

# Ukraine

## Investor Presentation



MINISTRY OF  
FINANCE OF  
UKRAINE

July 2018

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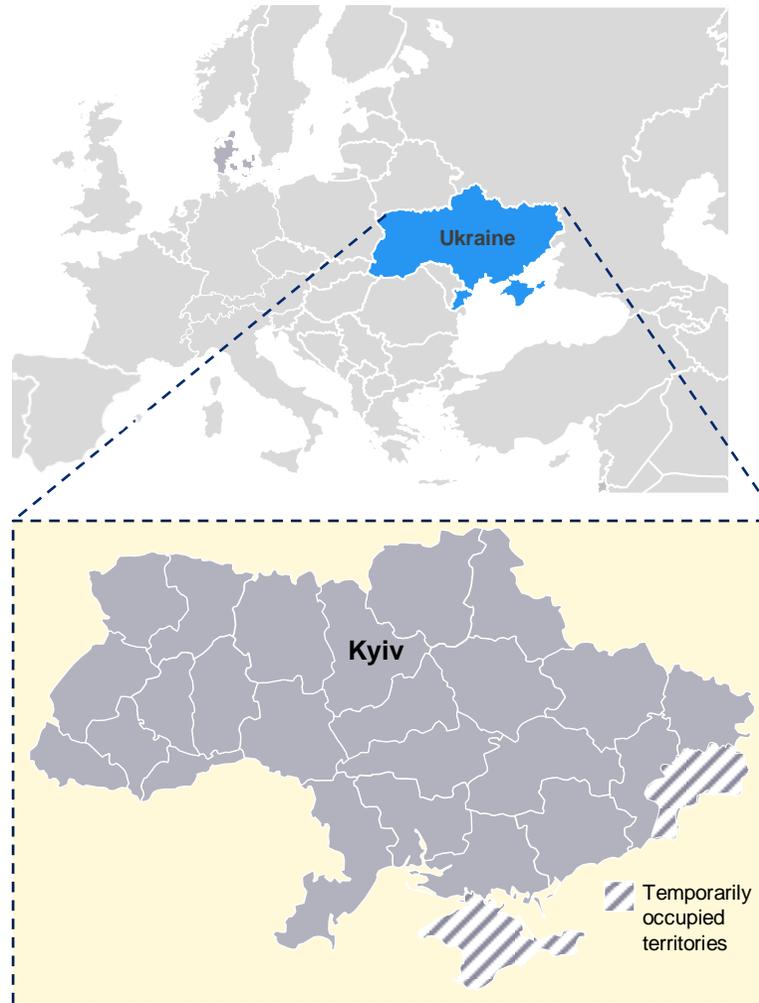
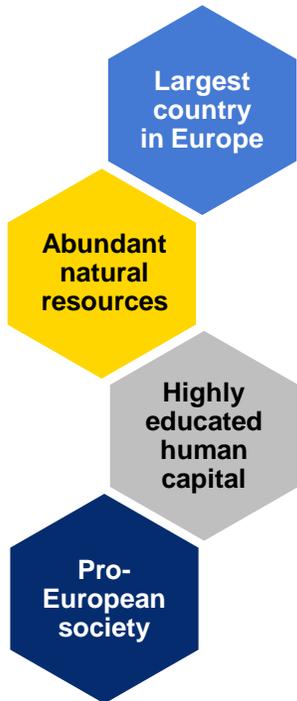
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# Key facts on Ukraine



- ▶ **Area:** 603,548 sq. km
- ▶ **Capital:** Kyiv
- ▶ **Language:** Ukrainian
- ▶ **Population:** 42.4m<sup>1</sup>
- ▶ **Life expectancy:** 72 years<sup>2</sup>
- ▶ **Currency:** Ukrainian hryvnia (UAH)
- ▶ **Exchange rate** (as of 01.07.2018): 1UAH = US\$ 0.0380
- ▶ **Nominal GDP (2017):** US\$ 112.2bn
- ▶ **Real GDP growth (2017):** 2.5%
- ▶ **State and state-guaranteed debt:** US\$ 76.3bn<sup>3</sup>
- ▶ **State external debt:** US\$ 37.6bn<sup>3</sup>
- ▶ **Key economic sectors:** agriculture, mining and manufacturing industry, electricity generation, transport and IT

## Notes

- 1 As of end of 2017
- 2 Expected average lifetime as of end-2016
- 3 As of end of May 2018

Source State Statistics Service of Ukraine



# Key investment highlights

- ▶ **Significant fiscal consolidation efforts** leading to primary surpluses since 2015
- ▶ **Narrowing consolidated budget deficit at 1.5% of GDP in 2017** vs 4.5% in 2014
- ▶ **Strong tax revenue growth**
- ▶ **Manageable public debt levels** after peaking at c.81% of GDP as of end-2016 are trending downward (c.72% of GDP as of end-2017)
- ▶ **Successful return to international capital markets** with US\$3.0bn Eurobond issue and c.US\$ 1.7bn concurrent LMO<sup>1</sup> in September 2017



- ▶ **Strong, broad based GDP growth**, with an expected 2021 growth rate of 4.1%<sup>2</sup>
- ▶ **External rebalancing** and reorientation of exports towards the EU
- ▶ **Large and qualified workforce** (16.2m people employed in 2017), with a relatively low average annual wage (US\$ 3.2k in 2017<sup>3</sup>), well below OECD average in 2017 (US\$ 40.6k<sup>4</sup>)
- ▶ **Extensive and consistent support from international financial institutions and bilateral partners** (the IMF, the World Bank, the EU and individual EU countries, United States)

- ▶ **The largest arable land bank in Europe**
- ▶ **One of the global leaders in production of several crops**
- ▶ **Leading positions in metallurgy, electricity generation, IT**

- ▶ **Unprecedented set of reforms adopted** across the economic and political systems (energy market liberalization, banking sector clean-up, tax reform, creation of anti-corruption agencies, pension and healthcare reforms, etc.)
- ▶ **Strong commitment to tackle corruption**

## Notes

- 1 Liability management operation
- 2 According to The Forecast of the Economic and Social Development of Ukraine for 2019-2021 prepared by the Ministry of Economic Development and Trade (MEDT) and approved by the Cabinet of Ministers of Ukraine
- 3 2017 average salary according to State Statistics Service of Ukraine divided by 2017 average UAH/US\$ exchange rate
- 4 According to OECD





## 1. A story of recovery and renewal

## 2. The strong reform momentum

## 3. Fiscal consolidation supporting a prudent debt management strategy

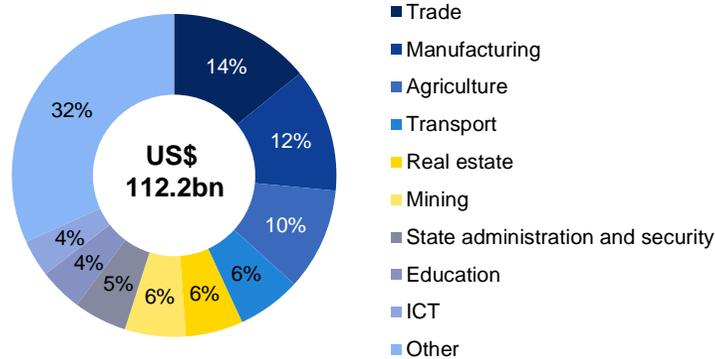
## 4. Update on ongoing IMF programme in Ukraine

## 5. Appendices

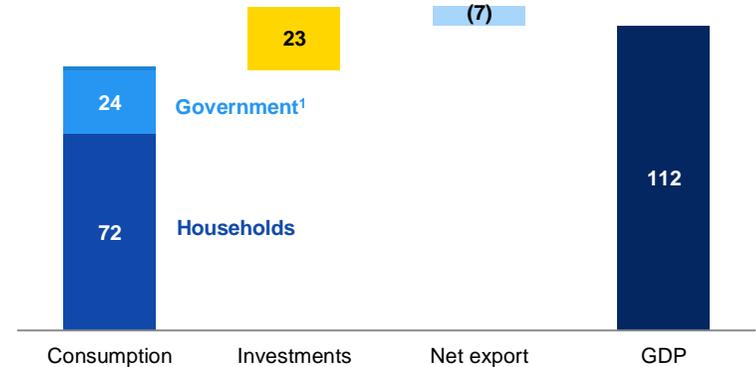


# Overview of Ukraine's economy

2017 nominal GDP breakdown by sector



2017 nominal GDP breakdown by expenditures, US\$ bn



Population breakdown, m

	2017
Total population	42.4m
Economically active population	17.8m
Employed	16.2m
Unemployed	1.7m
Unemployment rate <sup>1</sup>	9.5%

Note 1 As % of economically active population

Source State Statistics Service of Ukraine

Corporations operating in Ukraine

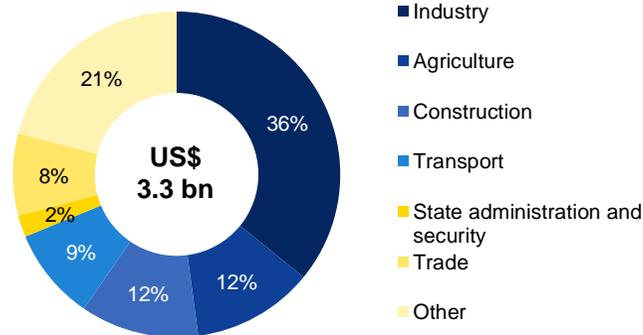


# A strong and broad based economic recovery (1/2)

## Comments

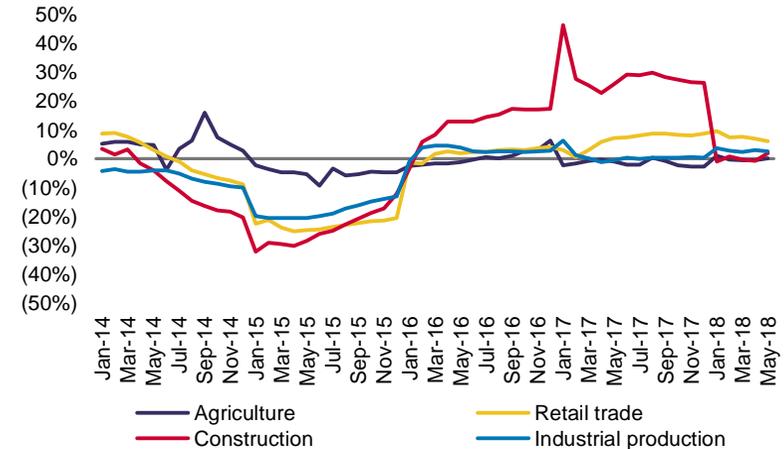
- ▶ **Ukraine's economic recovery has been relatively broad based**, including growth in the industrial production, agriculture and retail trade
  - In 5m 2018 Ukraine witnessed 6.1% growth in retail trade, 2.6% – in industrial production, 1.8% increase in construction and 0.2% – in agri output
- ▶ **Capital investments growth accelerated to 37.4% in Q1 2018 vs 21.4% in Q1 2017**, thus establishing a solid basis for Ukraine's real growth acceleration
  - **Industry has been the major contributor to capital investments in Q1 2018 accounting for c.36%** followed by agriculture and construction with 12% each

## Q1 2018 capital investments split by sector, %



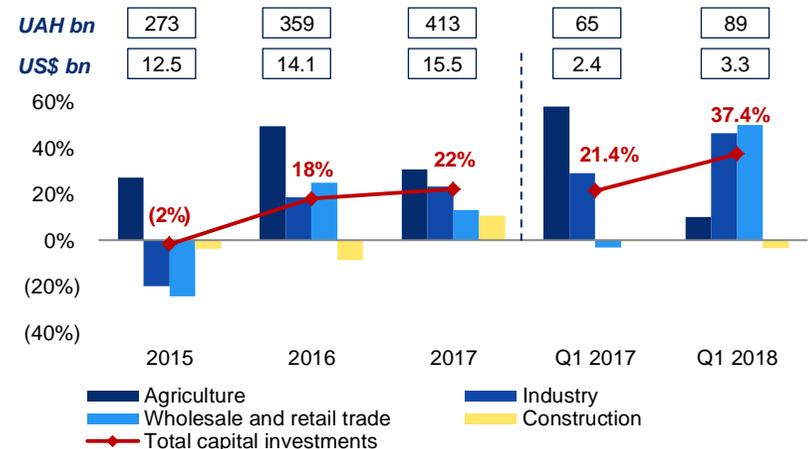
Source State Statistics Service of Ukraine

## Growth of key economic sector output (y-o-y), %



Sources State Statistics Service of Ukraine, MEDT

## Capital investments growth (y-o-y), %



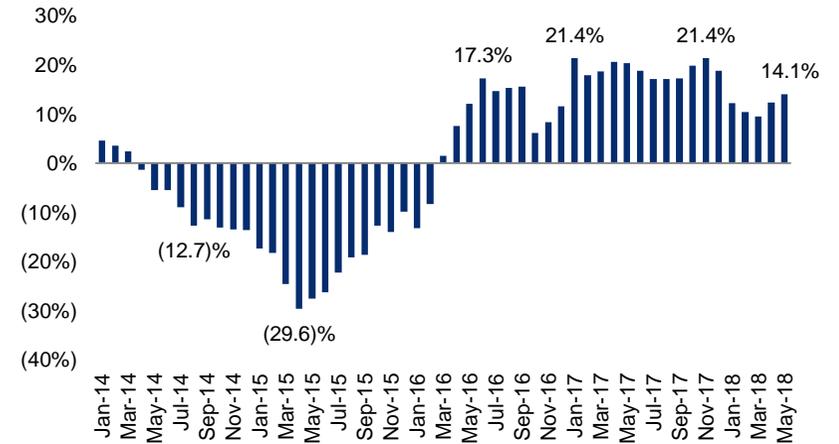
Source State Statistics Service of Ukraine

# A strong and broad based economic recovery (2/2)

## Comments

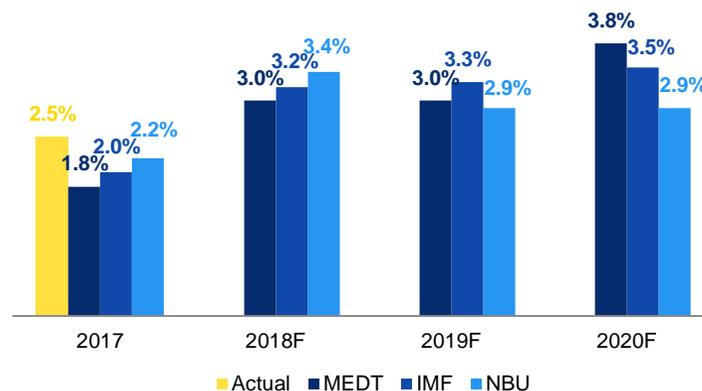
- ▶ **After three years of GDP contraction, real GDP returned to growth phase from Q1 2016**
- ▶ **2017 real GDP growth reached 2.5%** (y-o-y) exceeding MEDT (1.8%), IMF (2.0%), as well as NBU (2.2%) forecasts
- ▶ **Real growth in Q1 2018 accelerated further to 3.1%** (y-o-y) exhibiting significant upturn from 2.2% in Q4 2017
- ▶ Ukraine's medium-term growth prospects underpinned by **acceleration of both domestic investment demand and private consumption**
  - **14.1% real wages growth (y-o-y) in May 2018** contributes to **further strengthening of Ukraine's domestic consumer demand**

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



Source NBU

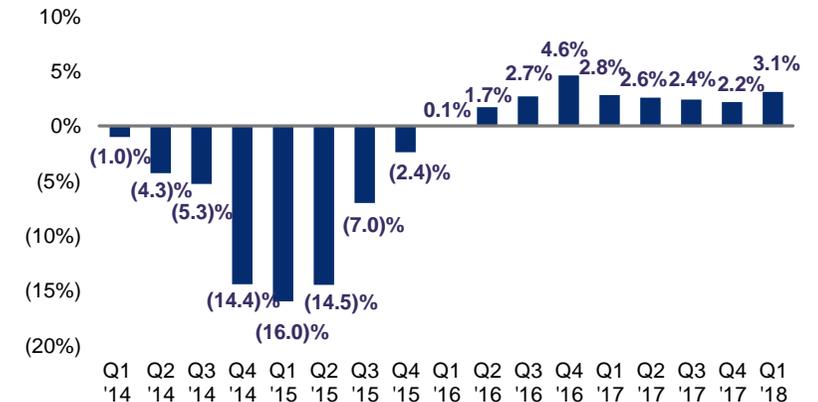
## Real GDP growth forecast, %<sup>1</sup>



Note 1 As of July 18<sup>th</sup>, 2018

Sources NBU, IMF, MEDT, State Statistics Service of Ukraine

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



Source State Statistics Service of Ukraine

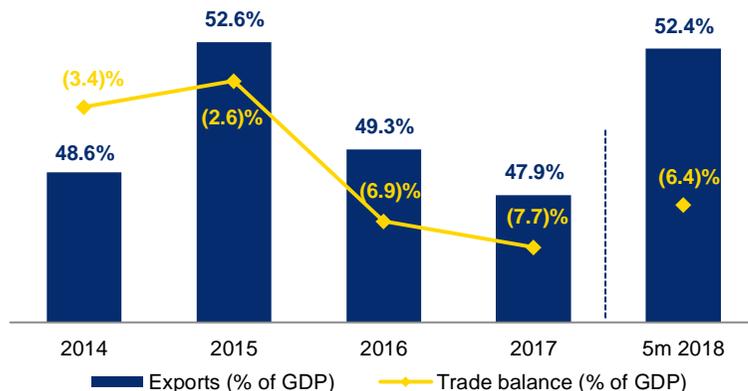


# As a result, external accounts have already adjusted

**Comments**

- ▶ **Ukraine's external accounts have been adjusting since 2013**
  - Current account (CA) deficit decreased sharply from 9.0% of GDP in 2013 to 1.9% in 2017
- ▶ **Strong external position despite trade restrictions**
  - Slight deterioration of CA balance in 2017 vs 2016: growing agri- and steel exports amid recovering commodity prices offset by growth in machinery and gas imports due to strong investment demand
  - CA deficit of US\$ (0.4)bn in 5m 2018 stood close to the level observed over the corresponding period in 2017
- ▶ **Foreign Direct Investments (FDIs) getting progressively back to pre-crisis level, supporting country's economic recovery**
  - Decrease in net FDI inflows in 2017 vs 2016 is primarily attributable to lower need of foreign banks recapitalization

**Exports and trade balance, % of GDP**



Source NBU

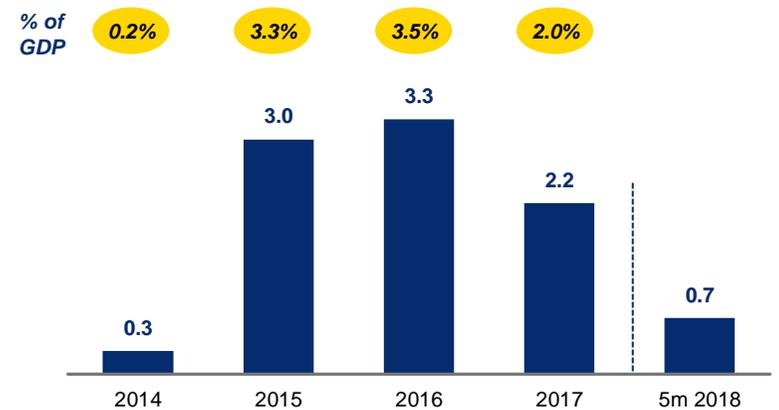
**Current account balance, US\$ bn**

% of GDP (3.4)% 1.8% (1.4)% (1.9)%

Year	Goods	Services	Primary income	Current transfers	Current account balance (% of GDP)
2014	(7.1)	2.5	(1.5)	1.5	(3.4)%
2015	(3.5)	1.1	1.6	3.6	1.8%
2016	(6.9)	1.5	0.5	3.6	(1.4)%
2017	(9.4)	0.8	3.0	3.5	(1.9)%
5m 2017	(2.6)	0.7	(0.3)	1.4	(0.4)
5m 2018	(3.4)	1.0	(0.4)	1.5	(0.4)

Source NBU

**FDIs (net inflow), US\$ bn**



Source NBU

In March 2018 the NBU changed methodology on personal remittances estimation. As a result, personal remittances data for 2015-2017 were revised up by US\$ 1.8bn, US\$ 2.1bn and by US\$ 2.0bn, respectively.

CA balance was subsequently amended from (0.2%) to 1.8% in 2015; from (3.7%) to (1.4%) in 2016 and from (3.7%) to (1.9%) in 2017.



# Prudent monetary policy to ensure macroeconomic stability

## Monetary policy

### Feb 2014

The NBU de facto switched to a flexible exchange rate regime

### Feb 2015

FX reserves decreased to US\$ 5.6bn

### Aug 2015

The NBU de facto transferred to inflation targeting

### Dec 2016

The NBU formally adopted an inflation-targeting framework

### Nov 2017

FX reserves reached a 3-year high at US\$ 18.9bn

### Oct 2017 - Mar 2018

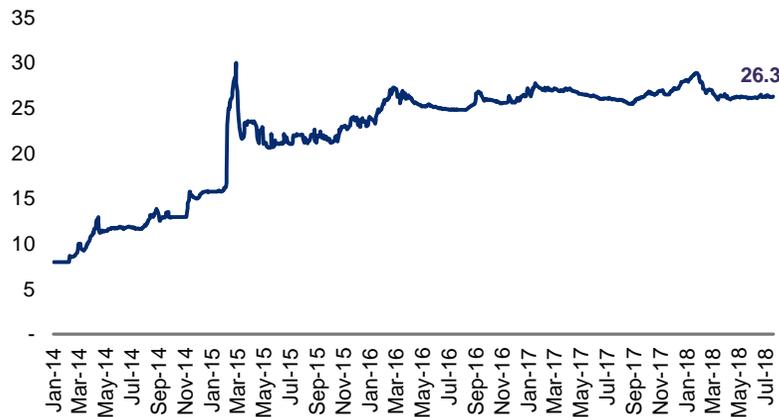
Key policy rate dynamics

- 14.5% (Dec 2017)
- 16.0% (Jan 2018)
- 17.0% (Mar 2018)
- 17.0% (Apr 2018)
- 17.5% (Jul 2018)

## Comments

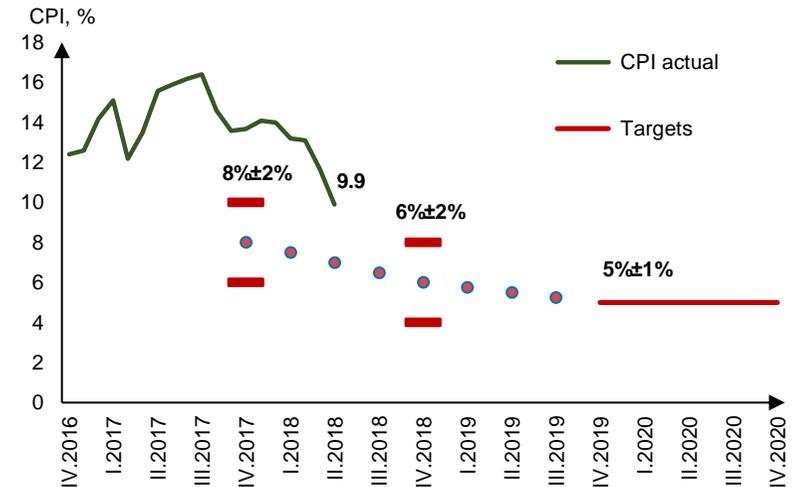
- ▶ After **macroeconomic recovery and fiscal consolidation inflation has fallen** from its peak of 61% in April 2015 to 12.4% by end-2016
  - further acceleration at the beginning of 2018 driven by faster growth in raw food prices and revival of consumer demand
  - consumer inflation decreased from 14.0% in February to 9.9% in June 2018 (y-o-y) owing to tight monetary conditions
- ▶ **The NBU pursues a fairly tight monetary policy** by raising its key policy rate from 17.0% to 17.5% in July 2018. The regulator expects to bring inflation back to target levels by end-2019
- ▶ The surplus of the balance of payments and return to Eurobond market **boosted international reserves to US\$ 18.9bn in November 2017**, the highest level since the beginning of 2014
  - Subsequent decline to US\$ 18.0 bn<sup>1</sup> as of June 2018 took place mainly due to state FX-denominated debt repayment

## Exchange rate, UAH/US\$

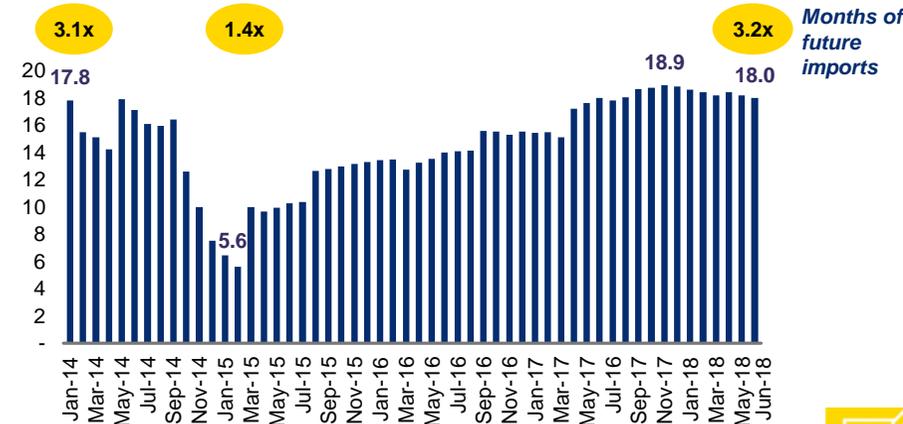


Source NBU

## Consumer price index (CPI), % change (y-o-y)



## Gross international reserves<sup>1</sup>, US\$ bn



Note 1 Gross international reserves as of June 2018 represent preliminary estimates

1. A story of recovery and renewal



2. The strong reform momentum

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4. Update on ongoing IMF programme in Ukraine

5. Appendices



# Step by step transformation

## Update on key recent reforms

Key areas

Key achievements

### 1 Public governance

- ▶ Decentralization
- ▶ Anti-corruption
- ▶ Civil service

- **Judicial reform** allowing competitive selection of judges and renovation of Supreme Court (October 2017)
- **Law on concession road construction** to create conditions for attracting investment for concession roads construction (February 2018)
- **New framework for selection of independent supervisory boards for SOEs** (March 2018)
- **The law on High Anti-Corruption Court was adopted (June 2018)**
- **Law on Enhancement of corporate governance in state-owned banks** (July 2018)

Source VRU

### 2 Public finance

- ▶ Public expenditures and procurement
- ▶ Debt management

- **Law on education**, bringing the system closer to EU standards (September 2017)
- **Pension reform** aimed at easing pressure from a pensions deficit (October 2017)
- **Healthcare reform** adopting setup based on western models (December 2017)
- **New approach for subsidies** aiming for more targeted and fair approach (April 2018)
- **Law on nominal holder** simplifying access of non-residents to local securities market (May 2018)

Source CMU, Ministry of Finance

### 3 Business climate

- ▶ Foreign trade
- ▶ Competitiveness
- ▶ Privatization

- Continuing deregulation: CMU decision to **abolish more than 300** outdated regulations (December 2017)
- **Law on New Framework for Privatization** (March 2018)
- **Law on Corporate Agreements** to enhance corporate governance practices in joint-stock and limited liability companies (LLCs) (February 2018)
- **Law on LLCs** aimed at strengthening the legal framework regulating rights of partners (February 2018)
- **Facilitation of customs procedures** based on “single window” principle (July 2018)

Source Ministry of Economic Development and Trade

### 4 Financial sector

- ▶ Monetary policy
- ▶ Banking sector
- ▶ NBU role

- **Law on Creation of NBU's Credit Register** to improve banks' credit risk management processes (March 2018)
- **Law on Currency and Currency Operations** aimed at liberalization of currency regulations (June 2018)
- **Privatbank development strategy till 2022** approved by the Ministry of Finance (July 2018)
- **Law on Lending Resumption** to stimulate lending activity and decrease cost of borrowing (July 2018)

Source NBU, Ministry of Finance

### 5 Energy sector

- ▶ Energy sector diversification
- ▶ Gas and heating tariffs

- **Deregulation of natural gas extraction** leading to quicker licensing process and **reduction of rents** for natural gas extraction (March 2018)
- **Victory Naftogaz of Ukraine over Russia's Gazprom in Stockholm Arbitration**: financial gain of US\$ 2.56bn coupled with competitive gas supplies and expected firm transit revenues under the existing transit contract (February 2018)

Sources VRU, Naftogaz



1. A story of recovery and renewal

2. The strong reform momentum



**3. Fiscal consolidation supporting a prudent debt management strategy**

4. Update on ongoing IMF programme in Ukraine

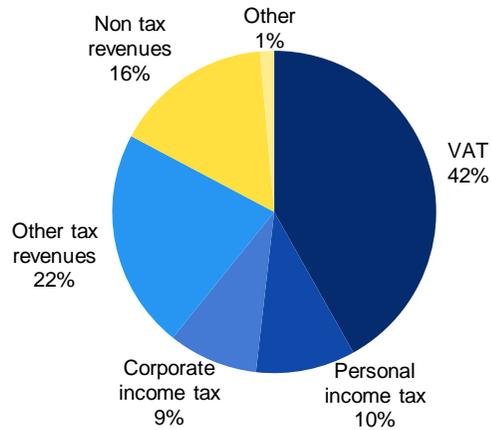
5. Appendices



# Ambitious 2018 State budget driven by strong tax revenue growth

2018 state budget revenues split (FY 2018 budget)<sup>1</sup>

State budget revenues: UAH 918bn

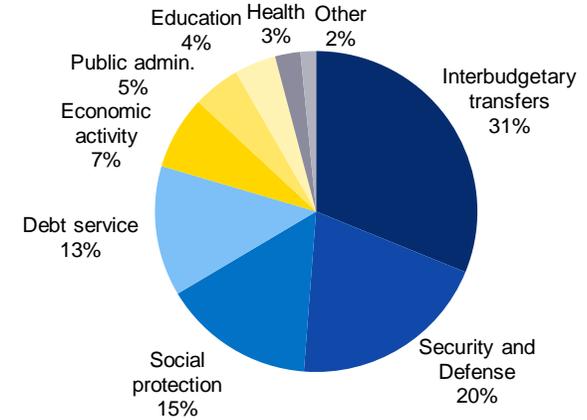


## 2018 State budget figures<sup>1</sup> vs. actual 2017:

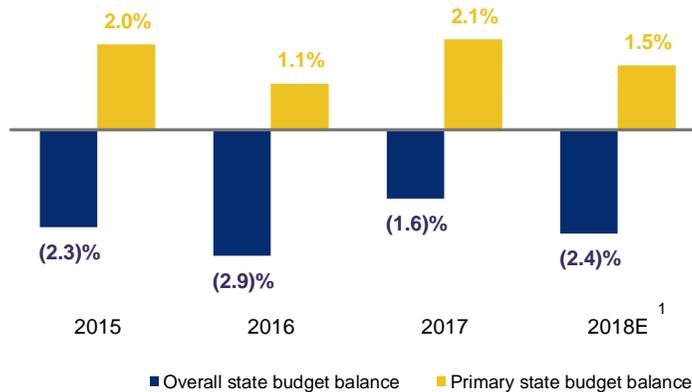
- Total revenues: **UAH 918bn (+16%)**
- Total expenditures: **UAH 992bn (+18%)**
- Budget deficit: **UAH 81bn / 2.4% of GDP<sup>2</sup>**

2018 state budget expenditures split (FY 2018 budget)<sup>1</sup>

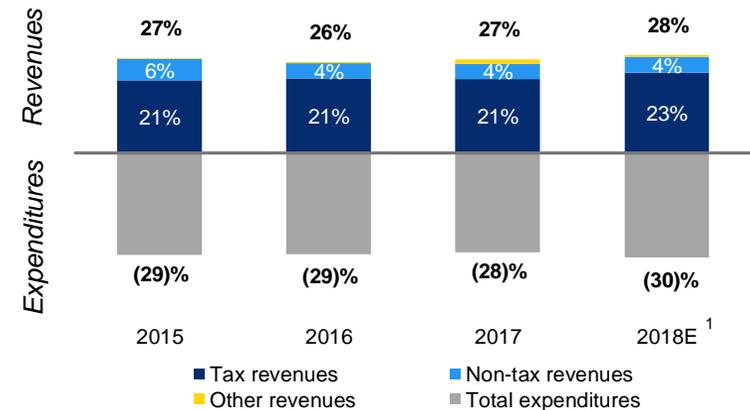
State budget expenditures: UAH 992bn



State budget balance, % of GDP<sup>3</sup>



State budget revenues and expenditures, % of GDP<sup>3</sup>



## Notes

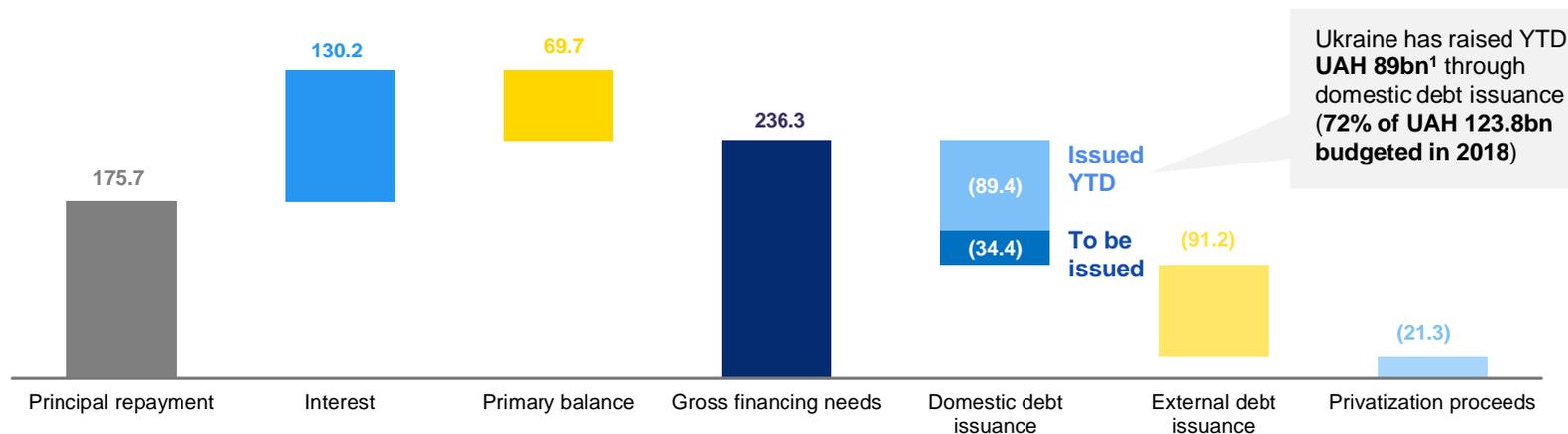
- 1 According to 2018 State budget Law as of end-May 2018
- 2 Budget deficit defined as revenues minus expenditures and minus net lending
- 3 2018 GDP represents MEDT forecasts as of December 2017

Source Ministry of Finance



# Ukraine's 2018 gross financing needs

Ukraine's 2018 Gross financing needs split by funding sources, UAH bn – Based on state budget general fund



	UAH bn <sup>2</sup>	US\$ bn <sup>3</sup>
<b>Gross financing needs</b>	<b>236.3</b>	<b>9.0</b>
<b>State borrowings</b>	<b>215.0</b>	<b>8.2</b>
<b>Domestic debt issuance</b>	<b>123.8</b>	<b>4.7</b>
Short-term	33.8	1.3
Medium-term	63.0	2.4
Long-term	27.0	1.0
<b>External debt issuance</b>	<b>91.2</b>	<b>3.5</b>
Long-term	91.2	3.5
<b>Privatization proceeds</b>	<b>21.3</b>	<b>0.8</b>

## Notes

1 As of July 17<sup>th</sup>, 2018

2 2018 State budget was based on the assumed UAH/US\$ exchange rate of 30.1 UAH/US\$

3 Figures in UAH were translated into US\$ at 26.19 UAH/US\$ (NBU UAH/US\$ exchange rate as of July 1<sup>st</sup>, 2018)

Sources Ministry of Finance, 2018 State budget Law



# 2018 YTD domestic government bond issuance

## YTD domestic government bond issuances (in UAH and US\$)<sup>1</sup>

### Bonds in EUR

In 2018 Ukraine also issued EUR-denominated domestic government bonds:

- **Amount issued:** EUR 272m
- **Weighted average yield:** 4.07%

There were no issuances of domestic government bonds in EUR over the same period<sup>2</sup> in 2016 and 2017.

	YTD 2016 <sup>2</sup>	YTD 2017	YTD 2018
<b>UAH-denominated bonds (UAH m)</b>			
<b>Funds remitted to state budget</b>	<b>24,544</b>	<b>19,377</b>	<b>36,430</b>
up to 1 year	4,546	4,698	31,840
1-3 years	15,564	14,679	2,885
3-5 years	4,434	-	1,705
over 5 years	-	-	-
<b>Weighted average yield at auctions, %</b>	<b>17.66%</b>	<b>14.92%</b>	<b>16.70%</b>
up to 1 year	16.87%	14.65%	16.80%
1-3 years	18.15%	15.01%	16.15%
3-5 years	16.75%	-	15.87%
over 5 years	-	-	-
<b>Consumer inflation<sup>3</sup></b>	<b>6.9%</b>	<b>15.6%</b>	<b>9.9%</b>
<b>US\$-denominated bonds (US\$ m)</b>			
<b>Funds remitted to state budget</b>	<b>1,988</b>	<b>38</b>	<b>1,678</b>
up to 1 year	-	-	919
1-3 years	1,988	38	759
3-5 years	-	-	-
over 5 years	-	-	-
<b>Weighted average yield at auctions, %</b>	<b>7.71%</b>	<b>5.49%</b>	<b>5.37%</b>
up to 1 year	-	-	5.20%
1-3 years	7.71%	5.49%	5.57%
3-5 years	-	-	-
over 5 years	-	-	-

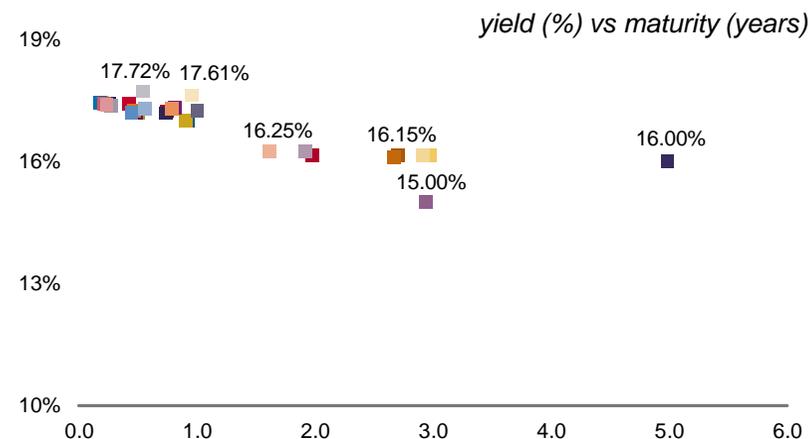
### Notes

1 As of July 17<sup>th</sup>, 2018

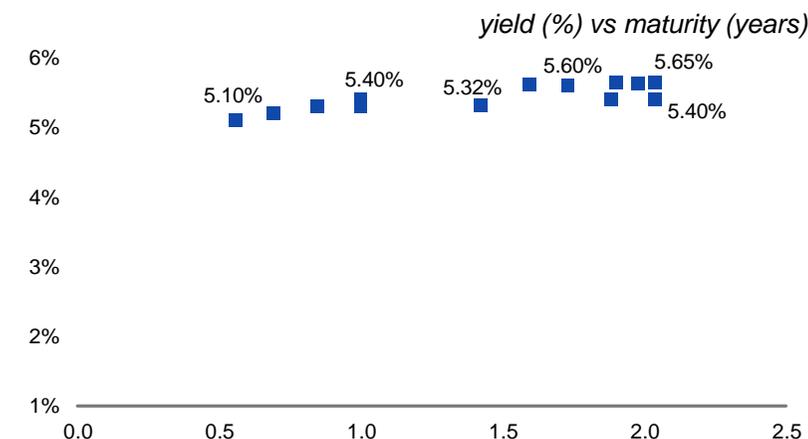
2 Period starting from January 1<sup>st</sup> till July 17<sup>th</sup> of the respective year

3 Actual CPI change (y-o-y) in June 2016, 2017 and 2018

## Primary market UAH-denominated yield curve (in May-Jul 2018)<sup>1</sup>



## Primary market US\$-denominated yield curve (YTD)<sup>1</sup>

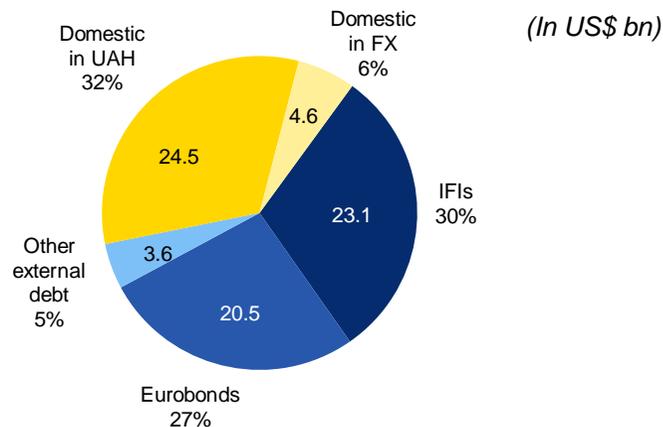


Source Ministry of Finance

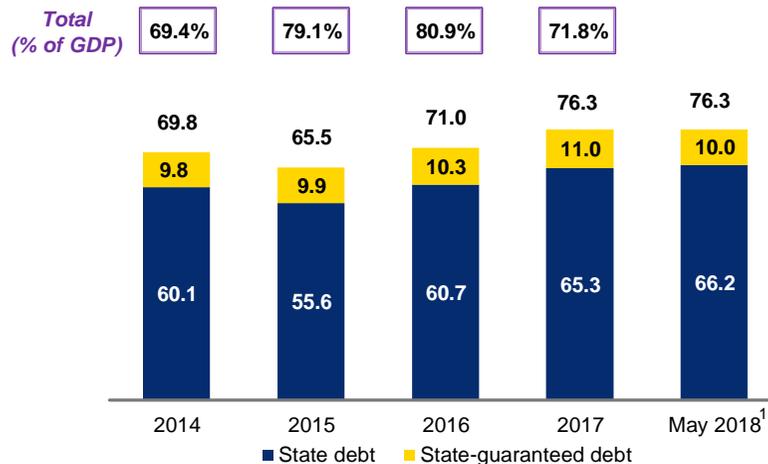
# Prudent and proactive debt management strategy (1/2)

## State and state-guaranteed debt structure (end-May 2018)

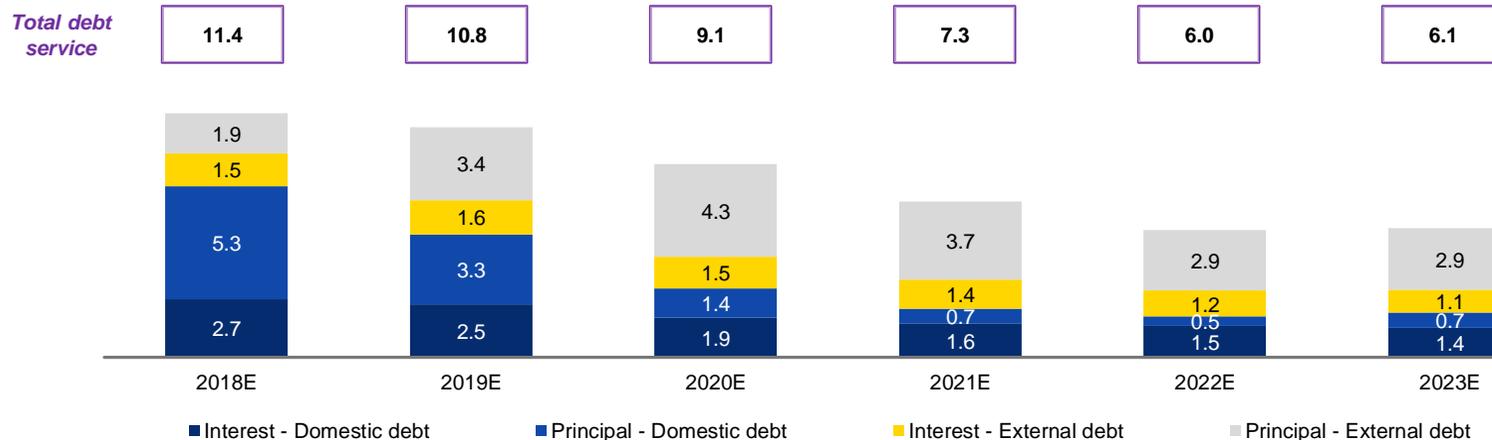
US\$ 76.3bn / UAH 1,993bn



## State and state-guaranteed debt, US\$ bn



## State debt amortization schedule (end-May 2018)<sup>1</sup>, US\$ bn



Note 1 Incl. outstanding debt obligations only

Source Ministry of Finance

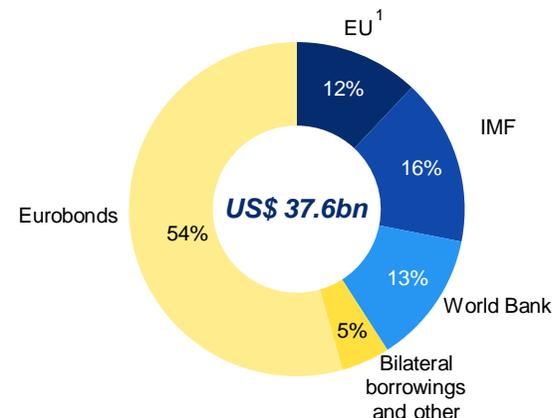


# Prudent and proactive debt management strategy (2/2)

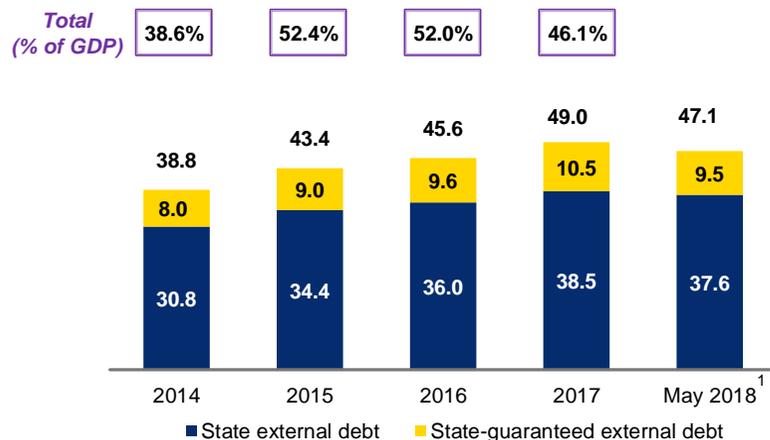
## Comments

- ▶ **As of end of May 2018, Ukraine's total state and state-guaranteed debt (US\$ 76.3bn) is composed of**
  - 62% of external debt, 38% of domestic debt
  - 87% of state debt, 13% of state-guaranteed debt
- ▶ **State external debt is split between**
  - A growing portion of debt owed to International Financial Institutions (IFIs) reflecting increasing IFIs financial support to Ukraine
  - Non-concessional debt in the form of Eurobonds
- ▶ **The peak state debt repayments from 2019 onwards call for a proactive debt management strategy**

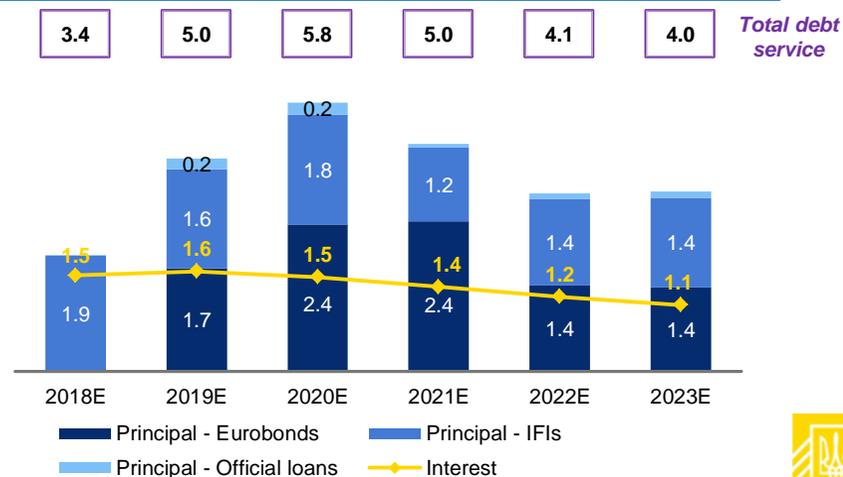
## State external debt structure (end-May 2018)



## State and state-guaranteed external debt, US\$ bn



## State external debt amortization (end-May 2018)<sup>2</sup>, US\$ bn



### Notes

<sup>1</sup> Incl. EBRD, EIB and the EU

<sup>2</sup> Incl. existing debt obligations only

Source Ministry of Finance



1. A story of recovery and renewal

2. The strong reform momentum

3. Fiscal consolidation supporting a prudent debt management strategy



**4. Update on ongoing IMF programme in Ukraine**

5. Appendices

# Update on ongoing IMF programme in Ukraine

## Key milestones

- ▶ **February 2015:** IMF staff Level Agreement on a US\$ 17.5bn Extended Fund Facility Arrangement (the EFF) (900% of quota)
  - 2<sup>nd</sup> largest IMF programme in percentage of quota: compared to 2,159% of quota for the 2<sup>nd</sup> programme in Greece or 422% for Egypt and 322% for Iraq
  - With limited front-loading to incentivize reforms
- ▶ **August 2015:** Staff Level Agreement on 1<sup>st</sup> review under the EFF
- ▶ **October 2015:** Discussions on the 2<sup>nd</sup> review under the EFF
- ▶ **December 2015:** IMF decision on the Status of Ukraine's Eurobond Held by the Russian Federation
- ▶ **September 2016:**
  - Completion of the 2<sup>nd</sup> review under the EFF and approval of US\$ 1bn Disbursement
  - Reduction in the number of reviews to 11 and rephrasing of remaining access to align purchases with reform progress and balance of payments needs
- ▶ **April 2017:** Completion of the 3<sup>rd</sup> review of the EFF and disbursement of the 4<sup>th</sup> tranche of EFF support
  - Reduction in the number of reviews to 10, as well as change of a schedule of IMF programme reviews
- ▶ **H2 2018:** Upcoming next tranche of the EFF of SDR1.4bn (c.US\$ 2.0bn) is expected

## Past and upcoming IMF reviews

Availability date / Next reviews	XDR m	US\$ m <sup>1</sup>
March 11, 2015	3,546	4,879
July 31, 2015 [1 <sup>st</sup> review]	1,182	1,659
September 15, 2016 [2 <sup>nd</sup> review]	716	1,003
April 3, 2017 [3 <sup>rd</sup> review]	734	996
4 <sup>th</sup> review	1,418	1,995
5 <sup>th</sup> review	952	1,339
6 <sup>th</sup> review	952	1,339
7 <sup>th</sup> review	712	1,001
8 <sup>th</sup> review	712	1,001
9 <sup>th</sup> review	712	1,001
10 <sup>th</sup> review	712	1,001
<b>Total</b>	<b>12,348</b>	<b>17,216</b>

## Key structural benchmarks to be met for IMF 4<sup>th</sup> review

- ▶ **Pension reform:**
  - Approved in October 2017
- ▶ **Privatization:**
  - Law became effective in March 2018
- ▶ **Anti-corruption court:**
  - The law on High Anti-Corruption Court adopted on June 7<sup>th</sup>, 2018
- ▶ **Increase in retail gas tariffs:**
  - In progress
- ▶ **Alignment of 2018 State budget with 2.5% target deficit:**
  - In progress

**Note 1** March 2015 - April 2017 tranches translated at NBU XDR/US\$ exchange rate as of the date of the receipt of the tranches; expected tranches converted at 1.40657 XDR/US\$ as of July 1<sup>st</sup>, 2018

**Sources** IMF, Ministry of Finance



1. A story of recovery and renewal

2. The strong reform momentum

3. Fiscal consolidation supporting a prudent debt management strategy

4. Update on ongoing IMF programme in Ukraine



**5. Appendices**

# 2018 State budget execution

UAH m	State budget general fund			Overall state budget					
	Jan-May Act.	Jan-May Plan	% diff.	Jan-May 2017 Act.	Jan-May 2018 Act.	% diff.	2017 Act.	2018 Plan <sup>1</sup>	% diff.
<b>Revenues</b>	<b>337,663</b>	<b>341,222</b>	<b>(1%)</b>	<b>325,773</b>	<b>369,730</b>	<b>+13%</b>	<b>793,442</b>	<b>917,879</b>	<b>+16%</b>
<b>Tax revenues, incl.</b>	<b>284,386</b>	<b>289,091</b>	<b>(2%)</b>	<b>251,870</b>	<b>297,957</b>	<b>+18%</b>	<b>627,154</b>	<b>759,898</b>	<b>+21%</b>
Personal income tax and income charge	34,147	33,662	+1%	27,879	34,147	+22%	75,033	91,124	+21%
Corporate profit tax	50,584	41,043	+23%	28,436	50,584	+78%	66,912	82,327	+23%
Fee for the use of mineral resources	15,261	19,033	(20%)	24,300	15,342	(37%)	48,661	46,529	(4%)
Excises	28,282	35,186	(20%)	40,192	40,398	+1%	108,293	124,077	+15%
VAT (net of VAT reimbursement)	147,363	149,381	(1%)	124,840	147,363	+18%	313,981	384,300	+22%
Export and Import duties	8,995	9,684	(7%)	9,207	10,182	+11%	24,542	28,698	+17%
Other taxes and duties	(246)	1,102	(122%)	(2,983)	(58)	+98%	(10,269)	2,843	(128%)
<b>Non-tax revenues</b>	<b>53,277</b>	<b>52,132</b>	<b>+2%</b>	<b>73,903</b>	<b>71,773</b>	<b>+3%</b>	<b>166,288</b>	<b>157,981</b>	<b>(5%)</b>
<b>Expenditures</b>	<b>(354,117)</b>	<b>(390,414)</b>	<b>(9%)</b>	<b>(300,038)</b>	<b>(379,902)</b>	<b>+27%</b>	<b>(839,453)</b>	<b>(991,700)</b>	<b>+18%</b>
General public functions, incl.:	(64,117)	(71,670)	(11%)	(56,037)	(66,779)	+19%	(142,493)	(177,332)	+24%
Debt service	(50,756)	(55,243)	(8%)	(46,184)	(50,756)	+10%	(110,456)	(130,200)	+18%
Security and Defense	(62,324)	(70,985)	(12%)	(49,131)	(67,340)	+37%	(162,197)	(198,828)	+23%
Economic activity	(6,895)	(13,064)	(47%)	(9,981)	(14,063)	+41%	(47,000)	(73,321)	+56%
Protection of environment	(1,062)	(1,285)	(17%)	(1,738)	(1,172)	(33%)	(4,740)	(4,749)	+0.2%
Municipal utilities and services	-	(26)	(100%)	(4)	(6)	+71%	(17)	(414)	+2,342%
Healthcare	(3,373)	(7,448)	(55%)	(3,256)	(4,006)	+23%	(16,729)	(25,235)	+51%
Intellectual and physical development	(2,736)	(3,823)	(28%)	(2,444)	(2,780)	+14%	(7,898)	(10,362)	+31%
Education	(10,771)	(12,515)	(14%)	(14,901)	(16,266)	+9%	(41,297)	(41,338)	+0.1%
Social welfare	(65,253)	(66,686)	(2%)	(49,098)	(65,414)	+33%	(144,479)	(151,084)	+5%
Interbudgetary transfers	(137,585)	(142,913)	(4%)	(113,450)	(142,076)	+25%	(272,603)	(309,037)	+13%
<b>Net lending</b>	<b>2,302</b>	<b>1,872</b>	<b>+23%</b>	<b>734</b>	<b>996</b>	<b>+36%</b>	<b>(1,871)</b>	<b>(6,829)</b>	<b>+265%</b>
<b>Primary balance</b>	<b>36,605</b>	<b>7,922</b>	<b>+362%</b>	<b>72,652</b>	<b>41,580</b>	<b>(43%)</b>	<b>62,574</b>	<b>49,551</b>	<b>(21%)</b>
<b>Overall state budget balance<sup>2</sup></b>	<b>(14,152)</b>	<b>(47,320)</b>	<b>(70%)</b>	<b>26,468</b>	<b>(9,176)</b>	<b>(135%)</b>	<b>(47,882)</b>	<b>(80,649)</b>	<b>+68%</b>

## Notes

1 According to 2018 State budget Law

2 Budget deficit defined as revenues minus expenditures and minus net lending

Source State Treasury of Ukraine





MINISTRY OF  
FINANCE OF  
UKRAINE

***Thank you for your attention!***