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# **Monthly Monitoring of Main Indicators of Budget and Banking Systems of Ukraine as of April 1, 2010**

*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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15-V, Borysoglib's'ka Str., 2st floor,  
Kyiv, 04070, Ukraine  
Phone: (38 044) 353-58-68, 492-97-80/81  
Fax: (38 044) 492-97-83



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## Tendencies of Execution of Consolidated, State and Local Budgets in Ukraine

**The actual revenues of the consolidated budget of Ukraine** totaled Hr 67.1bn in January-March 2010, which is Hr 1.4bn or 2.2% more year-on-year. The share of tax revenues amounted to 78.1% against 74.1% in the respective period of 2009. The consolidated budget revenues totaled Hr 26.4bn in March, which is 6.8% more than in March 2009.

**The actual revenues of the State budget of Ukraine** totaled Hr 50.1bn in January-March 2010, which is Hr 0.3bn or 0.6% more year-on-year. The share of tax revenues amounted to 76.0% against 71.3% in the respective period of 2009.

A certain improvement in State budget revenue intake was noted in March 2010, and where the intake of revenues was lower in the first two months of this year compared to last year, in the last month of Q1, this indicator exceeded the respective 2009 figure. The revenues of the State budget of Ukraine increased by 7.2% in March 2010 against March 2009 and amounted to Hr 20.2bn.

The budget revenues increased thanks to a greater intake of proceeds from the enterprise profit tax (by Hr 2.0bn or 27.6%) and the excise tax (by Hr 1.5bn or 41.0%). The enterprise profit tax increased due to a boost in payments by State-owned enterprises and organizations — by Hr 3.0bn or 3.7 times — this is an all-time record in payment of profit tax by the public sector, which could mean that the motives behind this tax payment were not quite economical.

At the same time, it should be noted that the 2010 budget performance is characterized by non-reimbursement of the value-added tax. For example, the amount of VAT reimbursed in March was a kind of counter-record at Hr 0.4bn compared to Hr 2.5bn in March 2009. The amount of this tax reimbursed in Q1 2010 was almost a half of that in 2008 or 2009 (Hr 3.9bn vs. Hr 7.7bn and Hr 7.1bn, respectively). However, despite this reduction in VAT reimbursements from the budget, nearly Hr 1.0bn less from this source was remitted to the State budget in January-March 2010 compared to the same period of 2009.

**The total local budget revenues (without intergovernmental transfers)** amounted to Hr 17.0bn in January-March 2010, which is Hr 1.1bn or 7.1% more than the respective indicator of 2009. The local budget revenues totaled Hr 6.2bn in March, showing an increase of 5.3% year-on-year.

A 6.7% increase was observed in the actual amount of local budget tax revenues in March 2010 compared to March 2009 (at the same time, the amount of such revenues increased by 8.8% in January-March compared to the same period of last year). Overall, local budgets received Hr 5.2bn in tax revenues in March (Hr 14.4bn in Q1 2010).

Revenues from the personal income tax totaled Hr 3.9bn in March, which is 8.4% more than in March 2009. In total, Hr 10.7bn was received from this tax in Q1 2010 (growth of 9.3%).

Similarly to the year 2009, the first three months of 2010 show a stable growth in revenues from the payment for land, which increased by Hr 0.8bn in March or by 14.2% against the same period in 2009 (Hr 2.2bn received year-to-date, with the respective growth of 15.8%).

Non-tax revenues of local budgets totaled Hr 765.0mn in March (they amounted to Hr 753.2mn in March 2009). At the same time, the amount of non-tax revenues decreased by 2.0% in Q1 2010 against the respective period in 2009.

The income from capital transactions totaled Hr 193.5mn in March 2010, which is nearly the same as the respective indicator of last year. These revenues totaled Hr 575.4mn in January-March 2010, which is 1.8% less year-on-year.

**The State budget deficit totaled Hr 5.5bn in January-March 2010** (a deficit of Hr 0.3bn was recorded in the same period of last year), including a General Fund deficit of Hr 6.0bn and Special Fund surplus of Hr 0.5bn.

The General Fund deficit was financed in January-March 2010 at the expense of internal borrowing incurred at the amount of Hr 19.3bn, which is 6.3 times more compared to the same period of last year. The debt repayment totaled Hr 3.1bn, which is Hr 1.9bn more year-on-year. Financing for debt transactions at the expense of surplus of borrowing over repayment for the General Fund of the State budget totaled Hr 16.2bn (to compare, budget borrowing exceeded debt repayment by Hr 1.8bn in January-March of last year).

Financing for active transactions for the General Fund of the budget totaled Hr 10.2bn in January-March 2010, including Hr 9.5bn for the change in the balance of budget funds and Hr 0.7bn for repayment of funds from deposits or presentation of securities.

The presence of a Special Fund surplus of nearly Hr 0.5bn with the proceeds from privatization of State property of Hr 0.1bn and using the resources of the single Treasury account of Hr 0.4bn to finance the deficit of the Special Fund is primarily explained by the accumulation of the balance of funds of Hr 0.8bn in accounts during the period under review.

The balance of funds totaled Hr 25.5bn at the end of March 2010, including Hr 13.2bn in the General Fund and Hr 12.3bn in the Special Fund.

**The State budget deficit** totaled Hr 0.7bn in **March 2010**, which is 12.5% more year-on-year and amounts to 3.5% of the actual 2009 figure. A deficit of Hr 0.9bn accrued in the General Fund of State budget in March, with a Special Fund surplus of Hr 0.2bn. The debt was incurred at Hr 14.8bn, with debt repayment of Hr 1.6bn in March, which amounts to 5.1% of actual debt repayment in 2009; the financing for active transactions totaled Hr 12.6bn in March.

**The expenditures of the consolidated budget of Ukraine** totaled Hr 71.7bn in **January-March 2010** (including General Fund expenditures of Hr 57.8bn and Special Fund expenditures of Hr 13.9bn), which is Hr 6.7bn or 10.4% more year-on-year. It should be noted that the expenditures for healthcare increased by 15.6%, for social protection and social security by 13.6%, and for education by 10.9% in January-March compared to similar indicators of 2009. At the same time, the expenditures for agriculture, forestry, game-preserves, and fisheries decreased by 2.5% in this period year-on-year.

**The actual expenditures of the consolidated budget of Ukraine in March 2010** totaled Hr 28.1bn, which is 9.0% more year-on-year (to compare: the year-on-year increase in March expenditures in the period of 2007-2009 amounted to 115.4%, 128.0%, 121.8%, respectively).

An upward trend was demonstrated throughout March by expenditures in individual sectors, with a year-on-year growth of 14.1% for healthcare and 8.4% for education. At the same time, the expenditures for agriculture, forestry, game-preserves, and fisheries decreased by 21.7% and those for social protection and social security by 0.1% compared to March 2009.

**The expenditures of the State budget of Ukraine (with intergovernmental transfers)** totaled Hr 57.4bn in **January-March 2010** (including General Fund expenditures of Hr 45.1bn and Special Fund expenditures of Hr 12.3bn), which is Hr 6.4bn or 12.9% more year-on-year. It should be noted that the debt servicing expenditures increased by 84.5%, expenditures for spiritual and physical development by 77.5%, and those for general government by 63.9% compared to the same indicators of last year. At the same time, the expenditures for economic activity were reduced by 23.6% in the said period, including those for transport by 61.3%, and expenditures for agriculture, forestry, game-preserves, and fisheries decreased by 2.3%.

**The actual expenditures of the State budget (with intergovernmental transfers)** totaled Hr 21.6bn in **March 2010**, including General Fund expenditures of the State budget of Hr 14.7bn and Special Fund expenditures of Hr 6.9bn.

The State budget expenditures increased by 8.6% in March 2010 year-on-year, which is one of the lowest figures since 2005 (the growth rate of expenditures amounted to 117.1% in 2009, 131.1% in 2008, and 115.0% in 2007).

Also, expenditures for debt servicing increased by 74.2% in March 2010 year-on-year, for general government by 35.7%, for defense by 34.9%, and for economic activity by 25.4%. At the same time, expenditures decreased by 29.4% for housing and communal services, by 21.5% for agriculture, forestry, game-preserves, and fisheries, and by 6.5% for social protection and social security compared to similar indicators of 2009.

**The total local budget expenditures (without intergovernmental transfers)** amounted to Hr 29.5bn in **January-March 2010**, which is 9.8% more year-on-year. At the same time, the first three months of 2010 demonstrate a 12.1% growth in social expenditures of local budgets, and a 34.5% decline in expenditures for economic activity, housing and communal services, and environmental protection.

**The total local budget expenditures (without intergovernmental transfers)** amounted to Hr 11.2bn in **March 2010**, which is 5.9% more year-on-year. The social expenditures of local budgets increased by 10.9% in March. The expenditures for economic activity, housing and communal services, and environmental protection demonstrated an overall decline by 48.4%. Other expenditure items of local budgets increased by 5.0% in general compared to the indicators of March 2009.

# State Budget Revenues

Diagram 1

## Structure of State Budget Revenues in March 2010

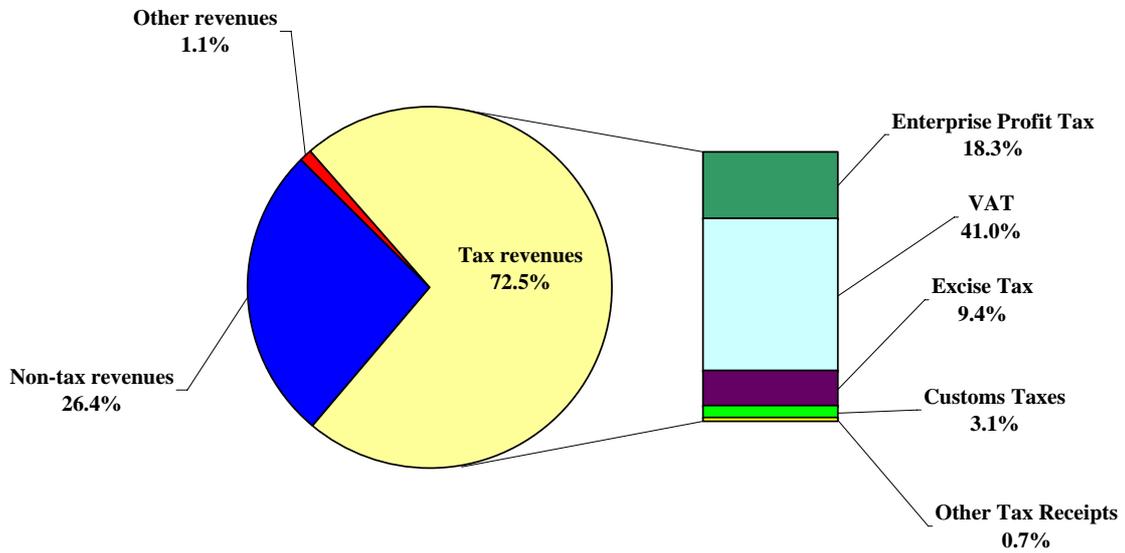
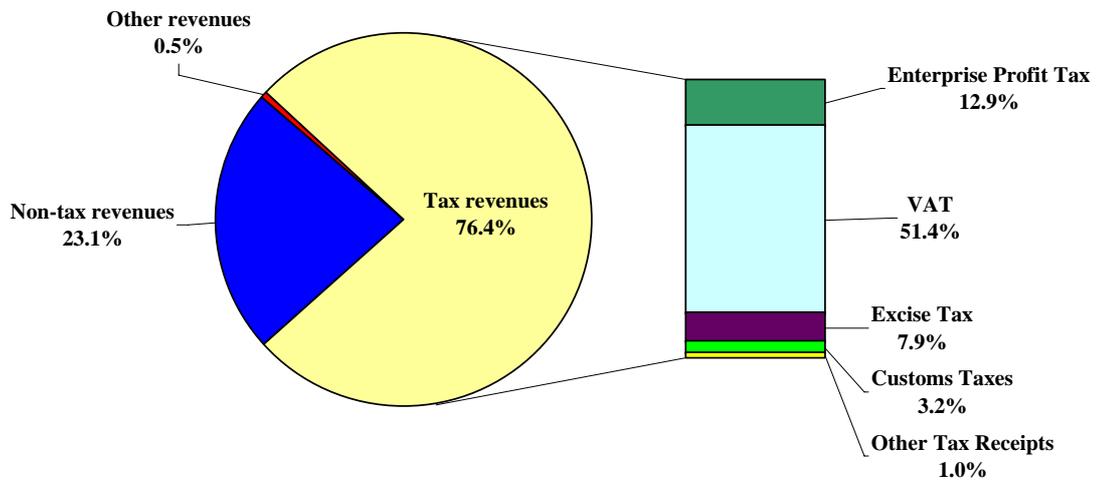


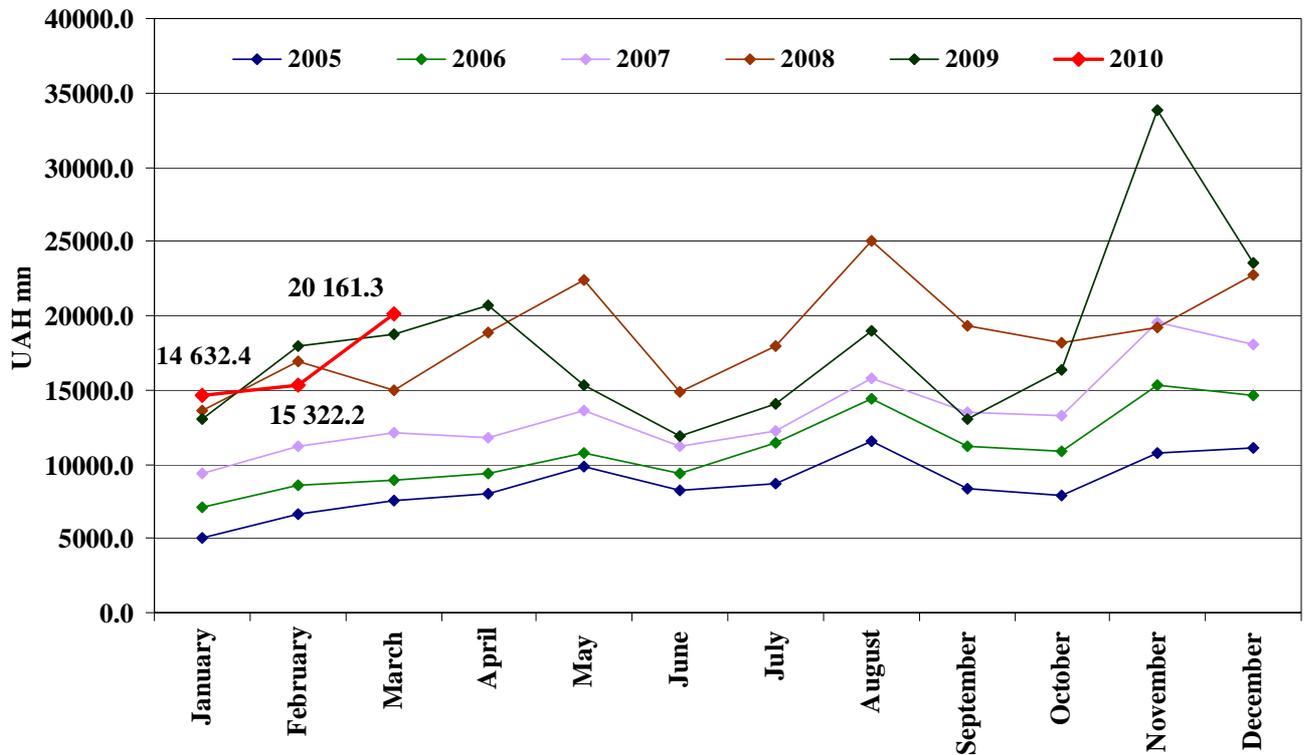
Diagram 2

## Structure of State Budget Revenues in March 2009



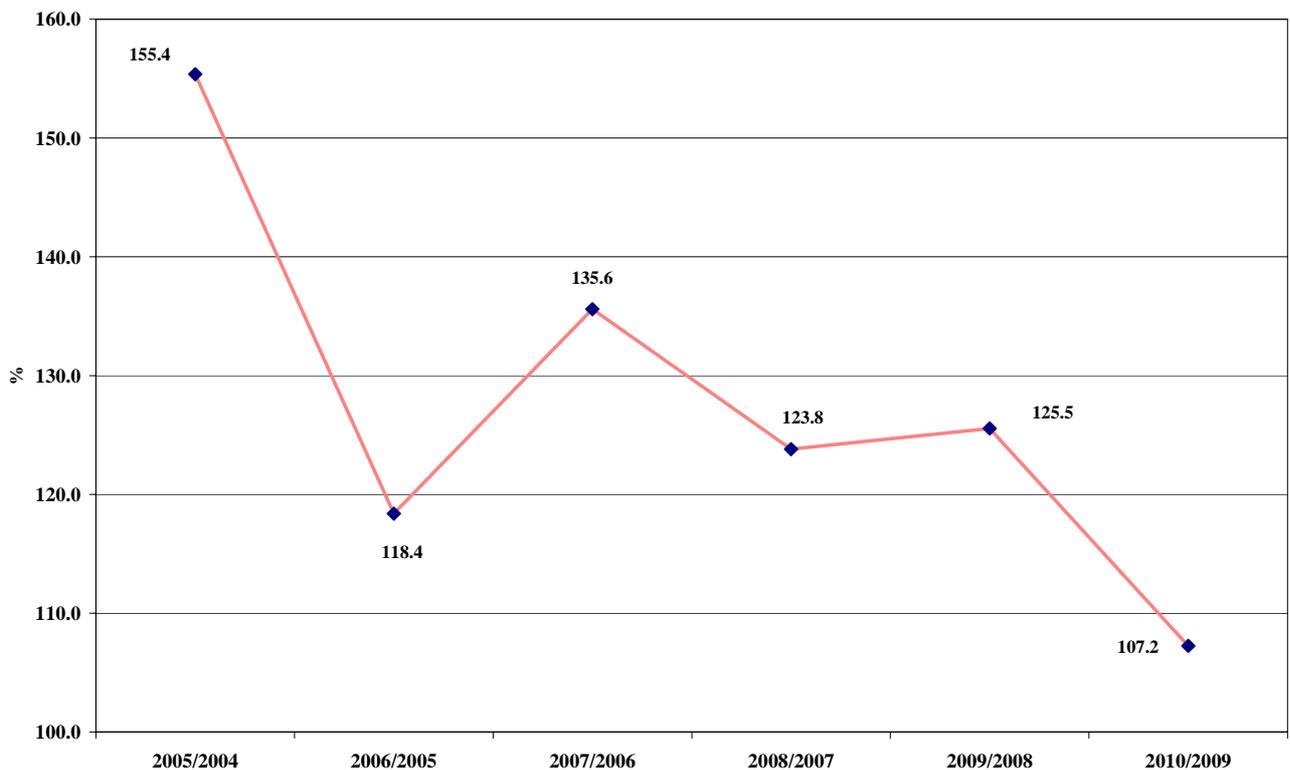
Graph 1

### State Budget Total Revenues Monthly Trends in 2005-2010

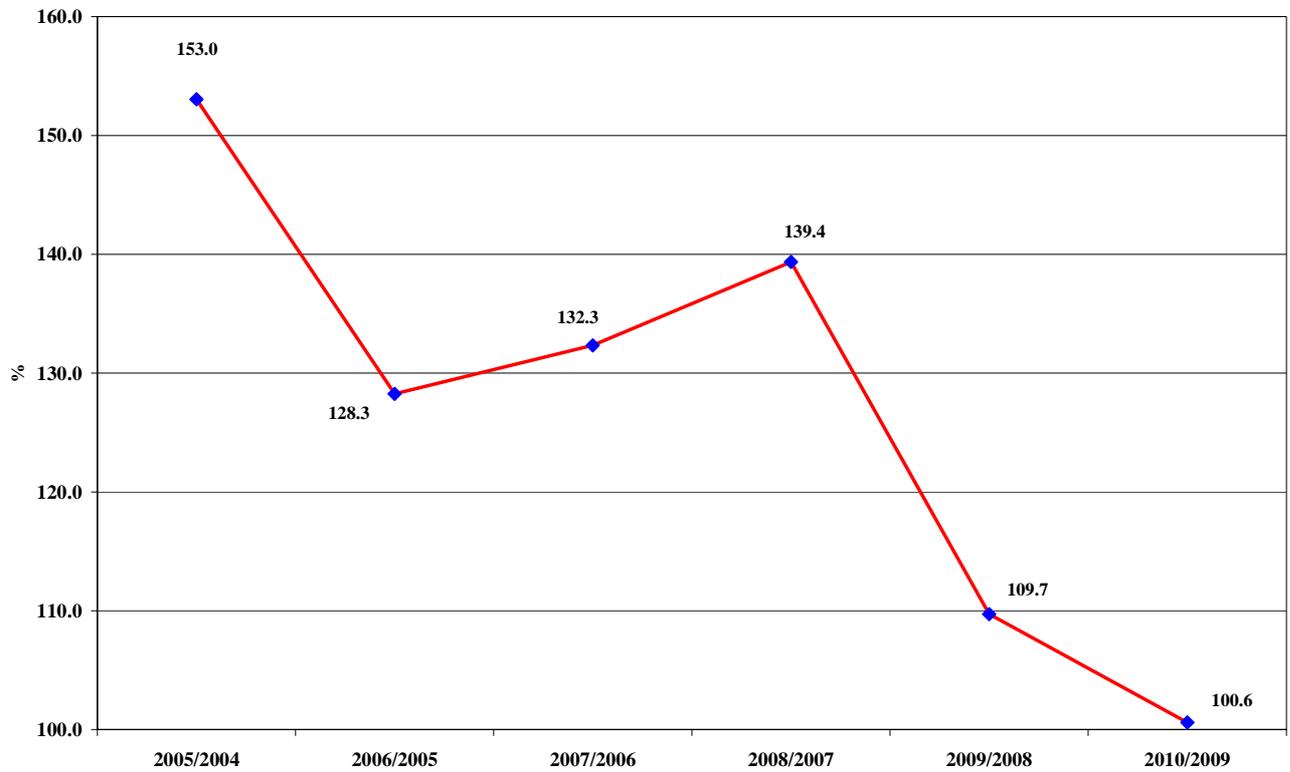


Graph 2

### Growth Rates of Ukraine's State Budget Revenues in March 2005-2010

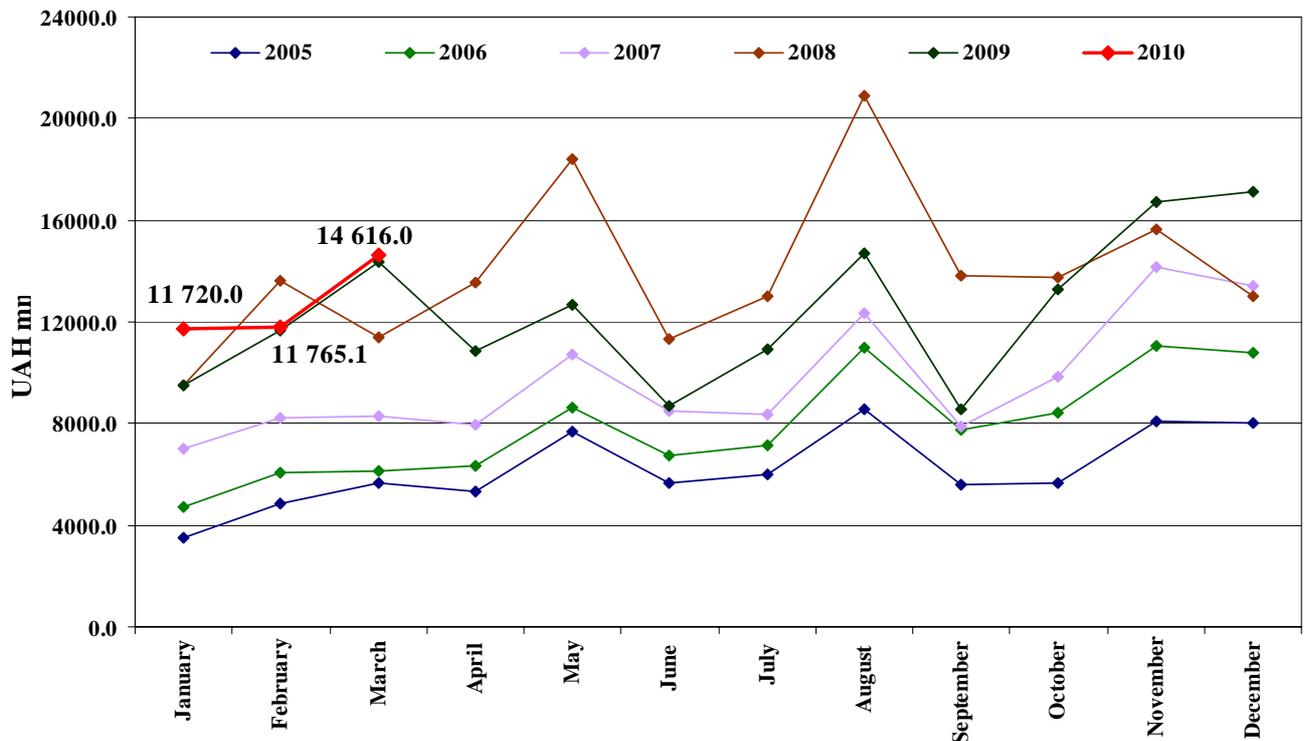


### Growth Rates of Ukraine's State Budget Revenues in January-March 2005-2010



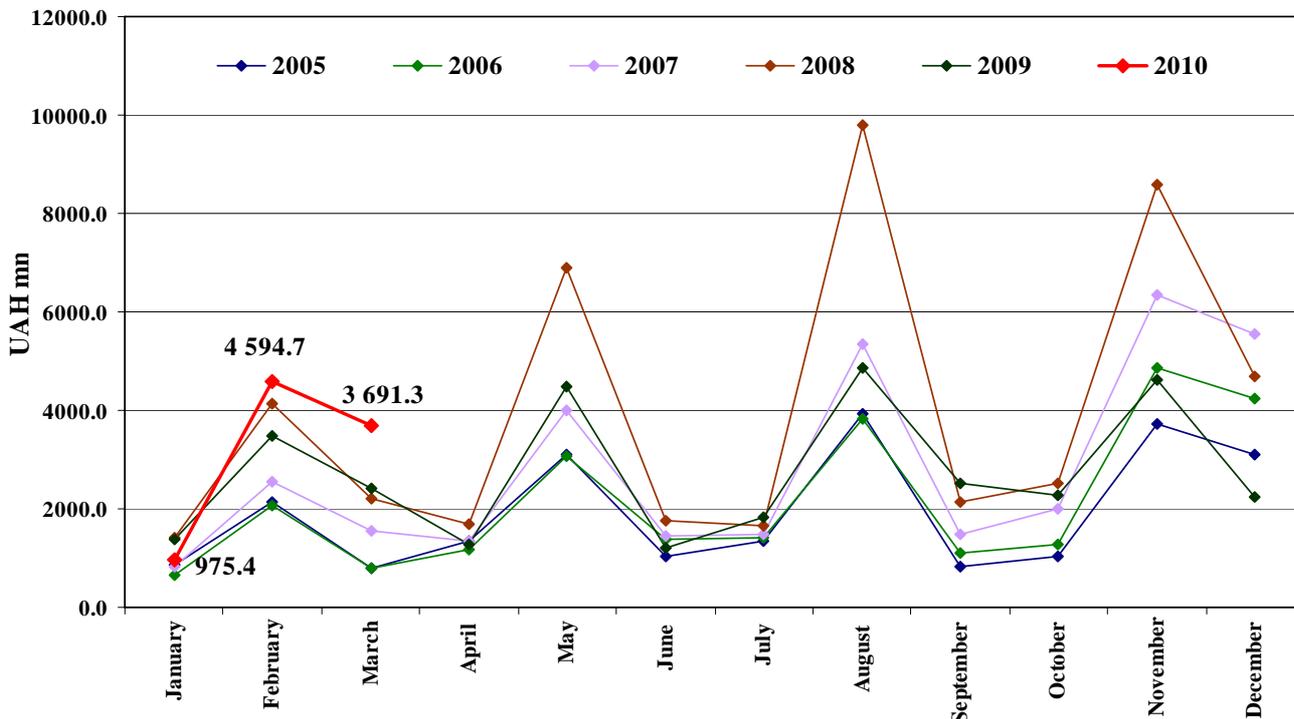
Graph 4

### State Budget Tax Revenues Monthly Trends in 2005-2010



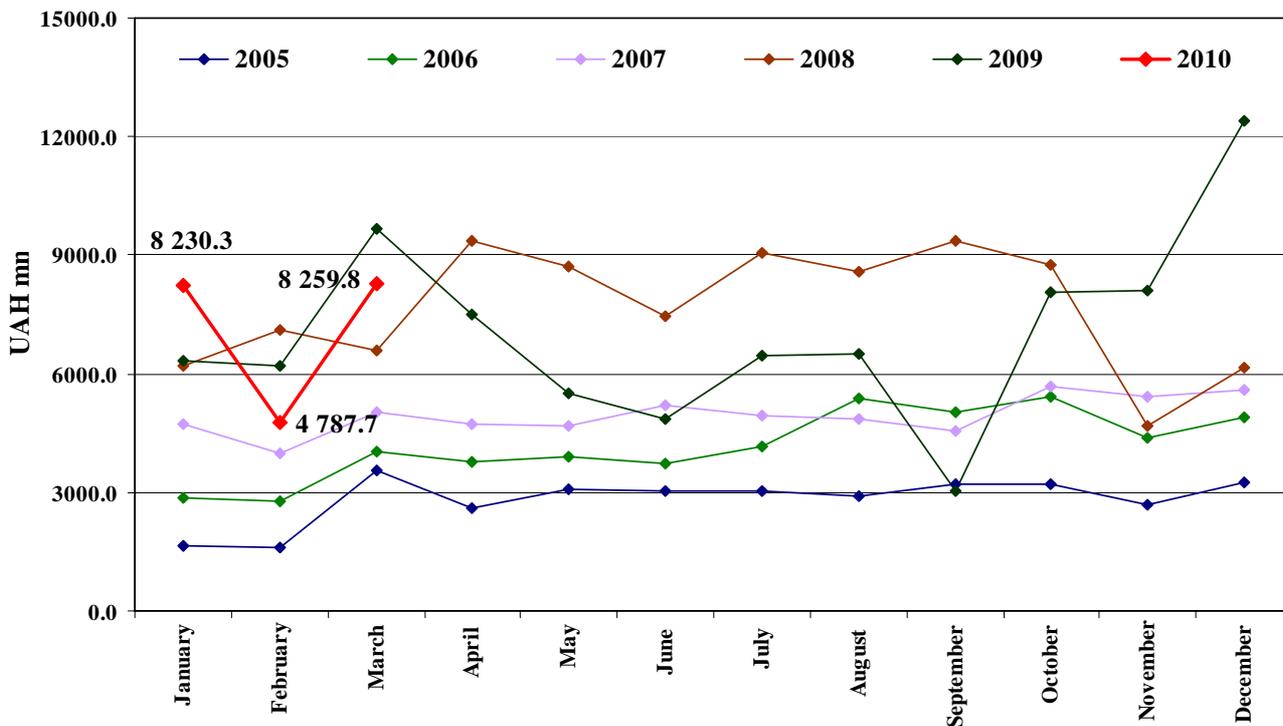
Graph 5

### State Budget Enterprise Profit Tax Monthly Trends in 2005-2010



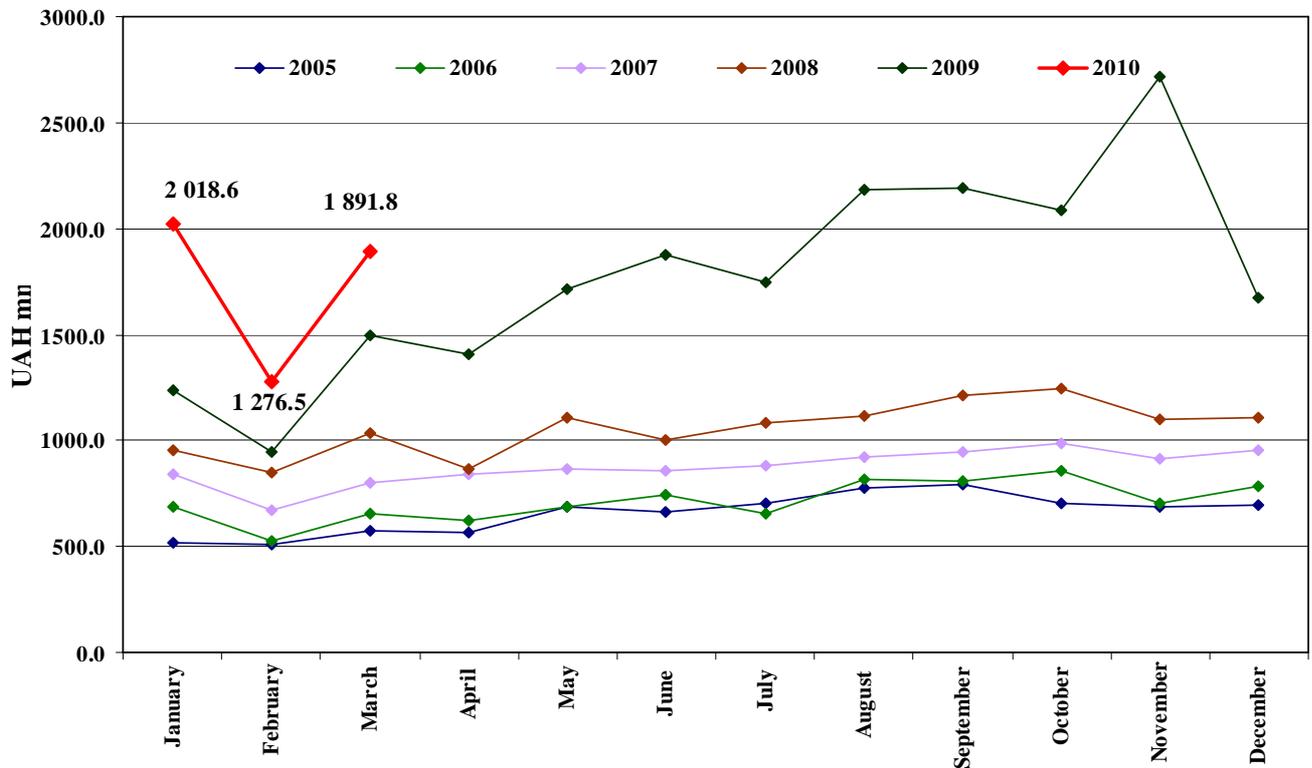
Graph 6

### State Budget Value Added Tax Monthly Trends in 2005-2010



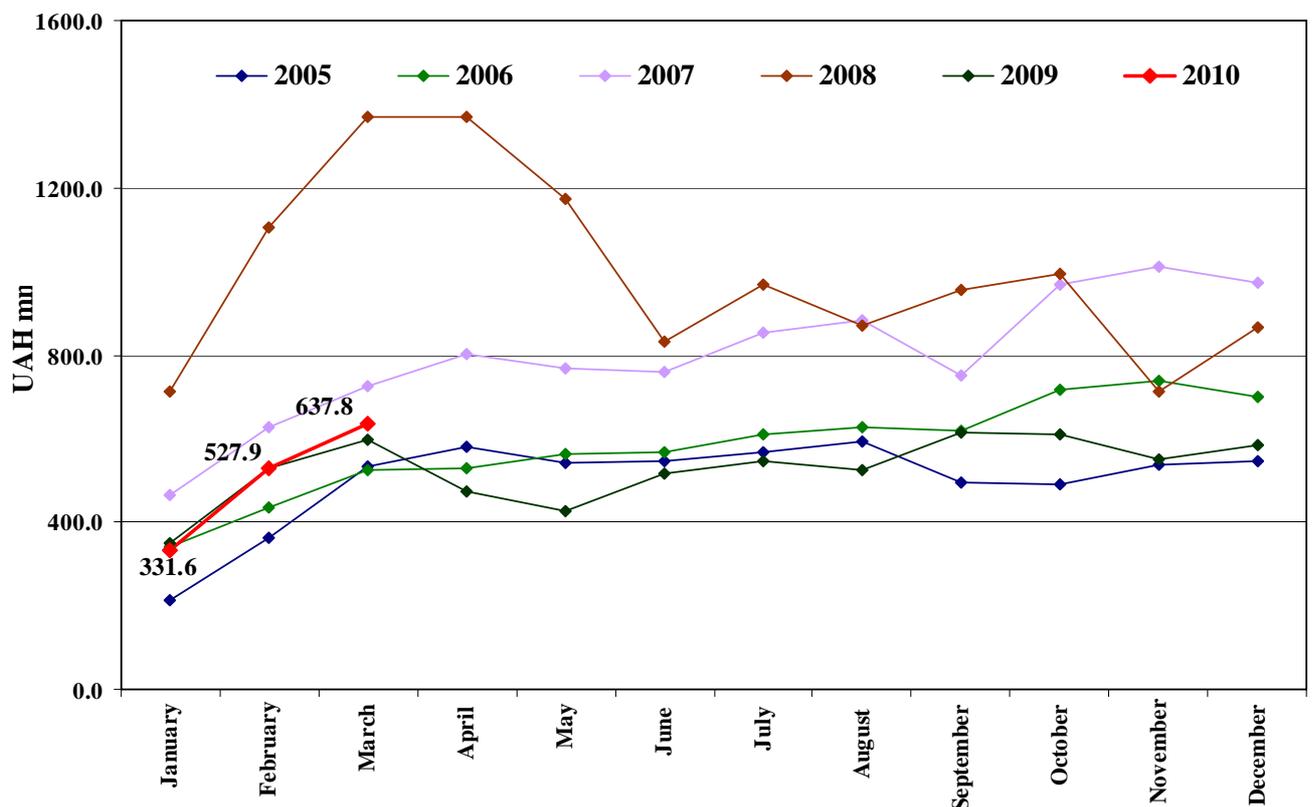
Graph 7

### State Budget Excise Tax Monthly Trends in 2005-2010

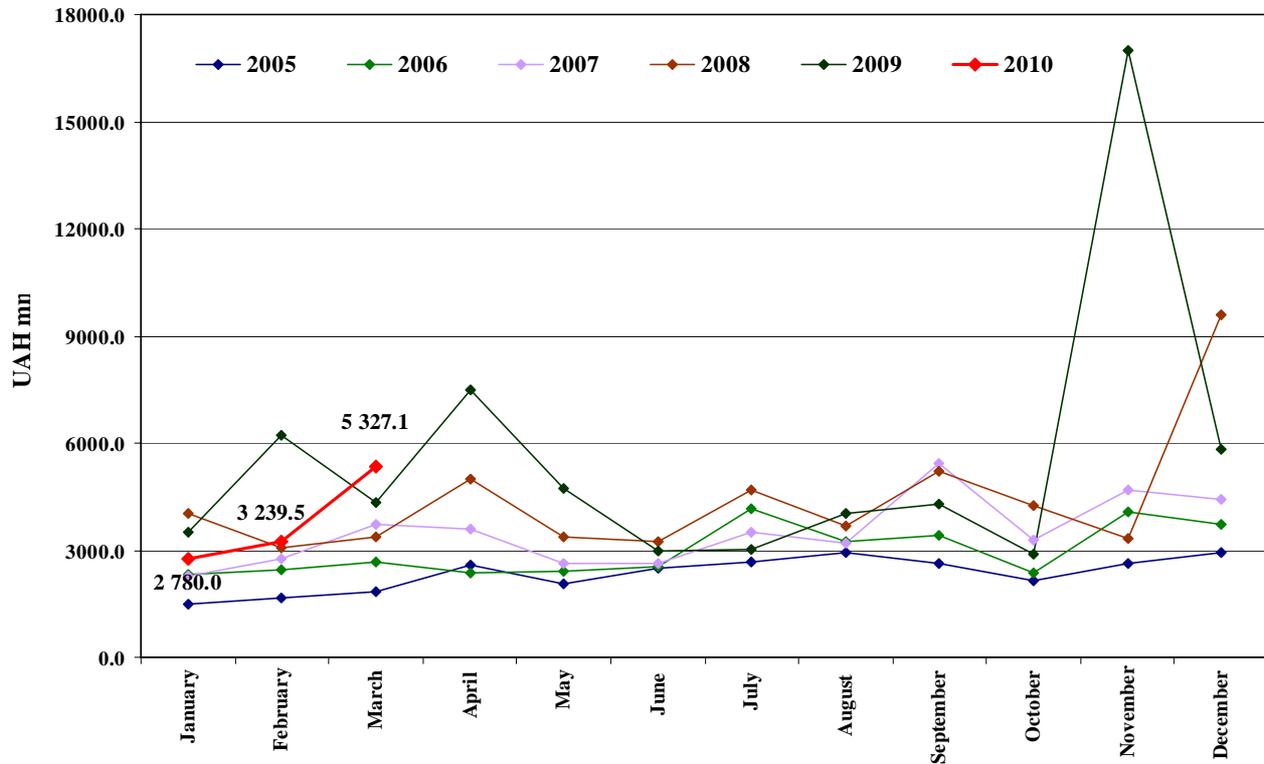


Graph 8

### Taxes on Foreign Trade and External Operations Monthly Trends in 2005-2010



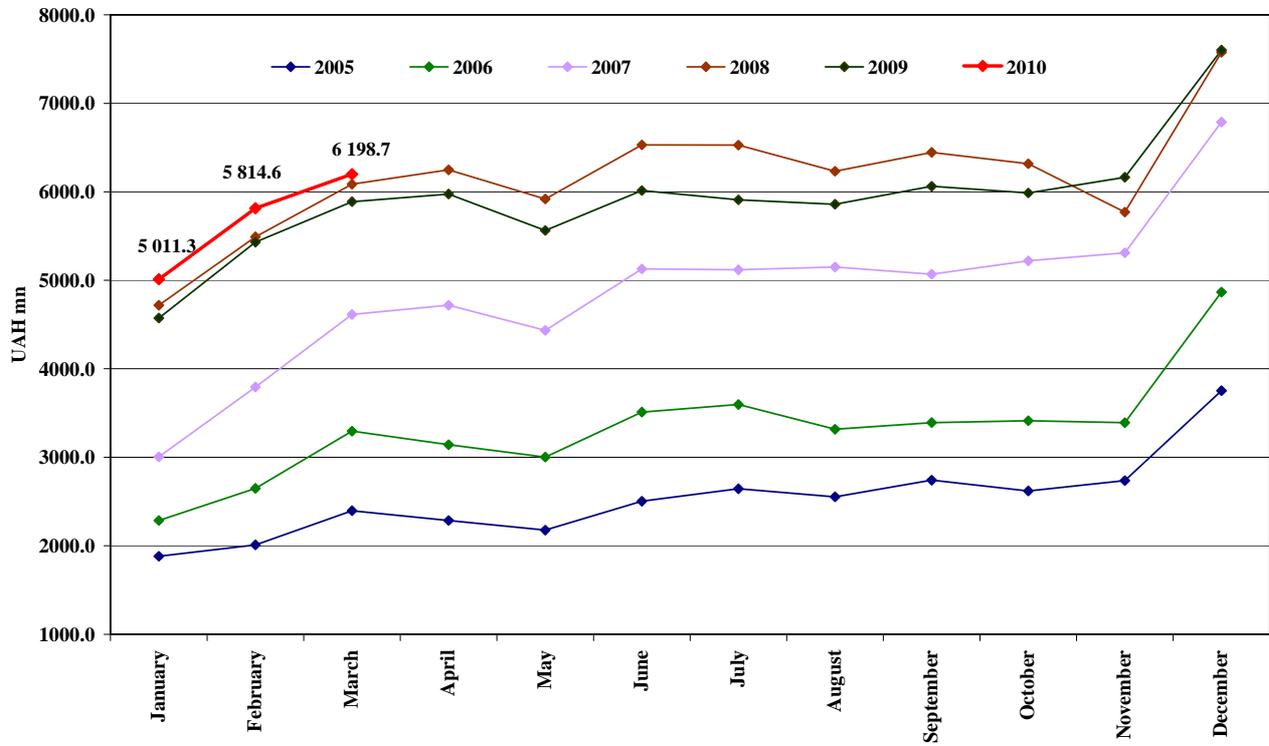
### State Budget Non-tax Revenues Monthly Trends in 2005-2010



# Local Budget Revenues

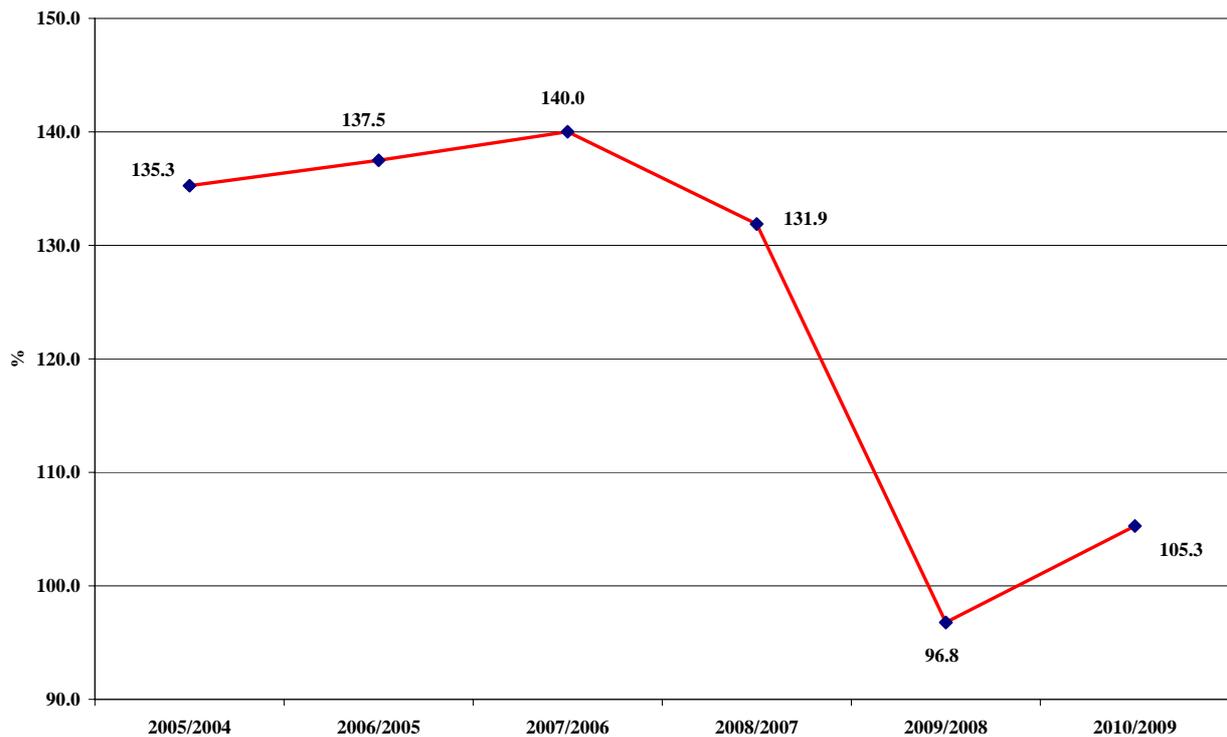
Graph 10

## Local Budget Revenues Monthly Trends (Less Intergovernmental Transfers) in 2005-2010



Graph 11

## Growth Rates of Local Budget Revenues in March 2005-2010



### Growth Rates of Local Budget Revenues in January-March 2005-2010

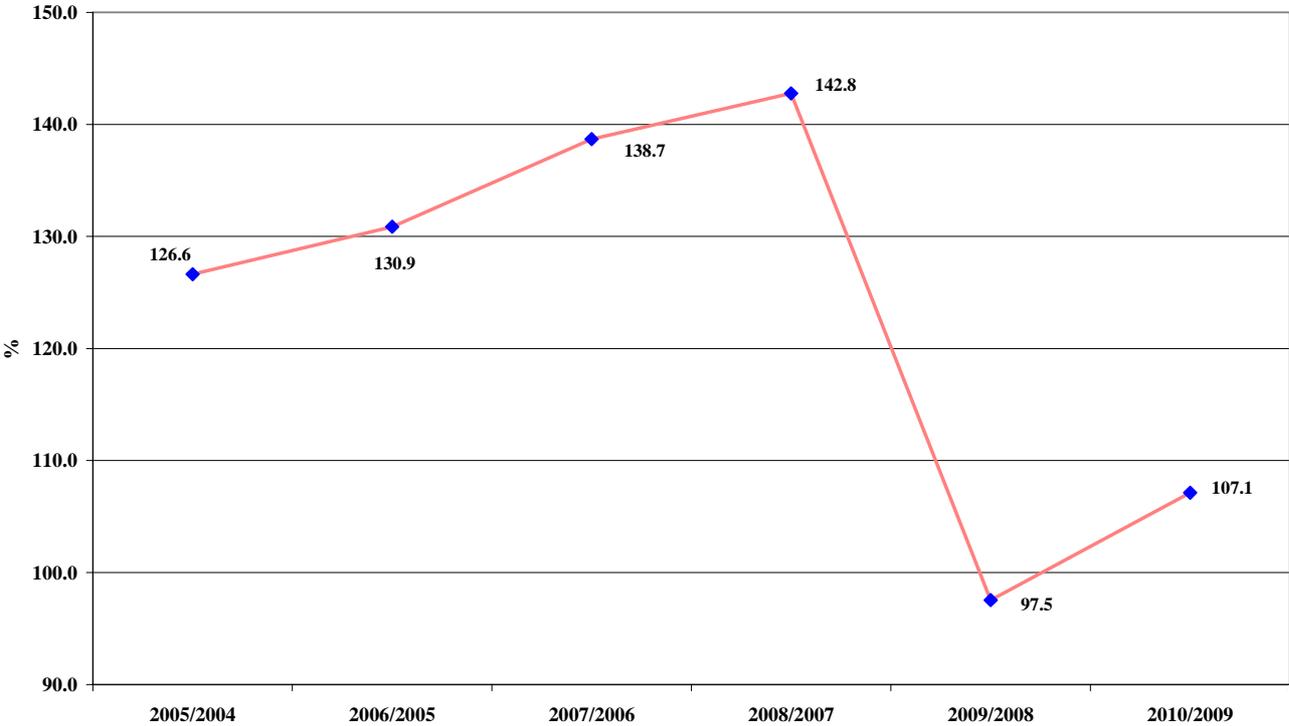
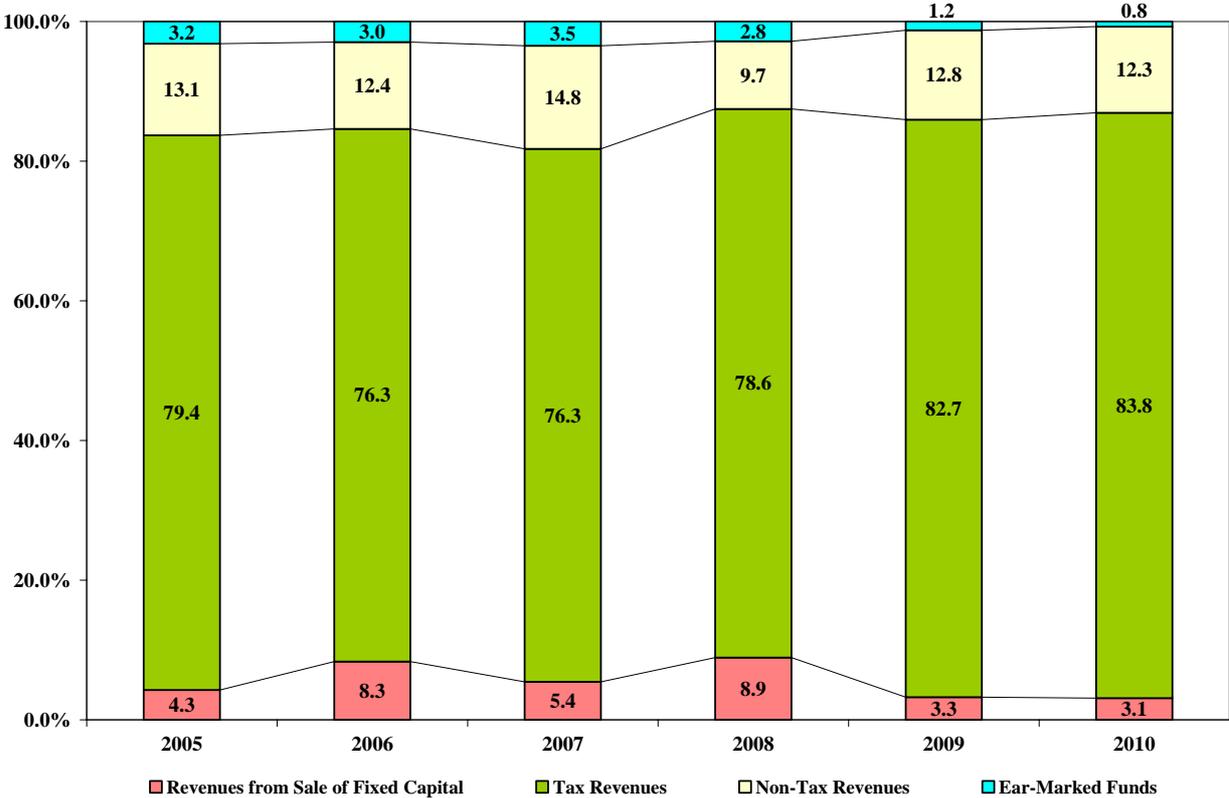
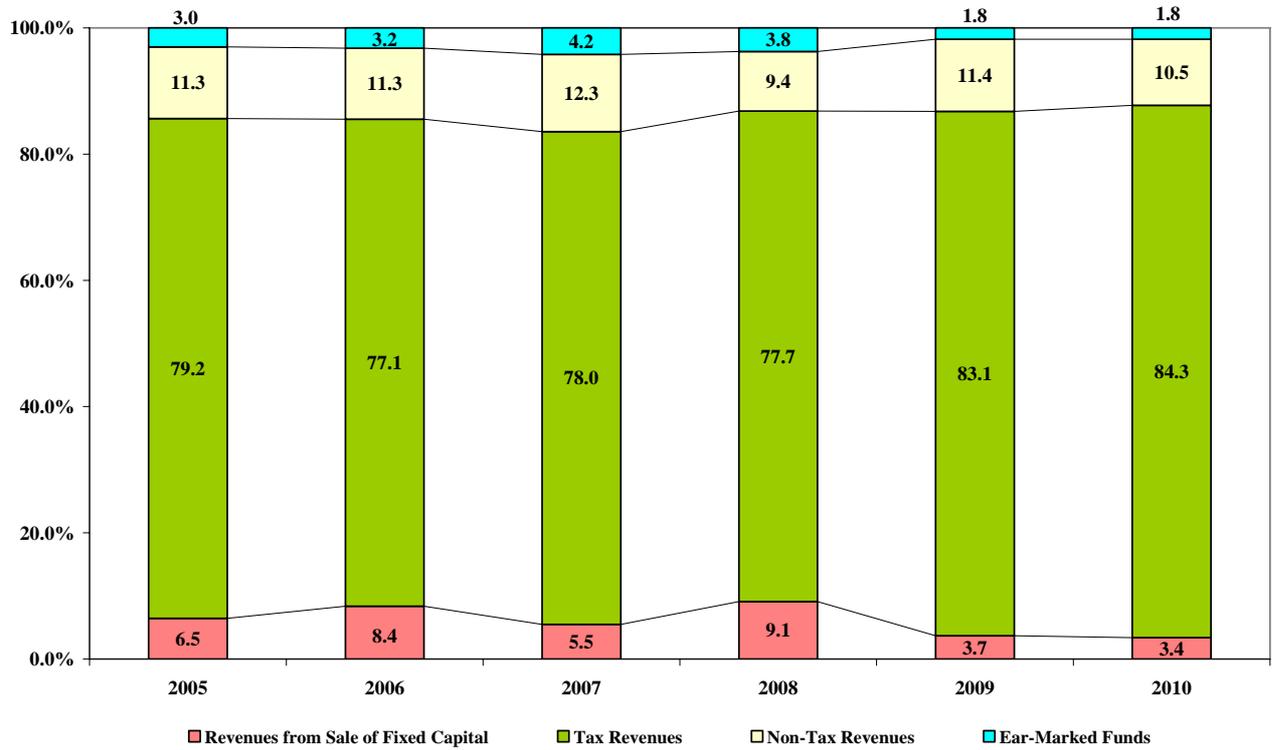


Diagram 3

### Structure of Actual Local Budget Revenues in March 2005-2010



### Structure of Actual Local Budget Revenues in January-March 2005-2010



Graph 13

### Local Budget Tax Revenues Monthly Trends in 2005-2010

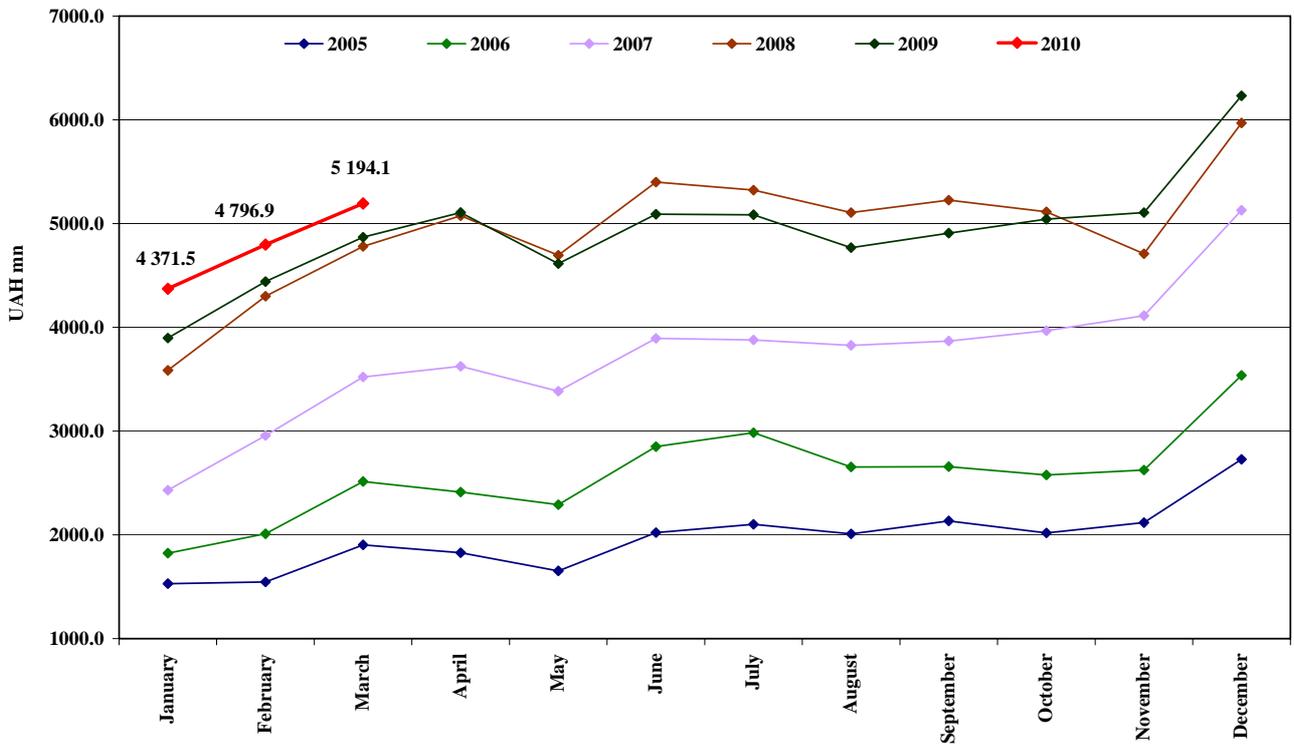


Diagram 5

### Structure of Actual Local Budget Tax Revenues in March 2005-2010

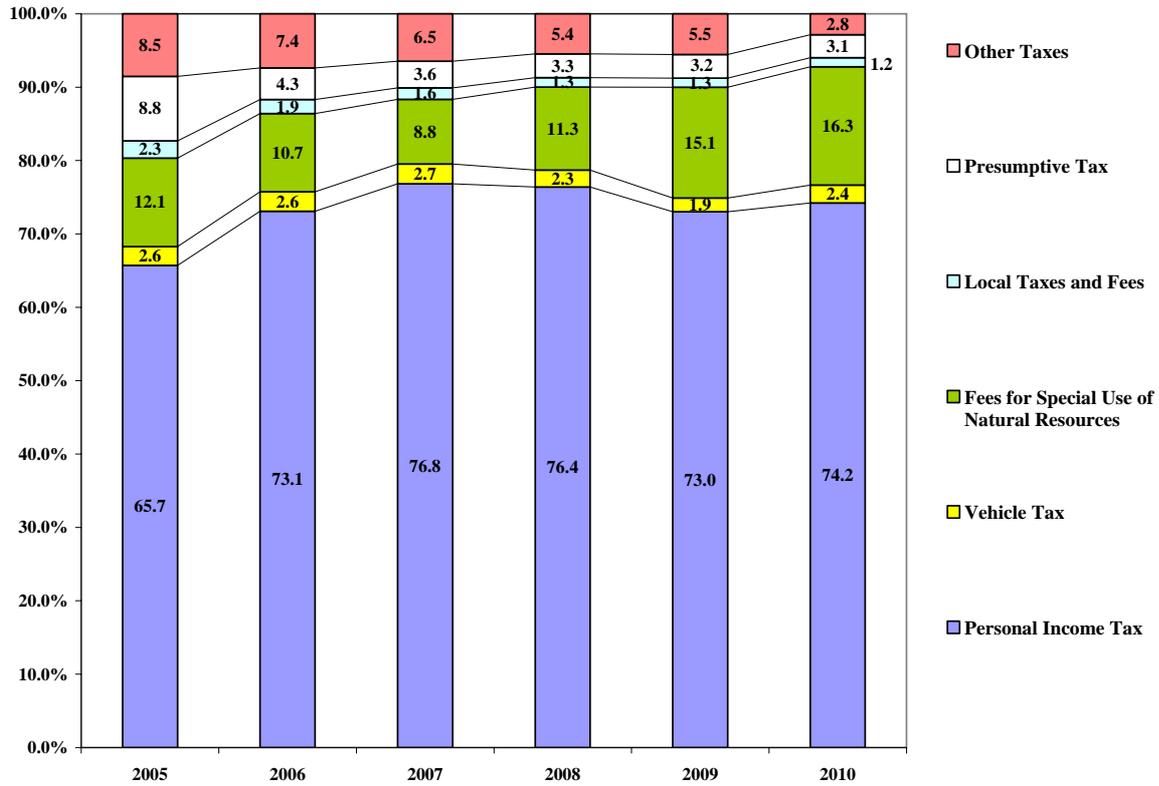
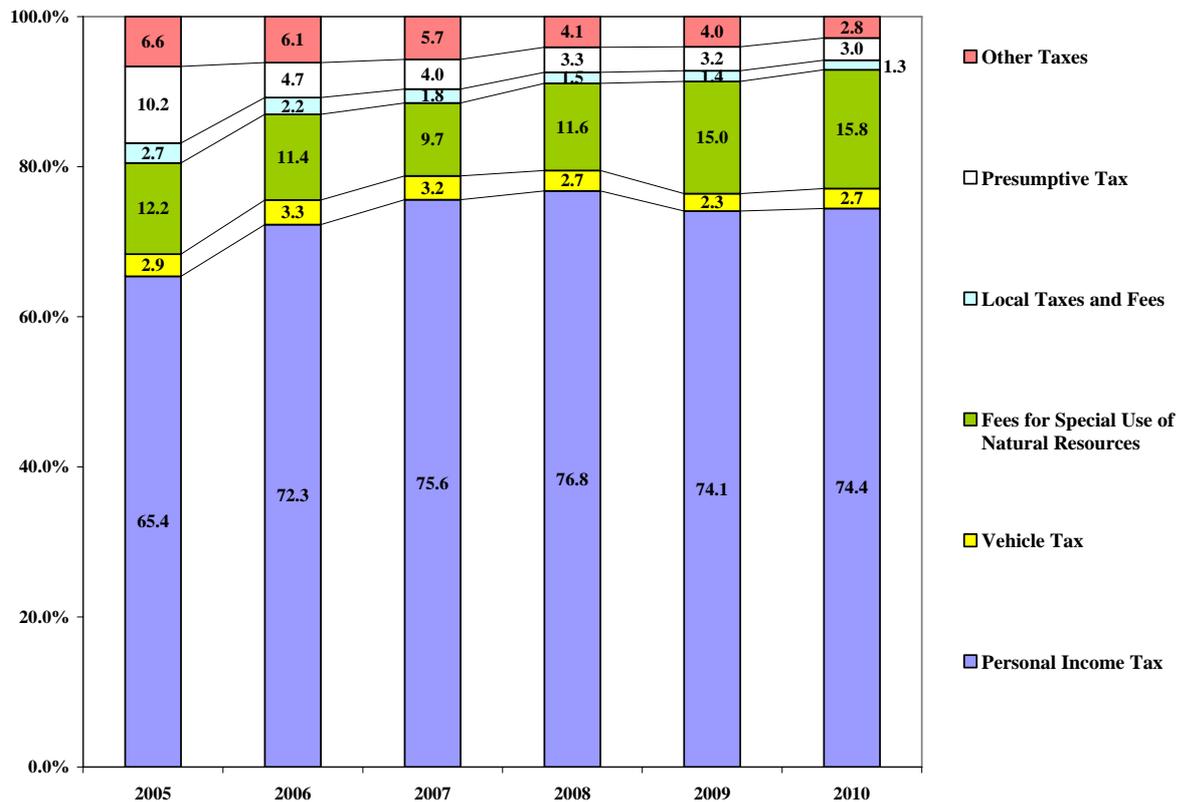


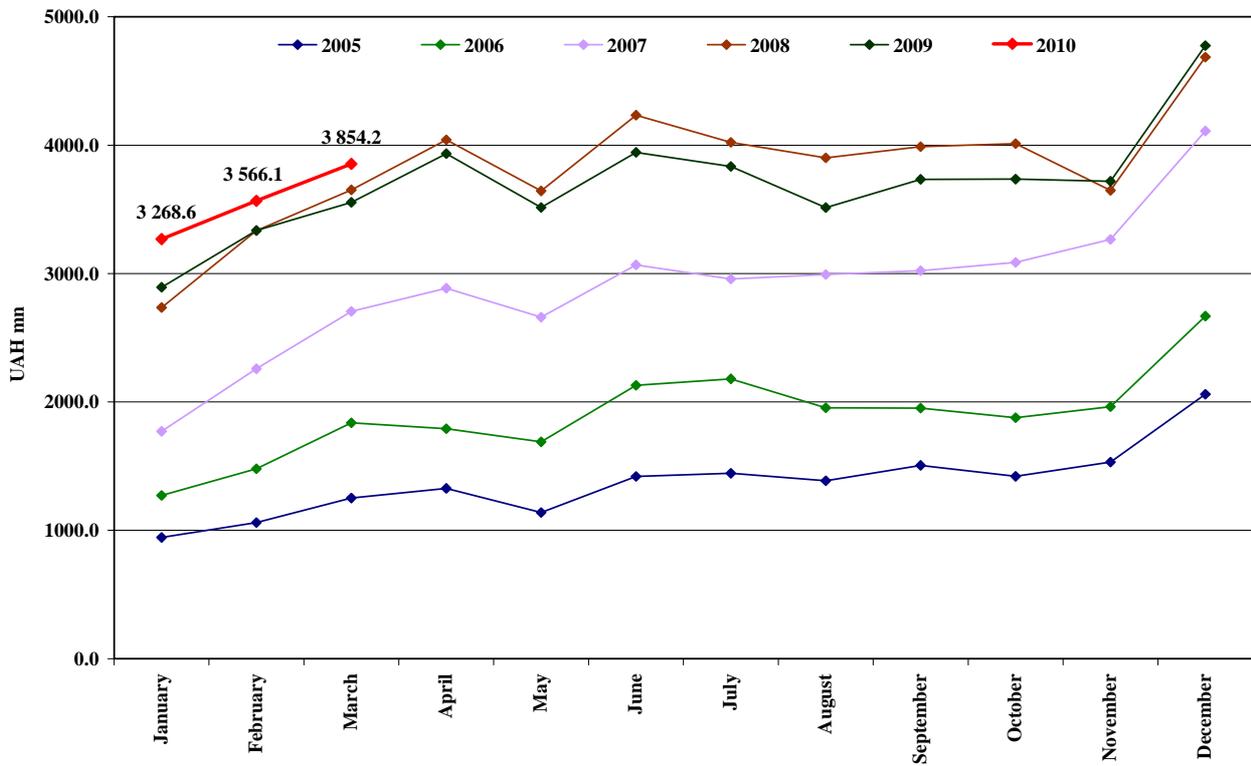
Diagram 6

### Structure of Actual Local Budget Tax Revenues in January-March 2005-2010



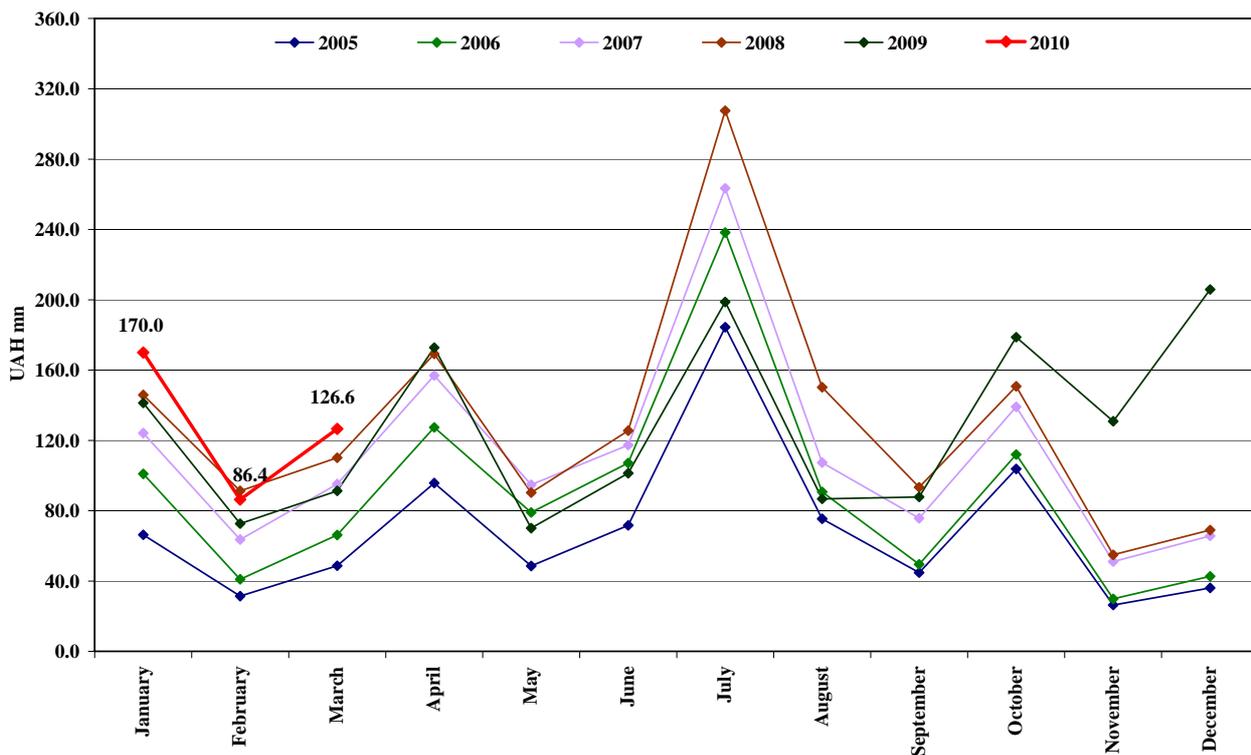
Graph 14

### Local Budgets Personal Income Tax Monthly Trends in 2005-2010



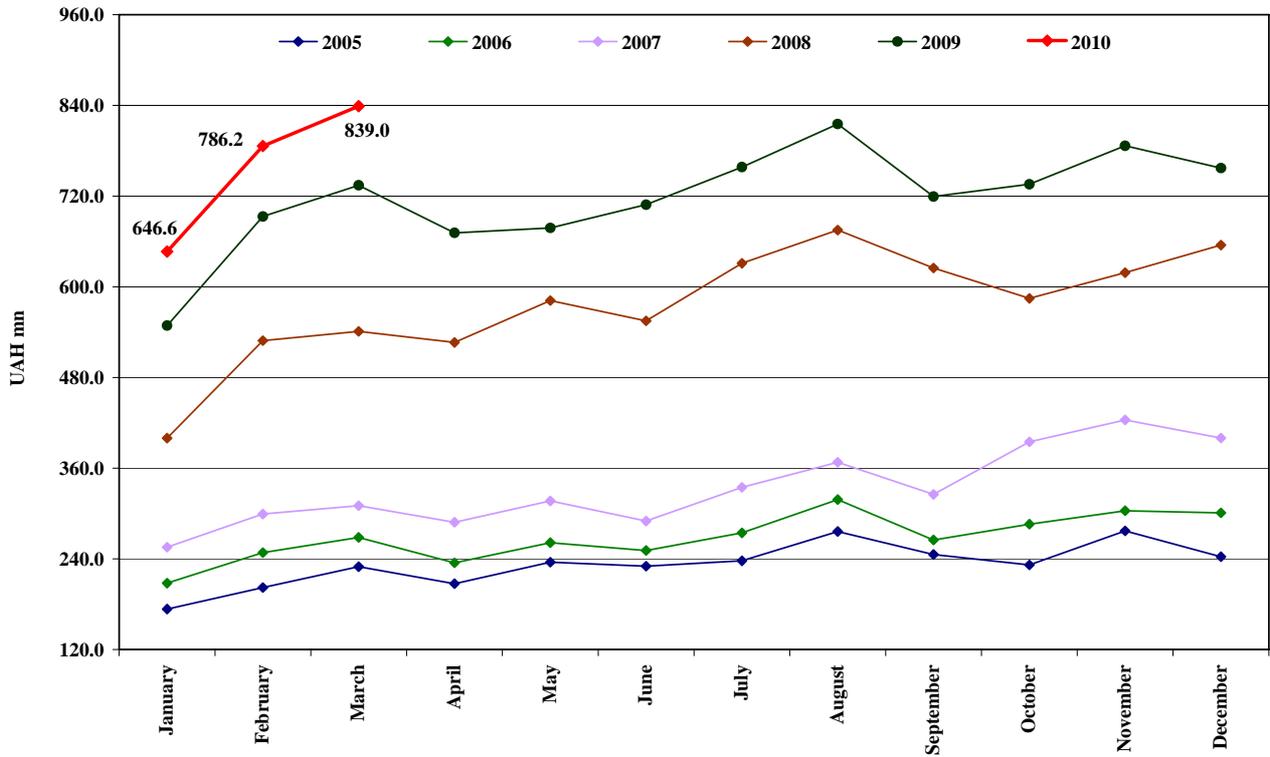
Graph 15

### Vehicle Tax Monthly Trends in 2005-2010



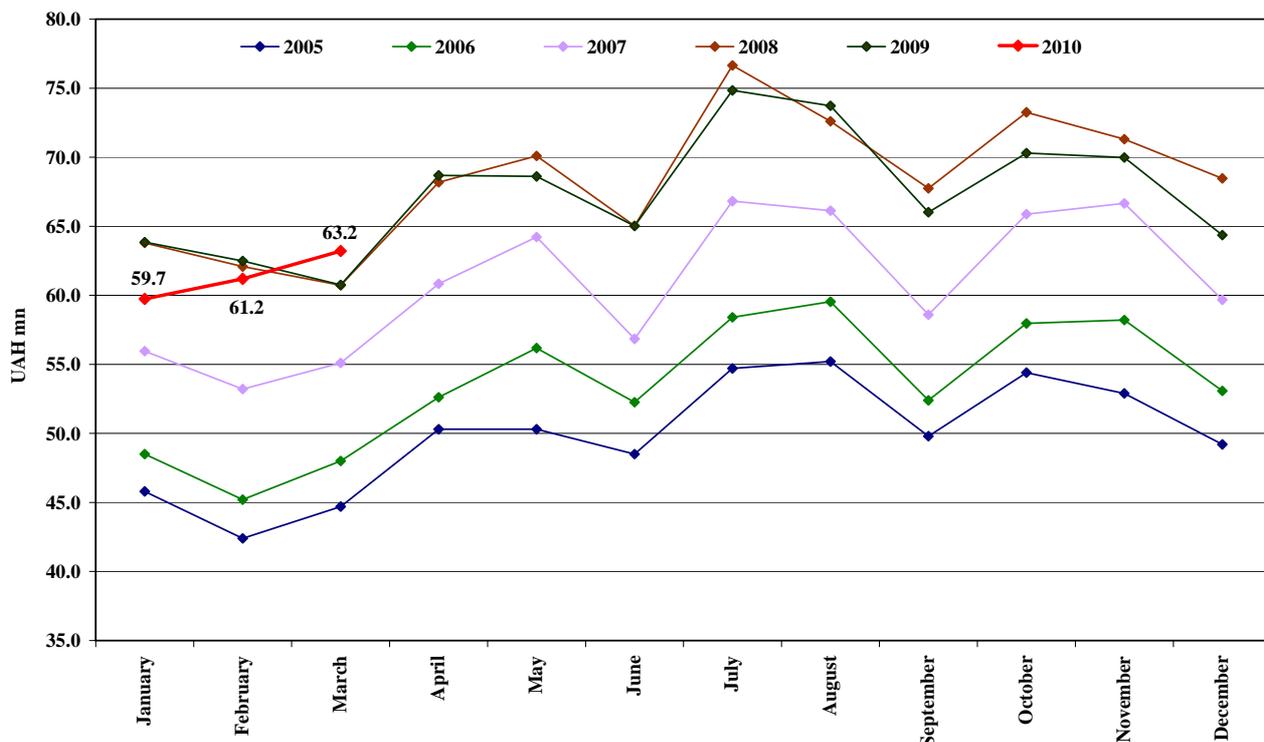
Graph 16

### Fees for Special Use of Natural Resources Monthly Trends in 2005-2010

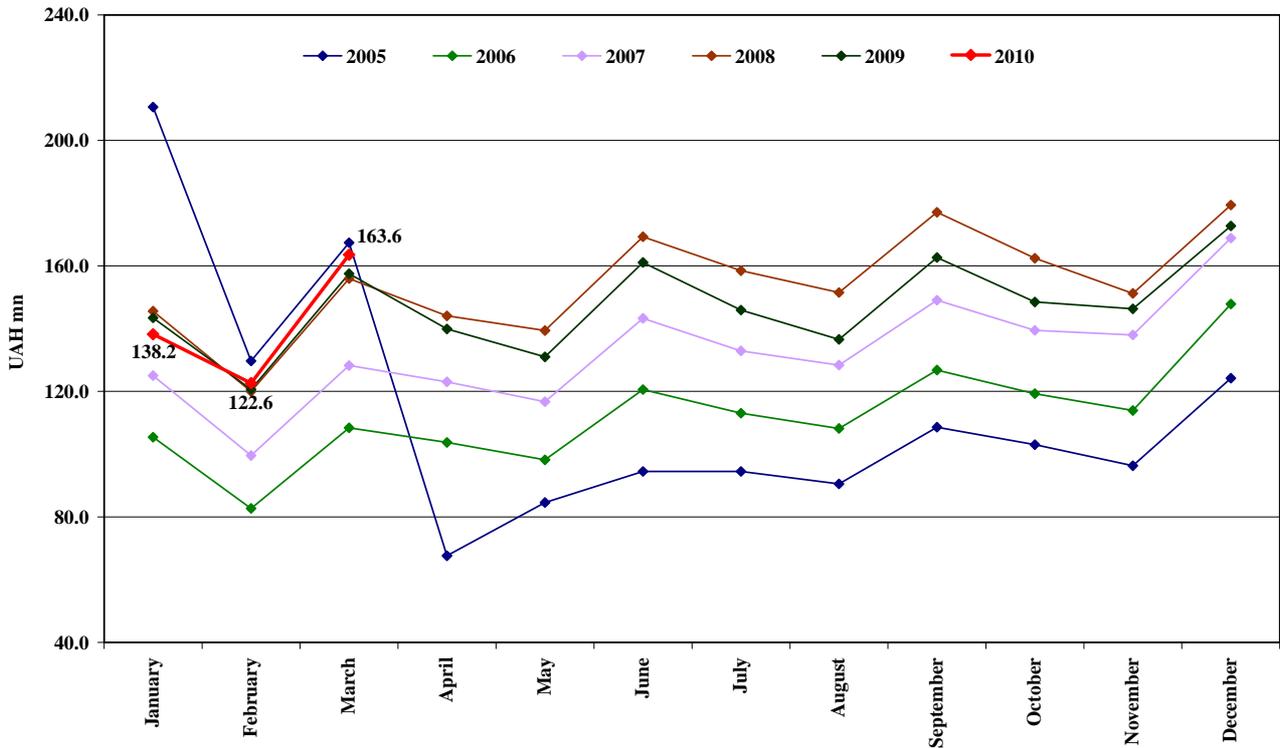


Graph 17

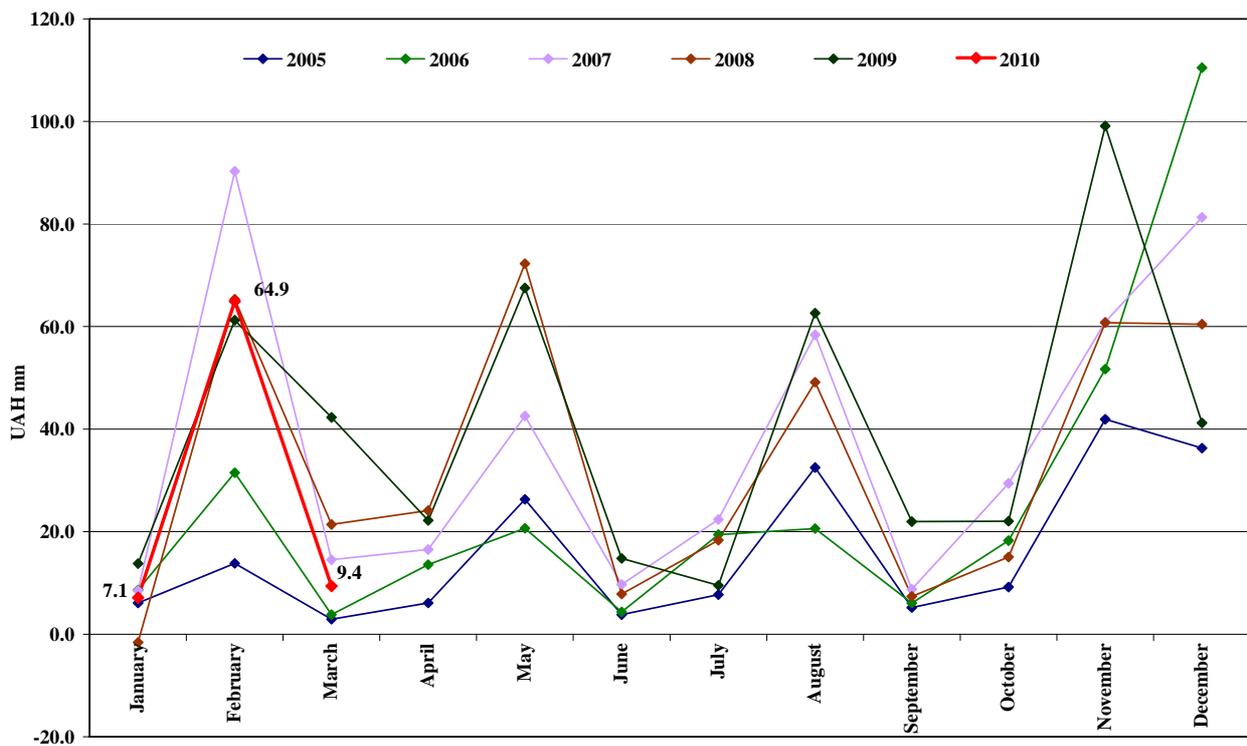
### Local Taxes Monthly Trends in 2005-2010



### Presumptive Tax Monthly Trends in 2005-2010

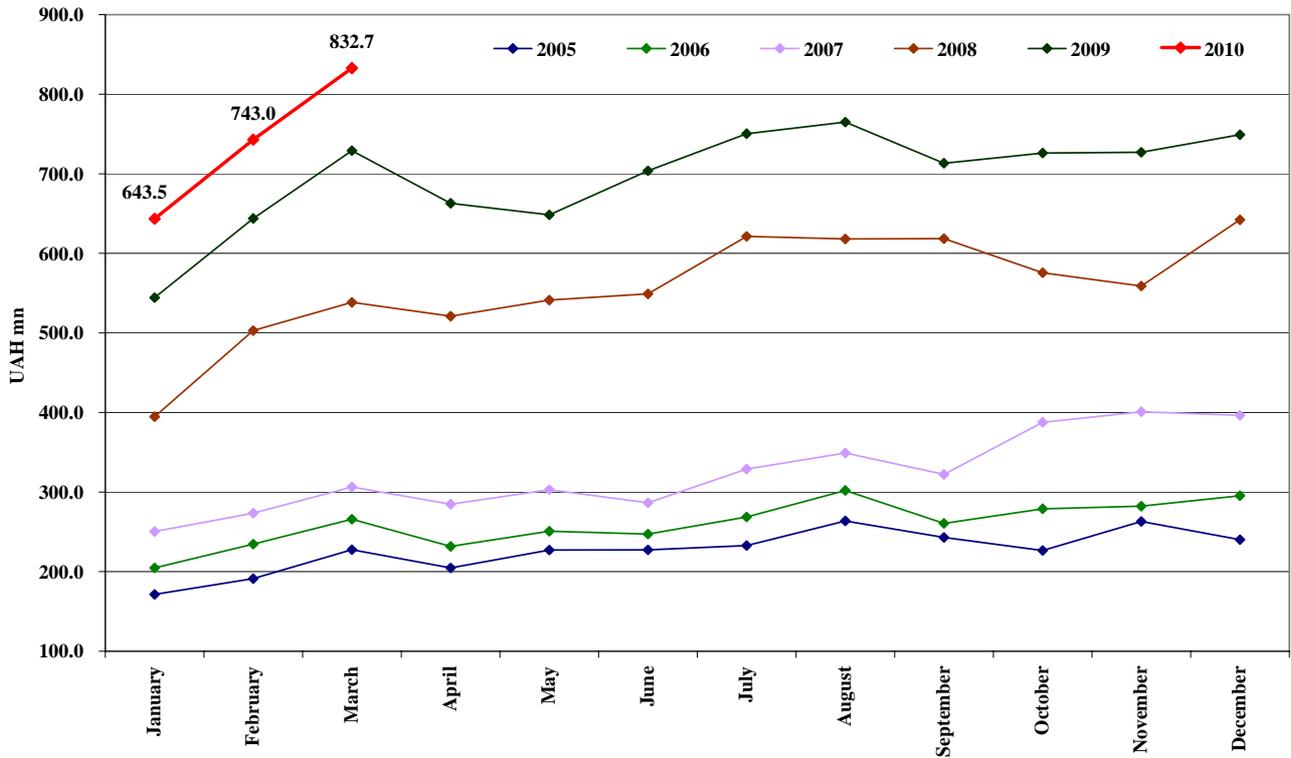


### Tax on Profit of Municipal Enterprises Monthly Trends in 2005-2010



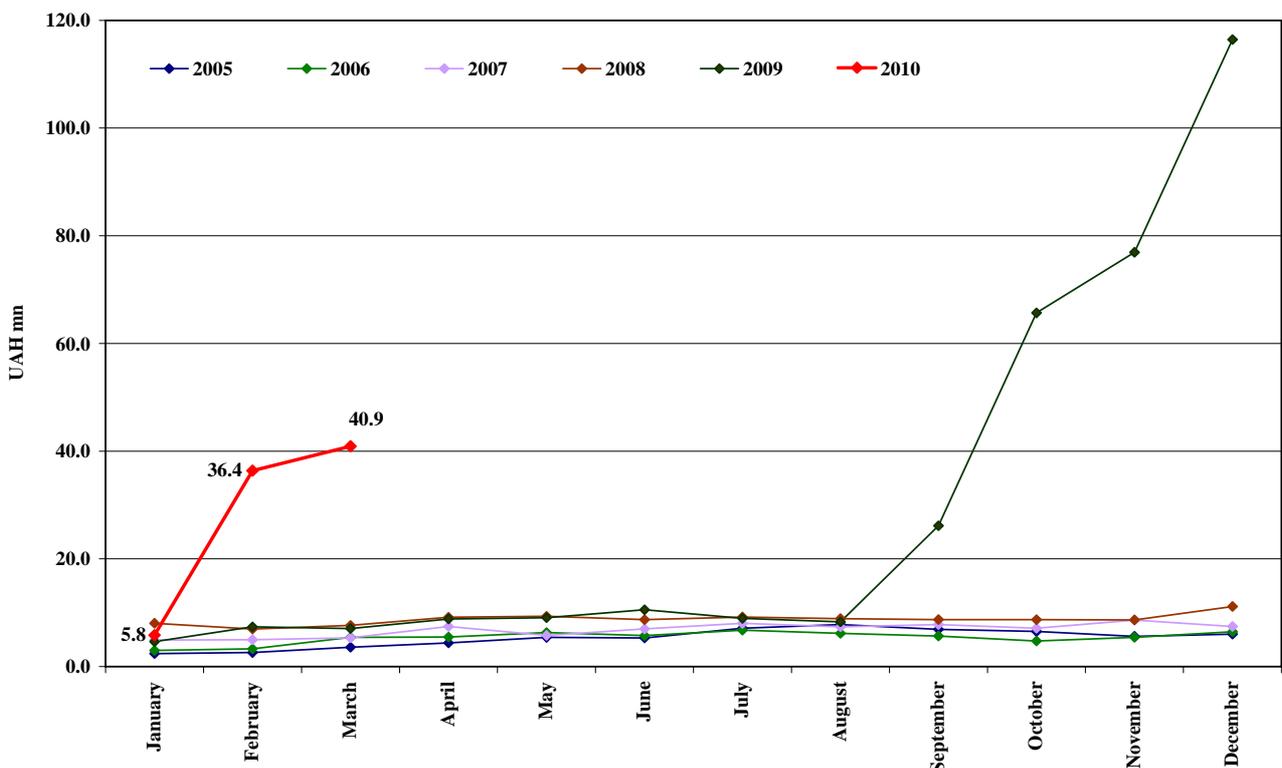
Graph 20

### Land Tax Monthly Trends in 2005-2010



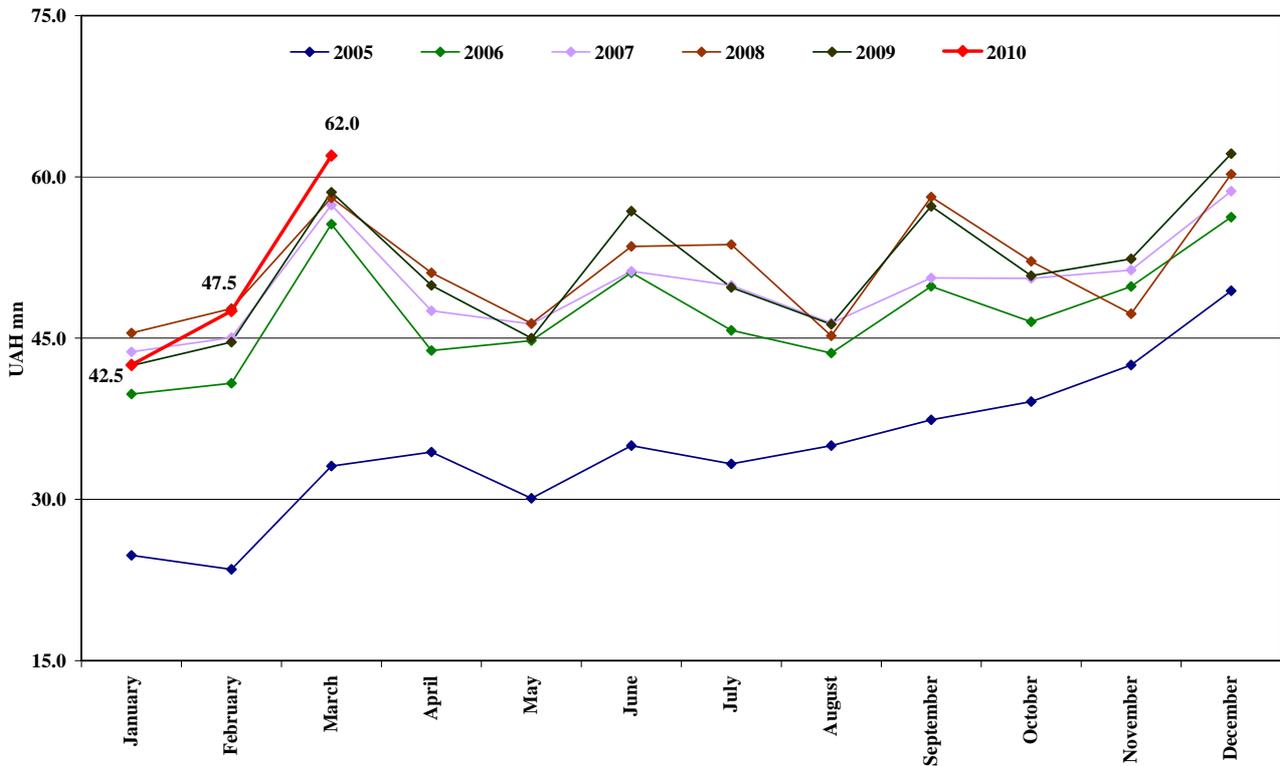
Graph 21

### Local Budget Excise Tax Monthly Trends in 2005-2010



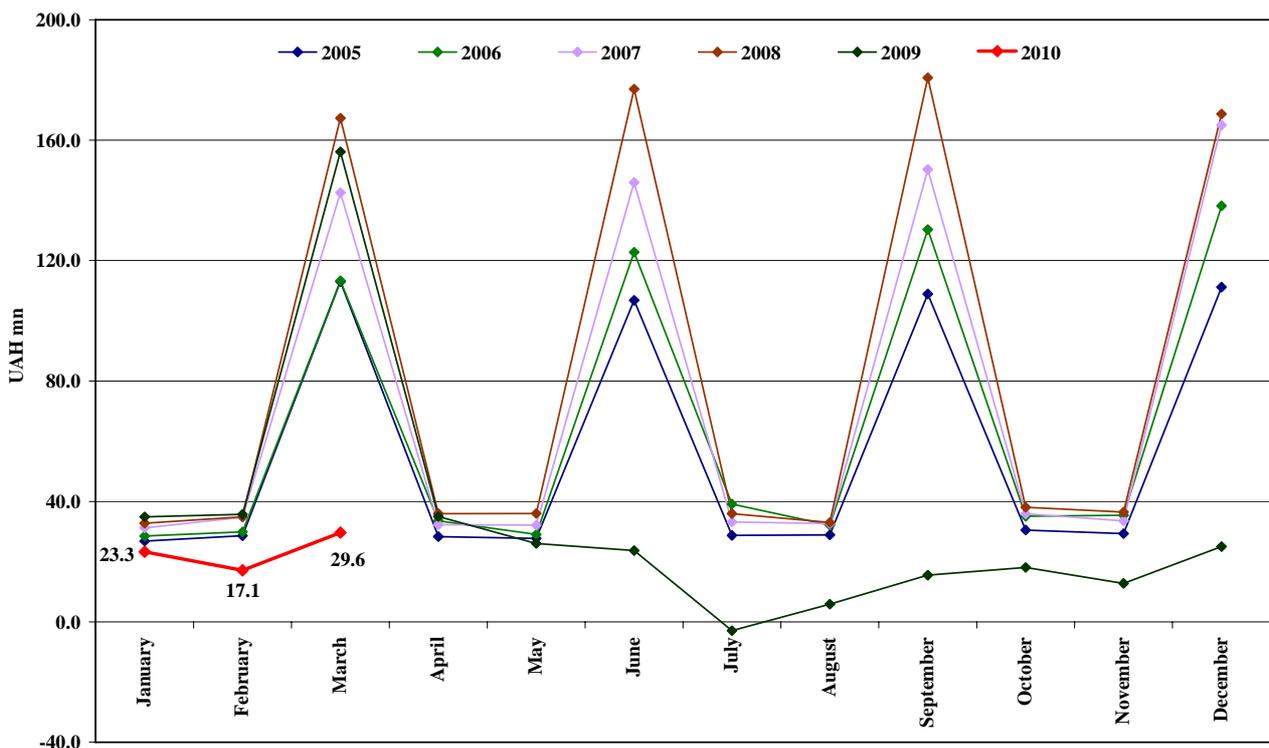
Graph 22

### License Fee for Certain Types of Economic Activities Monthly Trends in 2005-2010



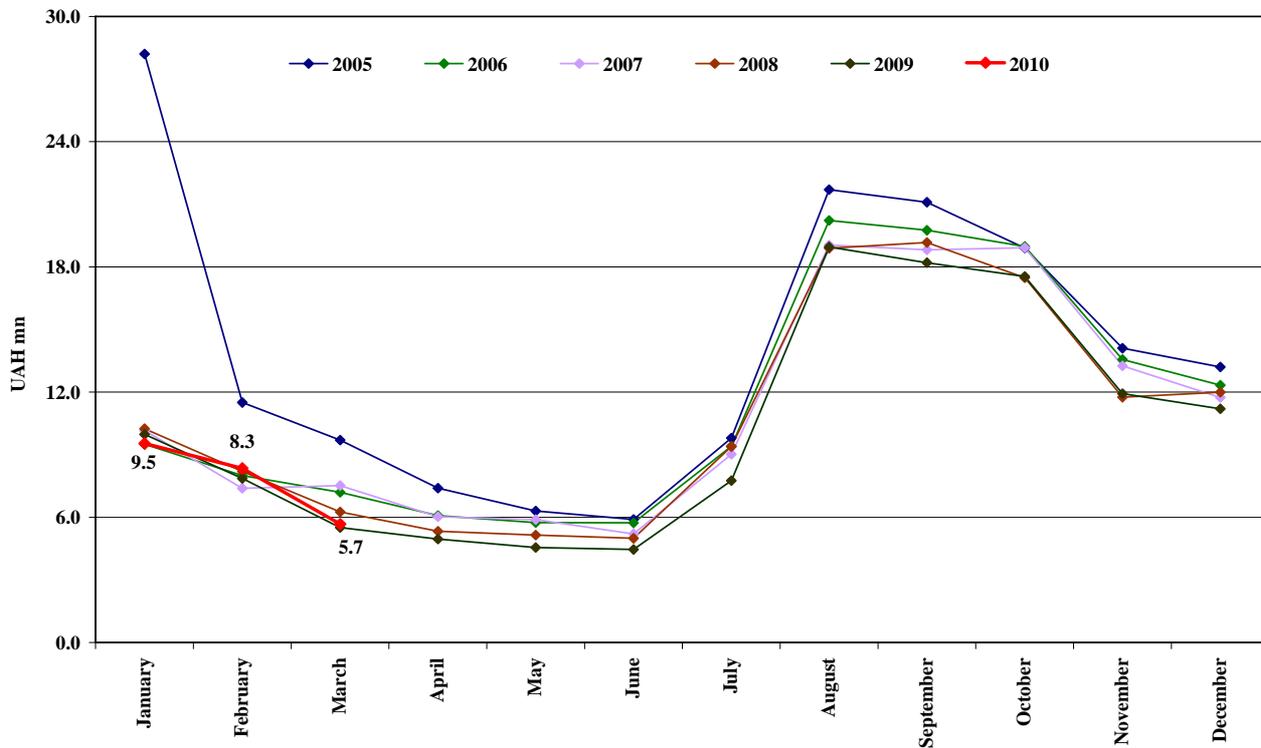
Graph 23

### Trade License Fee for Certain Types of Entrepreneurial Activities Monthly Trends in 2005-2010



Graph 24

### Fixed Agricultural Tax Monthly Trends in 2005-2010



Graph 25

### Local Budget Non-tax Revenues Monthly Trends in 2005-2010

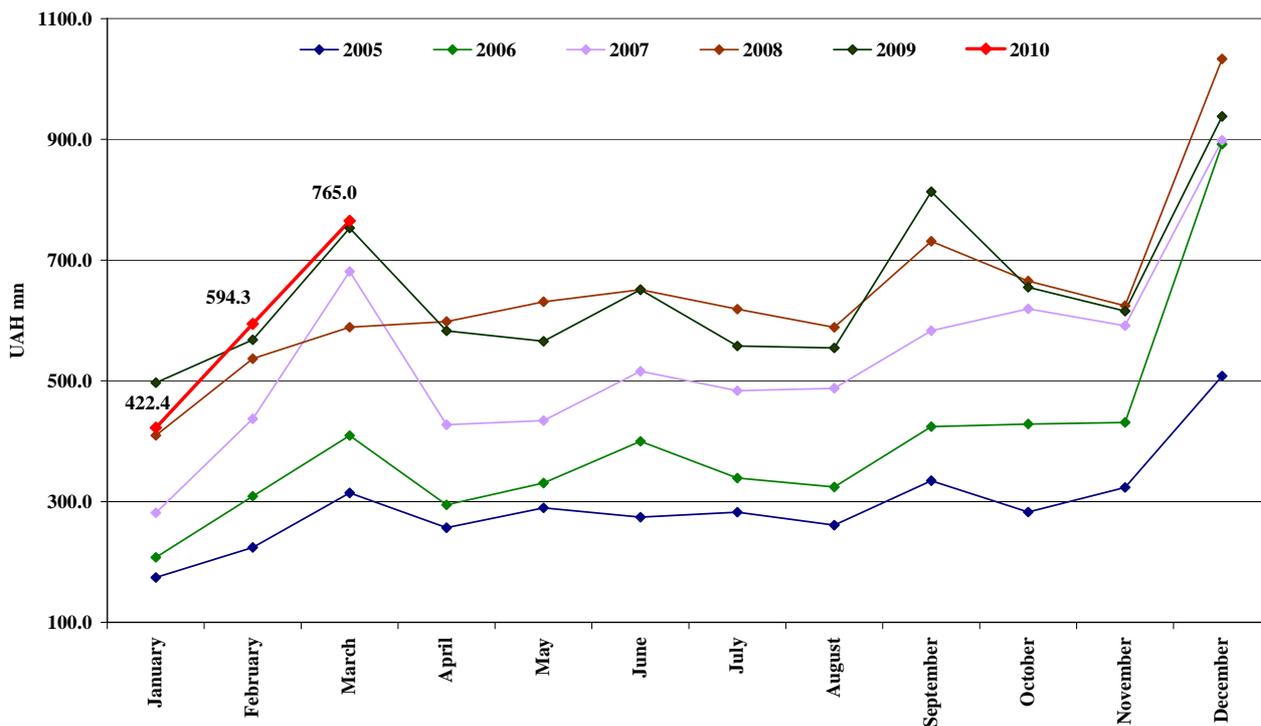


Diagram 7

### Structure of Local Budget Actual Non-tax Revenues in March 2005-2010

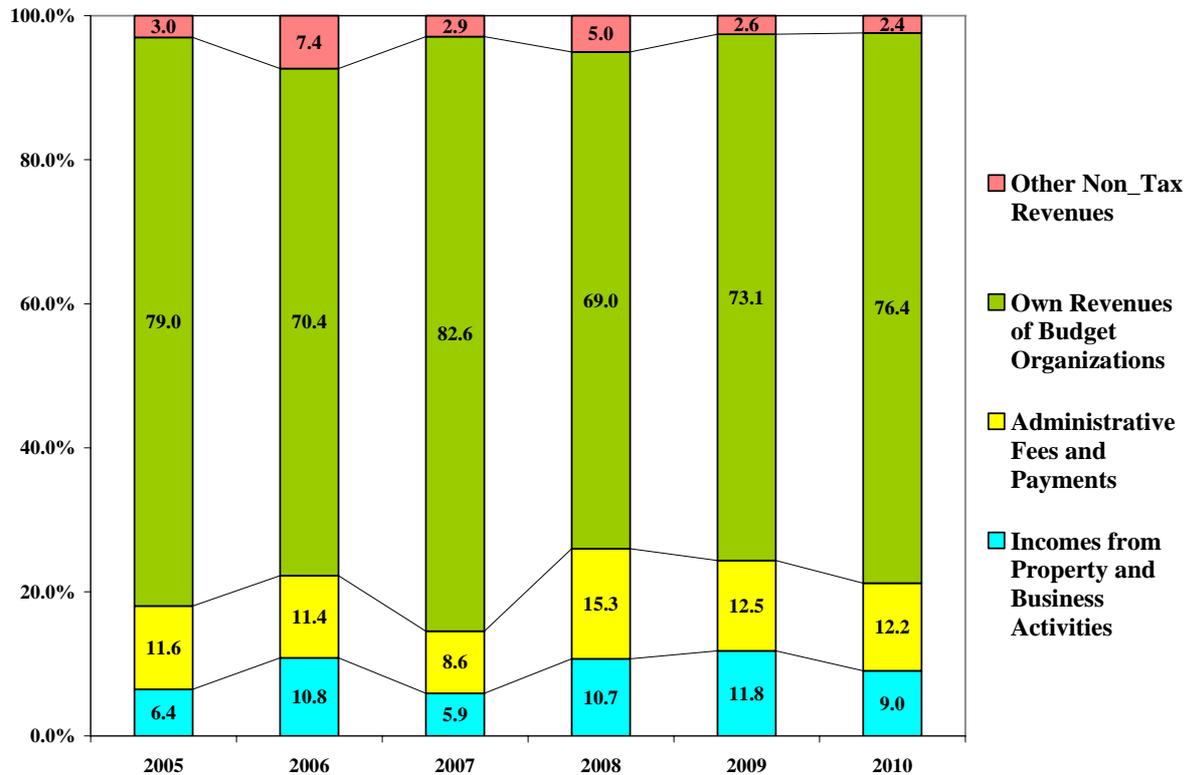
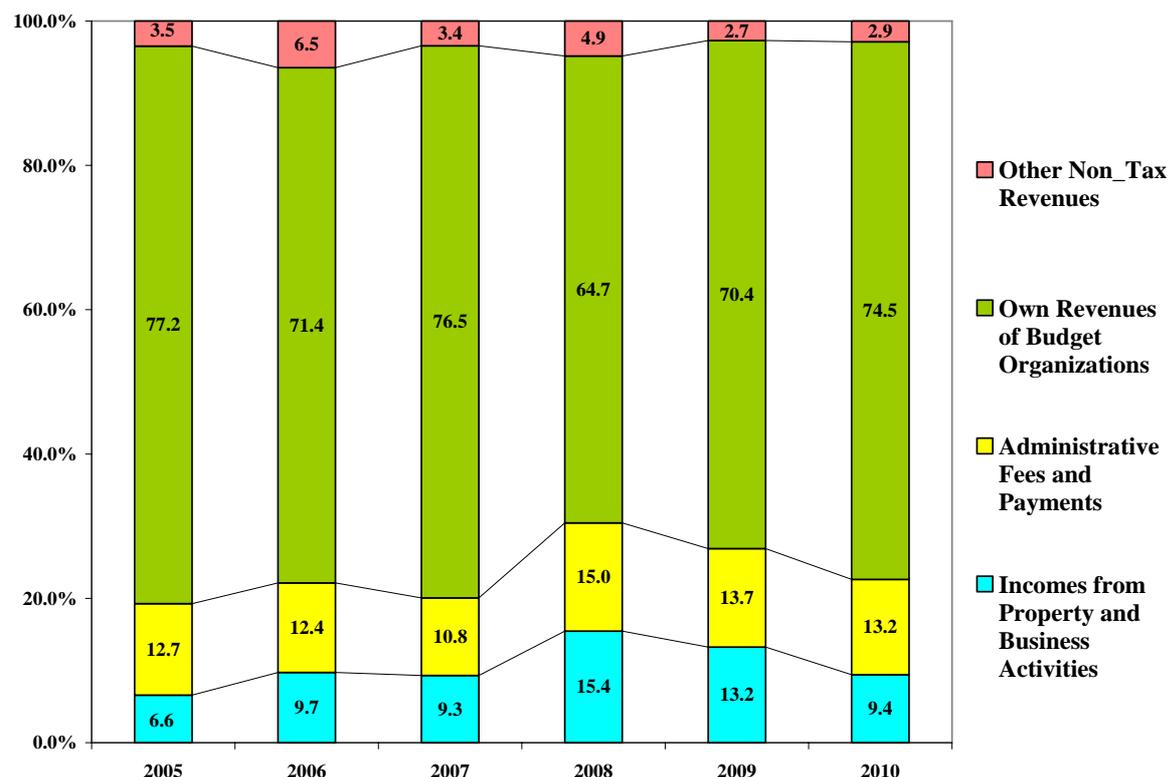


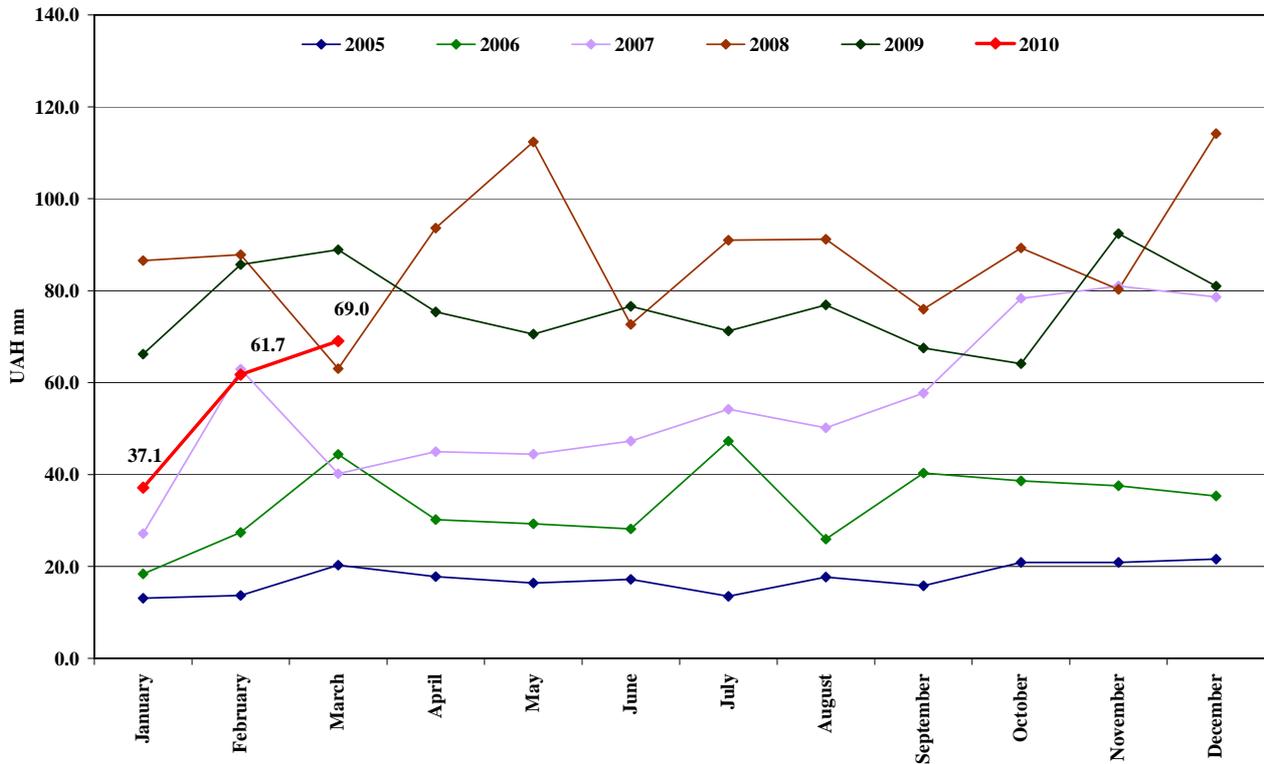
Diagram 8

### Structure of Local Budget Actual Non-tax Revenues in January-March 2005-2010



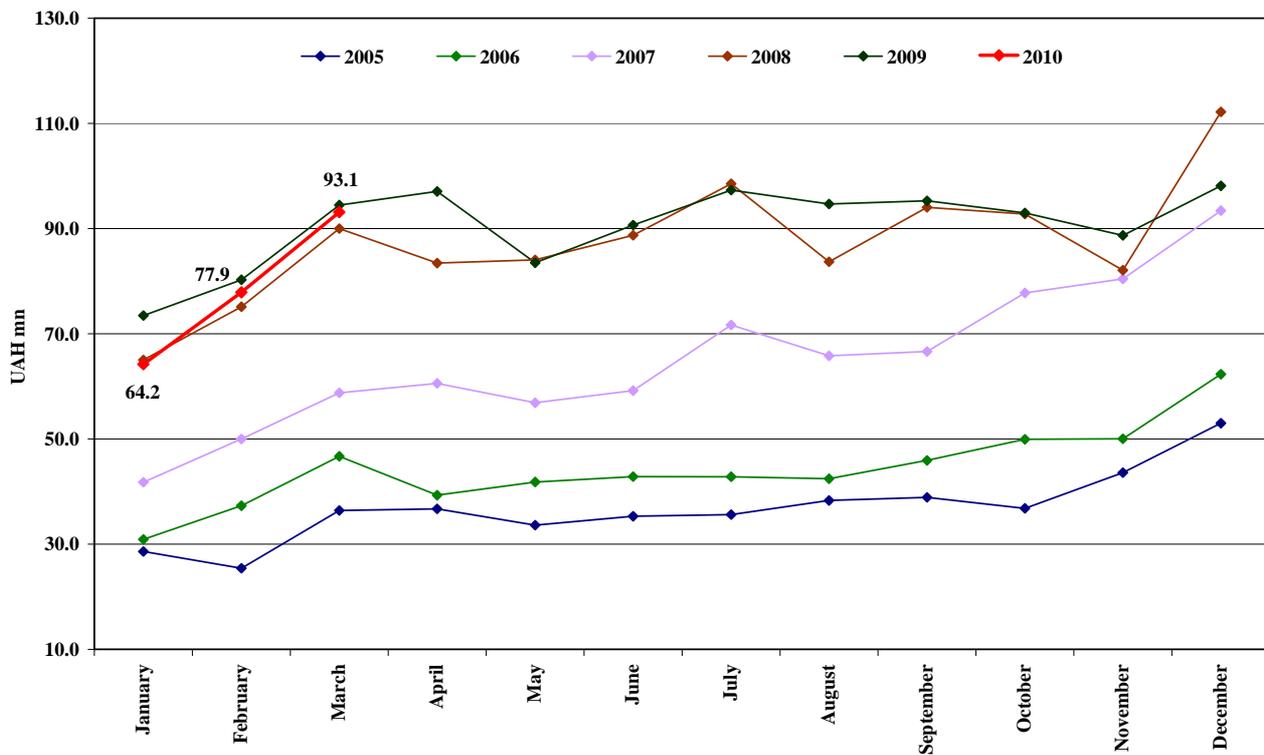
Graph 26

### Local Budget Revenues from Property and Entrepreneurial Activities Monthly Trends in 2005-2010



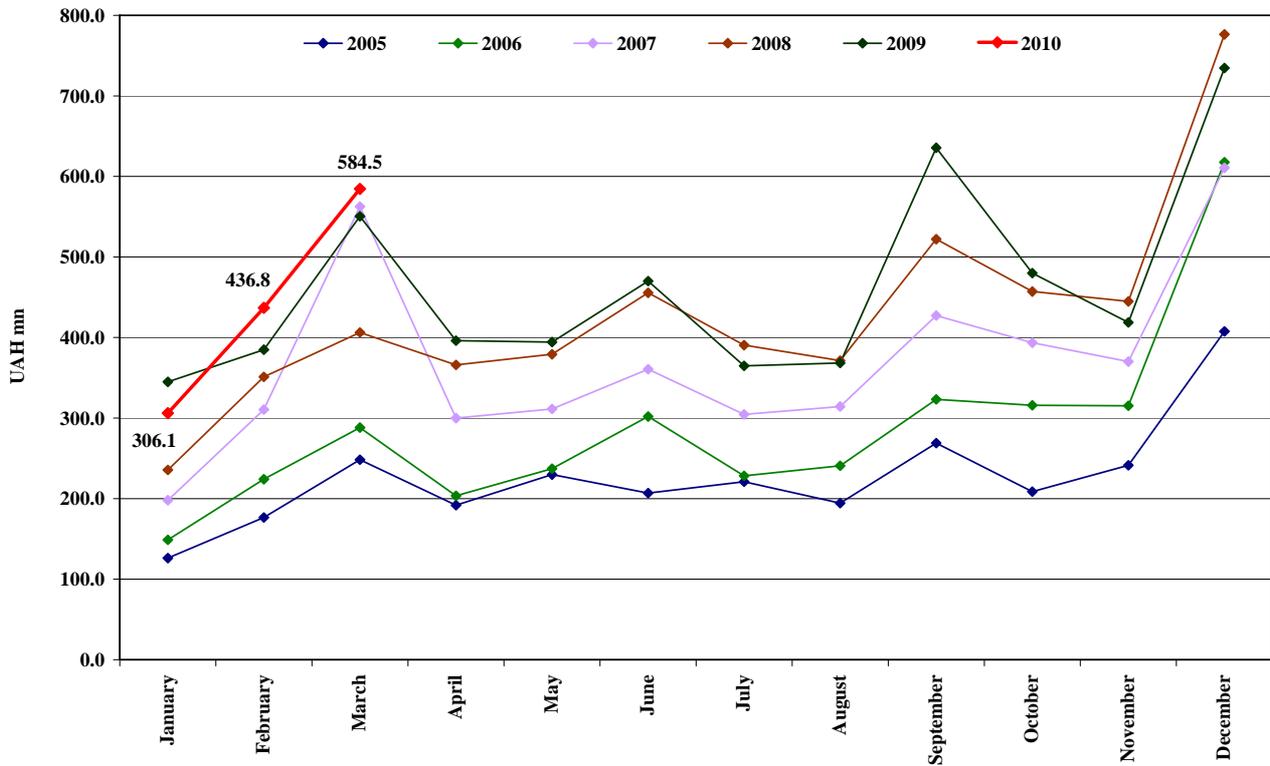
Graph 27

### Dynamics of Monthly Local Budget Revenues from Administrative Fees in 2005-2010



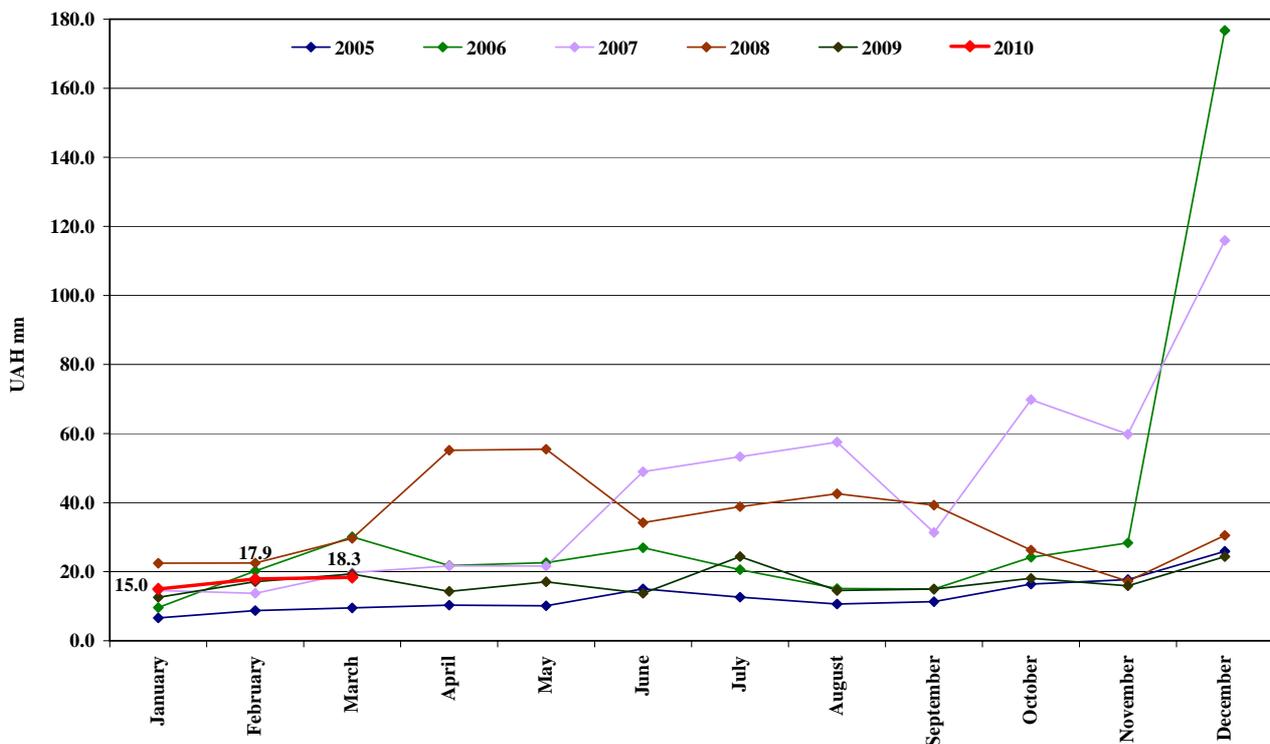
Graph 28

### Budgetary Institutions Own Revenues Monthly Trends in 2005-2010

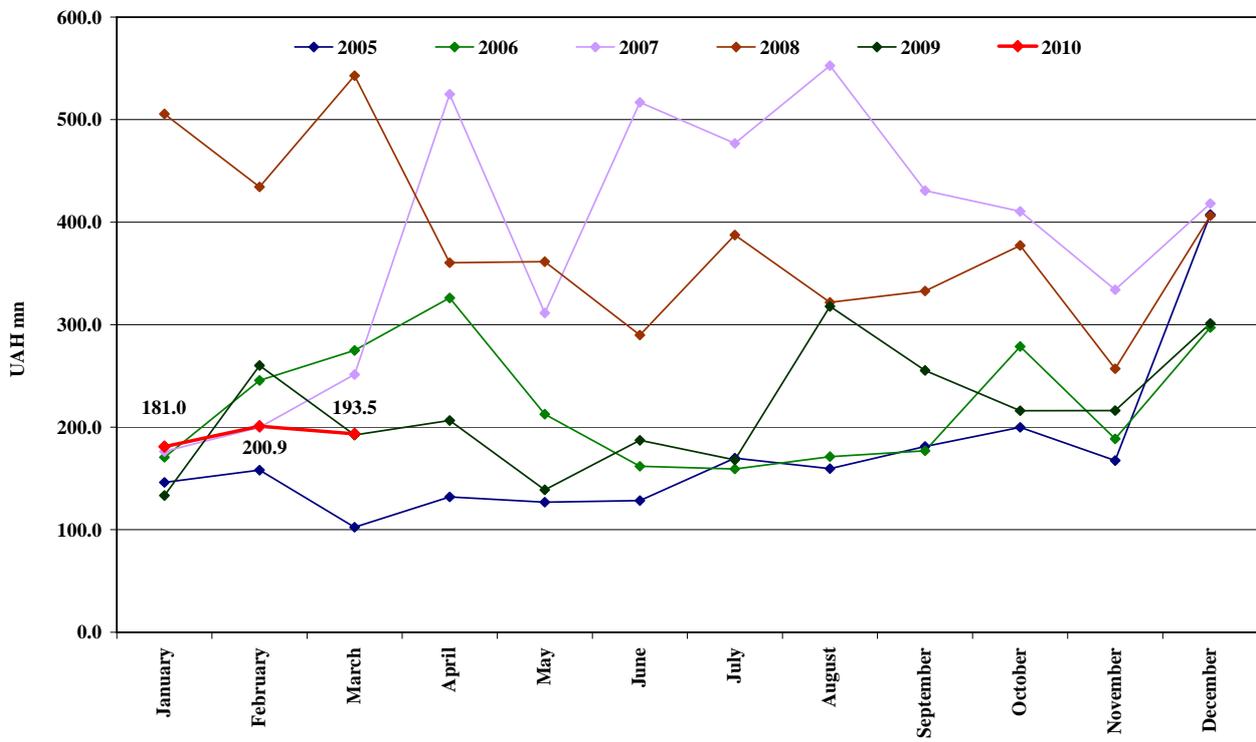


Graph 29

### Local Budget Miscellaneous Other Non-tax Revenues Monthly Trends in 2005-2010



### Revenues from Capital Transactions Monthly Trends in 2005-2010



# State Budget Deficit

Diagram 9

## Budget Deficit/Surplus Monthly Trends in 2005

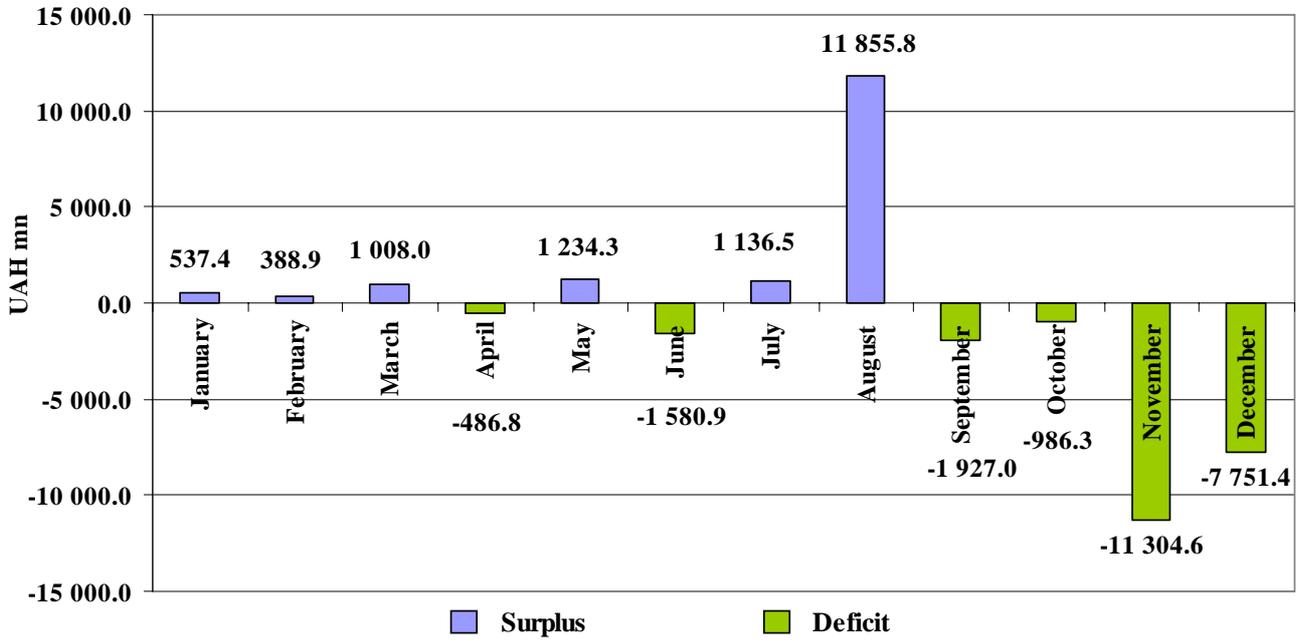


Diagram 10

## Budget Deficit/Surplus Monthly Trends in 2006

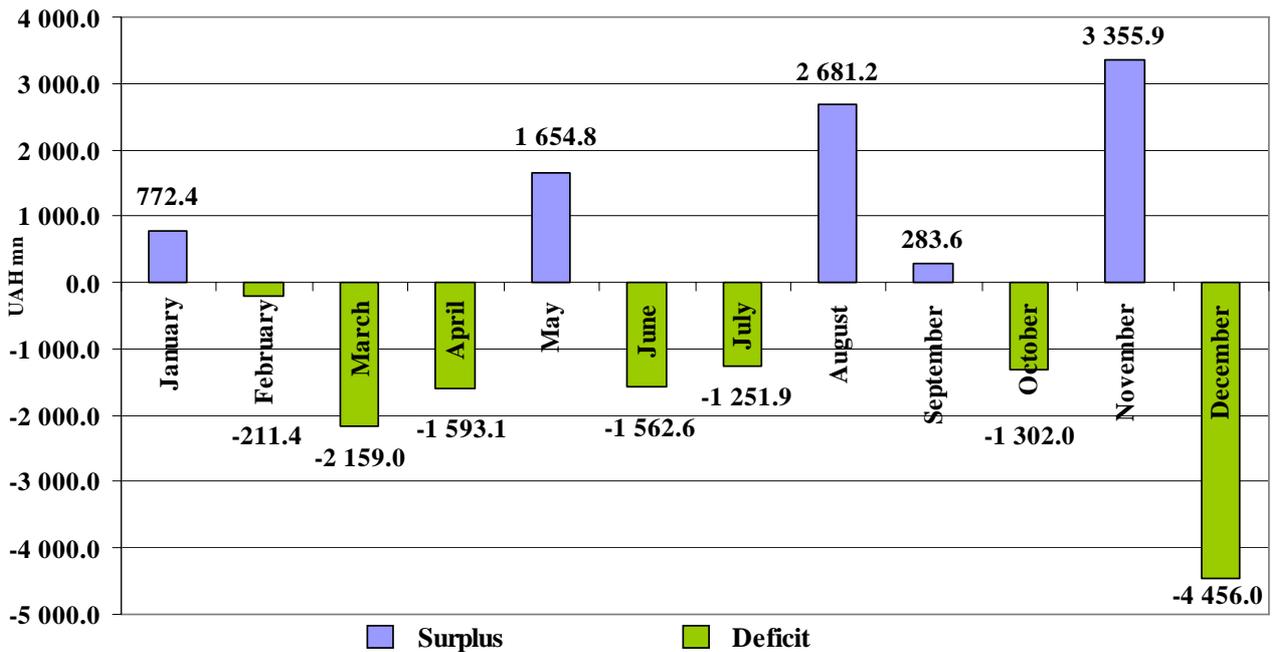


Diagram 11

### Budget Deficit/Surplus Monthly Trends in 2007

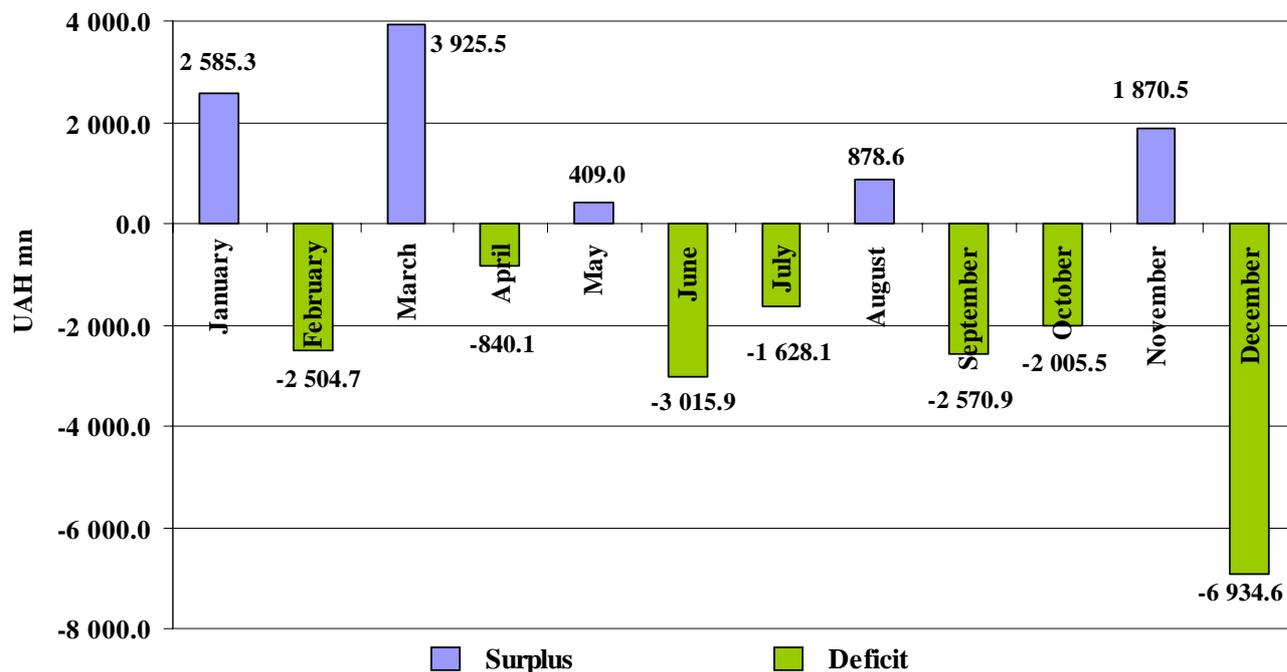


Diagram 12

### Budget Deficit/Surplus Monthly Trends in 2008

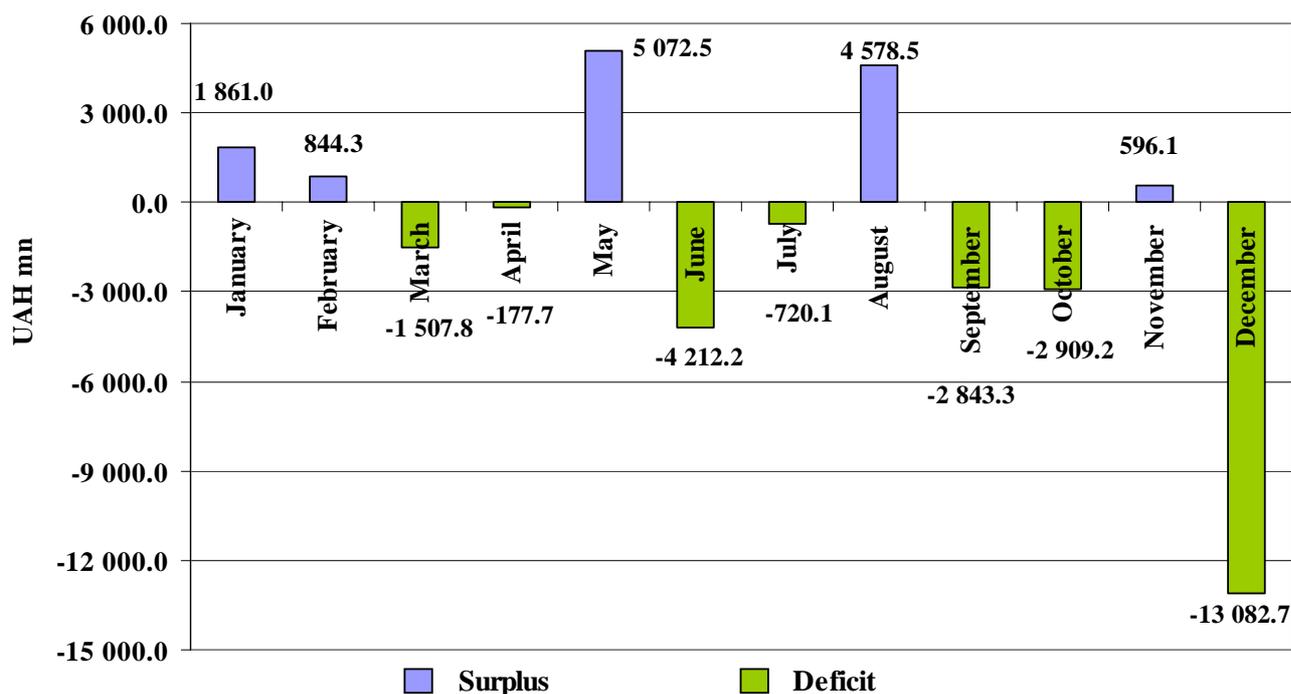


Diagram 13

### Budget Deficit/Surplus Monthly Trends in 2009

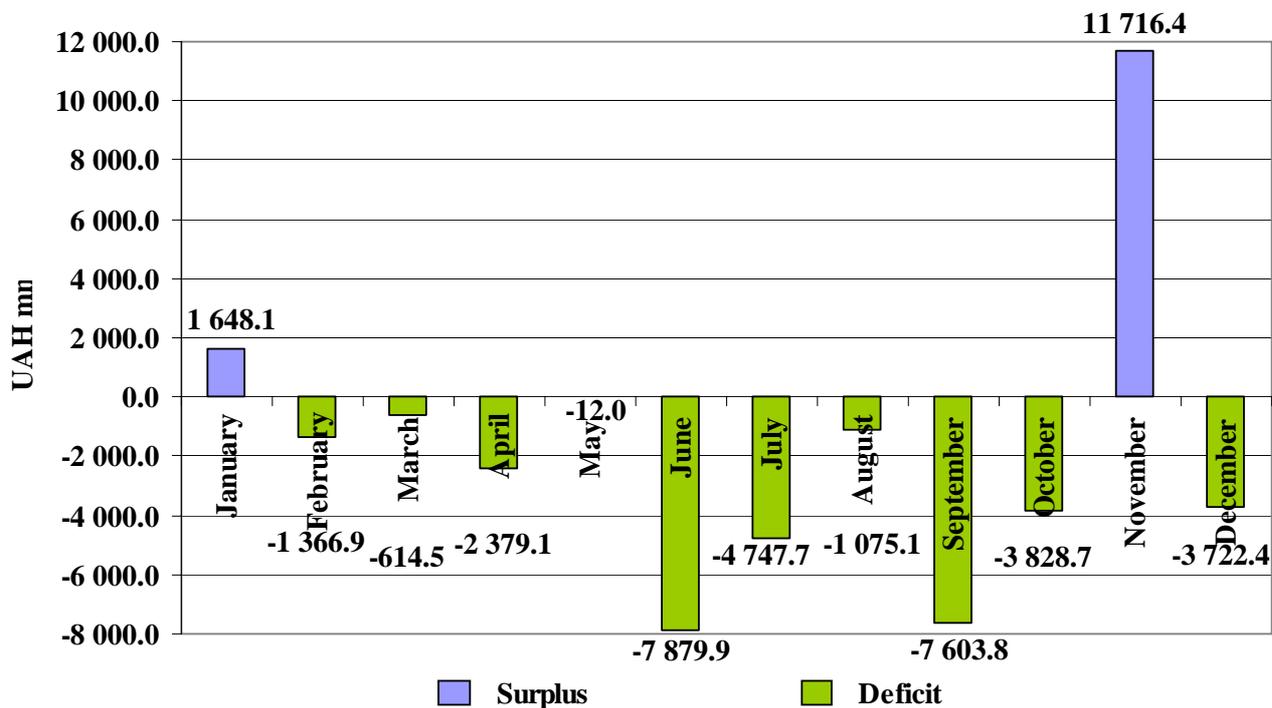
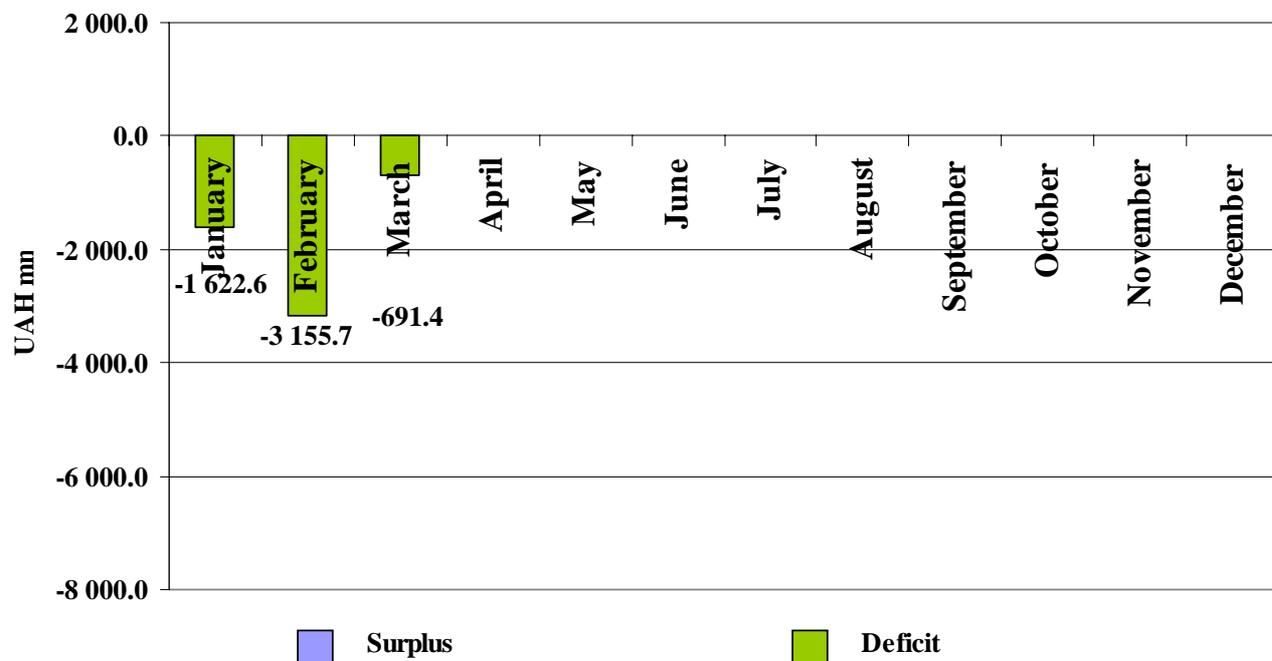


Diagram 14

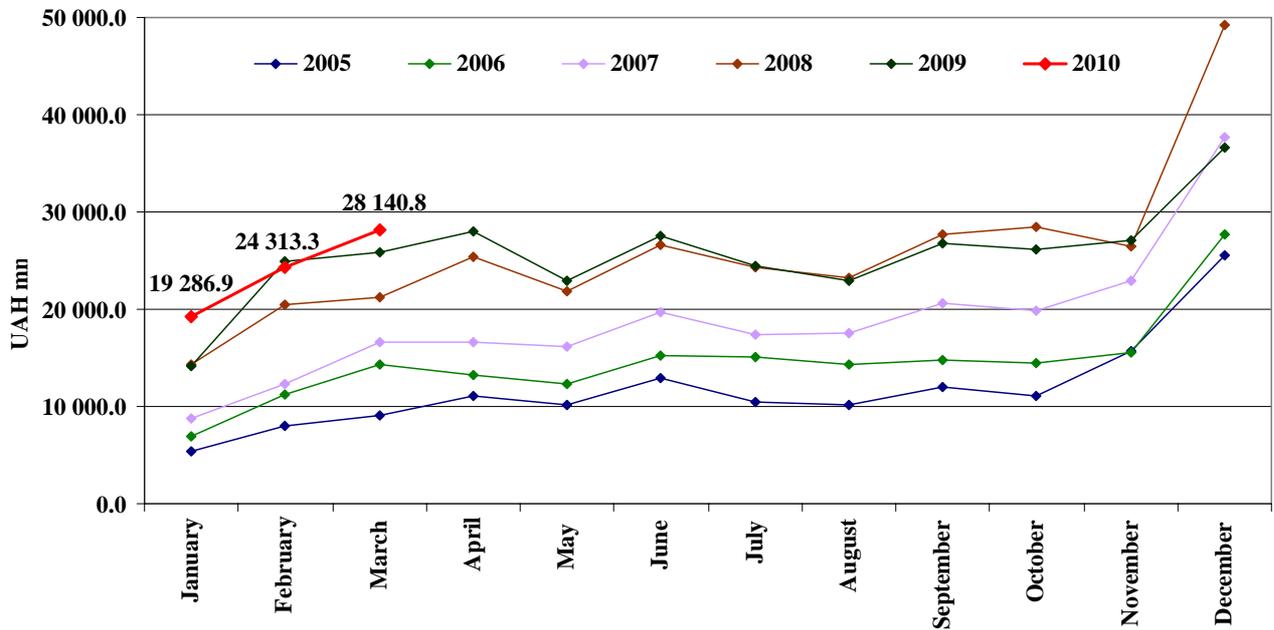
### Budget Deficit/Surplus Monthly Trends in 2010



# Consolidated Budget Expenditures

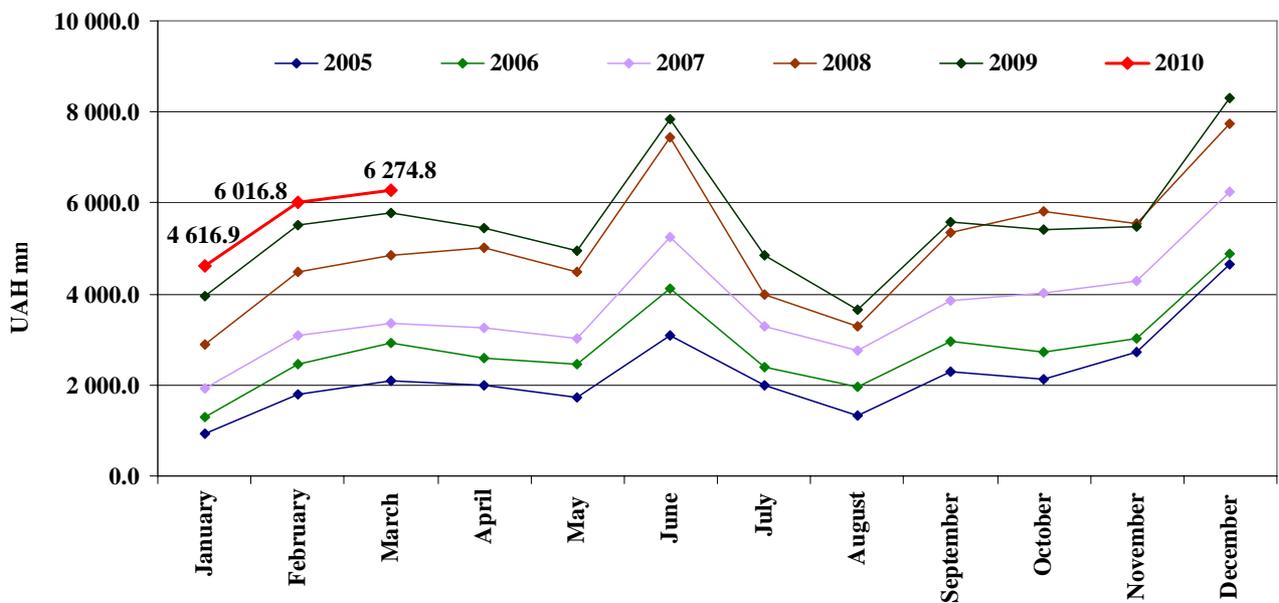
Graph 31

## Consolidated Budget Expenditures Monthly Trends in 2005-2010



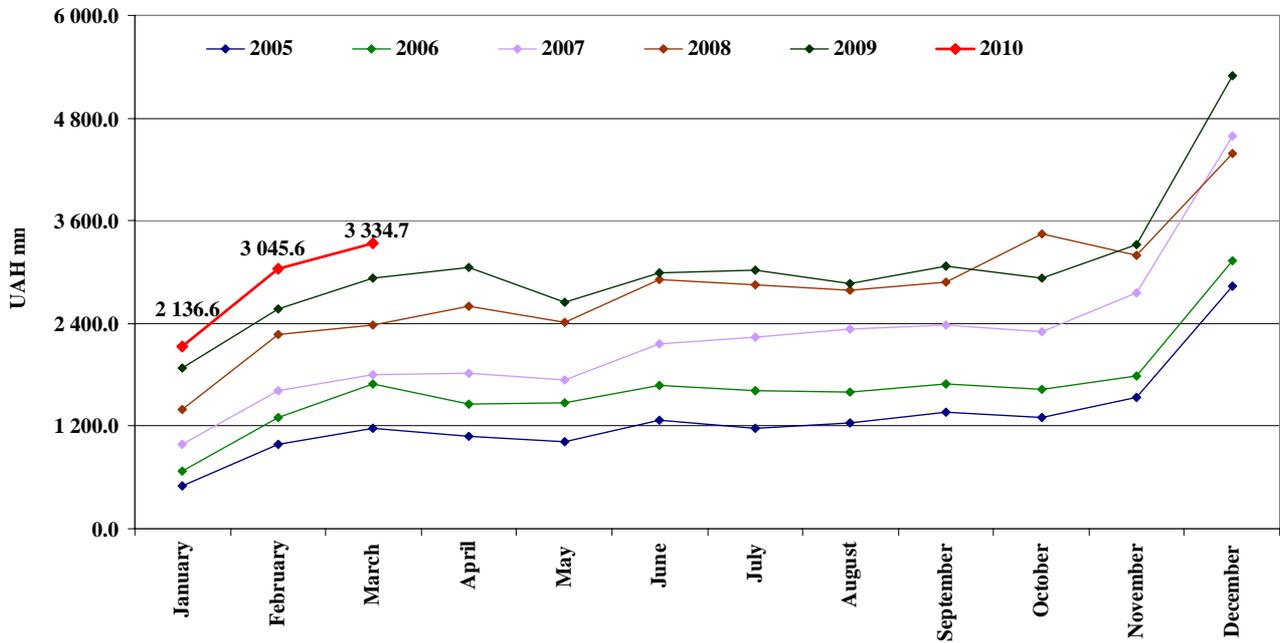
Graph 32

## Consolidated Budget Education Expenditures Monthly Trends in 2005-2010



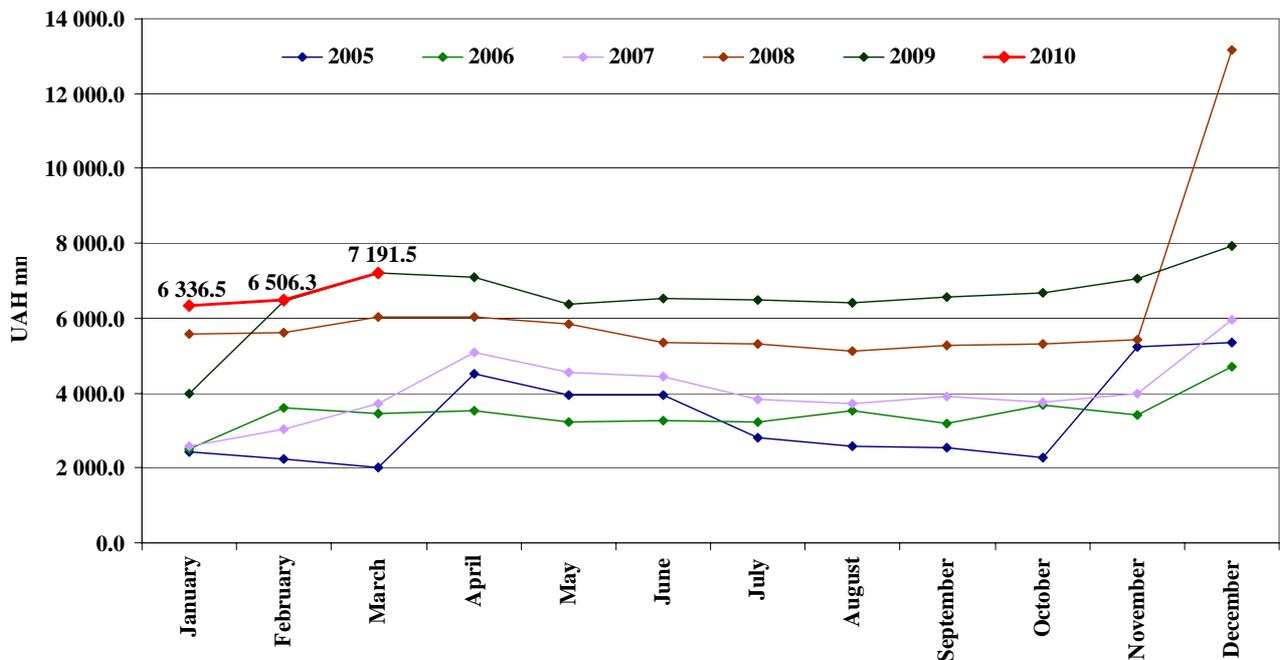
Graph 33

### Consolidated Budget Health Expenditures Monthly Trends in 2005-2010

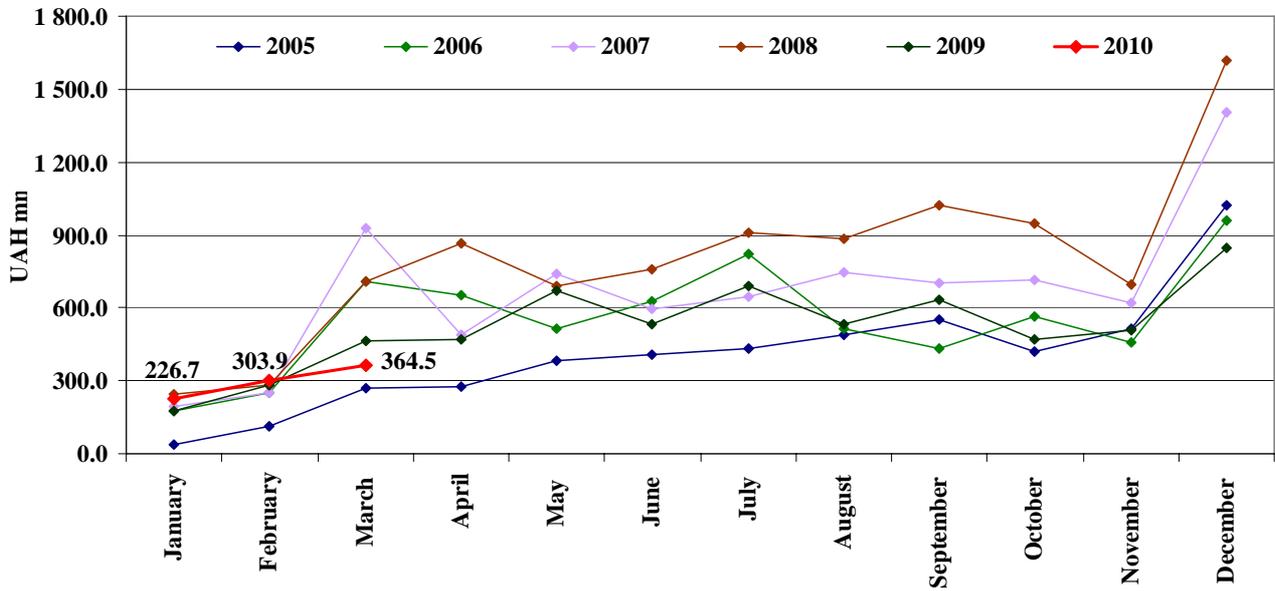


Graph 34

### Consolidated Budget Expenditures for Social Protection and Social Security Monthly Trends in 2005-2010



### Consolidated Budget Expenditures for Agriculture, Forestry, Game-Preserves, and Fisheries Monthly Trends in 2005-2010



# State Budget Expenditures

Diagram 15

## Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2005

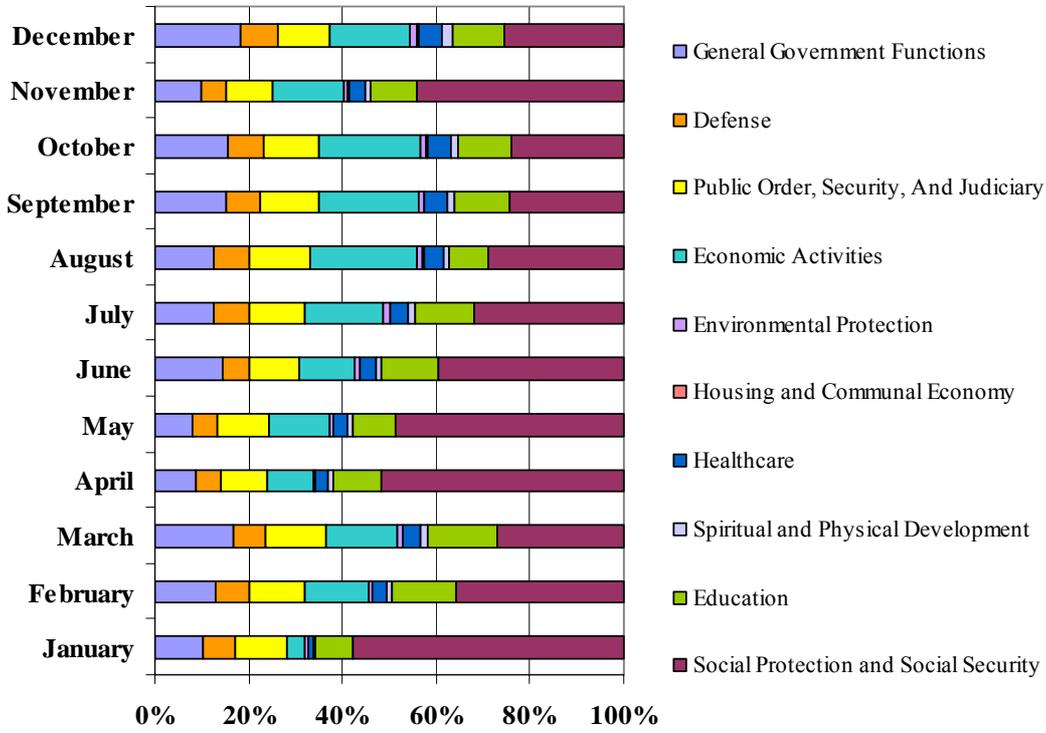


Diagram 16

## Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2006

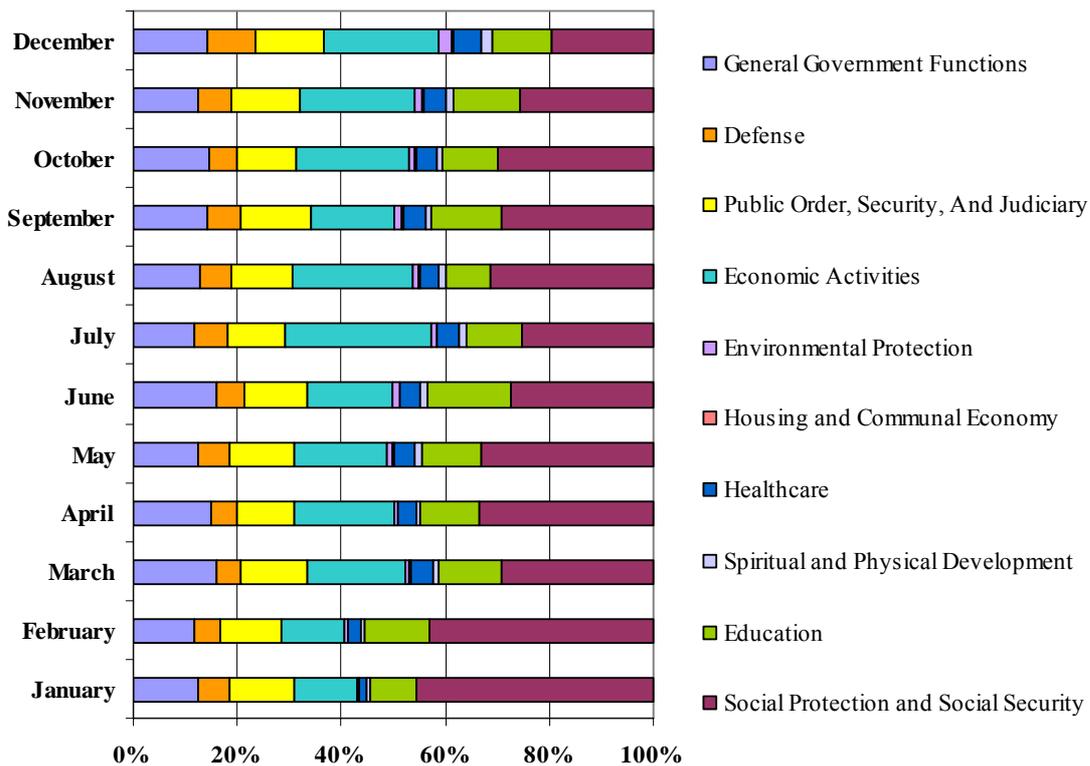


Diagram 17

### Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2007

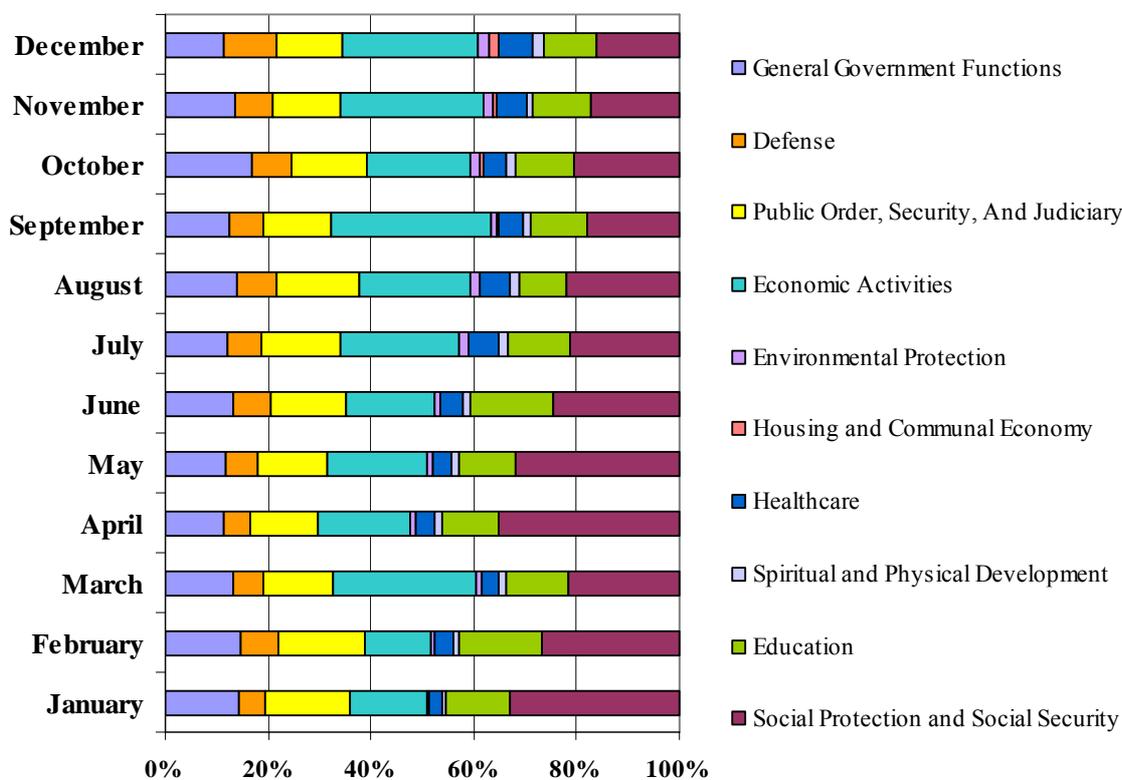


Diagram 18

### Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2008

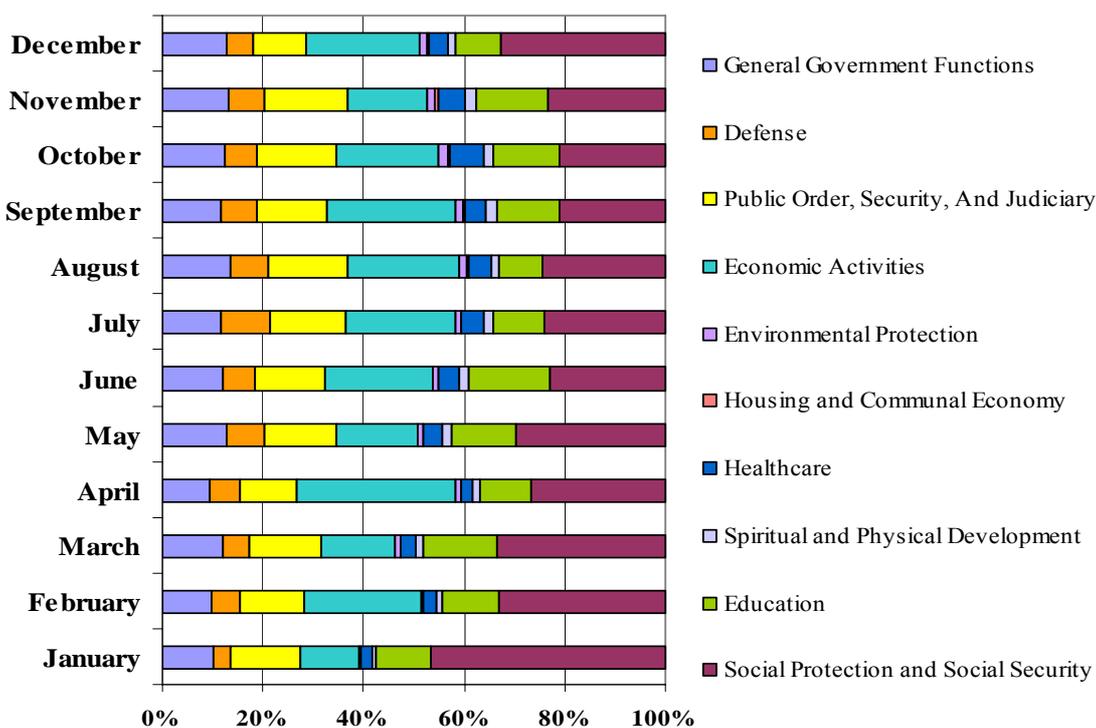


Diagram 19

### Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2009

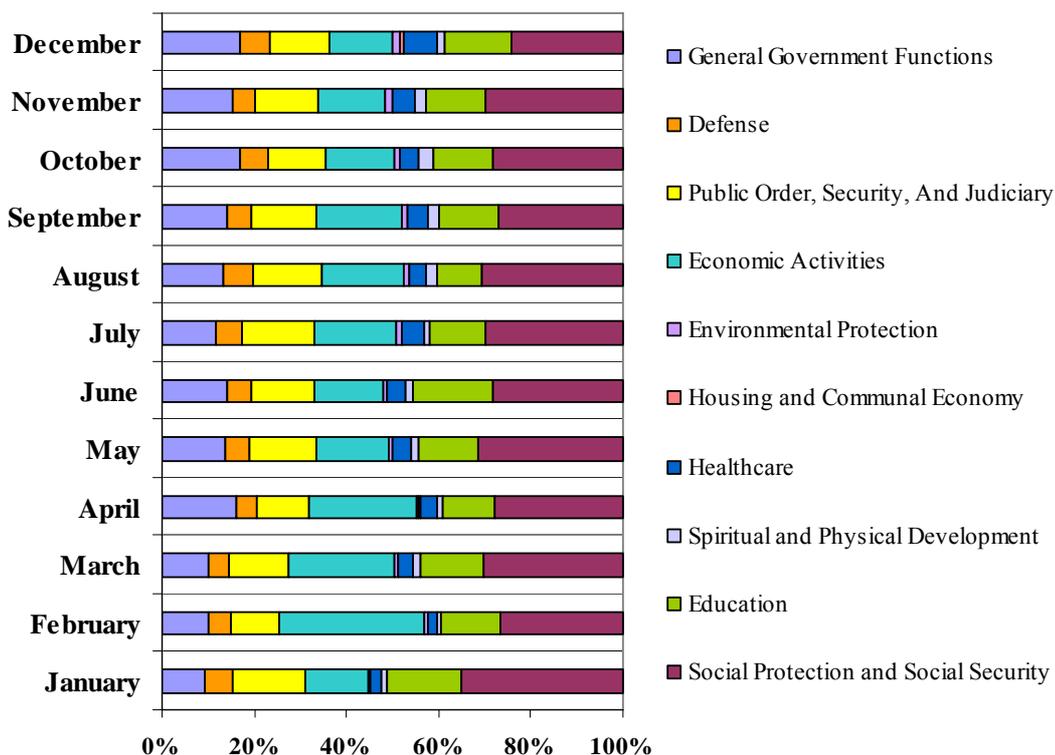
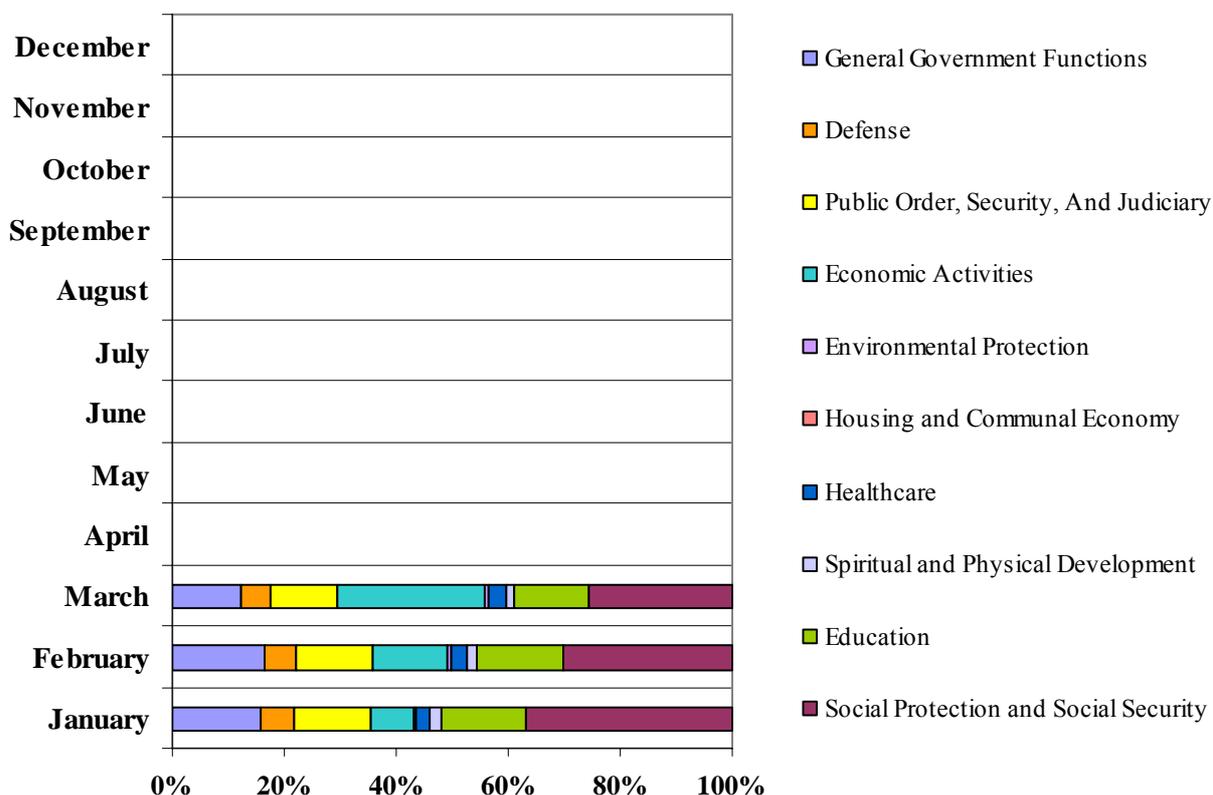


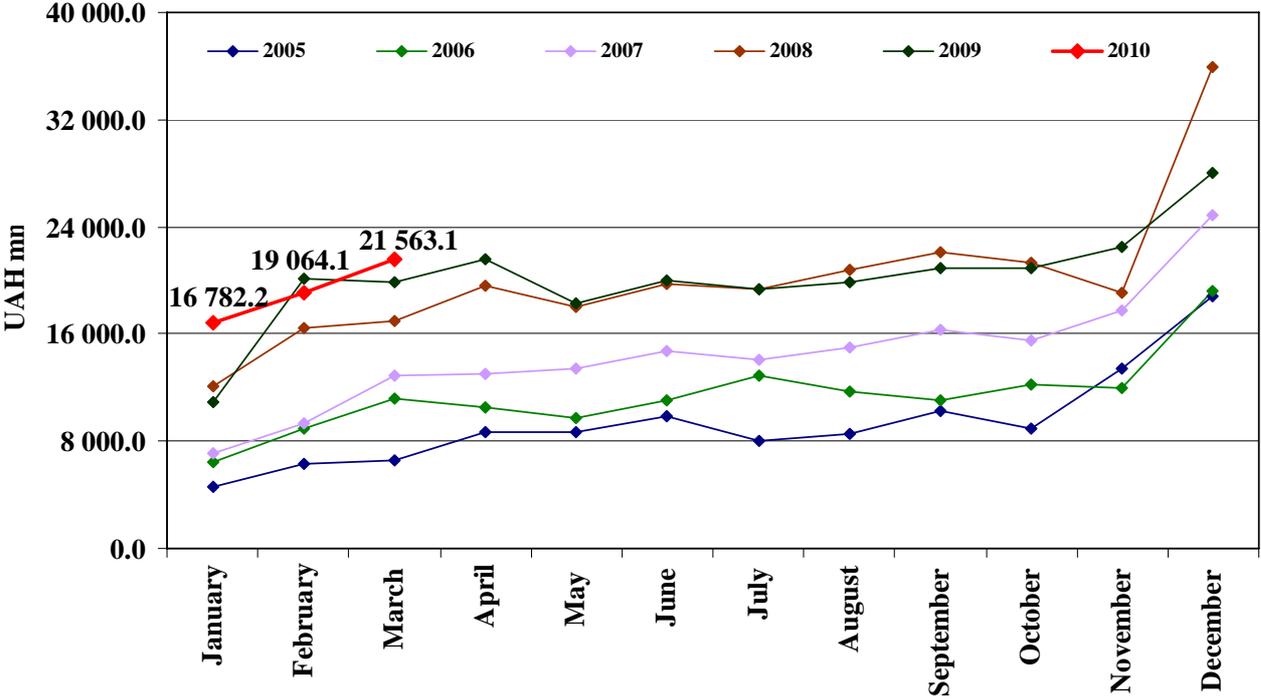
Diagram 20

### Structure of Actual Expenditures of Ukraine's State Budget by Functional Classification in 2010



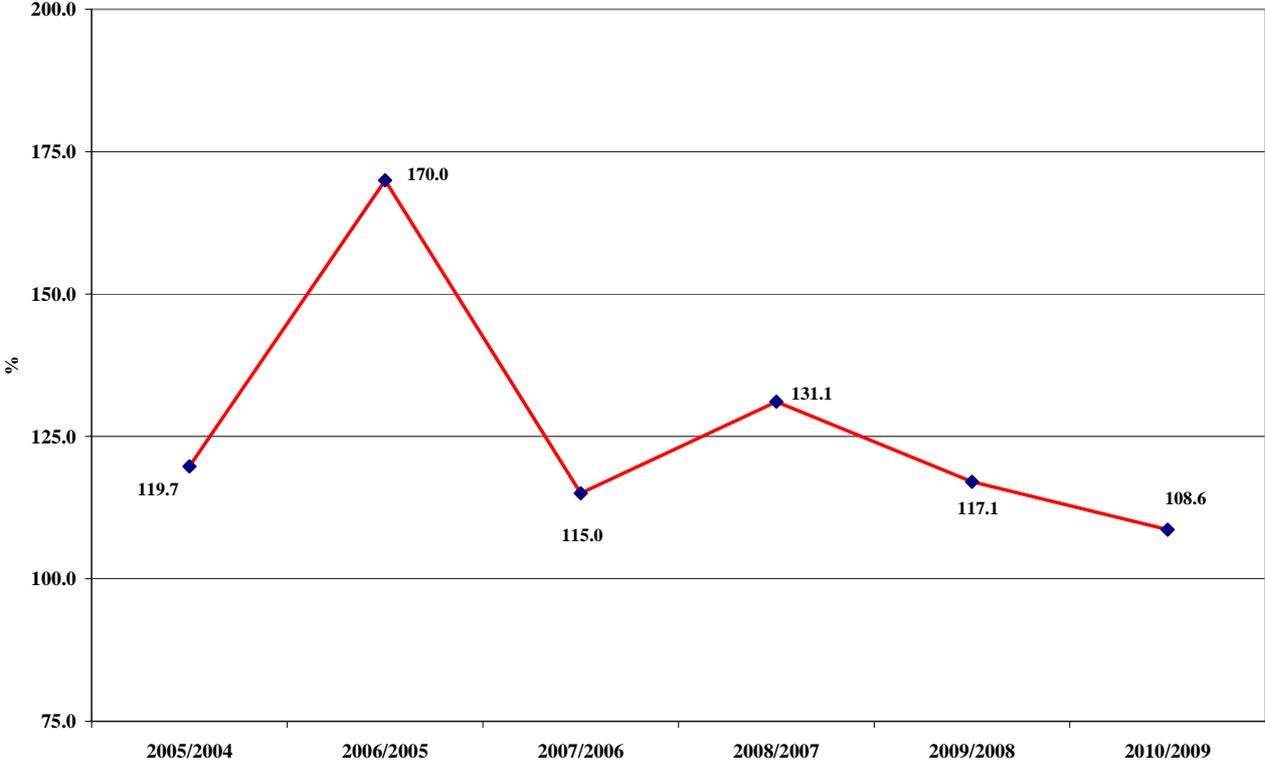
Graph 36

**Monthly Trends of State Budget Expenditures in 2005-2010**

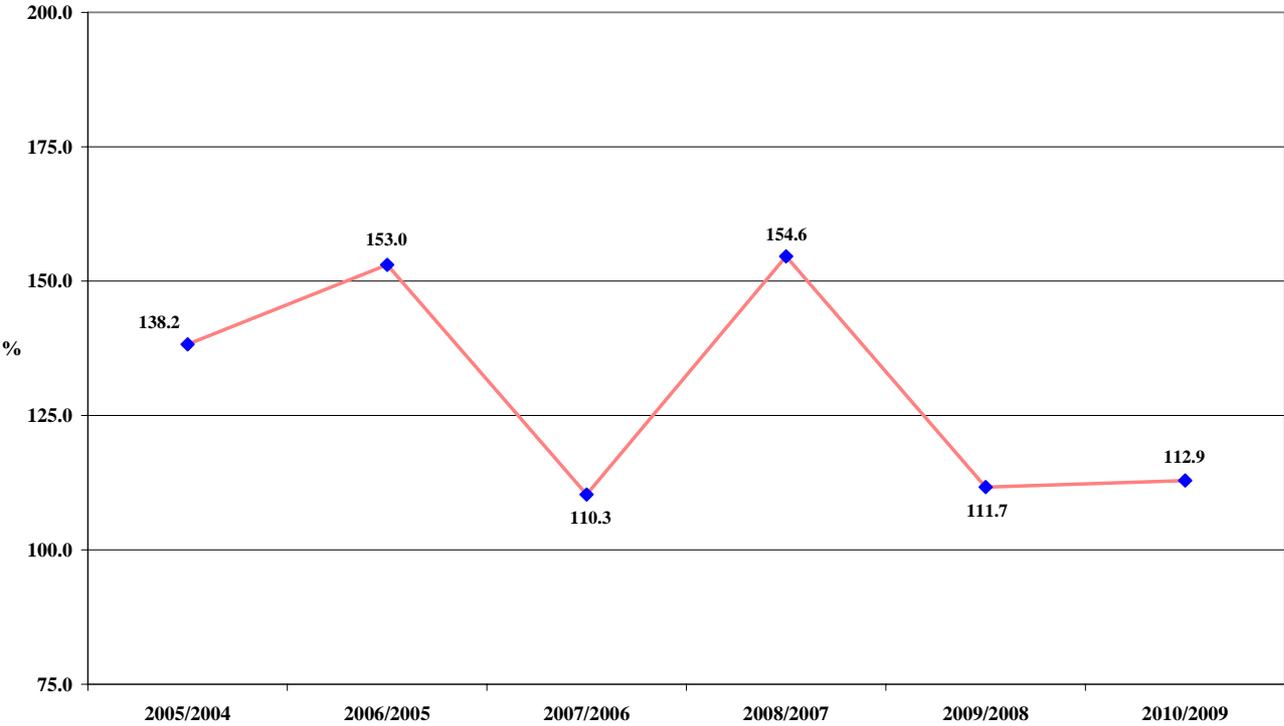


Graph 37

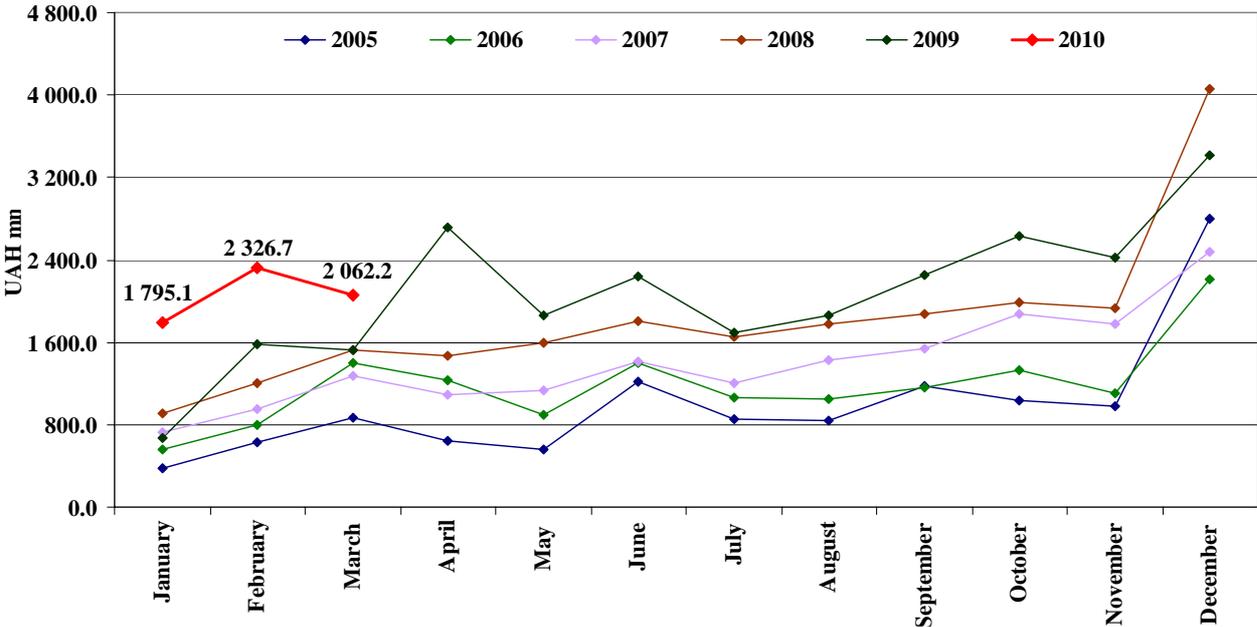
**Growth Rates of Ukraine's State Budget Expenditures in March 2005-2010**



### Growth Rates of Ukraine's State Budget Expenditures in January-March 2005-2010

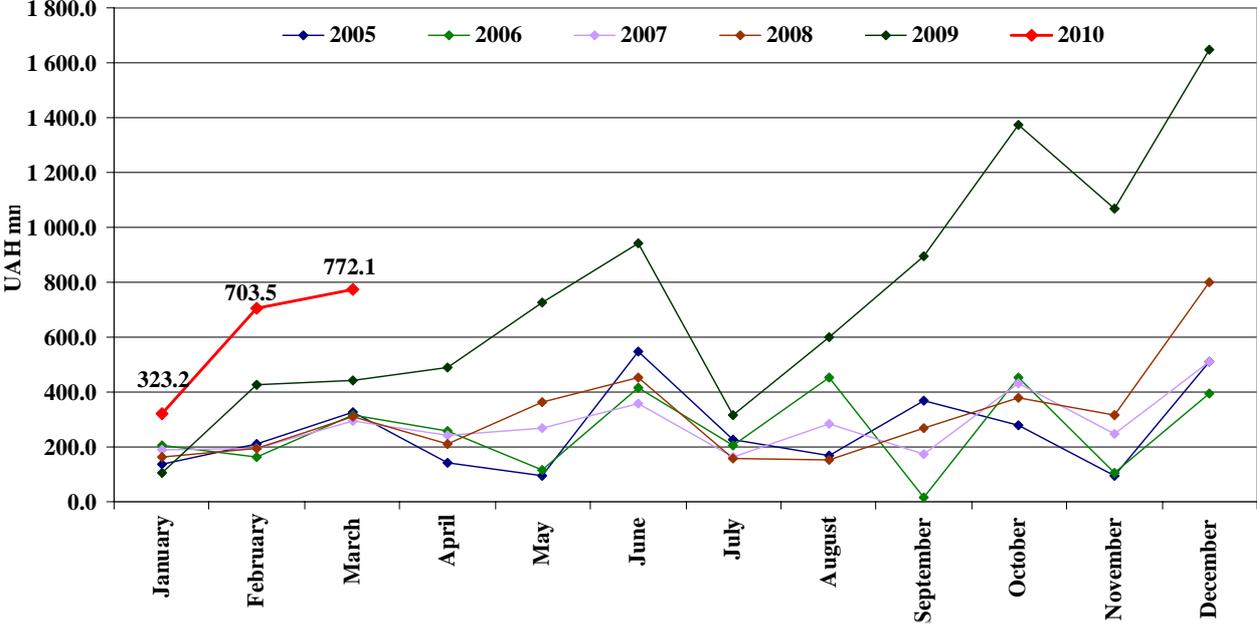


### State Budget Expenditures for General Government Functions Monthly Trends in 2005-2010



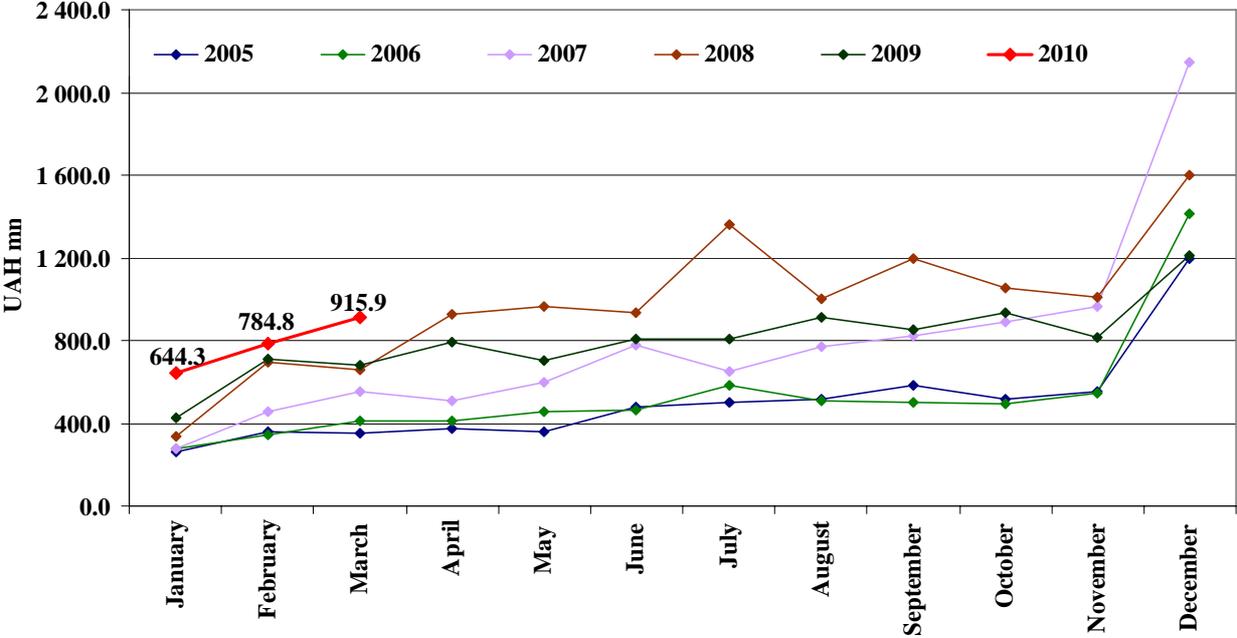
Graph 40

### State Budget Expenditures for Public Debt Servicing Monthly Trends in 2005-2010



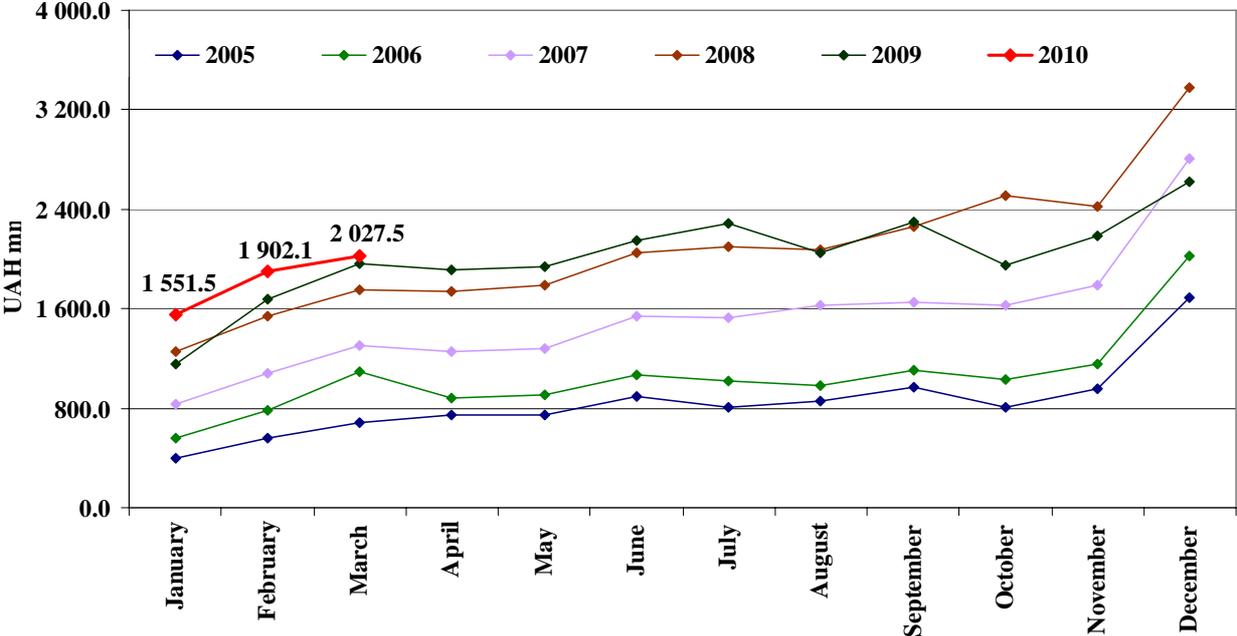
Graph 41

### State Budget Expenditures for Defense Monthly Trends in 2005-2010



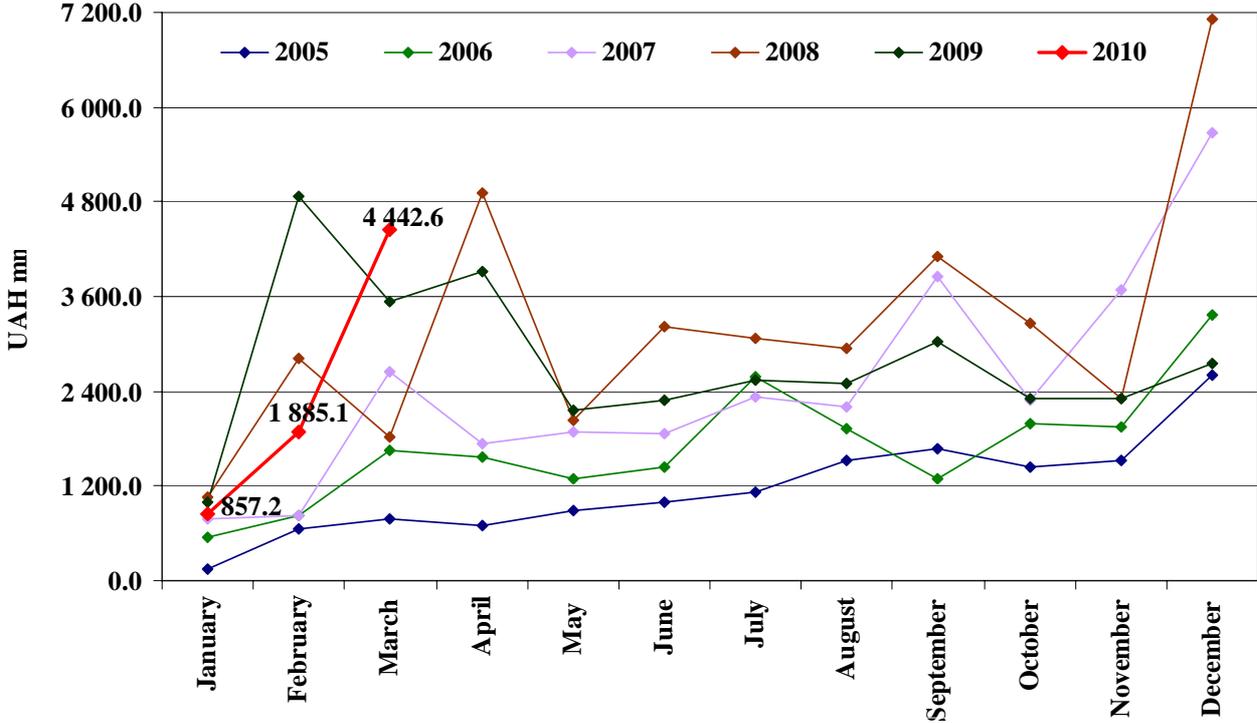
Graph 42

### State Budget Expenditures for Public Order, Security, and Judiciary Monthly Trends in 2005-2010

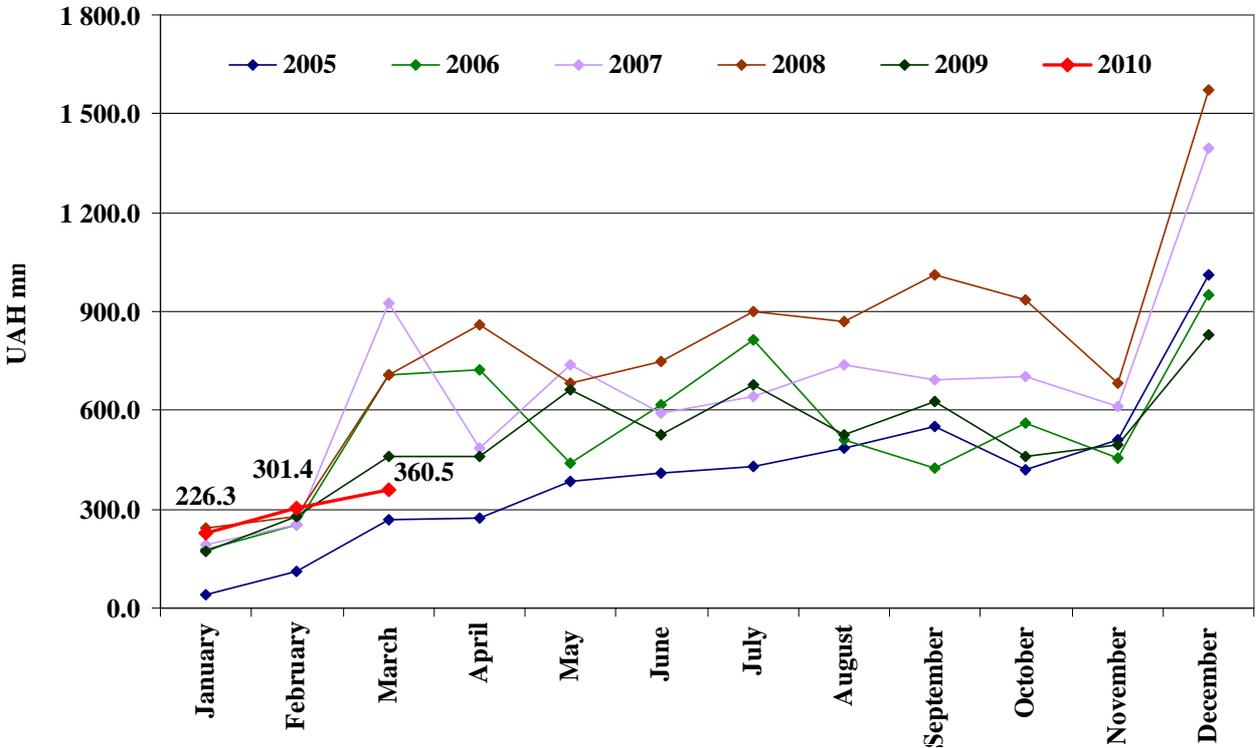


Graph 43

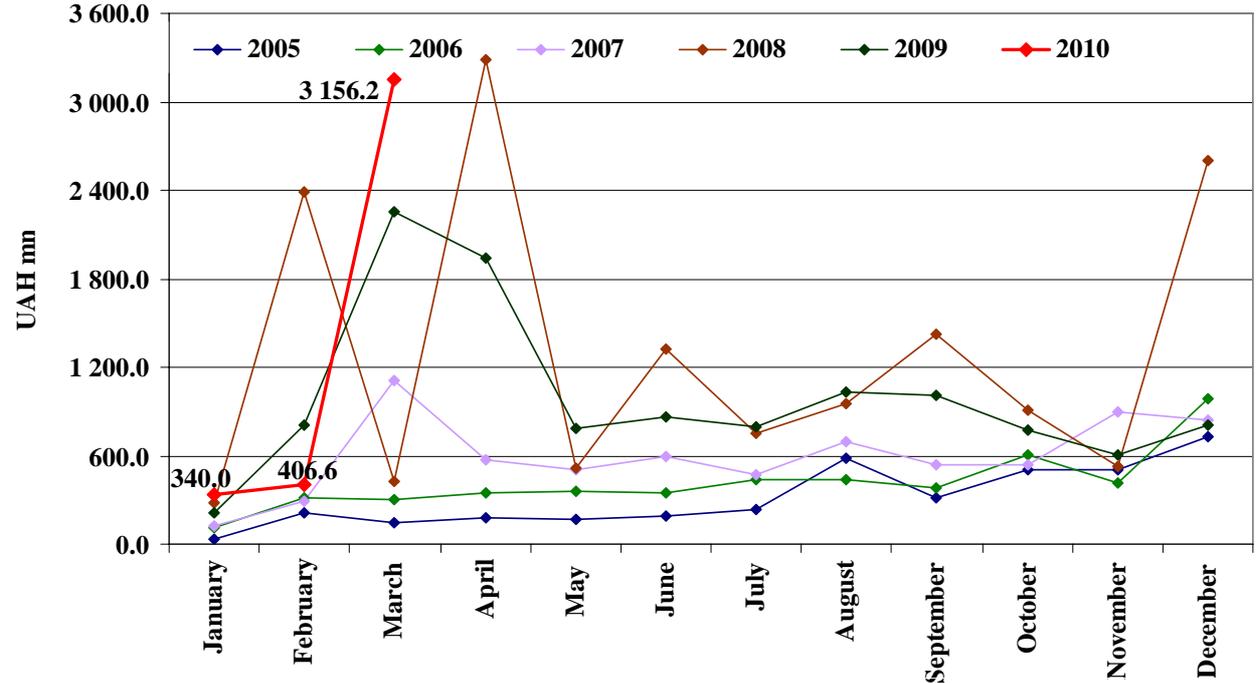
### State Budget Expenditures for Economic Activities Monthly Trends in 2005-2010



**State Budget Expenditures for Agriculture, Forestry and Game-Preserves, and Fisheries Monthly Trends in 2005-2010**

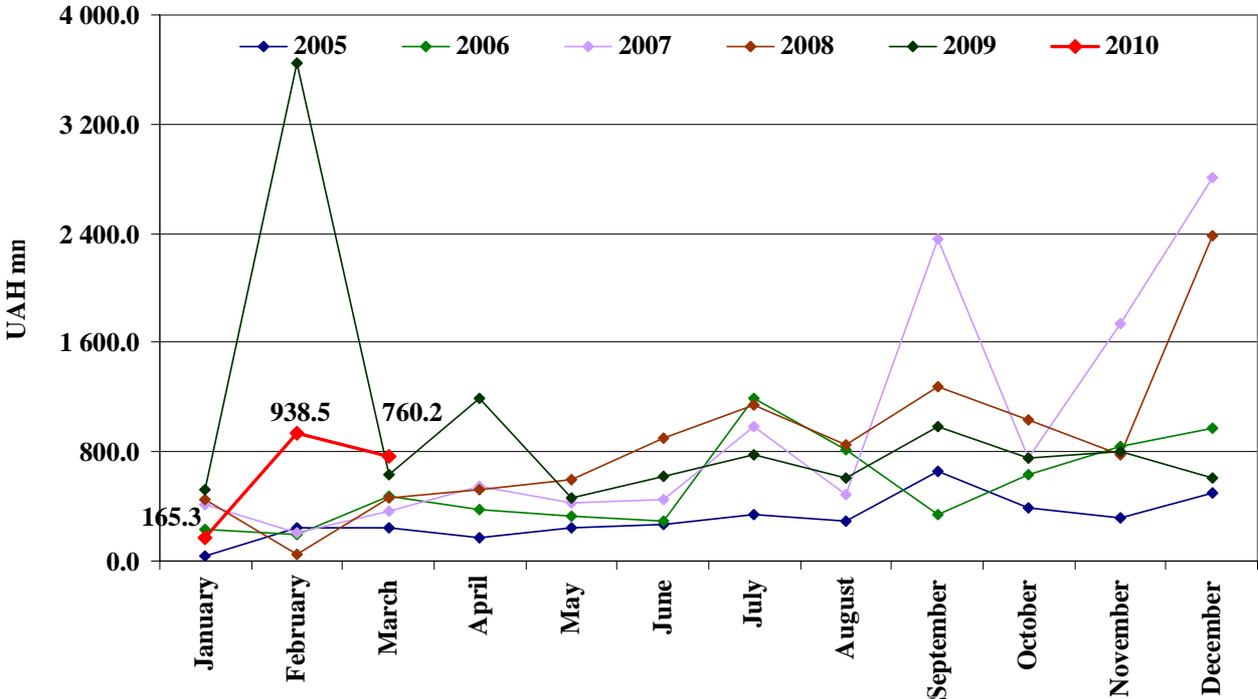


**State Budget Expenditures for Fuel and Energy Sector Monthly Trends in 2005-2010**



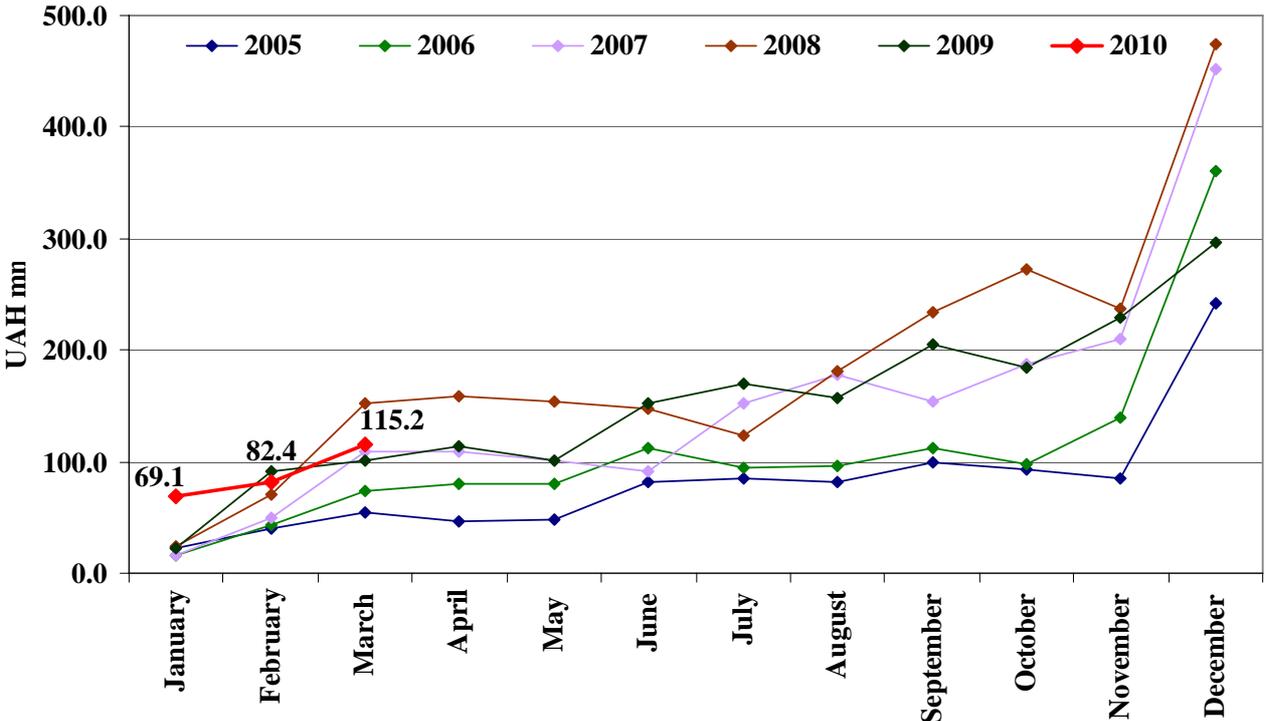
Graph 46

### State Budget Expenditures for Transport Monthly Trends in 2005-2010

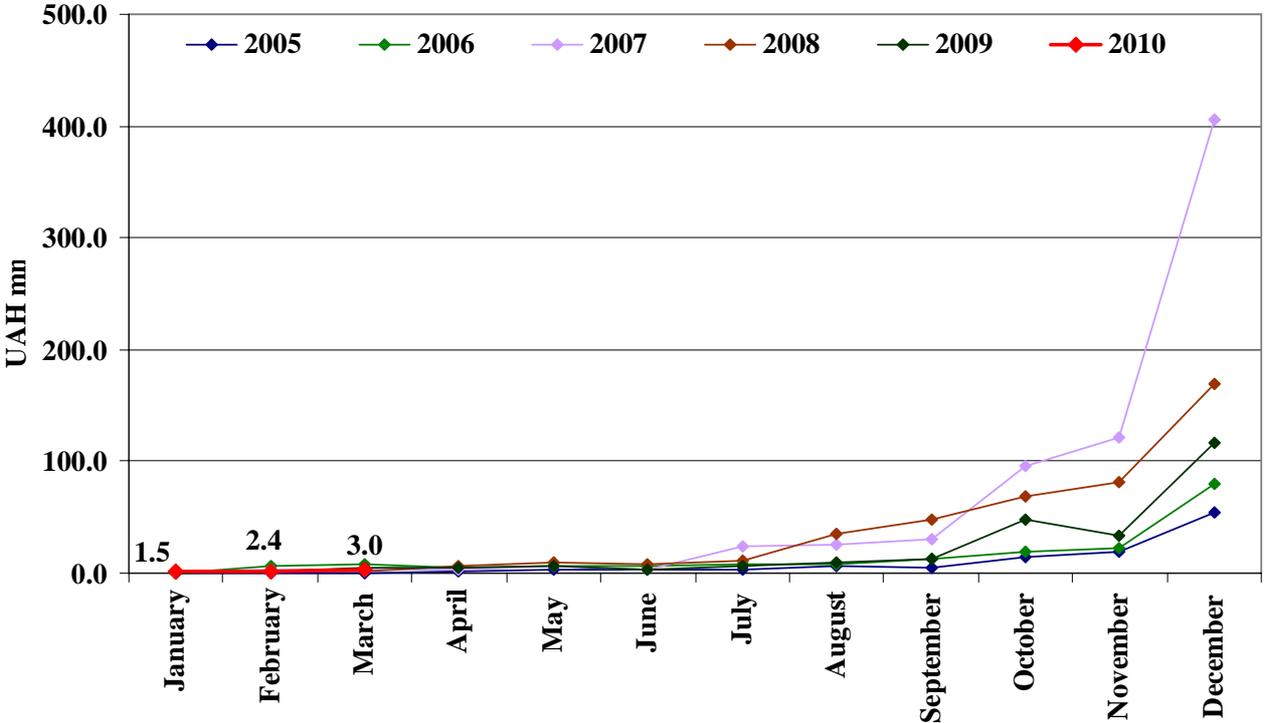


Graph 47

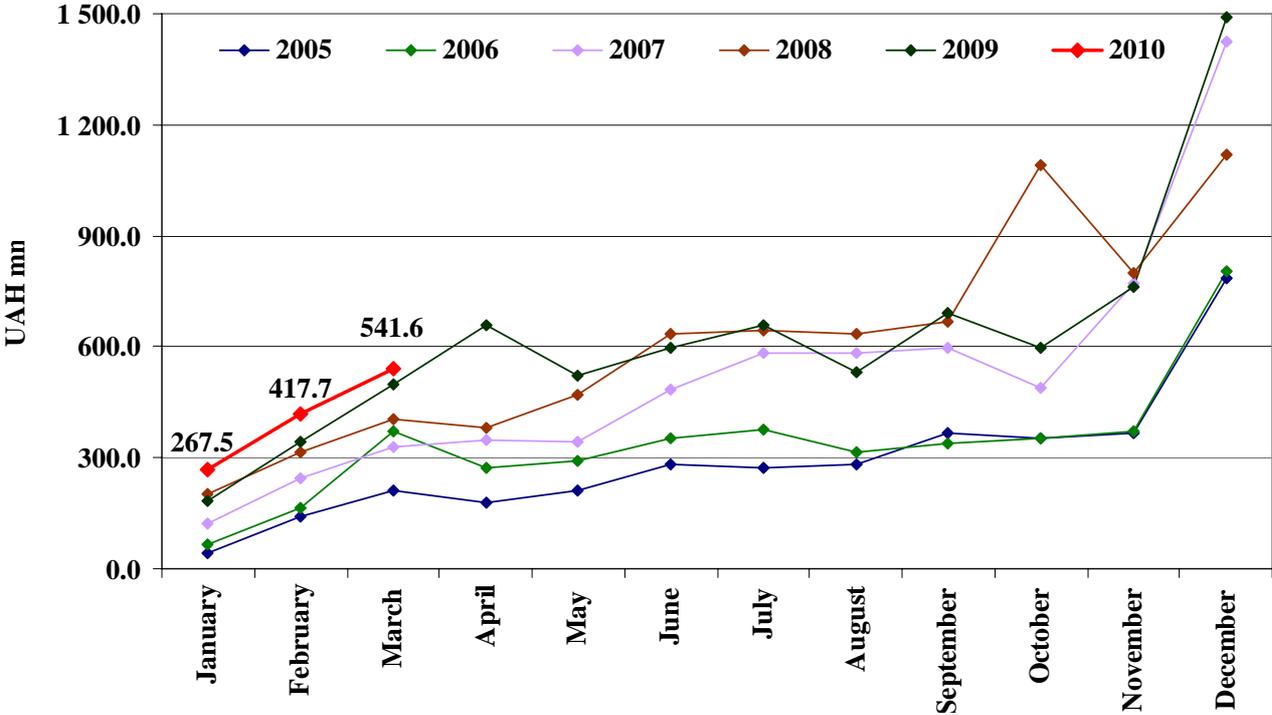
### State Budget Expenditures for Environmental Protection Monthly Trends in 2005-2010



### State Budget Expenditures for Housing and Communal Sector Monthly Trends in 2005-2010

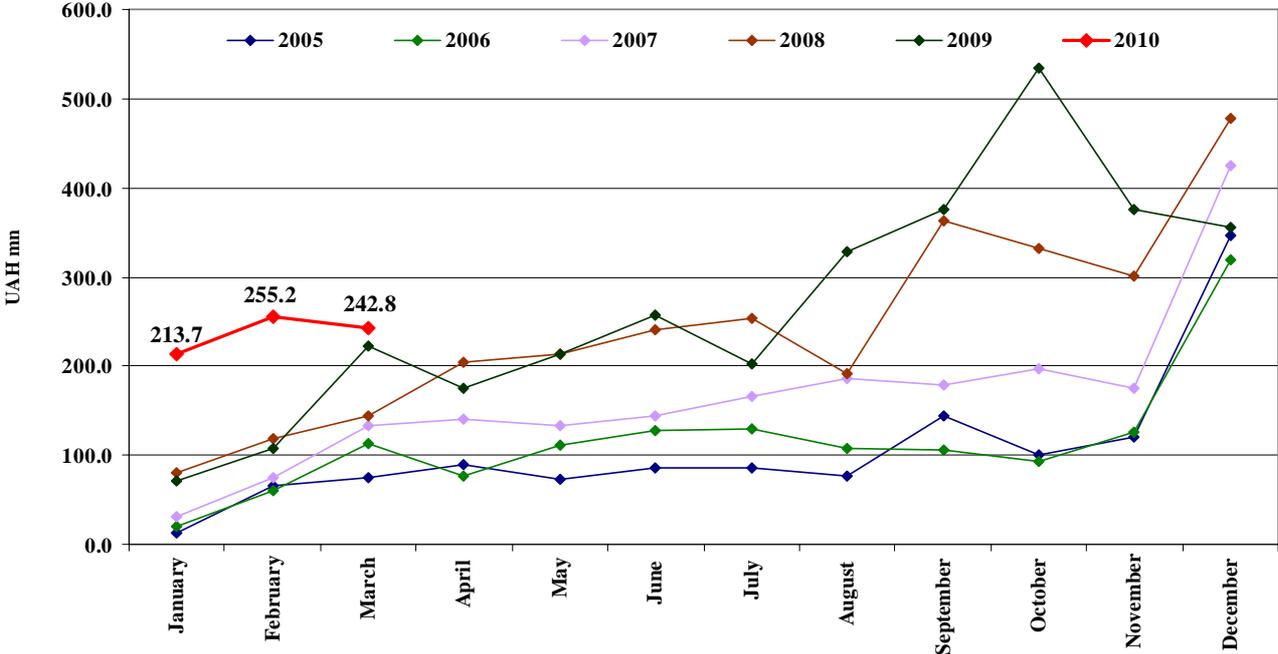


### State Budget Expenditures for Healthcare Monthly Trends in 2005-2010



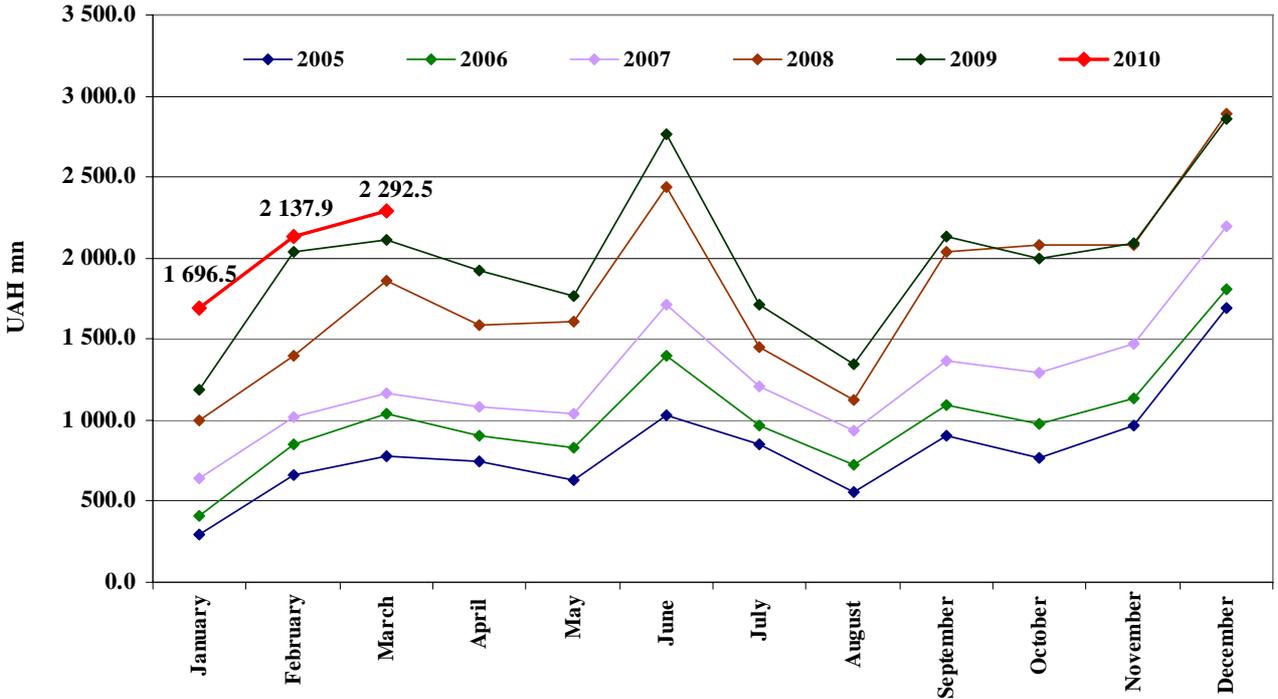
Graph 50

### State Budget Expenditures for Spiritual and Physical Development Monthly Trends in 2005-2010



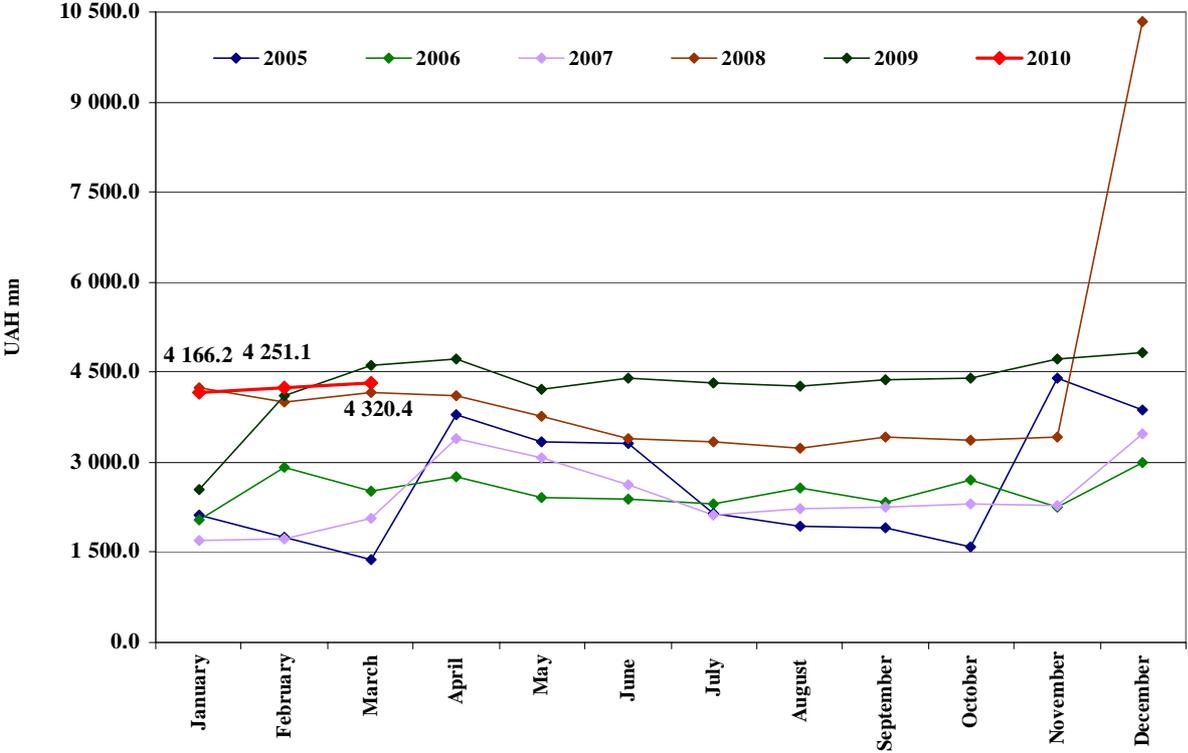
Graph 51

### State Budget Expenditures for Education Monthly Trends in 2005-2010



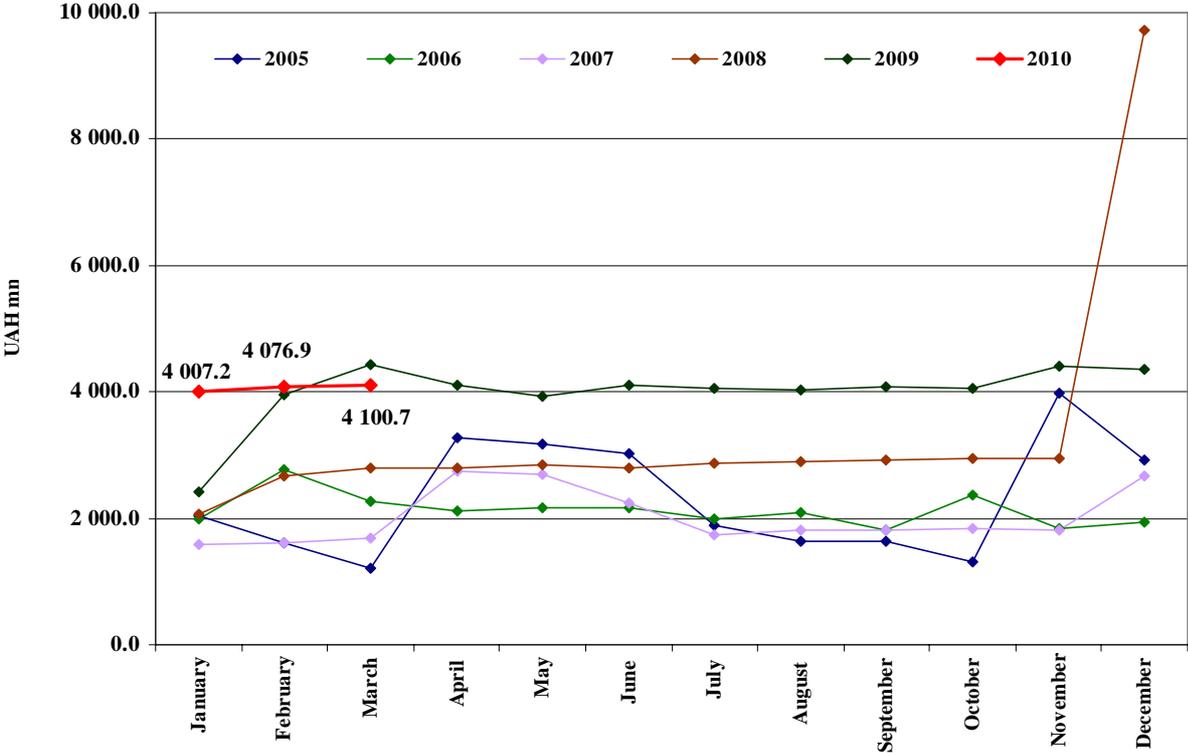
Graph 52

### State Budget Expenditures for Social Protection and Social Security Monthly Trends in 2005-2010



Graph 53

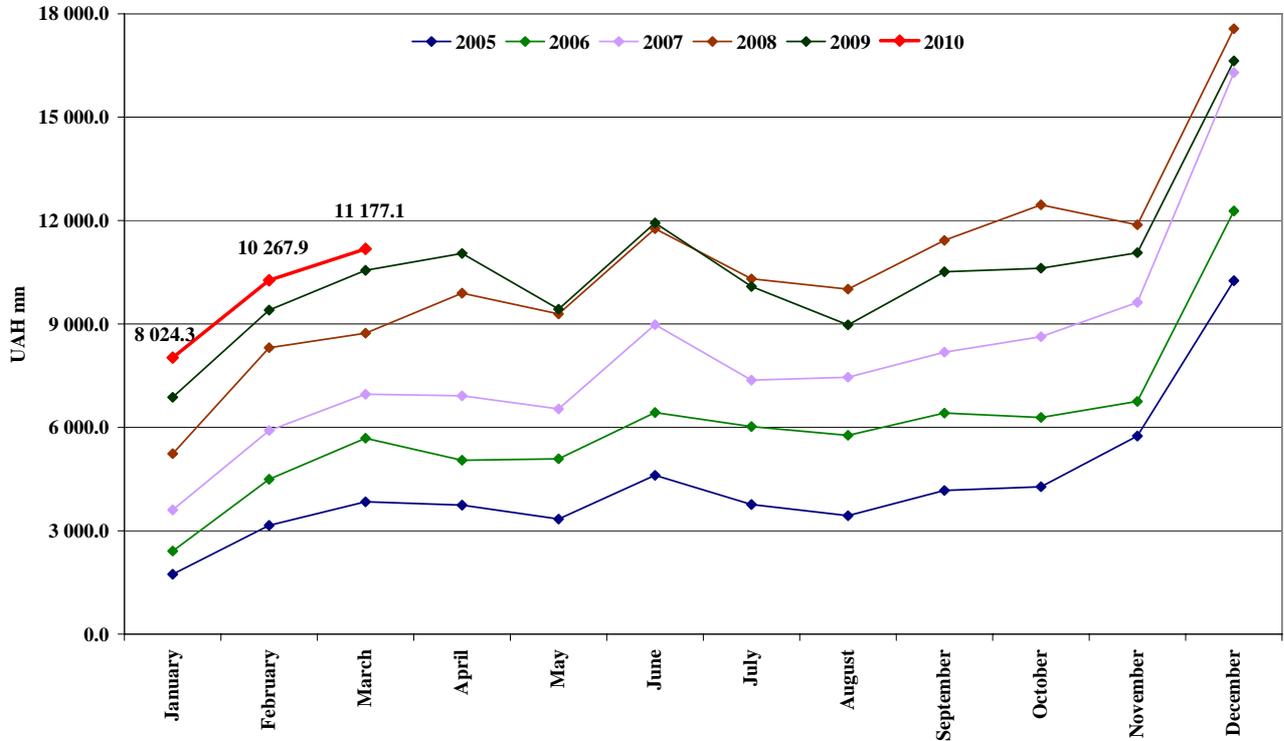
### State Budget Expenditures for Social Protection of Pensioners Monthly Trends in 2005-2010



## Local Budget Expenditures

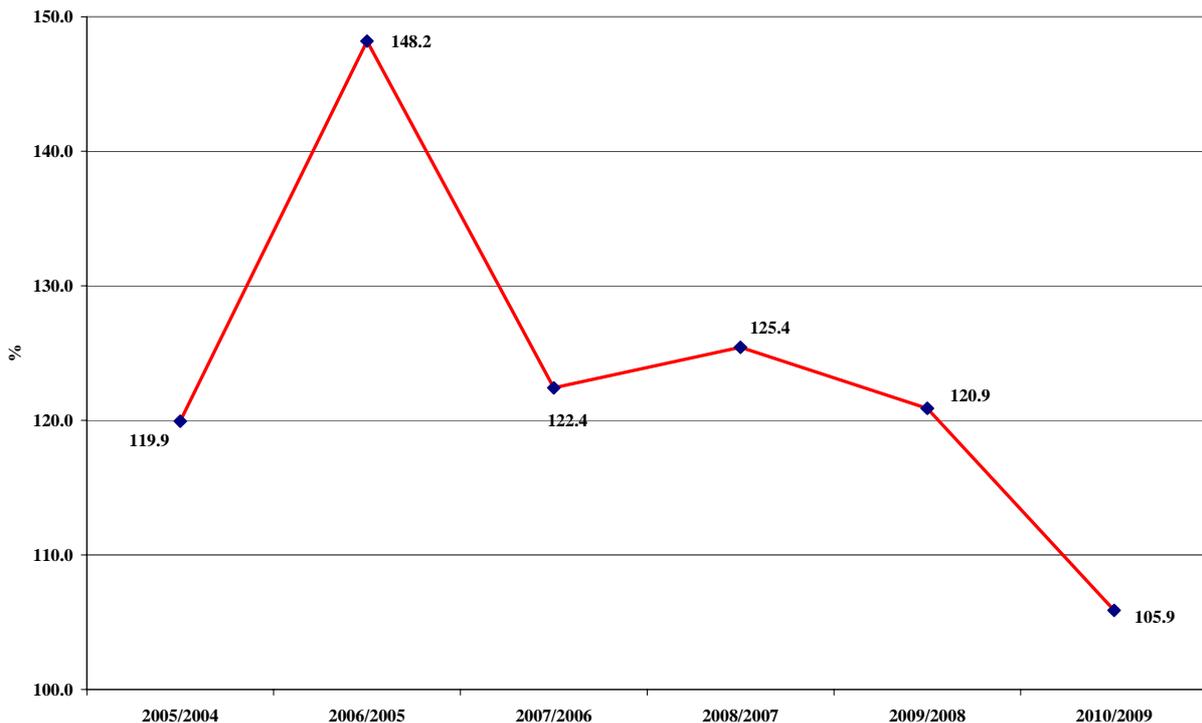
Graph 54

### Total Local Budget Expenditures (Less Intergovernmental Transfers) Monthly Trends in 2005-2010

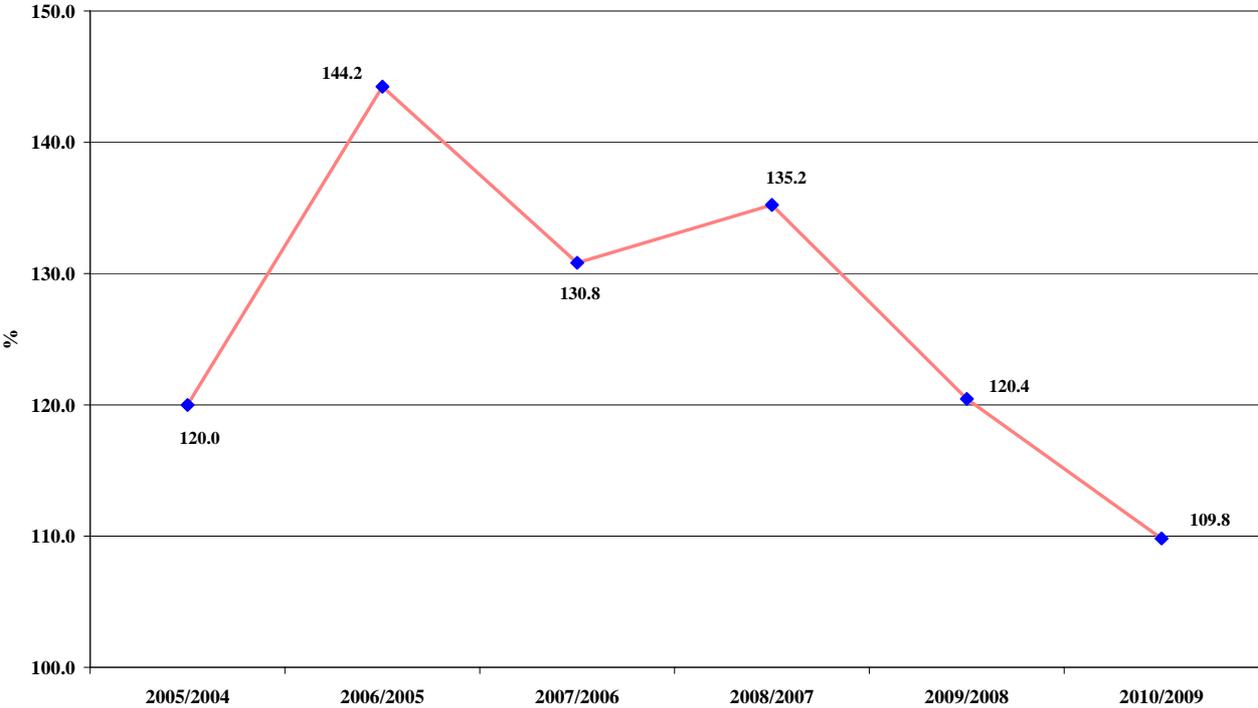


Graph 55

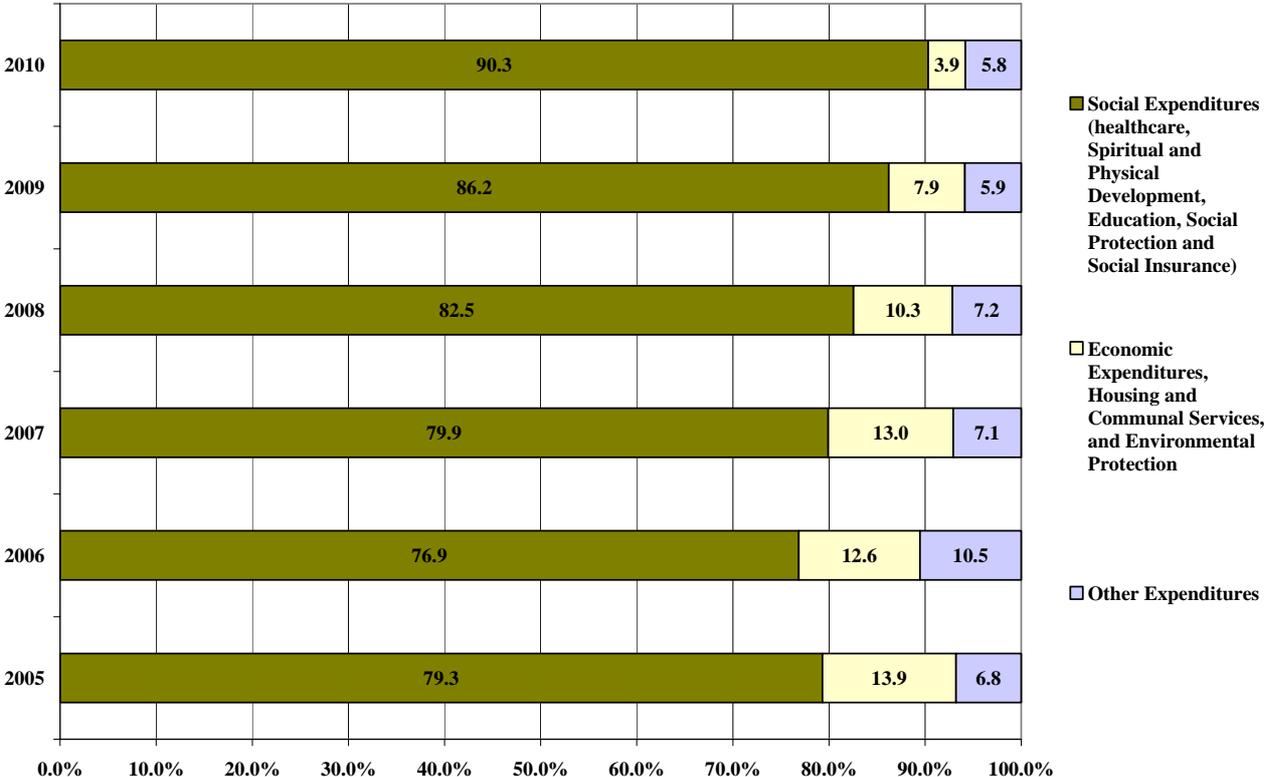
### Growth Rates of Local Budget Expenditures in March 2005-2010



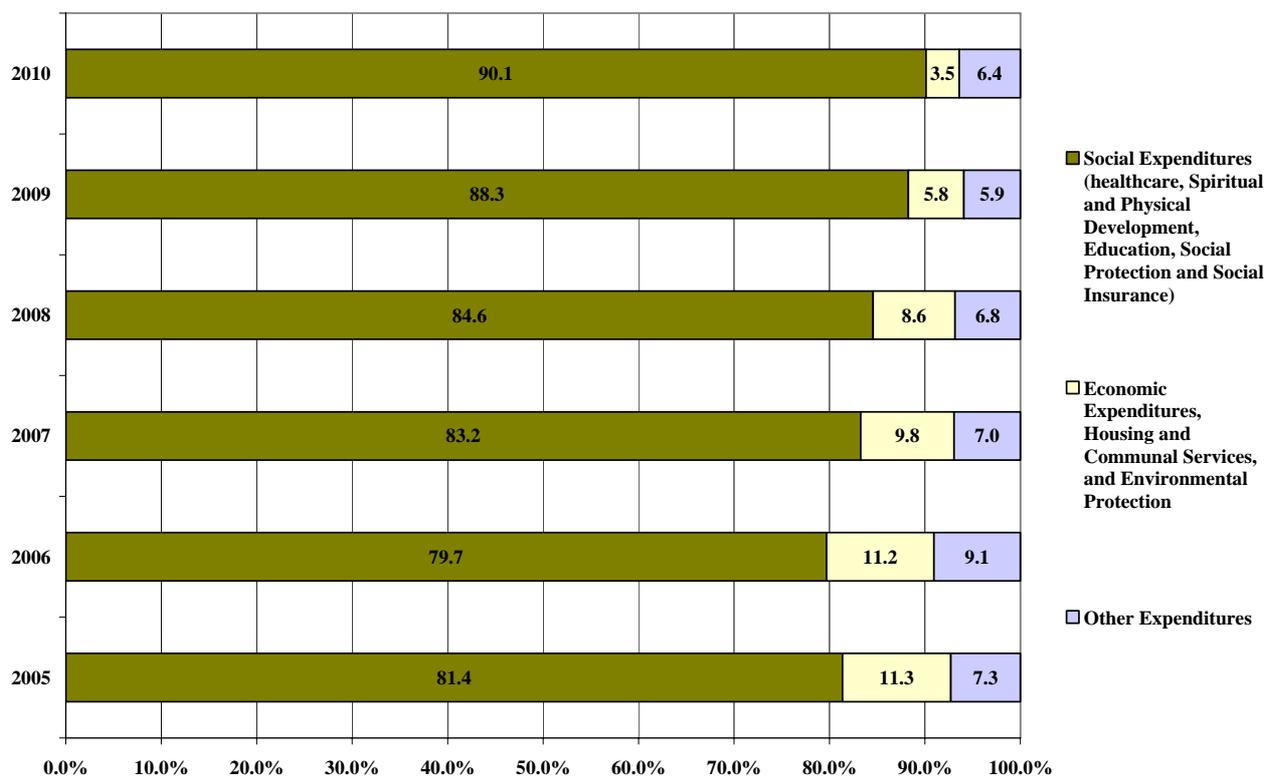
### Growth Rates of Local Budget Expenditures in January-March 2005-2010



### Structure of Actual Local Budget Expenditures in March 2005-2010

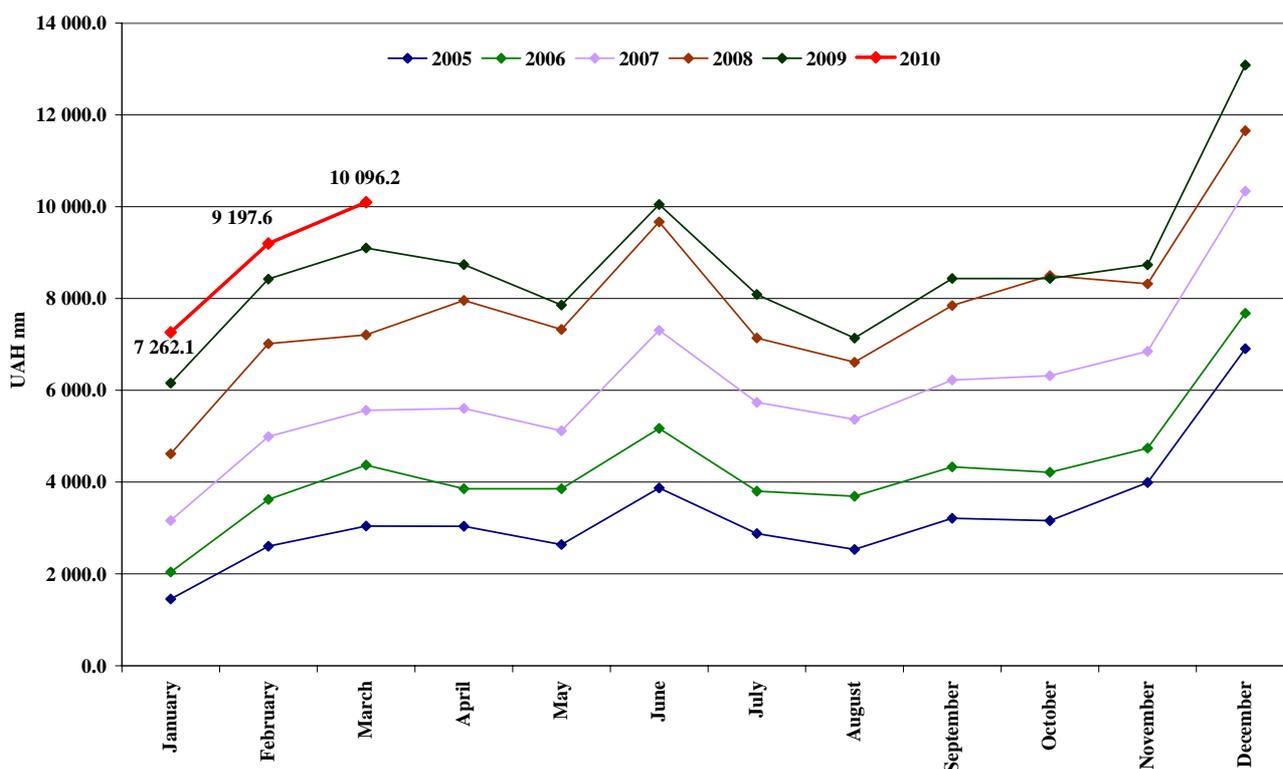


### Structure of Actual Local Budget Expenditures in January-March 2005-2010

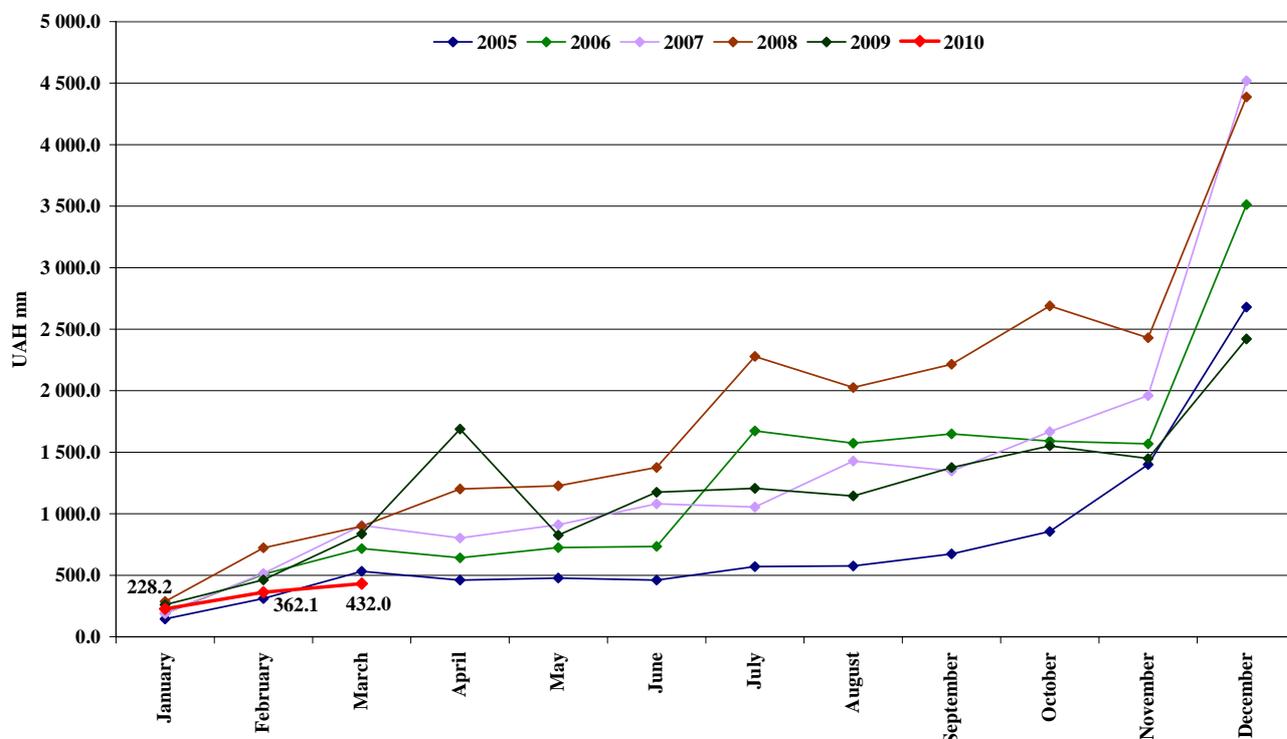


Graph 57

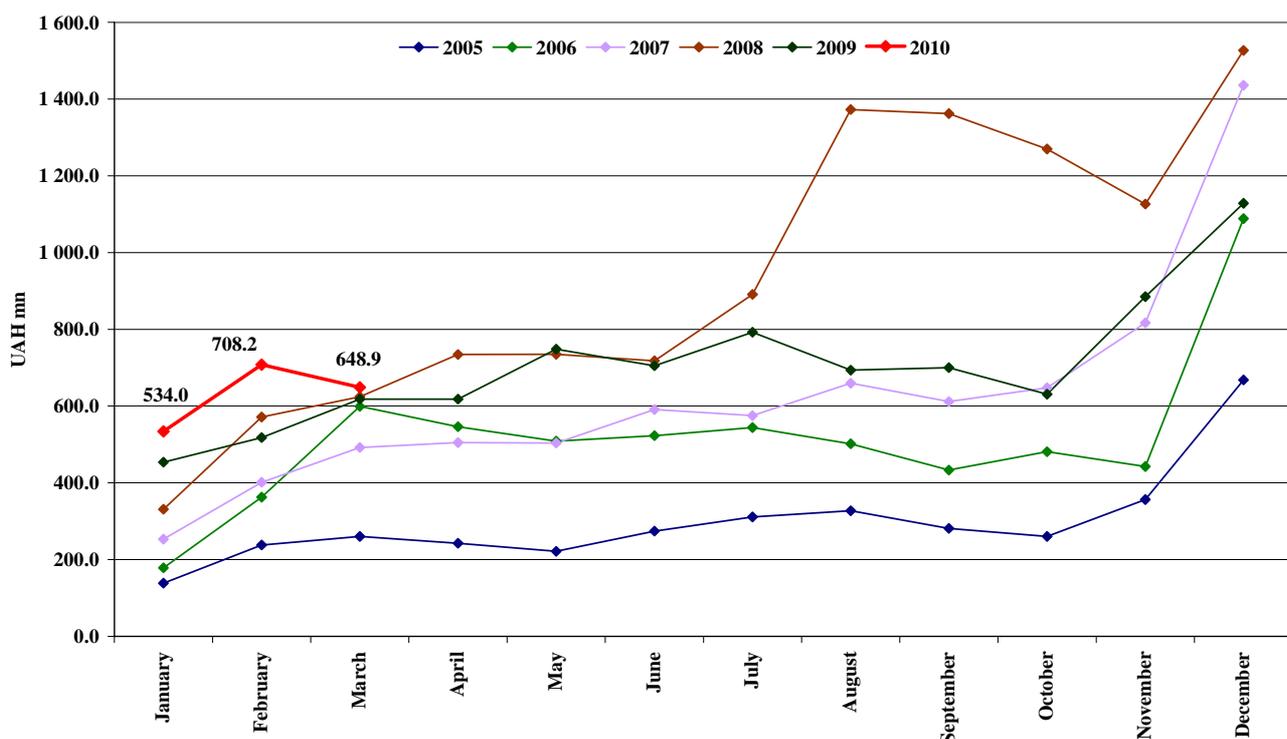
### Local Budget Social Expenditures (Healthcare, Education, Spiritual and Physical Development, Social Protection and Social Security) Monthly Trends in 2005-2010



### Local Budget Social Expenditures for Economic Activities, Housing and Communal Sector, and Environmental Protection Monthly Trends in 2005-2010



### Other Local Budget Expenditures Monthly Trends in 2005-2010



## Tendencies of the Banking System Development in Ukraine

In March 2010, the Ukrainian banking system was characterized by:

- **NBU's pursuing** a strict monetary and credit policy and taking steps to limit pressures on the currency exchange rate and **banks' conducting** a more flexible interest-rate policy in order to attract clients' national-currency funds;
- **stability** of the cash U.S. dollar exchange rate against the hryvnya;
- **a slight growth** in the total assets of the banking system;
- **an increased pace of growth** in both personal and corporate deposits in the national currency. Some two thirds of Ukrainian banks posted growth of deposits at clients' accounts in Q1 2010.
- a 0.7ppt **growth** in the share of bad loans in the total clients' loan portfolio, which amounted to 10.3% as of 1 April 2010. In absolute terms, bad debts increased by 2.3 % or by Hr 1.6bn to Hr 71.8bn;

As of 1 April 2010, 175 banks had licenses for conducting the banking business from the National Bank of Ukraine. Nineteen banks were in the process of liquidation, including seventeen banks liquidated by NBU decision and two banks liquidated by decision of commercial (arbitration) courts. Eight banks continue under temporary administration.

As of 1 April 2010, the number of operating banks with foreign capital remained unchanged at 51. The number of banks with 100.0% foreign capital also remains unchanged and stands at 18 financial institutions. The share of foreign capital in the Ukrainian banking system decreased by 1.0ppt, from 35.2% to 34.2% in Q1 2010.

Taking into account a sufficiently high level of the liquidity held by banks, the National Bank of Ukraine has somewhat increased the amount of their refinancing transactions. These transactions declined in March compared to February 2010 and amounted to Hr 0.5bn (Hr 1.6bn in February). Credits granted for the activities of preparation and hosting the Euro-2012 football championship were used as the main refinancing tool in March.

An average weighted interest rate on refinancing transactions decreased and amounted to 11.0% annual in March 2010 (12.0% in February). The amount of mandatory reserves accumulated by banks (including the funds remitted to the separate account) totaled Hr 11.6bn in March 2010, including Hr 5.6bn remitted by banks into the separate account with the National Bank of Ukraine.

A slight increase in the rate of development of the Ukrainian banking system was noted in March 2010, in particular with regard to growth of its aggregate assets. Thus, the aggregate assets of the Ukrainian banking system increased slightly in March vs. February 2010 (by 1.4%) and amounted to Hr 998.8bn. The clients' loan portfolio decreased by 0.7% and amounted to Hr 696.7bn in March.

As of 1 April 2010, the loan portfolio of legal entities totaled Hr 472.7bn or 67.8% of the total clients' loan portfolio. The total amount of credits issued to legal entities decreased by Hr 1.6bn (or by 0.3%) in March vs. February. The loan portfolio of legal entities increased in the national currency and decreased in foreign currencies (by Hr 2.4bn and - \$0.5bn, respectively) in March 2010.

As of 1 April 2010, the loan portfolio of individuals totaled Hr 224.0bn or 33.2% of the total clients' loan portfolio. The total amount of credits granted to individuals decreased by Hr 3.6bn in March vs. February, which was mostly due to gradual repayment of credit debts by clients. The loan portfolio of individuals decreased both in the national and foreign currencies (by Hr 0.4bn and \$0.4bn, respectively) in March 2010.

As of 1 April 2010, the deposit portfolio of economic agents totaled Hr 118.3bn or 15.8% of total liabilities, and the deposit portfolio of individuals totaled Hr 219.7bn or 29.4%.

The total amount of funds attracted from legal entities increased by Hr 9.0bn in March vs. February. This primarily occurred due to the national-currency deposits increasing by Hr 8.8bn (97.3% of the total growth amount). The foreign-currency deposits only showed a marginal growth of \$0.1bn.

In experts' opinion, a substantial growth of funds at accounts of legal entities (especially of national-currency funds) is unrelated to the seasonal increase of funds of budgetary organizations or reimbursement of VAT to enterprises. Analysts do not preclude the likelihood of hard-currency earnings being repatriated in Ukraine, into accounts of the exporters, who anticipate strengthening of the national currency.

An average cash dollar selling rate decreased by 1.1% in March 2010, therefore, legal entities were aggressively repatriating and selling out their export foreign-currency earnings. The inflow of national-currency deposits is expected to run at about Hr 4bn to Hr 5bn per month in April and May 2010. However, starting in June, the inflow of deposits will stabilize at about Hr 1bn to Hr 2bn.

The total amount of funds attracted from individuals increased by Hr 4.9bn in March vs. February 2010. This occurred thanks to increase in the amount of funds both in the national and foreign currencies (by Hr 2.2bn and \$0.5bn, respectively).

The growth in the amount of personal deposits and cash outside of banks in March 2010 reflected accordingly on the dynamics of money supply, whose amount increased by 2.9% up to Hr 494.2bn in March (up +0.4 % in February). The monetary base increased by 3.1% to Hr 196.6bn (up 0.9% year-to-date).

The banking system experienced no shortage of liquidity in Q1 2010: the amount of banks' correspondent accounts increased by 19.4% (up 3.1% in February) to Hr 20.3bn in March 2010. The amount of cash outside of banks increased by 0.7% to Hr 155.1bn in March (decreased by 1.2% year-to-date). The share of cash in the money supply structure decreased to 31.4% in March (compared with 32.1% in February).

The continued inflationary and devaluation expectations led to a slight change in the cost of money in the national currency, both for credits and deposits. An average weighted rate on deposits in the national currency increased by 0.1% to 13.2% in March and decreased by 1.3% for credits, to 16.8%. An average weighted cost of foreign-currency credits increased by 0.9% to 11.3% in March, while it decreased for foreign-currency deposits by 0.4% to 8.9%.

An average weighted rate for contracts at the interbank credit market decreased from 4.9% annual in February 2010 (including 2.2% for overnight credits) to 3.2% (1.6% for overnight credits) in March 2010.

As of 1 April 2010, the equity of banks amounted to Hr 133.8bn or 15.2% of liabilities and had the following structure: the registered authorized capital accounts for 96.0% in the equity structure, with 1.0 % for the dividends used to increase the authorized capital; 4.7% for issue difference; 11.4% for general provisions and other funds of banks; 0.4 % for results of previous years; -23.4% for results of the reporting year pending approval; 2.0% for results of the reporting year; and 7.9% for revaluation of fixed assets, intangibles, securities for sale in bank portfolios, and investments into associated companies.

Based on the preliminary results of banks operation during Q1 2010, their income amounted to Hr 32.6bn, including interest income of Hr 28.2bn (or 86.6% of total income), and commission income of Hr 3.4bn (10.4%). The bank costs totaled Hr 37.0bn, including interest costs of Hr 16.1bn (or 43.5% of total costs), deductions into reserves of Hr 12.0bn (32.4%), and commission costs of Hr 0.6bn (1.6%). The net loss of the banking system totaled Hr 4.4bn.

# Banking System

Diagram 23

## Dynamics of Total Assets and Clients' Loan Portfolio of the Ukrainian Banking System in 2009-2010

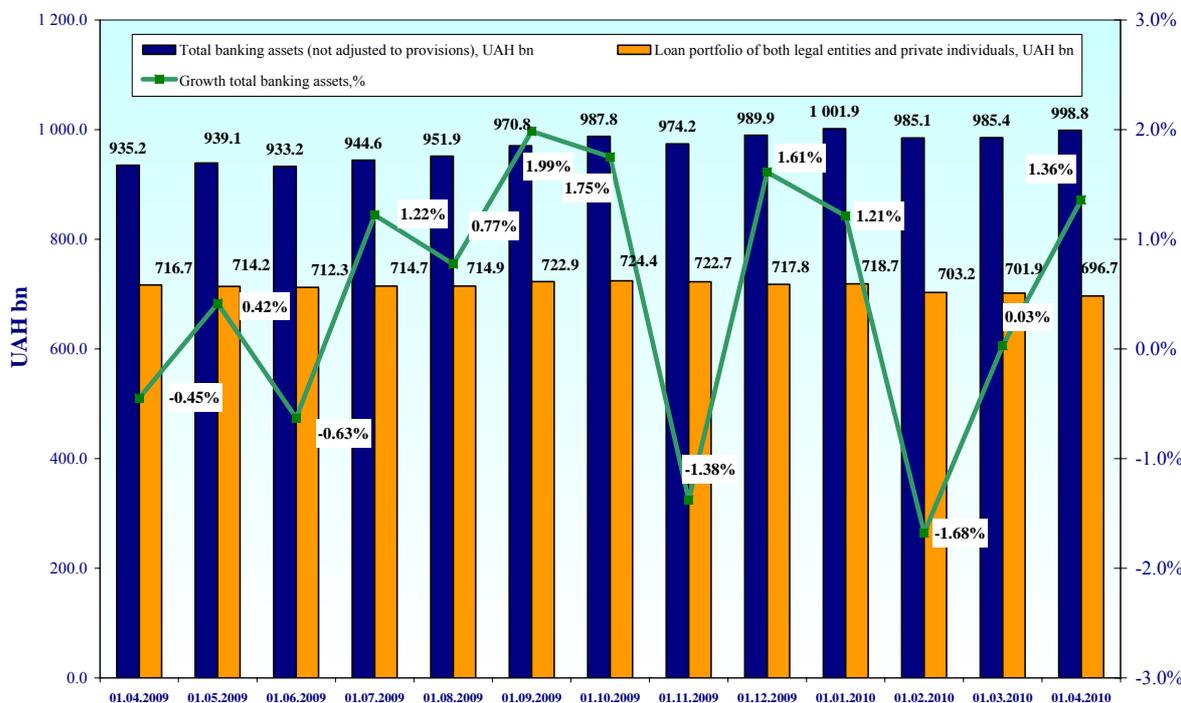
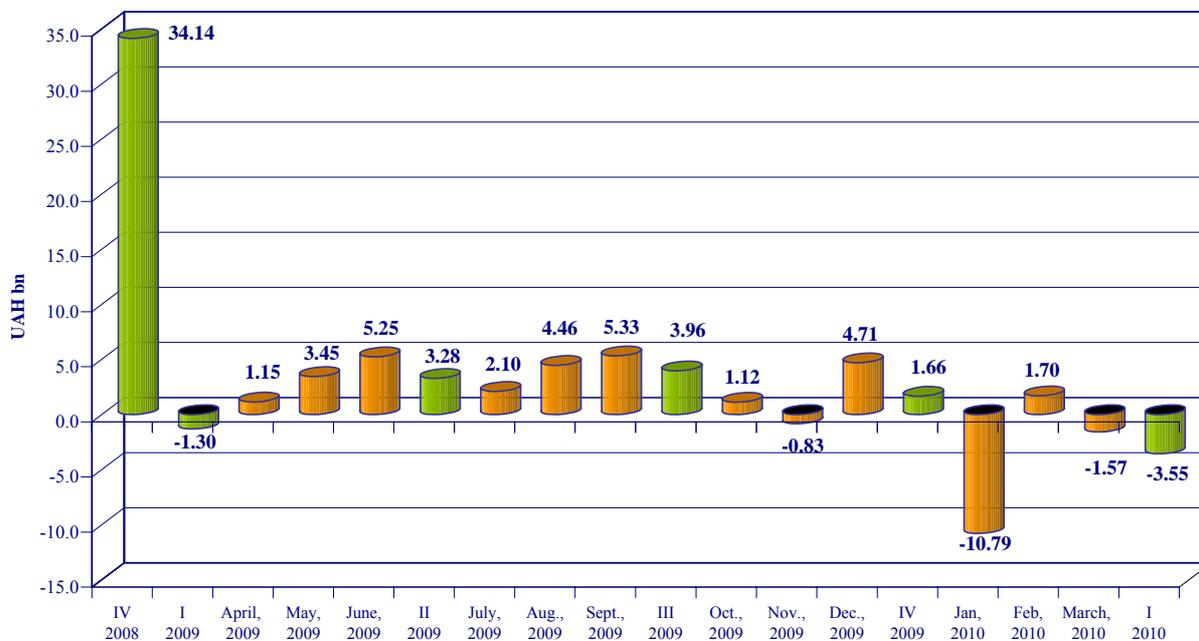


Diagram 24

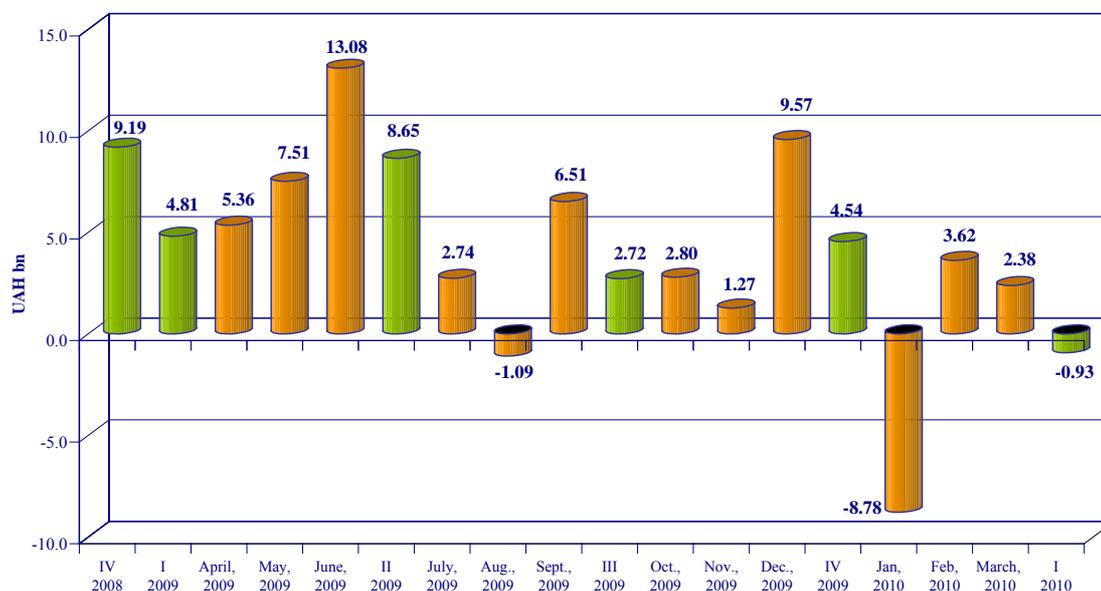
## Changes in the Amount of Legal Entities Loan Portfolio



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Legal entities loan portfolio, UAH bn	456.62	457.77	461.22	466.47	468.57	473.03	478.36	479.48	478.65	483.36	472.57	474.27	472.70
Growth rate of legal entities loan portfolio, %	0.61	0.25	0.75	1.14	0.45	0.95	1.13	0.23	-0.17	0.98	-2.23	0.36	-0.33

Diagram 25

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



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Legal entities loan portfolio in national currency, UAH bn	239.53	244.89	252.40	265.48	268.22	267.13	273.64	276.44	277.71	287.28	278.50	282.12	284.50
Growth rate of legal entities loan portfolio in national currency, %	3.26	2.23	3.07	5.18	1.03	-0.41	2.44	1.02	0.46	3.45	-3.06	1.30	0.84

Diagram 26

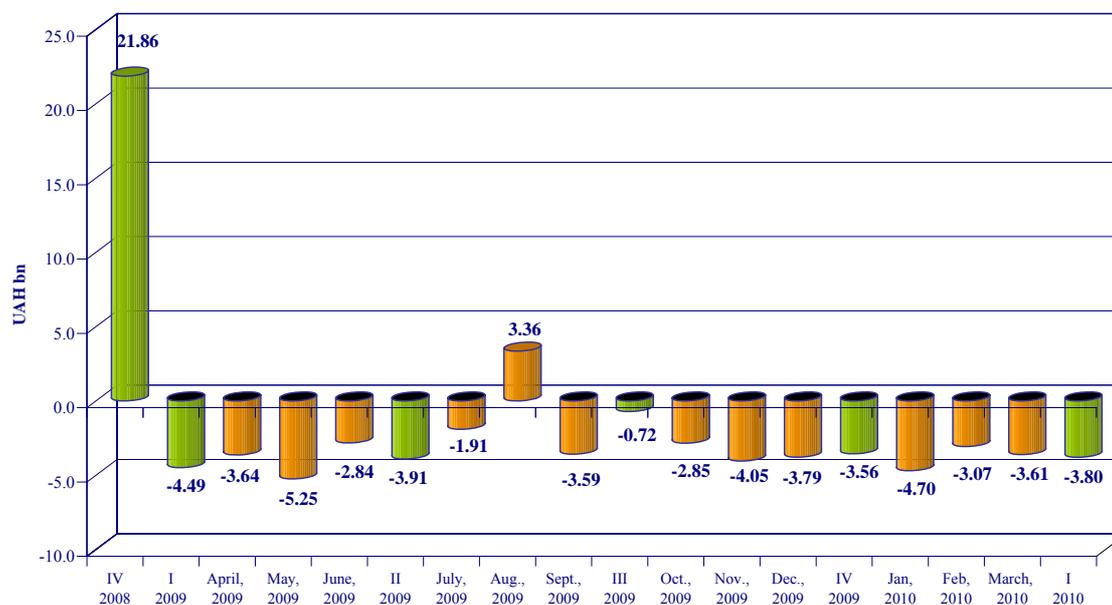
## Changes in the Amount of Legal Entities Loan Portfolio in Foreign Currencies



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Legal entities loan portfolio in foreign currencies, USD bn	28.19	27.65	27.41	26.34	26.03	25.77	25.56	25.41	25.15	24.54	24.26	24.02	23.52
Growth rate of legal entities loan portfolio in foreign currencies, %	-2.17	-1.94	-1.91	-3.75	-0.32	2.77	-0.58	-0.82	-1.03	-2.42	-1.02	-0.99	-2.06

Diagram 27

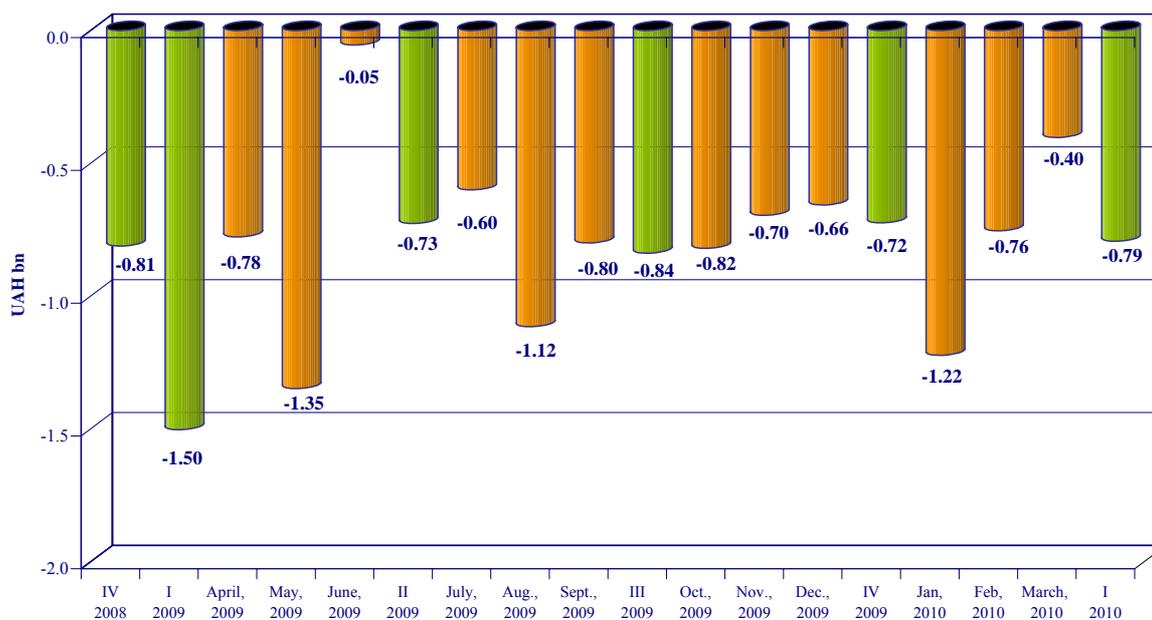
### Changes in the Amount of Individuals Loan Portfolio



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Individuals loan portfolio, UAH bn	259.92	256.28	251.03	248.19	246.28	249.64	246.05	243.20	239.15	235.36	230.66	227.59	223.98
Growth rate of individuals loan portfolio, %	-1.58	-1.40	-2.05	-1.13	-0.77	1.36	-1.44	-1.16	-1.66	-1.59	-2.00	-1.33	-1.59

Diagram 28

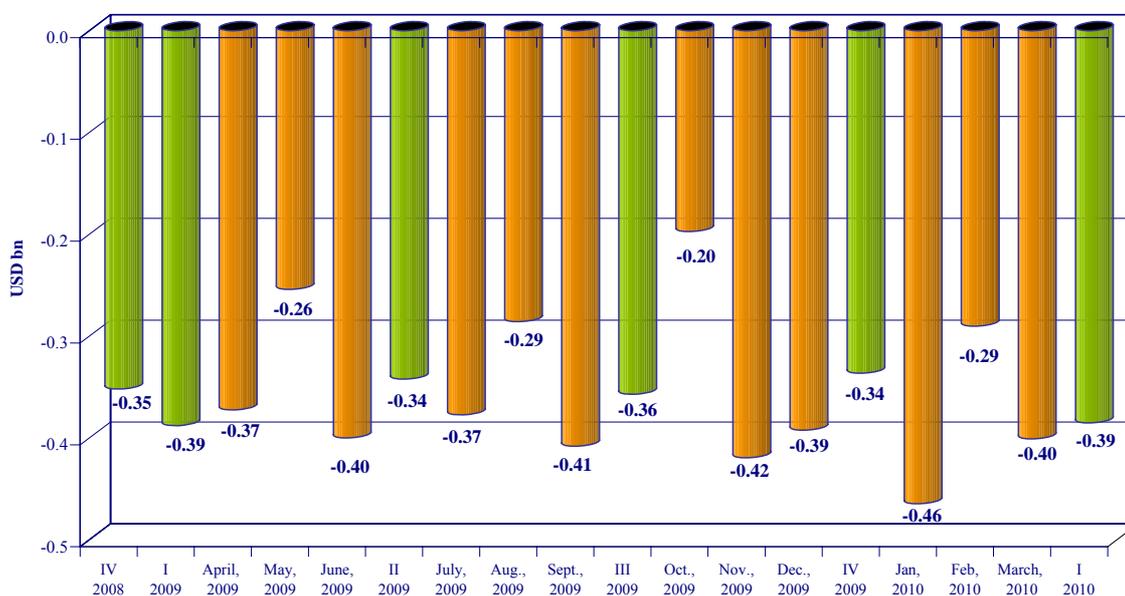
### Changes in the Amount of Individuals Loan Portfolio in the National Currency



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Individuals loan portfolio in national currency, UAH bn	70.51	69.73	68.38	68.33	67.73	66.61	65.81	64.99	64.30	63.64	62.42	61.66	61.26
Growth rate of individuals loan portfolio in national currency, %	-2.42	-1.10	-1.93	-0.08	-0.88	-1.65	-1.20	-1.25	-1.07	-1.02	-1.92	-1.21	-0.65

Diagram 29

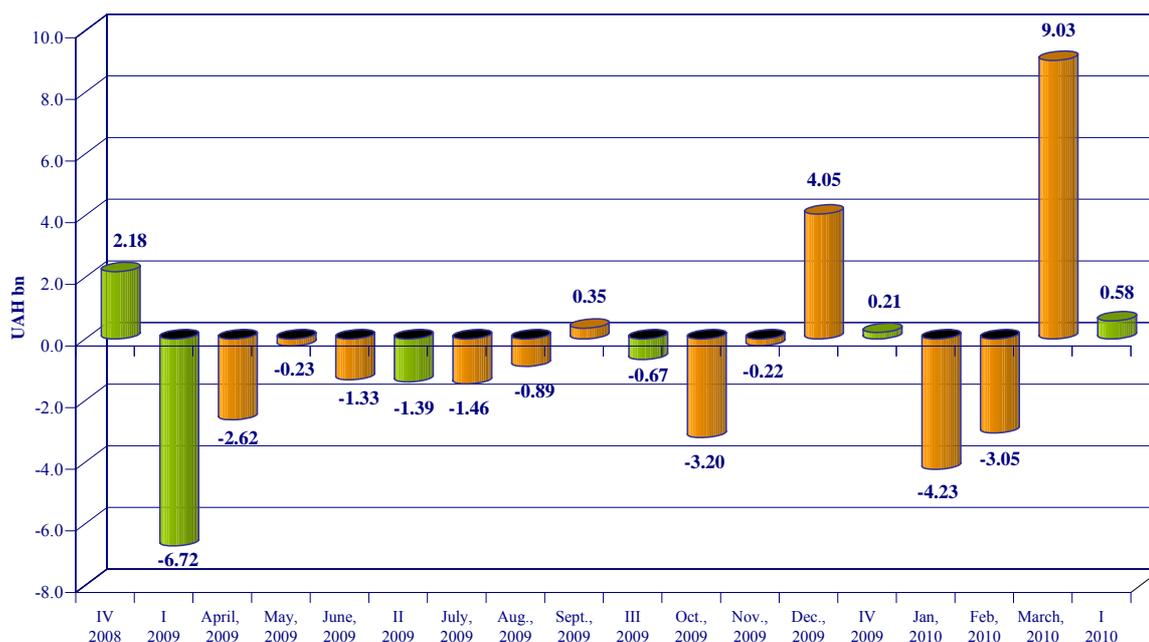
## Changes in the Amount of Individuals Loan Portfolio in Foreign Currencies



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Individuals loan portfolio in foreign currencies, USD bn	24.60	24.23	23.97	23.57	23.20	22.91	22.50	22.30	21.88	21.49	21.03	20.74	20.34
Growth rate of individuals loan portfolio in foreign currencies, %	-1.27	-1.51	-2.09	-1.52	-0.73	2.50	-1.52	-1.12	-1.88	-1.79	-2.02	-1.38	-1.93

Diagram 30

## Changes in the Amount of Legal Entities Deposit Portfolio



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Legal entities deposit portfolio, UAH bn	122.10	119.48	119.25	117.92	116.46	115.57	115.92	112.72	112.50	116.55	112.32	109.27	118.30
Growth rate of legal entities deposit portfolio, %	-1.69	-2.15	-0.19	-1.11	-1.24	-0.77	0.30	-2.76	-0.20	3.60	-3.63	-2.72	8.27

Diagram 31

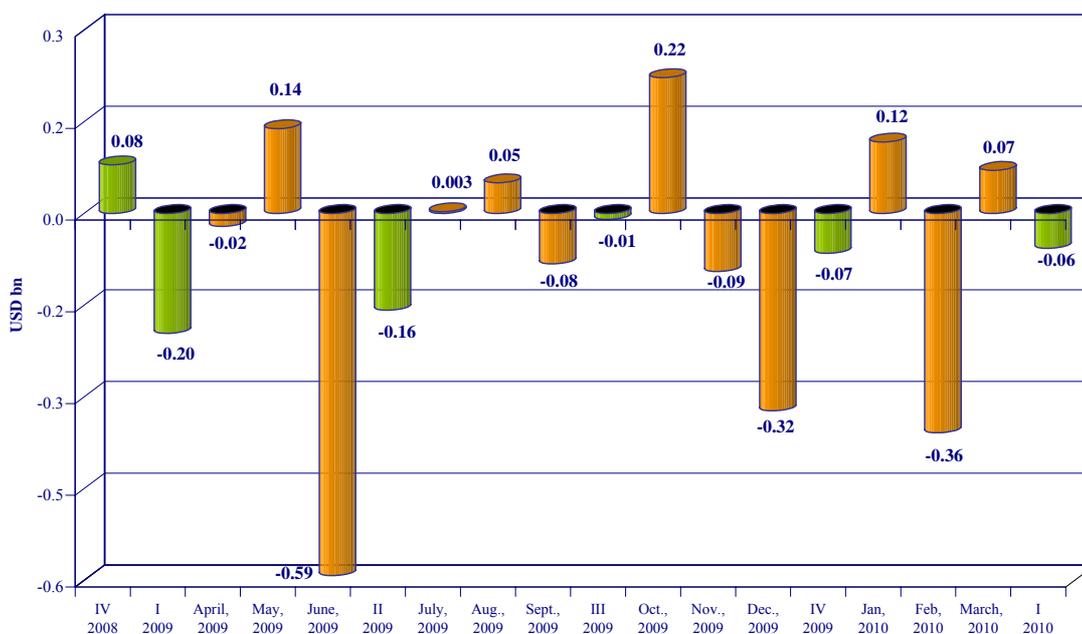
## Changes in the Amount of Legal Entities Deposit Portfolio in the National Currency



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Legal entities deposit portfolio in national currency, UAH bn	77.20	74.21	73.40	76.52	74.68	71.81	72.70	67.83	68.42	75.00	69.77	69.65	78.45
Growth rate of legal entities deposit portfolio in national currency, %	0.60	-3.87	-1.09	4.25	-2.41	-3.84	1.24	-6.69	0.87	9.62	-6.97	-0.18	12.64

Diagram 32

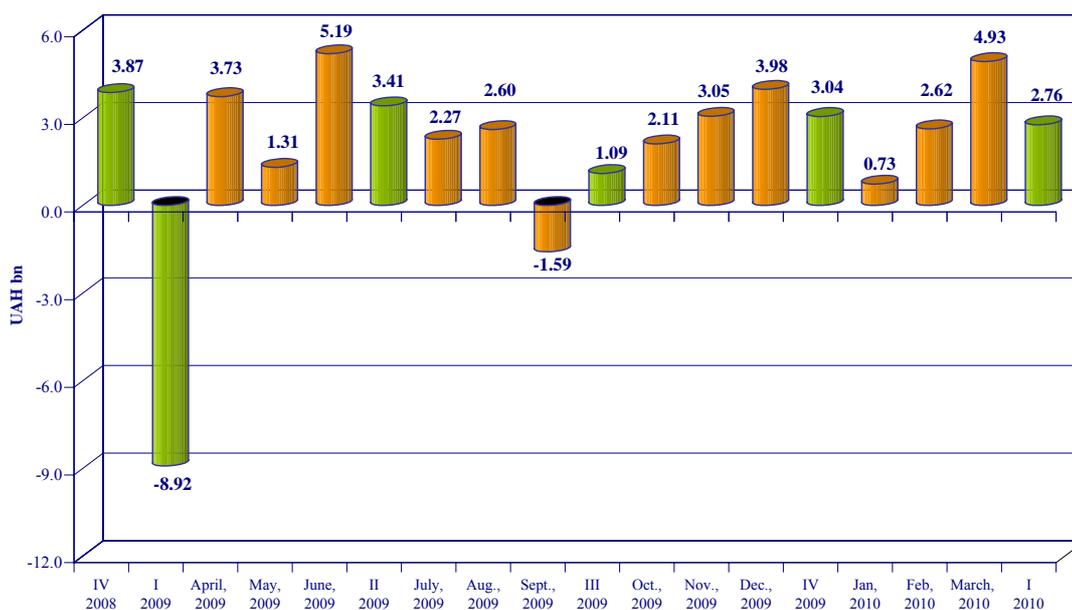
## Changes in the Amount of Legal Entities Deposit Portfolio in Foreign Currencies



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Legal entities deposit portfolio in foreign currencies, USD bn	5.90	5.88	6.02	5.43	5.43	5.48	5.40	5.62	5.52	5.20	5.32	4.96	5.03
Growth rate of legal entities deposit portfolio in foreign currencies, %	-4.28	-0.36	1.28	-9.71	0.94	4.74	-1.25	3.86	-1.80	-5.74	2.39	-6.88	0.60

Diagram 33

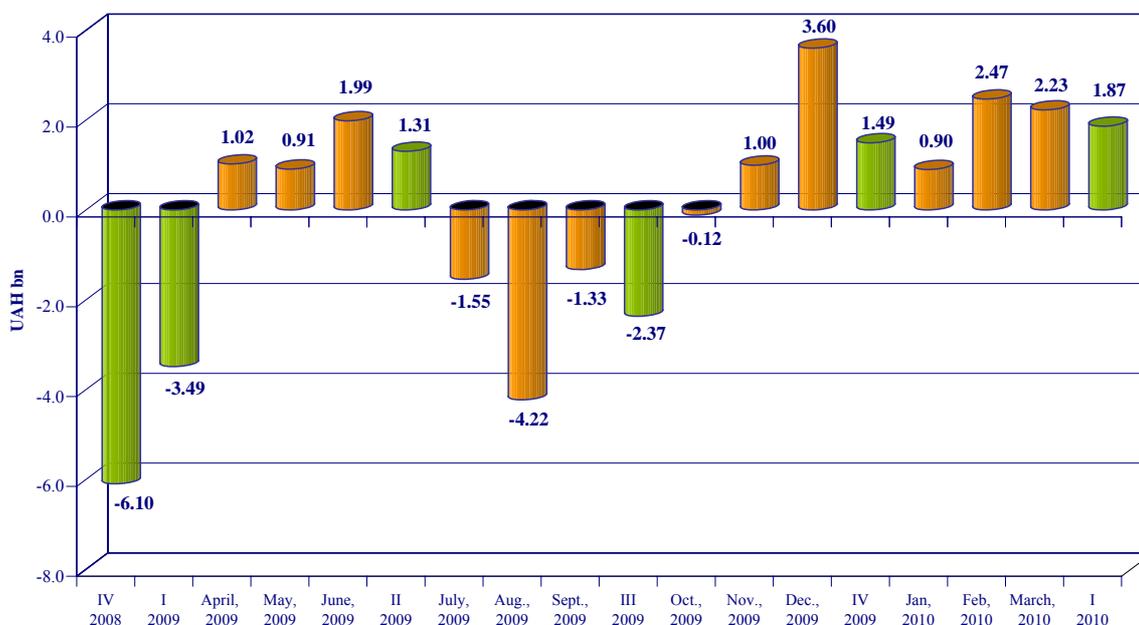
### Changes in the Amount of Individuals Deposit Portfolio



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Individuals deposit portfolio, UAH bn	188.80	192.53	193.84	199.03	201.30	203.90	202.31	204.42	207.47	211.45	212.18	214.80	219.73
Growth rate of individuals deposit portfolio, %	-3.80	1.97	0.68	2.68	1.14	1.29	-0.78	1.04	1.49	1.92	0.35	1.24	2.29

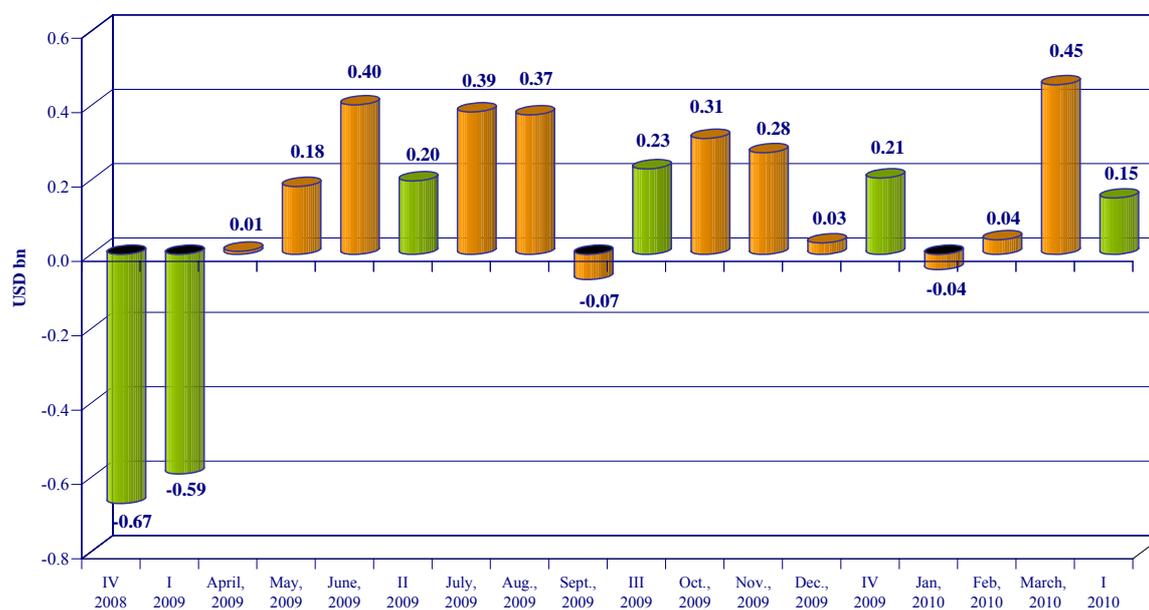
Diagram 34

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



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
Individuals deposit portfolio in national currency, UAH bn	97.50	98.52	99.43	101.42	99.87	95.65	94.32	94.20	95.20	98.80	99.70	102.17	104.40
Growth rate of individuals loan portfolio in national currency, %	-2.39	1.05	0.92	2.00	-1.52	-4.23	-1.39	-0.12	1.06	3.78	0.91	2.48	2.18

## Changes in the Amount of Individuals Deposit Portfolio in Foreign Currencies



Indicator	01.04.09	01.05.09	01.06.09	01.07.09	01.08.09	01.09.09	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10
<b>Individuals deposit portfolio in foreign currencies, USD bn</b>	12.20	12.21	12.39	12.79	13.18	13.55	13.48	13.79	14.07	14.10	14.06	14.10	14.55
<i>Growth rate of individuals deposit portfolio in foreign currencies, %</i>	-2.52	0.07	0.42	3.40	3.91	6.73	-0.24	2.06	1.86	0.33	-0.15	0.14	2.40