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# **Monthly Monitoring of Main Indicators of the Budget and Banking Systems of Ukraine as of October 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.

This product is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the Institute for Budgetary and Socio-Economic Research (IBSER) and do not necessarily reflect the views of USAID or the United States Government.

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

According to the official data, **the actual revenues of the consolidated budget of Ukraine** totaled Hr 215.3bn in January-September 2010, which is Hr 20.3bn or 10.4% more year-on-year. The share of tax revenues amounted to 74.5% against 74.1% in the respective period of 2009.

The annual plan was implemented by 67.9%. The actual execution of the consolidated budget revenues amounted to 67.6% in January-September 2009.

According to the official data, **the actual revenues of the State budget of Ukraine** totaled Hr 162.7bn in January-September 2010, which is Hr 25.1bn or 19.2% more year-on-year. The annual State budget plan was executed by 64.3%. The actual execution of the State budget revenues amounted to 66.1% in January-September 2009.

The value-added tax remain the key "problematic" source of revenues. Thus, the revenues from this source were only executed by 53.2% over nine months of this year. Notably, the amount intended for refund of this tax from the budget and not refunded totaled Hr 11.6bn based on the results of three first quarters of the year or 42.1% of the annual plan.

A special feature of budget revenue execution in Q3 2010 consisted in covering the overdue debt on value-added tax refund totaling Hr 16.4bn by internal government bonds. This deferment of VAT refund was credited to the State budget revenues with the "minus" sign. Given the adjustment of budget indicators by the amount of VAT debt refund through internal government bonds, **the actual intake of revenues of the consolidated Budget of Ukraine** totaled Hr 231.8bn in January-September 2010, which is Hr 36.7bn or 18.8% more year-on-year, and **the actual intake of revenues of the State budget of Ukraine** totaled Hr 174.4bn, which is Hr 30.7bn or 21.3% more year-on-year.

**The total local budget revenues (without intergovernmental transfers)** amounted to Hr 57.3bn in January-September 2010, which is Hr 6.0bn or 11.8% more than the respective indicator of 2009. The local budget revenues totaled Hr 7.2bn in September and demonstrated an increase of 18.2% year-on-year.

A 20.4% increase was observed in the actual amount of local budget tax revenues in September 2010 compared to September 2009 (at the same time, the amount of such revenues increased by 13.0% in January-September against the same period of last year). Overall, local budgets received Hr 5.9bn in tax revenues in September (Hr 48.3bn in January-September 2010).

Revenues from the personal income tax totaled Hr 4.5bn in September, which is 21.0% more than in September 2009. In total, Hr 36.2bn from this tax was received in January-September 2010 (up 12.3% year-on-year).

Similarly to the year 2009, the first nine months of 2010 show a stable growth in revenues from the payment for land, which amounted to Hr 817.9mn in September with a 14.7% growth against the same period in 2009 (Hr 7.1bn received year-to-date, with the respective growth of 14.7%).

Non-tax revenues of local budgets totaled Hr 947.4mn in September (they amounted to Hr 813.4mn in September 2009). The amount of non-tax revenues increased by 7.9% in January-September 2010 against the respective period in 2009.

The nominal intake of revenues from capital transactions was lower in September 2010 compared to last year's indicator. The intake of these revenues totaled Hr 206.4mn in the reviewed period, which is 19.2% less than the respective indicator of last year. These revenues totaled Hr 1.9bn in January-September 2010, which is 0.2% more year-on-year.

**The State budget deficit totaled Hr 52.8bn in January-September 2010**, which is 2.2 times more year-on-year, including the General Fund deficit of Hr 30.0bn and Special Fund deficit of Hr 22.8bn.

The General Fund deficit was financed in January-September 2010 at the expense of internal borrowing incurred at the amount of Hr 27.7bn, which is Hr 10.5bn or 27.4% less compared to the same period of last year; as well as external borrowing incurred at the amount of Hr 39.7bn, which is Hr 0.4bn or 0.8% less year-on-year. The debt repayment totaled Hr 16.7bn, which is Hr 1.3bn or 8.2% 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 50.8bn (to compare, budget borrowing exceeded debt repayment by Hr 62.8bn in January-September of last year).

Financing for active transactions for the General Fund of the budget totaled Hr (-20.8bn) in January-September 2010, including Hr (-21.0bn) for change in the balance of budget funds and Hr 0.2bn for change in the amount of deposits and securities used for liquidity management.

The emergence of a Special Fund deficit of Hr 22.8bn is mostly due to incurring a debt at the amount of Hr 31.1bn in the period under review.

The balance of funds totaled Hr 44.5bn at the end of September 2010, including Hr 24.9bn in the General Fund and Hr 19.6bn in the Special Fund.

**In September 2010, the State budget deficit** totaled Hr 8.5bn or 15.7% of the annual ceiling (a deficit of Hr 7.6bn was noted in September 2009). A deficit of Hr 5.1bn accrued in the General Fund of State budget in September, with a Special Fund deficit of Hr 3.4bn. The debt was incurred at Hr 19.0bn, with debt repayment of Hr 2.0bn in September, which amounts to 8.5% of the 2010 debt repayment plan; the financing for active transactions totaled Hr (-8.4bn) in September.

**The expenditures of the consolidated budget of Ukraine** totaled Hr 262.5bn in **January-September 2010** (including General Fund expenditures of Hr 214.1bn and Special Fund expenditures of Hr 48.4bn), which is Hr 45.0bn or 20.7% more year-on-year. It should be noted that the expenditures for social protection and social security increased by 41.8%, for healthcare by 20.1%, and for education by 16.9% in January-September compared to respective indicators of 2009. At the same time, the expenditures for agriculture, forestry, game-preserves, and fisheries decreased by 12.7% in this period year-on-year.

**The actual expenditures of the consolidated budget of Ukraine in September 2010** totaled Hr 32.1bn, which is 20.2% more year-on-year (to compare: the year-on-year increase in September expenditures in the period of 2007-2008 amounted to 139.8%, 134.0%, respectively, with a decline by 3.3% recorded in 2009).

The year-on-year growth trends were demonstrated in September of this year by expenditures in such sectors as healthcare (by 32.0%), education (by 25.8%), and social protection and social security (by 12.9%). At the same time, expenditures for agriculture, forestry, game-preserves, and fisheries decreased by 6.1% in September.

**The expenditures of the State budget of Ukraine (with intergovernmental transfers)** totaled Hr 215.2bn in **January-September 2010** (including General Fund expenditures of Hr 173.9bn and Special Fund expenditures of Hr 41.3bn), which is Hr 44.3bn or 25.9% more year-on-year. In particular, the expenditures for housing and communal services increased 4.6 times year-on-year, those for spiritual and physical development - by 93.8%, for debt servicing - by 93.1%, for social protection and social security - by 49.2%, and for general government - by 32.7%. At the same time, the expenditures for economic activity decreased by 7.3% in the said period, including those for the fuel and energy complex - by 14.3%, for agriculture, forestry, game-preserves, and fisheries - by 13.2%, and for transport - by 1.5%.

**Expenditures of the State budget (with intergovernmental transfers)** totaled Hr 26.1bn in **September 2010**, including General Fund expenditures of the State budget of Hr 20.2bn and Special Fund expenditures of Hr 5.9bn.

The expenditures of the State budget of Ukraine increased by 24.4% in September 2010 year-on-year.

In particular, expenditures for debt servicing increased by 71.5% in September 2010 year-on-year, those for spiritual and physical development - by 57.0%, and for transport - by 45.7%. At the same time, expenditures decreased by 12.4% for the fuel and energy complex, by 6.9% for

agriculture, forestry, game-preserves, and fisheries, and by 3.4% for social protection of pensioners compared to respective indicators of 2009.

**The total local budget expenditures (without intergovernmental transfers)** amounted to Hr 104.1bn **in January-September 2010**, which is 17.2% more year-on-year. At the same time, the first nine months of 2010 demonstrate a 21.8% growth in social expenditures of local budgets, and a 19.2% decline in expenditures for economic activity, housing and communal services, and environmental protection.

**The total local budget expenditures (without intergovernmental transfers)** amounted to Hr 13.4bn **in September 2010**, which is 27.2% more year-on-year. The social expenditures of local budgets increased by 31.2% in September.

The expenditures for economic activity, housing and communal services, and environmental protection demonstrated an overall growth by +10.5%. It should be noted that the nominal amounts of these expenditures were greater year-on-year in July, August, and September 2010 only, with their decline being observed in the first six months of the year.

Other expenditure items of local budgets increased by 11.9% in general compared to the indicators of September 2009.

# State Budget Revenues

Diagram 1

## Structure of State Budget Revenues in September 2010

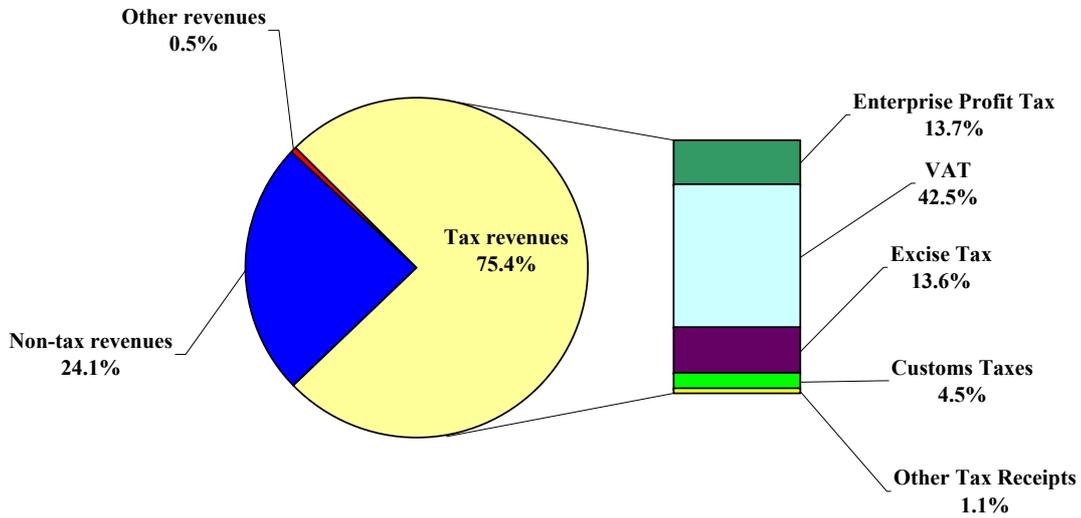
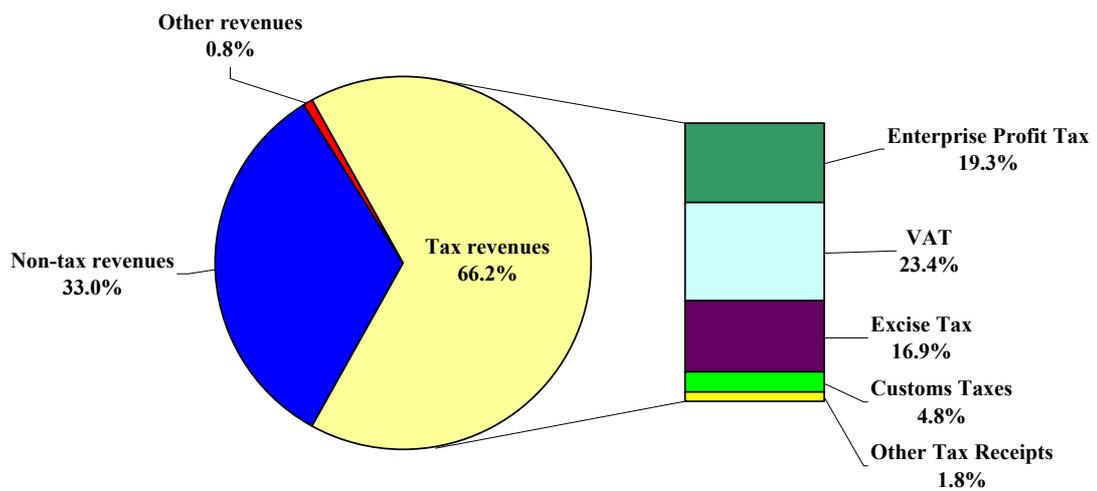
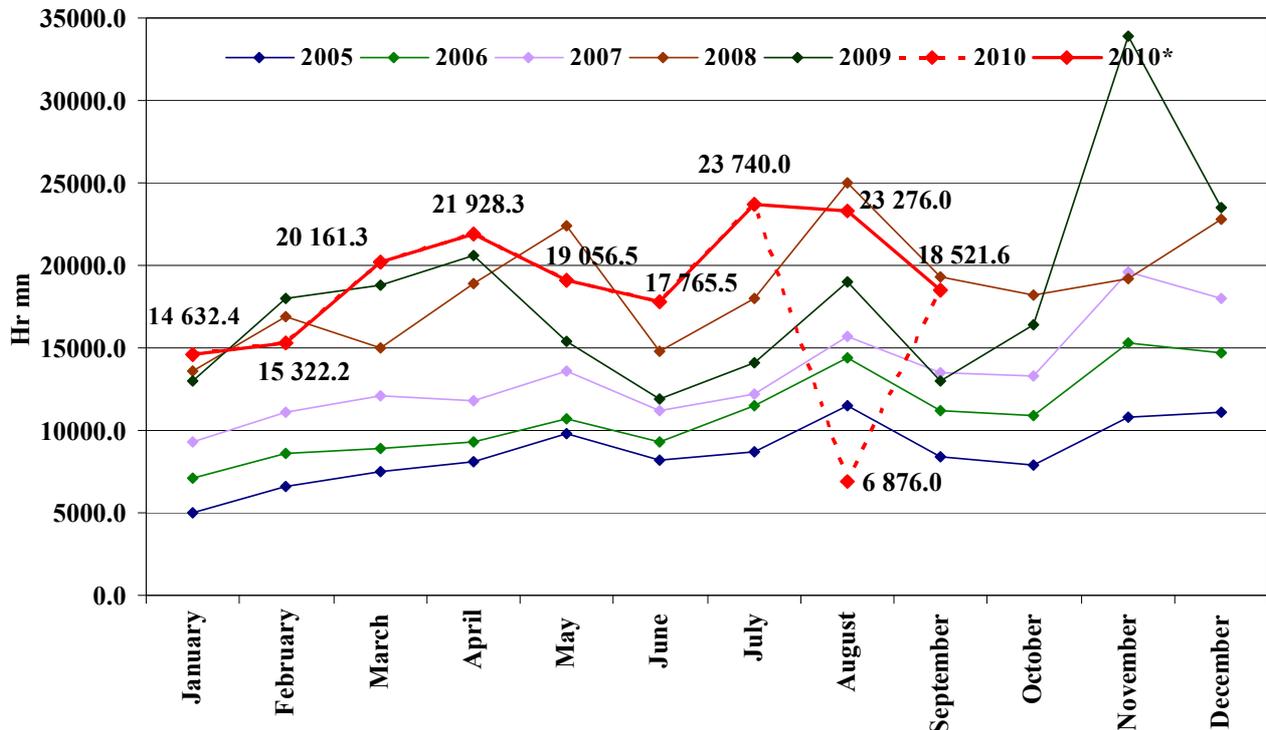


Diagram 2

## Structure of State Budget Revenues in September 2009



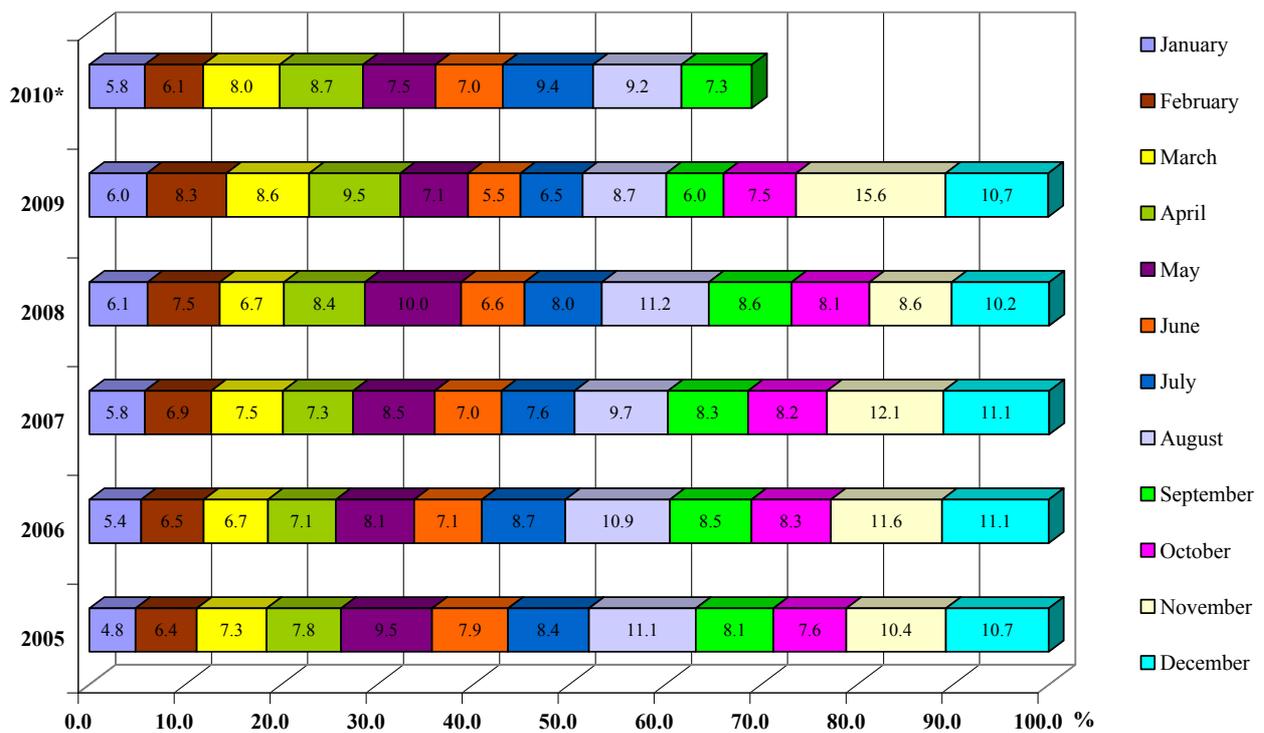
### State Budget Total Revenues Monthly Trends in 2005-2010



\*excluding the amount of VAT reimbursement debt of Hr 16.4bn

Diagram 3

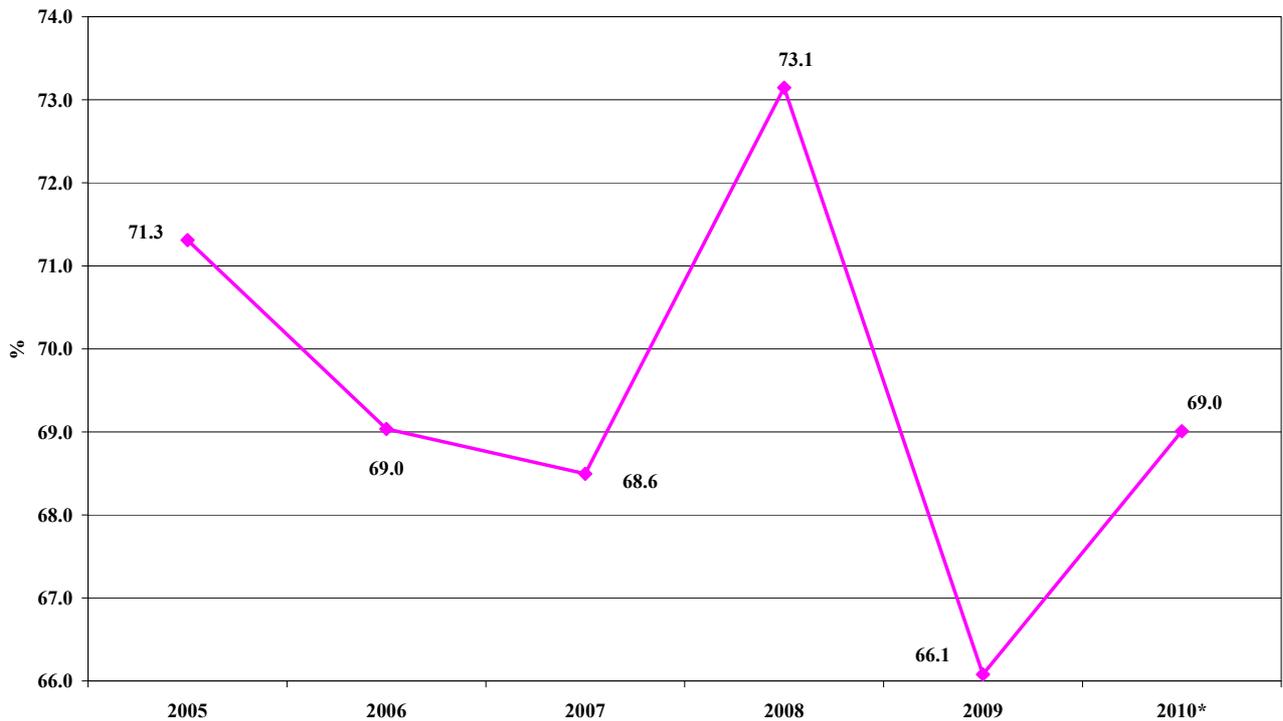
### Dynamics of the Share of Ukraine's State Budget Revenues in Annual Amounts in 2005-2010



\* A share of total revenues according to the planned annual index (excluding the amount of VAT reimbursement debt of Hr 16.4bn)

Graph 2

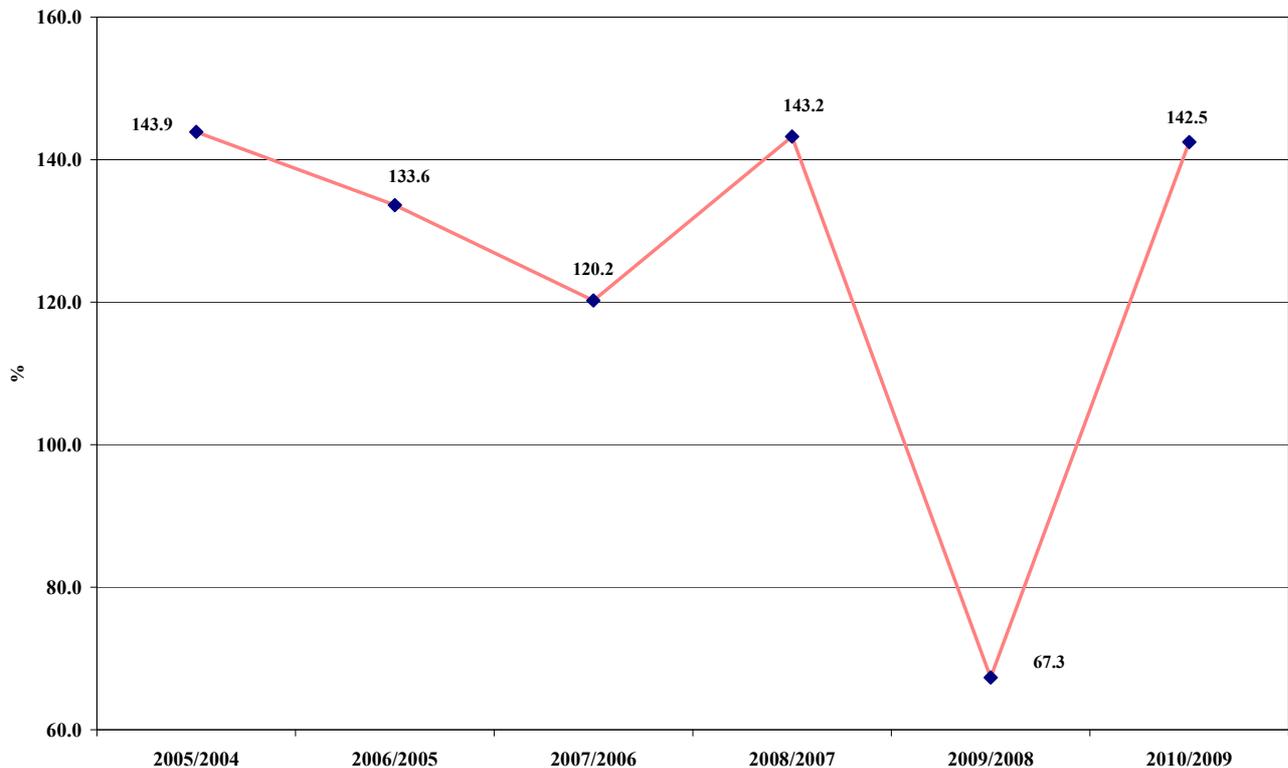
### Dynamics of the Share of Ukraine's State Budget Revenues in January-September 2005-2010 in Annual Amounts



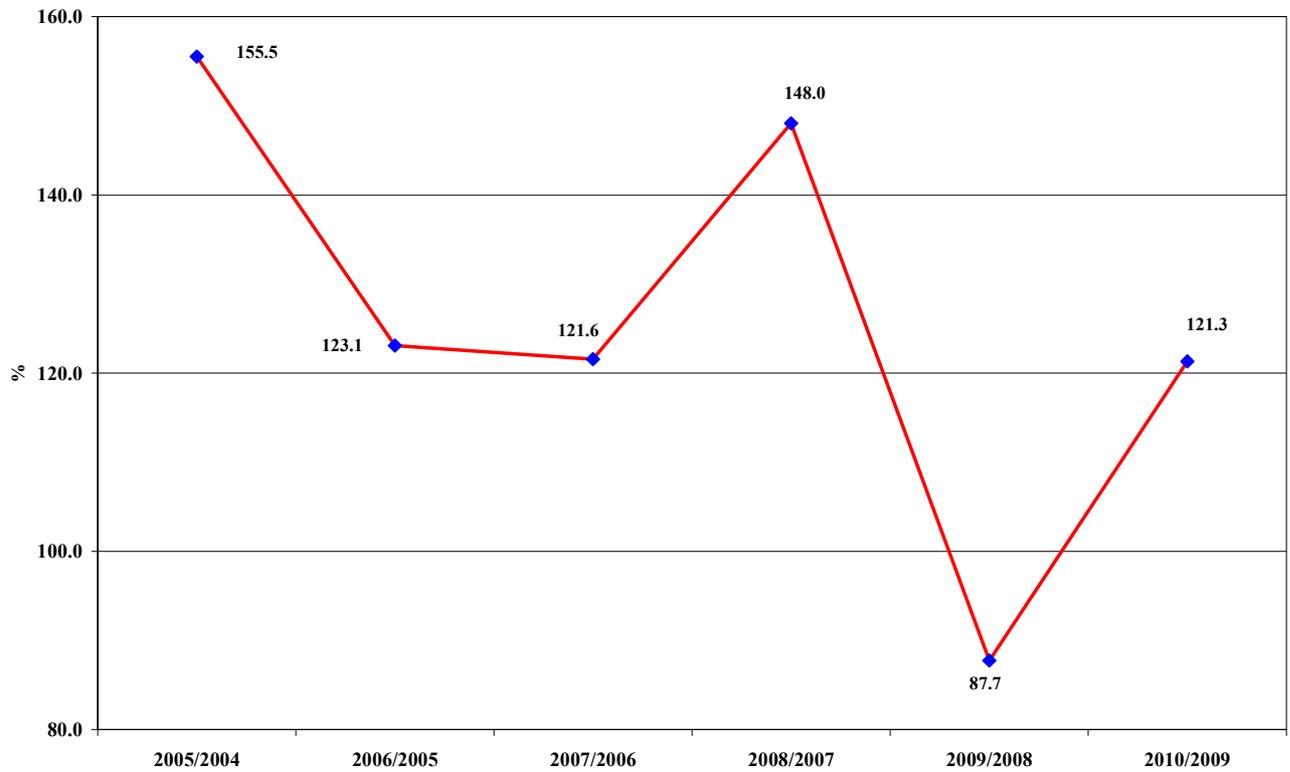
\* A share of total revenues according to the planned annual index (excluding the amount of VAT reimbursement debt of Hr 16.4bn)

Graph 3

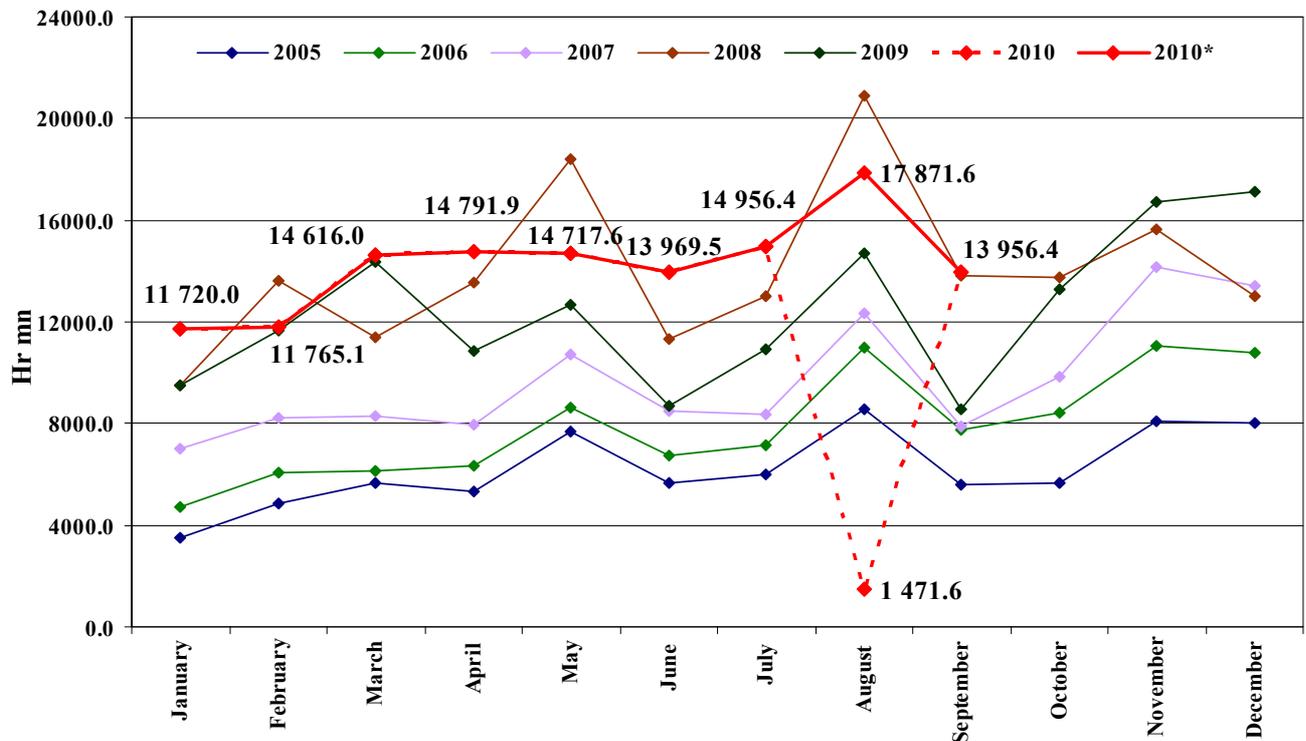
### Growth Rates of Ukraine's State Budget Revenues in September 2005-2010



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

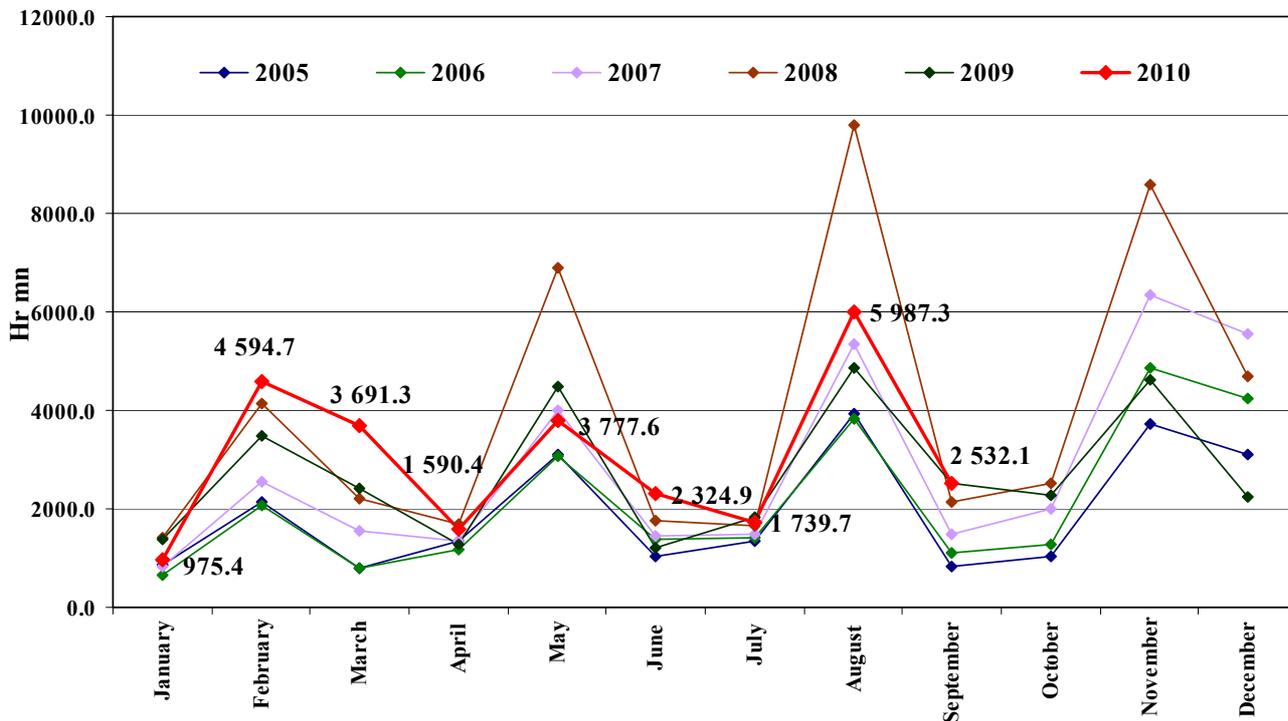


### State Budget Tax Revenues Monthly Trends in 2005-2010

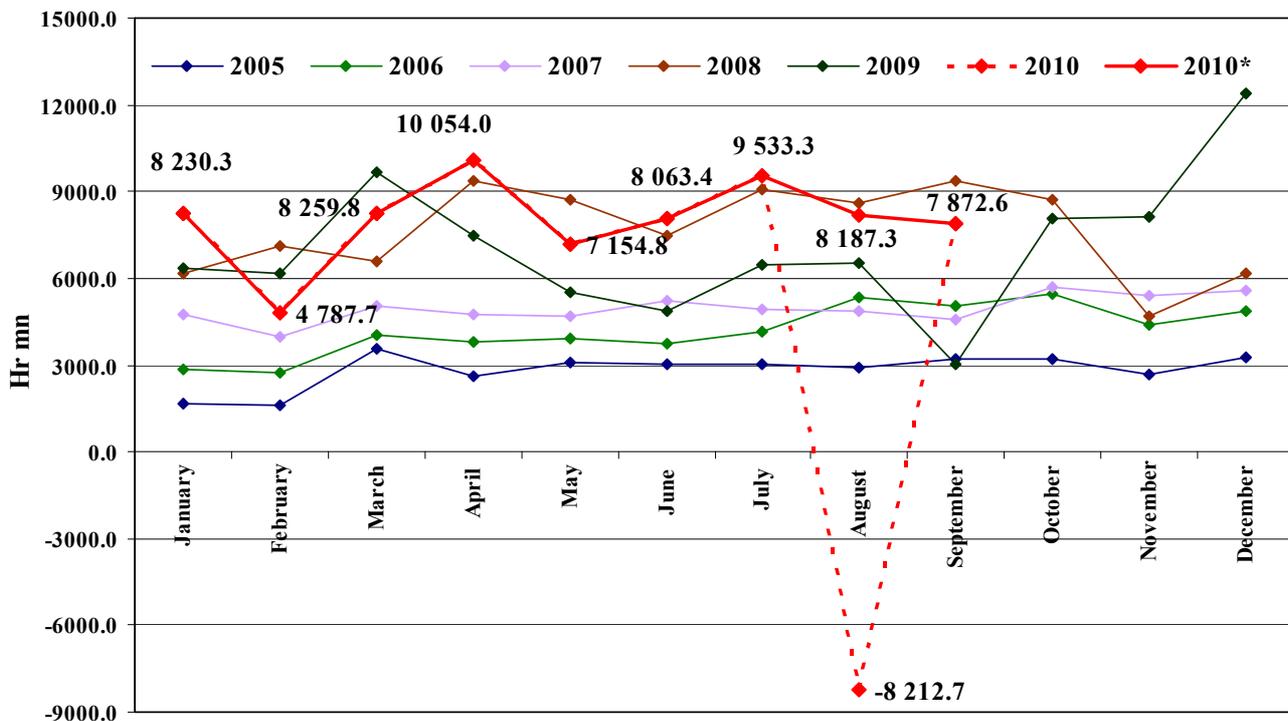


\*excluding the amount of VAT reimbursement debt of Hr 16.4bn

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

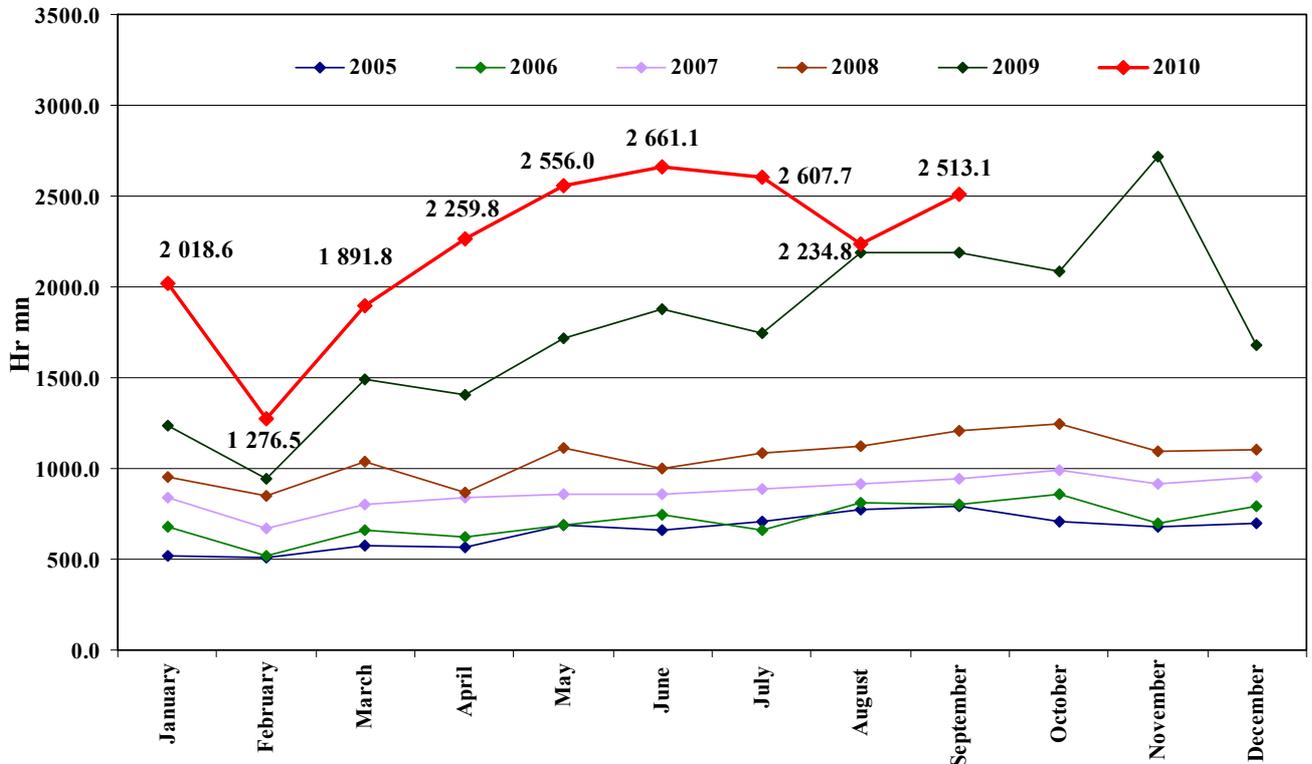


### State Budget Value Added Tax Monthly Trends in 2005-2010

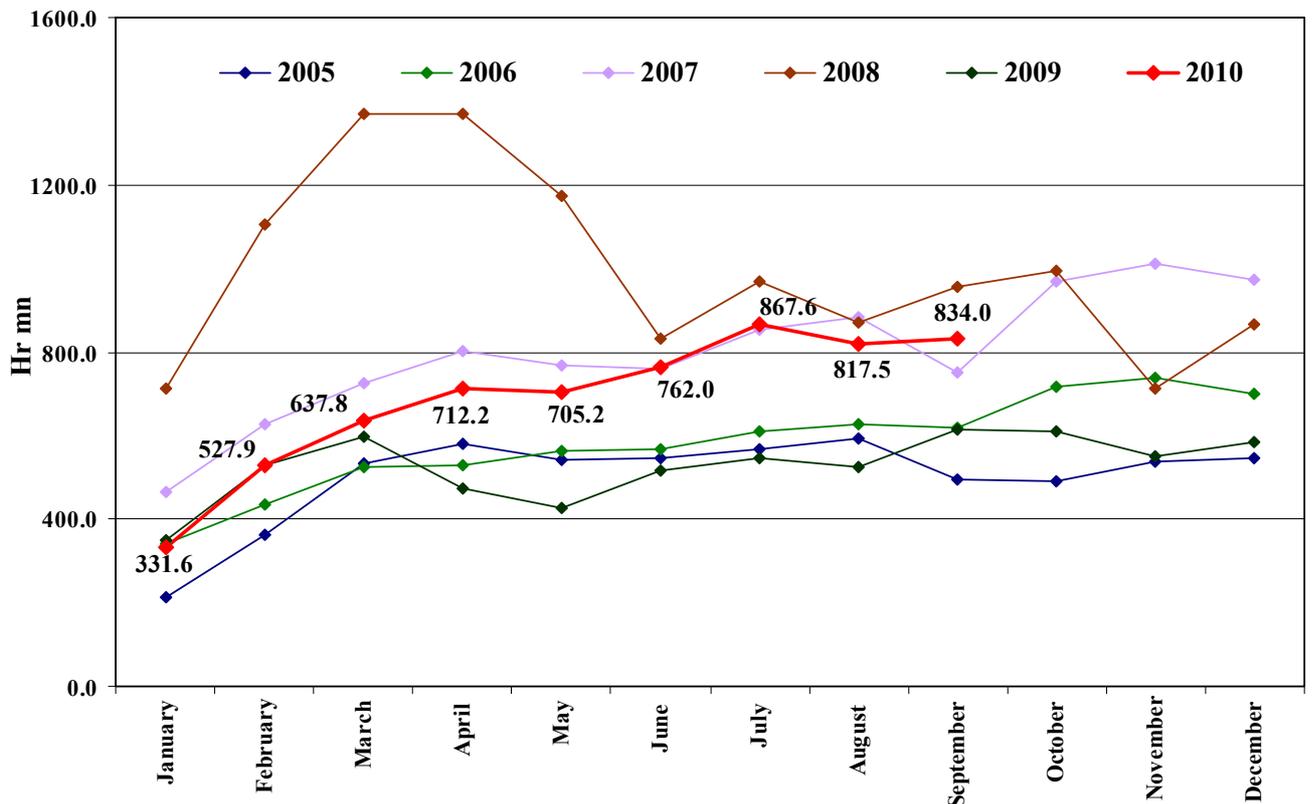


\*excluding the amount of VAT reimbursement debt of Hr 16.4bn

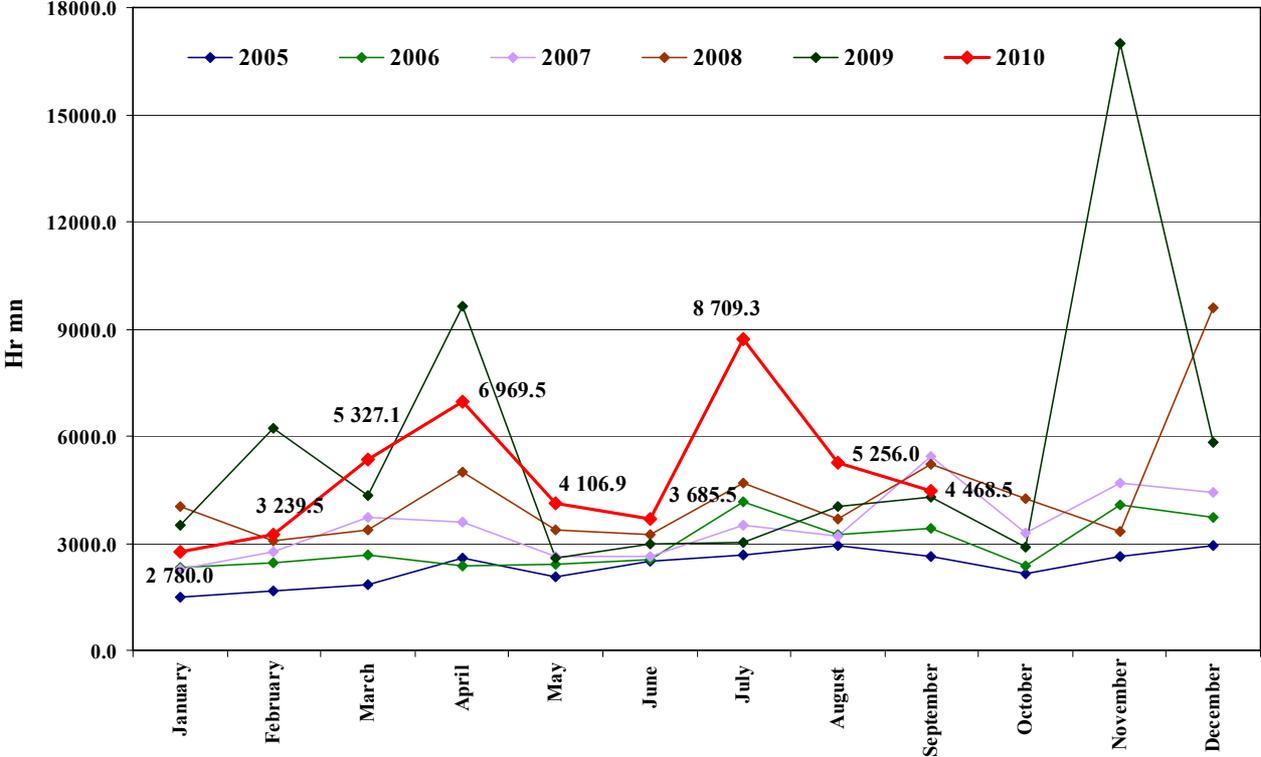
### State Budget Excise Tax Monthly Trends in 2005-2010



### 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 11

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

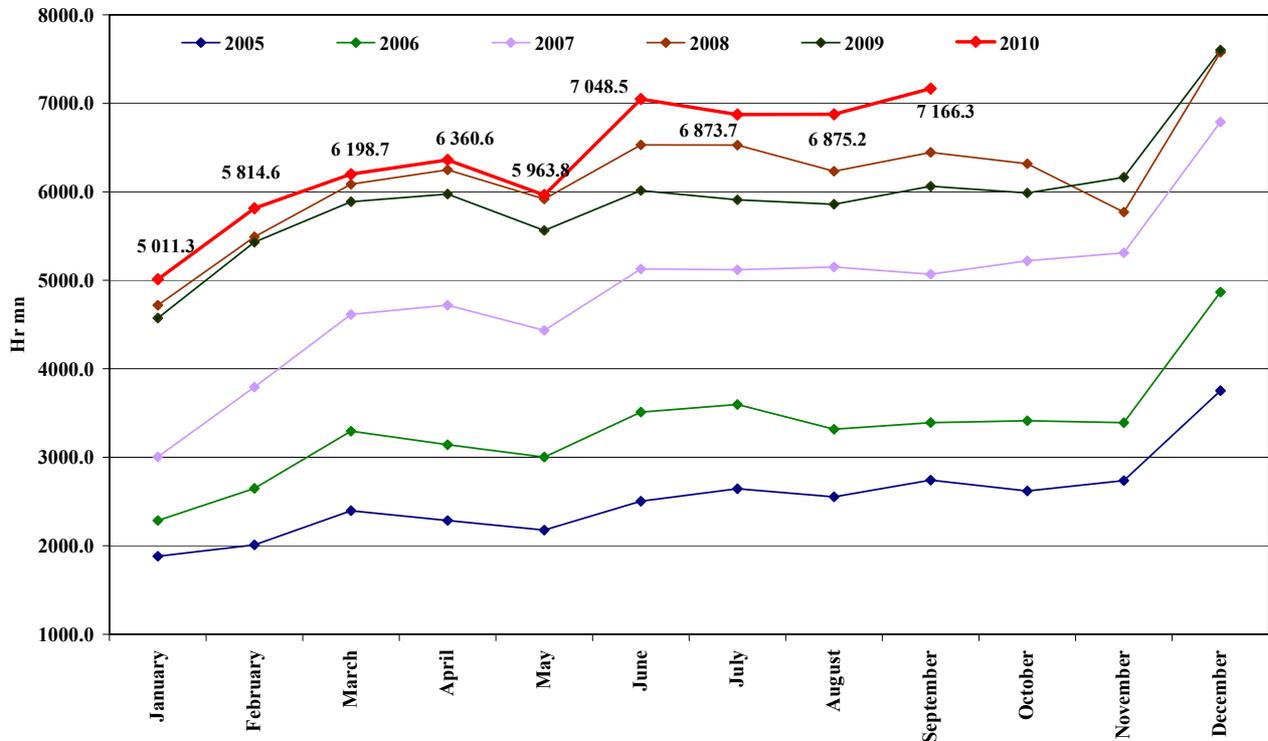
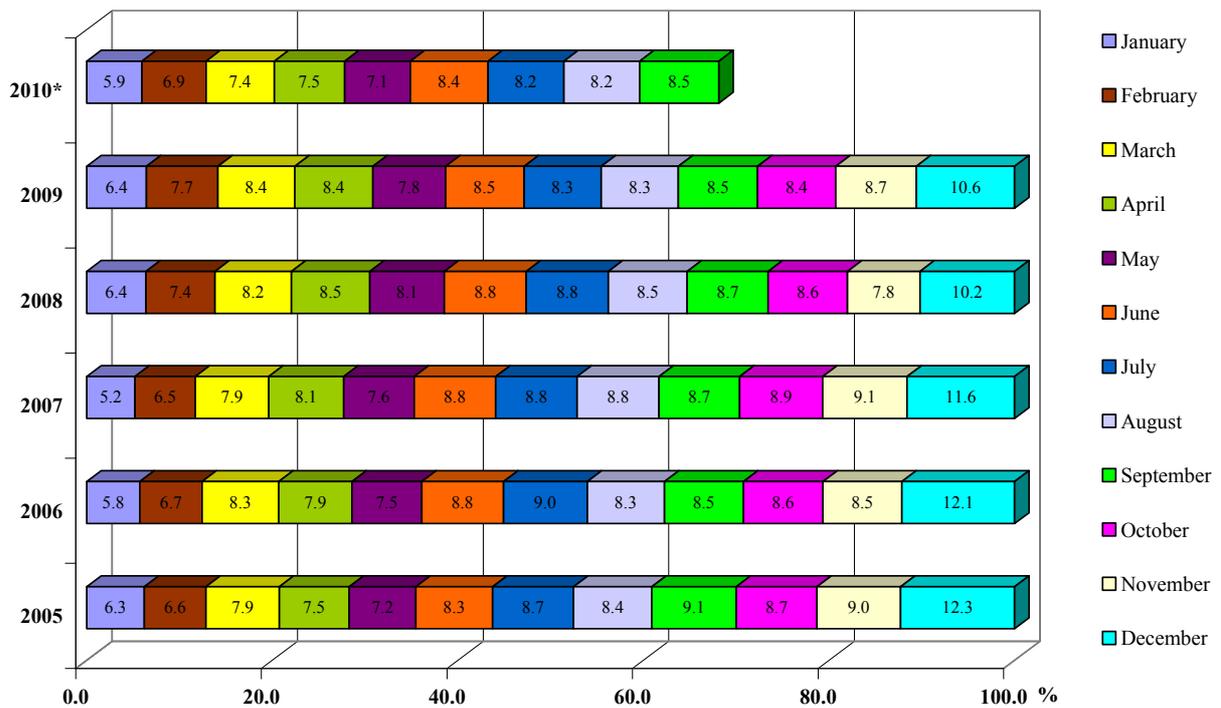


Diagram 4

## Dynamics of the Share of Local Budget Revenues in Annual Amounts in 2005-2010



\* A share of total revenues according to the planned annual index

Graph 12

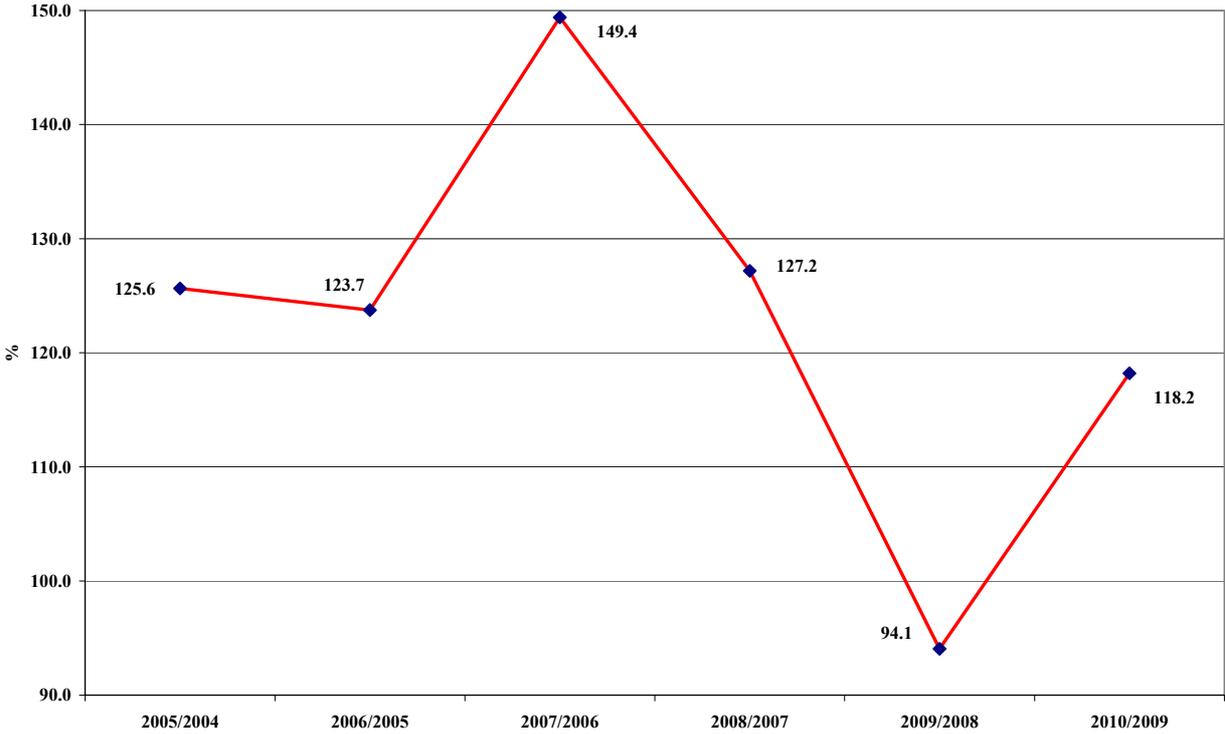
### Dynamics of the Share of Local Budget Revenues in January-September 2005-2010 in Annual Amounts



\* A share of total revenues according to the planned annual index

Graph 13

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



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

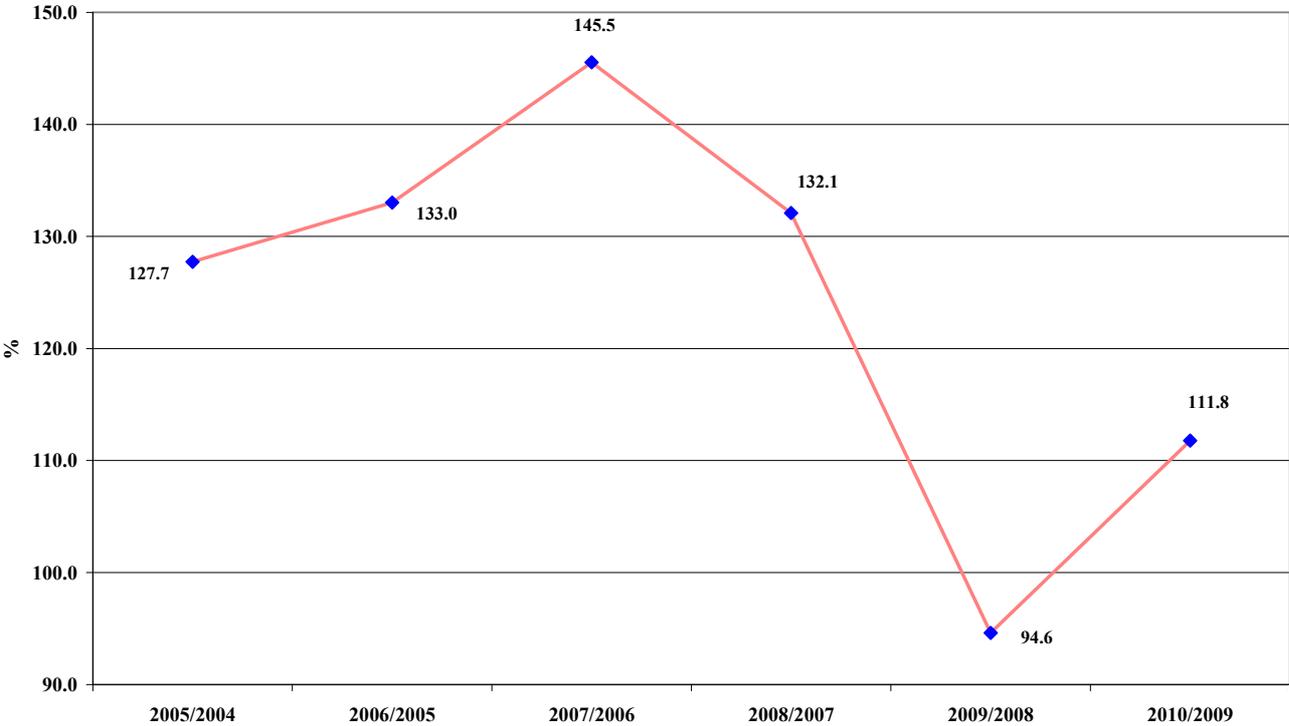
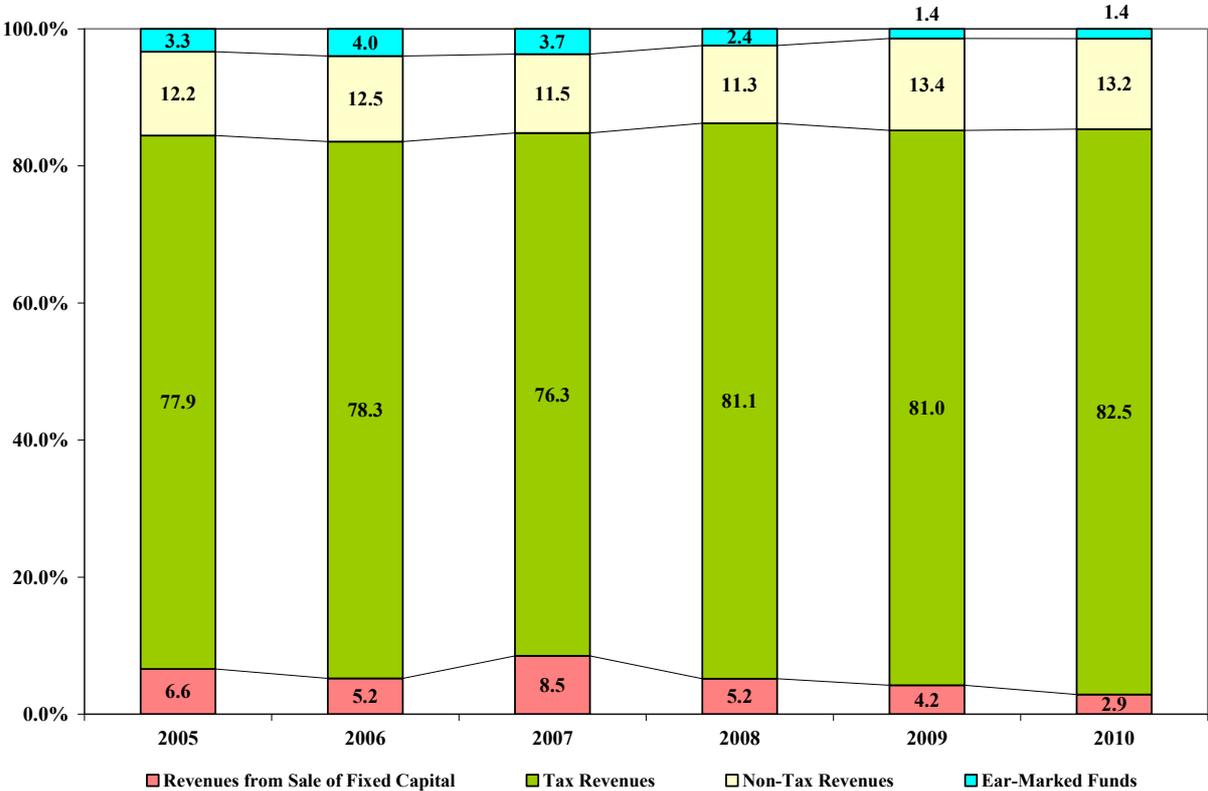
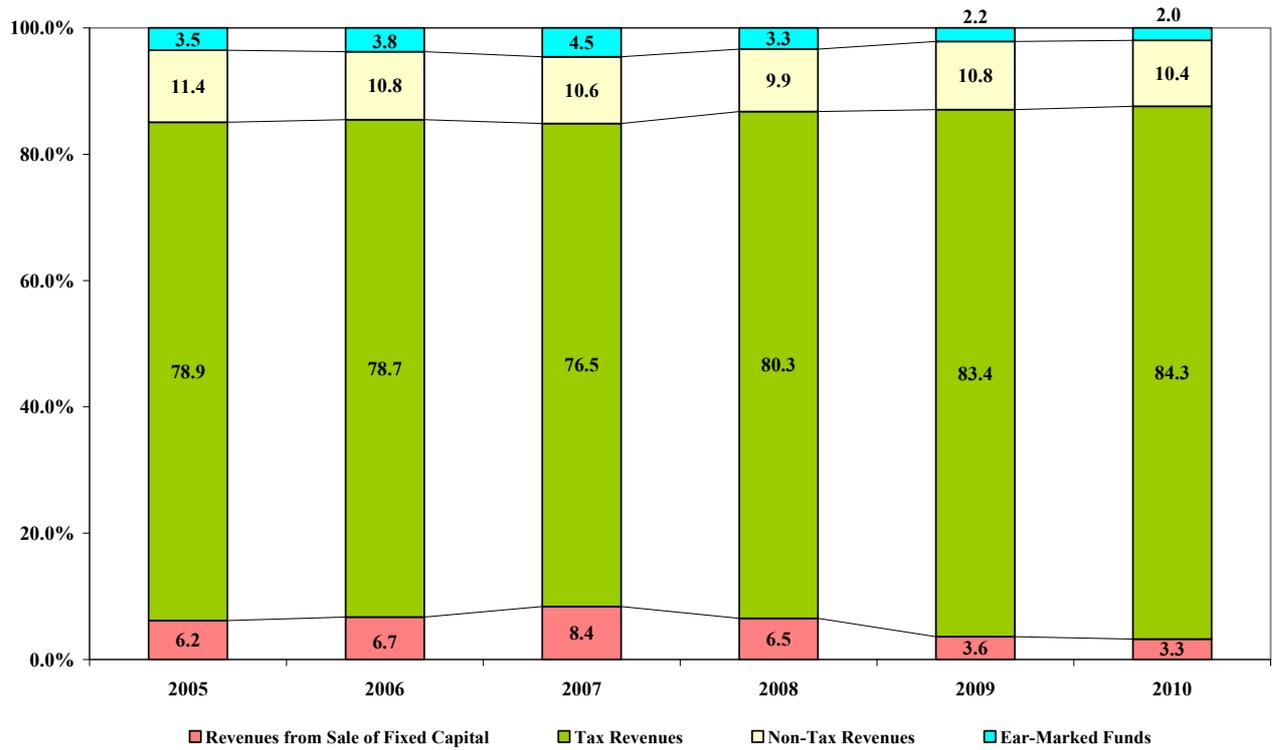


Diagram 5

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



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



Graph 15

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

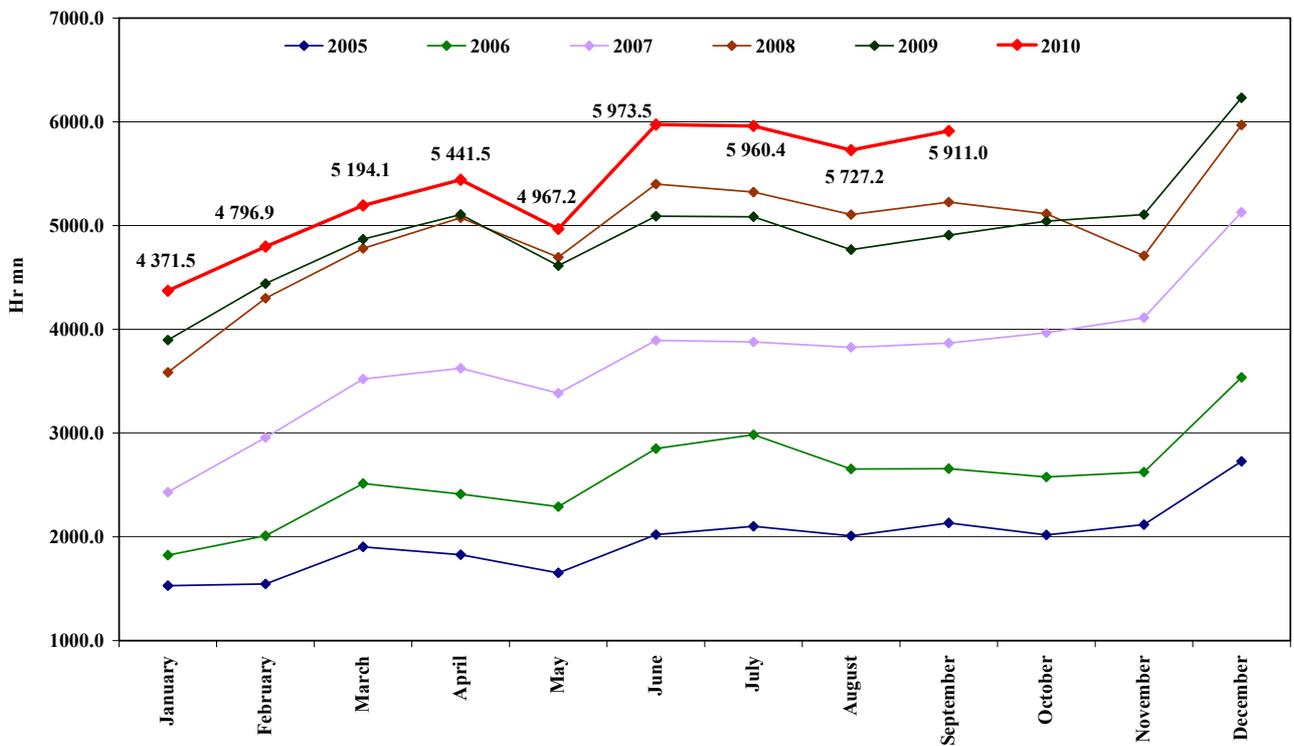


Diagram 7

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

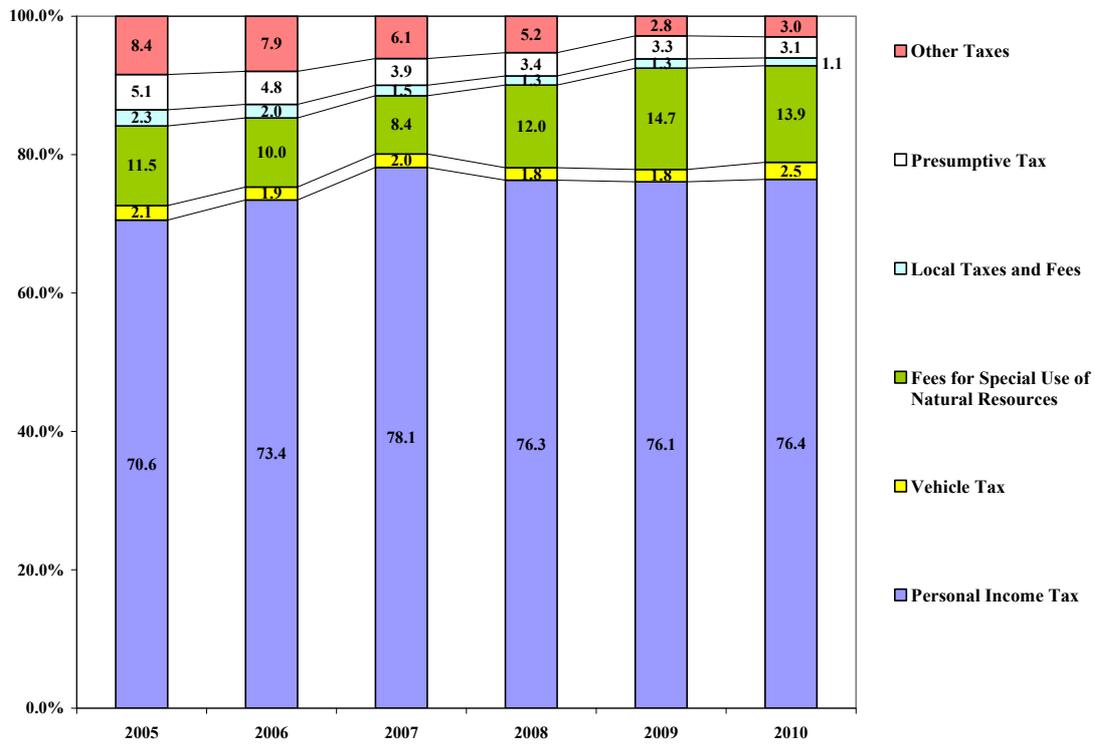
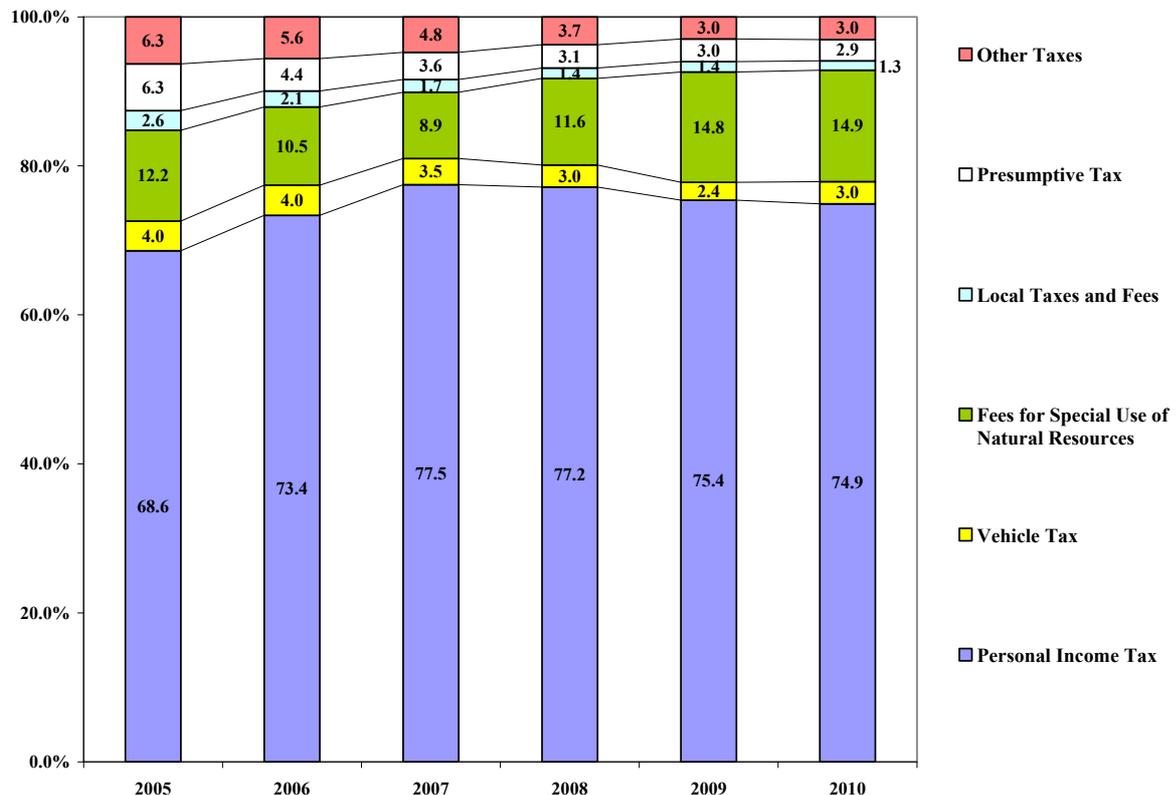


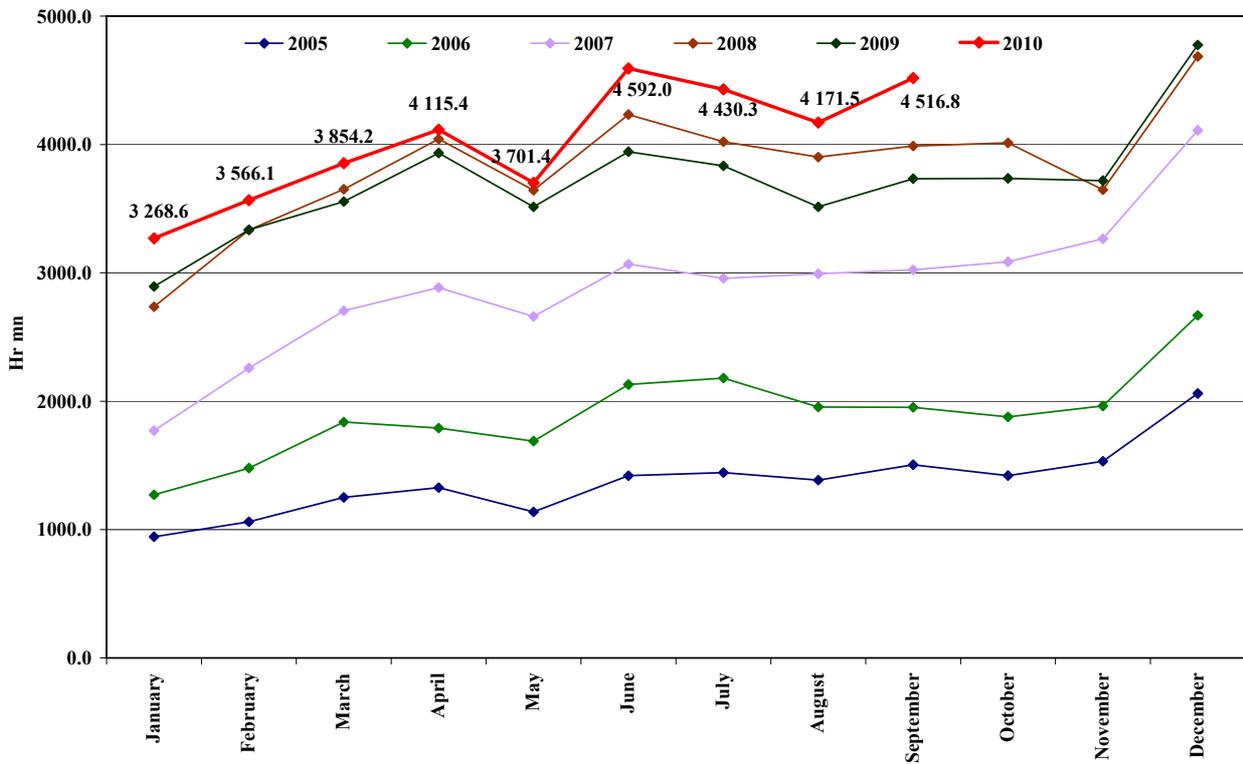
Diagram 8

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



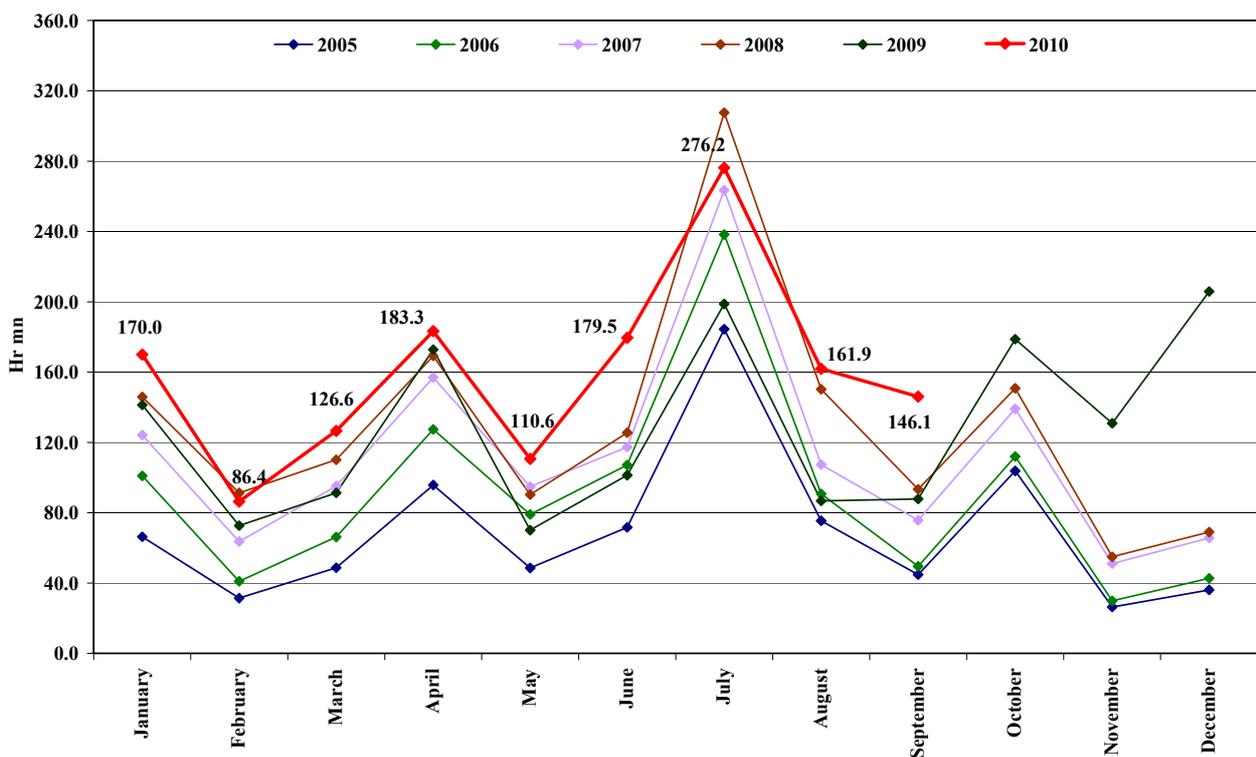
Graph 16

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

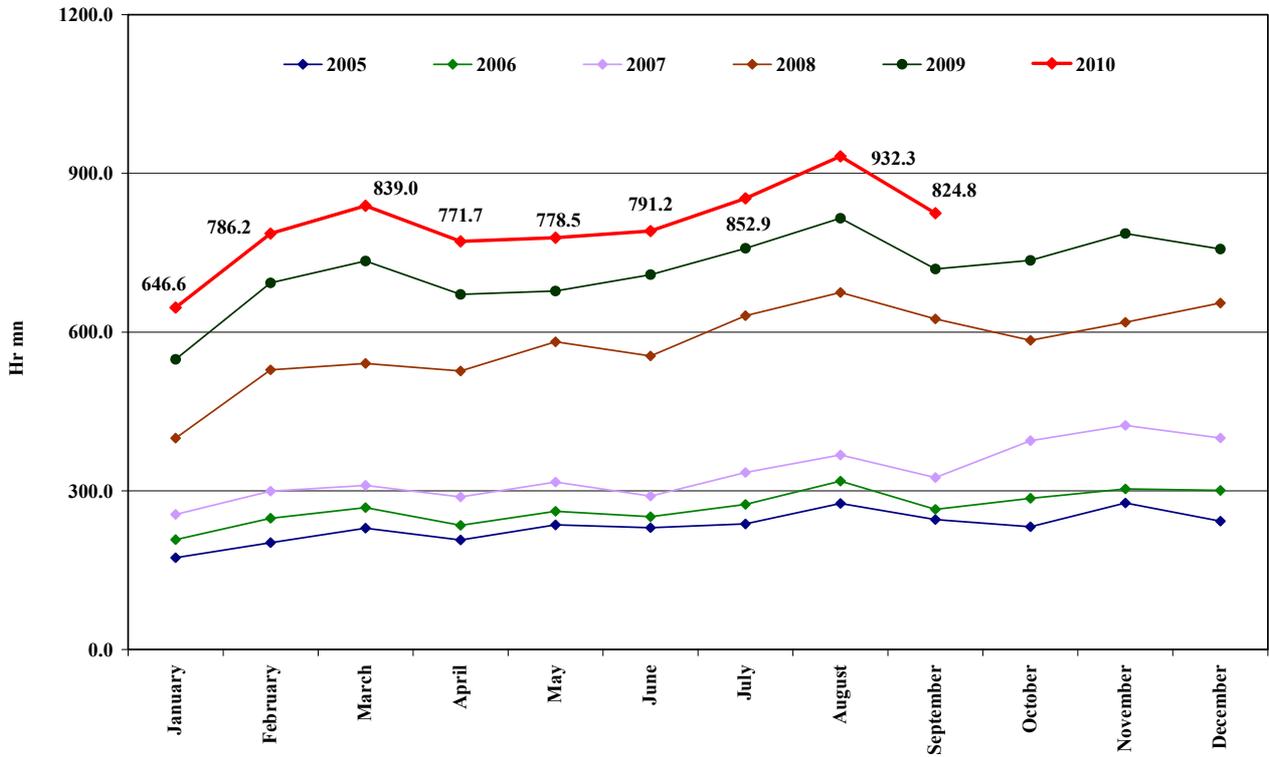


Graph 17

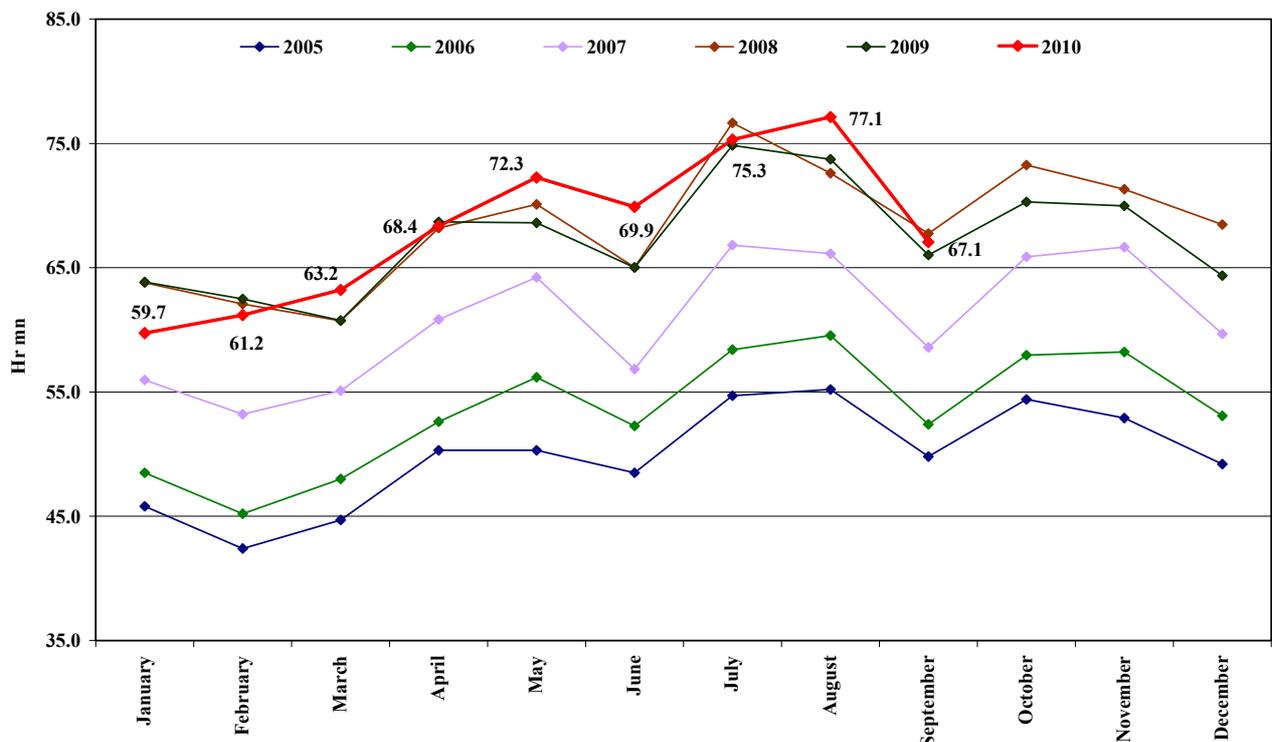
### Vehicle Tax Monthly Trends in 2005-2010



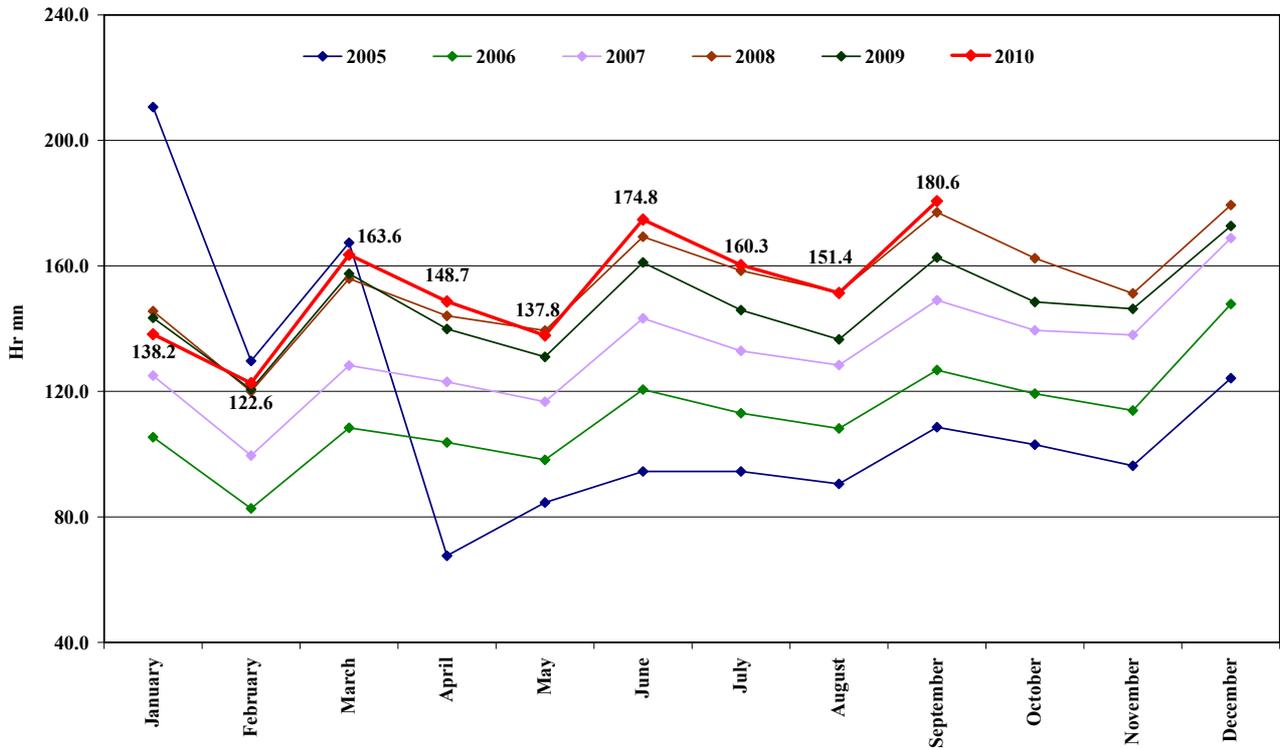
### Fees for Special Use of Natural Resources Monthly Trends in 2005-2010



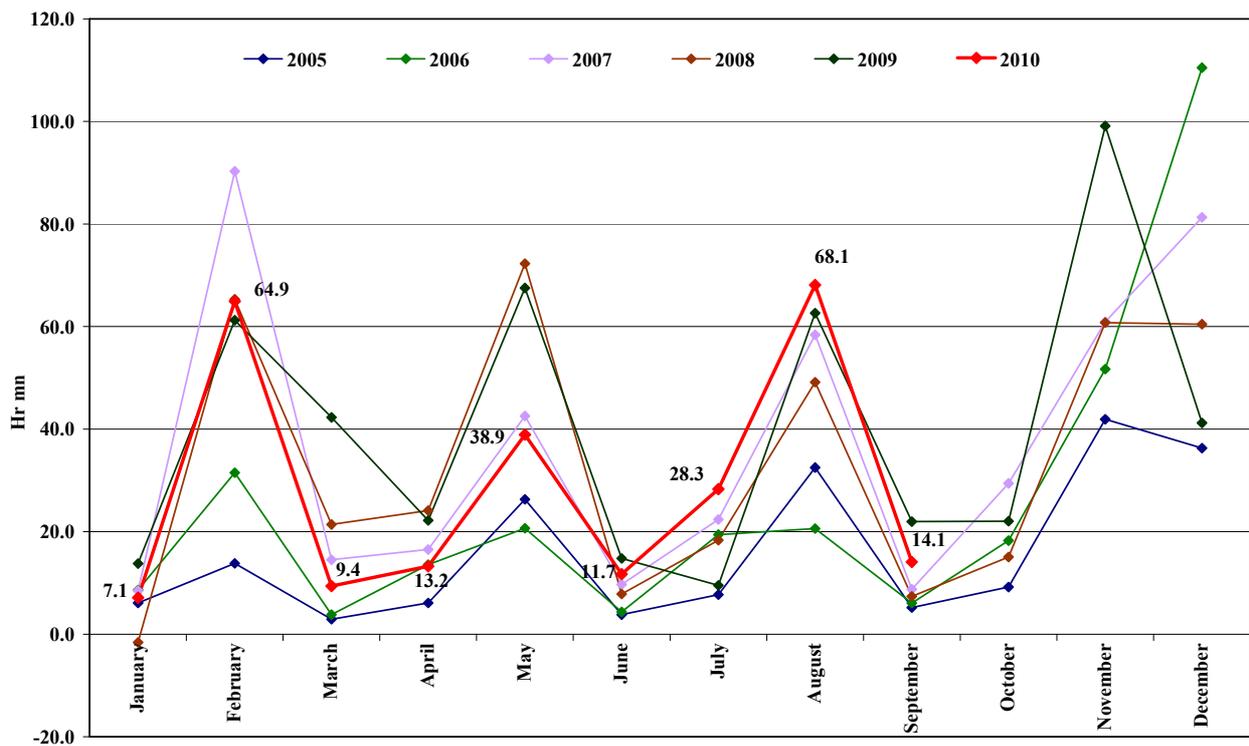
### Local Taxes Monthly Trends in 2005-2010



### Presumptive Tax Monthly Trends in 2005-2010

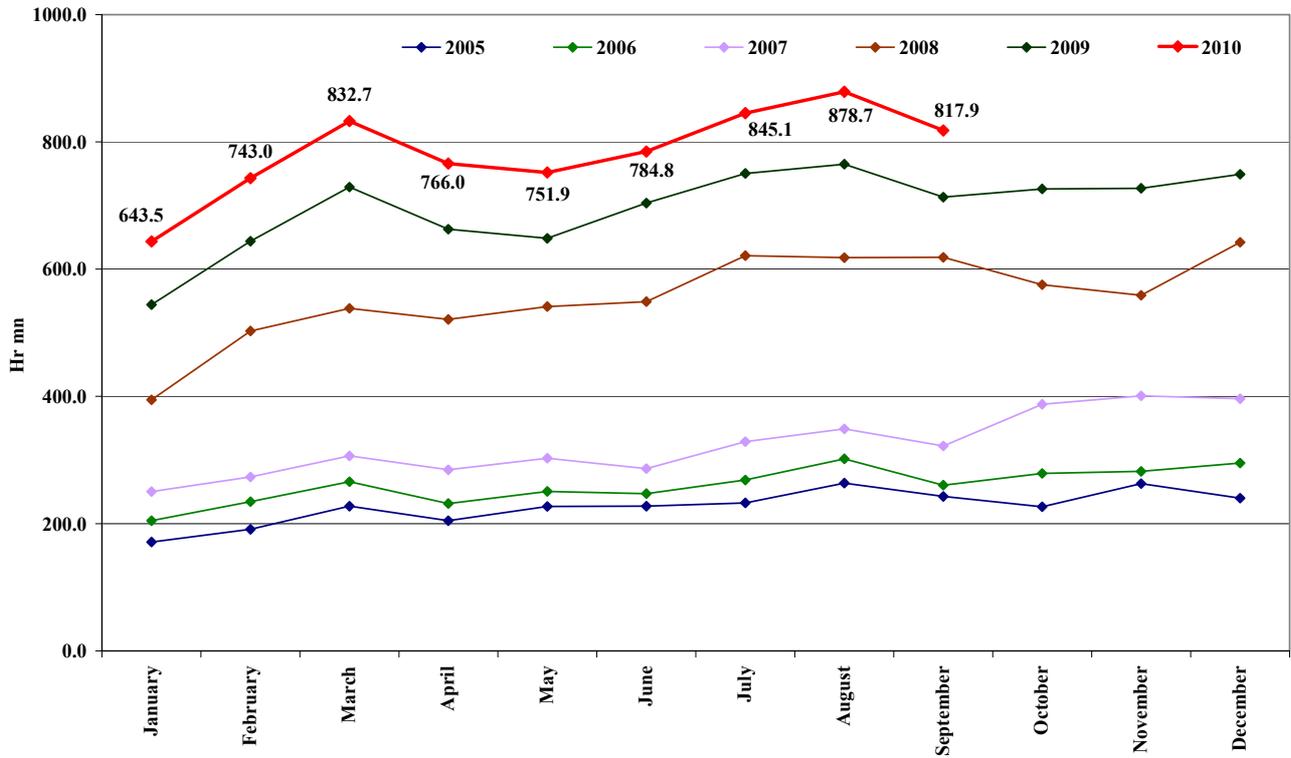


### Tax on Profit of Municipal Enterprises Monthly Trends in 2005-2010



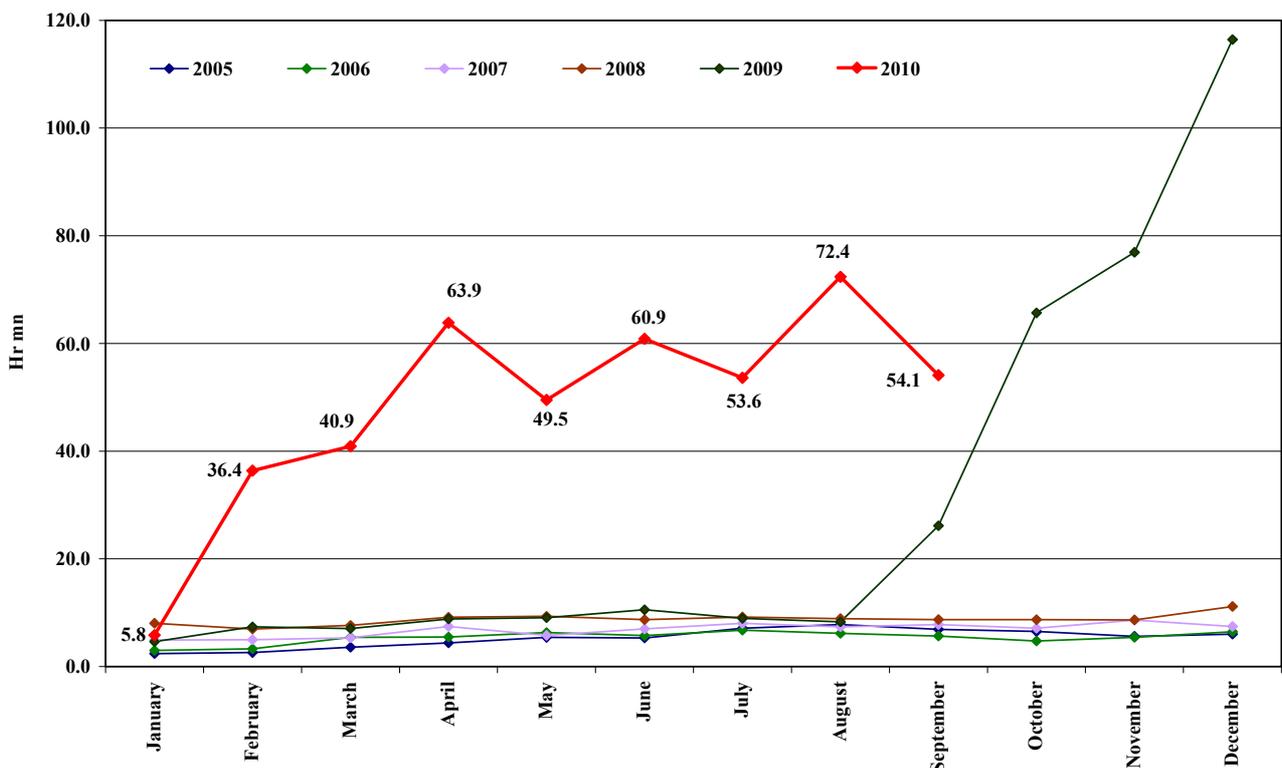
Graph 22

### Land Tax Monthly Trends in 2005-2010



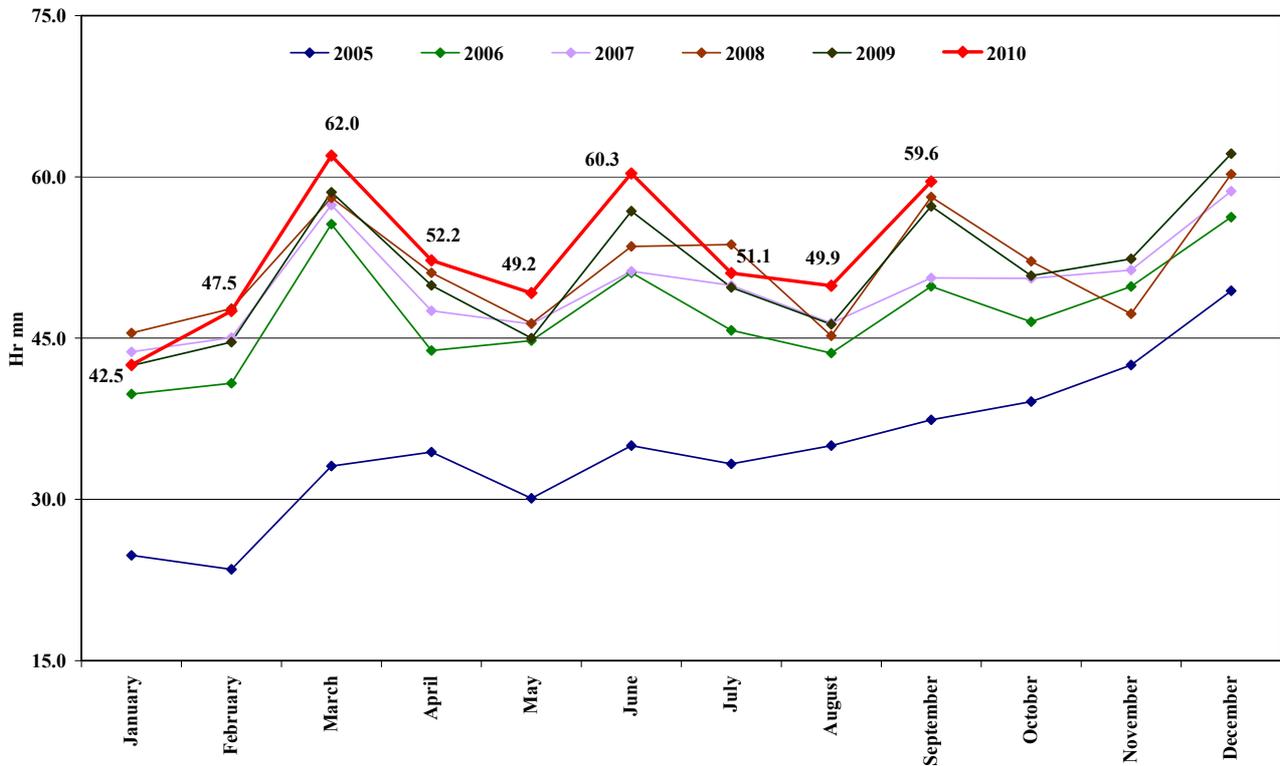
Graph 23

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



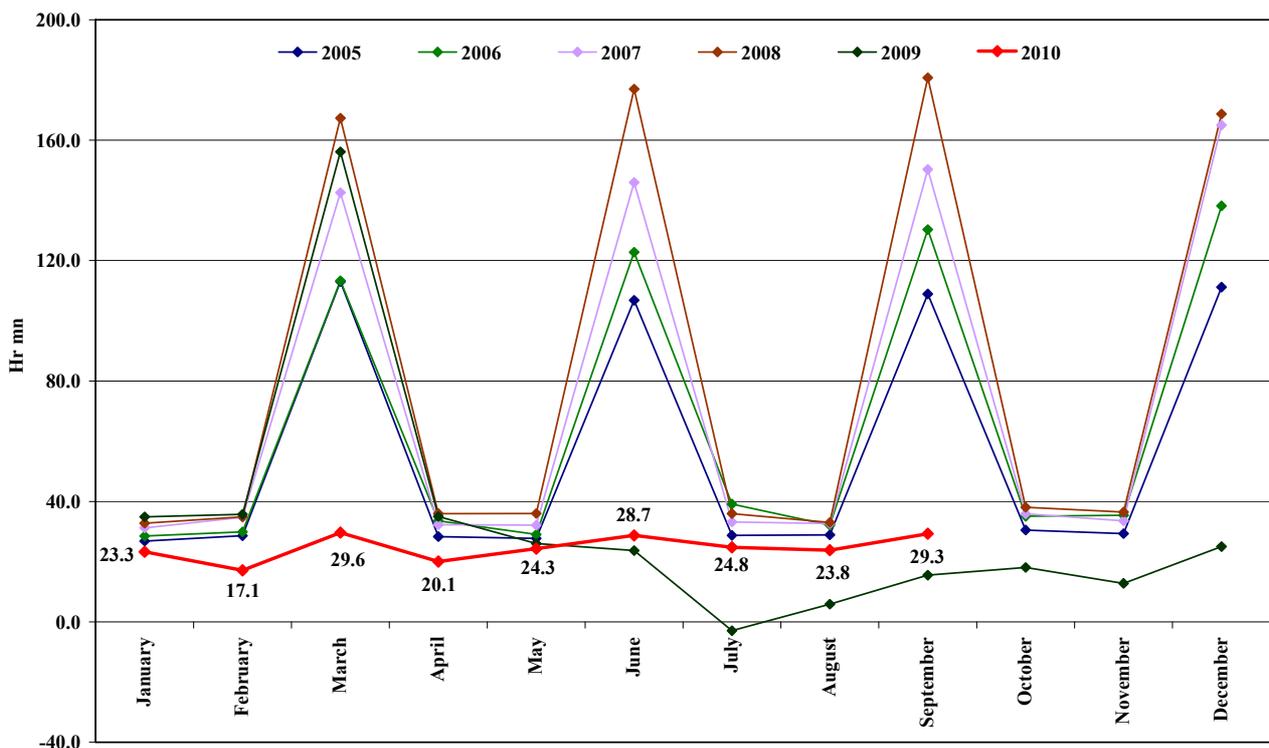
Graph 24

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

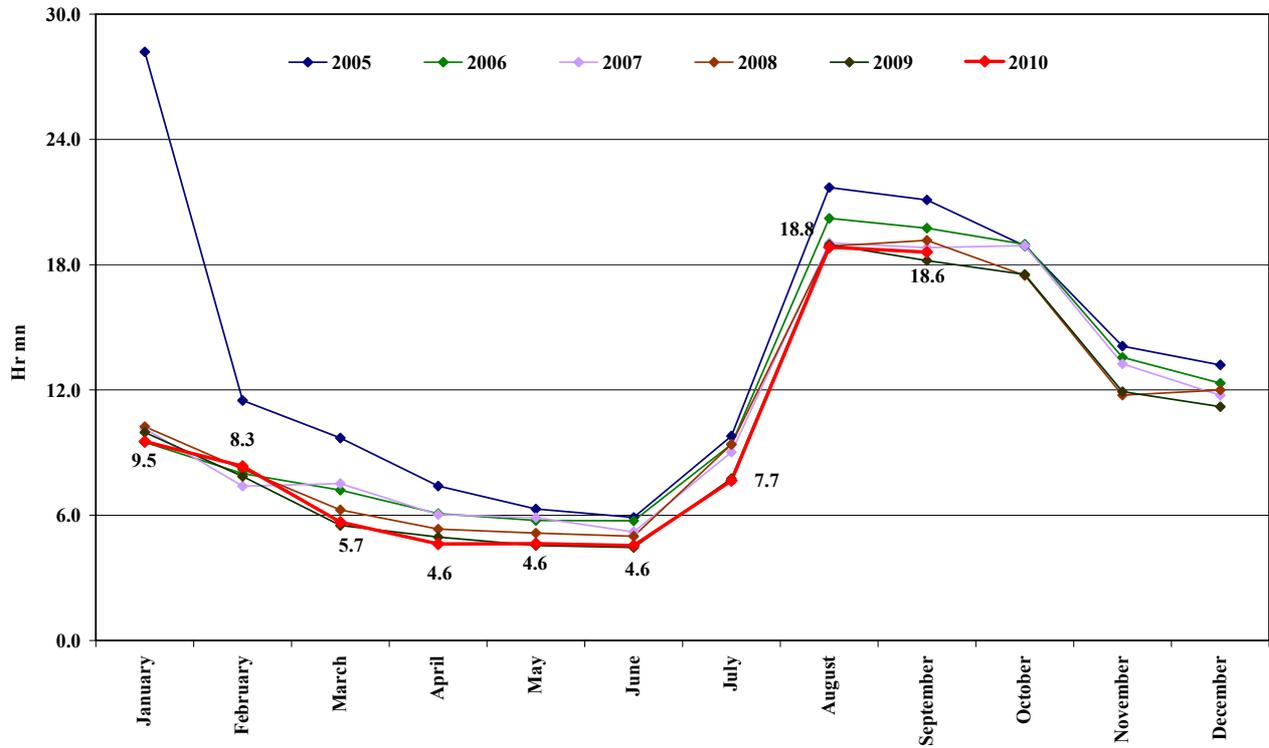


Graph 25

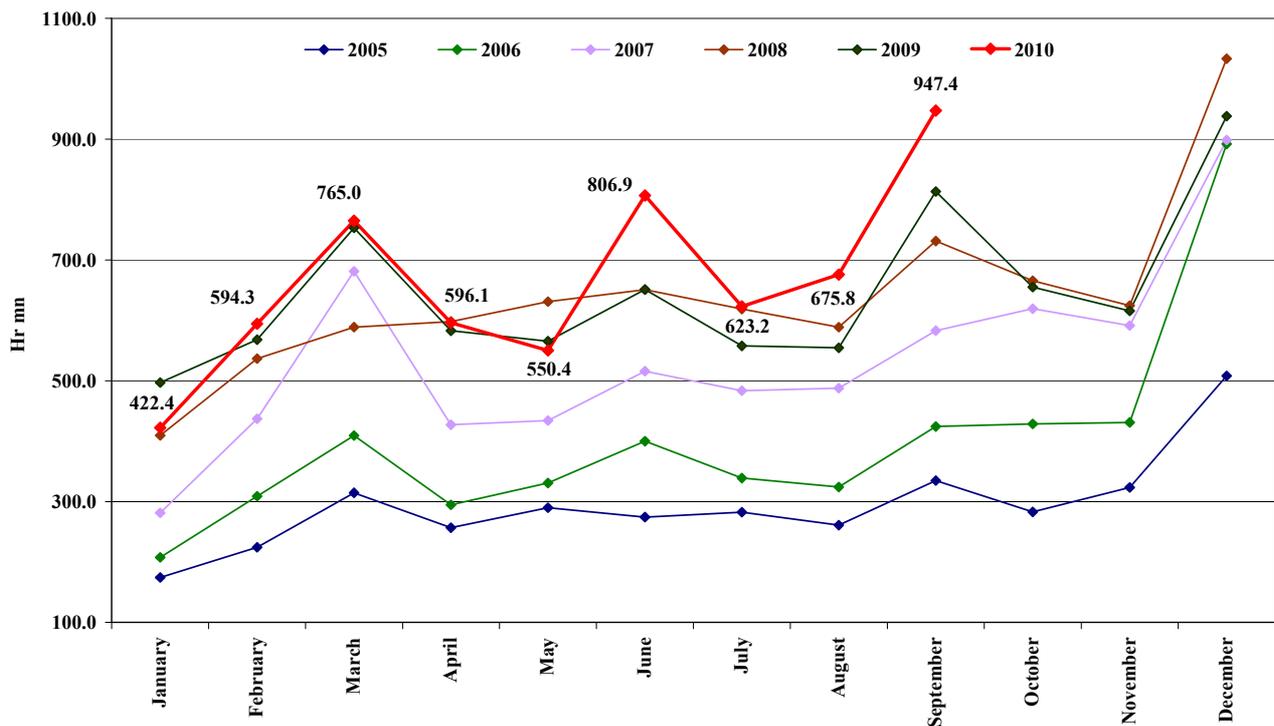
### Trade License Fee for Certain Types of Entrepreneurial Activities Monthly Trends in 2005-2010



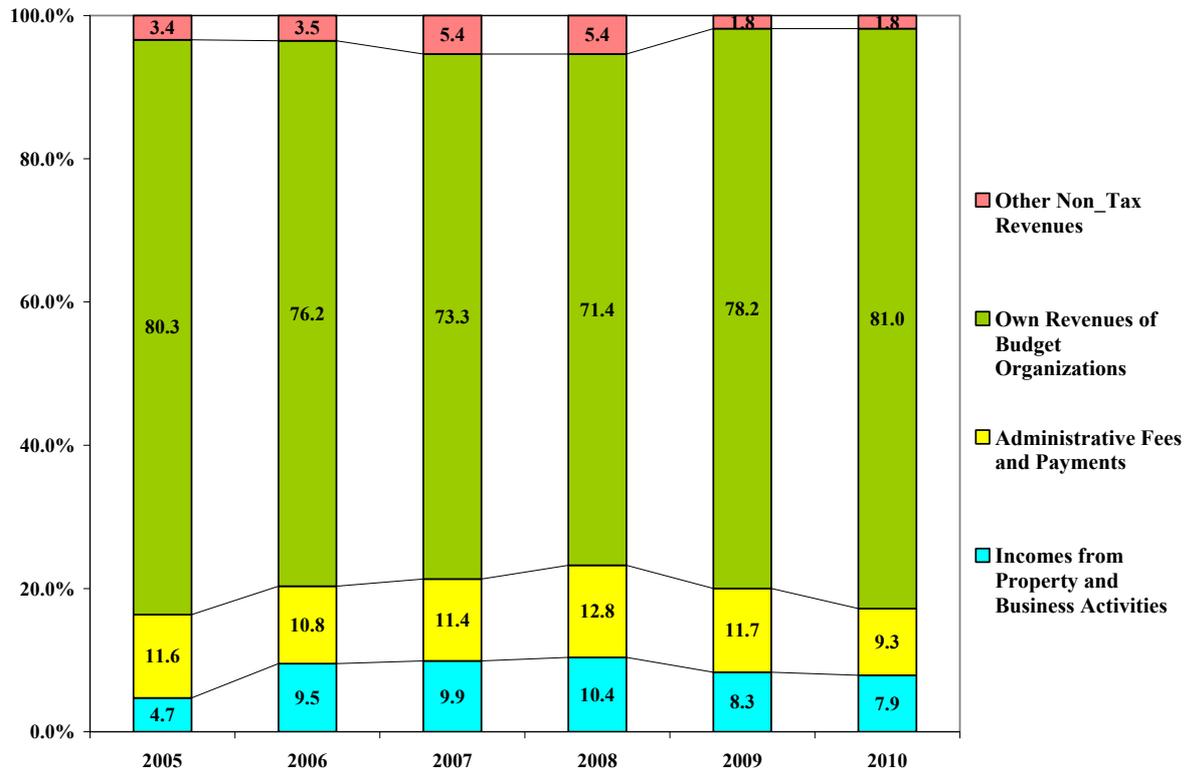
### Fixed Agricultural Tax Monthly Trends in 2005-2010



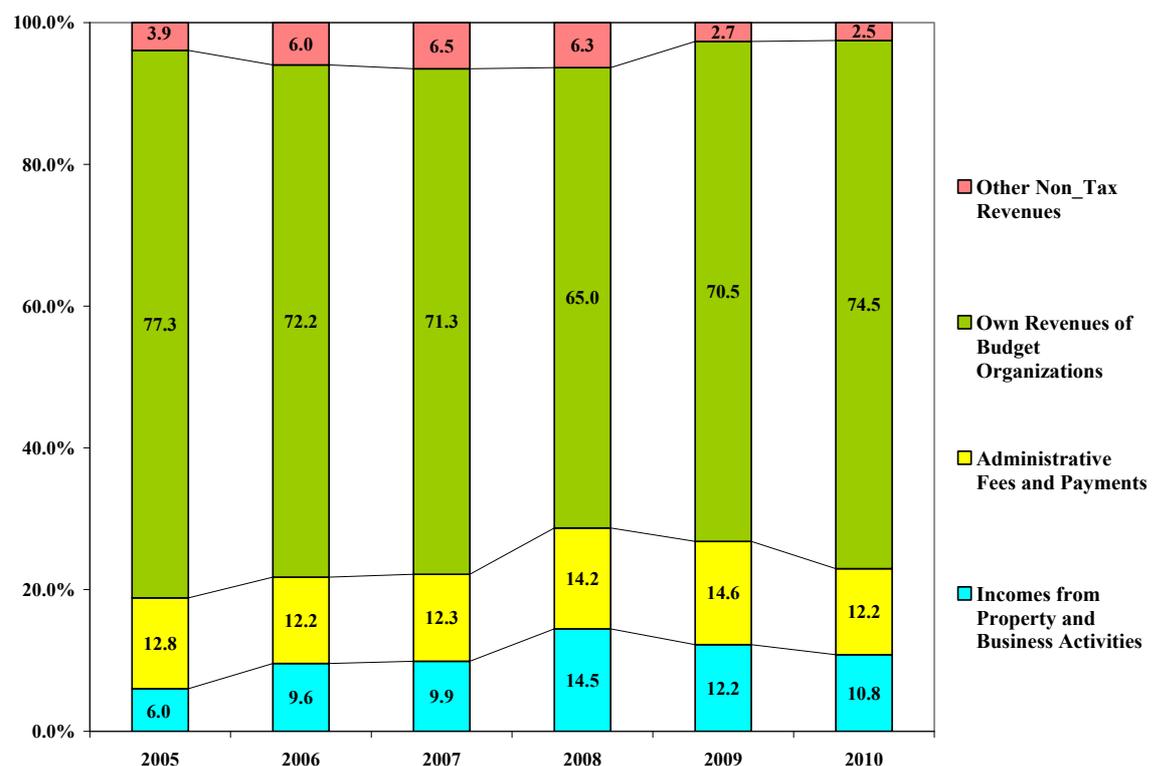
### Local Budget Non-tax Revenues Monthly Trends in 2005-2010



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

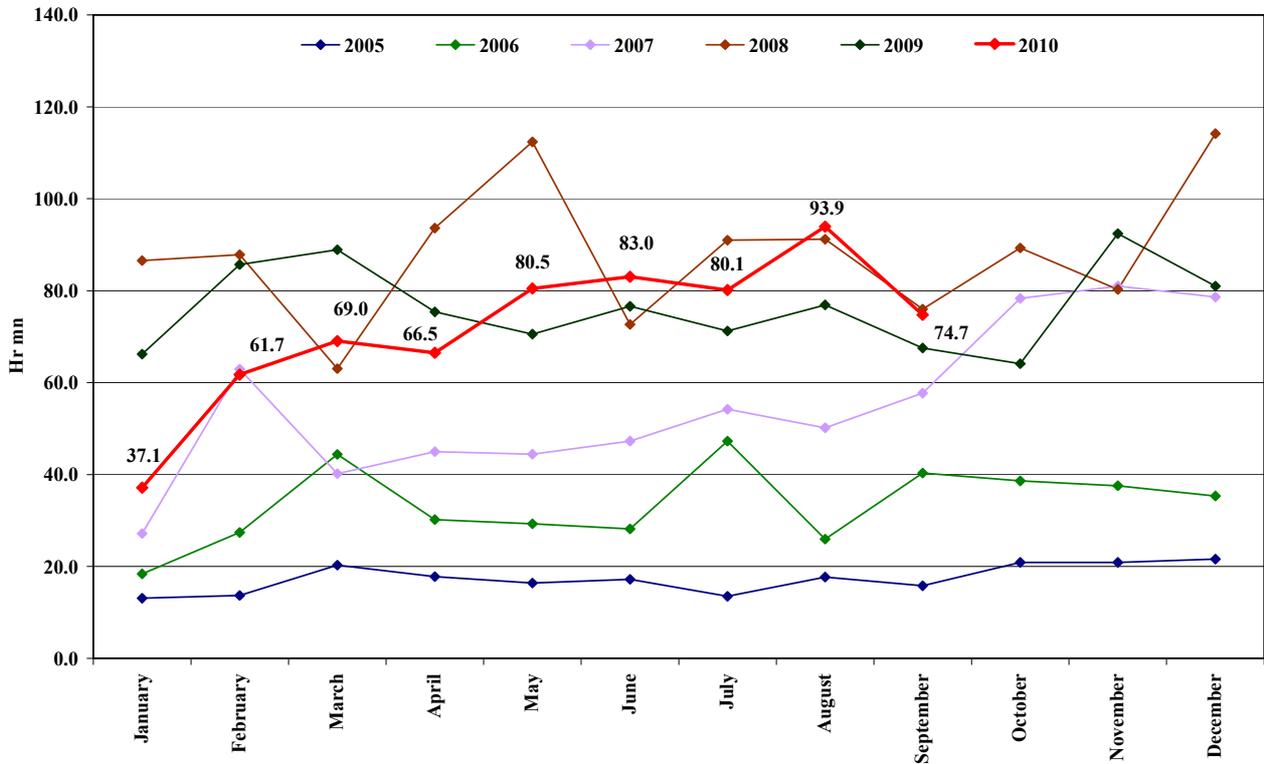


### Structure of Local Budget Actual Non-tax Revenues in January-September 2005-2010



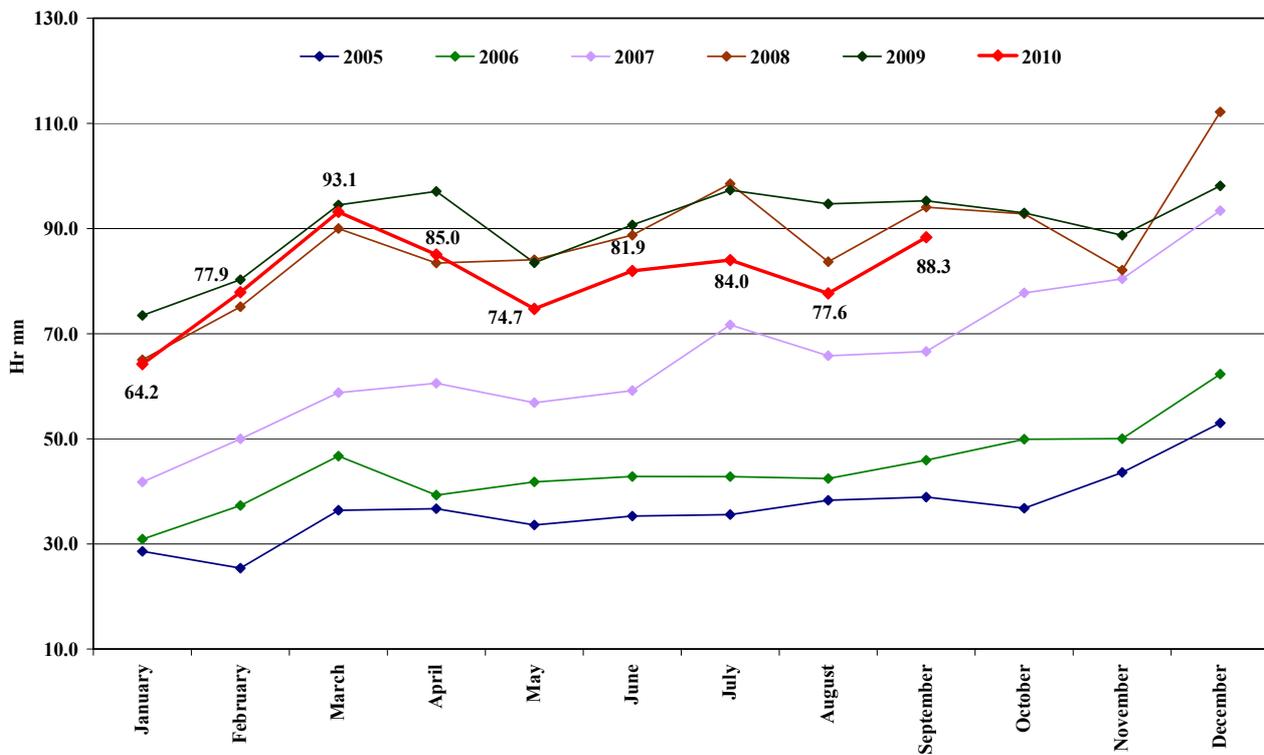
Graph 28

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

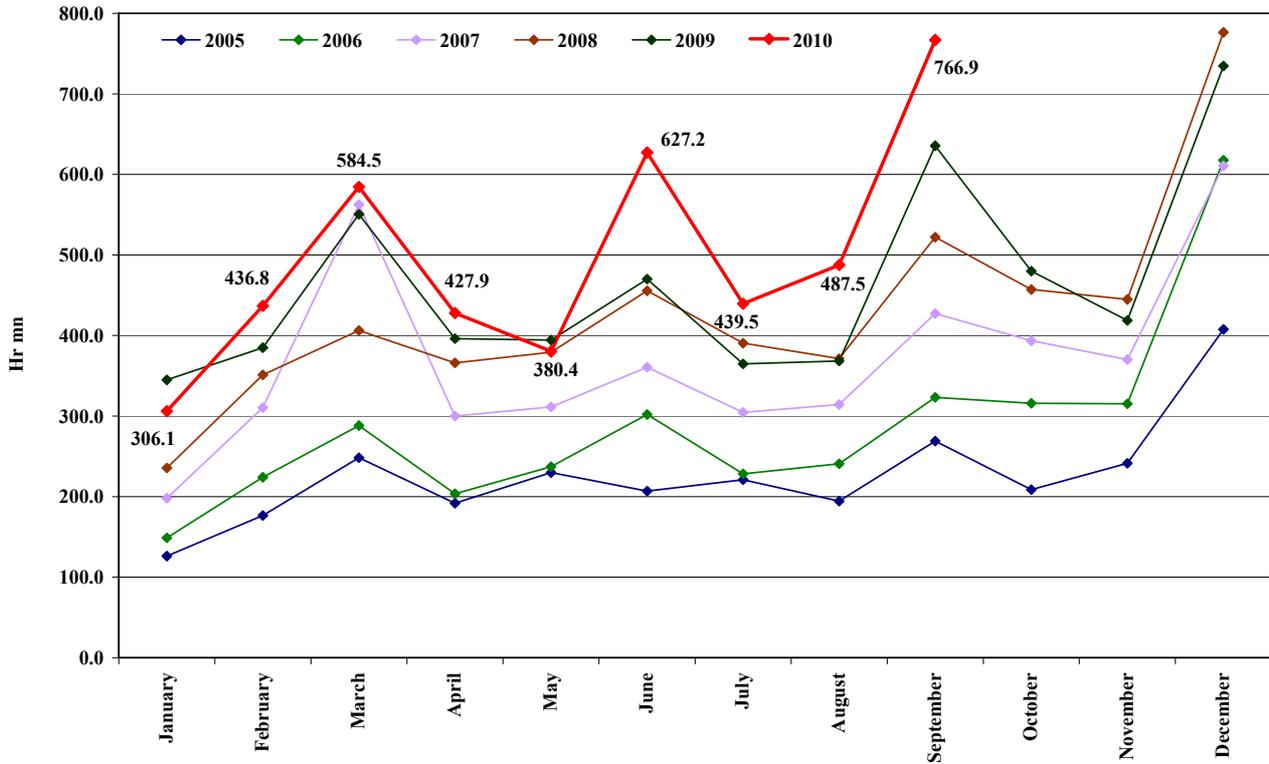


Graph 29

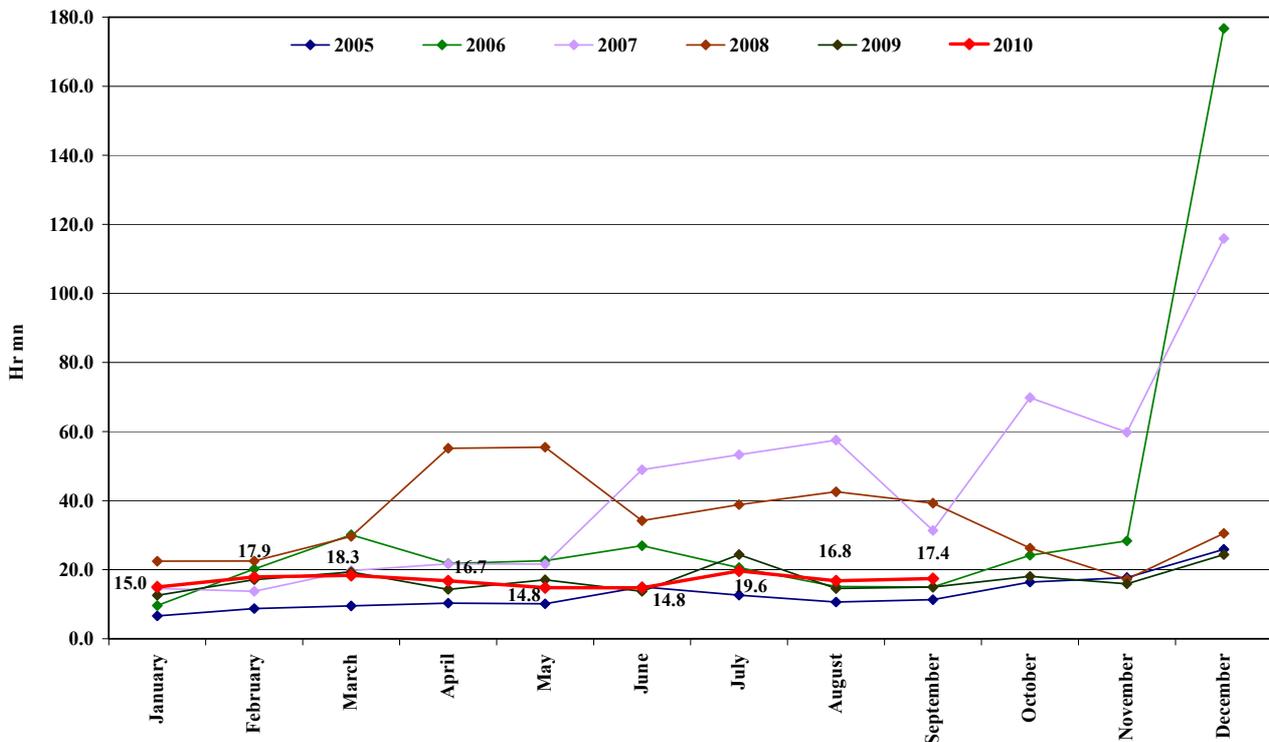
### Dynamics of Monthly Local Budget Revenues from Administrative Fees in 2005-2010



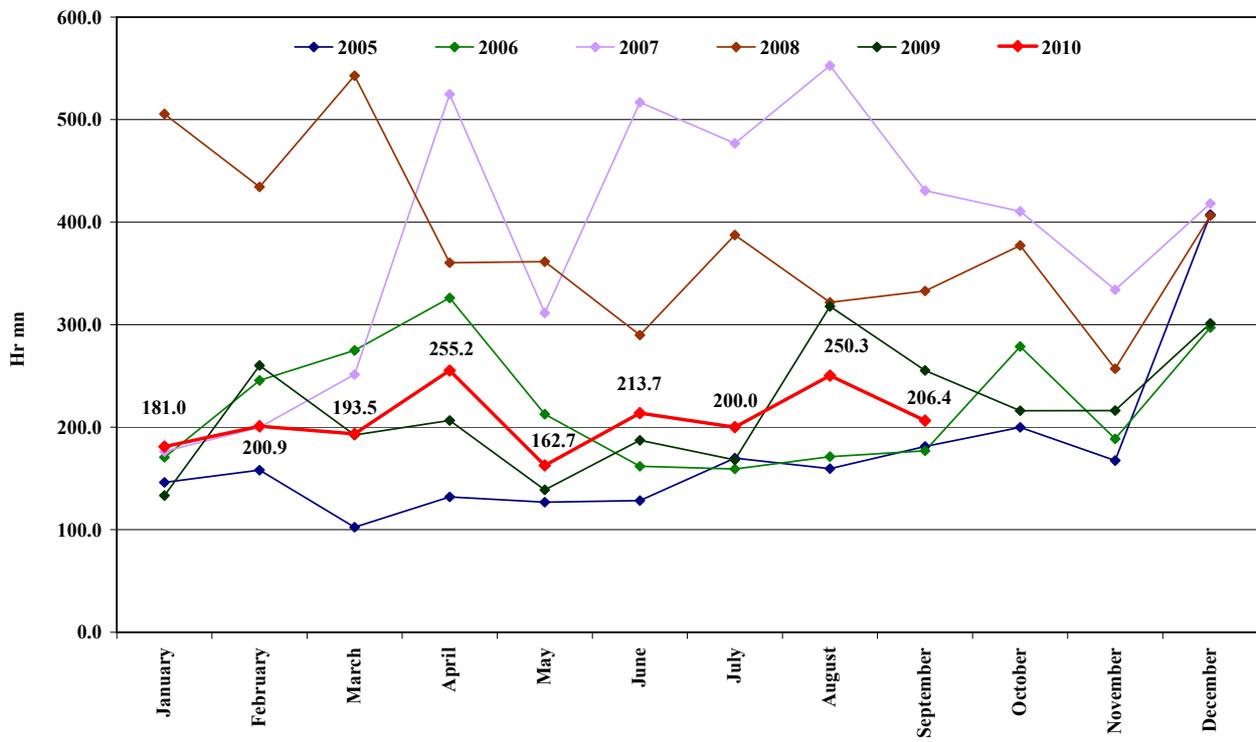
### Budgetary Institutions Own Revenues Monthly Trends in 2005-2010



### 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 11

## Budget Deficit/Surplus Monthly Trends in 2005

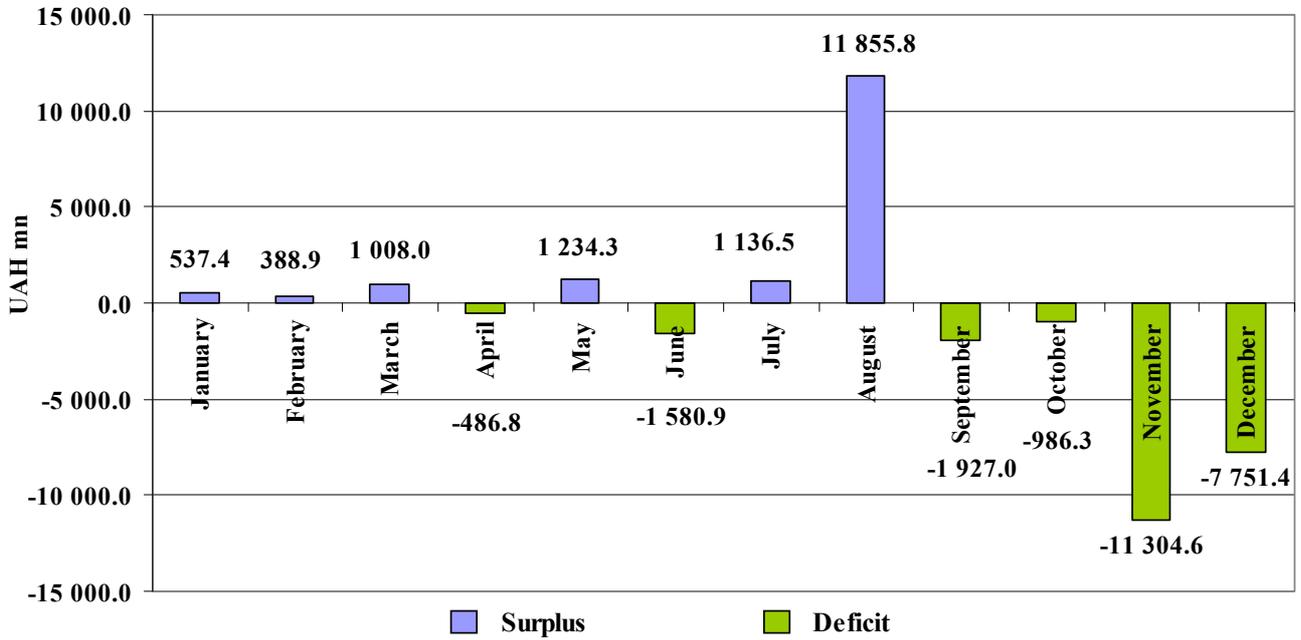


Diagram 12

## Budget Deficit/Surplus Monthly Trends in 2006

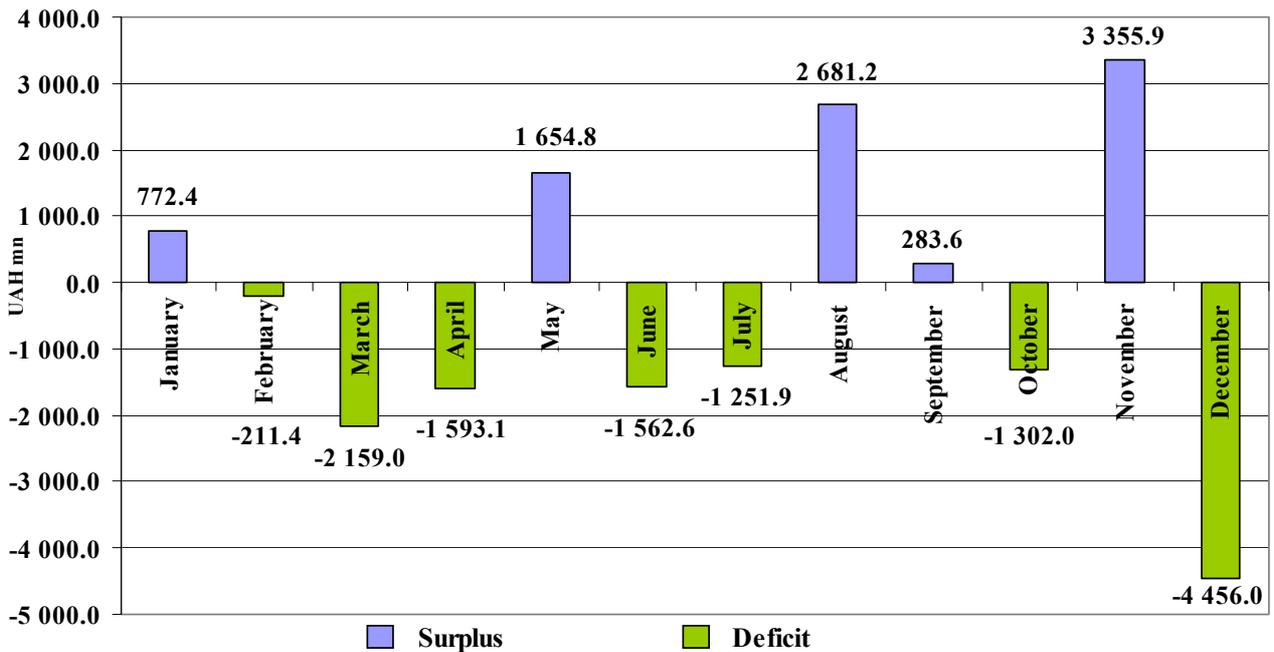


Diagram 13

### Budget Deficit/Surplus Monthly Trends in 2007

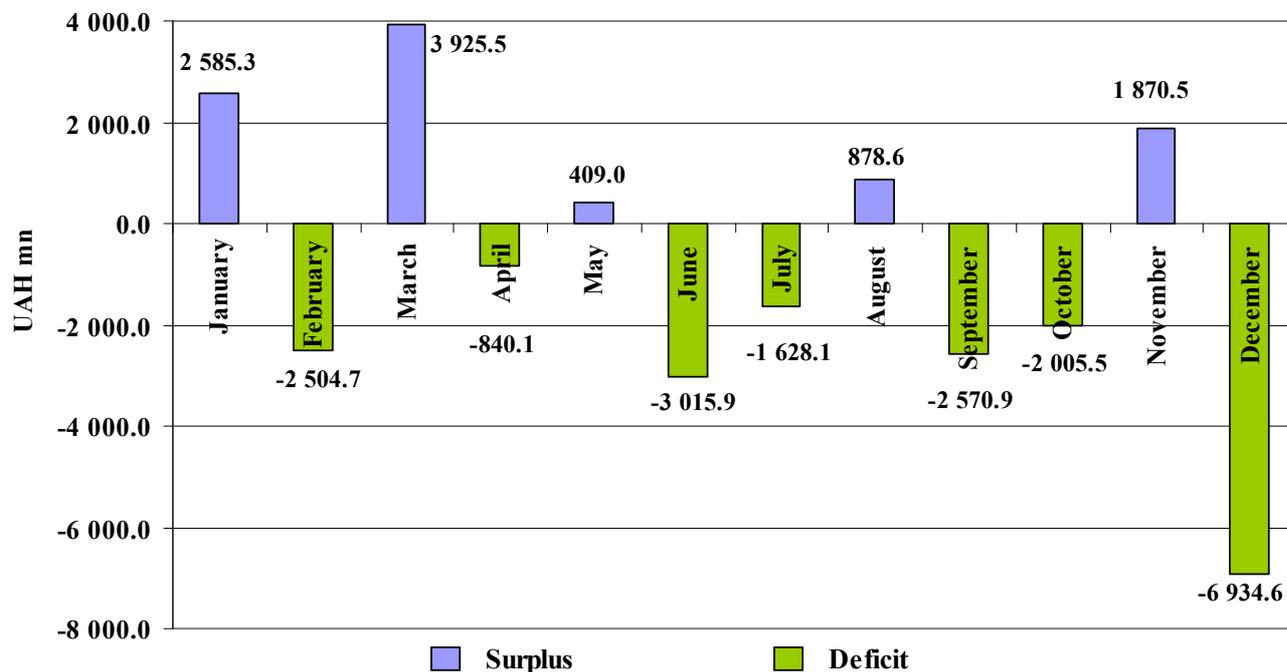


Diagram 14

### Budget Deficit/Surplus Monthly Trends in 2008

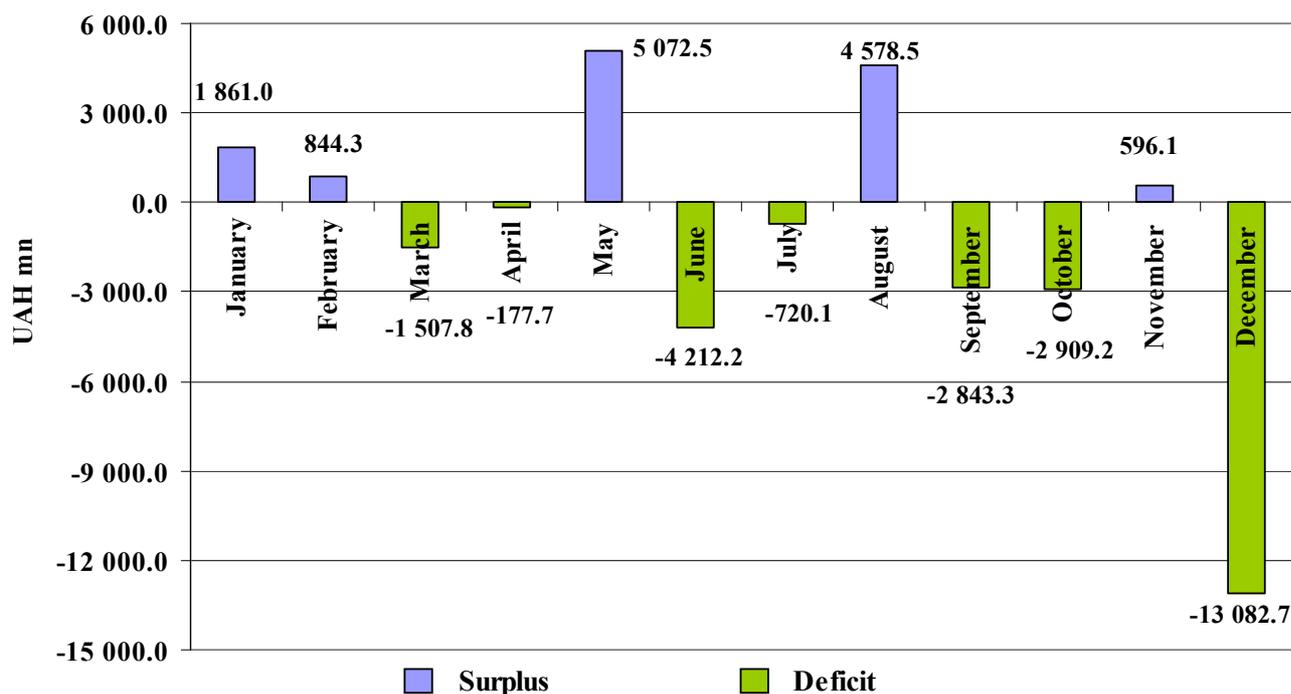


Diagram 15

### Budget Deficit/Surplus Monthly Trends in 2009

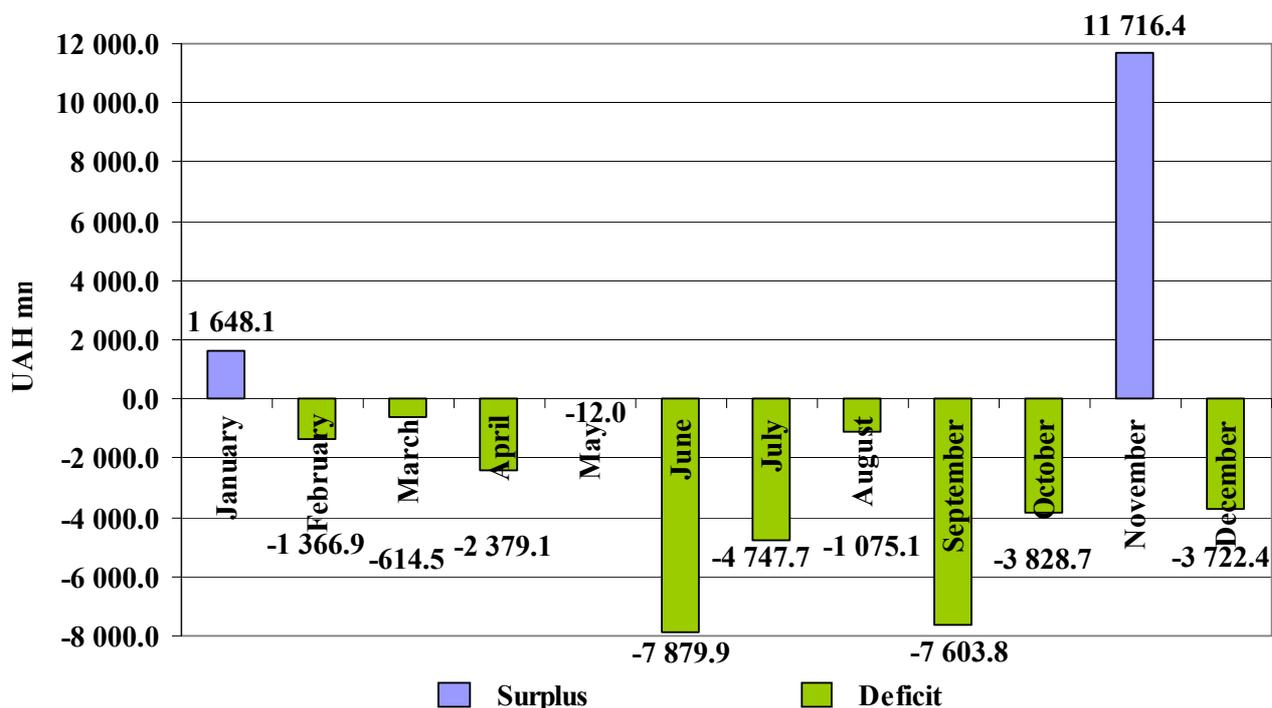
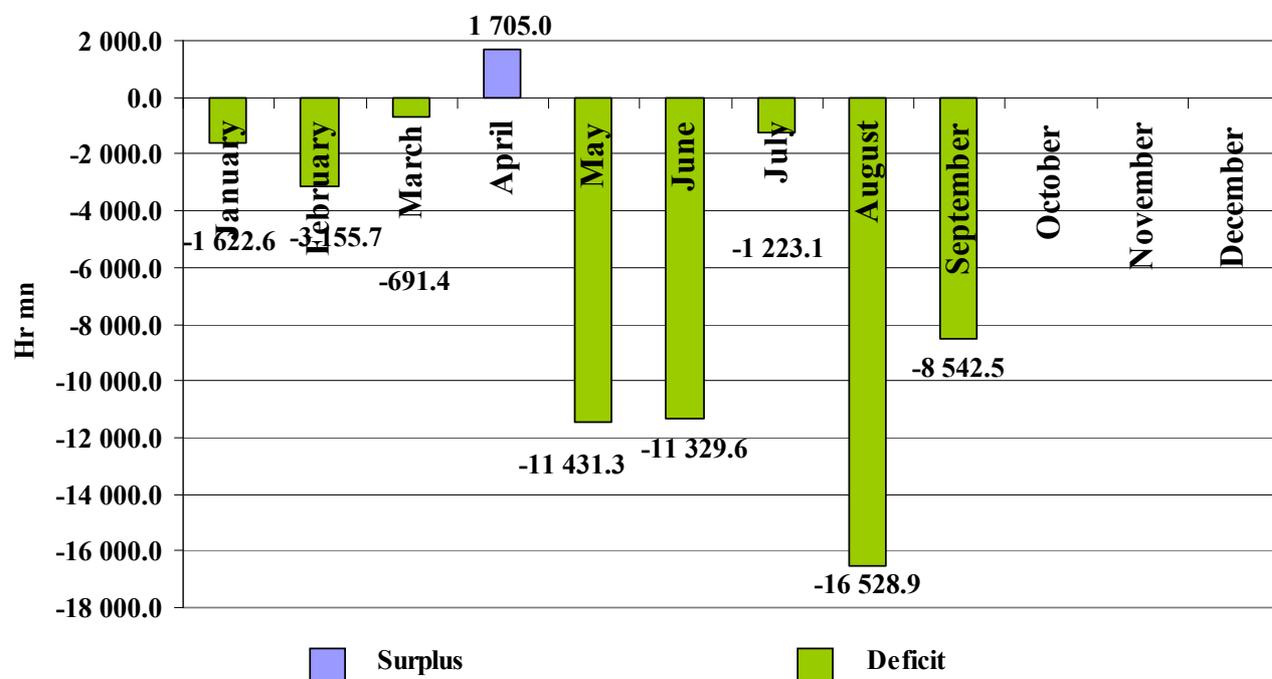


Diagram 16

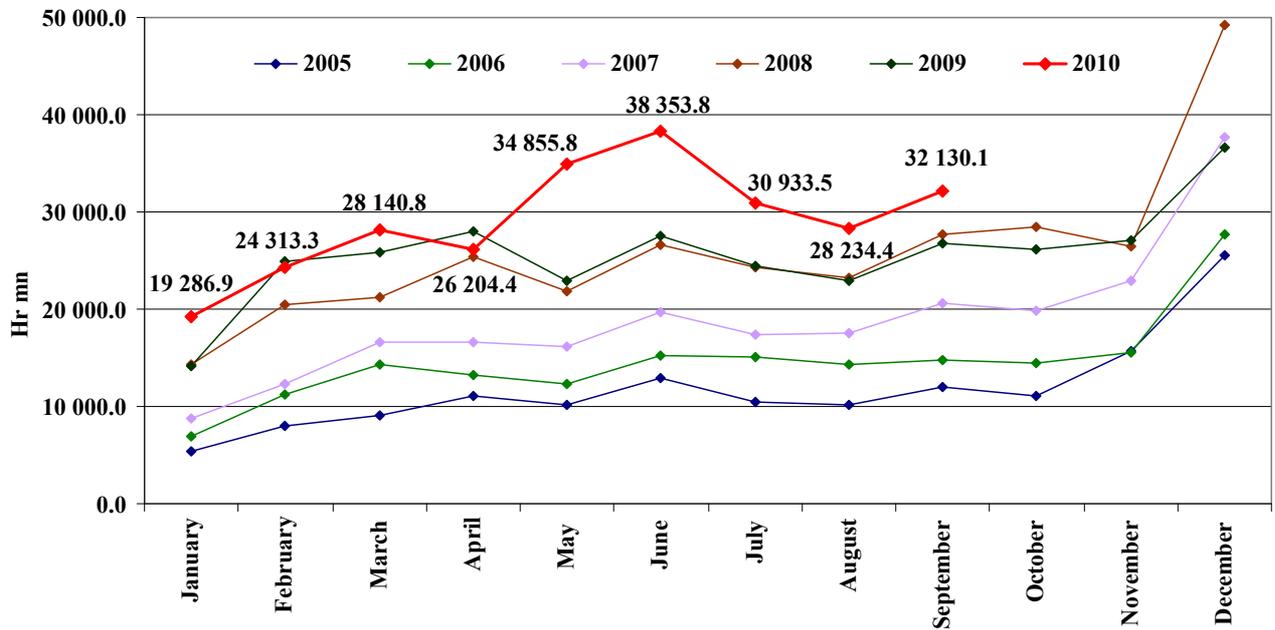
### Budget Deficit/Surplus Monthly Trends in 2010



# Consolidated Budget Expenditures

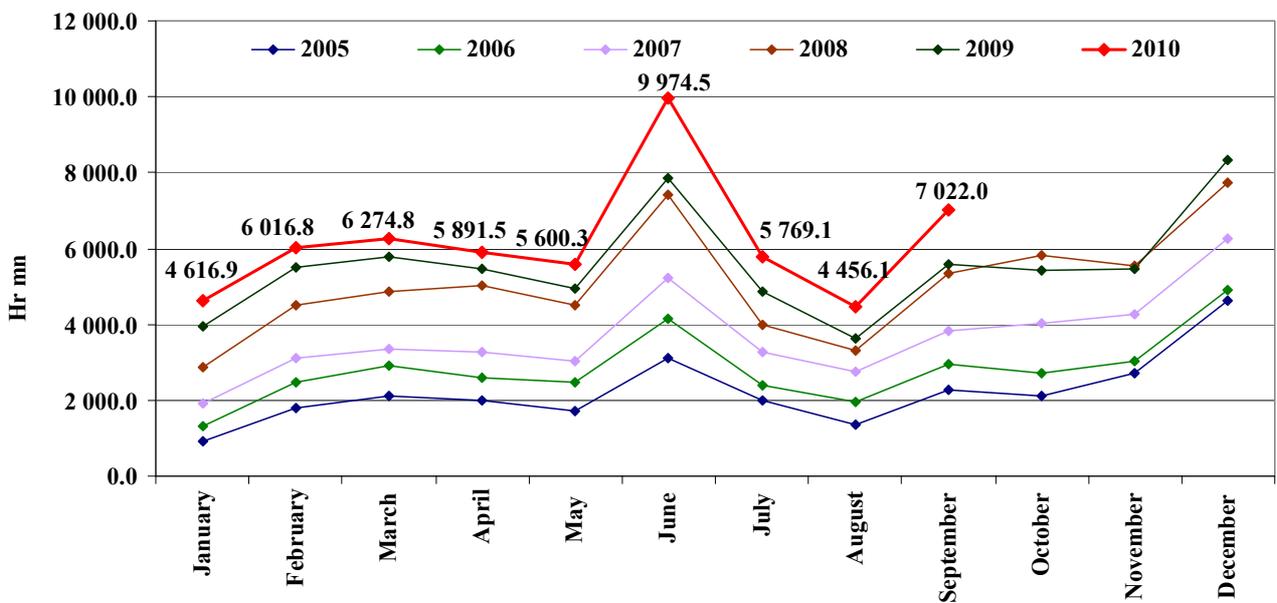
Graph 33

## Consolidated Budget Expenditures Monthly Trends in 2005-2010



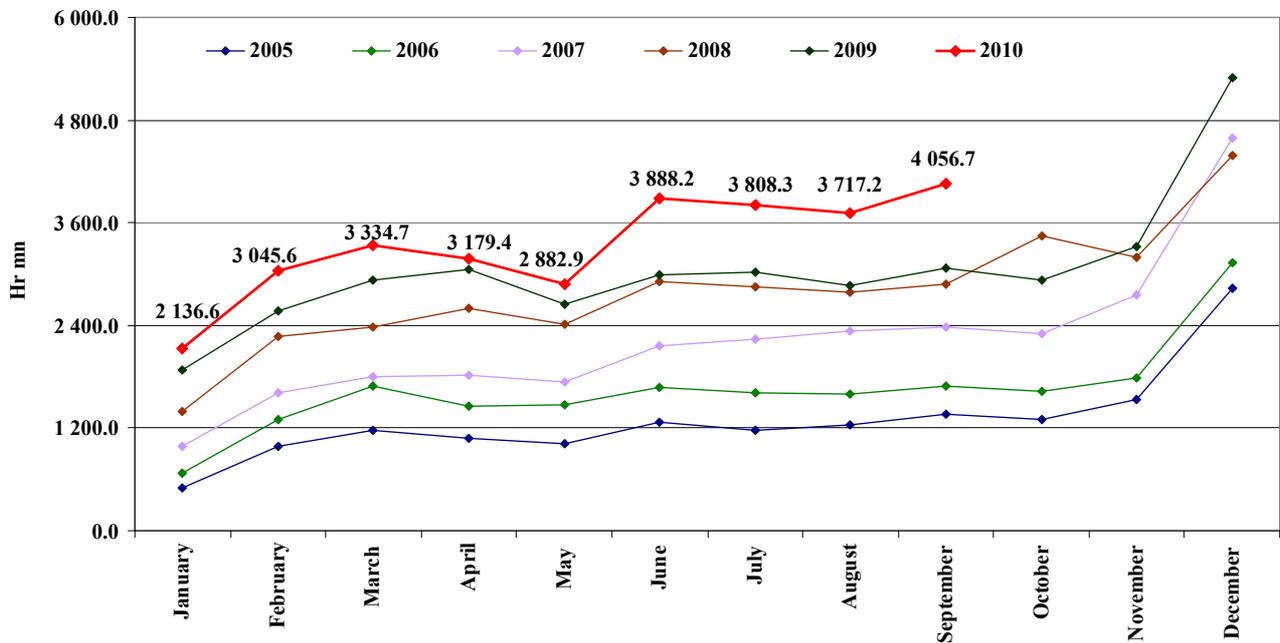
Graph 34

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



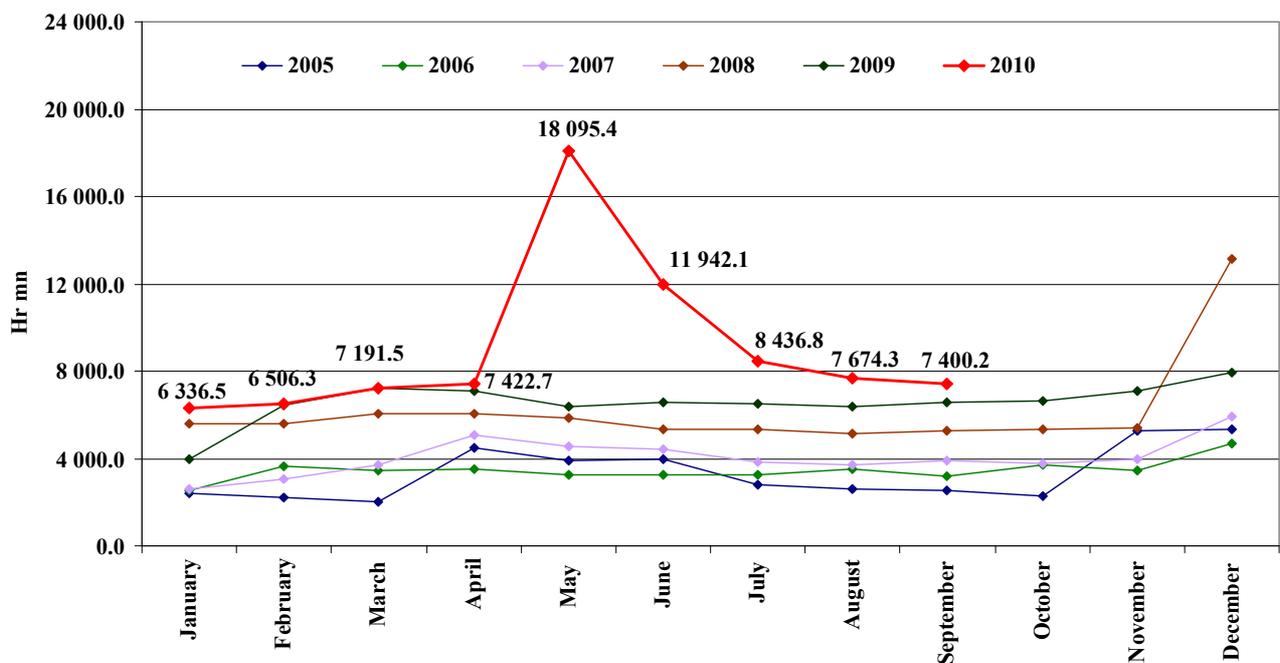
Graph 35

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

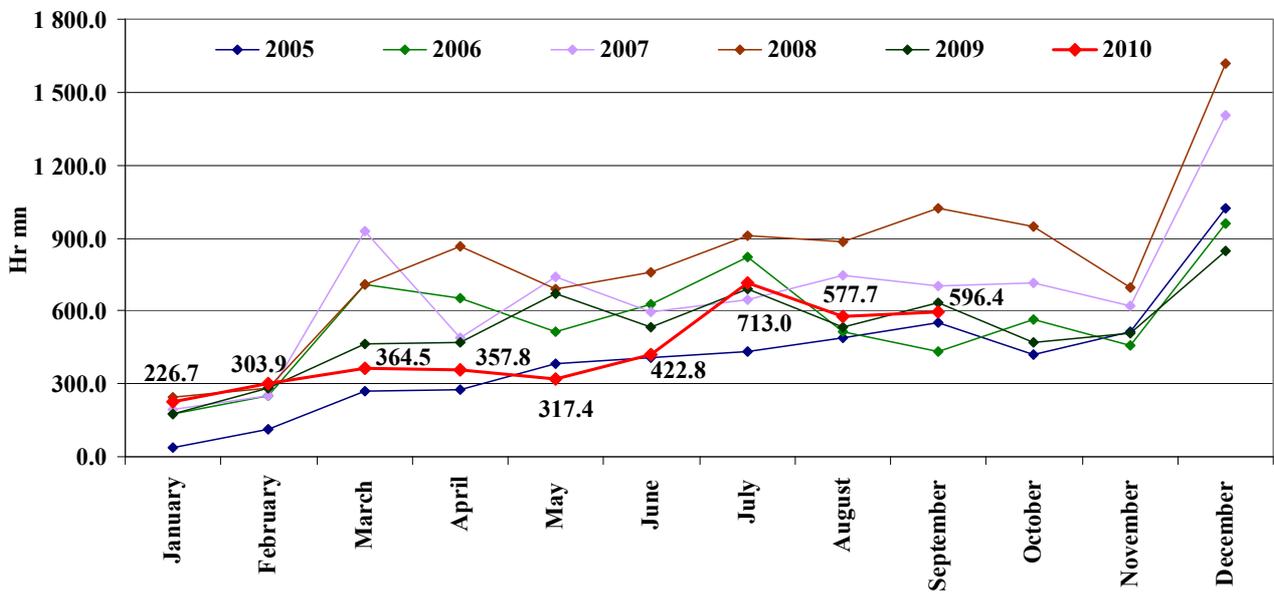


Graph 36

### 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 17

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

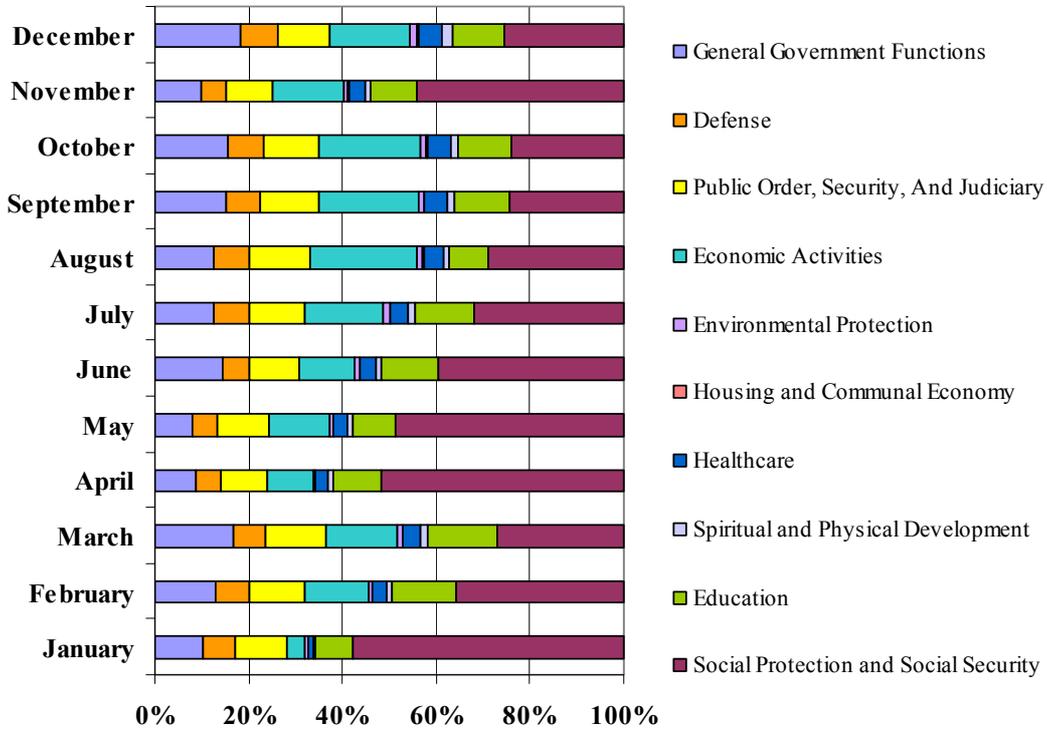


Diagram 18

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

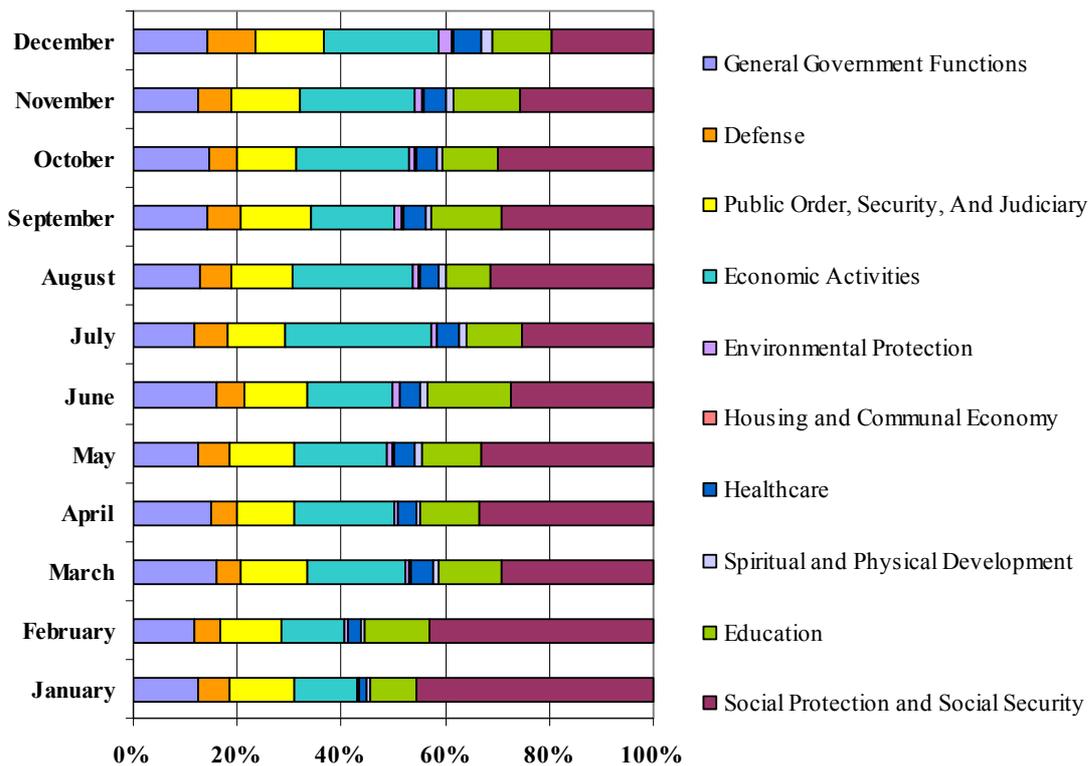


Diagram 19

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

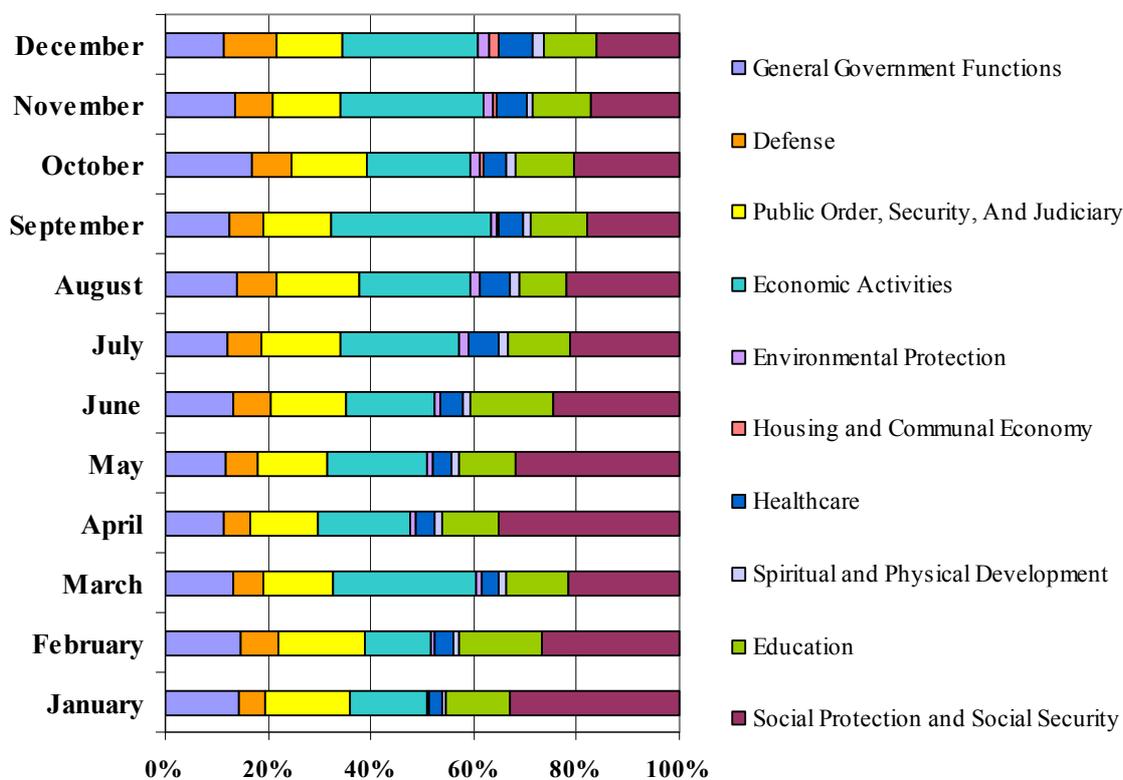


Diagram 20

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

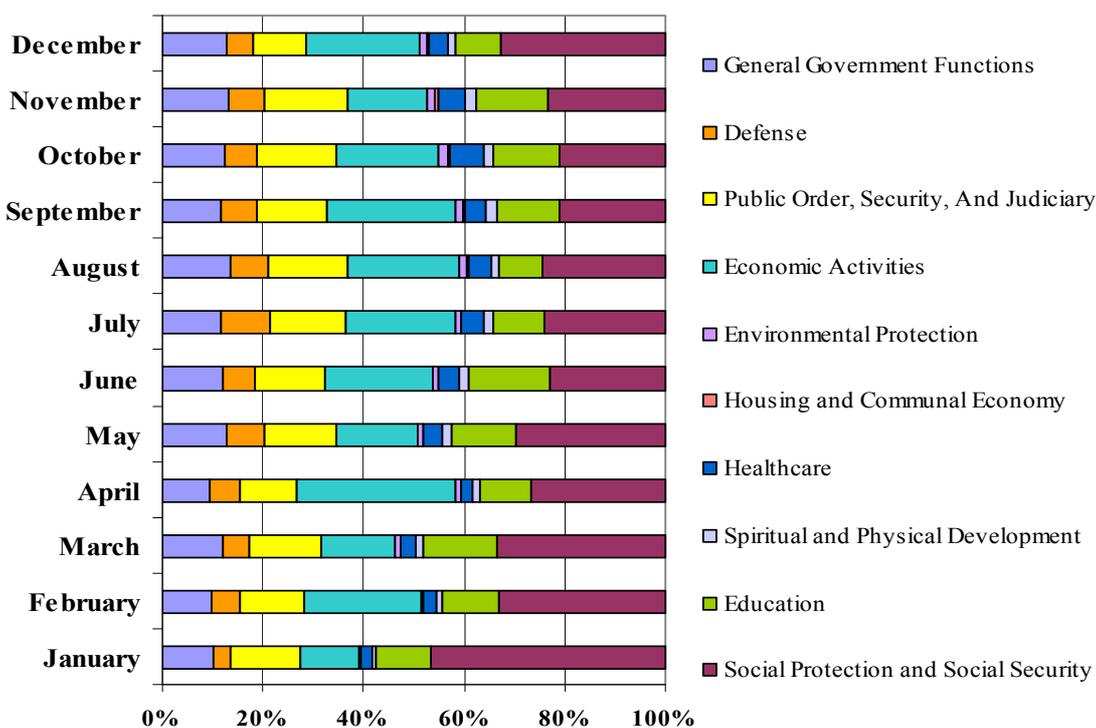


Diagram 21

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

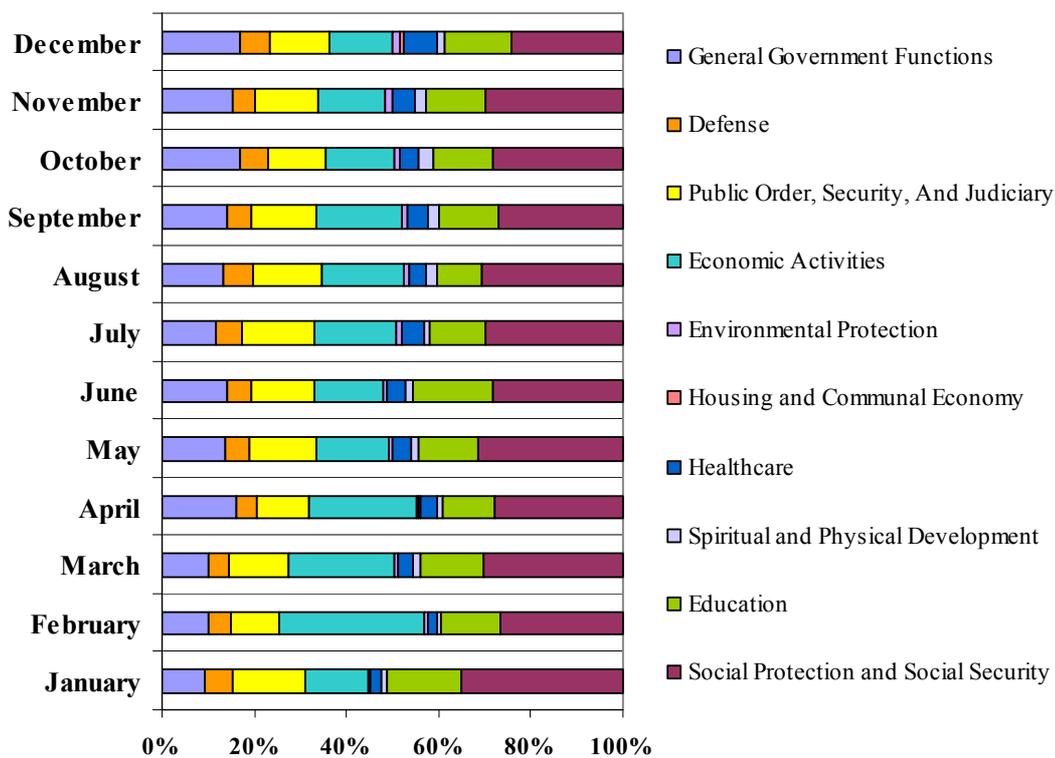
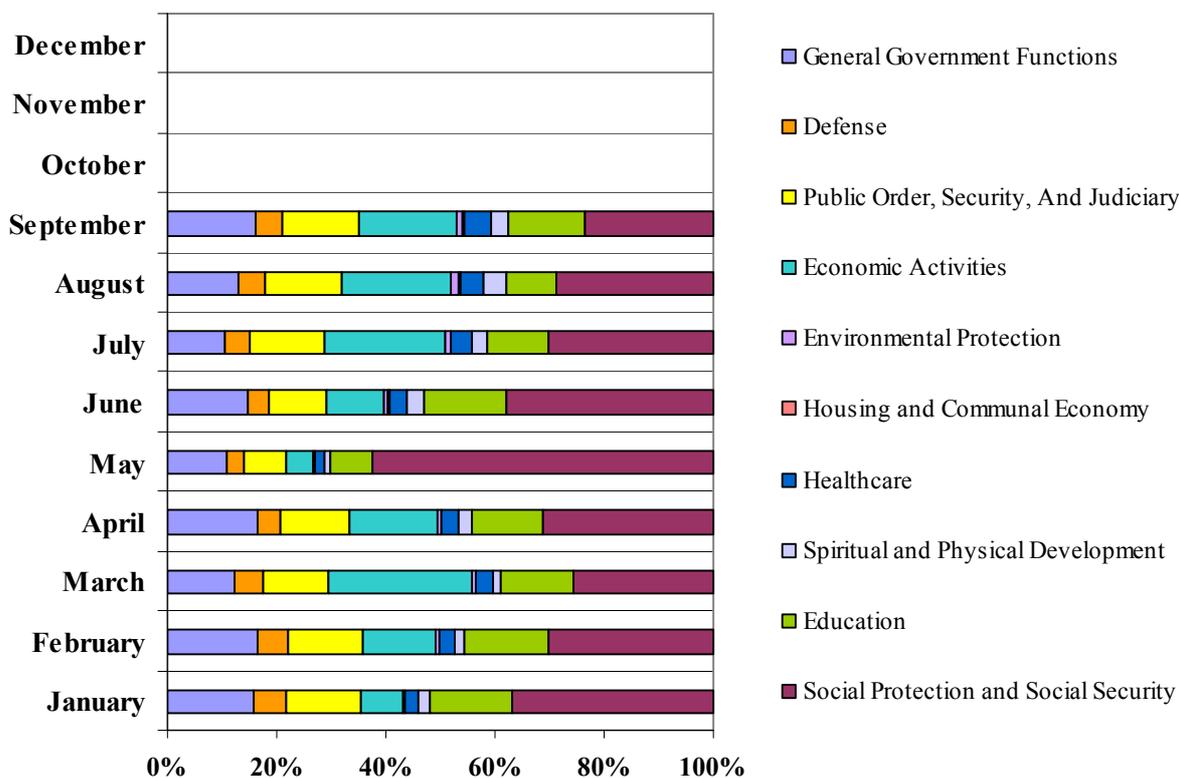


Diagram 22

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



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

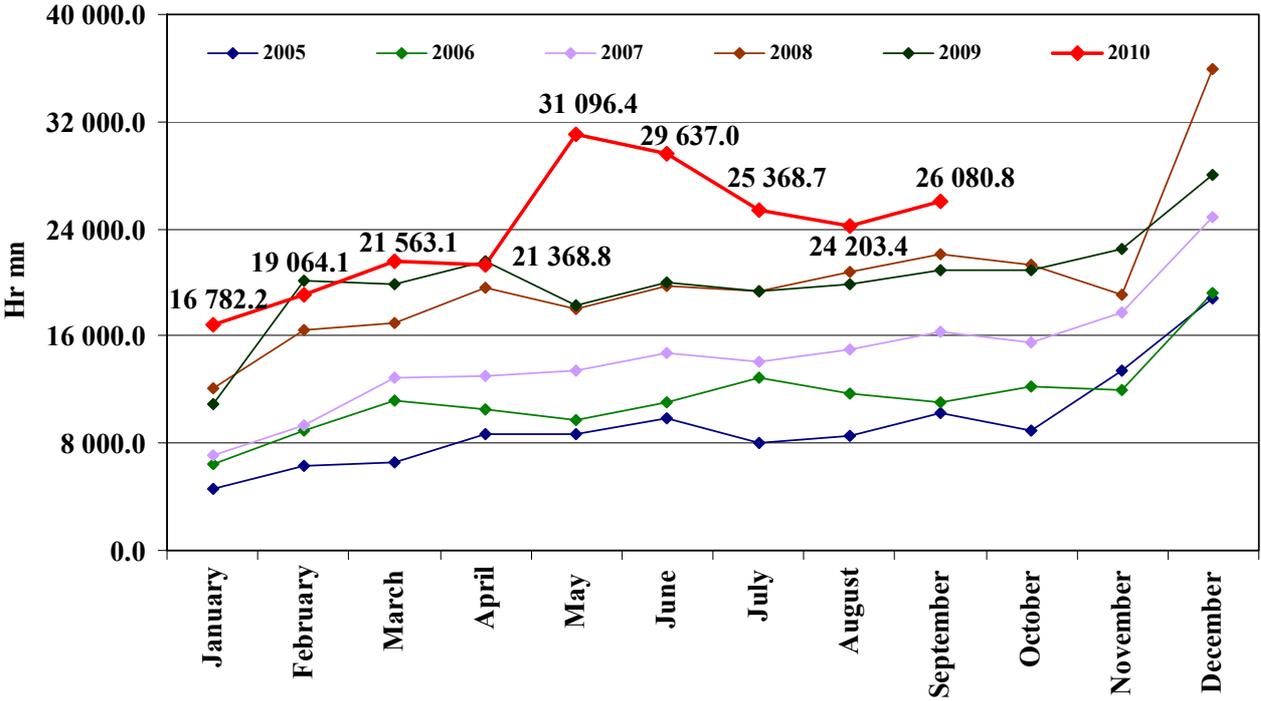
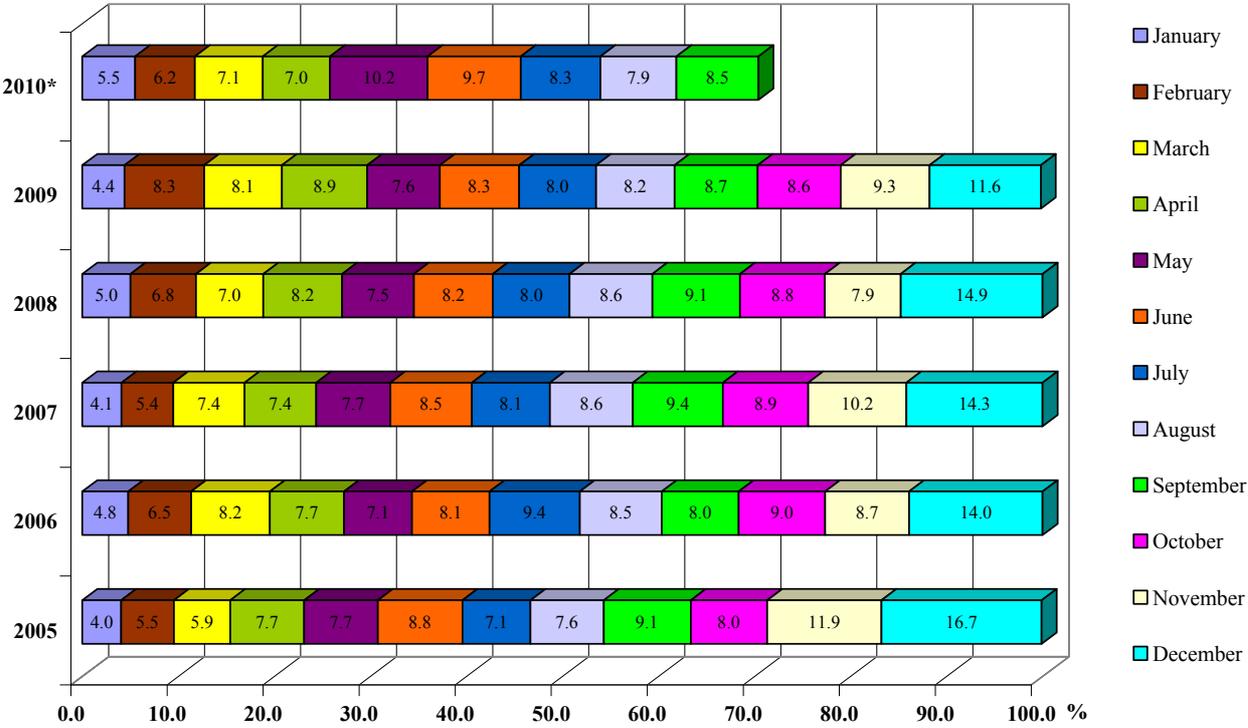


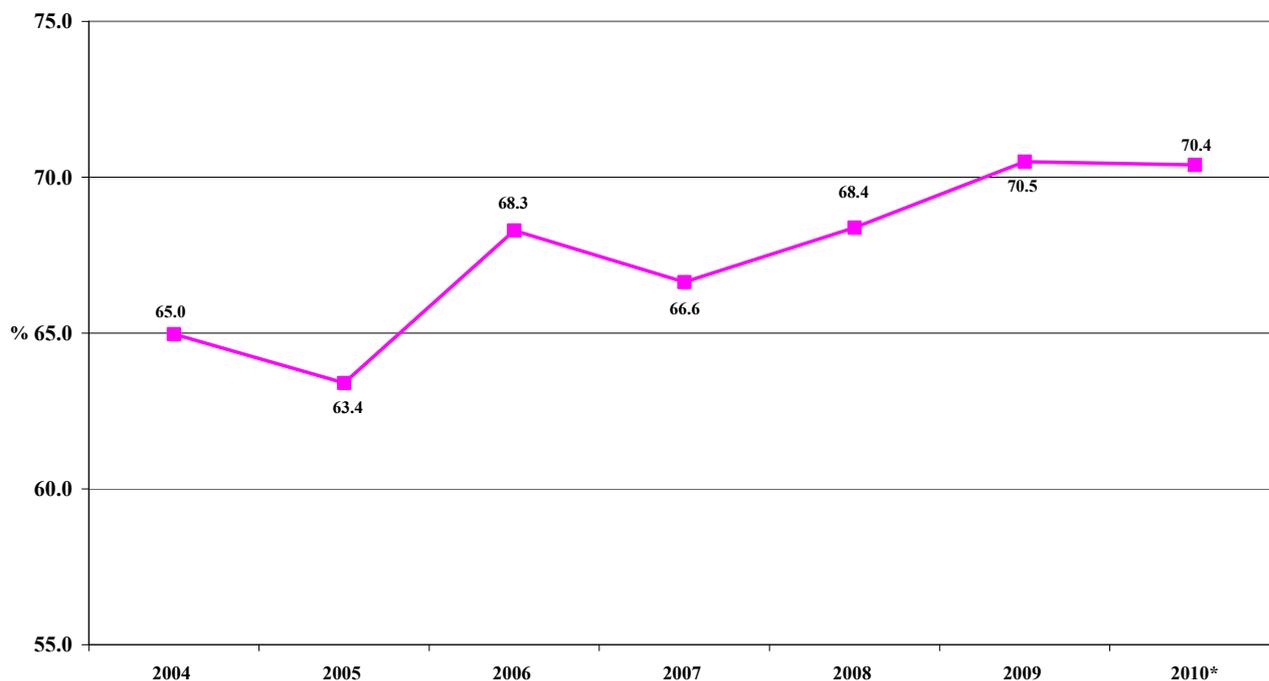
Diagram 23

**Dynamics of the Share of Ukraine's State Budget Total Expenditures in Annual Amounts in 2005-2010**



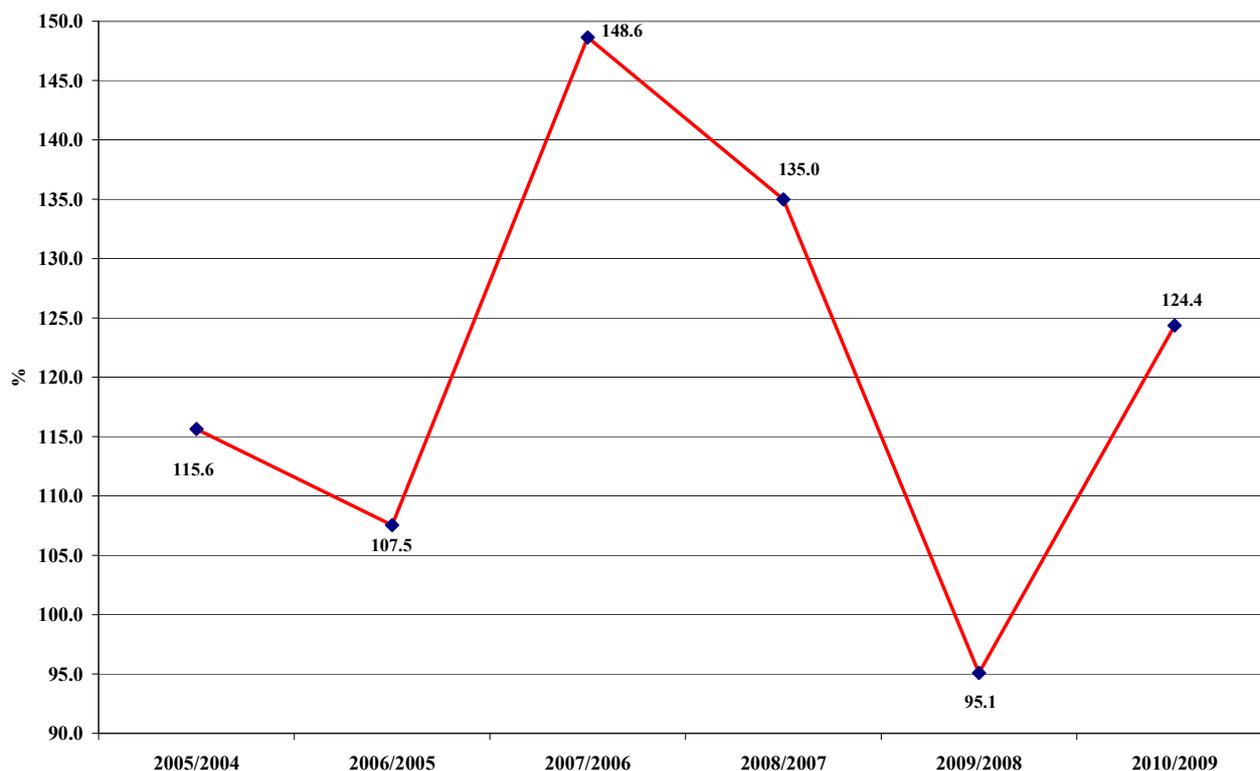
\* A share of total expenditures according to the planned annual index

### Dynamics of the Share of Ukraine's State Budget Expenditures in January-September 2005-2010 in Annual Amounts



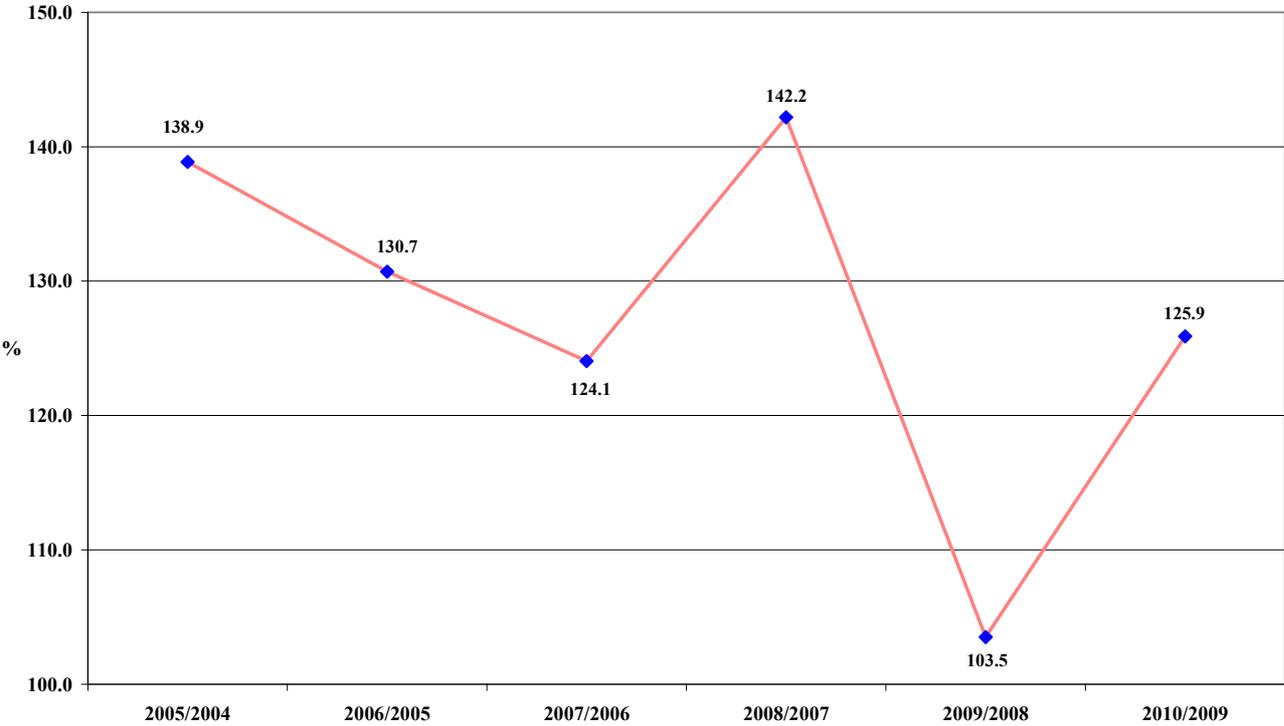
\* A share of total expenditures according to the planned annual index

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



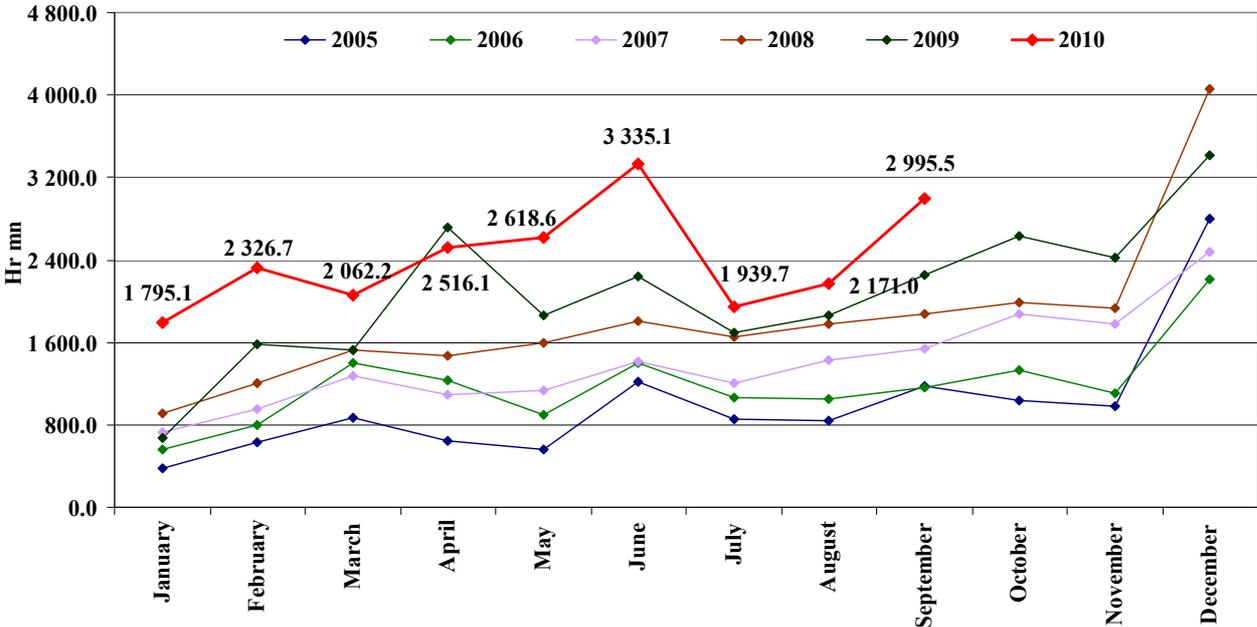
Graph 41

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



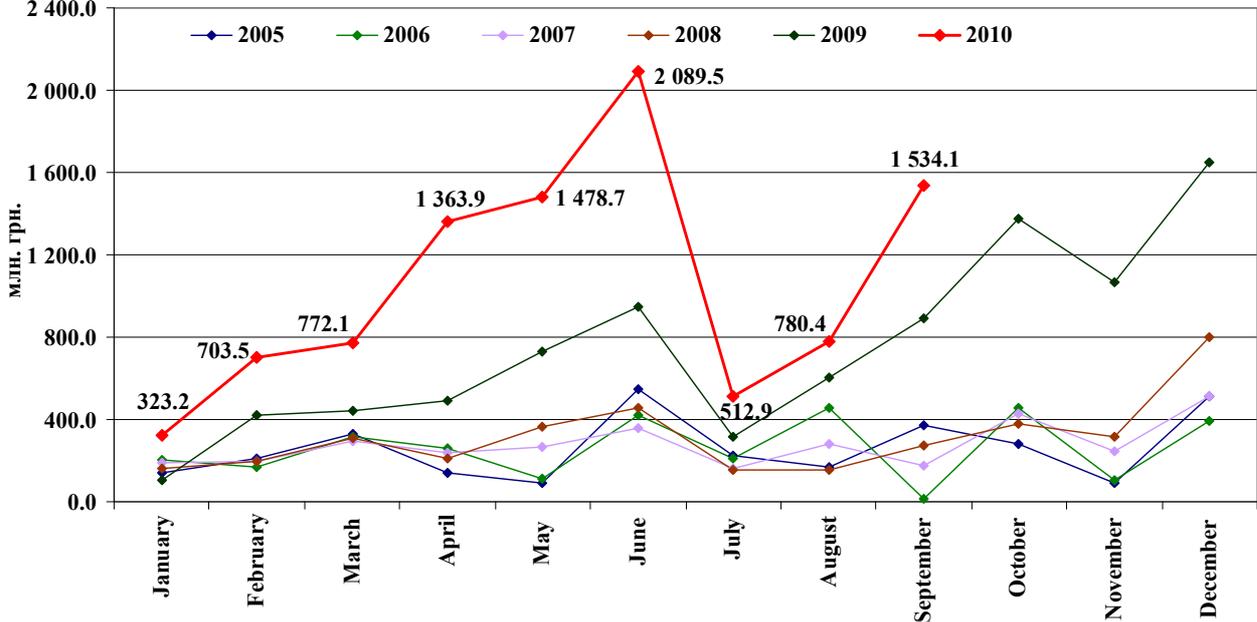
Graph 42

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



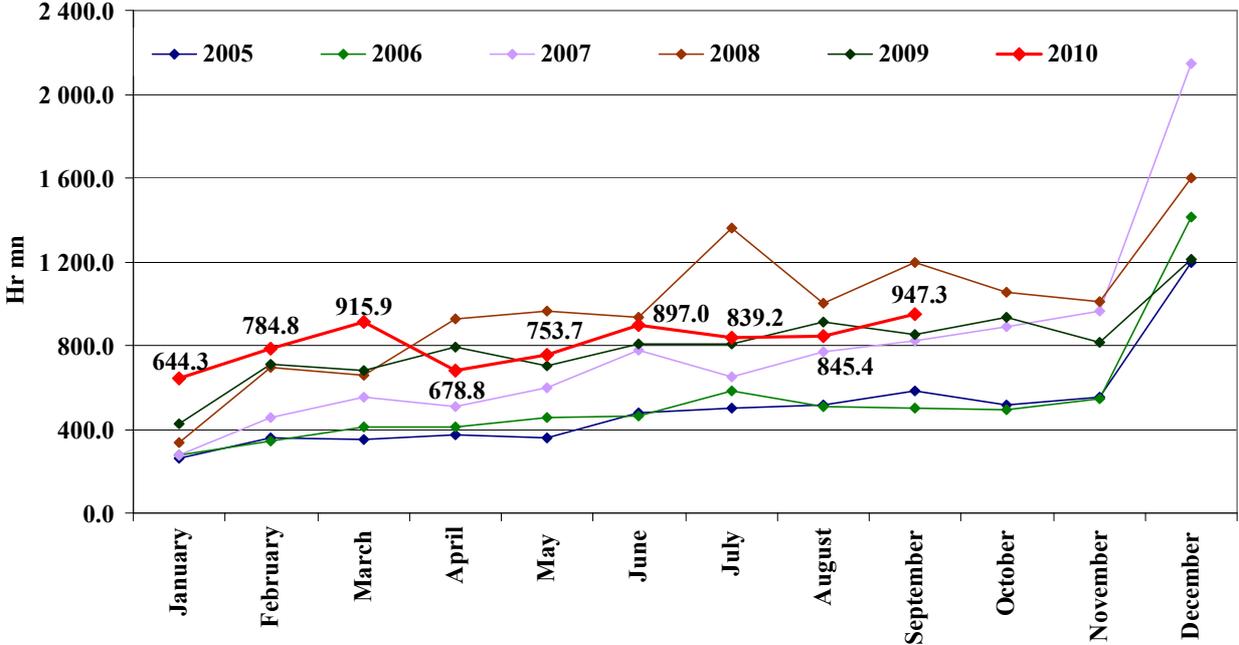
Graph 43

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

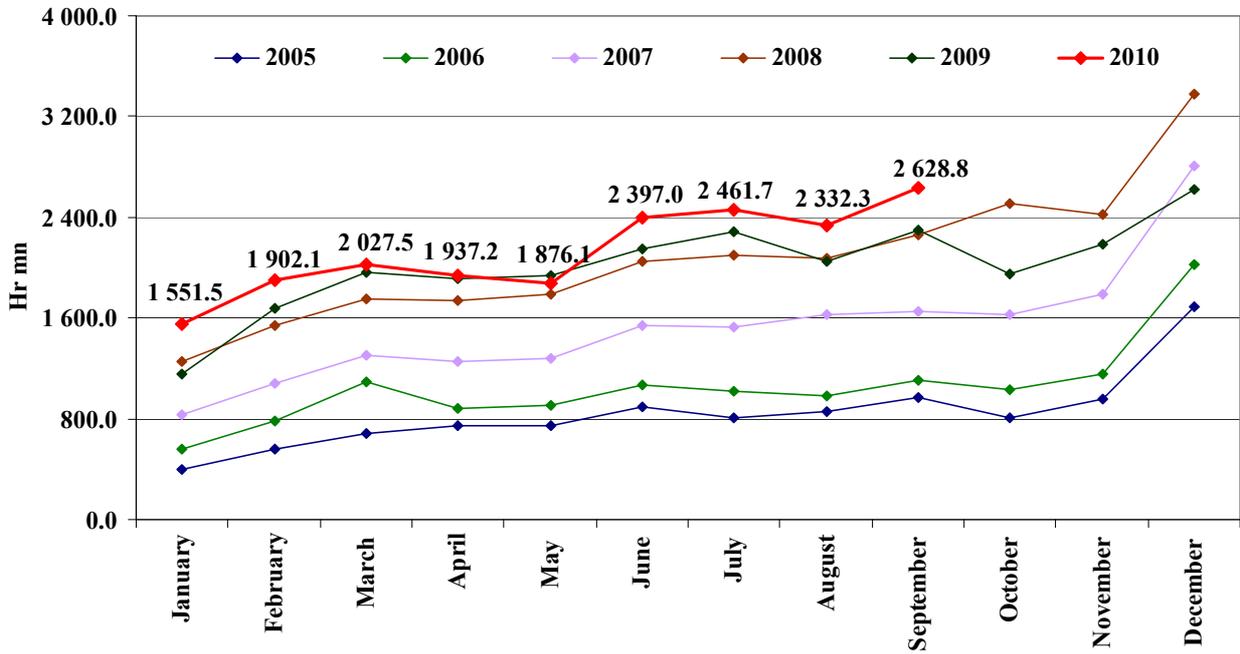


Graph 44

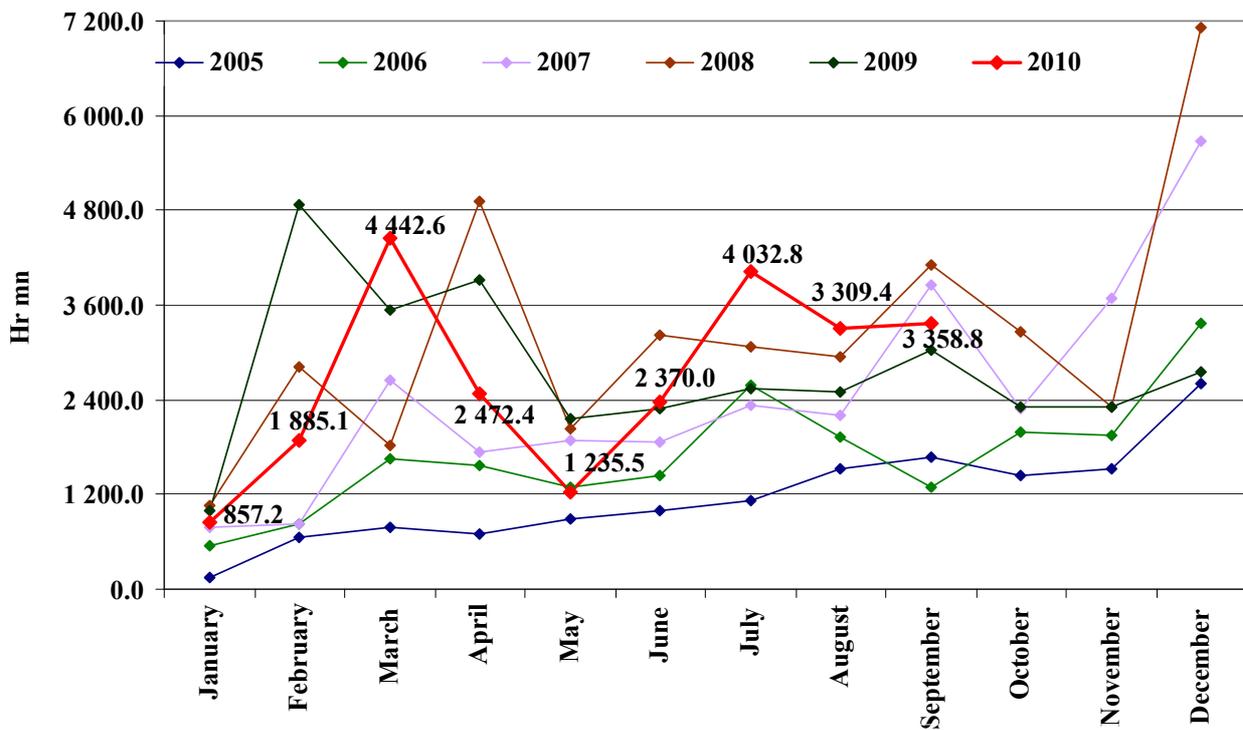
### State Budget Expenditures for Defense Monthly Trends in 2005-2010



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

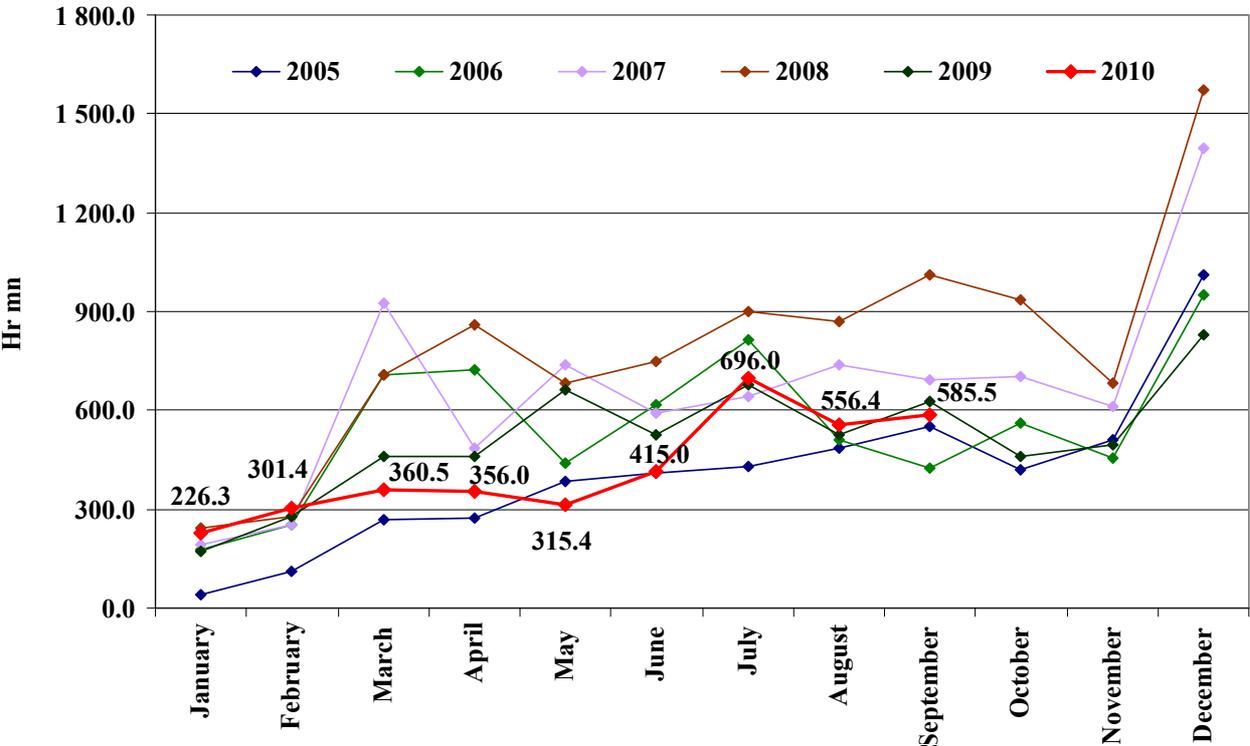


### State Budget Expenditures for Economic Activities Monthly Trends in 2005-2010



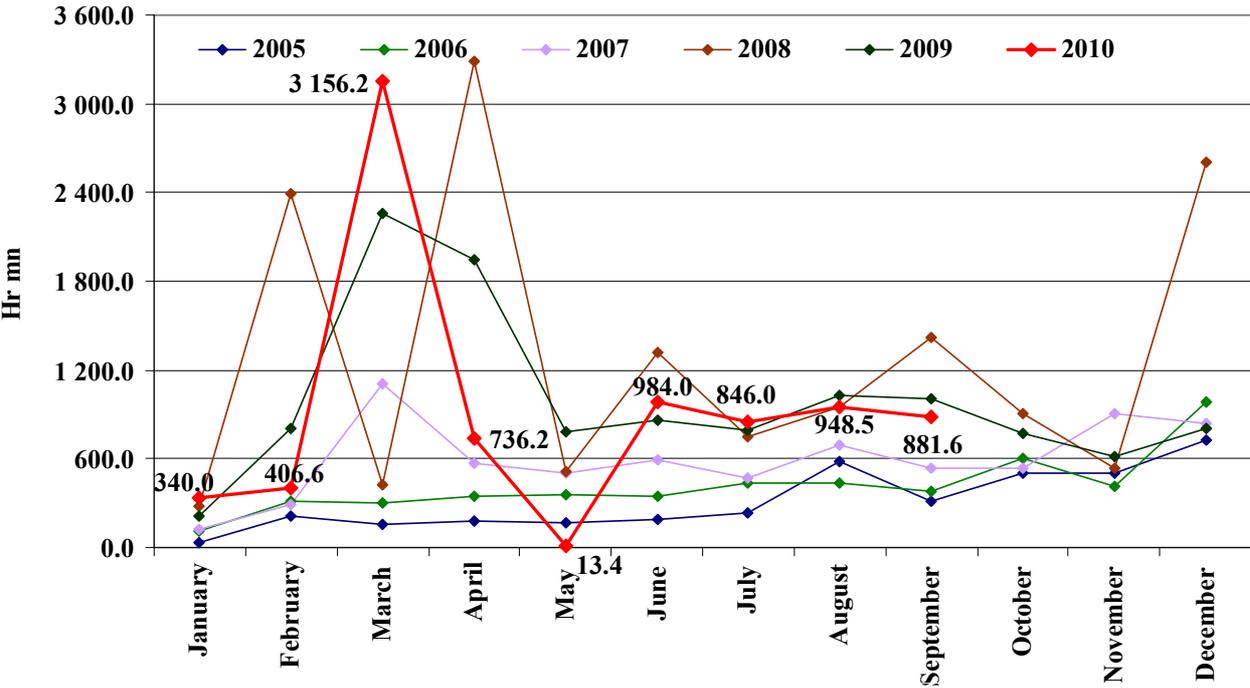
Graph 47

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

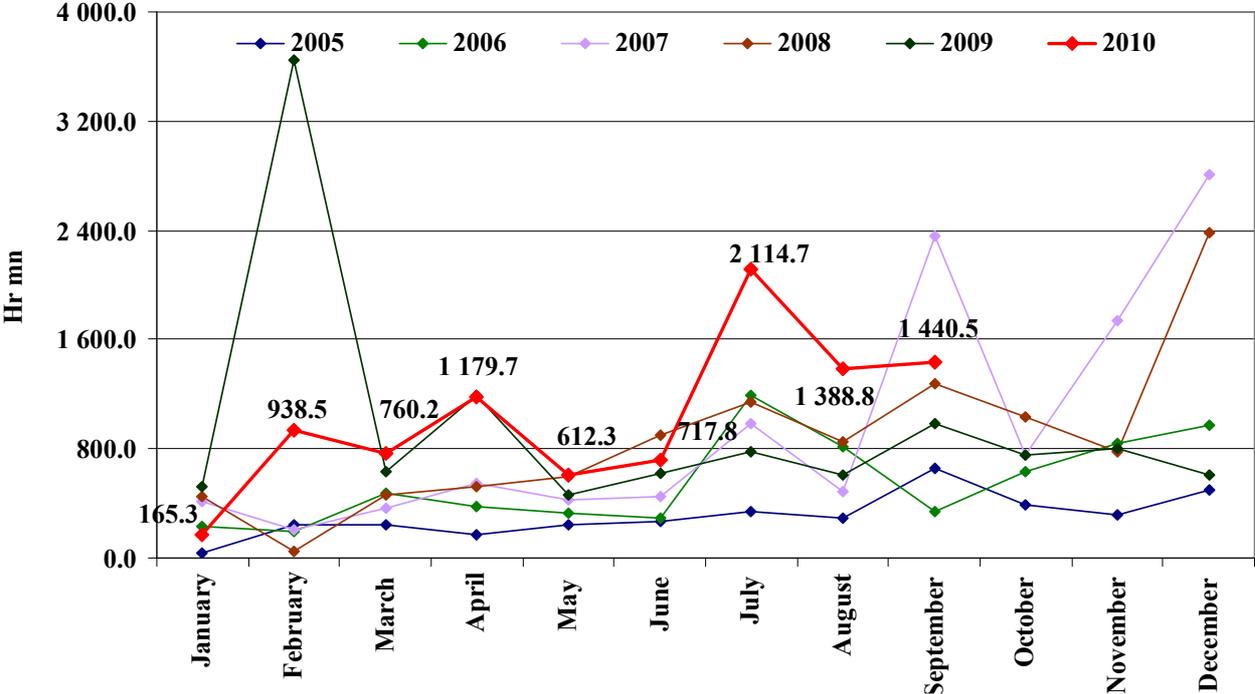


Graph 48

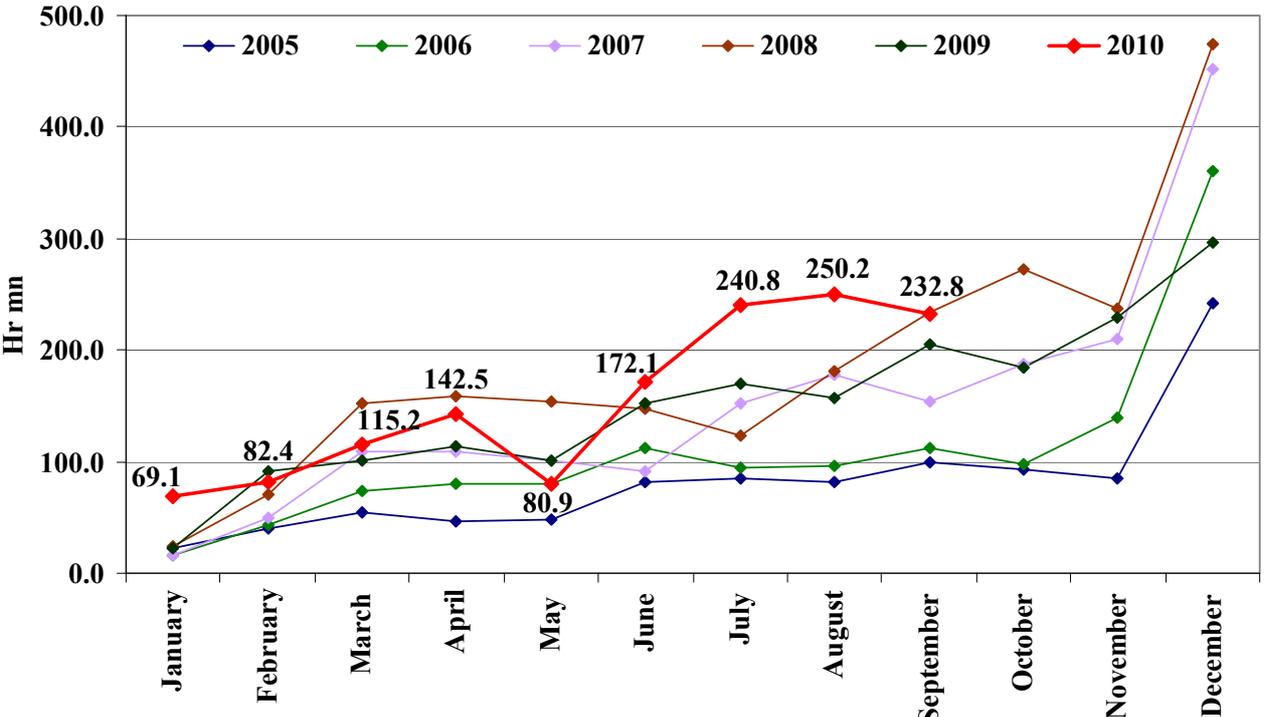
**State Budget Expenditures for Fuel and Energy Sector Monthly Trends in 2005-2010**



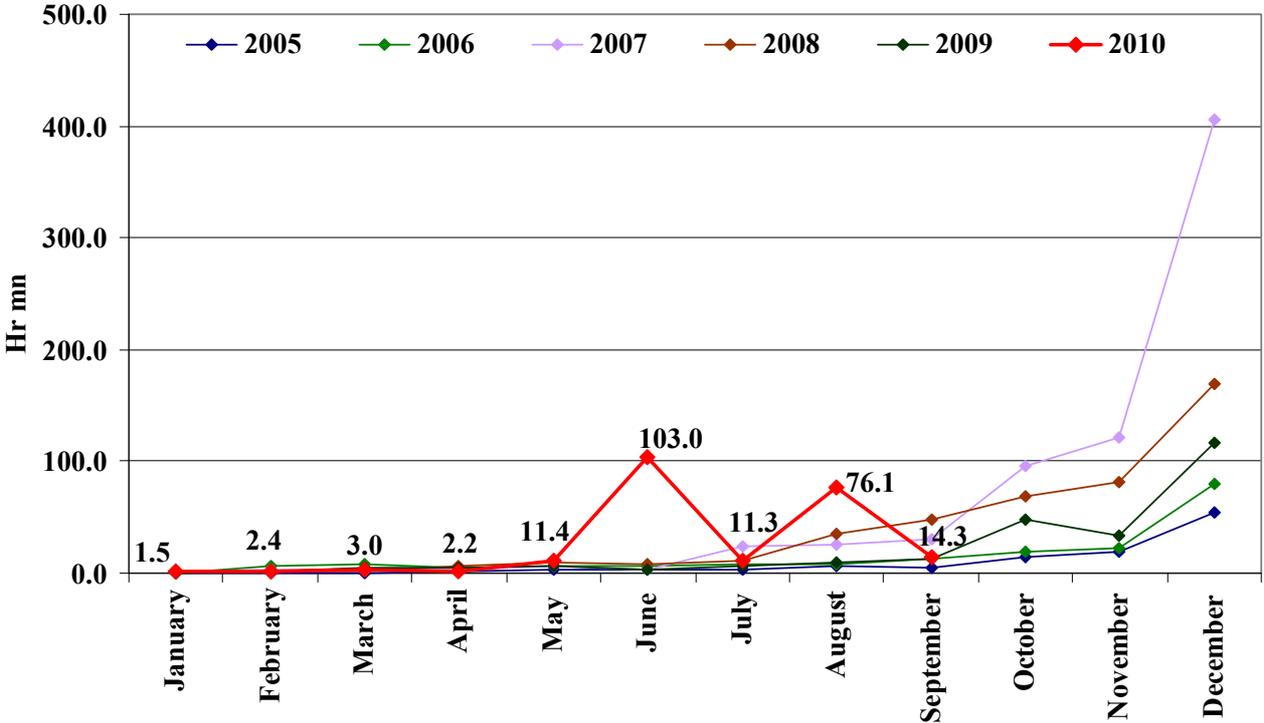
### State Budget Expenditures for Transport Monthly Trends in 2005-2010



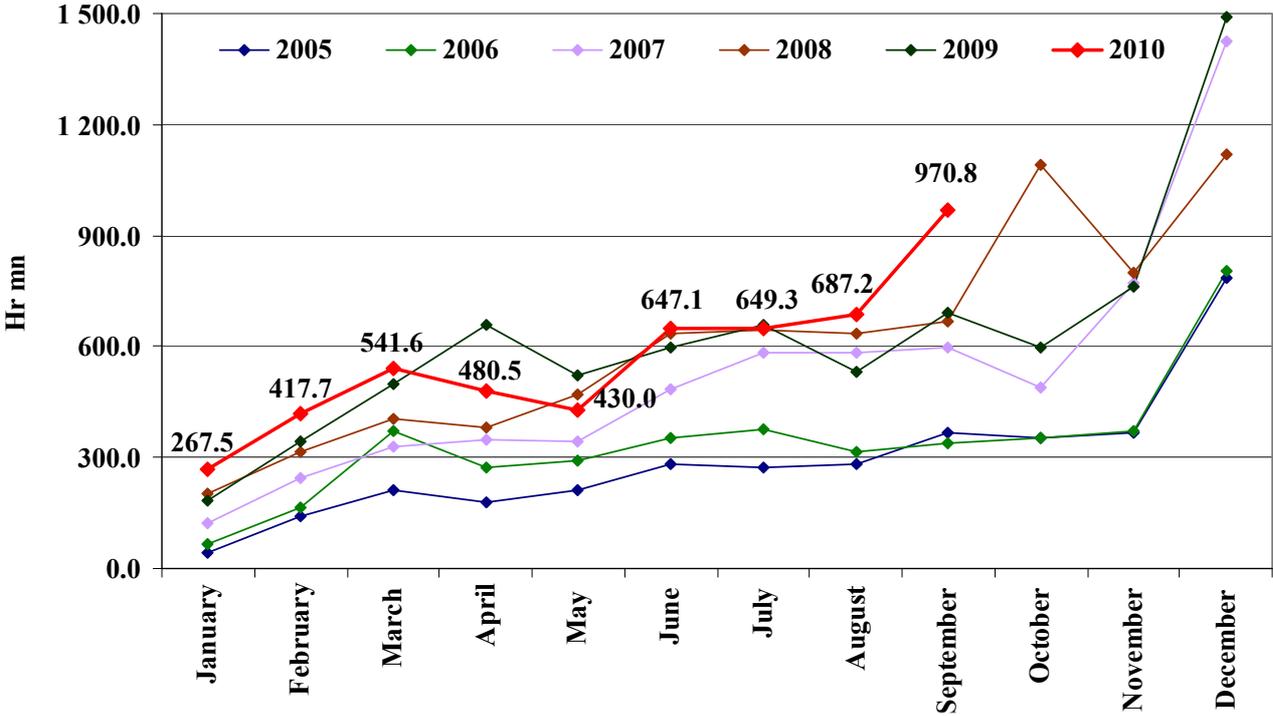
### State Budget Expenditures for Environmental Protection Monthly Trends in 2005-2010



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

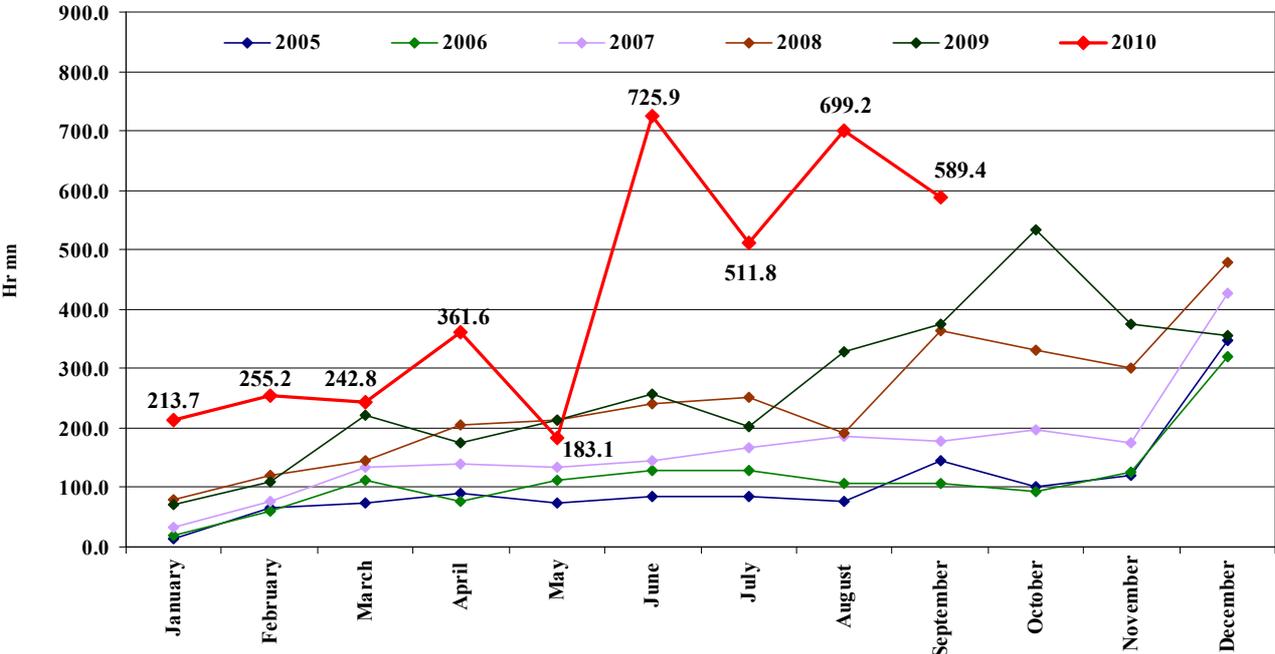


### State Budget Expenditures for Healthcare Monthly Trends in 2005-2010



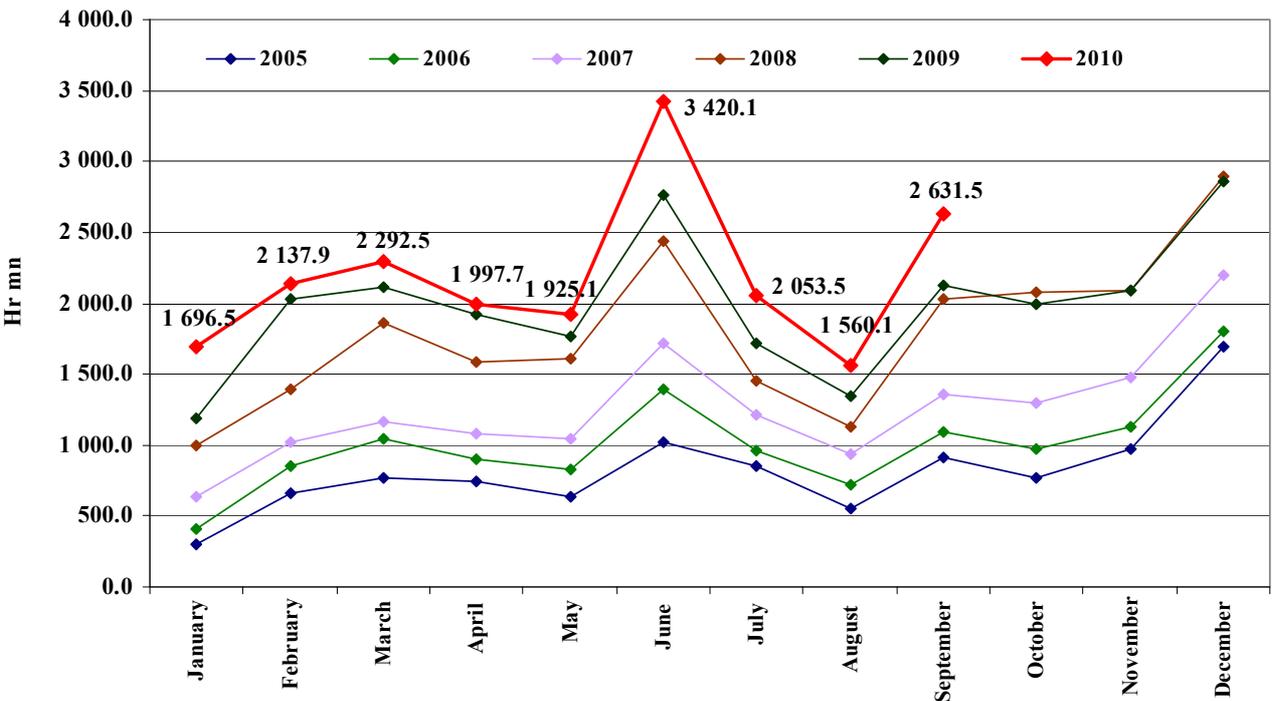
Graph 53

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



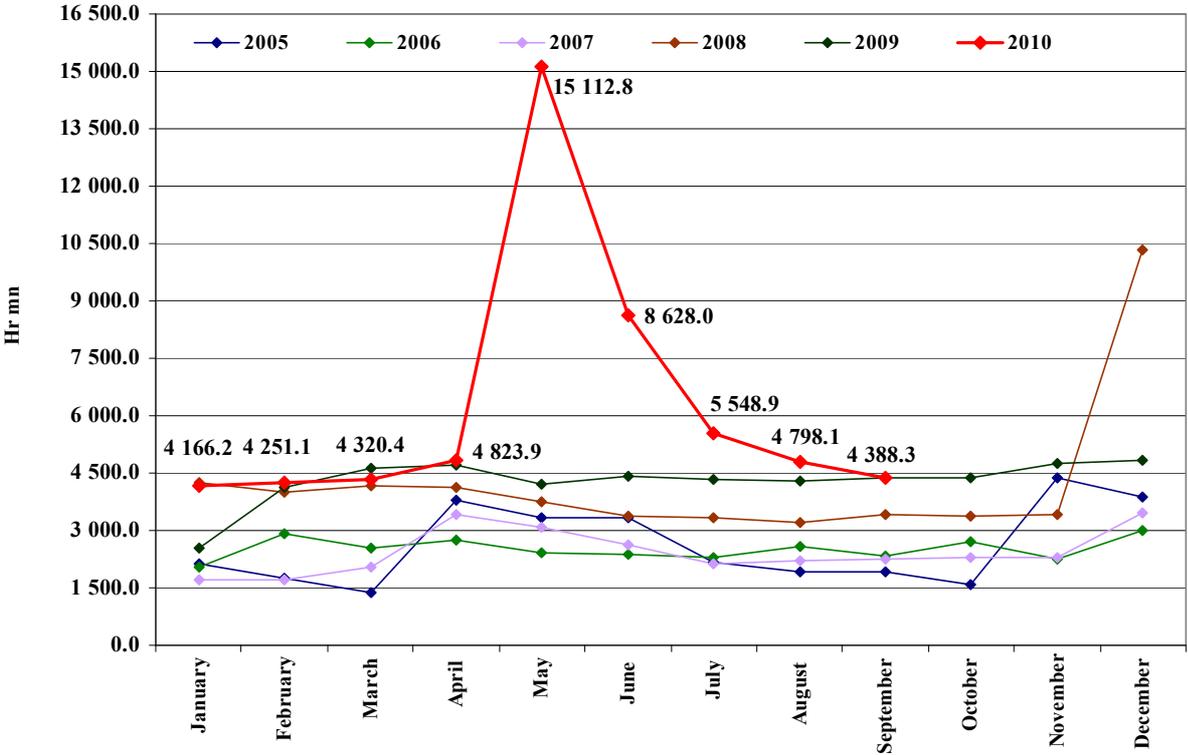
Graph 54

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



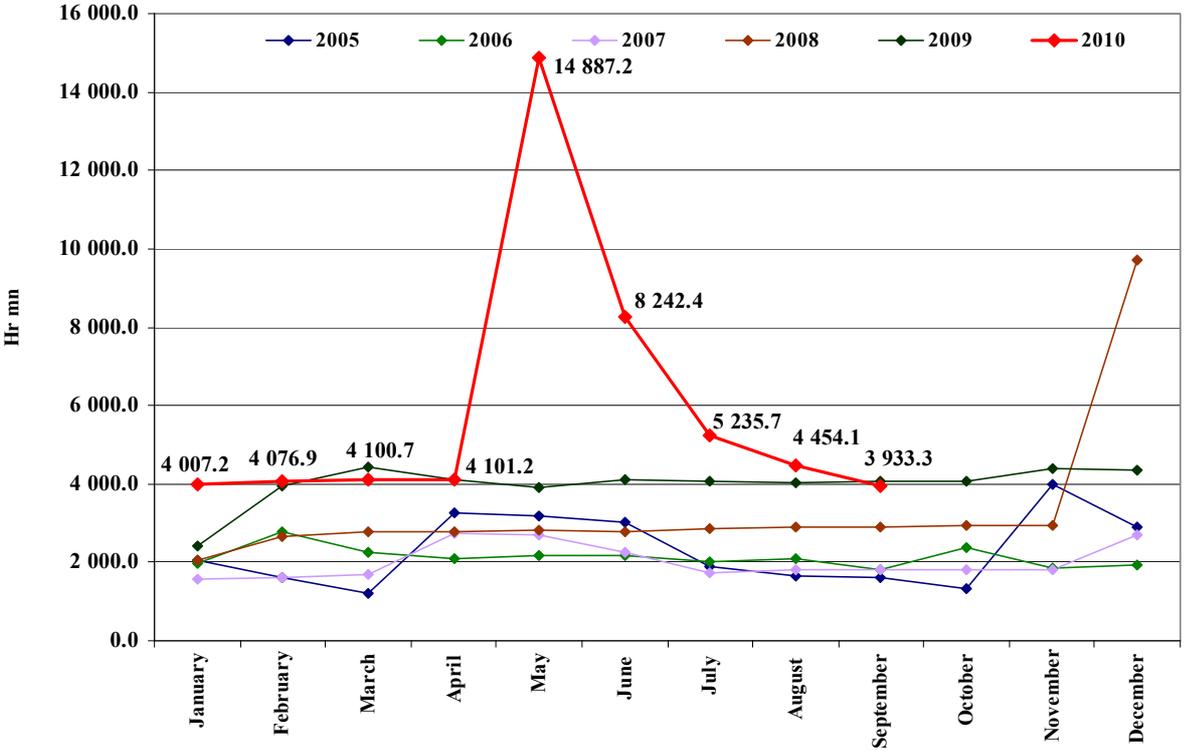
Graph 55

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



Graph 56

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



# Local Budget Expenditures

Graph 57

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

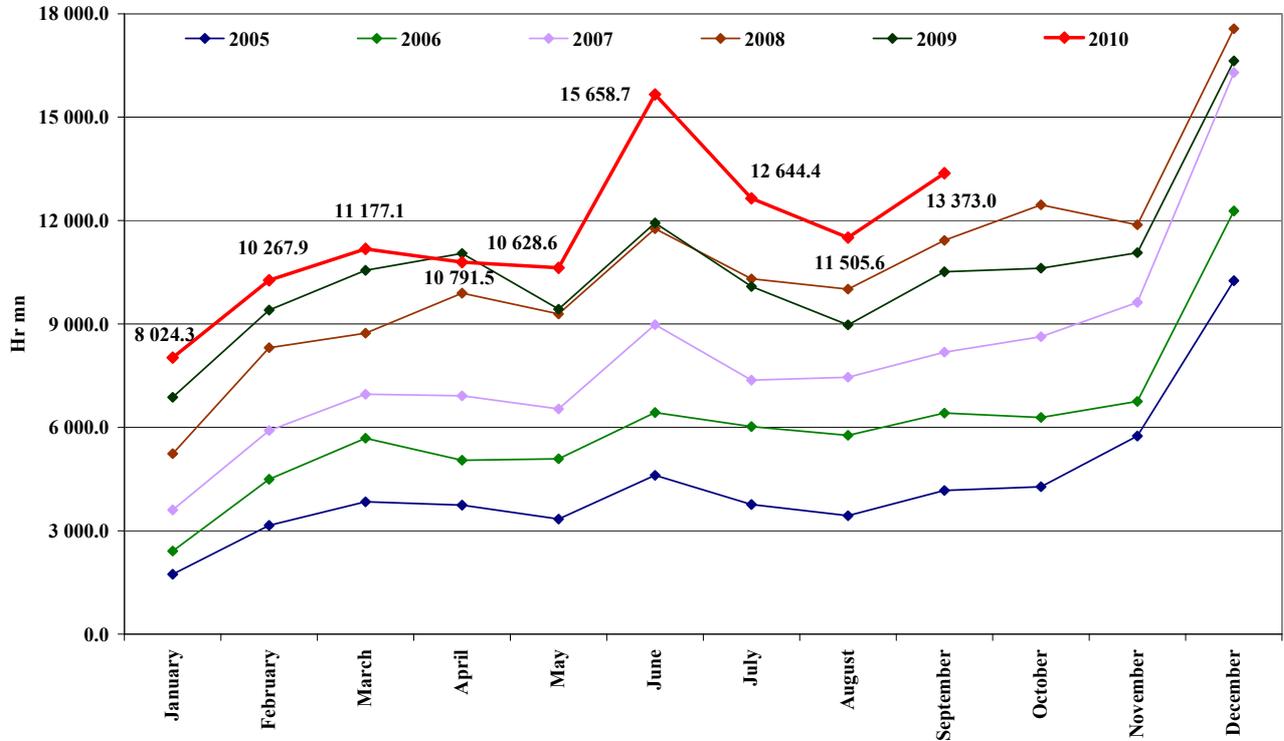
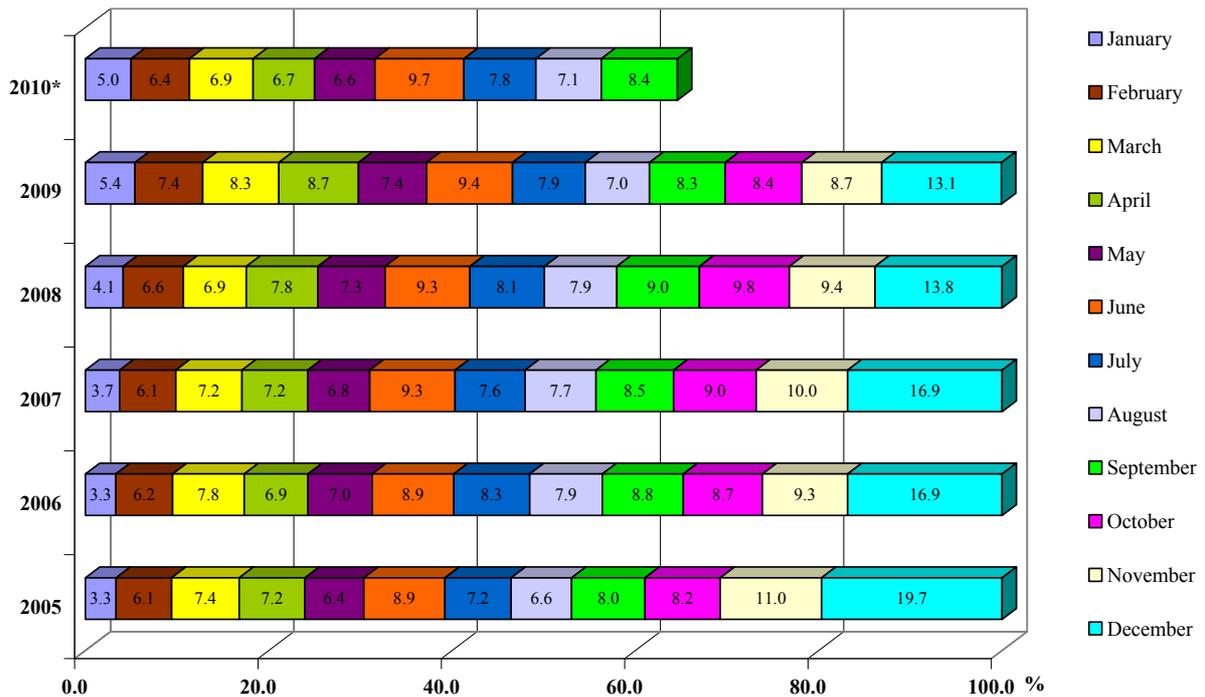


Diagram 24

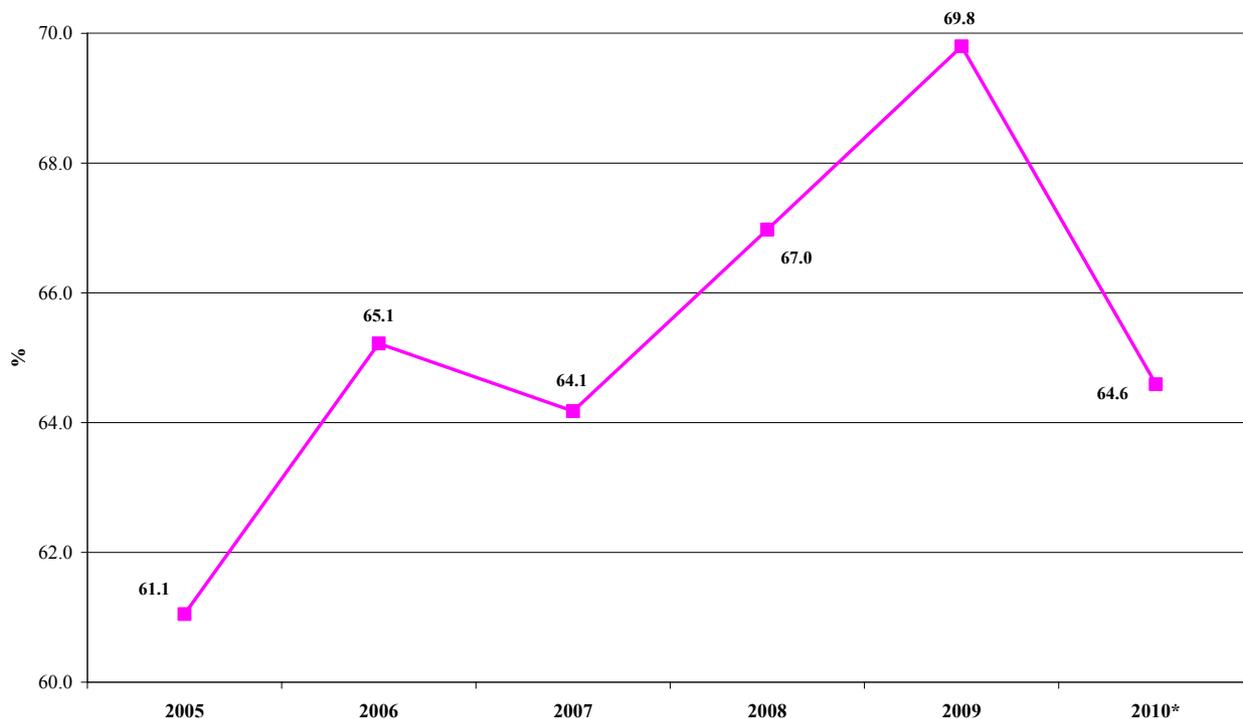
## Dynamics of the Share of Local Budget Expenditures in Annual Amounts in 2005-2010



\* A share of total expenditures according to the planned annual index

Graph 58

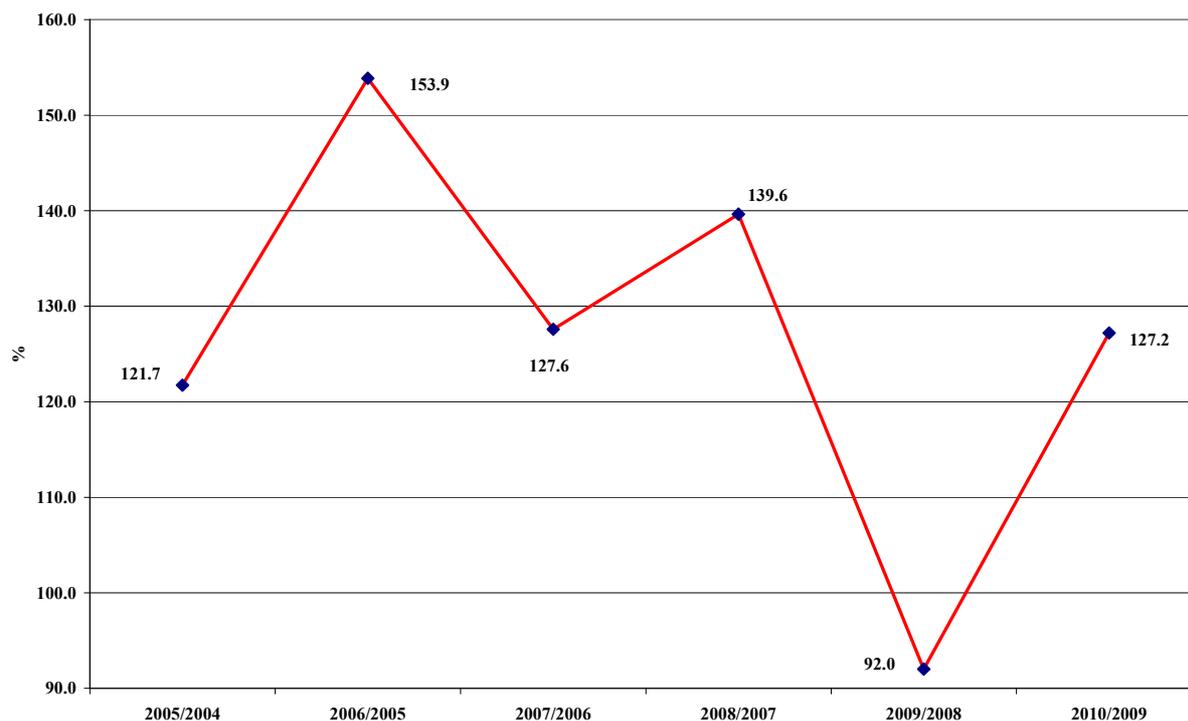
### Dynamics of the Share of Local Budget Expenditures in January-September 2005-2010 in Annual Amounts



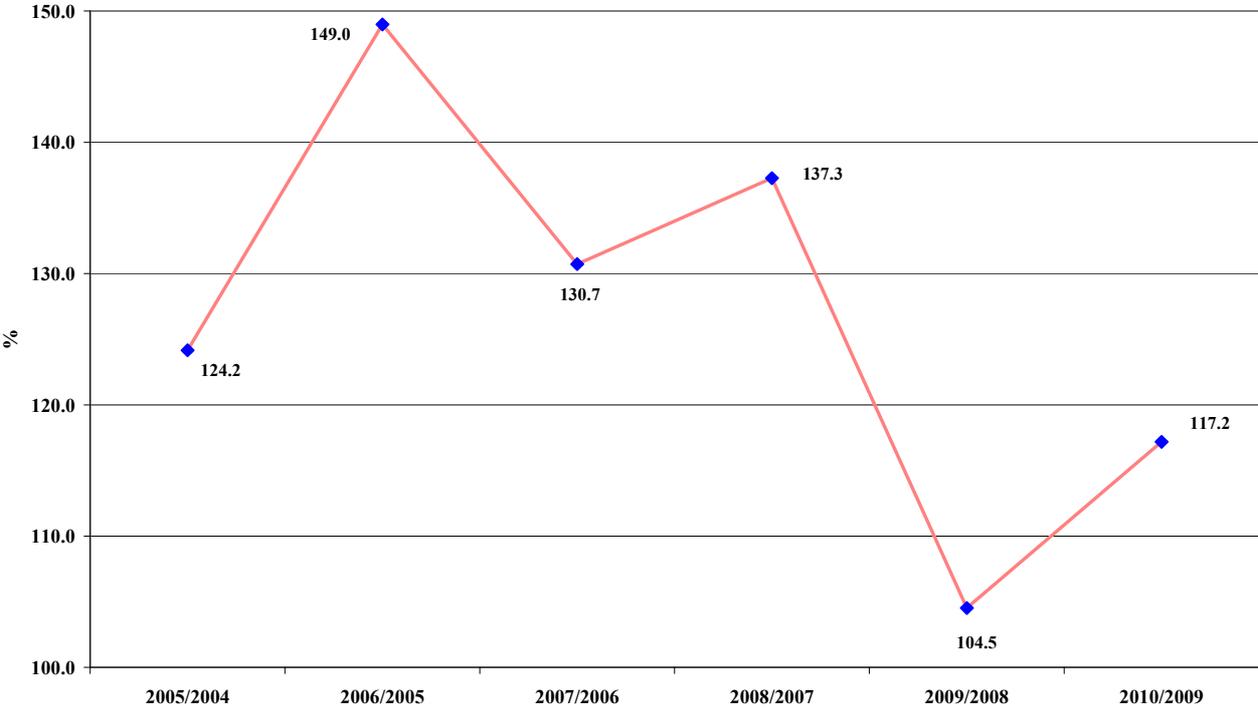
\* A share of total expenditures according to the planned annual index

Graph 59

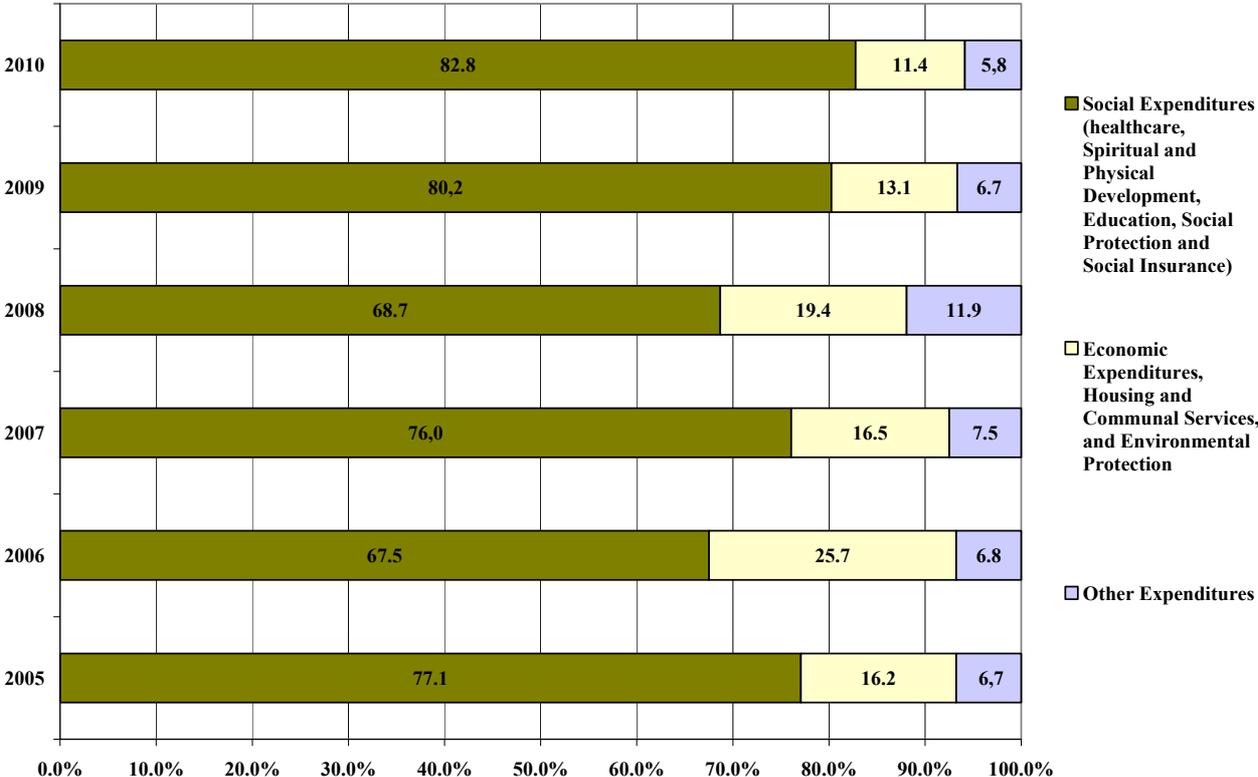
### Growth Rates of Local Budget Expenditures in September 2005-2010



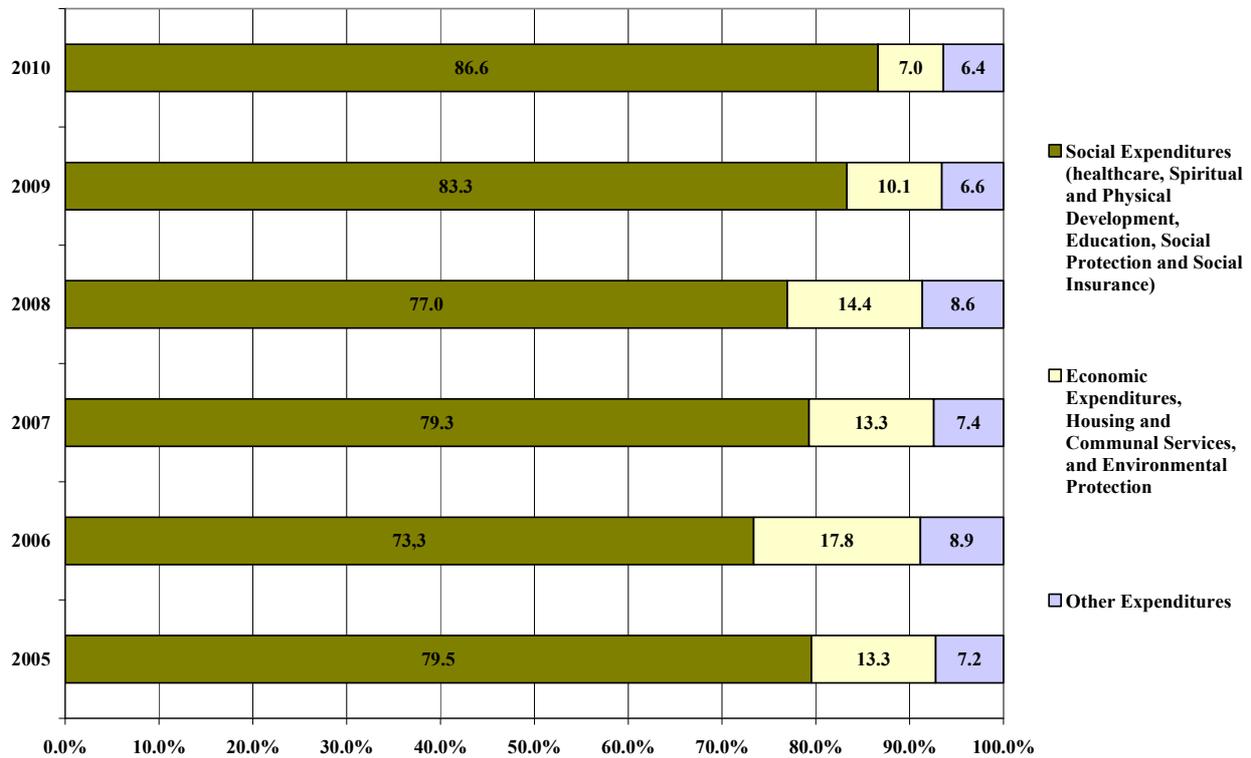
### Growth Rates of Local Budget Expenditures in January-September 2005-2010



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

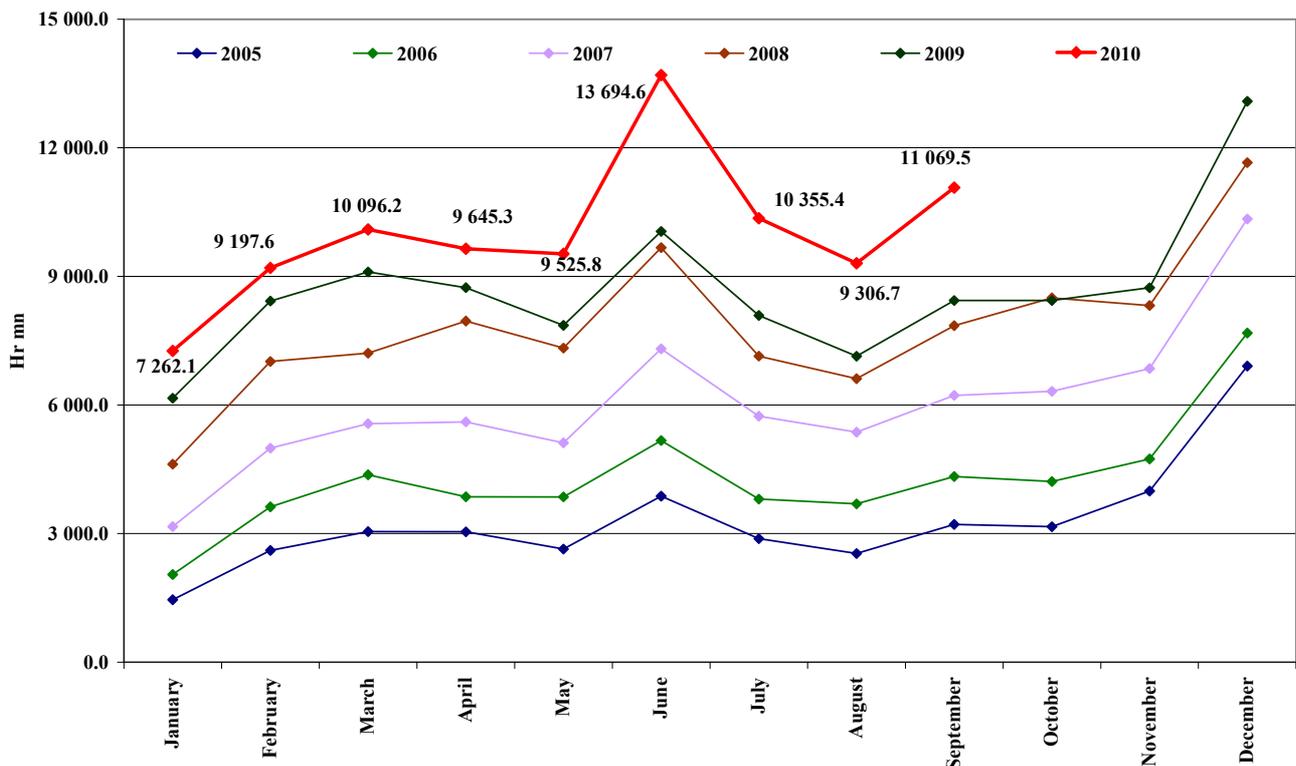


### Structure of Actual Local Budget Expenditures in January-September 2005-2010

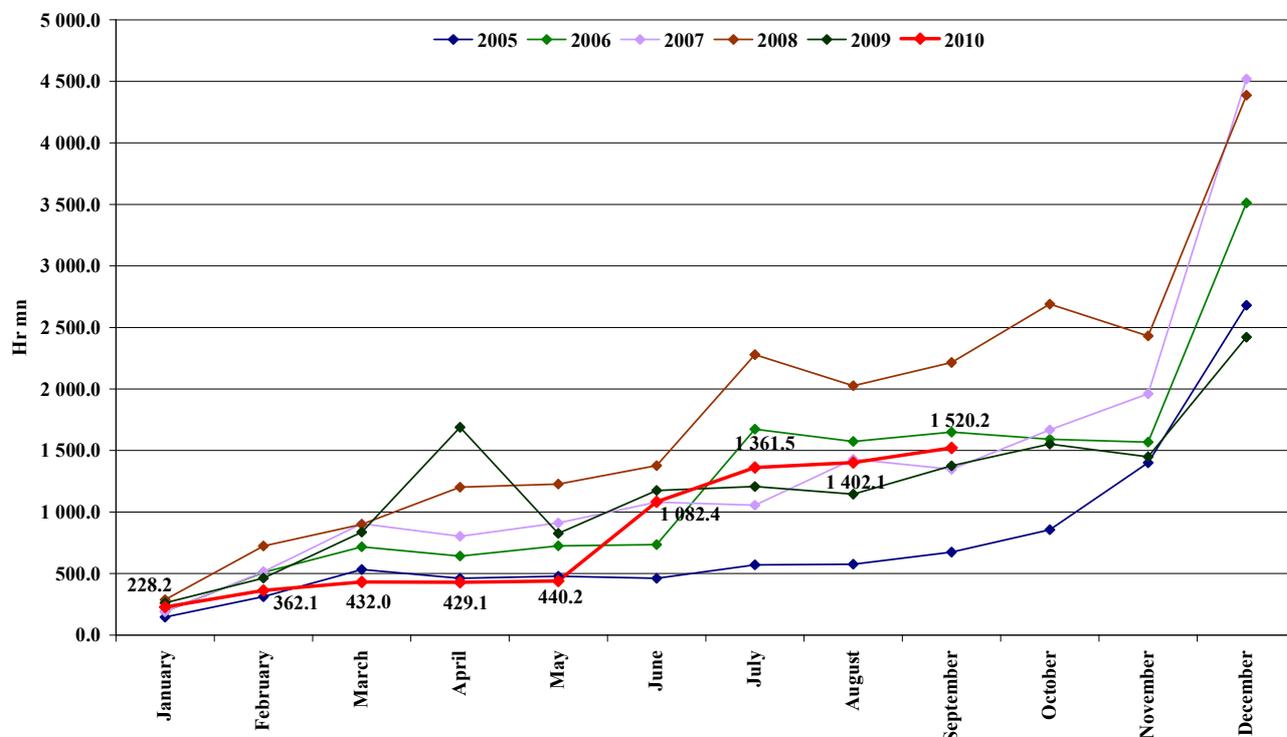


Graph 61

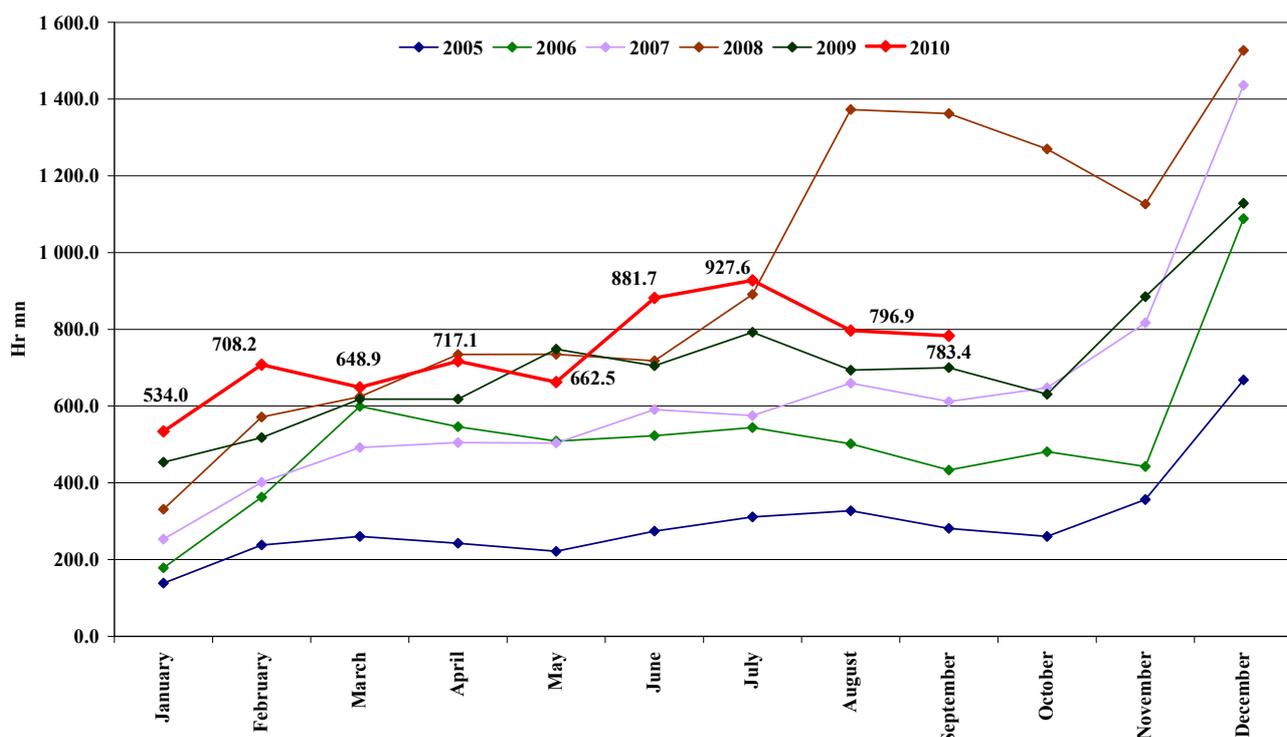
### Local Budget Social Expenditures (Healthcare, Education, Spiritual and Physical Development, Social Protection and Social Security) Monthly Trends in 2005-2010



### 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's Development in Ukraine

In September 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;
- **an increase** in the loan portfolio of legal entities and **continued** trends towards reduction of interest rates on deposit transactions of banks;
- **preservation** of the share of overdue client debt on credits at 11.6% of the total credit debt. In absolute terms, the overdue debt amount increased by 1.5% to Hr 86.5bn in September 2010, and by 23.7% or by Hr 16.6bn year-to-date;
- **a growth** of the share of foreign capital in the total authorized capital of the Ukrainian banking system by 3.7ppt year-to-date, to 39.5%. Also, the total number of operating banks with foreign capital increased by one bank and amounted to 53 banks as of 1 October 2010. The number of banks with 100% foreign capital remained unchanged at 20.
- **introduction** of new requirements with regard to making reserves in foreign-currency funds, which are attracted by banks from nonresidents as loan/deposit for a period of not more than 183 calendar days (except for the funds attracted for not longer than one banking day or under government guarantees, or from the international finance organizations, where Ukraine is a member). A bank must remit the funds being put into reserves at the rate of 20% of the total transaction amount, in full, into a separate account. The new requirements are put into effect as of 1 October 2010.

As of 1 October 2010, 176 banks had licenses for conducting the banking business from the National Bank of Ukraine. Eighteen banks were in the process of liquidation, including seventeen banks liquidated by decision of the National Bank of Ukraine and one bank liquidated by decision of commercial (arbitration) courts. Five banks continue under temporary administration.

Refinancing transactions decreased significantly in the second half of 2010 compared to the outset of 2010, with the September growth of just Hr 0.46bn (Hr 0.17 in August). Refinancing was only implemented through provision of stabilization credits in September 2010. The growth in refinancing transactions amounted to Hr 4.5bn since the outset of 2010.

The interest rate on refinancing transactions amounted to 8.25% annual throughout September 2010 (against 9.9% annual in August). The amount of mandatory reserves accumulated by banks (including the funds remitted to the separate account) totaled Hr 11.74bn.

The amount of banking system aggregate assets remained almost unchanged throughout September 2010. So, the aggregate assets increased slightly (by 2.2%) in September vs. August 2010 and amounted to Hr 1,064.1bn. The clients' loan portfolio increased slightly and reached Hr 721.1bn in September 2010.

As of 1 October 2010, the loan portfolio of legal entities totaled Hr 507.6bn or 70.4% of the total clients' loan portfolio. The total amount of credits issued to legal entities increased by Hr 11.4bn (or by 2.3%) in September vs. August. The loan portfolio of legal entities increased both in the national currency (by Hr 7.4bn) and in foreign currencies (by \$0.44bn) in September 2010.

As of 1 October 2010, the loan portfolio of legal entities totaled Hr 213.5bn or 29.6% of the total clients' loan portfolio. The total amount of credits issued to individuals decreased by Hr 0.34bn (or by 0.16%) in September vs. August. The rate of growth in the repayment of individuals' loan portfolio is still higher than the rate of growth in new lending. It should be noted that a growth in the amount of individuals' loan portfolio in the national currency (by Hr 0.47bn) was recorded for the first time in September 2010 since the crisis of 2008-2009. At the same time, further reduction in the individuals' foreign-currency loan portfolio is observed (by \$0.16bn).

As of 1 October 2010, the deposit portfolio of economic agents totaled Hr 135.7bn or 17.3% of total liabilities, and the deposit portfolio of individuals totaled Hr 257.6bn or 32.8%. The age structure

of deposits improved in April-September 2010. Thus, the share of long-term deposits increased from 24.4% to 28.9 % of the total during the last nine months.

The total amount of funds attracted from legal entities increased by Hr 6.1bn in September vs. August. Regarding the currency structure dynamics, the increase occurred due to a significant growth in national currency deposits (by Hr 5.5bn) and foreign currency deposits (by \$0.05bn).

The total amount of funds attracted from individuals increased by Hr 6.59bn in September vs. August 2010. This occurred thanks to increase in the amount of funds both in the national currency (by Hr 2.05bn) and foreign currencies (by \$0.53bn).

The age structure of private deposits at banks is as follows. Time deposits amounted to Hr 195.2bn or 76.2% of total personal deposits, and call deposits amounted to Hr 61.1bn or 23.8%.

The amount of cash outside the banking system remained nearly unchanged in September (up +11.3% year-to-date) and reached Hr 174.8bn as of 1 October 2010. The share of cash in the money supply structure decreased from 31.5% to 30.7% during the month (compared to 32.2% at the beginning of 2010).

A slight growth in the amount of personal deposits in September 2010 influenced the dynamics of money supply accordingly, the amount of which increased only by 2.3% up to Hr 569.2bn in the period under review (up 16.8% year-to-date). The monetary base decreased by 1.7% to Hr 216.7bn in September 2010 (up 11.2% year-to-date).

The banking system experienced no shortage of liquidity since the beginning of 2010. However, a trend of depleting funds at banks' correspondent accounts was noted in recent months. Thus, the amount of banks' correspondent accounts decreased by 3.5% in September 2010 (up 10.9 % year-to-date) to Hr 19.3bn.

A sustainable recovery of banks' resource base and a high level of liquidity in the banking system have contributed to lowering the cost of money both in the national and foreign currencies. In particular, an average weighted cost of national-currency deposits decreased from 8.4% to 8.1% in the reviewed period, and from 6.9% to 6.6% for foreign-currency deposits.

At the same time, the lowering of deposit costs notwithstanding, the banking market average weighted rate on credits for a period over 31 days increased up to 16.4% for the national currency in September (15.5% in August) and up to 12.2% for foreign currencies (11.6%).

An average weighted rate under agreements at the interbank credit market increased from 1.8% annual to 2.5% annual in September (including from 1.0% to 1.9% for overnight credits).

As of 1 October 2010, the equity of banks amounted to Hr 136.2bn or 14.8% of bank liabilities and had the following structure: the registered authorized capital accounts for 102.7 % of the equity, with 0.2 % for the dividends used to increase the authorized capital; 5.4 % for issue difference; 9.4 % for general provisions and other funds of banks; -17.9 % for results of previous years; -3.3 % for results of the reporting year pending approval; -4.9 % for results of the current year; and 8.4 % for revaluation of fixed assets, intangibles, securities for sale in bank portfolios, and investments into associated companies.

According to the preliminary results of banks' performance in January-September 2010, the net loss of the banking system totaled Hr 10.0bn. The income of banks totaled Hr 100.3bn in January-September 2010, with the costs of Hr 110.3bn. In particular, interest income of banks totaled Hr 84.7bn in January-September 2010, commission income Hr 10.9bn, and other operating income Hr 2.7bn. The interest costs totaled Hr 46.7bn, commission costs Hr 1.9bn, general administrative costs Hr 20.6bn, and deductions for reserves Hr 35.9bn in January-September 2010. According to the National Bank of Ukraine, the income of banks decreased by 7.4% in January-September 2010 year-on-year, and the costs decreased by 14.7%. The total losses of commercial banks were twice as high in January-September 2009 as this year and amounted to Hr 20.9bn.

# Banking System

Diagram 23

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

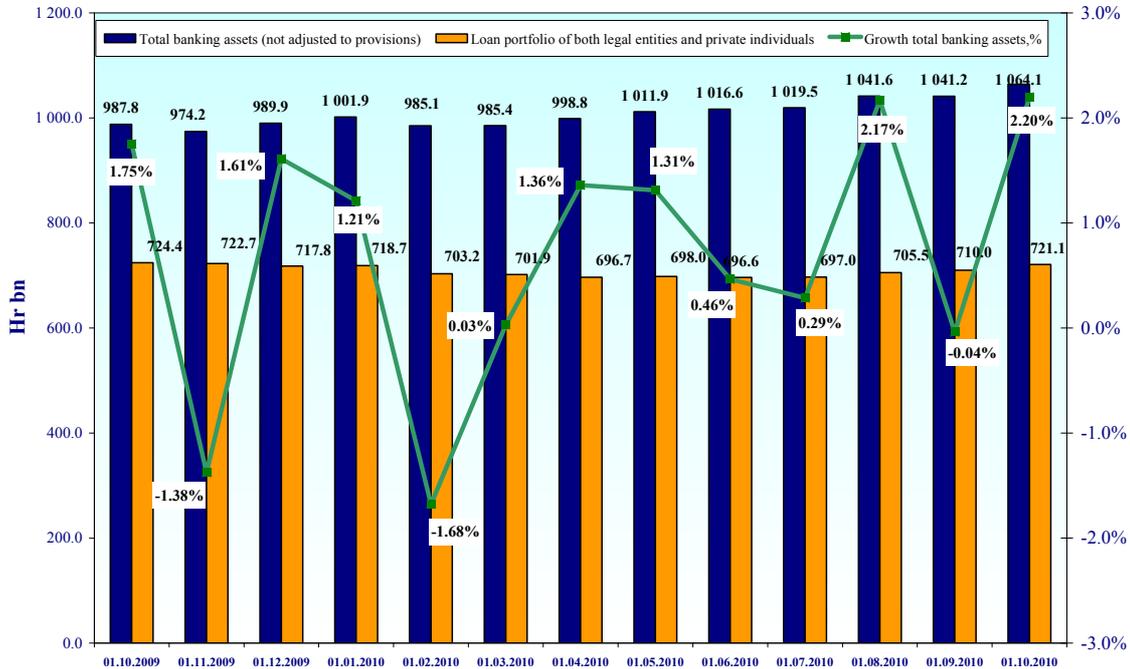
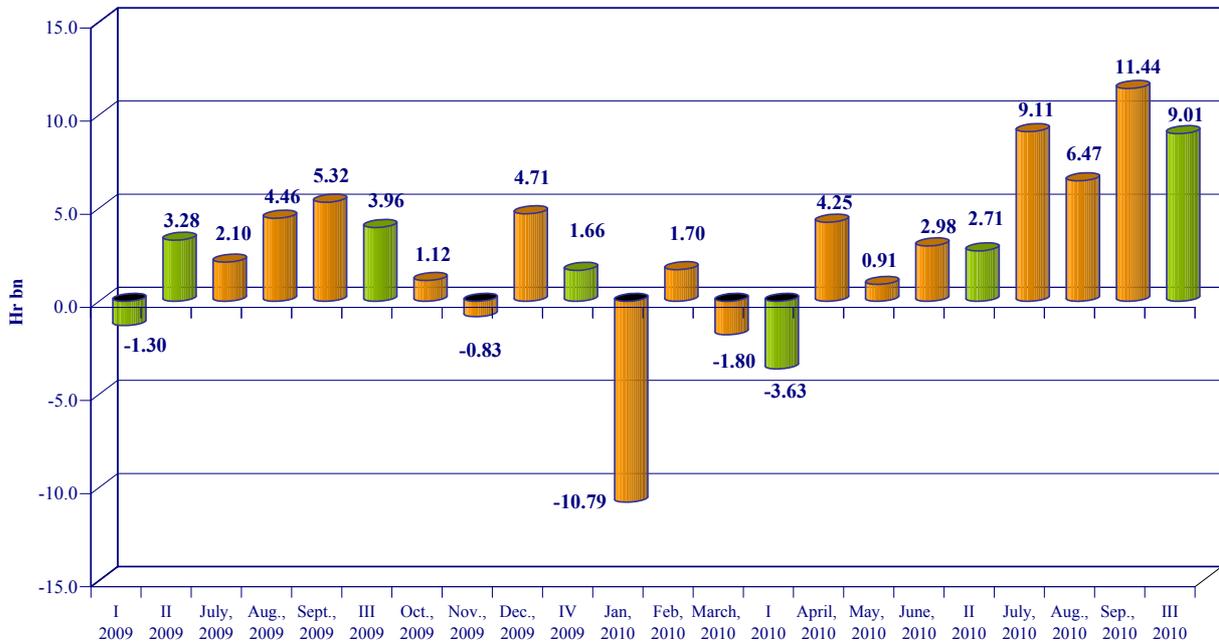


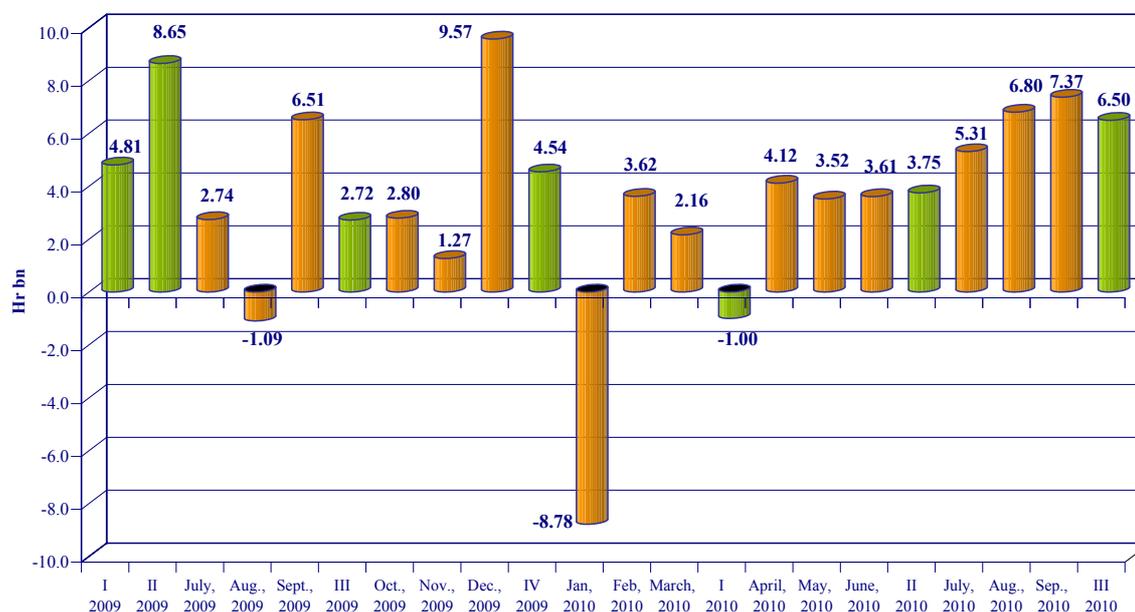
Diagram 24

## Changes in the Amount of Legal Entities' Loan Portfolio



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Legal entities loan portfolio, Hr bn	478.36	479.48	478.65	483.36	472.57	474.27	472.47	476.72	477.63	480.61	489.72	496.19	507.63
Growth rate of legal entities loan portfolio, %	1.13	0.23	-0.17	0.98	-2.23	0.36	-0.38	0.90	0.19	0.62	1.90	1.32	2.30

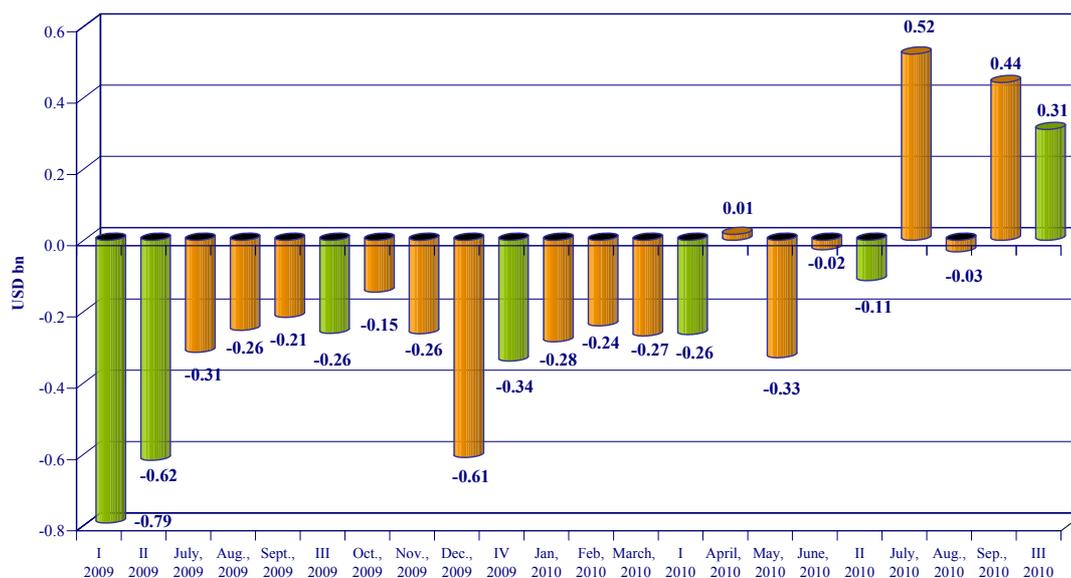
## Changes in the Amount of Legal Entities' Loan Portfolio in the National Currency



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Legal entities loan portfolio in national currency, Hr bn	273.64	276.44	277.71	287.28	278.50	282.12	284.28	288.40	291.92	295.53	300.84	307.64	315.01
Growth rate of legal entities loan portfolio in national currency, %	2.44	1.02	0.46	3.45	-3.06	1.30	0.77	1.45	1.22	1.24	1.80	2.26	2.40

Diagram 26

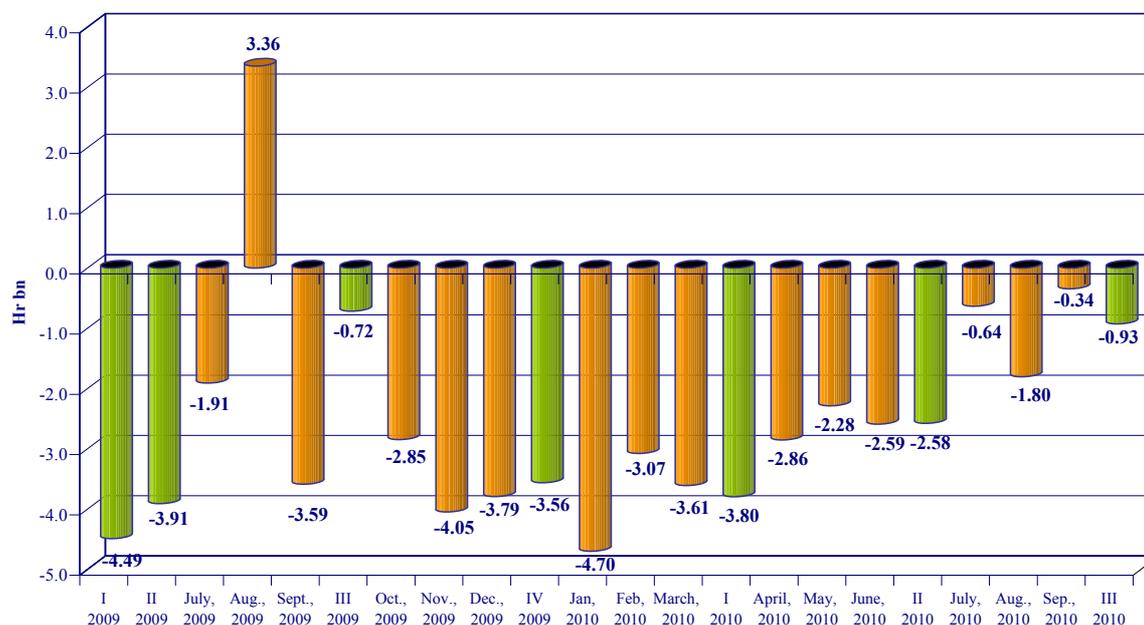
## Changes in the Amount of Legal Entities' Loan Portfolio in Foreign Currencies



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Legal entities loan portfolio in foreign currencies, USD bn	25.56	25.41	25.15	24.54	24.26	24.02	23.75	23.76	23.43	23.41	23.93	23.90	24.34
Growth rate of legal entities loan portfolio in foreign currencies, %	-0.58	-0.82	-1.03	-2.42	-1.02	-0.99	-2.06	0.07	-1.39	-0.34	2.05	-0.18	2.16

Diagram 27

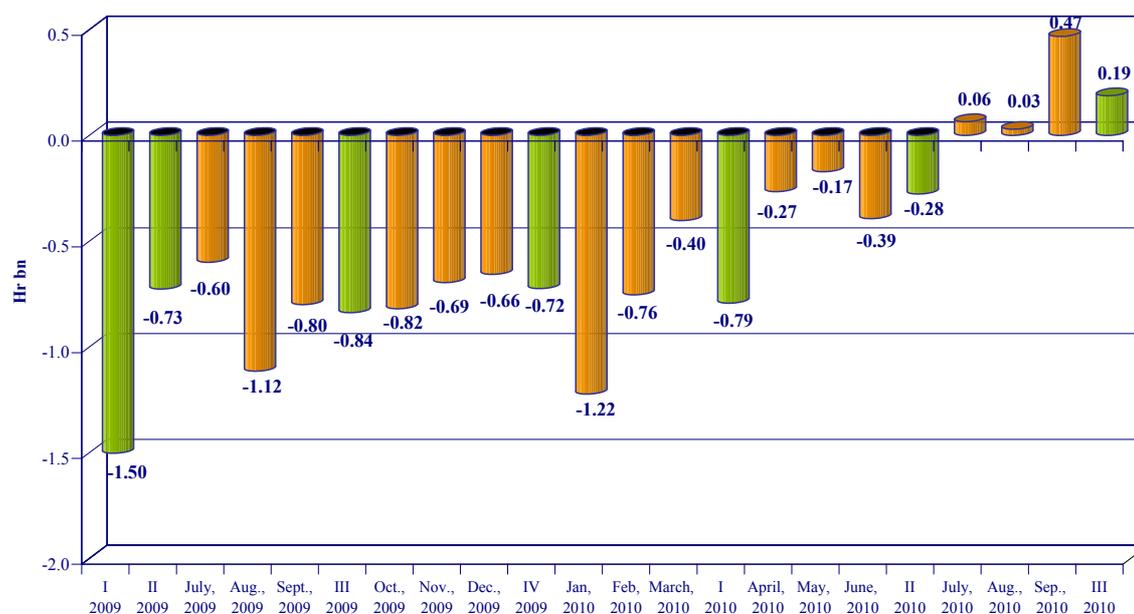
## Changes in the Amount of Individuals' Loan Portfolio



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Individuals loan portfolio, Hr. bn	246.05	243.20	239.15	235.36	230.66	227.59	223.98	221.12	218.84	216.25	215.61	213.81	213.47
Growth rate of individuals loan portfolio, %	-1.44	-1.16	-1.66	-1.59	-2.00	-1.33	-1.59	-1.27	-1.03	-1.18	-0.29	-0.84	-0.16

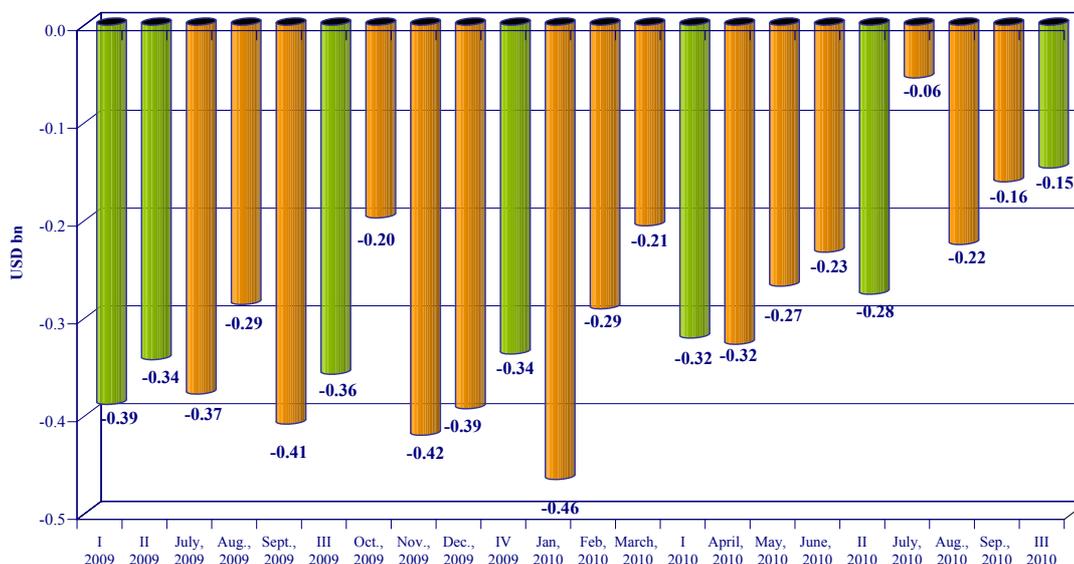
Diagram 28

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



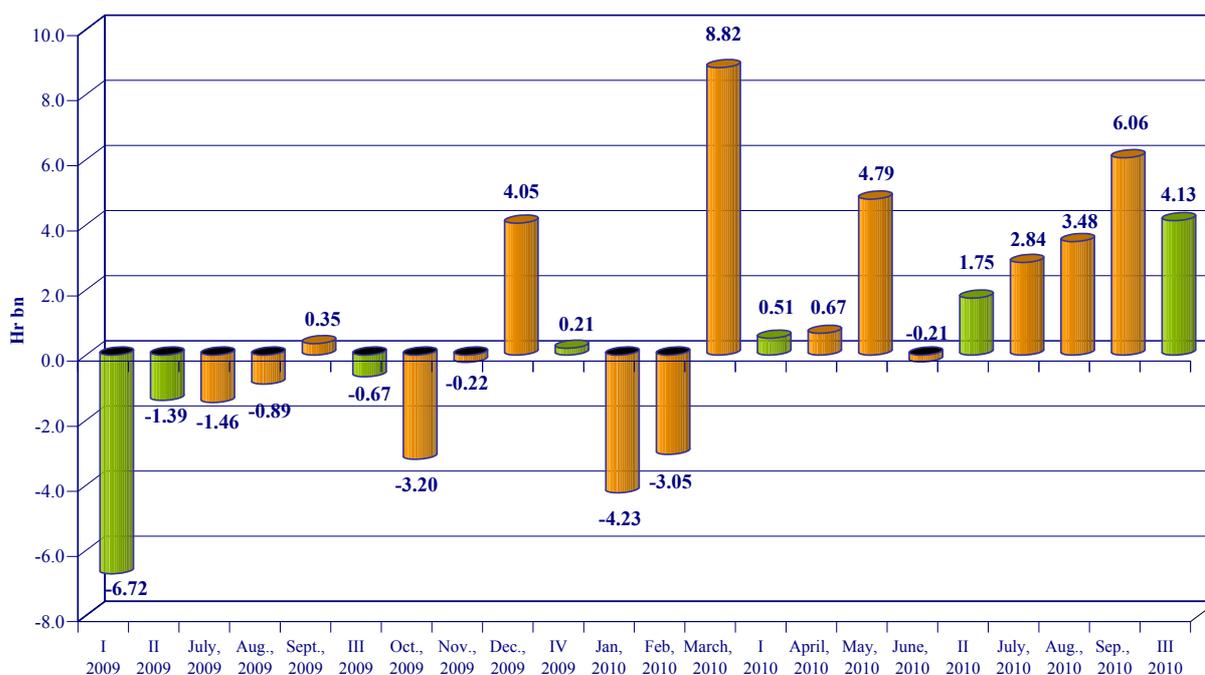
Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Individuals loan portfolio in national currency, Hr. bn	65.81	64.99	64.30	63.64	62.42	61.66	61.26	60.99	60.82	60.43	60.49	60.52	60.99
Growth rate of individuals loan portfolio in national currency, %	-1.20	-1.25	-1.07	-1.02	-1.92	-1.21	-0.65	-0.43	-0.28	-0.65	0.11	0.05	0.77

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



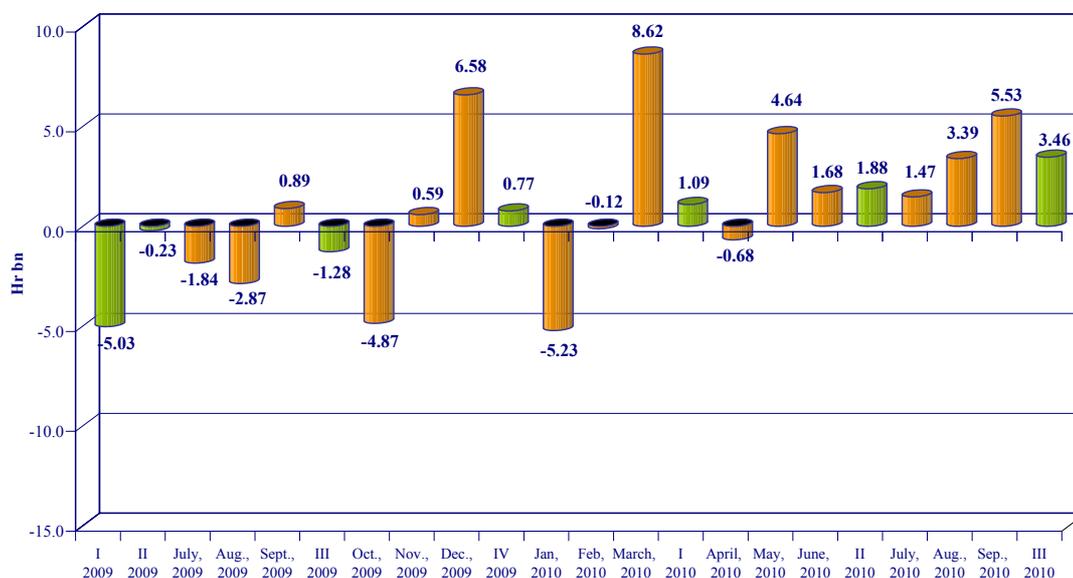
Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Individuals loan portfolio in foreign currencies, USD bn	22.50	22.30	21.88	21.49	21.03	20.74	20.53	20.21	19.94	19.71	19.65	19.43	19.27
Growth rate of individuals loan portfolio in foreign currencies, %	-1.52	-1.12	-1.88	-1.79	-2.02	-1.38	-1.93	-1.59	-1.32	-1.39	-0.45	-1.18	-0.53

## Changes in the Amount of Legal Entities' Deposit Portfolio



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Legal entities deposit portfolio, Hr bn	115.92	112.72	112.50	116.55	112.32	109.27	118.09	118.76	123.55	123.34	126.18	129.66	135.72
Growth rate of legal entities deposit portfolio, %	0.30	-2.76	-0.20	3.60	-3.63	-2.72	8.08	0.56	4.03	-0.17	2.31	2.76	4.67

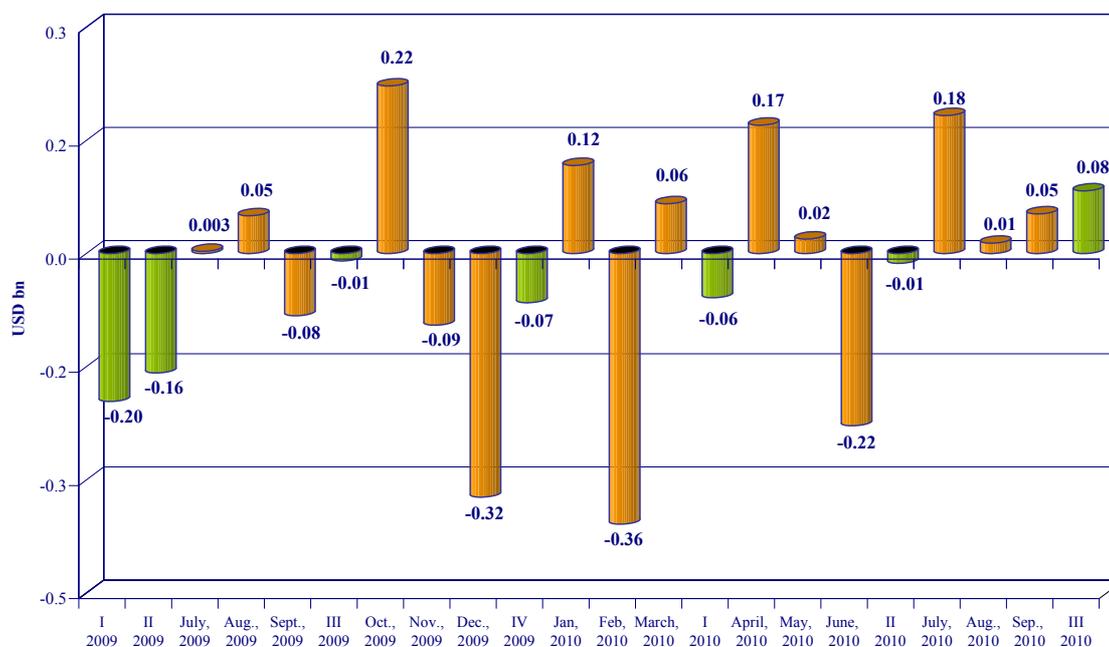
## Changes in the Amount of Legal Entities' Deposit Portfolio in the National Currency



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Legal entities deposit portfolio in national currency, Hr bn	72.70	67.83	68.42	75.00	69.77	69.65	78.27	77.59	82.23	83.91	85.38	88.77	94.30
Growth rate of legal entities deposit portfolio in national currency, %	1.24	-6.69	0.87	9.62	-6.97	-0.18	12.39	-0.87	5.97	2.05	1.75	3.97	6.22

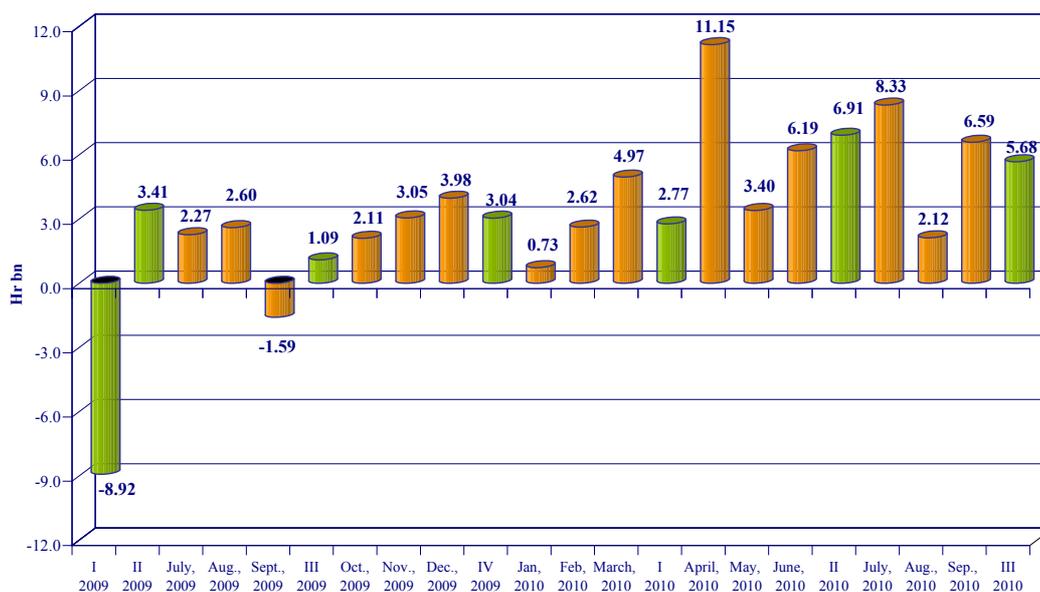
Diagram 32

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



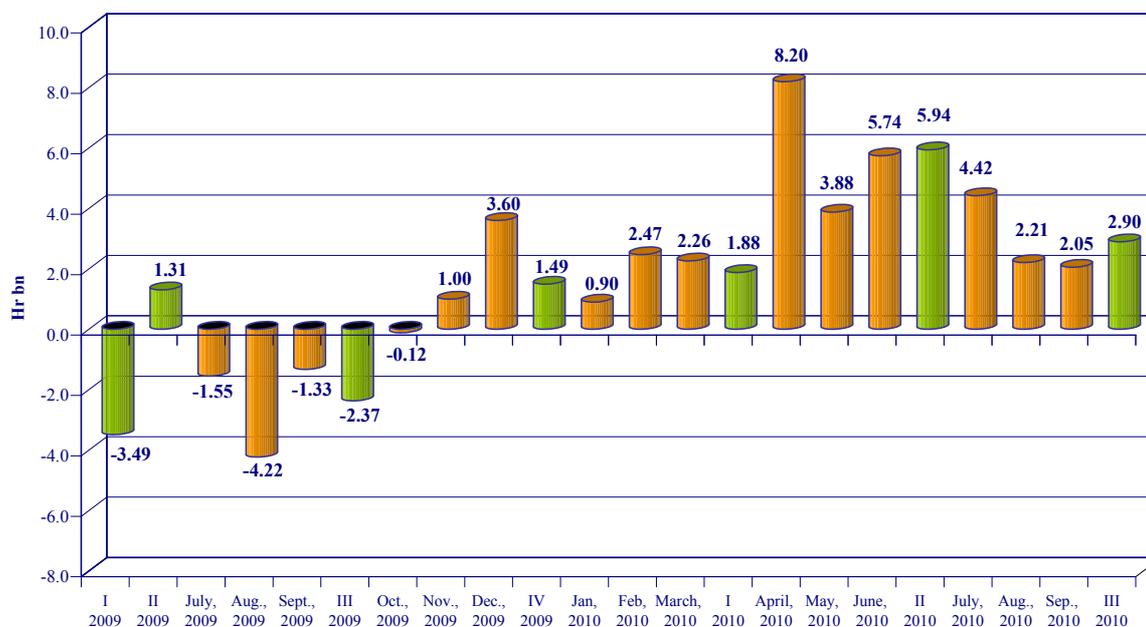
Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Legal entities deposit portfolio in foreign currencies, USD bn	5.40	5.62	5.52	5.20	5.32	4.96	5.02	5.19	5.21	4.99	5.17	5.18	5.23
Growth rate of legal entities deposit portfolio in foreign currencies, %	-1.25	3.86	-1.80	-5.74	2.39	-6.88	0.51	3.39	0.37	-4.60	3.49	0.23	1.32

### Changes in the Amount of Individuals' Deposit Portfolio



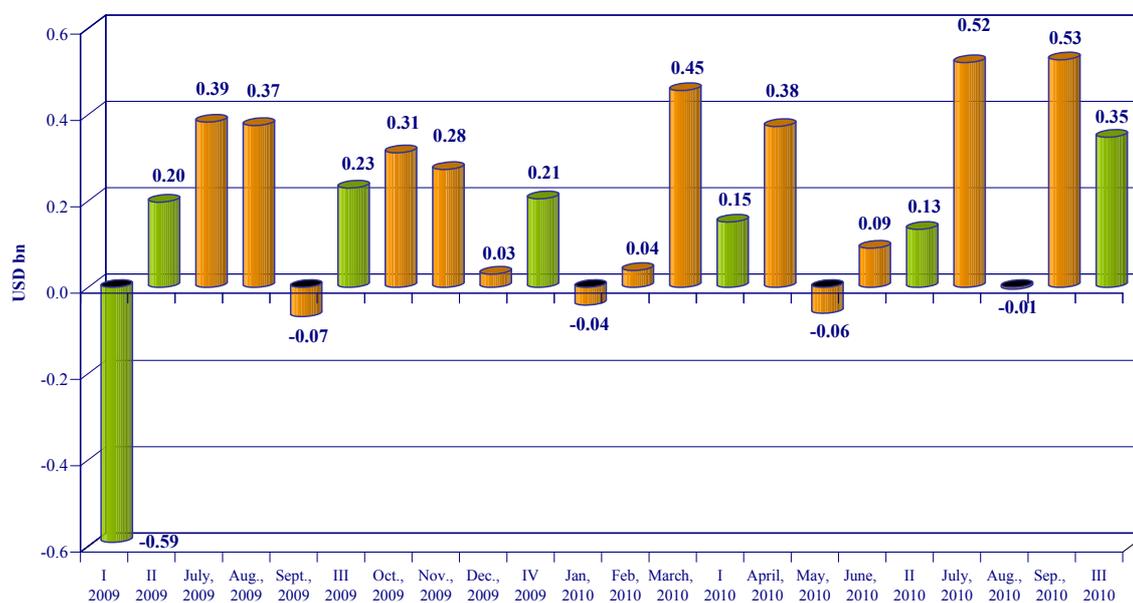
Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Individuals deposit portfolio, Hr bn	202.31	204.42	207.47	211.45	212.18	214.80	219.77	230.92	234.32	240.51	248.84	250.96	257.55
Growth rate of individuals deposit portfolio, %	-0.78	1.04	1.49	1.92	0.35	1.24	2.31	5.07	1.47	2.64	3.46	0.85	2.63

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



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Individuals deposit portfolio in national currency, Hr bn	94.32	94.20	95.20	98.80	99.70	102.17	104.43	112.63	116.51	122.25	126.67	128.88	130.93
Growth rate of individuals loan portfolio in national currency, %	-1.39	-0.12	1.06	3.78	0.91	2.48	2.22	7.85	3.44	4.93	3.62	1.74	1.59

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



Indicator	01.10.09	01.11.09	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10
Individuals deposit portfolio in foreign currencies, USD bn	13.48	13.79	14.07	14.10	14.06	14.10	14.55	14.93	14.87	14.96	15.48	15.47	16.00
Growth rate of individuals deposit portfolio in foreign currencies, %	-0.24	2.06	1.86	0.33	-0.15	0.14	2.40	2.56	-0.40	0.38	3.30	-0.07	3.72