



MINISTRY OF  
**FINANCE OF**  
UKRAINE

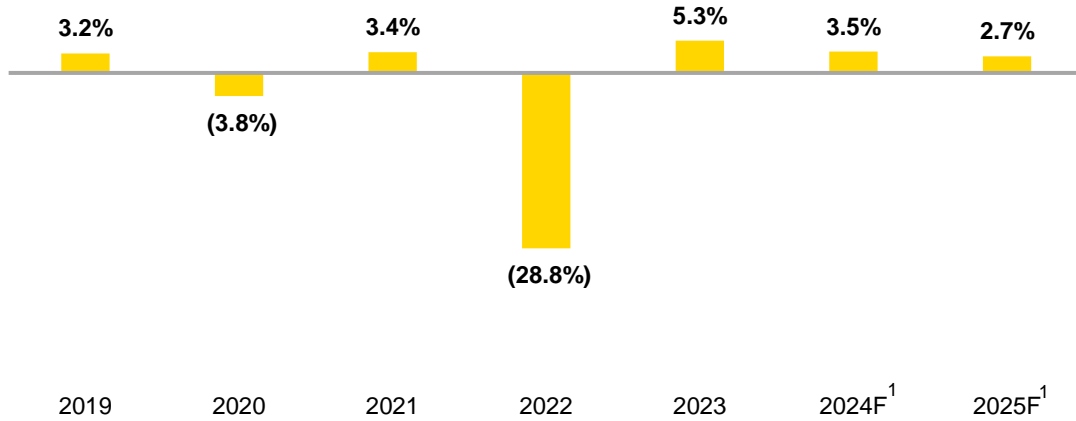
**Yuriy Butsa**  
Government Commissioner for  
Public Debt Management

**17 September, 2024**

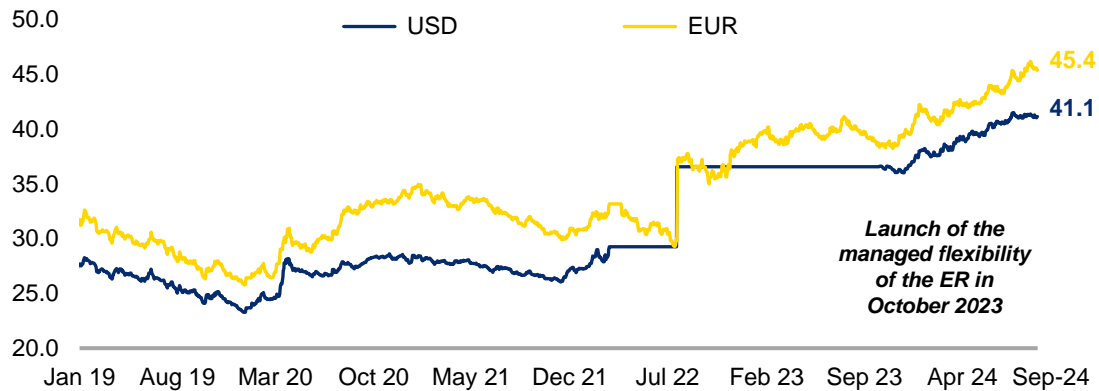


# War is a severe shock, but resilience of the Ukrainian economy is remarkable

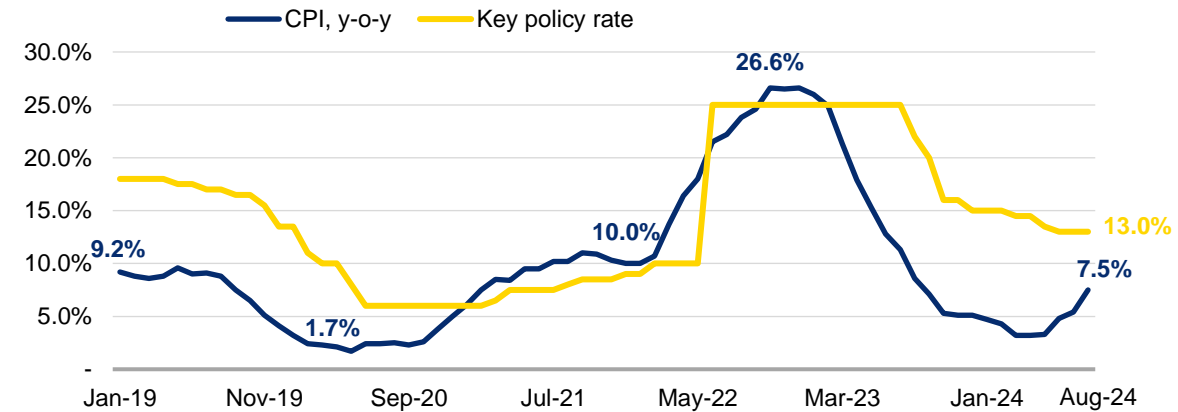
### Real GDP growth (y-o-y, %)



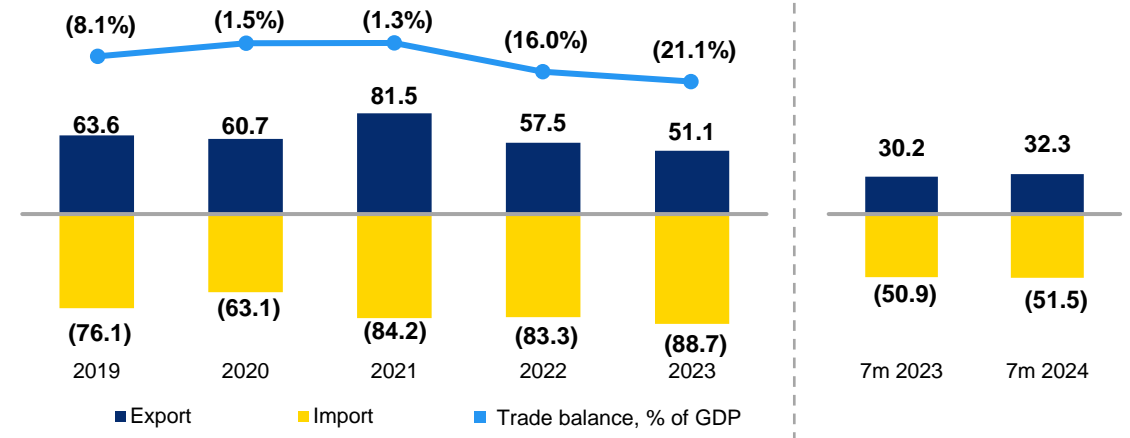
### Exchange rate, UAH



### CPI (y-o-y, %)



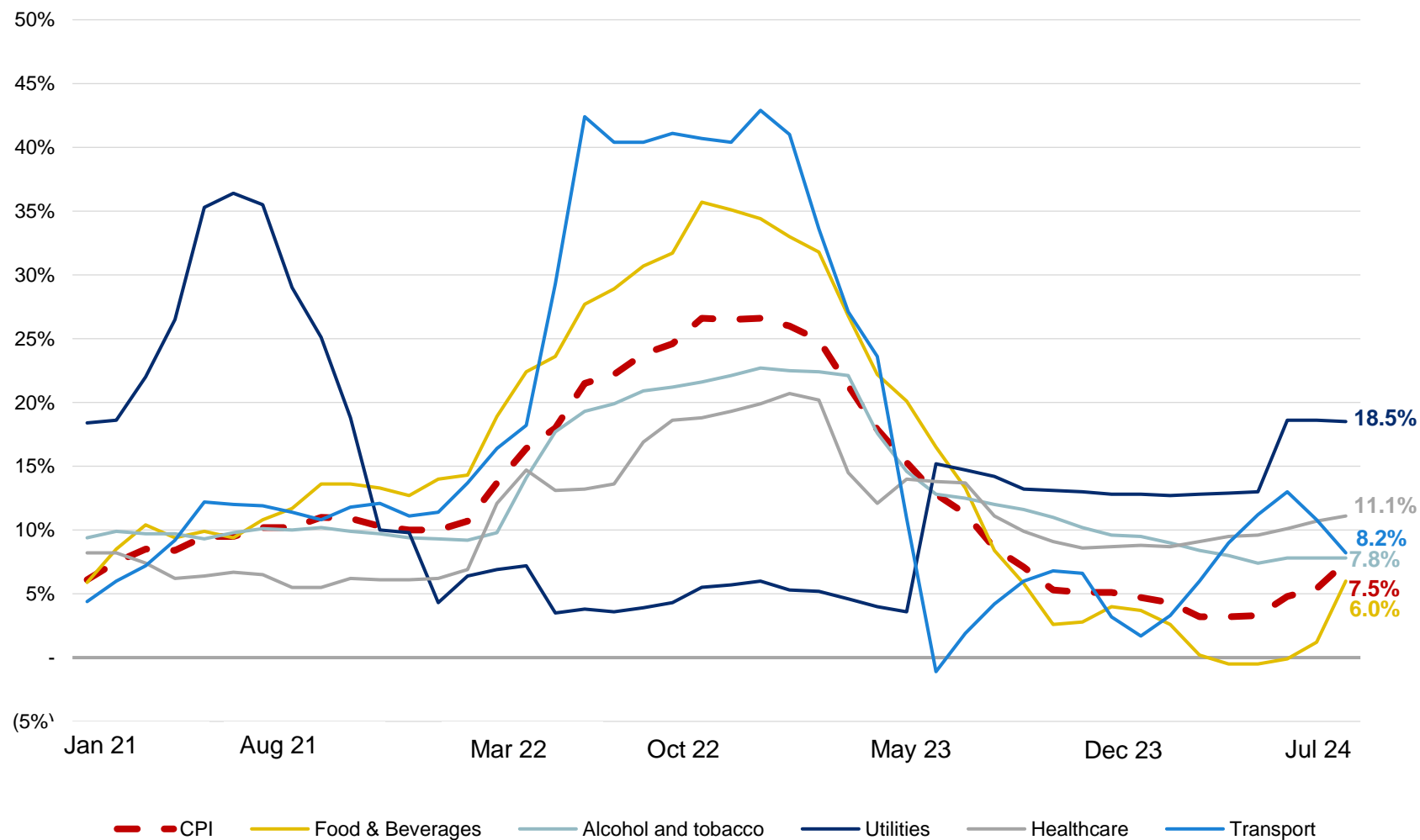
### Export & import dynamics (goods and services, USD bn)<sup>1</sup>



**Note 1** Draft state budget for 2025

**Source** Ministry of Finance of Ukraine, Ukrstat, National Bank of Ukraine

CPI components (y-o-y, %)



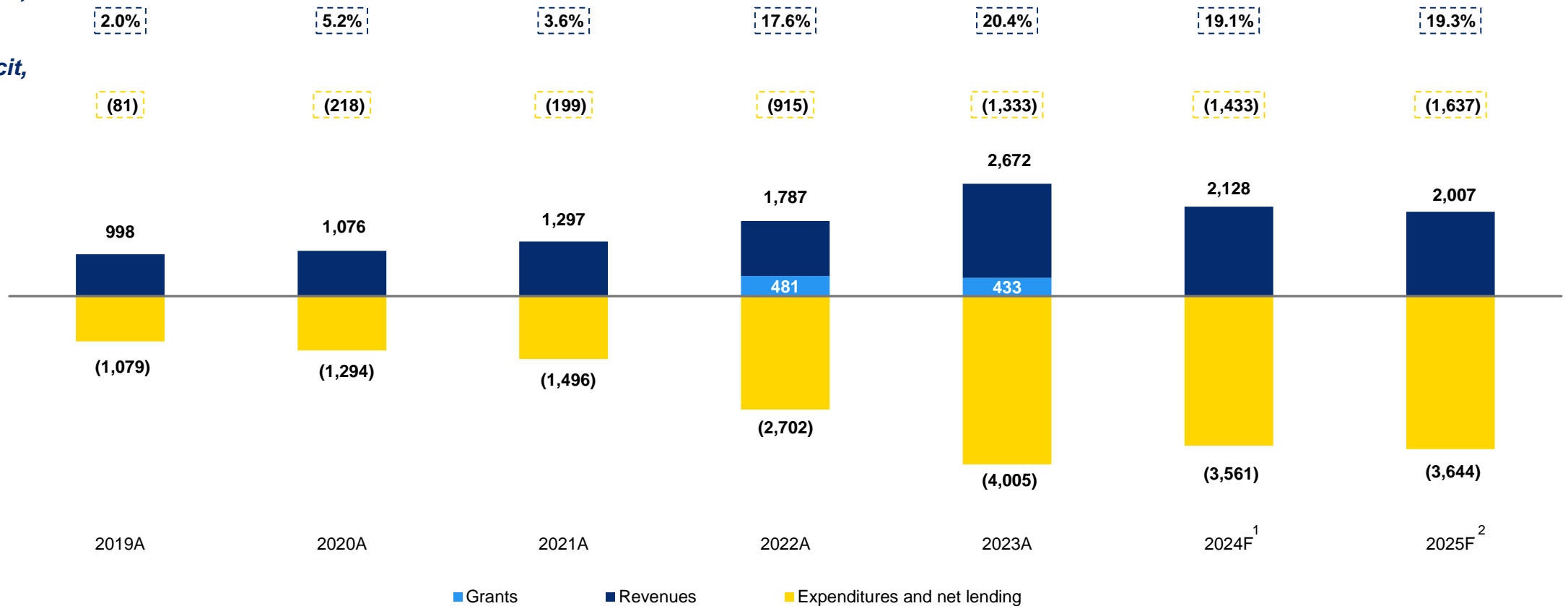
- ✓ In August 2024, consumer inflation reached **7.5%** year-over-year, with a cumulative increase of **4.9%** since the beginning of the year.
- ✓ **The accelerated inflation in Ukraine is primarily driven by several key factors:**
  - **Rising energy costs**, due to supply shortages and damaged infrastructure, have significantly increased business expenses for electricity and fuel, pushing up production and transportation costs.
  - **The depreciation** of Ukrainian hryvnia in recent months has made imports more expensive, further contributing to price increases across various sectors.
  - **Food price increases** in Ukraine are driven by rising energy costs, poor weather affecting crop yields, and higher raw material costs, particularly for fertilizers.
  - **Healthcare:** the prices for pharmaceutical products and medical supplies saw a significant increase, driven primarily by currency depreciation and higher import costs

# Economic shock significantly affected Ukraine's public finance with the revenues contracting and the expenditures increasing materially

State Budget revenues, expenditures and deficit (UAH bn)

*Budget deficit,  
% of GDP*

*Budget deficit,  
UAHbn*



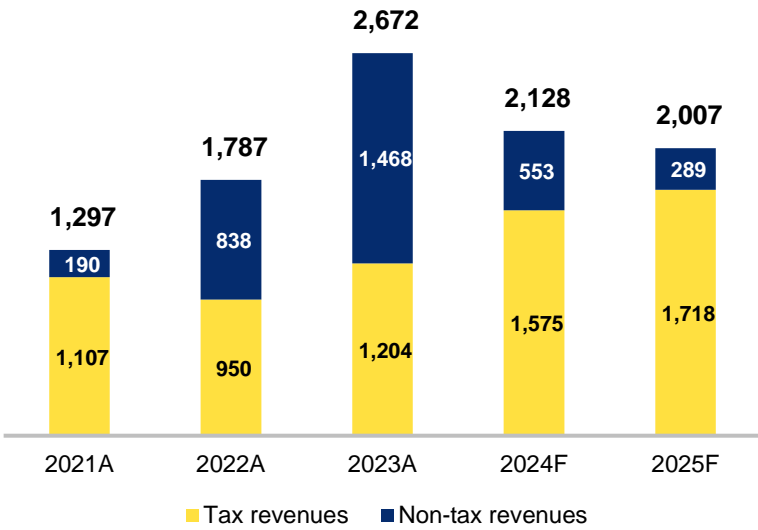
**Note 1** Nominal GDP as per NBU's forecast (July 2024)

**Note 2** Draft state budget for 2025

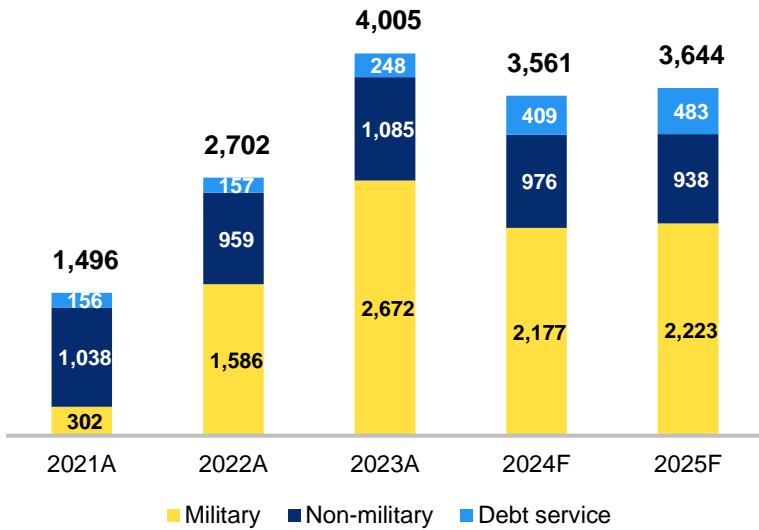
**Source** Ministry of Finance of Ukraine, National Bank of Ukraine

## Key State budget indicators

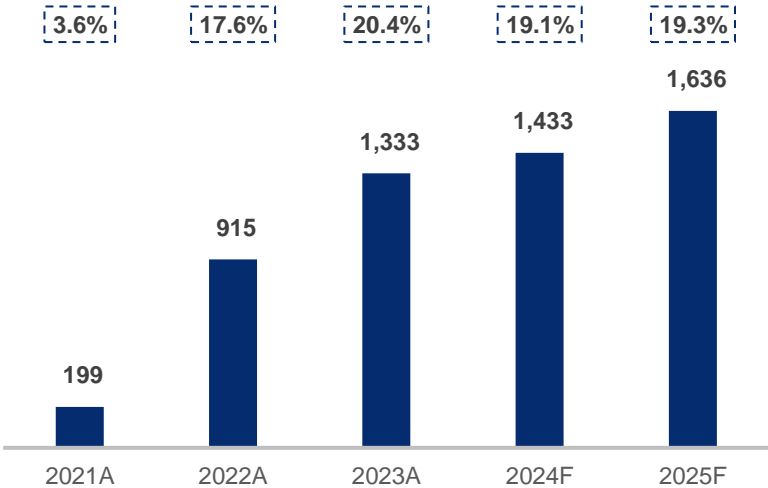
**State Budget revenues, UAHbh**



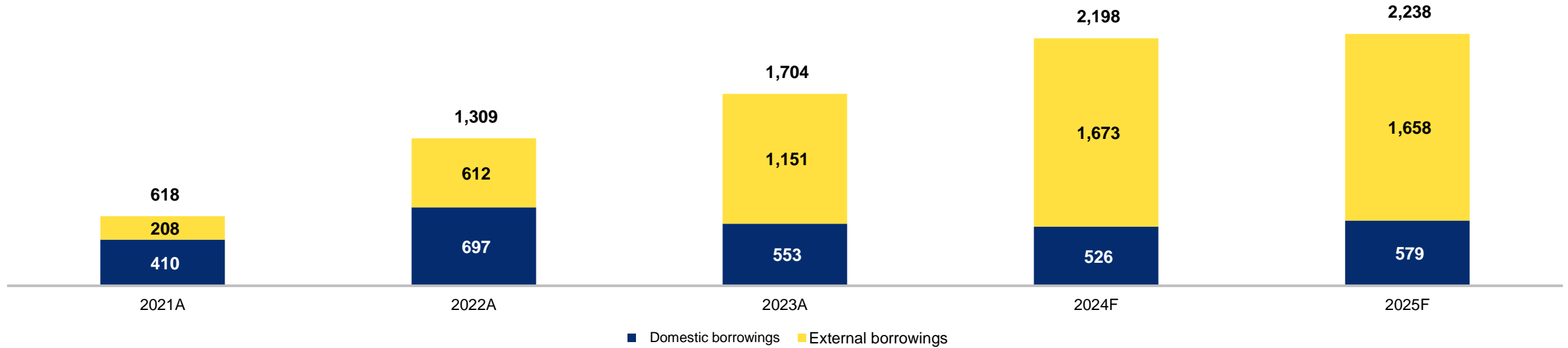
**State Budget expenditures, UAHbn**



**State Budget deficit, UAHbn and % of GDP**



## State budget financing



# Completed Eurobond debt restructuring aimed to restore a debt sustainability

	Before Restructuring	After Restructuring																																																								
Eligible notes	13 series of sovereign Eurobonds and 1 sovereign-guaranteed bond of Ukravtodor	8 series of sovereign Eurobonds																																																								
Amount outstanding	c. USD 24.0bn (incl. accrued interest)	USD 15.2bn (37% nominal haircut resulting in US\$ 8.8bn debt stock reduction)																																																								
Weighted average coupon rate	Fixed at 7.5%	Bonds A: 1.75% until 2026, 4.5% until 2027, 6% 2027-'33 Bonds B: begin in 2027 at 3% until 2033. From 2034, coupon payments for all new Eurobonds will be 7.75%.																																																								
Weighted average maturity	5.9 years	9.7 years																																																								
Debt service	<p>2024-2027: USD 13.6bn 2024-2033: USD 28.5bn Full period: USD 33.0bn</p> <table border="1"> <caption>Debt Service Before Restructuring (USD bn)</caption> <thead> <tr> <th>Year</th> <th>Interest</th> <th>Principal</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2024E</td> <td>0.9</td> <td>0.9</td> <td>1.8</td> </tr> <tr> <td>2025E</td> <td>1.7</td> <td>1.4</td> <td>3.1</td> </tr> <tr> <td>2026E</td> <td>1.3</td> <td>2.1</td> <td>3.4</td> </tr> <tr> <td>2027E</td> <td>1.1</td> <td>1.3</td> <td>2.4</td> </tr> <tr> <td>2028E</td> <td>1.0</td> <td>2.4</td> <td>3.4</td> </tr> <tr> <td>2029E</td> <td>0.8</td> <td>1.3</td> <td>2.1</td> </tr> </tbody> </table>	Year	Interest	Principal	Total	2024E	0.9	0.9	1.8	2025E	1.7	1.4	3.1	2026E	1.3	2.1	3.4	2027E	1.1	1.3	2.4	2028E	1.0	2.4	3.4	2029E	0.8	1.3	2.1	<p>2024-2027: USD 1.2bn (decrease by 91%) 2024-2033: USD 7.0bn (decrease by 75%) Full period: USD 22.0bn (decrease by 33%)</p> <table border="1"> <caption>Debt Service After Restructuring (USD bn)</caption> <thead> <tr> <th>Year</th> <th>Interest</th> <th>Principal</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2024E</td> <td>0.4</td> <td>0.0</td> <td>0.4</td> </tr> <tr> <td>2025E</td> <td>0.2</td> <td>0.0</td> <td>0.2</td> </tr> <tr> <td>2026E</td> <td>0.4</td> <td>0.0</td> <td>0.4</td> </tr> <tr> <td>2027E</td> <td>0.6</td> <td>0.0</td> <td>0.6</td> </tr> <tr> <td>2028E</td> <td>0.7</td> <td>0.0</td> <td>0.7</td> </tr> <tr> <td>2029E</td> <td>0.7</td> <td>1.2</td> <td>1.9</td> </tr> </tbody> </table>	Year	Interest	Principal	Total	2024E	0.4	0.0	0.4	2025E	0.2	0.0	0.2	2026E	0.4	0.0	0.4	2027E	0.6	0.0	0.6	2028E	0.7	0.0	0.7	2029E	0.7	1.2	1.9
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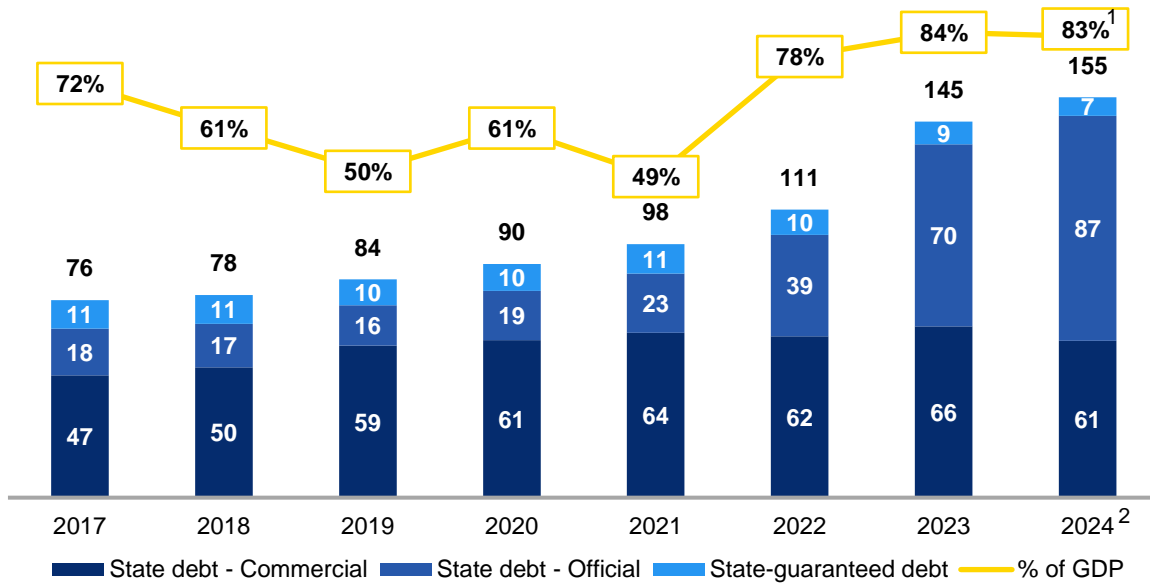
- ✓ In March 2023, Ukrainian authorities committed to undertake a debt treatment of external commercial debt in 2024 to restore Ukraine's debt sustainability in line with the commitments of the IMF EFF program
- ✓ The debt operation aimed to reach the following DSA targets:
  - Public debt / GDP of 82% in 2028 and 65% in 2033
  - Gross financing needs / GDP averaging 8% in the post-program period (2028–33)
  - Debt service flow relief on external obligations / GDP of 1-1.8% per year (equivalent to c.11.8bn\$ over 2024-2027Q1)
- ✓ The debt operation was finalized on 3 September 2024, and **eight new series of bonds were issued with maturity in 2029, 2034, 2035, 2036 for Bond A, and 2030, 2034, 2035, and 2036 for Bond B**
- ✓ Ukraine remains committed to treat the rest of eligible claims falling in the debt treatment perimeter

**Note 1** Restructuring consent fees (USD 130m for warrants and USD 240m for Eurobonds)

**Source** Ministry of Finance of Ukraine, LSE

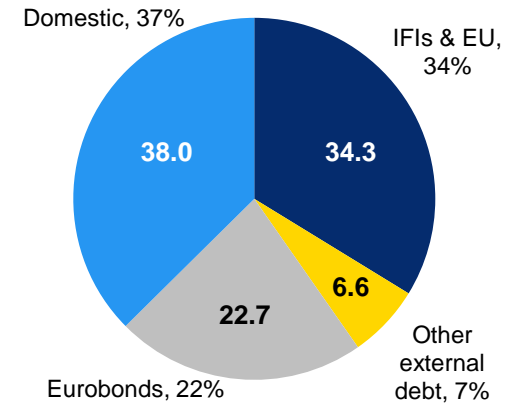
# Debt stock as a share of GDP increased significantly with a change of the debt composition

State and state-guaranteed dynamics, USD bn

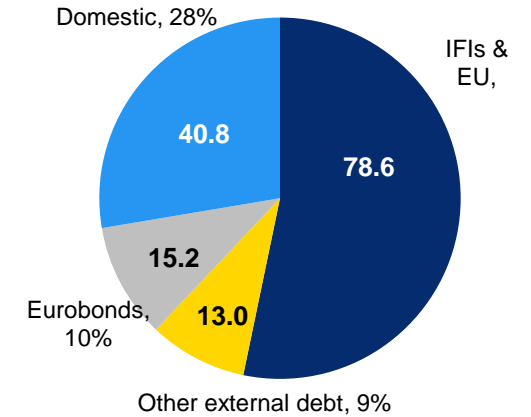


State debt split by creditors, USD bn

December 2022



August 2024



Note 1 Based on Nominal GDP forecast from Draft state budget for 2025

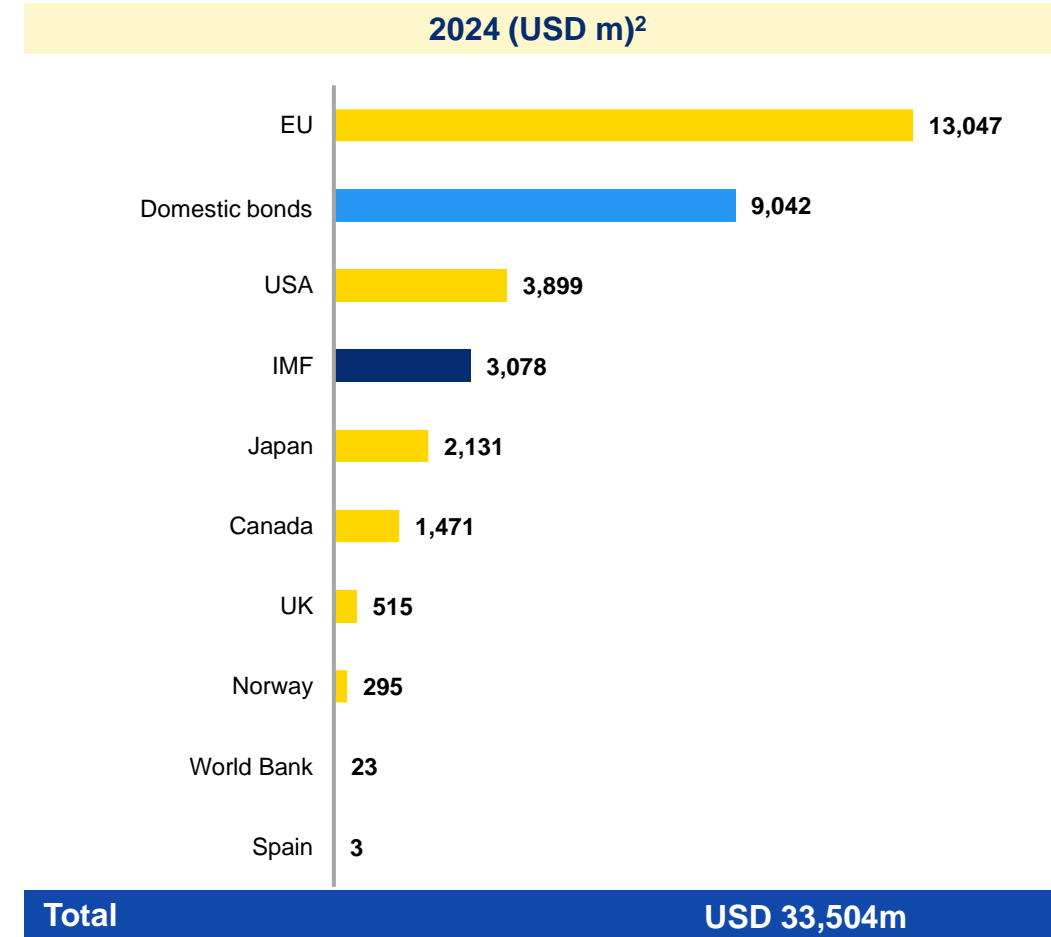
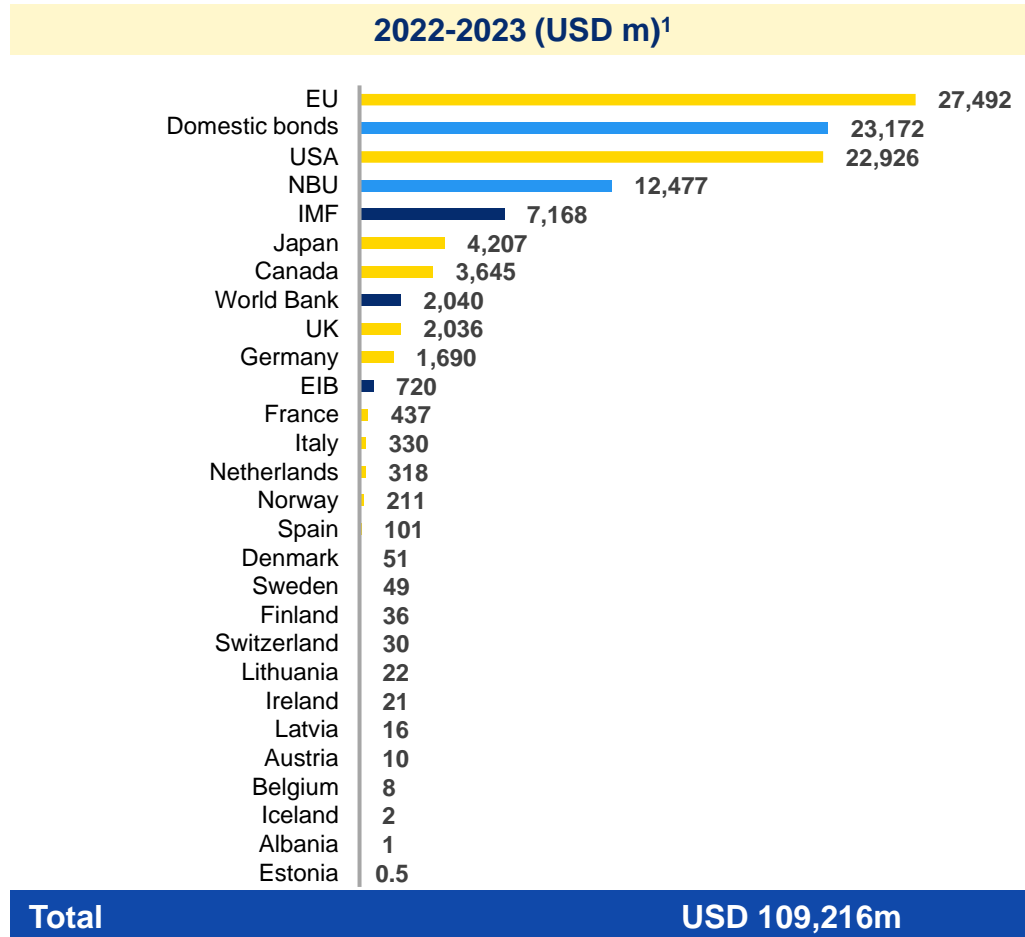
Note 2 As of 31.08.2024

Source Ministry of Finance of Ukraine



# Most of the budget financing came from the concessional sources, meanwhile local debt market remained an important source of funding

## Received budget financing (general fund) during the wartime split by sources



**Note 1** Since Feb 24<sup>th</sup> 2022

**Note 2** As of 10.09.2024

**Source** Ministry of Finance of Ukraine



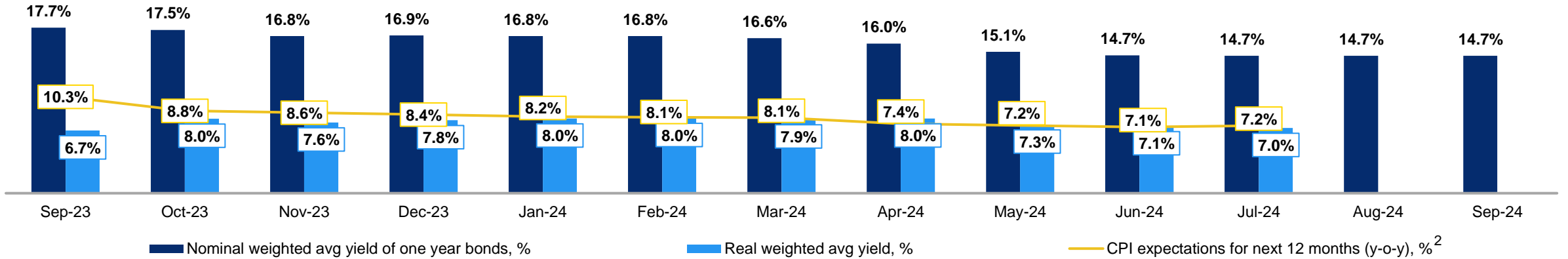
Bilateral loans and grants



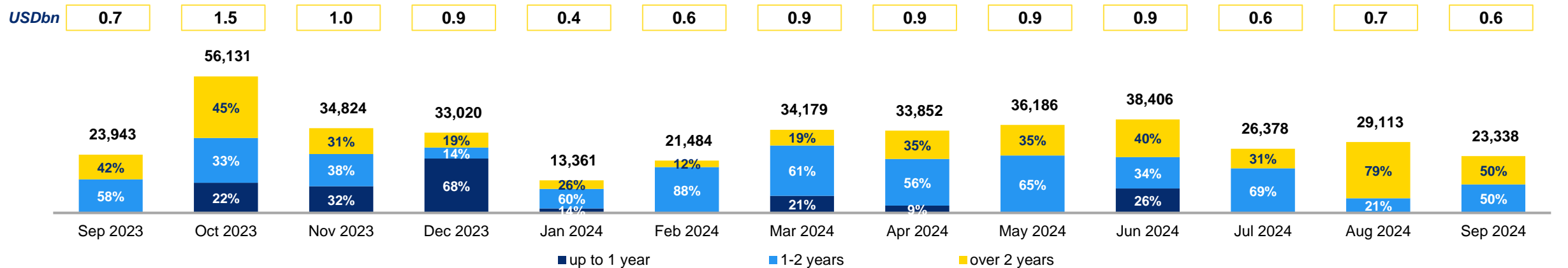
Domestic government bonds

# Local debt market functioning stabilized after the initial shock

Nominal weighted average yields of one-year bonds at primary auctions and CPI expectations, %<sup>1</sup>



Monthly composition of domestic UAH-denominated issuances by average maturities, UAHm<sup>1</sup>



Note 1 As of 10.09.2024

Note 2 According to the NBU's survey about inflation expectations of financial analysts for the next 12 months

Source Ministry of Finance of Ukraine, National Bank of Ukraine