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Monthly Monitoring of Main Indicators of Budget and Banking Systems of Ukraine as of July 1, 2009

The Monitoring of Main Indicators of Budget and Banking Systems of Ukraine is a monthly publication prepared based on the data of official statistics. It contains a brief analysis and selections of graphs and charts illustrating the main changes occurring in the budget and banking systems of Ukraine.

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14G, Yaroslaviv Val Str., 1st floor, office 54, Kyiv,
01034, Ukraine
Phone: (38 044) 353-58-68, 235-32-31, 279-50-89
Fax: (38 044) 279-51-82

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Tendencies of the Budget System Development

The actual revenues of the consolidated budget of Ukraine totaled Hr 131.1bn in January-June 2009, which is Hr 5.4bn or 4.0% less year-on-year. The share of tax revenues amounted to 73.0% against 77.4% in the same period in 2008. The actual execution of the consolidated budget revenues amounted to 45.3% in January-June 2008. (http://minfin.kmu.gov.ua/file/link/220058/file/DBU_ZBU_06-2009).

The actual revenues of the State budget of Ukraine totaled Hr 101.1bn in January-June 2009, which is Hr 0.4bn or 4.2% less year-on-year. The annual plan was implemented by 42.3%.

According to the results of the six months in 2009, **the deficit of the State budget of Ukraine** reached Hr 10.6bn. The General Fund deficit reached Hr 14.1bn, while there was a surplus of Hr 3.5bn in the Special Fund of the State budget. Based on the June results, the State budget deficit increased by Hr 7.9bn. (http://www.minfin.gov.ua/control/uk/publish/article?art_id=224590&cat_id=77440).

The expenditures for servicing the State debt totaled Hr 3.1bn in the 1st half of 2009, including Hr 1.4bn for internal debt and Hr 1.7bn for external debt. (<http://www.treasury.gov.ua/main/uk/publish/article/113891>). This amounts to 13.9% of the annual plan indicator for internal borrowing and to 34.1% of the annual plan indicator for external debt.

The expenditures for **repaying the State debt** totaled Hr 4.1bn in the 1st half of 2009 or 14.8% of the annual plan indicator (http://www.minfin.gov.ua/control/uk/publish/article?art_id=224590&cat_id=77440), with the repayment of Hr 0.3bn in June.

The State borrowing amounted to Hr 2.3bn in June, with the aggregate borrowing of Hr 21.7bn in January-June 2009, which amounts to 24.5% of the annual plan indicator. Of this amount, Hr 9.5bn are covered by internal government bonds to be repaid in 2017-2019 in equal parts and interest rate of 9.5% annual, which were issued for capitalization of banks, including Hr 3.6bn for capitalization of AKB Kyiv, Hr 3.1bn for AT AB UkrHazBank, and Hr 2.8bn for AT Rodovid Bank.

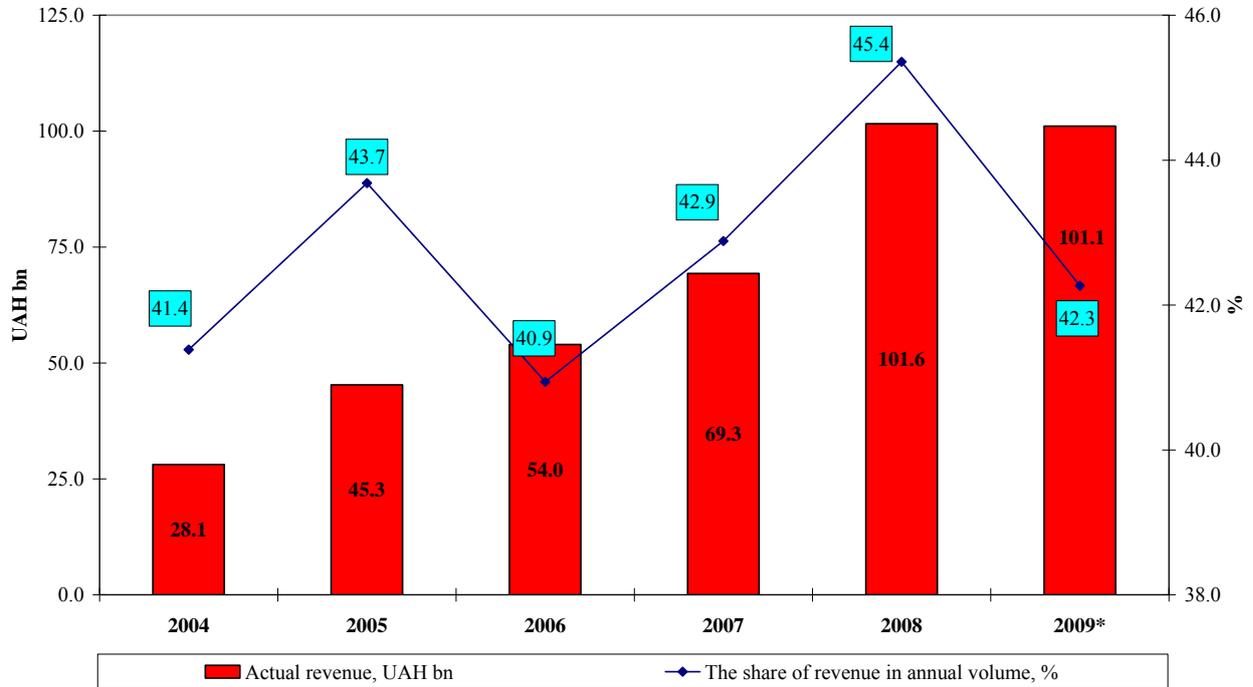
The actual expenditures of the consolidated budget of Ukraine totaled Hr 143.4bn in January-June 2009, which is Hr 13.5bn or 10.4% more year-on-year. The share of capital expenditures in the overall structure of the consolidated budget amounts to 3.7% (http://www.minfin.gov.ua/file/link/224601/file/DBU_ZBU_06_2009.pdf).

The actual expenditures of the State budget of Ukraine totaled Hr 110.7bn in January-June 2009, with the growth rate of 107.6% year-on-year. Current expenditures amount to Hr 108.5bn or 98.0% of the total expenditures, and capital expenditures amount to Hr 2.2bn or 2.0%. The State budget expenditures amounted to about Hr 20.0bn in June, which is 1.8% more than in June 2008.

Budget Revenues

Chart 1

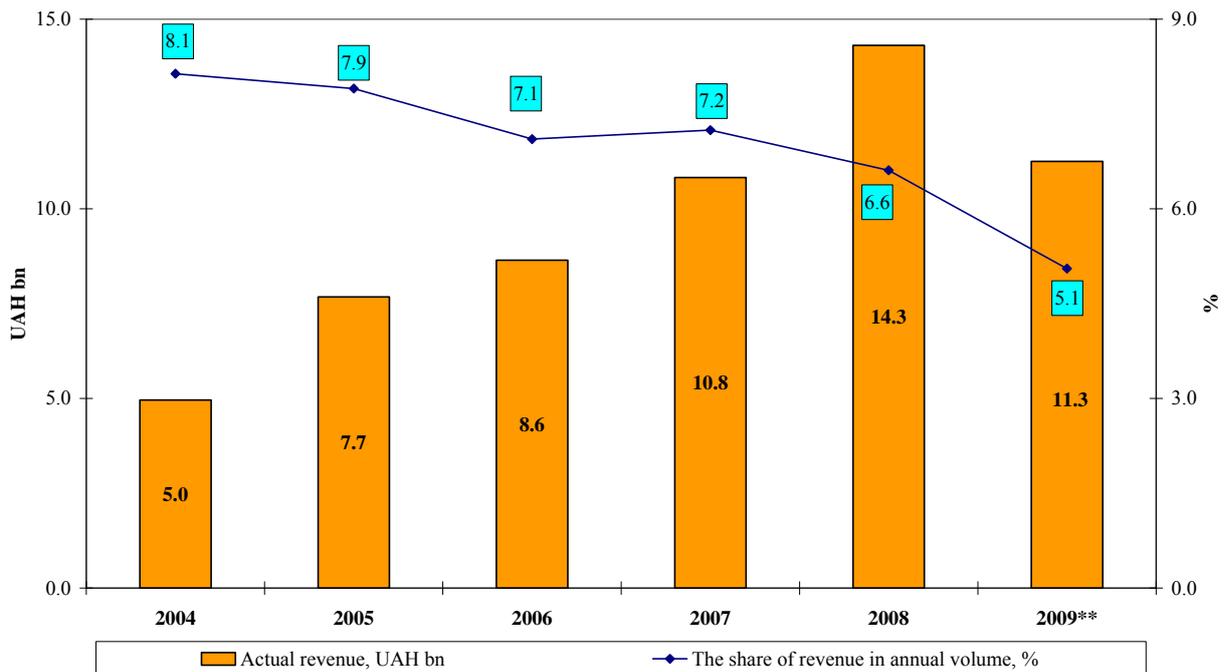
Dynamics of Aggregate Revenues of the State Budget of Ukraine in January-June 2004-2009 (without intergovernmental transfers)



* The share of total revenue in 2009 is determined with regard to provided planned annual index

Chart 2

Dynamics of Aggregate Revenues of the State Budget of Ukraine in June 2004-2009*



*The data are presented with interbudgetary transfers and without own revenue of budget institutions

** The share of total revenue in 2009 is determined with regard to provided planned annual index

Chart 3

Structure of State Budget Revenues in June 2009

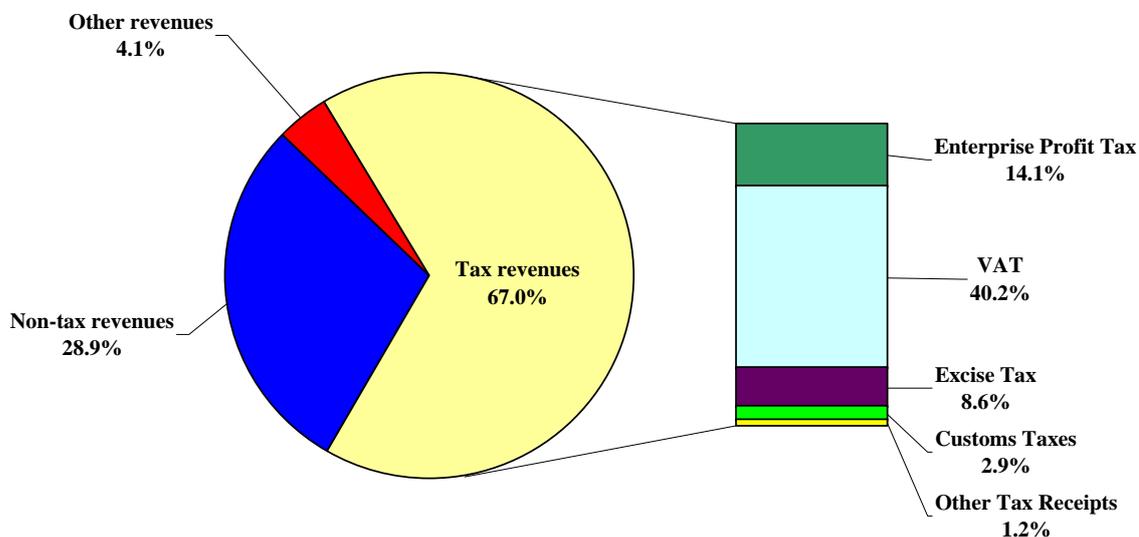
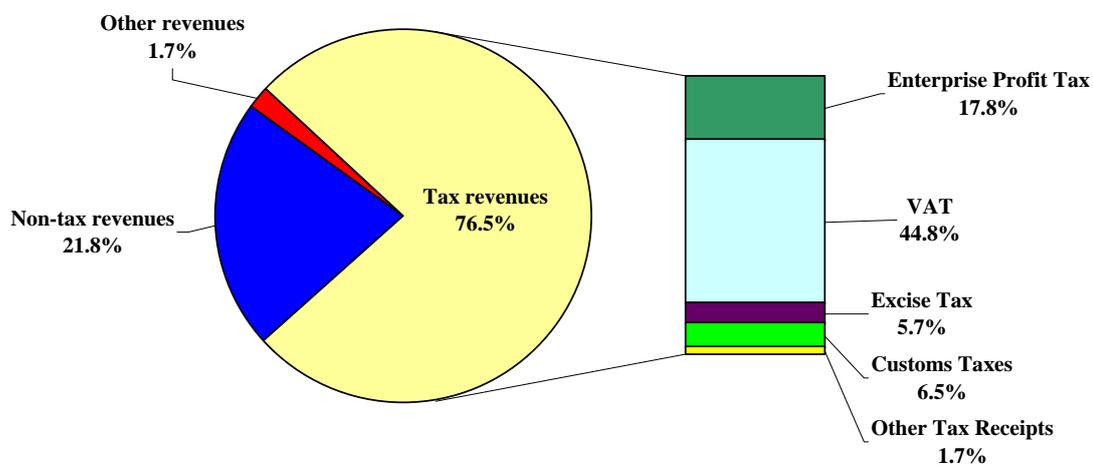


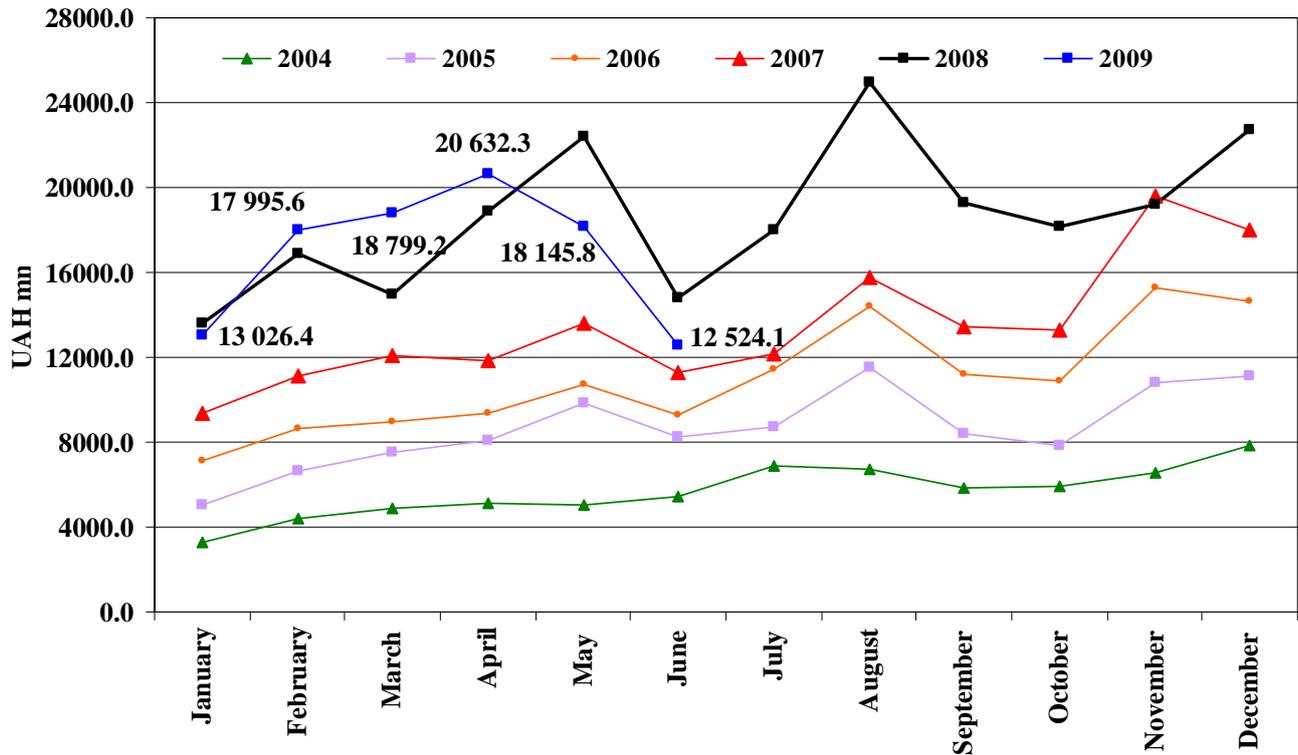
Chart 4

Structure of State Budget Revenues in June 2008



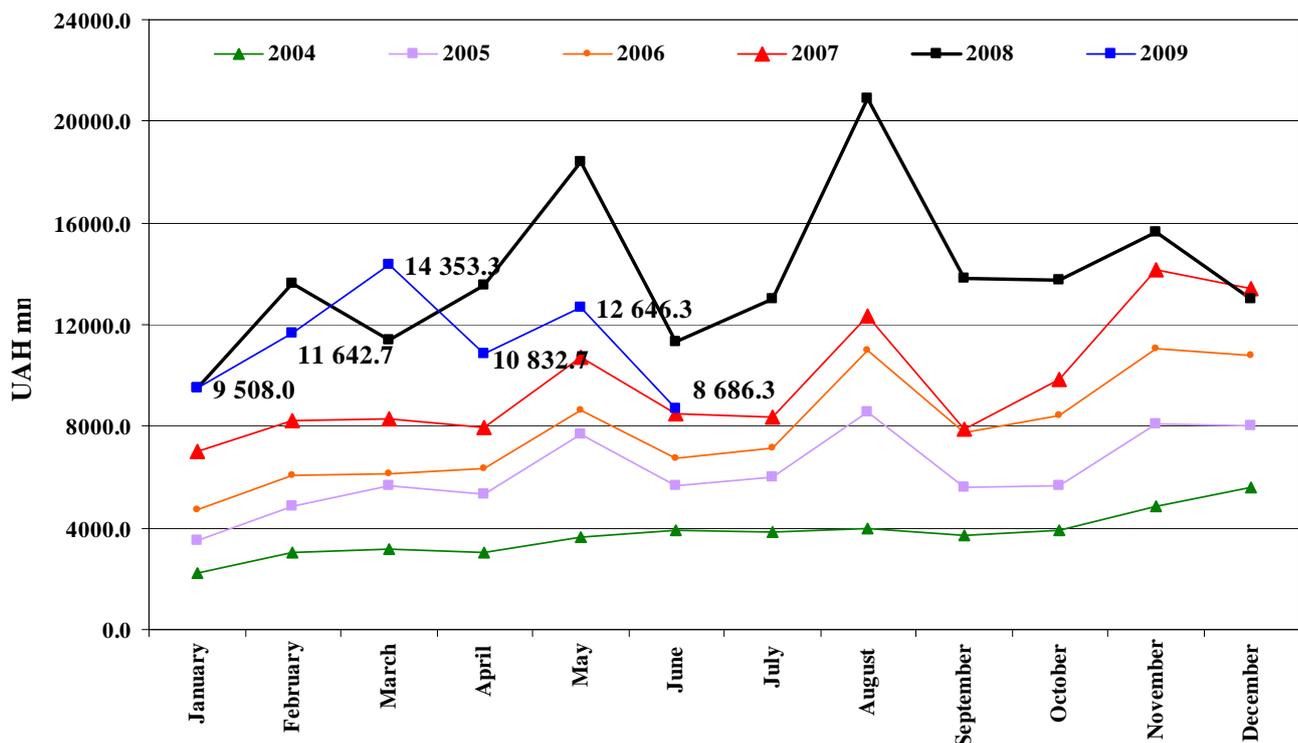
Graph 1

Dynamics of Monthly State Budget Revenues in 2004-2009 (without intergovernmental transfers)



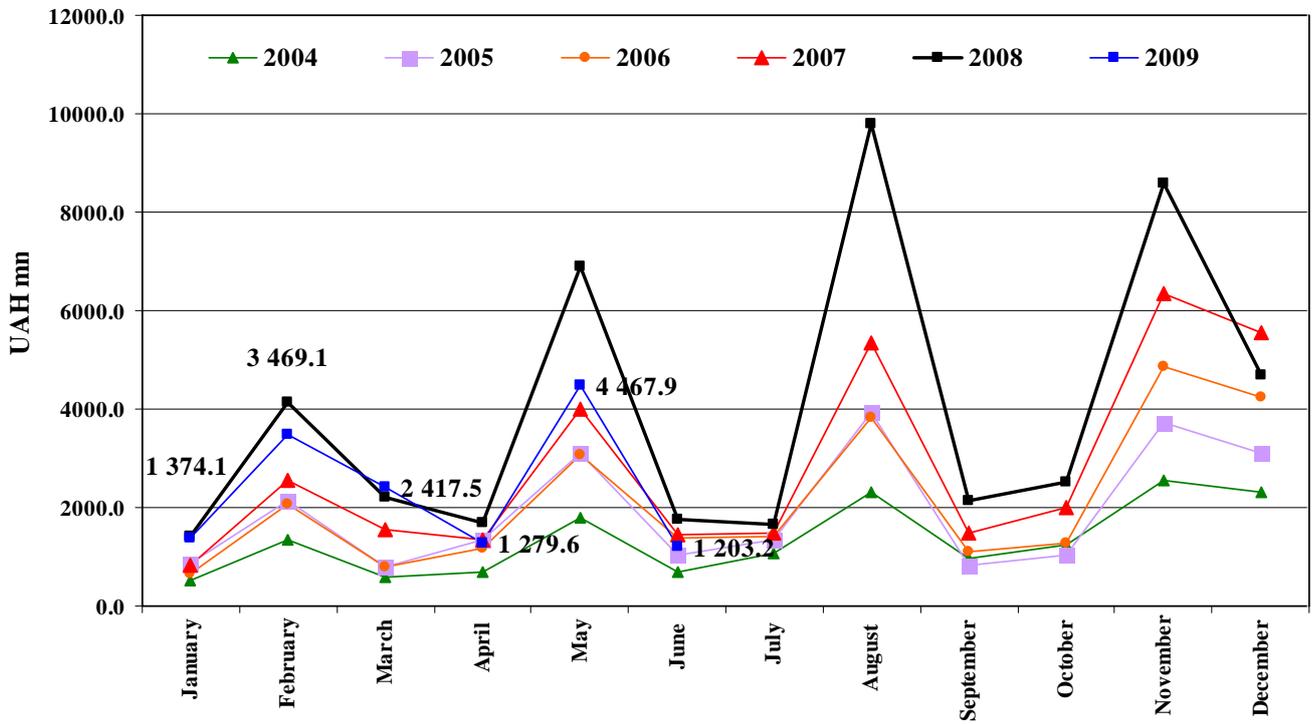
Graph 2

Dynamics of Monthly Tax Revenues of the State Budget in 2004-2009



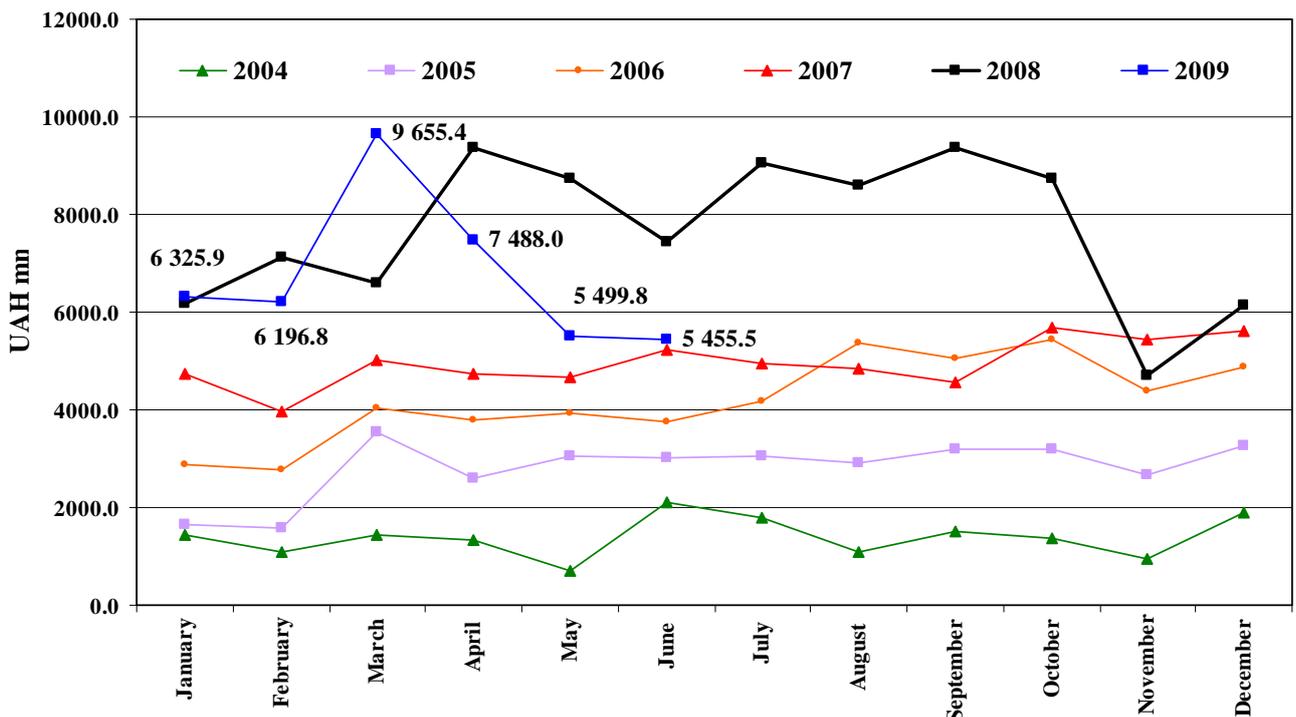
Graph 3

Dynamics of Monthly Profit Tax Revenues of the State Budget in 2004-2009

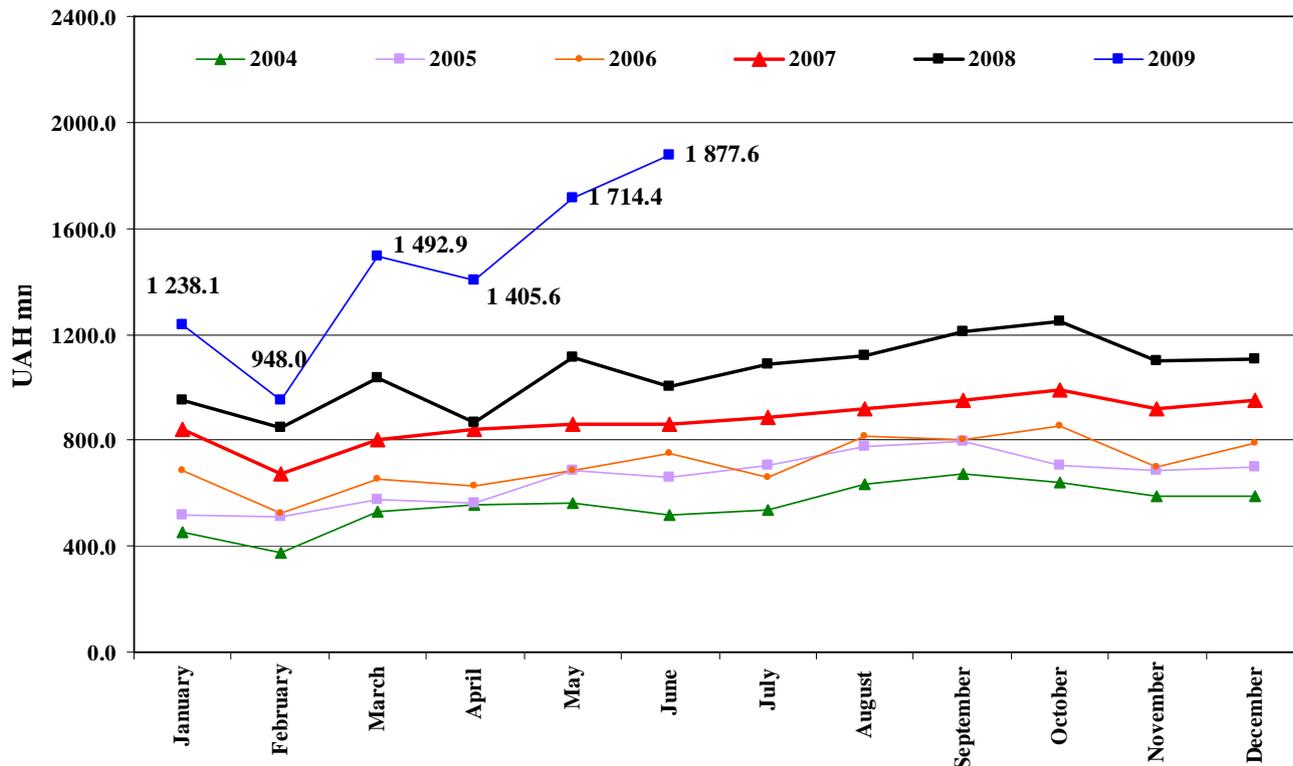


Graph 4

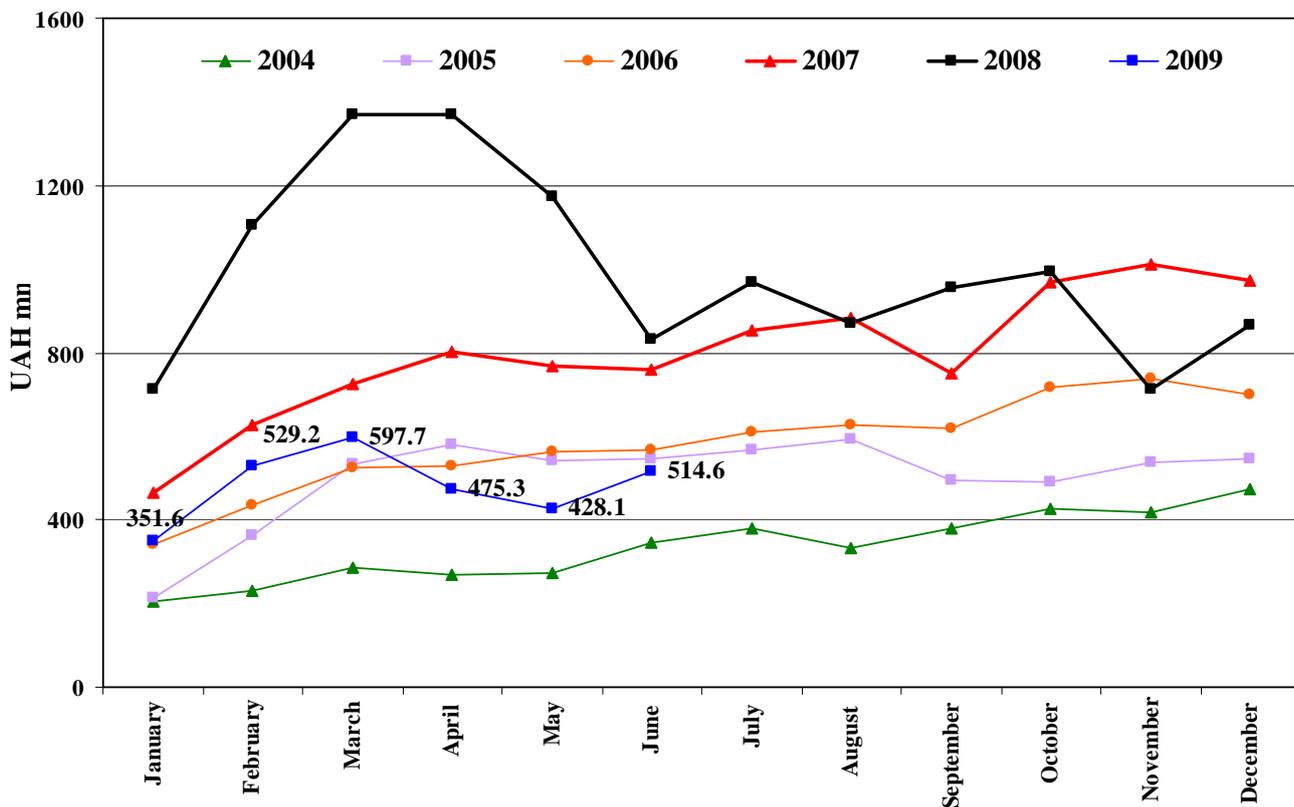
Dynamics of Monthly Value-Added Tax Revenues of the State Budget in 2004-2009



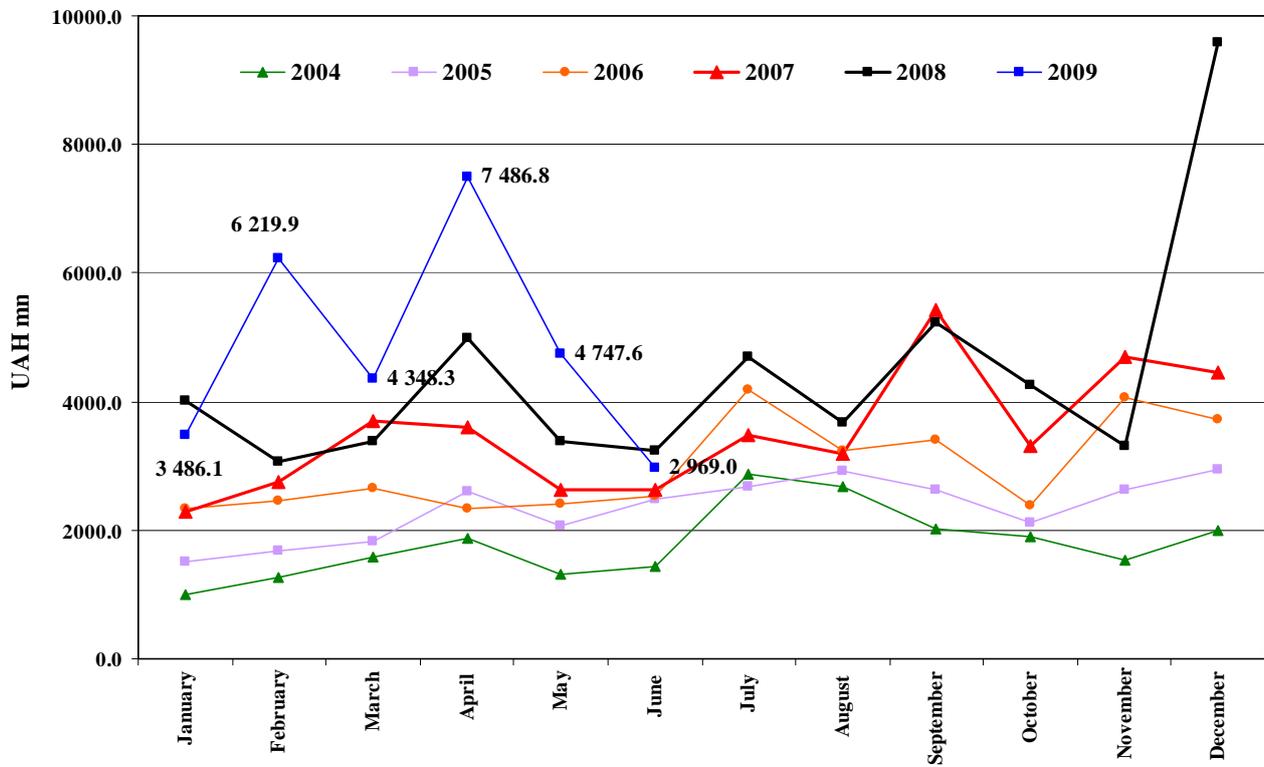
Dynamics of Monthly Excise Tax Revenues of the State Budget in 2004-2009



Dynamics of Monthly Import Duty Revenues of the State Budget in 2004-2009



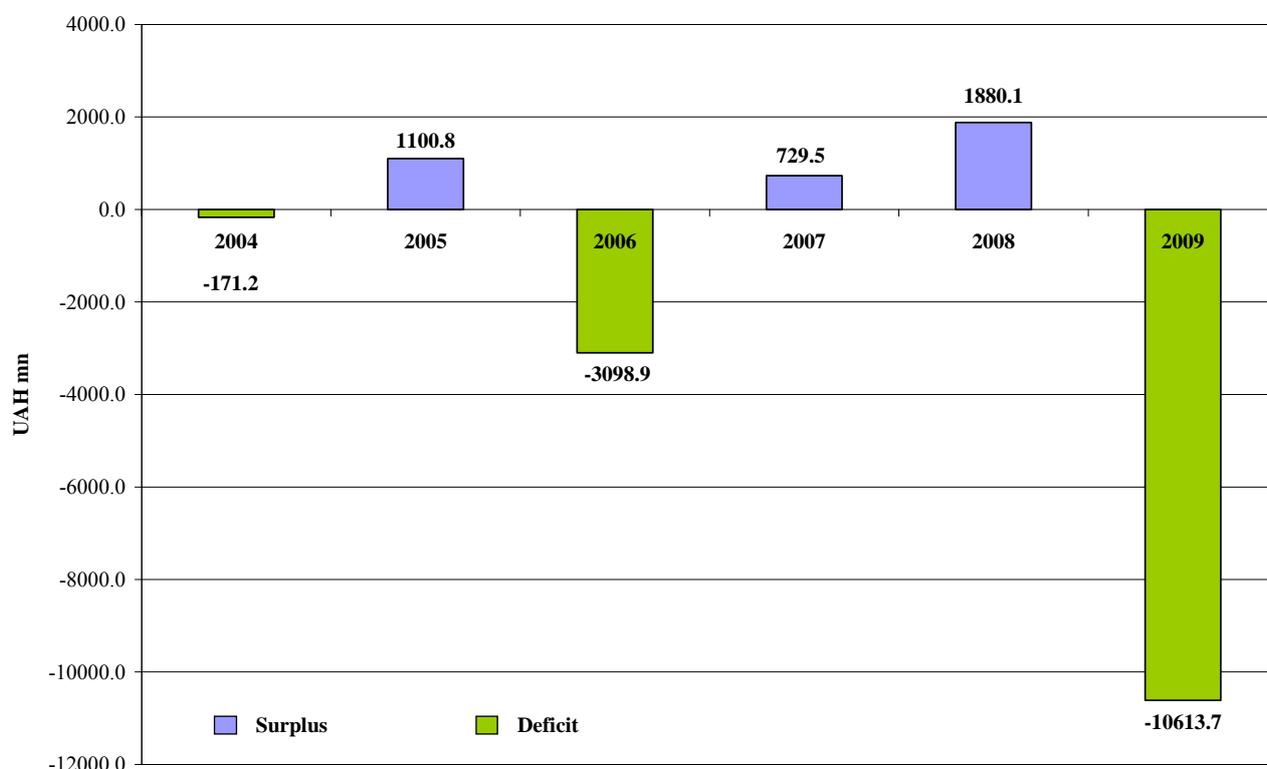
Dynamics of Monthly Non-Tax Revenues of the State Budget in 2004-2009



Budget Financing and Expenditures

Chart 5

Dynamics of Deficit (-)/Surplus (+) of the State Budget of Ukraine in January-June 2004-2009



Graph 8

Comparison of State Budget Borrowing and State Debt Repayment in January-June 2004-2009

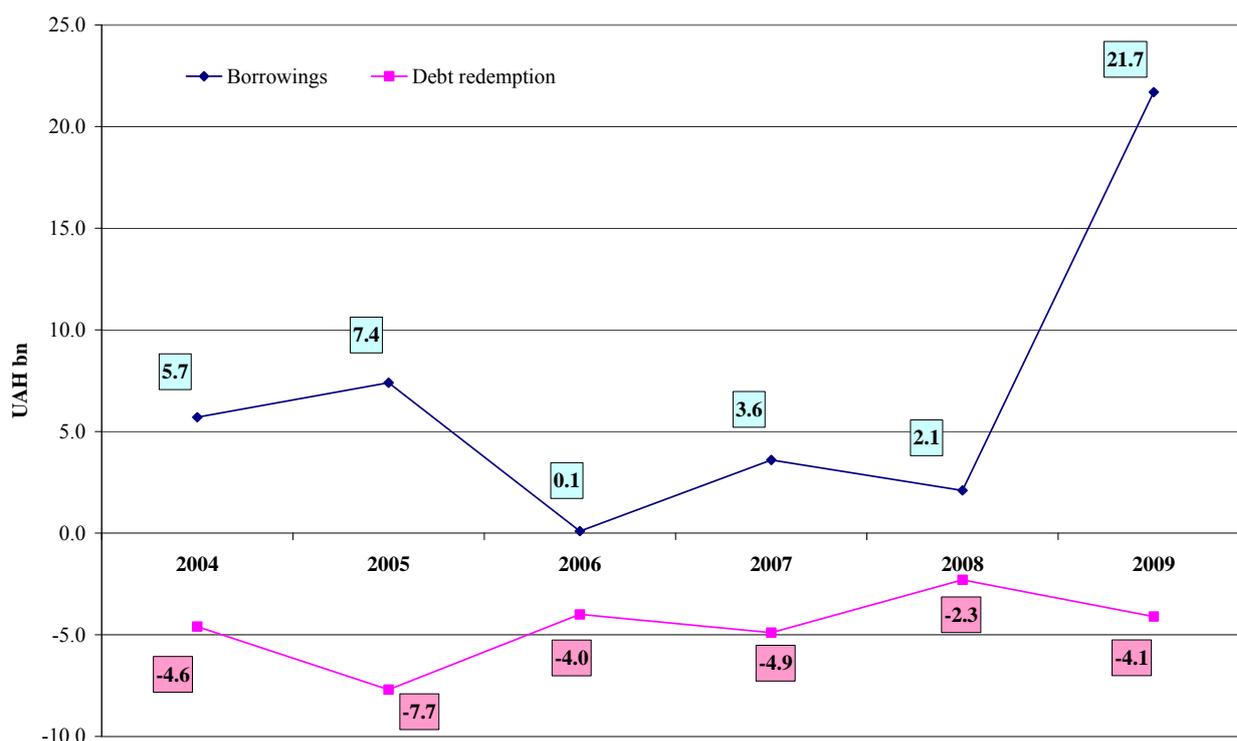


Chart 6

Dynamics of Expenditures of the Consolidated Budget of Ukraine in January-June 2004-2009

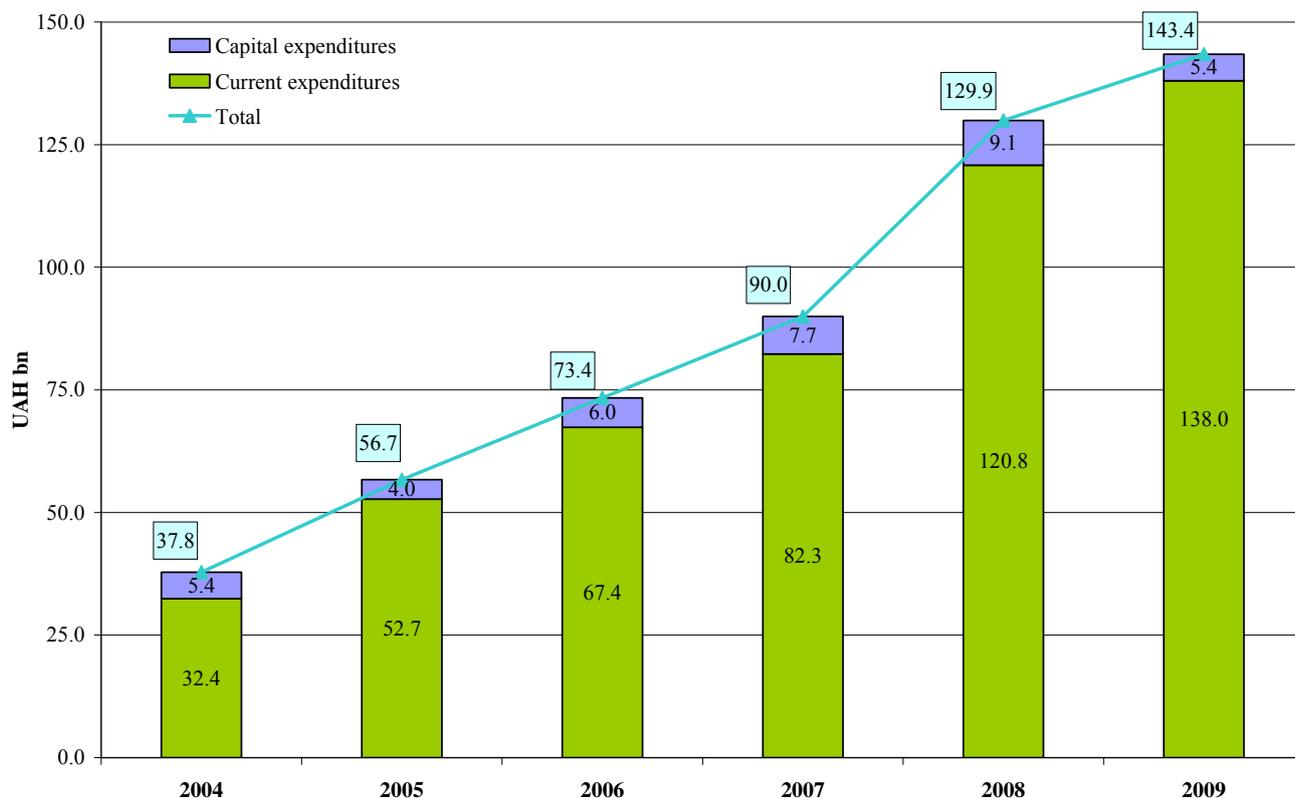
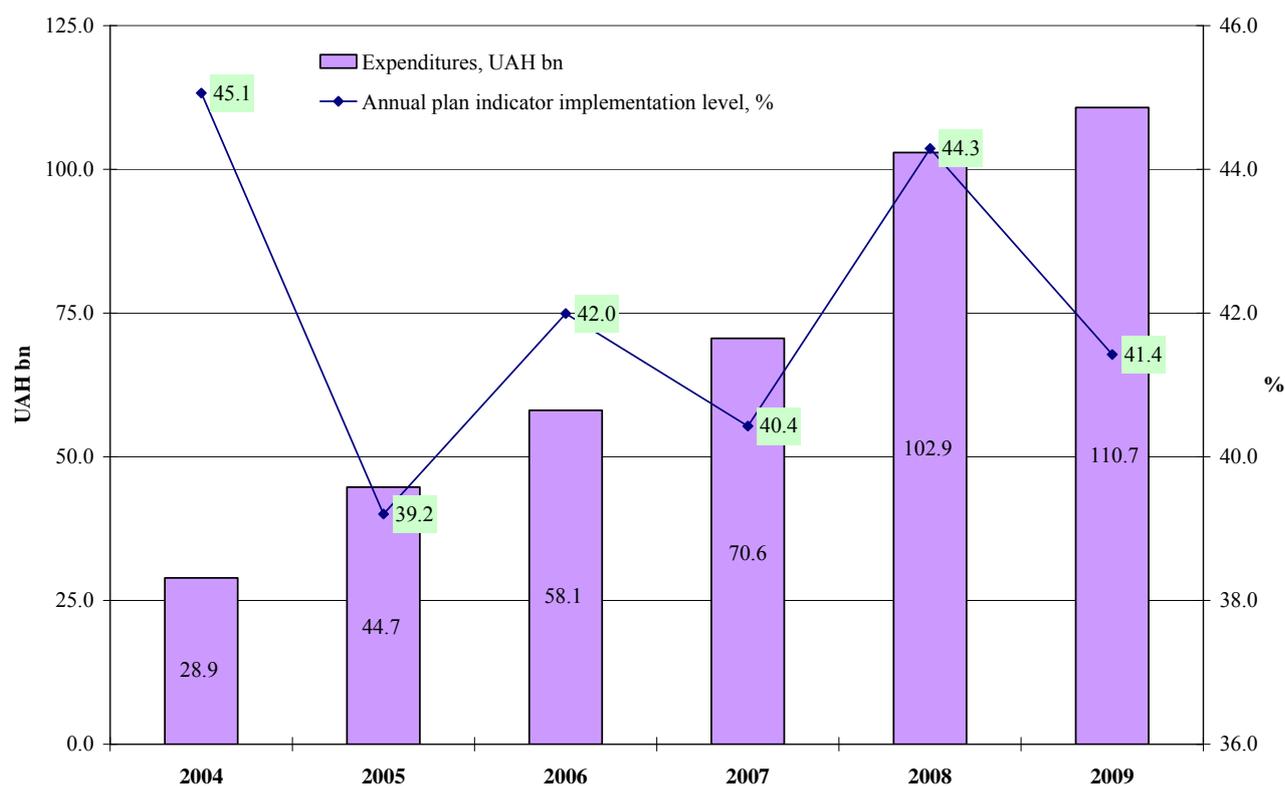


Chart 7

Dynamics of Expenditures of the State Budget of Ukraine (with intergovernmental transfers) in January-June 2004-2009



Growth Rate of State Budget Expenditures (year-on-year) in January-June 2004-2009

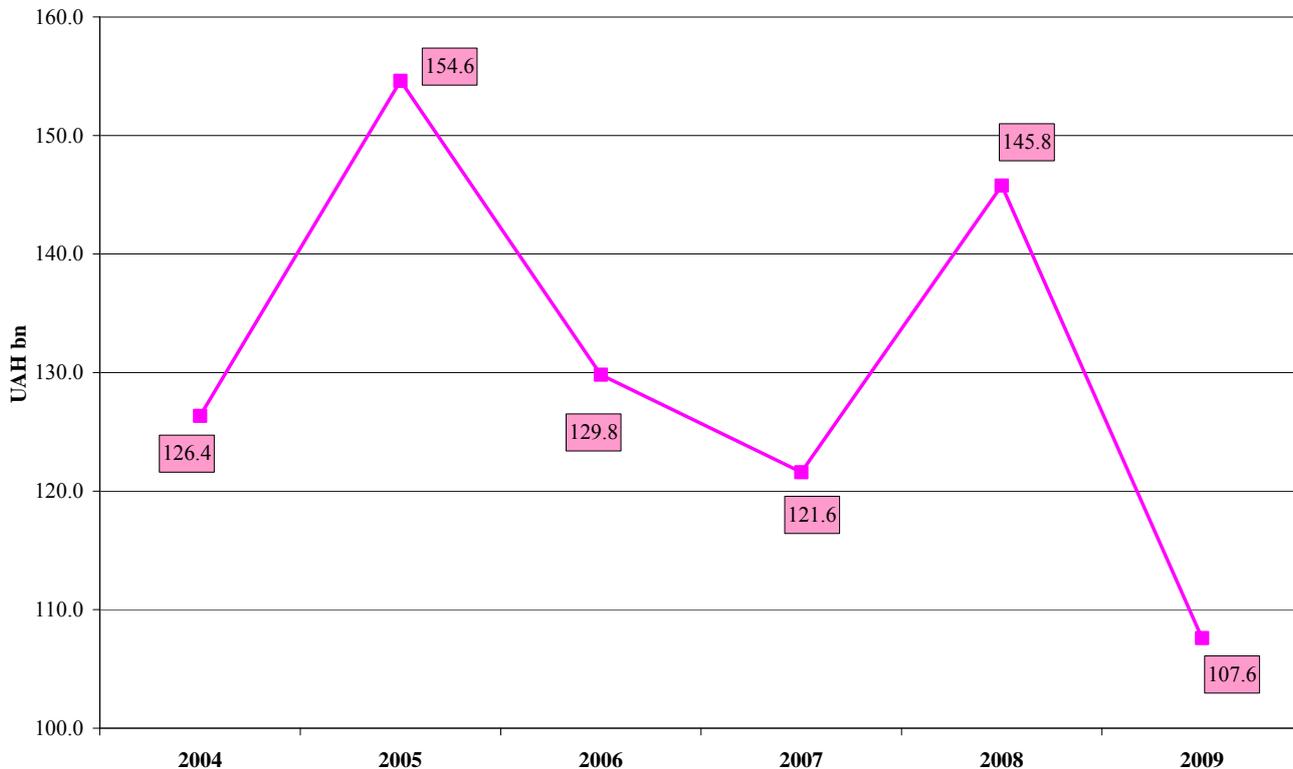
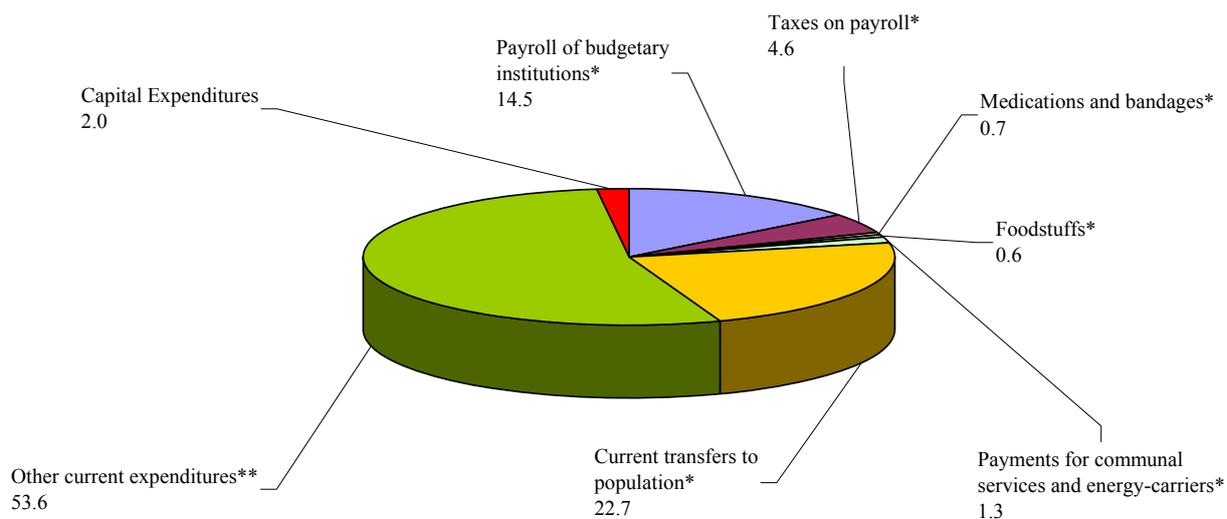


Chart 8

Structure of State Budget Expenditures by Economic Classification in January-June 2009



** Protected expenditures*

*** Other current expenditures also include expenditures for paying the interest/income on obligations and current transfers to government authorities of other levels, which are also categorized as protected expenditure items*

Tendencies of the Banking System Development

In June 2009, the Ukrainian banking system was characterized by:

- **consolidation** of the positive trends in the finance and banking sector, which started to emerge in April and May;
- **a reduced** demand for foreign currencies among the population and **stability** of cash national currency against U.S. dollar;
- **a slight growth** in the aggregate assets of the banking system, which was mostly due to an increase in the volume of government securities and a slow growth in the volume of lending to legal entities;
- **an accelerated** growth of personal deposits with banks and **a gradual resumption** of lending to companies in the real sector of the economy.

As of 1 July 2009, 187 banks had the National Bank licenses for conducting the banking business. Nine banks are in the process of liquidation, including six banks liquidated by NBU decision, and three banks liquidated due to decisions of commercial/arbitration courts. 15 banks have been placed into temporary administration.

In order to support the liquidity of banks, the National Bank of Ukraine carried out bank refinancing transactions totaling Hr 8.9bn in June (Hr 55.8bn year-to-date). Credits obtained from the financial stabilization program (totaling Hr 8.4bn) were used as the main refinancing tool.

An average weighted interest rate on refinancing transactions decreased in June against May and amounted to 14.8% annual, including 18.3% for overnight credits. The statutory reserves accumulated by banks totaled Hr 11.9bn in June 2009.

There was a slight growth in the rate of development of the Ukrainian banking system in June 2009, in particular, regarding some growth in the aggregate assets. Therefore, the aggregate assets of the Ukrainian banking system increased by 1.2% in June against May and reached Hr 944.6bn. The clients' loan portfolio increased by 0.34% and reached Hr714.7bn in June.

As if 1 July 2009, the legal entities loan portfolio totaled Hr 466.5bn or 65.3% of the total clients' loan portfolio. The total amount of credits issued to legal entities increased by 5.2bn in June against May, including an increase of Hr 13.1bn for loans in the national currency, and a decline by \$1.1bn for foreign-currency loans. The individuals' loan portfolio totaled Hr 248.2bn or 34.7% of the total clients' loan portfolio as of 1 July 2009. The total amount of credits to private individuals decreased by Hr 2.8bn in June against May, including by Hr 0.1bn for credits in the national currency, and by \$0.4bn for credits in foreign currencies.

The deposit portfolio of individuals totaled Hr 199.0bn or 26.4% of total liabilities as of 1 July 2009, and the deposit portfolio of economic agents totaled Hr 117.9bn or 15.7%.

The total deposits of legal entities decreased by Hr 1.3bn in June against May. This occurred primarily due to depletion in the foreign-currency deposits by \$0.6bn. At the same time, the national-currency deposits were up Hr 3.1bn.

The total deposits of private individuals increased by Hr 5.2bn in June against May. Increase in personal deposits was recorded for deposits in both the national and foreign currencies. Therefore, the personal deposits in the national currency increased by Hr 2.0bn and those in foreign currencies by \$0.4bn.

The money supply was up 1% in June (down 8.3% year-to-date) to Hr 472.3bn. The monetary base increased by 3.9% in June (up 1.1% year-to-date) to Hr 188.7bn. The volume of banks' correspondent accounts increased by 32.8% to Hr 22.3bn in this period (up 19.5% year-to-date).

Changes in interest rates on deposit programs took place on the banking market, in view of some slowing-down in the outflow of client deposits in June and given a proactive support of liquidity of banking institutions by the National Bank. The average weighted cost of deposits in the national currency increased from 12.5% to 13.6% in June, and that for foreign-currency deposits decreased from 9.0% to 8.3%. The integral rate on deposits remained unchanged at 11.0%. The average weighted cost of credits in the national currency did not change and amounted to 18.5%, while it decreased from 9.6% to 9.4% for foreign currencies. An average weighted rate on market agreements on the interbank credit market decreased from 5.3% to 4.0% in June, including from 3.2% to 2.6% for overnight credits.

As of 1 July 2009, the equity of banks totaled Hr 116.8bn or 13.4% of bank liabilities. The banks' equity has the following structure. The paid registered authorized capital accounts for 78.8% of the equity; dividend used for increasing the authorized capital 0.5%; issue difference 5.1%; general provisions, reserve funds, and other bank funds 14.7%; results of previous years 0.6%; results of the reporting year to be approved 0.1%; results of the current year (-8.8%); results of revaluation of fixed assets, intangibles, and securities in bank portfolio for sale and investing in associated companies 9.0%.

The income of banks totaled Hr 72.0bn, including interest income of Hr 61.8bn (or 85.9% of total income), commission income of Hr 7.5bn (10.5%). Bank costs totaled Hr 82.2bn, including interest costs of Hr 34.3bn (or 41.7% of total costs), deductions into reserves of Hr 29.1bn (35.4%), and commission costs of Hr 1.3bn (1.6%). The net losses of the banking system totaled Hr 10.2bn.

Banking System

Chart 9

Dynamics of Total Assets and Clients' Loan Portfolio of the Ukrainian Banking System in 2008-2009

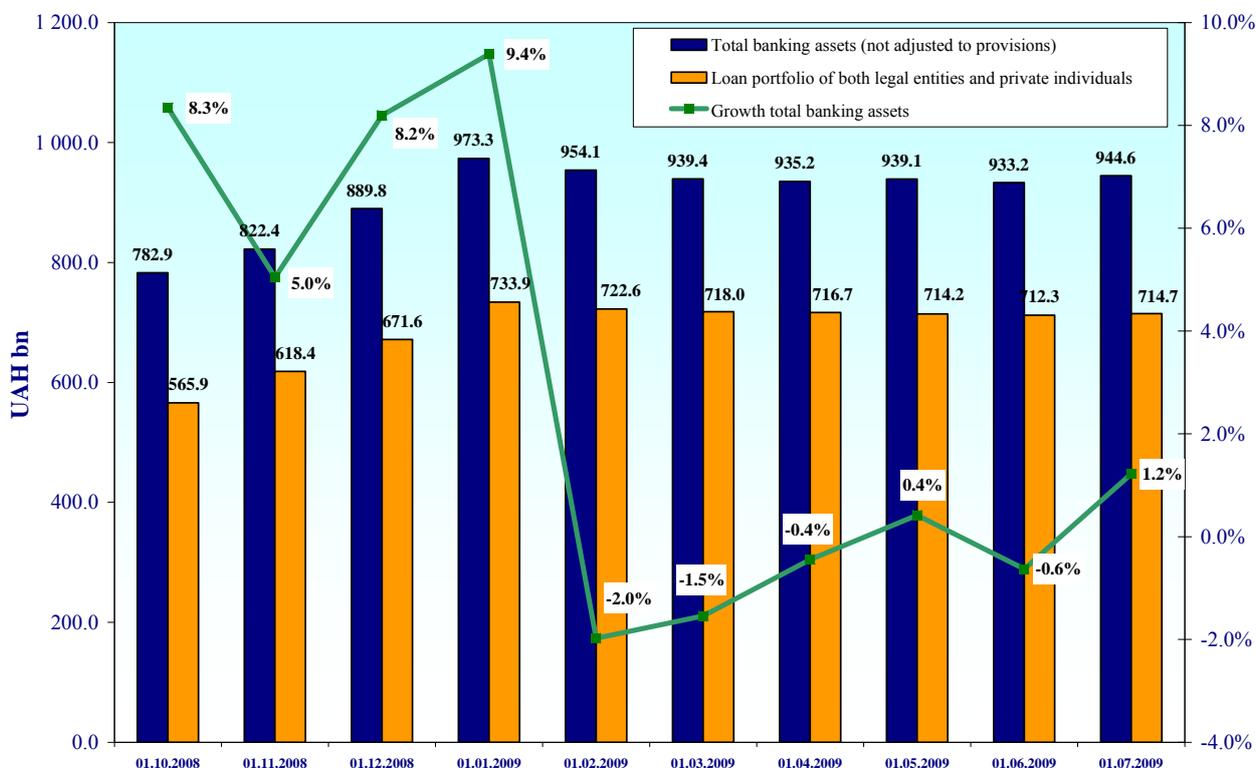
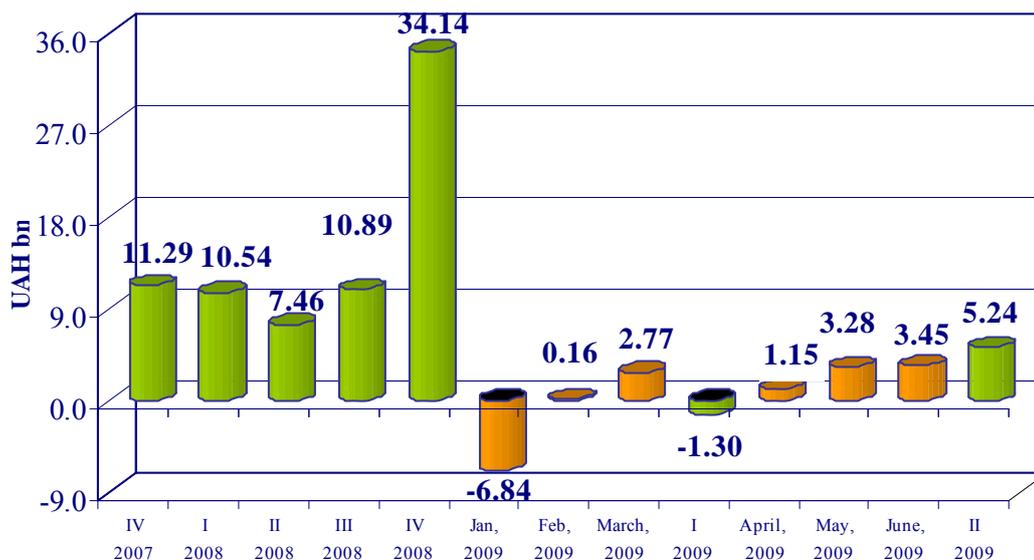


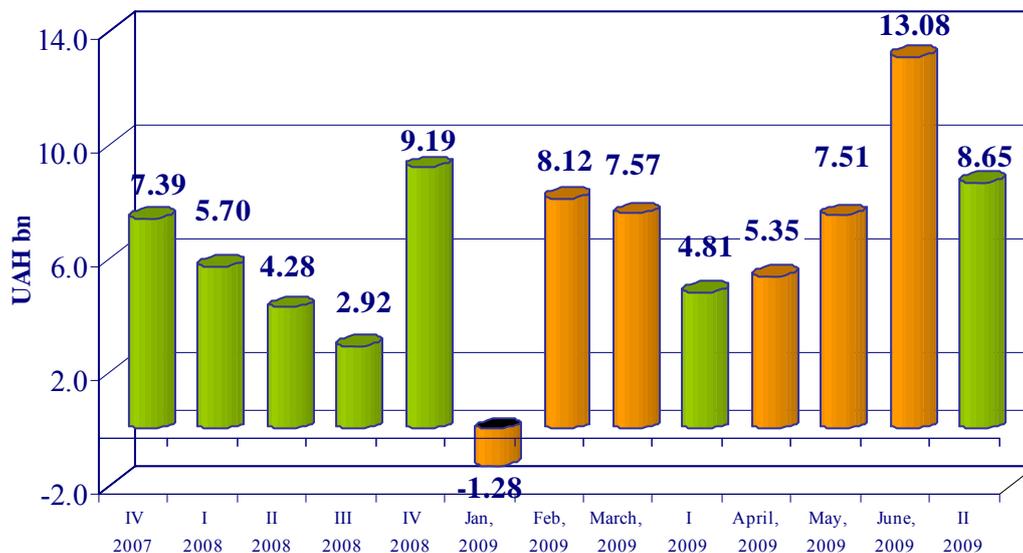
Chart 10

Changes in the Amount of Legal Entities Loan Portfolio



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Legal entities loan portfolio, UAH bn	303.03	325.42	358.11	460.53	453.69	453.85	456.62	457.77	461.22	466.47
growth rate of legal entities loan portfolio, %	5.77	4.37	3.73	10.24	-1.49	0.04	0.61	0.25	0.75	0.75

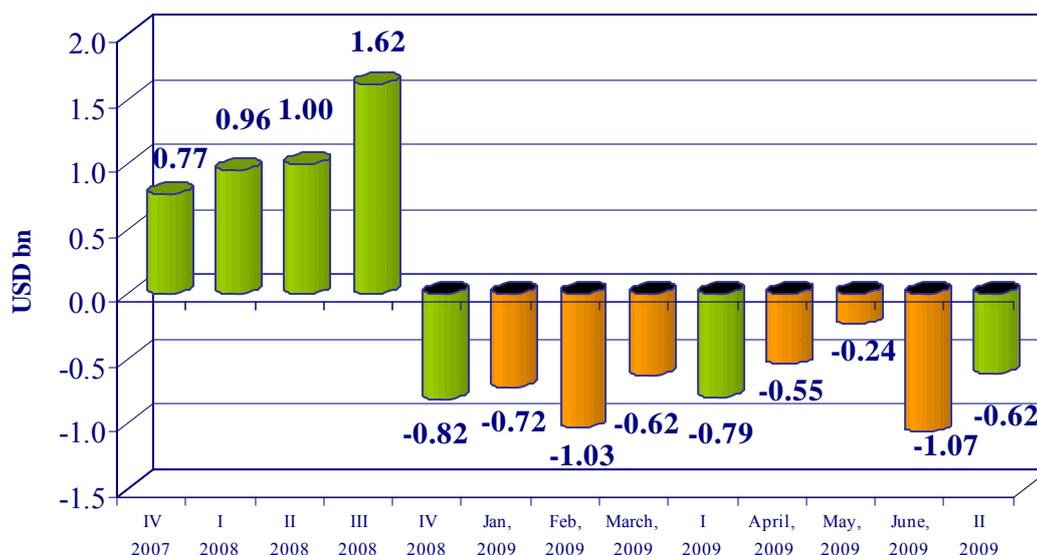
Changes in the Amount of Legal Entities Loan Portfolio in the National Currency



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Legal entities loan portfolio in national currency, UAH bn	175.94	188.79	197.54	225.12	223.84	231.96	239.53	244.89	252.40	265.48
growth rate of legal entities loan portfolio in national currency, %	6.95	4.46	2.42	11.03	-0.57	3.63	3.26	2.23	3.07	3.07

Chart 12

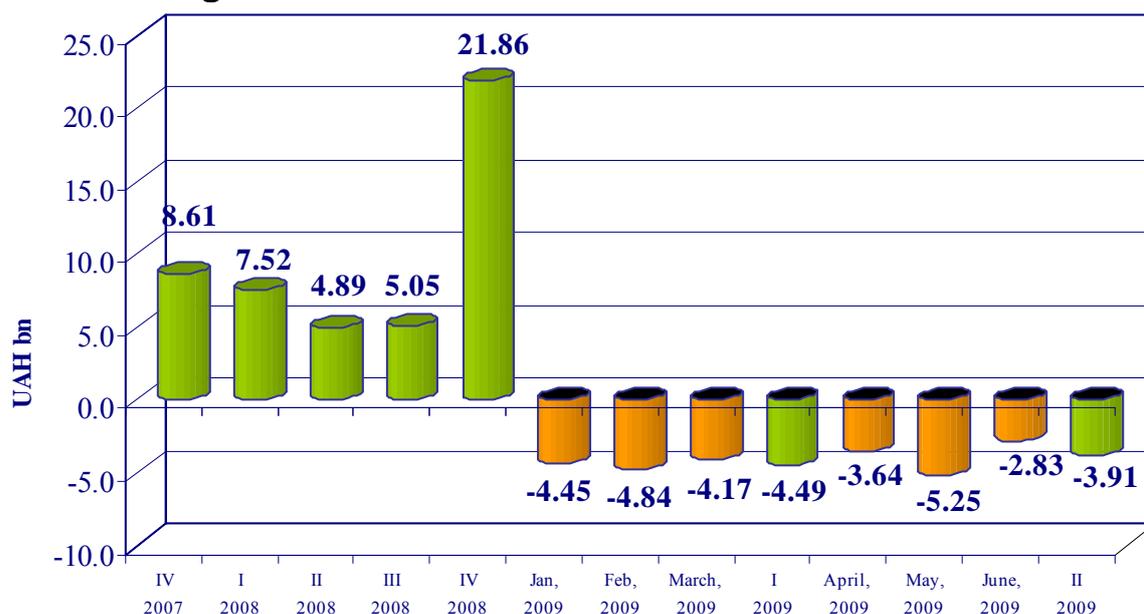
Changes in the Amount of Legal Entities Loan Portfolio in Foreign Currencies



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Legal entities loan portfolio in foreign currencies, USD bn	25.17	28.17	33.03	30.57	29.85	28.82	28.19	27.65	27.41	26.34
growth rate of legal entities loan portfolio in foreign currencies, %	4.17	4.24	5.39	9.49	-2.36	-3.46	-2.17	-1.94	-1.91	-1.91

Chart 13

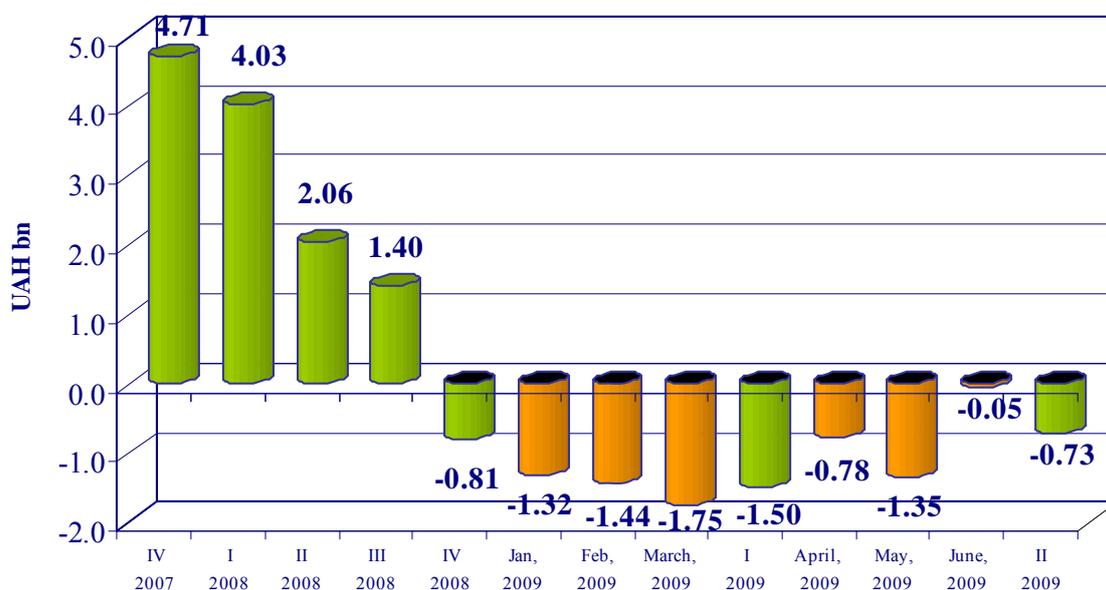
Changes in the Amount of Individuals Loan Portfolio



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Individuals loan portfolio, UAH bn	178.00	192.66	207.82	273.39	268.94	264.09	259.92	256.28	251.03	248.19
growth rate of individuals loan portfolio, %	5.35	2.64	2.57	7.71	-1.63	-1.80	-1.58	-1.40	-2.05	-1.13

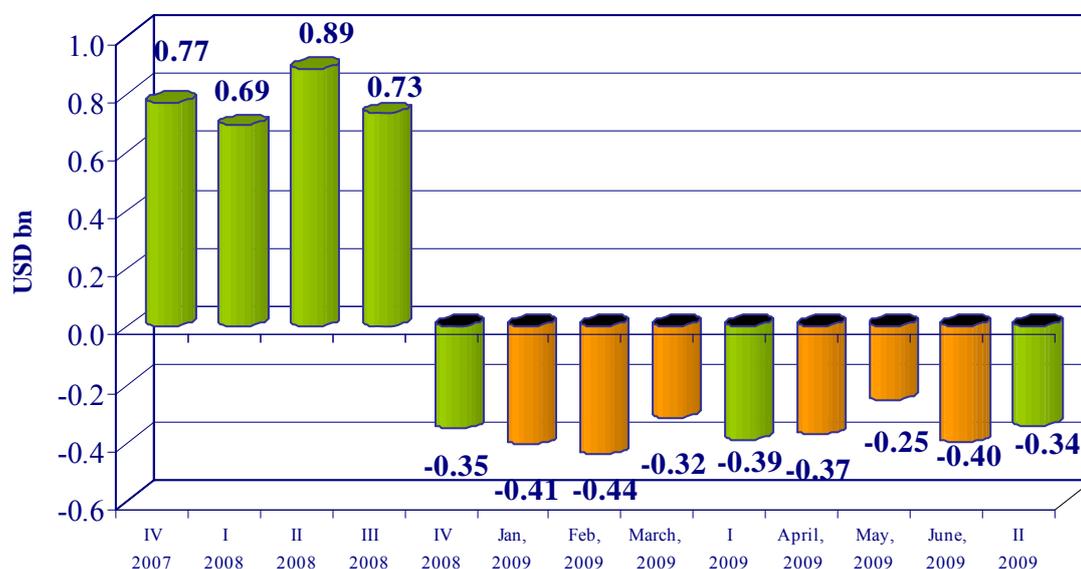
Chart 14

Changes in the Amount of Individuals Loan Portfolio in the National Currency



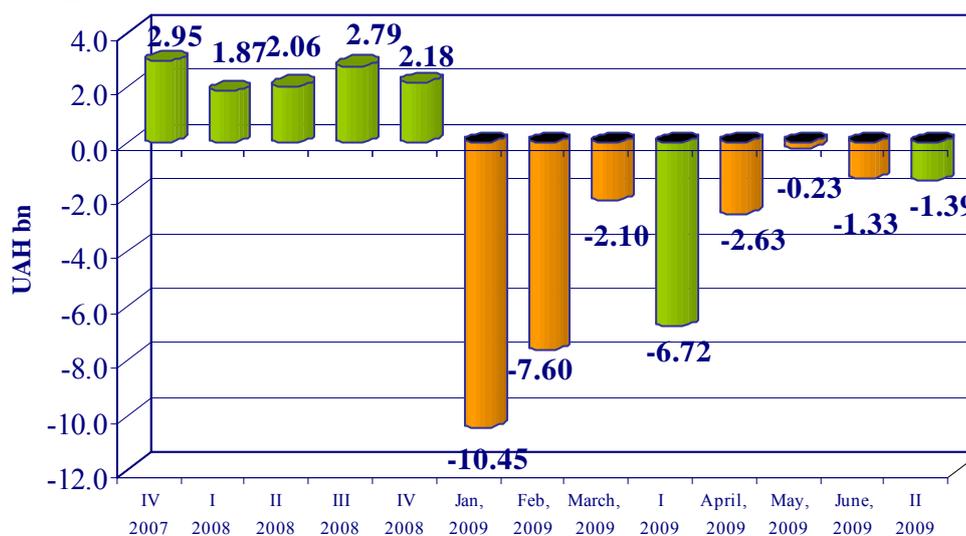
Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Individuals loan portfolio in national currency, UAH bn	67.07	73.24	77.45	75.02	73.70	72.25	70.51	69.73	68.38	68.33
growth rate of individuals loan portfolio in national currency, %	7.03	1.48	2.40	-2.88	-1.76	-1.96	-2.42	-1.10	-1.93	-0.08

Changes in the Amount of Individuals Loan Portfolio in Foreign Currencies



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Individuals loan portfolio in foreign currencies, USD bn	21.97	24.62	26.82	25.76	25.36	24.91	24.60	24.23	23.97	23.57
growth rate of individuals loan portfolio in foreign currencies, %	4.36	3.36	2.67	12.35	-1.58	-1.74	-1.27	-1.51	-2.09	-1.52

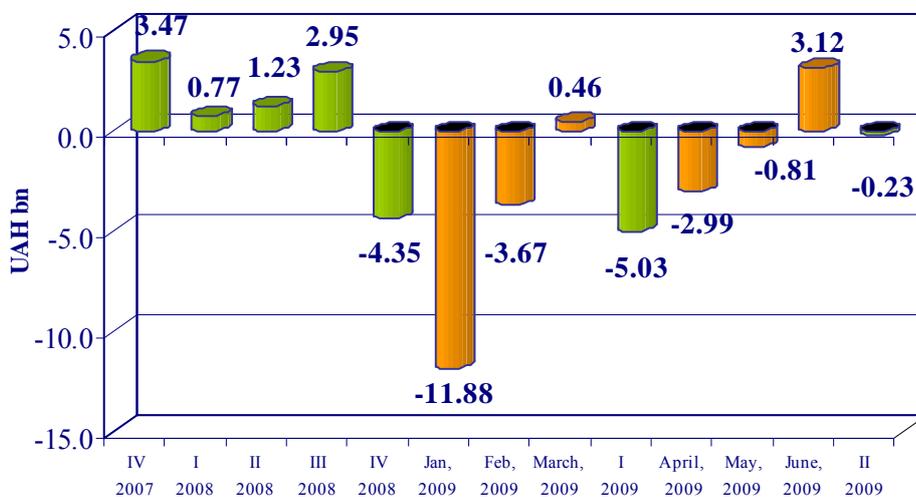
Changes in the Amount of Legal Entities Deposit Portfolio



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Legal entities deposit portfolio, UAH bn	121.18	127.35	135.71	142.25	131.80	124.20	122.10	119.48	119.25	117.92
Growth rate of legal entities deposit portfolio, %	8.45	7.59	0.84	7.69	-7.35	-5.76	-1.69	-2.15	-0.19	-1.11

Chart 17

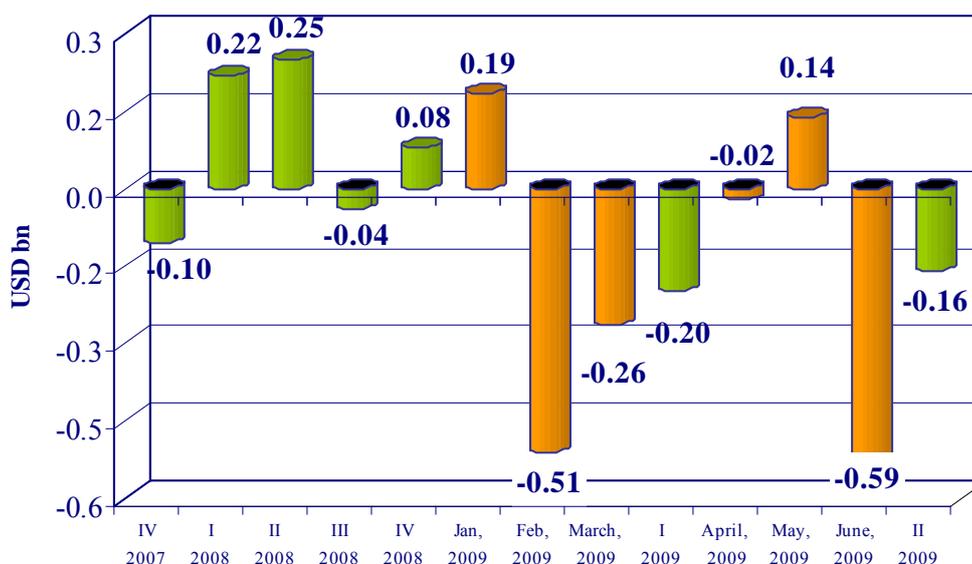
Changes in the Amount of Legal Entities Deposit Portfolio in the National Currency



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Legal entities deposit portfolio in national currency, UAH bn	92.79	96.47	105.33	92.29	80.41	76.74	77.20	74.21	73.40	76.52
Growth rate of legal entities deposit portfolio in national currency, %	8.15	11.16	5.29	2.66	-12.87	-4.56	0.60	-3.87	-1.09	4.25

Chart 18

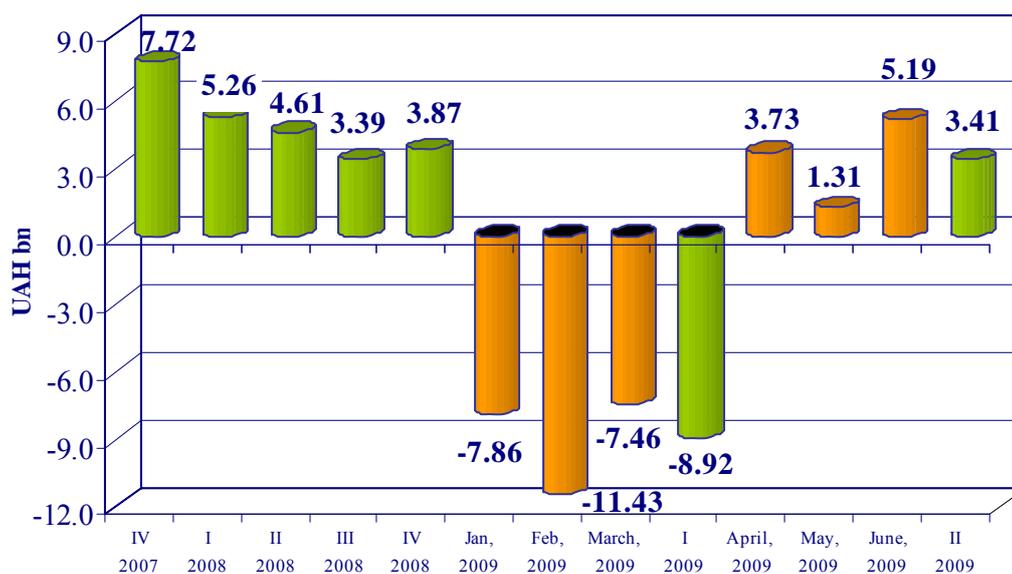
Changes in the Amount of Legal Entities Deposit Portfolio in Foreign Currencies



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Legal entities deposit portfolio in foreign currencies, USD bn	5.62	6.37	6.25	6.49	6.67	6.16	5.90	5.88	6.02	5.43
Growth rate of legal entities deposit portfolio in foreign currencies, %	9.45	-2.22	-12.04	18.41	2.86	-7.64	-4.28	-0.36	1.28	-9.71

Chart 19

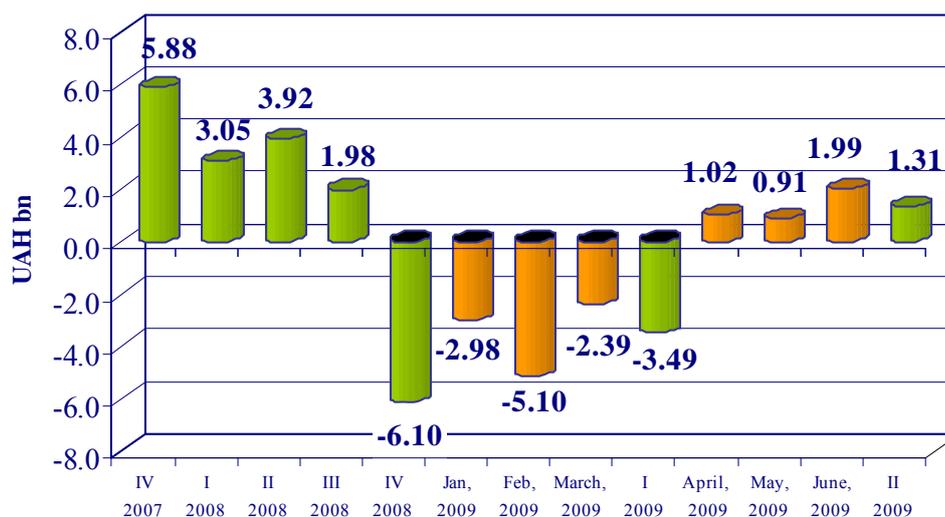
Changes in the Amount of Individuals Deposit Portfolio



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Individuals deposit portfolio, UAH bn	179.94	193.78	203.95	215.55	207.69	196.26	188.80	192.53	193.84	199.03
Growth rate of individuals deposit portfolio, %	3.15	3.29	1.16	4.49	-3.65	-5.51	-3.80	1.97	0.68	2.68

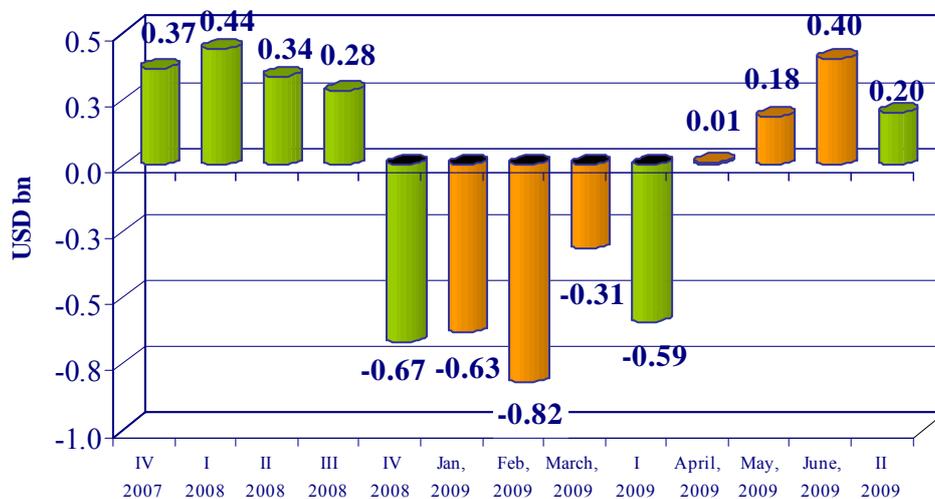
Chart 20

Changes in the Amount of Individuals Deposit Portfolio in the National Currency



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Individuals deposit portfolio in national currency, UAH bn	108.57	120.32	126.26	107.97	104.99	99.89	97.50	98.52	99.43	101.42
Growth rate of individuals loan portfolio in national currency, %	3.59	3.22	0.49	-1.23	-2.76	-4.85	-2.39	1.05	0.92	2.00

Changes in the Amount of Individuals Deposit Portfolio in Foreign Currencies



Indicator	01.04.08	01.07.08	01.10.08	01.01.09	01.02.09	01.03.09	01.04.09	01.05.09	01.06.09	01.07.09
Individuals deposit portfolio in foreign currencies, USD bn	14.13	15.15	15.98	13.97	13.34	12.51	12.20	12.21	12.39	12.79
Growth rate of individuals deposit portfolio in foreign currencies, %	2.48	3.40	2.28	10.93	-4.54	-6.17	-2.52	0.07	0.42	3.40