



MINISTRY OF
FINANCE OF
UKRAINE

Emerging Markets Credit Conference

Ukraine: Fiscal, debt and reform outlook

Yuriy Butsa

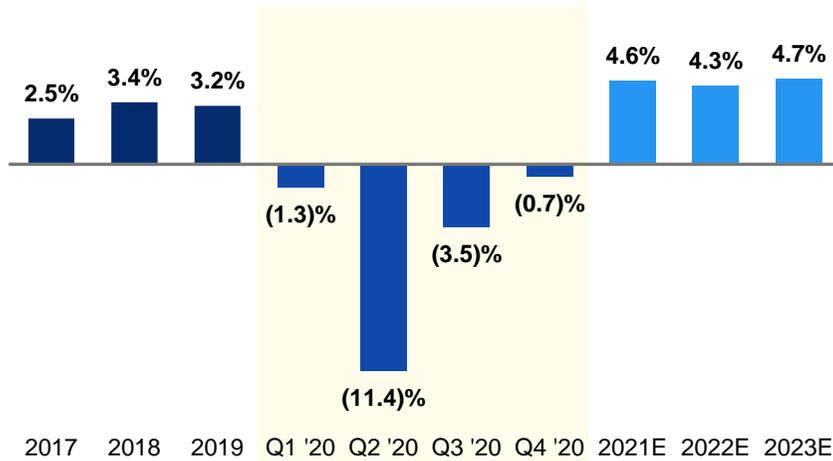
Government Commissioner for
Public Debt Management

March 3, 2021

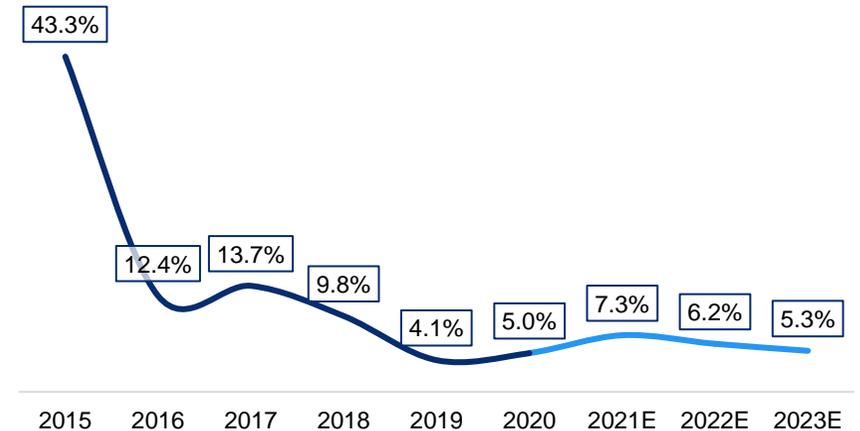


Swift recovery of macroeconomic fundamentals is contemplated

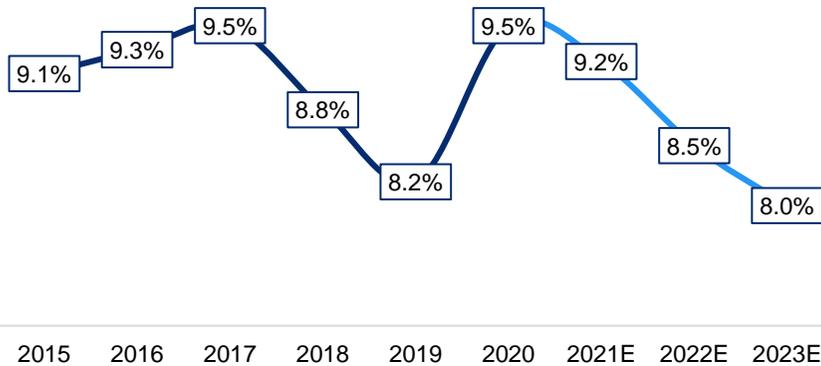
Real GDP growth, %



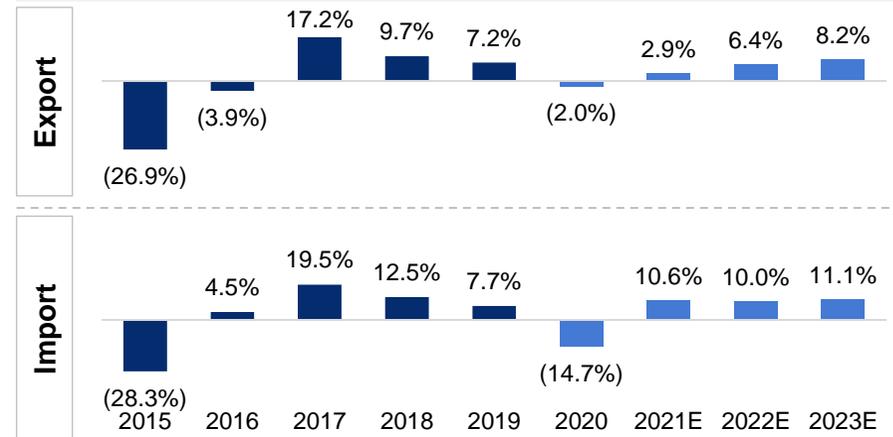
Consumer price index (eop), %



Unemployment rate, %



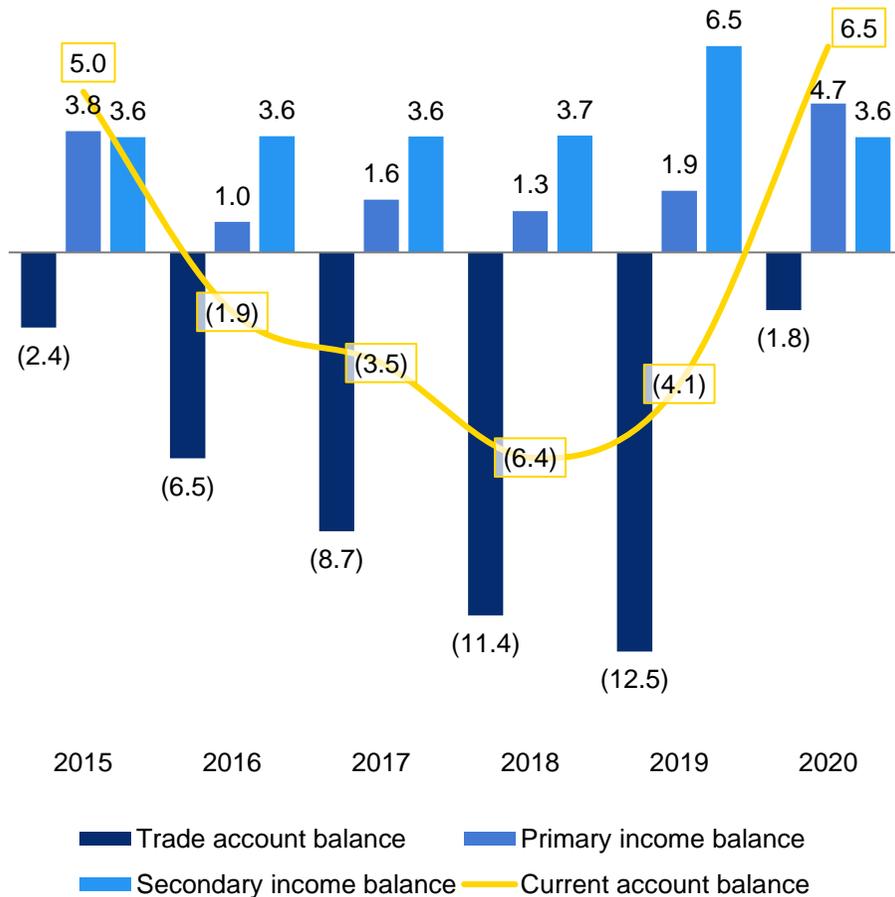
Export and import change, %



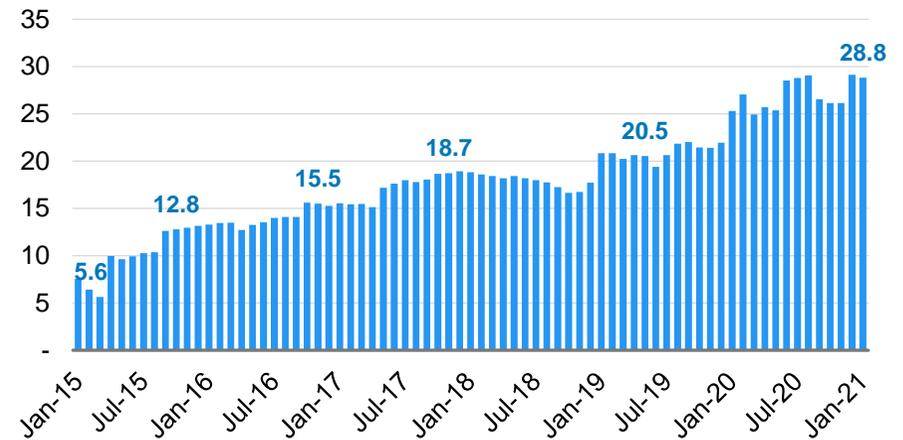
Source State Statistics Service of Ukraine, NBU, Ministry of Economic Development, Trade and Agriculture of Ukraine
Note Government's forecast of economic and social development of Ukraine for 2021-2023 was used for 2021-2023 estimates

Firm external position and accumulated international reserves

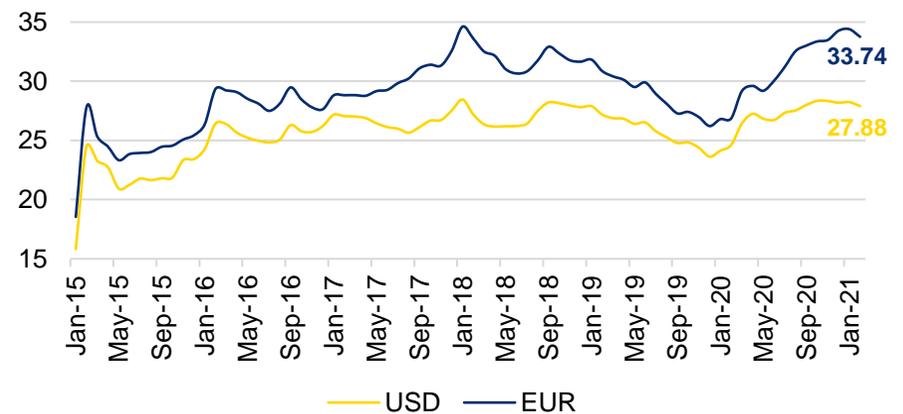
Current account balance components, USDbn



Gross international reserves, USDbn



UAH/USD and UAH/EUR exchange rates dynamics



2021 state budget to commence post-crisis fiscal consolidation...

2021 State Budget vs previous periods

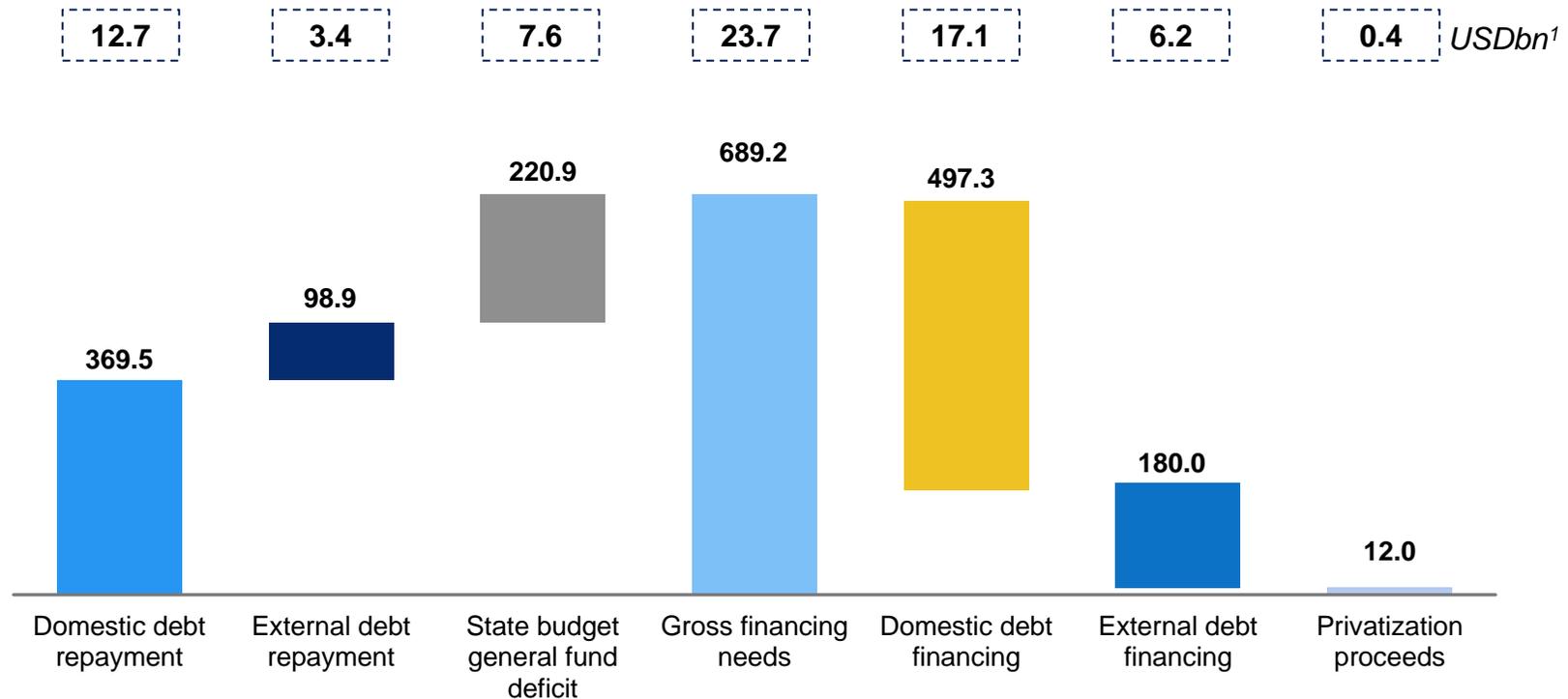
| <i>UAHbn</i> | 2019 (Act.) | 2020 (Plan as of Dec) | 2020 (Act.) | 2021 (Law) | 2021 (Law) / 2020 (Act.) change |
|-------------------------------------|----------------|-----------------------|----------------|----------------|---------------------------------|
| Nominal GDP¹ | 3,975 | 3,975 | 3,975 | 4,506 | |
| (i) Revenues | 998.3 | 1,067.0 | 1,076.0 | 1,084.0 | 0.7% |
| <i>as % of GDP</i> | <i>25.1%</i> | <i>26.8%</i> | <i>27.1%</i> | <i>24.1%</i> | |
| Tax revenues | 799.8 | 826.3 | 851.1 | 928.6 | 9.1% |
| Non-tax revenues | 198.6 | 240.7 | 224.9 | 142.5 | (36.6%) |
| (ii) Expenditures | 1,075.1 | 1,355.3 | 1,288.0 | 1,320.2 | 2.5% |
| <i>as % of GDP</i> | <i>27.1%</i> | <i>34.1%</i> | <i>32.4%</i> | <i>29.3%</i> | |
| (iii) Net lending | 4.2 | 12.3 | 5.1 | 10.5 | 106.4% |
| <i>as % of GDP</i> | <i>0.1%</i> | <i>0.3%</i> | <i>0.1%</i> | <i>0.2%</i> | |
| Overall state budget deficit | 81.0 | 300.5 | 217.1 | 246.6 | 13.6% |
| <i>as % of GDP</i> | <i>2.0%</i> | <i>7.6%</i> | <i>5.5%</i> | <i>5.5%</i> | |

Source State Treasury Service of Ukraine and the Parliament

Note 1 NBU Q1'21 forecast for 2020 and 2021

...supported by limited external debt repayment and gradually falling budget deficit

2021 State Budget: general fund financing, UAHbn



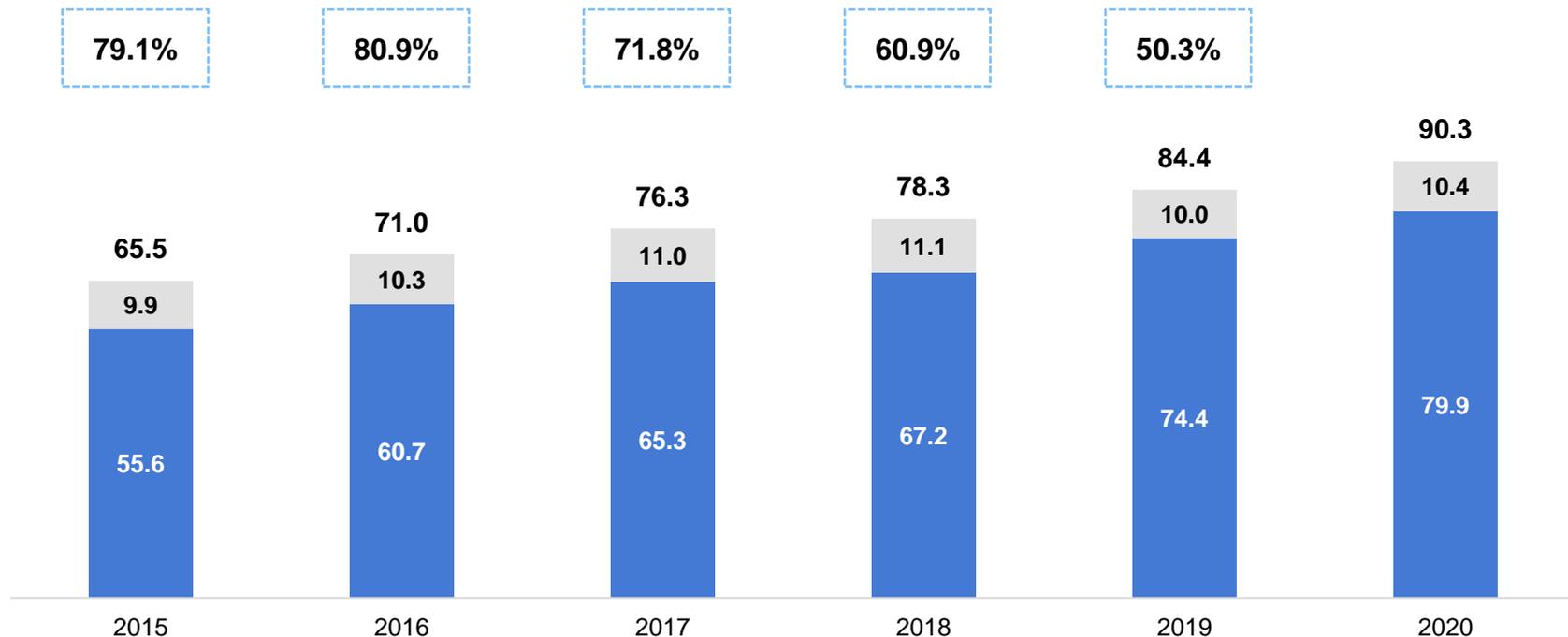
Source State Treasury Service of Ukraine and the Parliament

Note 1 Translated at the 2021 budgeted avg 29.1 UAH per 1 USD

Despite crisis, state and state-guaranteed debt is relatively stable in absolute terms...

State and state-guaranteed debt dynamics, USDbn

State and state-guaranteed debt as % of GDP

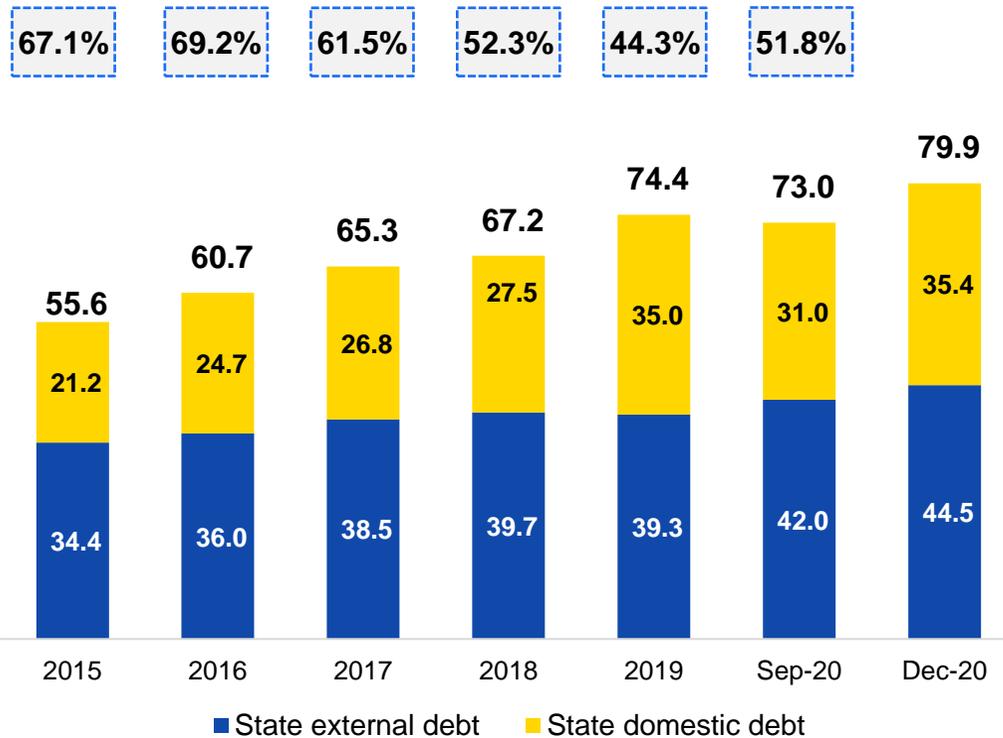


Source Ministry of Finance of Ukraine

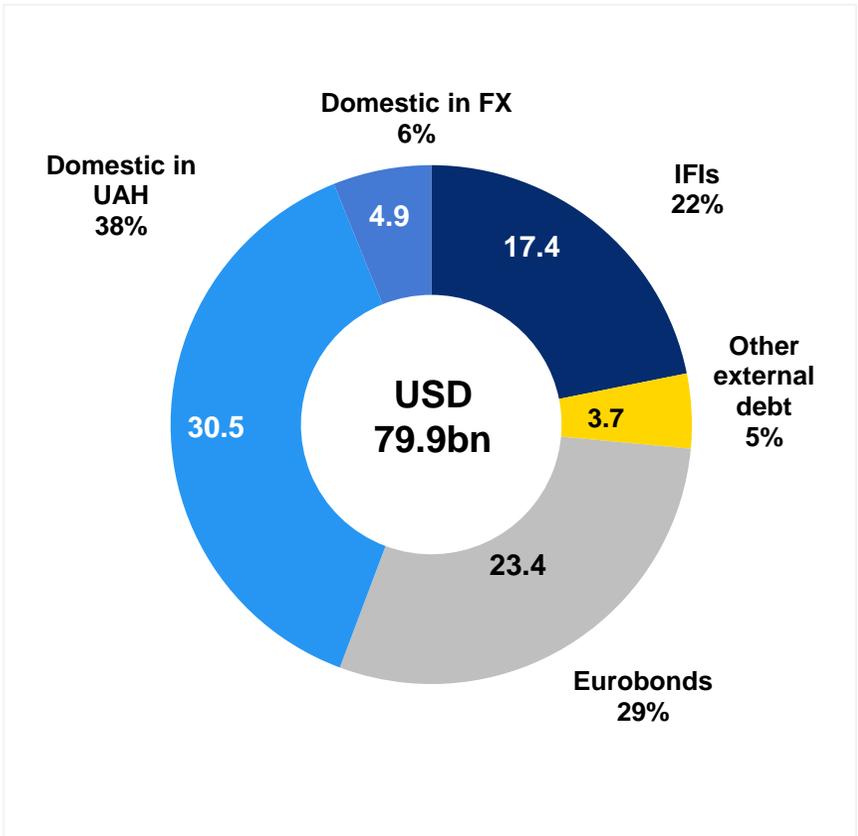
... with the remaining high reliance on domestic debt in UAH

State debt dynamics, USDbn

State debt as % of GDP

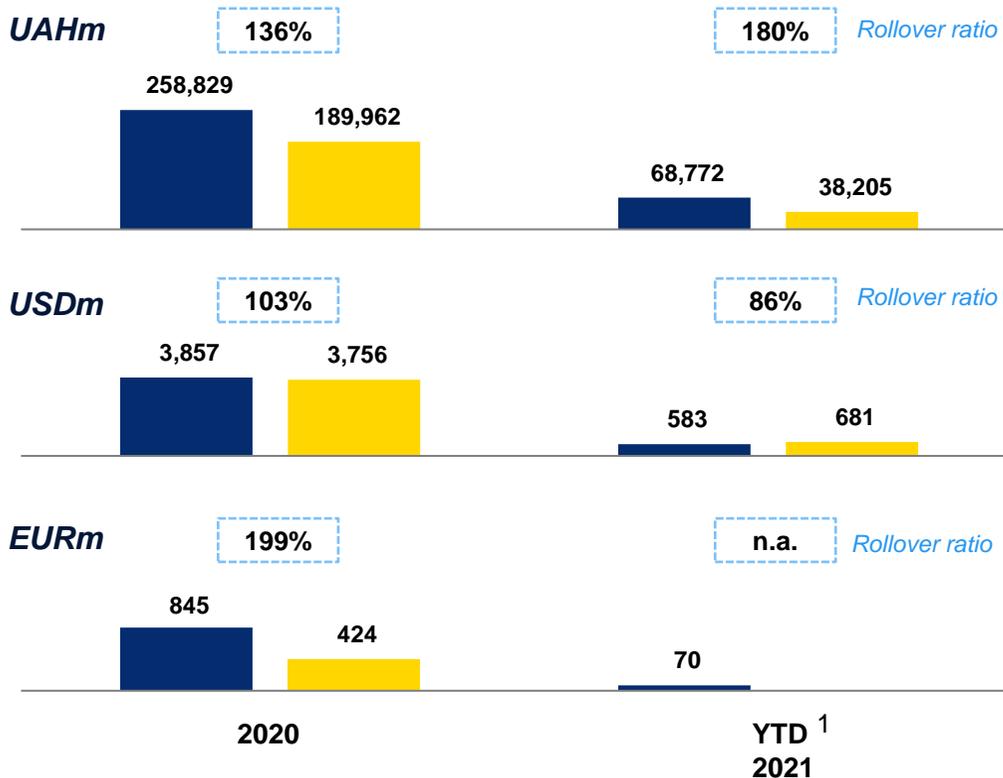


State debt breakdown by creditor, USDbn

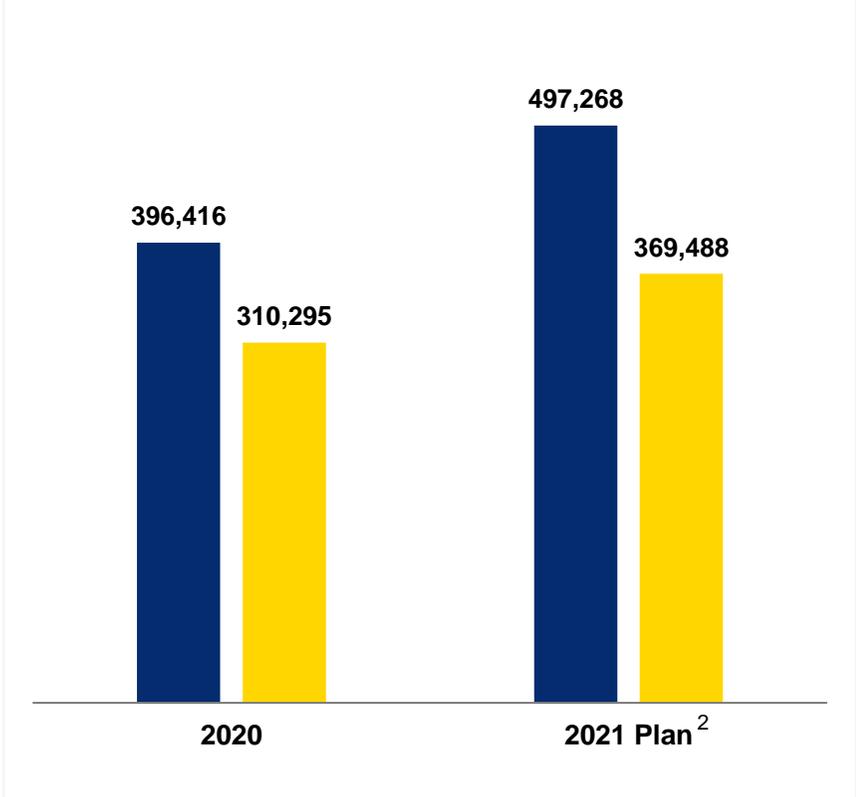


Domestic government bond market continuing its upward trend in 2020...

Domestic government bond placements / service by currency



Total domestic debt issuance and service, UAHm



■ Domestic debt issuance ■ Domestic debt service

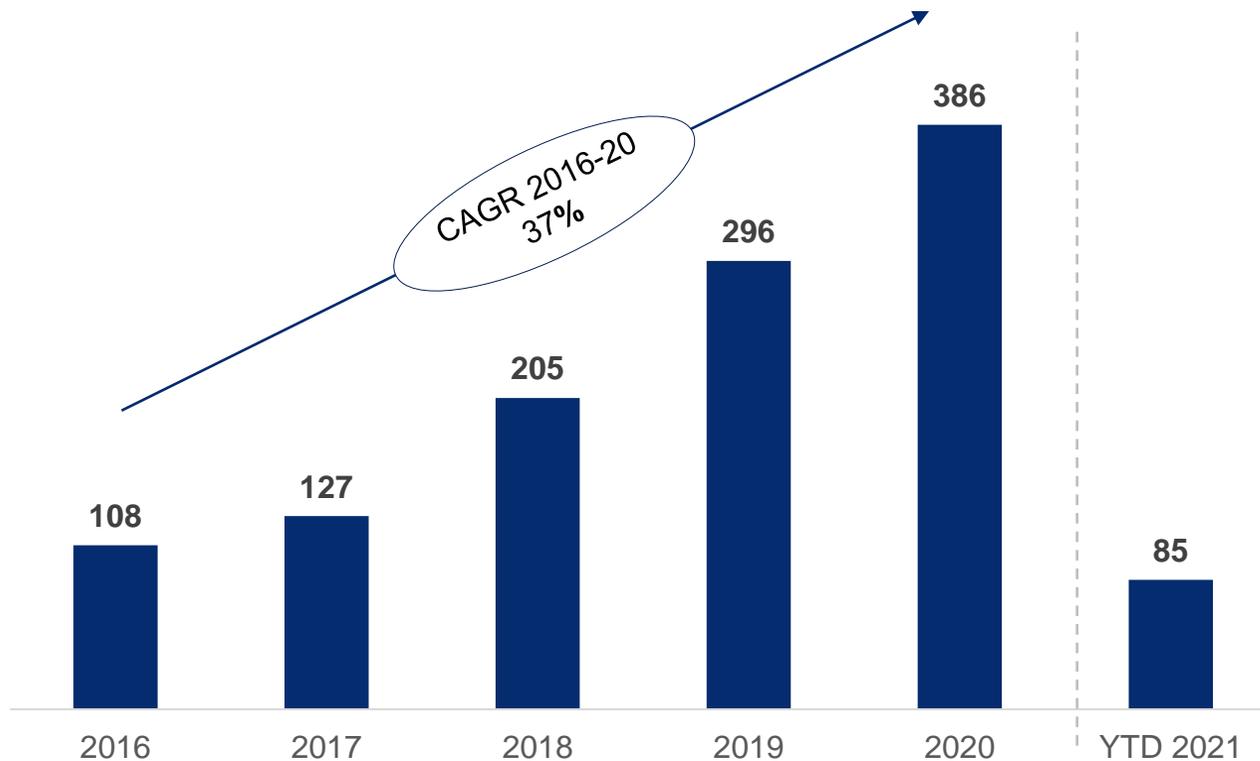
Source Ministry of Finance of Ukraine

Note 1 As of 02.03.2021 for domestic debt issuance and as of 28.02.2021 for domestic debt service

Note 2 According to the State Budget Law for 2021

... supported by the steady increase in domestic secondary trading

Secondary trading volume of domestic government bonds, UAHbn

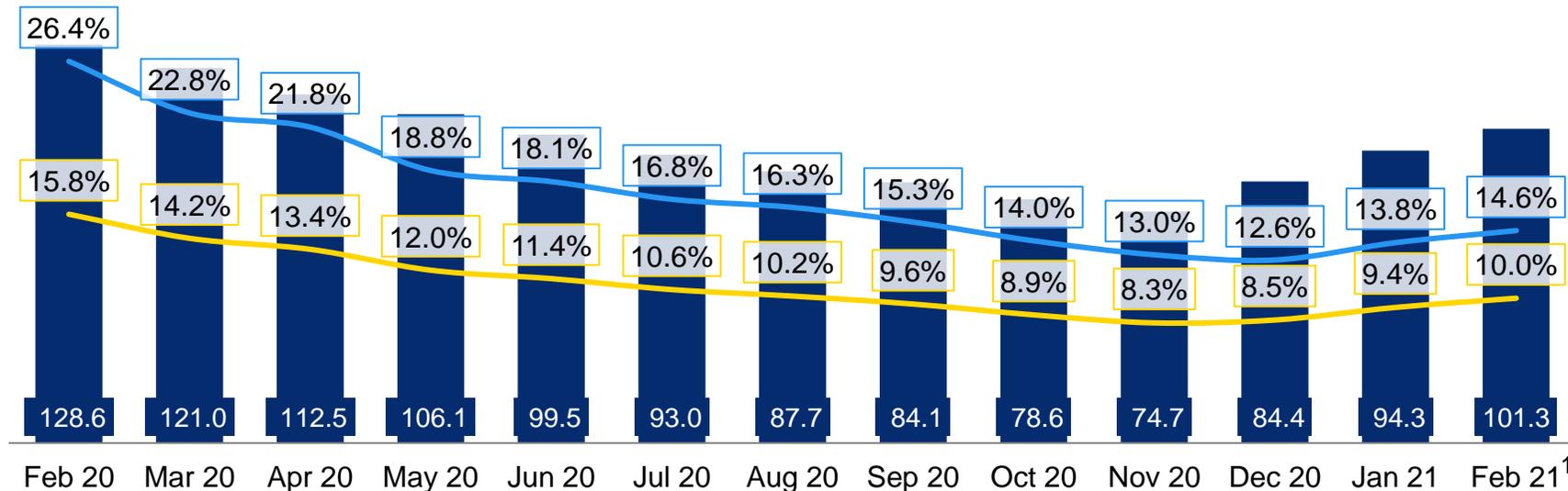


- ▶ In 2020, the **market continued to grow** and reached UAH 386bn which is almost a 4x increase compare to 2016
- ▶ **Further uptick in secondary trading volumes is exhibited 2021**

Non-residents' domestic government bonds holdings bouncing back

Non-residents' domestic government bond portfolio

Held by non-residents, USDbn



■ Held by non-residents, UAHbn

— % of total portfolio

— % of total portfolio (excl. NBU)

Source National Bank of Ukraine

Note 1 As of February 26, 2020