



MINISTRY OF
FINANCE OF
UKRAINE

Ukrainian Investment Roadshow

Yuriy Butsa
Government Commissioner for
Public Debt Management

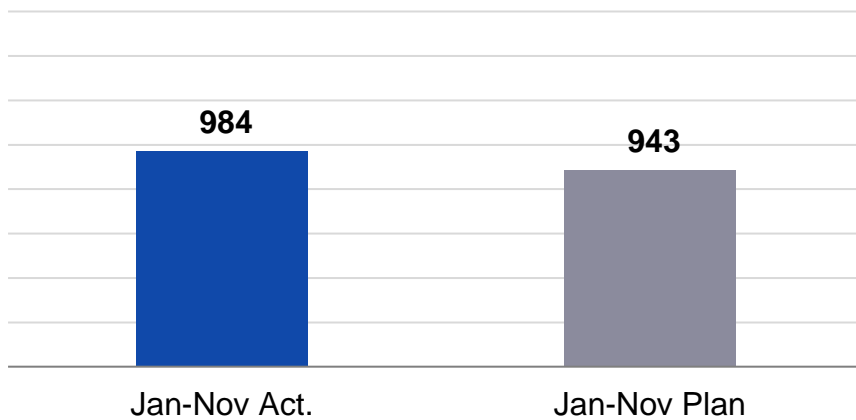
December 9, 2021



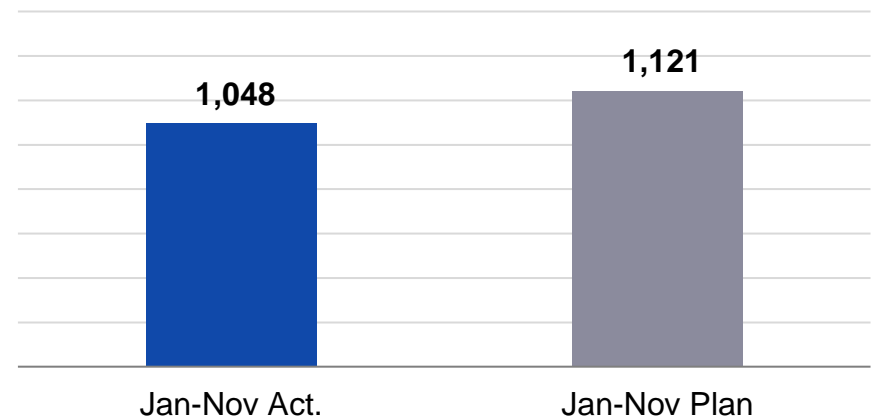
11m 2021 revenue overperformance and expenditures underperformance vs plan

11m 2021 general fund state budget performance: actual vs plan (UAHbn)

Revenues



Expenditures



State budget balance

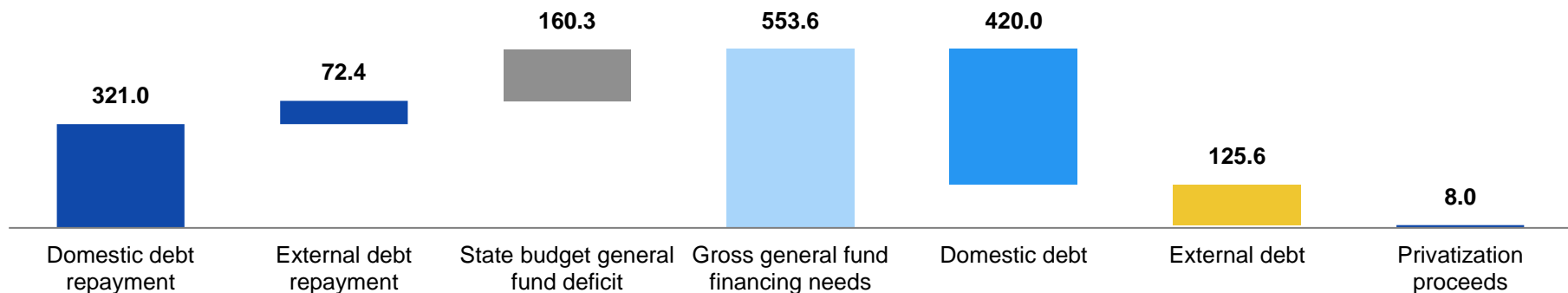
| | Jan-Nov Act. | Jan-Nov Plan |
|-------------------------------------------|--------------|--------------|
| Primary general fund state budget balance | 85.0 | (62.7) |
| Overall general fund state budget balance | (57.4) | (175.7) |

2022 draft budget law continues ongoing fiscal consolidation

2022 draft state budget law

| | 2020 | 2021 ¹ | 2022 ² |
|-------------------------------------------|----------------|-------------------|-------------------|
| Key state budget indicators, UAHbn | <i>Actual</i> | <i>Law</i> | <i>Law</i> |
| (i) Revenues | 1,076.0 | 1,147.1 | 1,322.1 |
| <i>as % of GDP</i> | 25.7% | 23.9% | 24.6% |
| (ii) Expenditures | 1,288.1 | 1,384.7 | 1,497.7 |
| <i>as % of GDP</i> | 30.7% | 28.8% | 27.9% |
| Overall state budget deficit | 217.6 | 246.8 | 188.8 |
| <i>as % of GDP</i> | 5.2% | 5.1% | 3.5% |

2022 state budget general fund financing, UAHbn



Source Ministry of Finance of Ukraine, Verkhovna Rada of Ukraine

Notes 1 As of Oct 2021 (based on the monthly budget execution report of the State Treasury Service of Ukraine)

2 According to Nov 2021 Budget Law 2022

Prudent execution of medium-term debt management strategy (1/3)

Key targets of 2017-2019, 2018-2020, and 2019-2022 medium-term debt management strategies

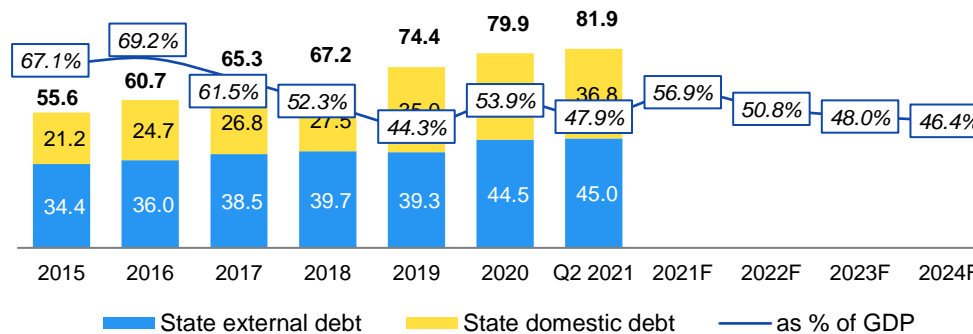
1

Strengthening debt structure and lowering debt levels

Comments

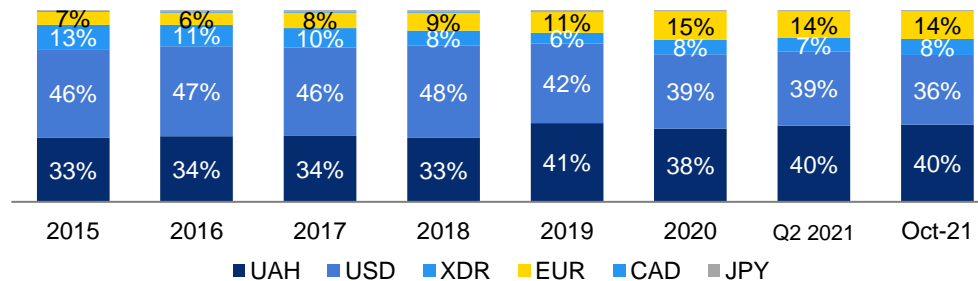
(1) Increase in the share of domestic debt and reduction of debt levels

State debt breakdown by type, USDbn



(2) Increase in the share of state debt denominated in local currency

State debt breakdown by currency



- ▶ The share of state domestic debt has increased rapidly from 41% in 2018 to 47% in 2019, driven by active domestic government bond placements
- ▶ Ukraine has been consistently reducing its debt burden, which reached 47.9% of GDP in Q2 2021
- ▶ The share of the local currency-denominated debt has increased and reached its peak in 2019 (41%), reducing FX volatility risks
- ▶ As of end-October 2021, the share of UAH-denominated debt was at the level of 40%

Source Ministry of Finance of Ukraine, November 2021 Budget Law 2022 (forecast)

Prudent execution of medium-term debt management strategy (2/3)

Key targets of 2017-2019, 2018-2020, and 2019-2022 medium-term debt management strategies

2

Reducing refinancing risk

Comments

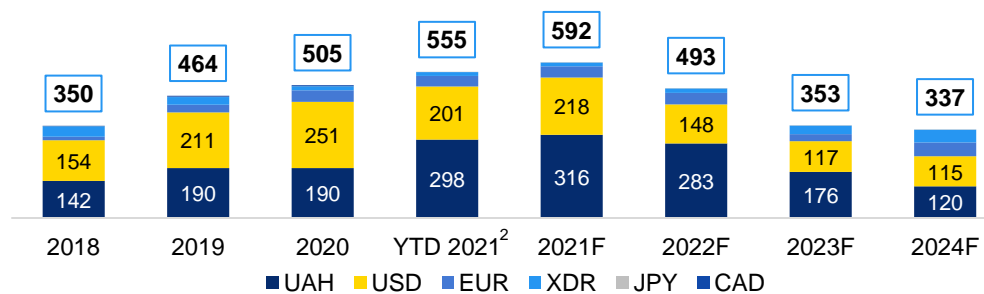
(3) Extension of average debt maturity

State debt breakdown by maturity (eop)

| | 2018 | 2019 | 2020 | Q1 2021 |
|------------|------------|------------|------------|------------|
| | % of total | % of total | % of total | % of total |
| < 3 years | 26% | 25% | 27% | 29% |
| 3-5 years | 7% | 9% | 15% | 14% |
| 5-7 years | 14% | 14% | 7% | 7% |
| 7-10 years | 11% | 13% | 14% | 15% |
| > 10 years | 41% | 39% | 36% | 35% |

(4) Ensuring a smooth state debt repayment profile

State debt service by currency¹, UAHbn



- ▶ The major part of Ukrainian debt is attributed to long-term debt instruments with the largest share of debt instruments maturing in more than 10 years (35% in 2021)
- ▶ The state debt service fluctuated around UAH 350bn – UAH 555bn during 2018 – 11m 2021 with the majority of debt service denominated in UAH and USD
- ▶ The largest amount of existing debt is expected to be repaid in 2021 (UAH 592bn) with gradual reduction to UAH 337bn in 2024

Source Ministry of Finance of Ukraine

Note 1 Existing debt only

2 As of November 2021

Prudent execution of medium-term debt management strategy (3/3)

Key targets of 2017-2019, 2018-2020, and 2019-2022 medium-term debt management strategies

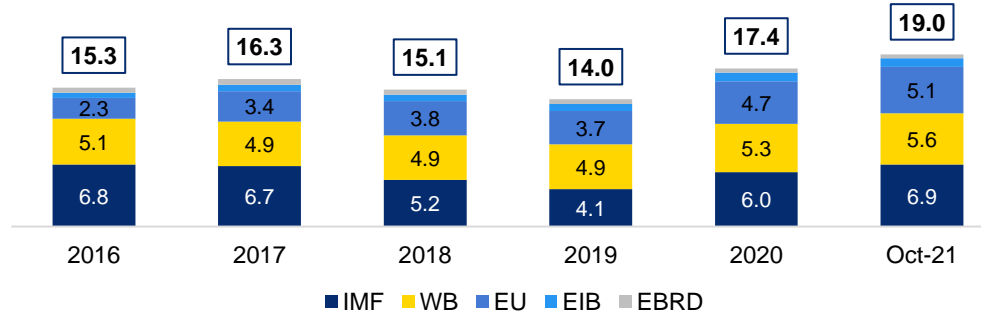
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Continuous financial support from international partners

Comments

(5) Attracting long-term concessional funding

State concessional debt breakdown by partner, USDbn



► Combined with a proactive response to Covid-19 economic fallout, Ukraine managed to secure a range of concessional financing from its international partners to cover significant portion of external financing needs of the general fund of the state budget for 2021