the medium term. Increasing the share of local-currency debt will help contain the increase in state debt costs associated with exchange rate depreciation.

As of end-2025, the share of euro-denominated debt increased to 45% of total state debt, compared with 33% at the beginning of the year, resulting in a corresponding increase in potential euro-denominated principal and interest payments. A continued shift toward raising new financing in euros will require exchange-rate risk to be mitigated by prioritising euro-denominated borrowing to refinance existing loans and ensuring sufficient foreign-currency liquidity to service euro-denominated debt. In addition, to ensure a consistent approach to exchange-rate risk management, it would be appropriate to assess the feasibility of converting a portion of borrowings denominated in other currencies.

Interest rate type. The choice between fixed and floating interest rates involves a trade-off between cost minimisation and refinancing risk. Many bilateral and multilateral creditors offer the possibility to change the interest rate type on existing loans.

The Ministry of Finance plans, where appropriate and taking into account market conditions, to use interest rate fixing and currency conversion options under loan agreements to support the achievement of the Strategy’s objectives.

Strategy targets

Indicator (unit of measurement)	Baseline (2025)	2026	2027	2028	2029
Weighted average term to maturity of state debt, years	13.4	≥12	≥12	≥12	≥12
Weighted average cost of state debt	4.6%	≤5.0%	≤5.0%	≤5.0%	≤5.0%

Objective 4. Investor relations

Ukraine's Sovereign Investor Relations (IR) strategy builds on a solid foundation of institutional achievements, including the creation of a dedicated IR function within the Ministry of Finance, the launch of a bilingual IR website, regular investor calls and meetings, and the timely disclosure of debt and macroeconomic information. With these core structures now in place, the focus is shifting toward deepening the quality of investor engagement, broadening and diversifying the investor base, and supporting the gradual restoration of international market access as Ukraine advances through the recovery and post-full-scale invasion of Ukraine period.

The Sovereign Investor Relations function serves as a key channel for maintaining transparent, consistent, and proactive communication with investors, creditors, and market participants. Its role extends beyond information disclosure to strengthening investor confidence through clear communication of Ukraine's macroeconomic policies, reform progress, fiscal developments, and debt management strategy. By fostering stronger relationships with existing and prospective investors, the IR function aims to enhance market understanding of Ukraine's economic trajectory while ensuring the country remains well positioned for a phased return to international capital markets when economic, security, and market conditions become conducive.

The strategic objective of **sovereign investor relations** is to position Ukraine among the global leaders in sovereign investor relations by achieving a top-five ranking in the Institute of International Finance (IIF) Sovereign Investor Relations assessment by 2029.

All IR activities are guided by four core principles:

Transparency

Proactively publishing all material debt management and macroeconomic information and minimizing information asymmetries among market participants

Accessibility

Ensuring that IR staff are identifiable, responsive, and accessible to investors, while providing opportunities for direct engagement with senior government officials when appropriate

Predictability

Adhering to announced publication schedules and maintaining consistent communication practices across market conditions and political cycles

Accuracy

Maintaining high standards of data quality and internal verification procedures; aligning publications with SDDS standards and IMF GFSM methodology; and correcting any errors promptly and transparently

The main IR activities include:

- ensuring timely updates of the IR website and regular publication of debt management, fiscal, and macroeconomic data;
- organizing investor conference calls, bilateral meetings, non-deal roadshows, and participation in international investor events;
- systematically collecting and analyzing investor feedback and market intelligence;
- preparing and distributing regular investor reports containing key macroeconomic indicators, fiscal developments, debt statistics, and reform updates;
- preparing and publishing investor presentations and thematic materials;
- maintaining, segmenting, and expanding the investor contact database;
- maintaining the Ministry of Finance's presence on Bloomberg and Refinitiv/LSEG platforms and ensuring that information on Ukraine's sovereign debt instruments and IR publications is reflected accurately and promptly across market data systems.

5. Monitoring, evaluation and reporting on Strategy implementation results

Monitoring and evaluation of the Strategy implementation results are carried out annually through analysis of:

- development and update of the annual domestic state borrowing plan;
- implementation of the Strategy’s tasks and measures;
- compliance with Ukraine’s external debt treatment strategy as part of the ongoing IMF Extended Fund Facility (EFF) program, including commitment to ensure debt sustainability.

Based on the monitoring results, the Ministry of Finance prepares a report on the management of state debt and state-guaranteed debt, which is subsequently published on its official website.

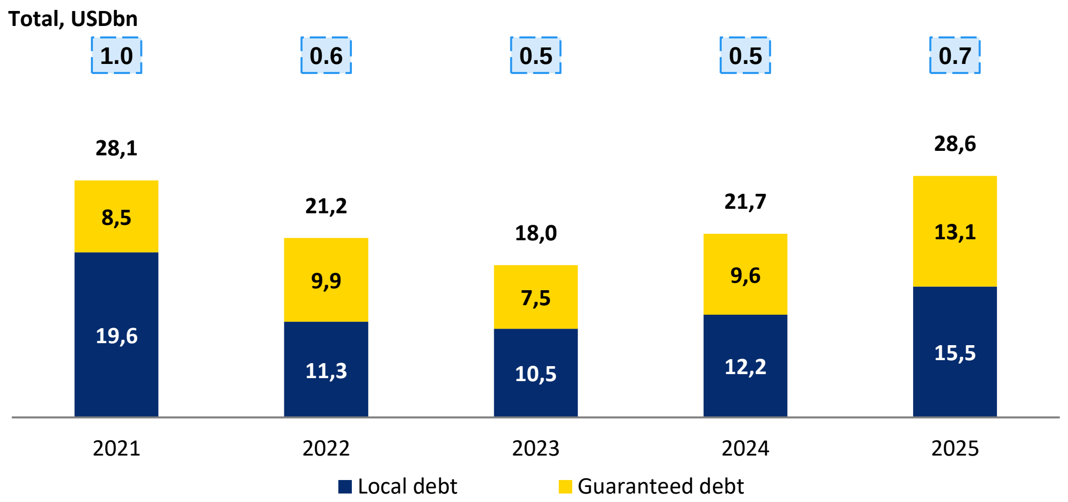
Annex. Overview of local debt and debt guaranteed by the Autonomous Republic of Crimea, oblast council, city, settlement or rural territorial communities

During martial law, local borrowings are used by local government bodies as a tool for financing local budgets and are directed towards projects related to the reconstruction of damaged housing, construction of shelters, maintenance of critical local infrastructure and implementation of energy-efficiency measures. This role has been supported by recent updates to the regulatory framework for local borrowing, including amendments to the Budget Code of Ukraine and methodological recommendations approved by the Ministry of Finance, which expanded access to local borrowing and strengthened the institutional capacity of local government bodies to raise debt financing.

The total amount of local debt and debt guaranteed by the Autonomous Republic of Crimea, oblast council, city, settlement or rural territorial communities (hereinafter – guaranteed debt) increased to UAH 28.6bn (USD 0.7bn) in 2025, driven by the extensive use of debt financing for critical infrastructure recovery projects and measures aimed at strengthening energy independence. At the same time, **risks associated with local borrowing and the provision of local guarantees remain constrained by budget legislation:**

1) **The state is not liable for the debt obligations of local government bodies.**
2) The total amount of local debt and guaranteed debt may not exceed 200% of the average annual general fund revenues of the respective local budget over the previous three years, excluding personal income tax and intergovernmental transfers.
3) Local debt-servicing costs are capped at 10% of the general fund expenditures of the respective local budget.
4) Local government bodies are required to allocate funds in their budgets to meet guarantee obligations throughout the entire guarantee period: 100% where a guarantee event has occurred and at least 50% in other cases.

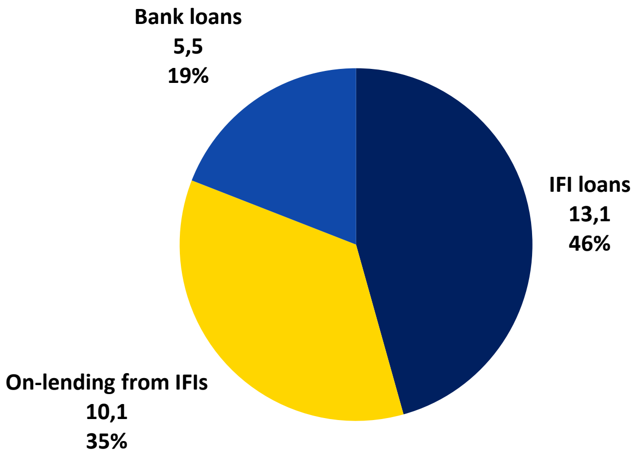
Local debt and guaranteed debt, UAHbn



Source Ministry of Finance of Ukraine

Local government bodies raise debt financing from both Ukrainian banks and international financial institutions. In particular, during 2022–2024, the Lviv, Dnipro and Kharkiv city councils each raised EUR 25m in loans from the EBRD to support critical local infrastructure related to district heating, water supply, public transport and other essential services. In 2026, the EBRD also announced a EUR 150m loan to the City of Kyiv for development projects.

Local debt and guaranteed debt by lender type as of end-2025, UAHbn

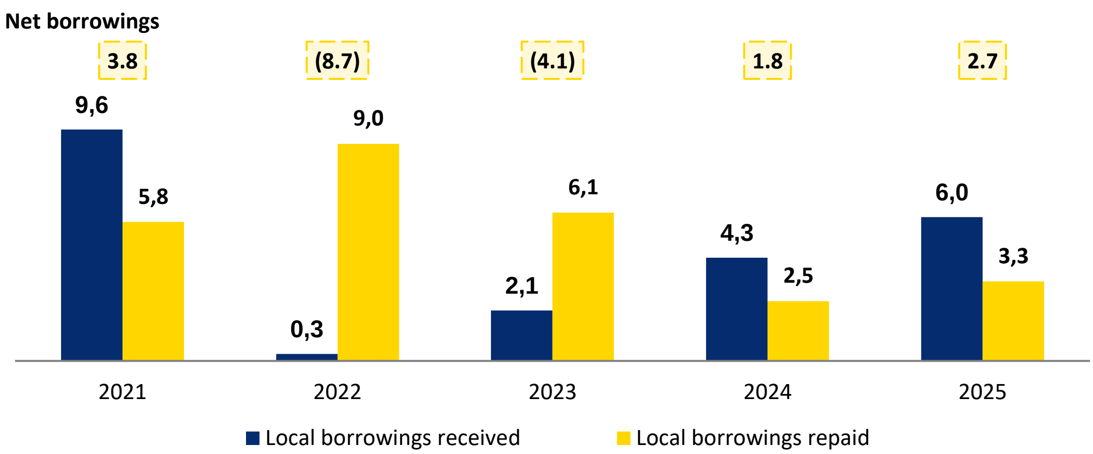


Source Ministry of Finance of Ukraine

In 2025, local borrowings raised for local budgets amounted to UAH 6.0bn, representing a twentyfold increase compared with 2022, although remaining below the 2021 level

Local debt is repaid in accordance with the applicable financing terms and payment schedules under the respective loan agreements. In 2025, local debt repayments amounted to UAH 3.3bn, 32% higher than in 2024

Borrowings raised for local budgets and local debt repayments, UAHbn



Source Ministry of Finance of Ukraine