



**USAID**  
FROM THE AMERICAN PEOPLE

**MUNICIPAL FINANCE  
STRENGTHENING INITIATIVE**

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

---

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



## Contents

<b>Tendencies of Execution of Consolidated, State and Local Budgets in Ukraine.....</b>	<b>4</b>
State Budget Revenues.....	7
Local Budget Revenues.....	14
State Budget Deficit.....	29
Consolidated Budget Expenditures.....	32
State Budget Expenditures.....	35
Local Budget Expenditures.....	48
<b>Tendencies of the Banking System Development in Ukraine.....</b>	<b>53</b>
Banking System.....	55

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

**The actual revenues of the consolidated budget of Ukraine** totaled Hr 282.0bn in January-November 2010, which is Hr 24.5bn or 9.5% more year-on-year. The share of tax revenues amounted to 74.5% against 71.8% in the respective period of 2009.

The annual plan was implemented by 88.2%. The actual execution of the consolidated budget revenues amounted to 89.2% in January-November 2009.

**The actual revenues of the State budget of Ukraine** totaled Hr 209.4bn during 11 months of 2010, which is Hr 15.4bn or 7.9% more year-on-year. The level of State budget annual plan execution amounts to 85.3% (without the accrued VAT refund debt of Hr 16.4bn, the annual plan of the State budget was executed by 89.4%). The actual execution of the State budget revenues amounted to 89.3% in January-November 2009.

Judging by the results of State budget execution during 11 months of the year, it could be projected that the value-added tax, which is the main source of tax revenues, would not be implemented. Thus, the revenues from this tax only amount to 72.3% of the annual target, which allows estimating a shortfall from this source at Hr 15bn - Hr 17bn.

A sharp increase in the share of non-tax revenues in the structure of State budget revenues is a special feature of budget execution in November 2010. Such a steep growth of this indicator is explained by crediting Special Drawing Rights (SDRs) of \$2.04bn (SDR 1.309bn), which Ukraine received from the International Monetary Fund, to the "Other revenues" section of the State budget.

**The total local budget revenues (without intergovernmental transfers)** amounted to Hr 72.5bn in January-November 2010, which is Hr 9.1bn or 14.4% more than the respective indicator of 2009. The local budget revenues totaled Hr 8.2bn in November, showing an increase of 32.6% year-on-year.

A 22.0% increase was observed in the actual amount of local budget tax revenues in November 2010 compared to November 2009 (at the same time, the amount of such revenues increased by 14.1% in January-November against the same period of last year). Also, local budgets received Hr 6.2bn in tax revenues in November (Hr 60.4bn in January-November 2010).

Revenues from the personal income tax totaled Hr 4.7bn in November, which is 25.8% more than in November 2009. In total, Hr 45.3bn from this tax was received during 11 months of 2010 (up 14.1% year-on-year).

Similarly to the year 2009, the first 11 months of 2010 show a growth in revenues from the payment for land, which amounted to Hr 854.6mn in November, with the growth of 17.5% compared to the same period in 2009 (Hr 8.7bn received year-to-date, with the respective growth of 14.3%).

A 2.4 times growth of non-tax revenues was the main factor behind a significant increase in local budget revenues in November. Thus, they totaled Hr 1.5bn in this November (Hr 615.7mn in November 2009). This mainly occurred due to a significant increase in "Other sources of own revenues of budgetary institutions" (this item increased by nearly Hr 1.0bn in November). The amount of non-tax revenues increased by 21.1% in January-November 2010 against the respective period in 2009.

The revenues from capital transactions totaled Hr 211.1mn in November 2010, which is 2.4% less year-on-year. These revenues totaled Hr 2.4bn in January-November 2010, which is 4.1% more year-on-year.

**The State budget deficit totaled Hr 52.2bn in January-November 2010**, which is 3.2 times more year-on-year, including the General Fund deficit of Hr 27.8bn and Special Fund deficit of Hr 24.4bn.

The General Fund deficit was financed in January-November 2010 at the expense of internal borrowing incurred at the amount of Hr 68.0bn, which is Hr 21.6bn or 46.4% more compared to the same period of last year; as well as external borrowing incurred at the amount of Hr 41.4bn, which is Hr 0.2bn or 0.5% less year-on-year. The debt repayment totaled Hr 23.0bn, which is Hr 0.9bn or 4.0% less 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 52.7bn (to compare, budget borrowing exceeded debt repayment by Hr 59.6bn in January-November of last year. At the same time, nearly 70.0% of this amount was allocated for capitalization of banks, with about 26.0% in the current year, and the balance is used for financing the General Fund deficit and balance accumulation).

Financing for active transactions for the General Fund of the budget totaled -Hr 24.9bn in January-November 2010, including Hr 17.7bn in the accrued balance of budget funds, and -Hr 7.2bn for change in the amount of deposits and securities used for liquidity management.

The presence of a Special Fund deficit of Hr 24.4bn is mainly explained by incurring a debt at the amount of Hr 34.6bn in the period under review.

The balance of funds totaled Hr 43.2bn at the end of November 2010, including Hr 21.6bn in the General Fund and Hr 21.6bn in the Special Fund.

**The State budget surplus in November 2010** totaled Hr 4.3bn (a surplus of Hr 11.7bn was observed in November 2009). A surplus of Hr 3.1bn accrued in the General Fund of State budget in November, with a Special Fund surplus of Hr 1.2bn. The debt was incurred at Hr 8.1bn, with debt repayment of Hr 3.0bn in November, which amounts to 12.5% of the 2010 debt repayment plan; the financing for active transactions totaled -Hr 9.6bn in November.

**The expenditures of the consolidated budget of Ukraine** totaled Hr 327.8bn in **January-November 2010** (including General Fund expenditures of Hr 265.1bn and Special Fund expenditures of Hr 62.7bn), which is Hr 113.5bn or 53.0% more year-on-year. The annual plan was implemented by 81.7%. It should be noted that the expenditures for social protection and social security increased by 35.3%, for healthcare by 21.7%, and for education by 19.0% in January-November compared to respective indicators of 2009. At the same time, the expenditures for agriculture, forestry, game-preserves, and fisheries decreased by 1.1% in this period year-on-year.

**The actual expenditures of the consolidated budget of Ukraine in November 2010** totaled Hr 33.2bn, which is 22.9% more year-on-year (to compare: the year-on-year increase in November expenditures in the period of 2007-2008 amounted to 147.2%, 115.8%, respectively, with a growth of 2.0% recorded in 2009).

The year-on-year growth trends were demonstrated in November of this year by expenditures in such sectors as education (by 29.6%), agriculture, forestry and game-preserves, and fisheries (by 29.5%), healthcare (by 22.5%), and social protection and social security (by 7.7%).

**The expenditures of the State budget of Ukraine (with intergovernmental transfers)** totaled Hr 266.7bn in **January-November 2010** (including General Fund expenditures of Hr 214.9bn and Special Fund expenditures of Hr 51.8bn), which is Hr 52.5bn or 24.5% more year-on-year. The annual plan was executed by 87.3%. In particular, the expenditures for housing and communal services increased 3.0 times year-on-year, those for debt servicing - by 74.8%, for spiritual and physical development - by 60.4%, for social protection and social security - by 38.7%, and for general government - by 30.2%. At the same time, the expenditures for economic activity decreased by 0.8% in the said period, including those for the fuel and energy complex - by 4.6%, and for agriculture, forestry, game-preserves, and fisheries - by 1.5%.

**Expenditures of the State budget (with intergovernmental transfers)** totaled Hr 26.0bn in **November 2010**, including General Fund expenditures of the State budget of Hr 21.1bn and Special Fund expenditures of Hr 4.9bn.

The expenditures of the State budget of Ukraine increased by 16.0% in November 2010 year-on-year.

In particular, the November 2010 expenditures for the housing and communal services sector increased 2.2 times year-on-year, for debt servicing by 61.4%, for economic activity by 15.5%,

including by 29.4% for agriculture, forestry and game-preserves, and fisheries, by 48.7% for the fuel and energy complex, and by 29.6% for healthcare. On the other hand, the expenditures for transport decreased by 30.0%, for environmental protection by 7.4%, and for social protection and social security by 6.4%, including by 12.5% for social protection of pensioners compared to the respective period of 2009.

The total **local budget expenditures (without intergovernmental transfers)** amounted to Hr 133.0bn **in January-November 2010**, which is 20.4% more year-on-year. At the same time, the first 11 months of 2010 demonstrate a 23.6% growth in social expenditures of local budgets, and a 6.9% decline in expenditures for economic activity, housing and communal services, and environmental protection.

**The total local budget expenditures (without intergovernmental transfers)** amounted to Hr 14.9bn **in November 2010**, which is 34.4% more year-on-year. The social expenditures of local budgets increased by 29.4% in November.

The expenditures for economic activity, housing and communal services, and environmental protection demonstrated a significant overall growth by 55.4%. Increased expenditures for the housing and road sectors were the key factors of this growth. It should be noted that the nominal amounts of these expenditures were greater year-on-year in the second half of 2010 only, being lower in the first six months of the year.

Other items of local budget expenditures increased by 49.5% compared to the indicators of November 2009. This is primarily linked to holding the election of deputies to the Verkhovna Rada of the Autonomous Republic of Crimea, local councils, and village, settlement, and city mayors on 31 October 2010.

# State Budget Revenues

Diagram 1

## Structure of State Budget Revenues in November 2010

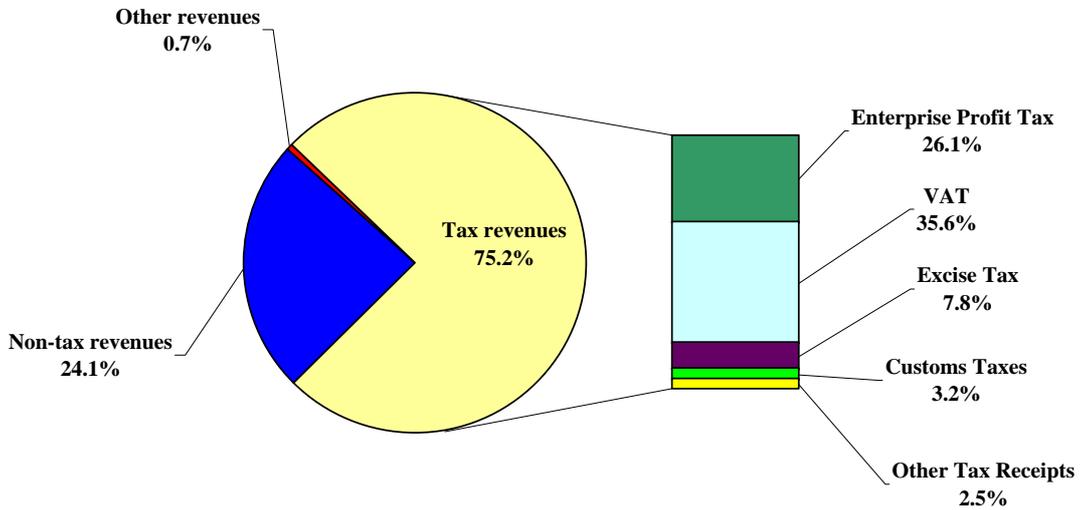
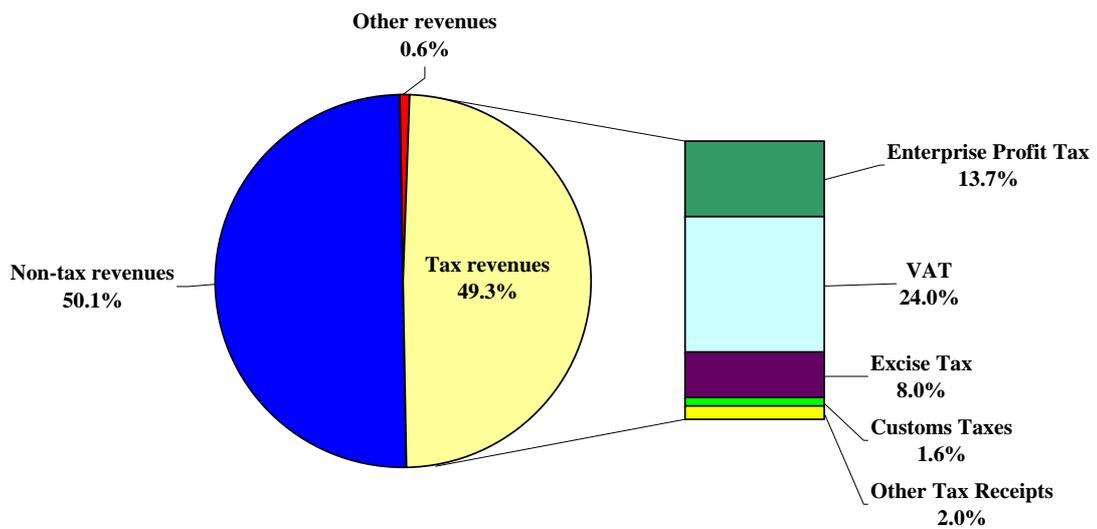
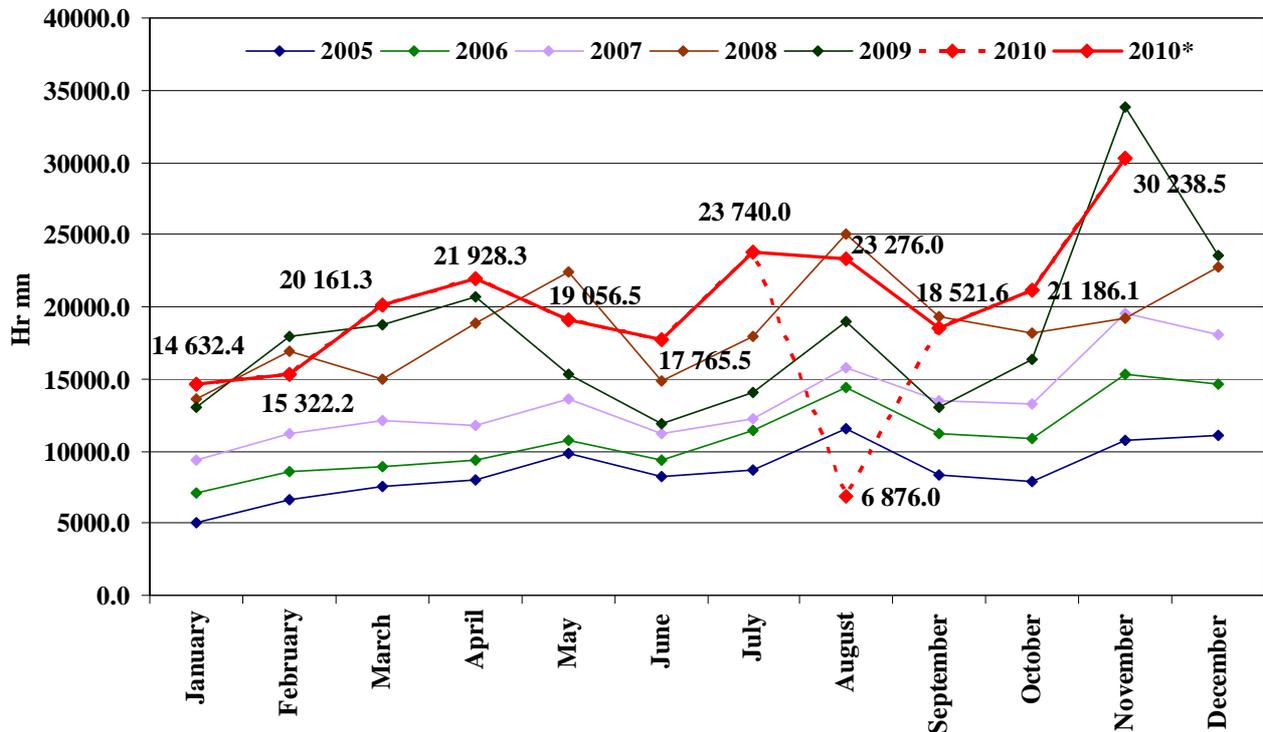


Diagram 2

## Structure of State Budget Revenues in November 2009



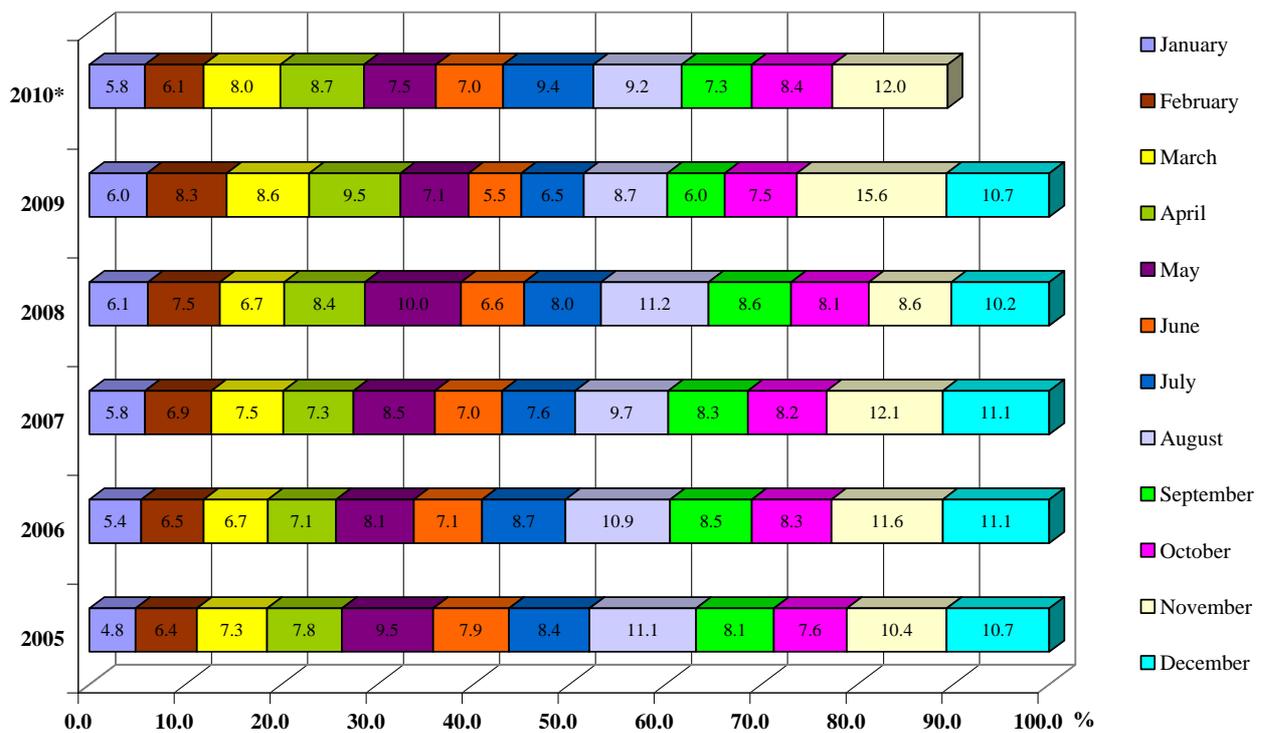
### State Budget Total Revenues Monthly Trends in 2005-2010



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

Diagram 3

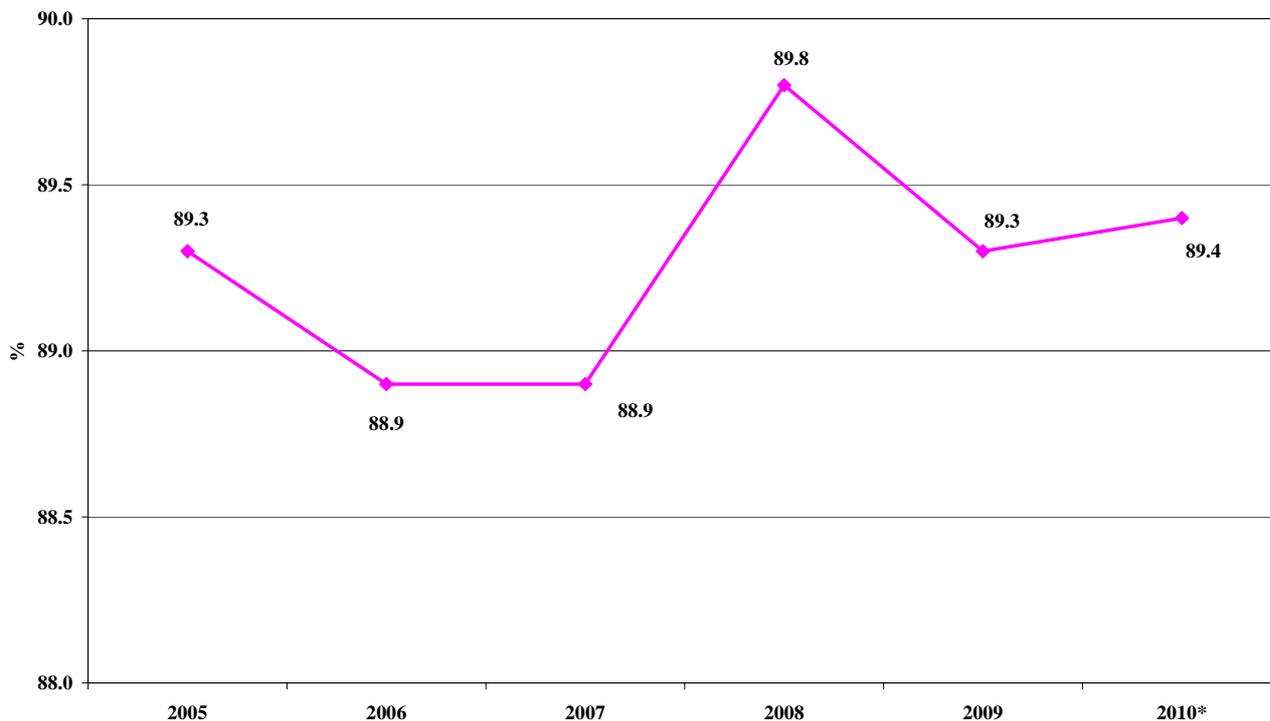
### Dynamics of the Share of Ukraine's State Budget Revenues in Annual Amounts in 2005-2010



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

Graph 2

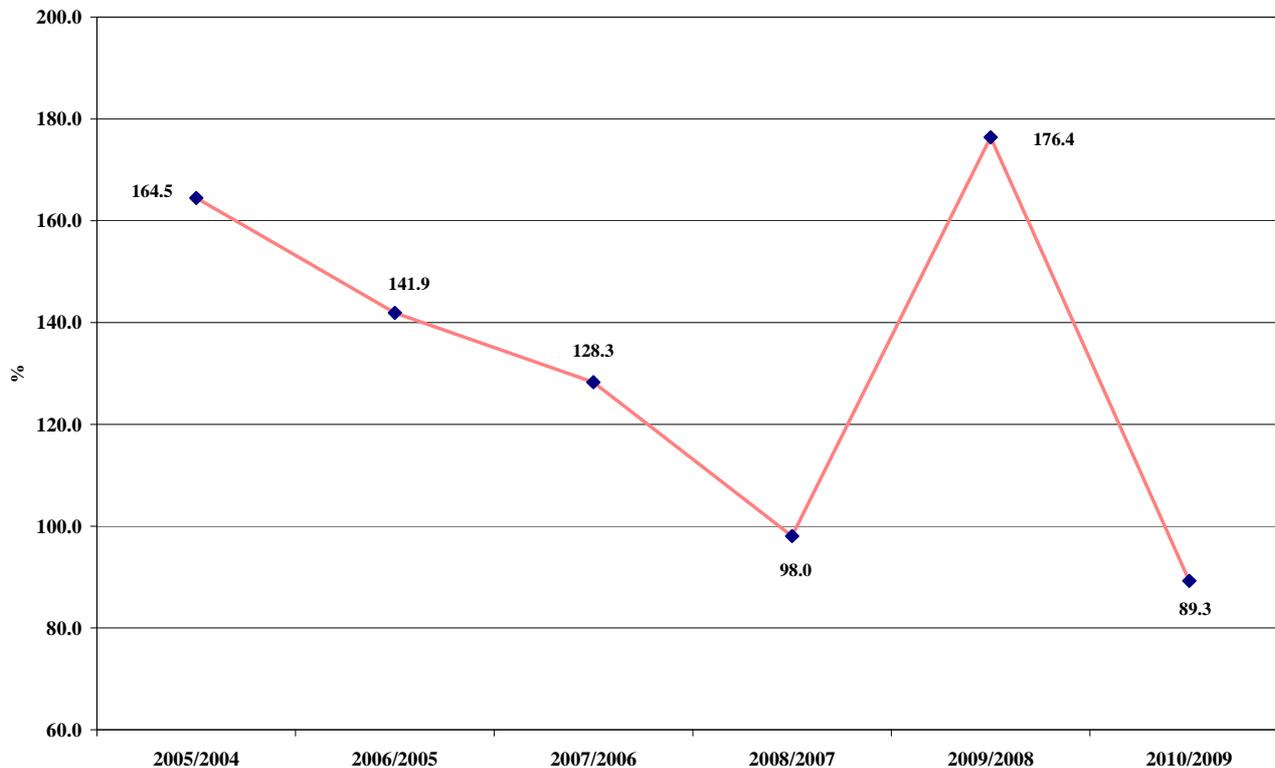
### Dynamics of the Share of Ukraine's State Budget Revenues in January-November 2005-2010 in Annual Amounts



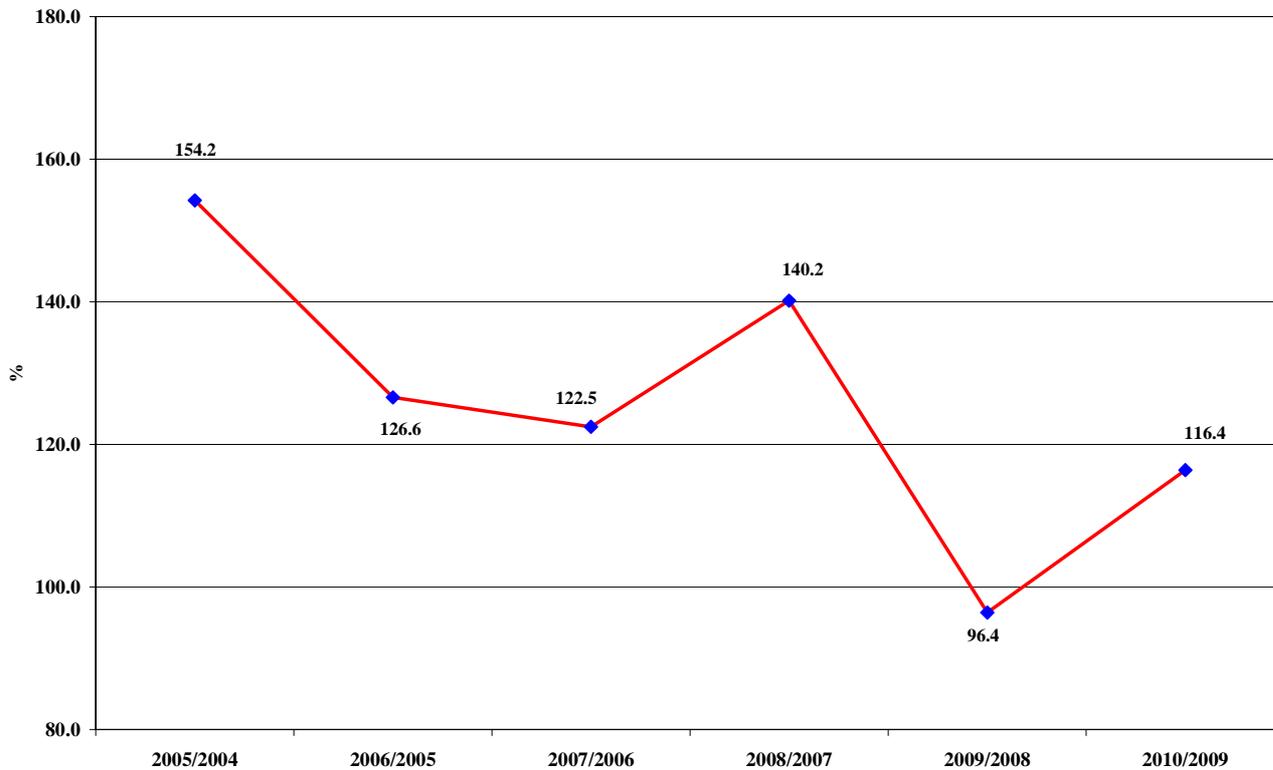
\* A share of total revenues according to the planned annual index (excluding the amount of VAT reimbursement debt of Hr 16.4bn)

Graph 3

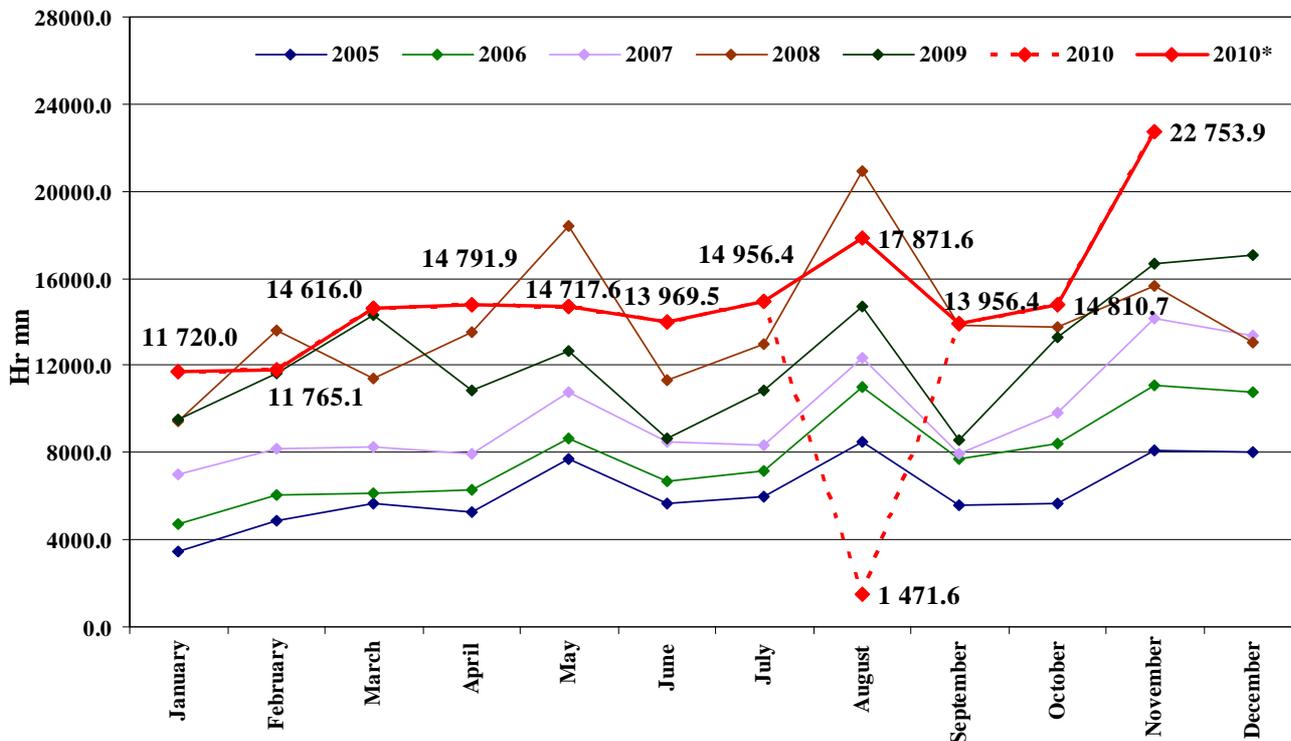
### Growth Rates of Ukraine's State Budget Revenues in November 2005-2010



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



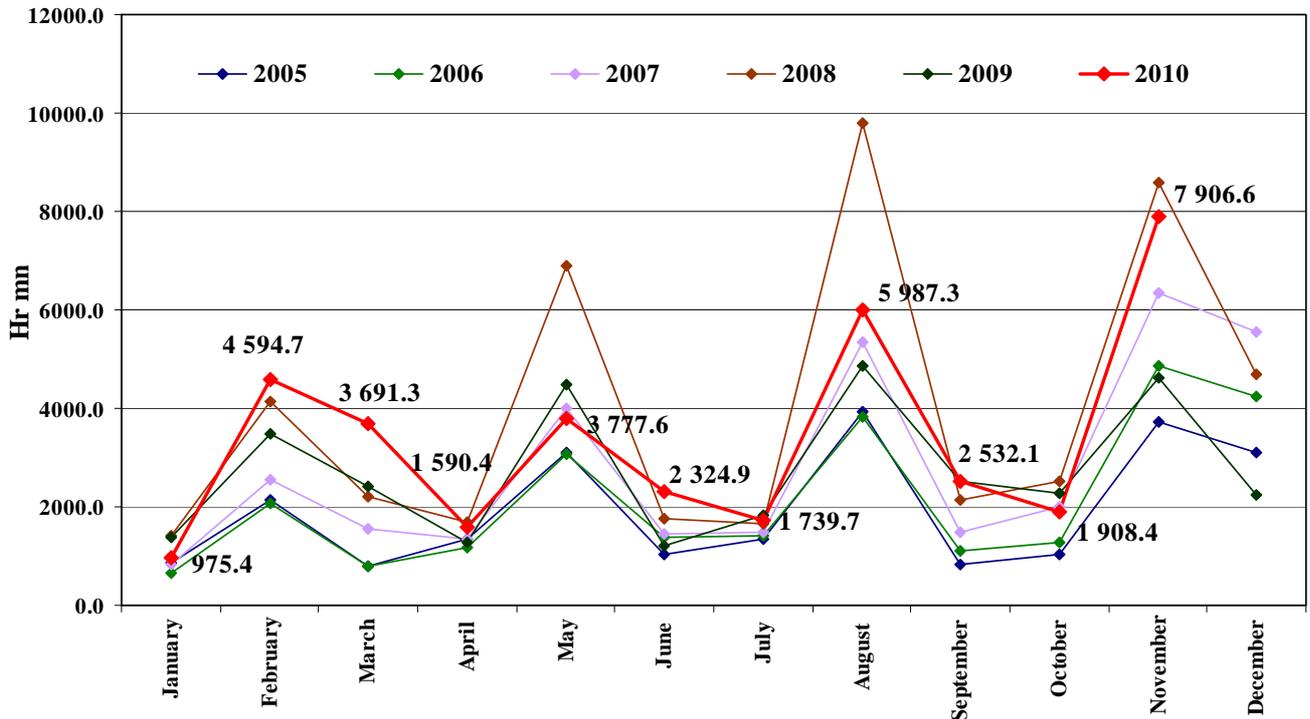
### State Budget Tax Revenues Monthly Trends in 2005-2010



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

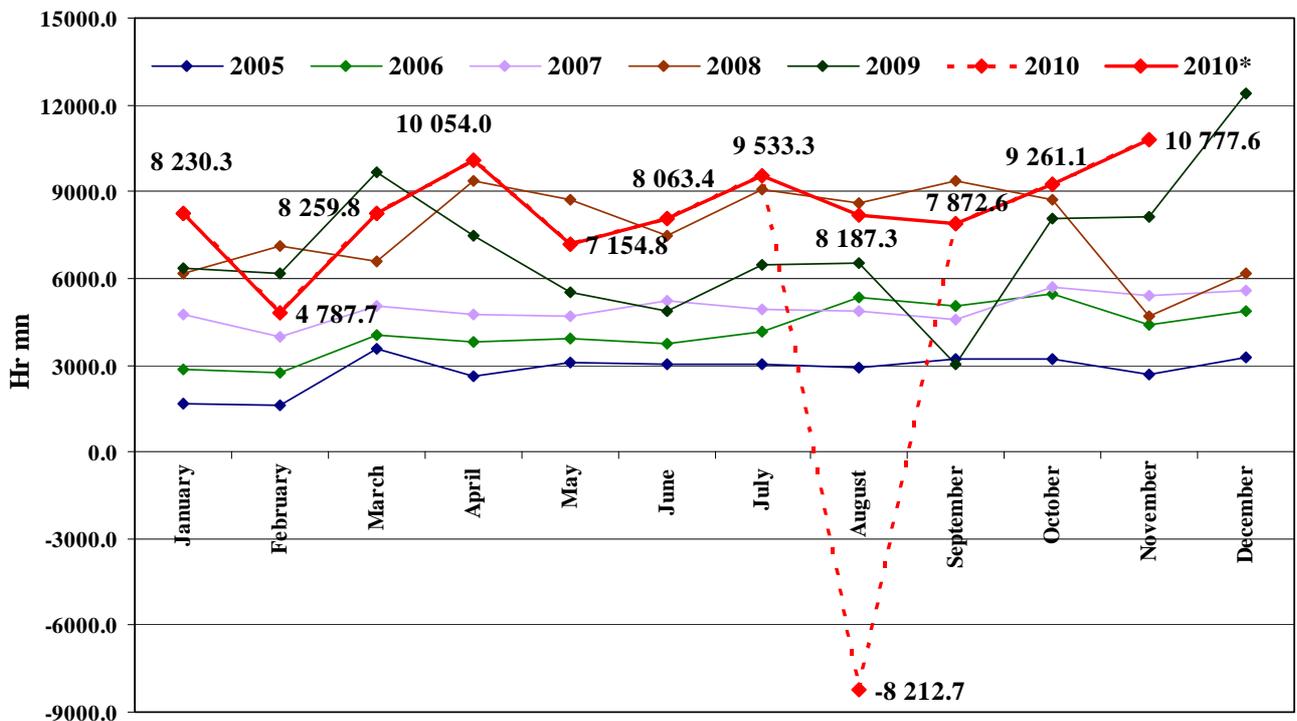
Graph 6

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



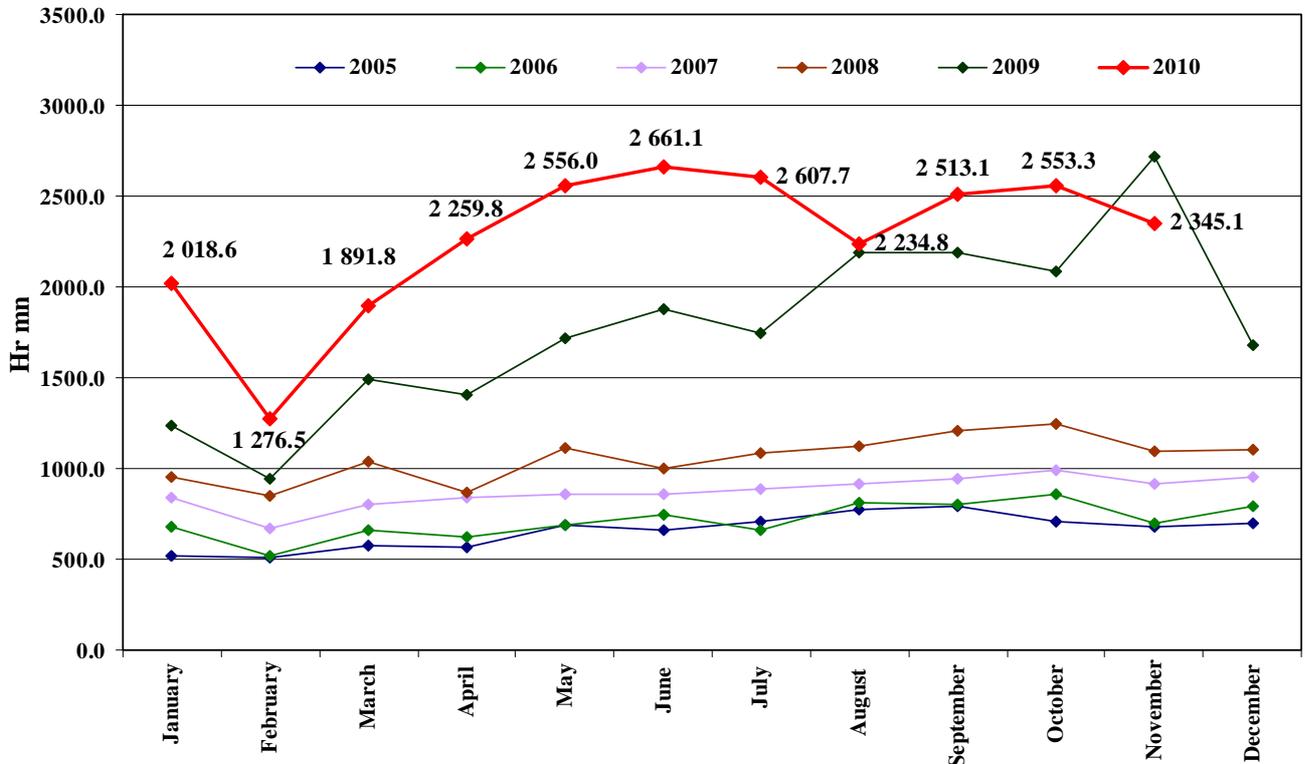
Graph 7

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

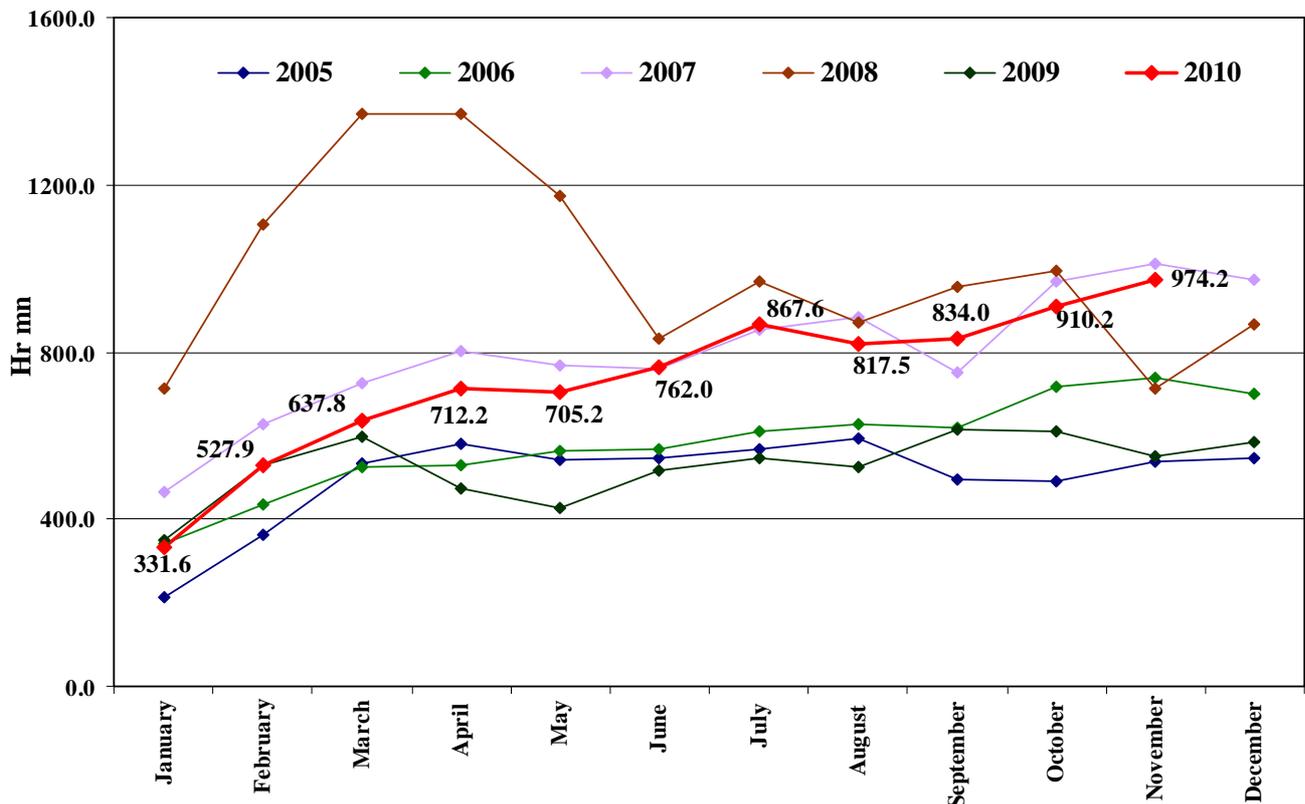


\*excluding the amount of VAT reimbursement debt of Hr 16.4bn

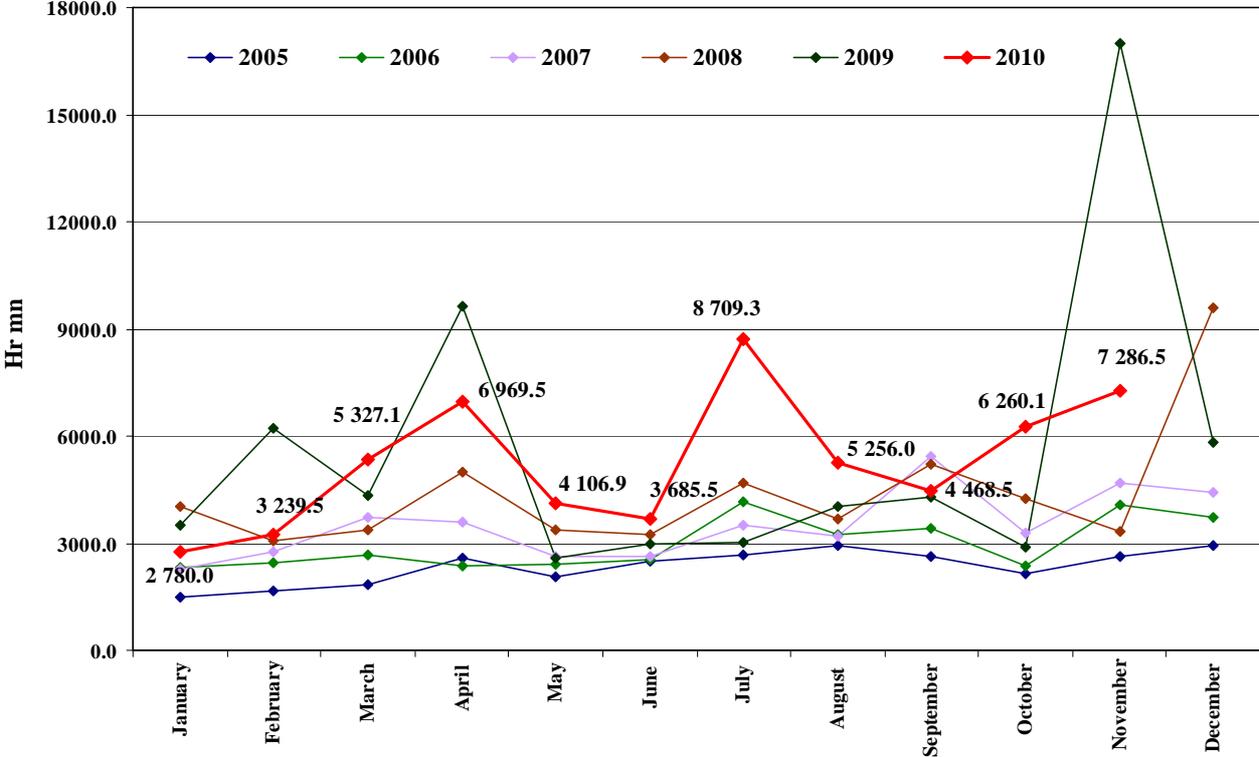
### State Budget Excise Tax Monthly Trends in 2005-2010



### 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

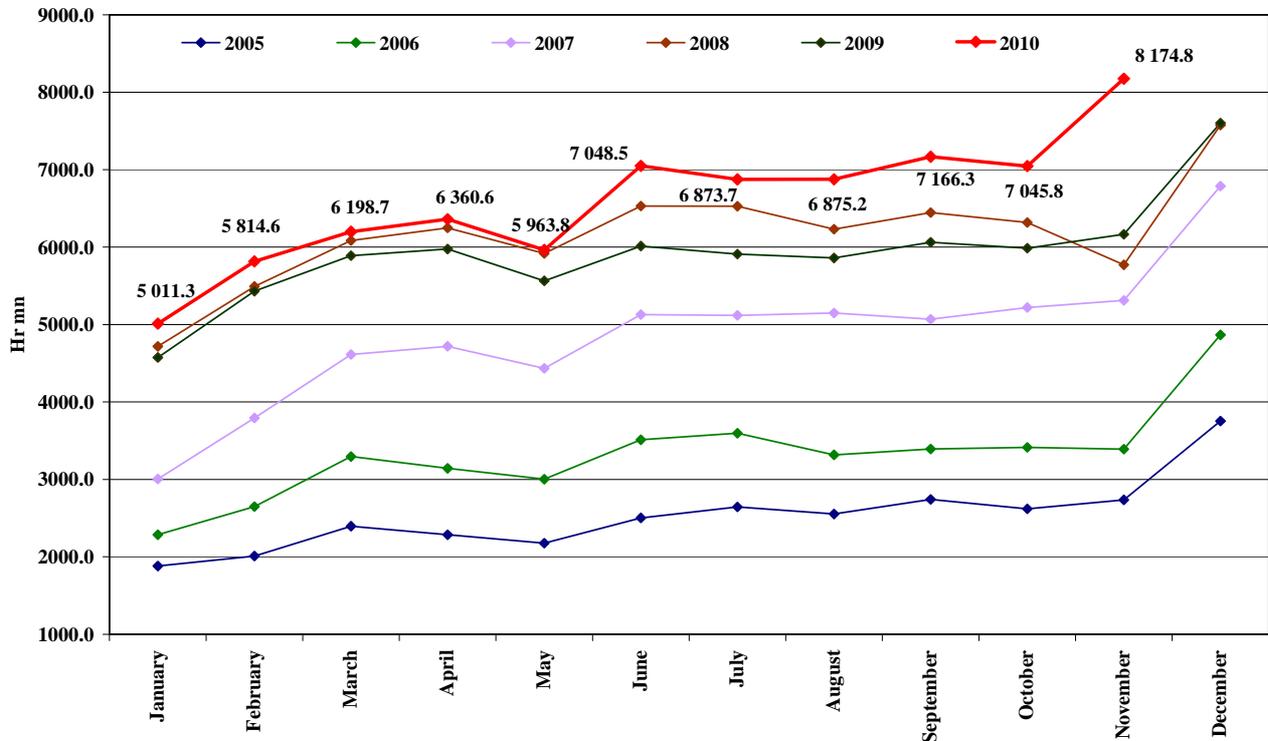
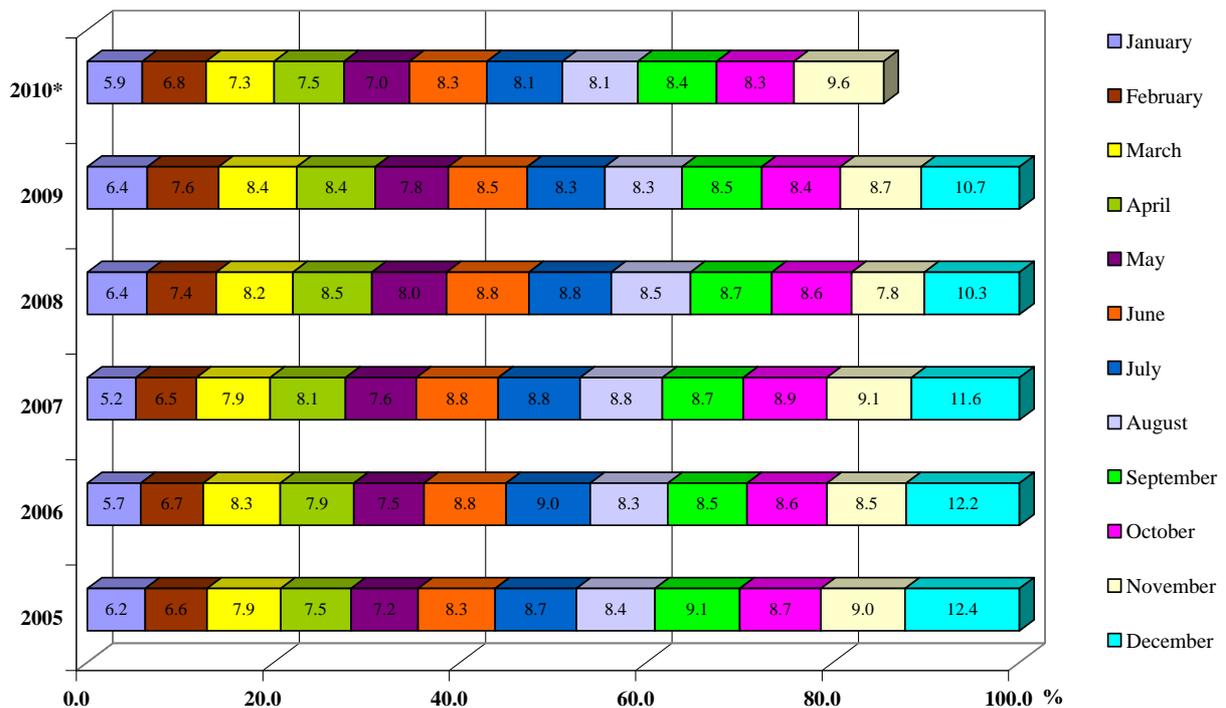


Diagram 4

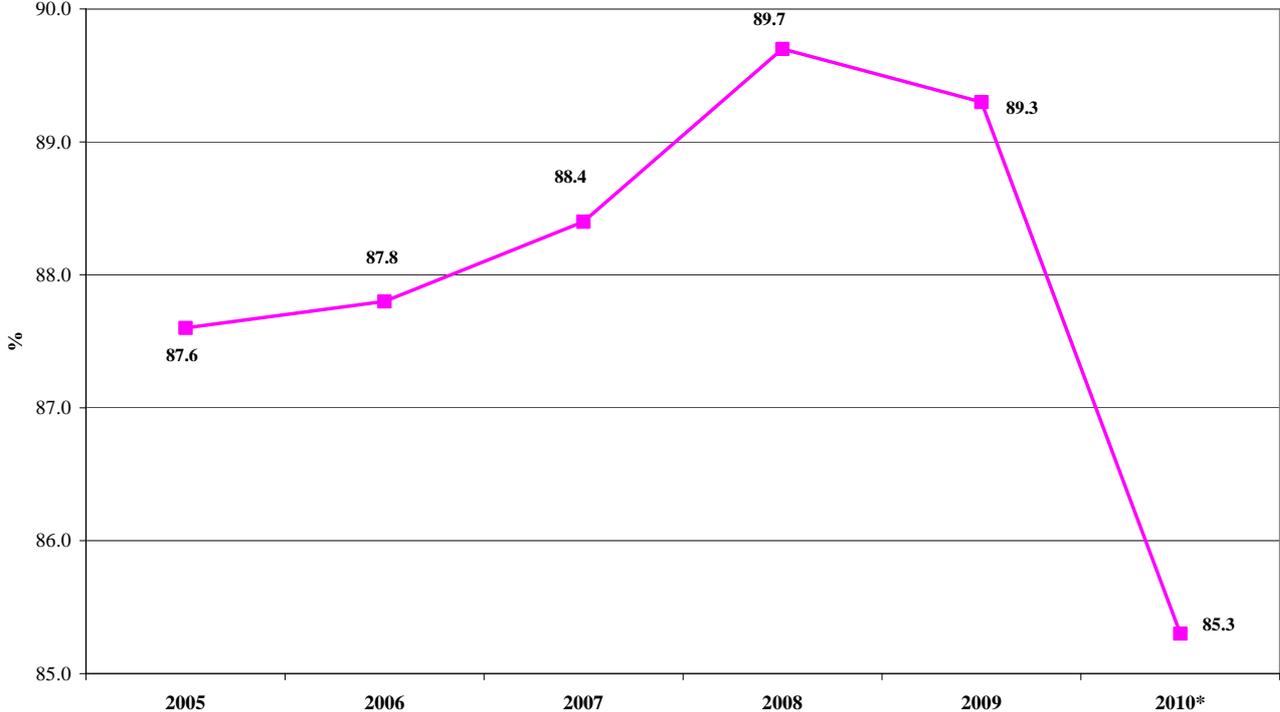
## Dynamics of the Share of Local Budget Revenues in Annual Amounts in 2005-2010



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

Graph 12

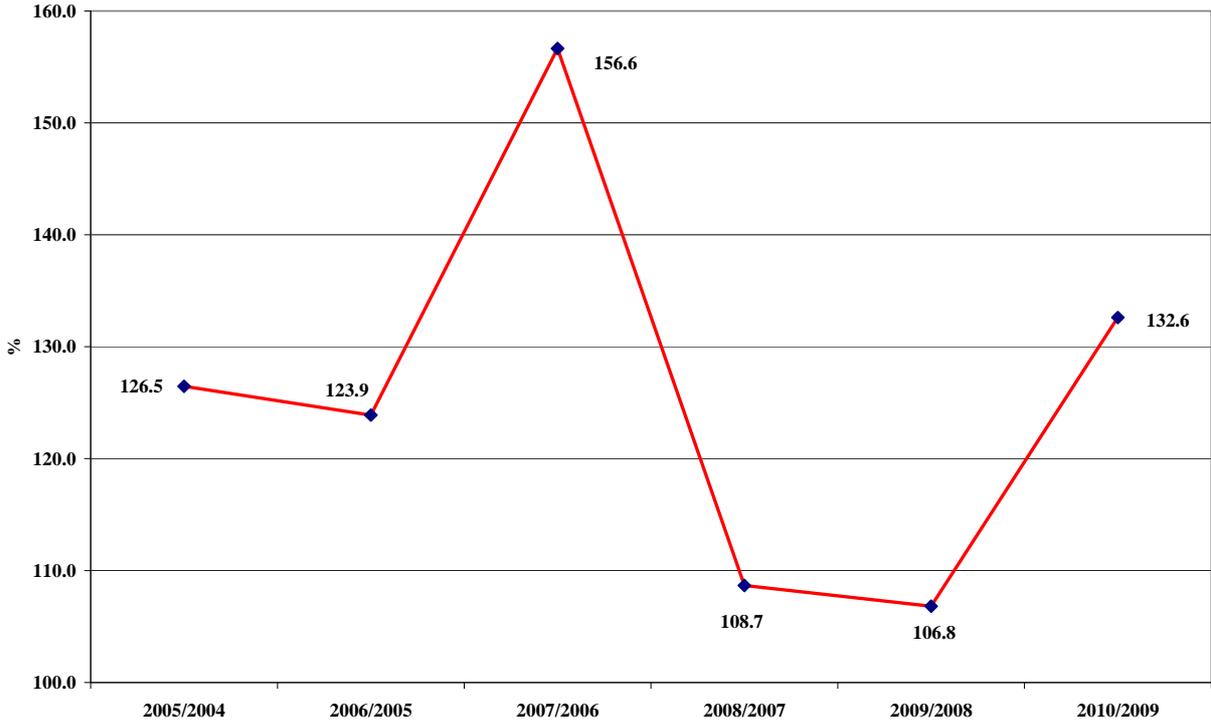
### Dynamics of the Share of Local Budget Revenues in January-November 2005-2010 in Annual Amounts



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

Graph 13

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



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

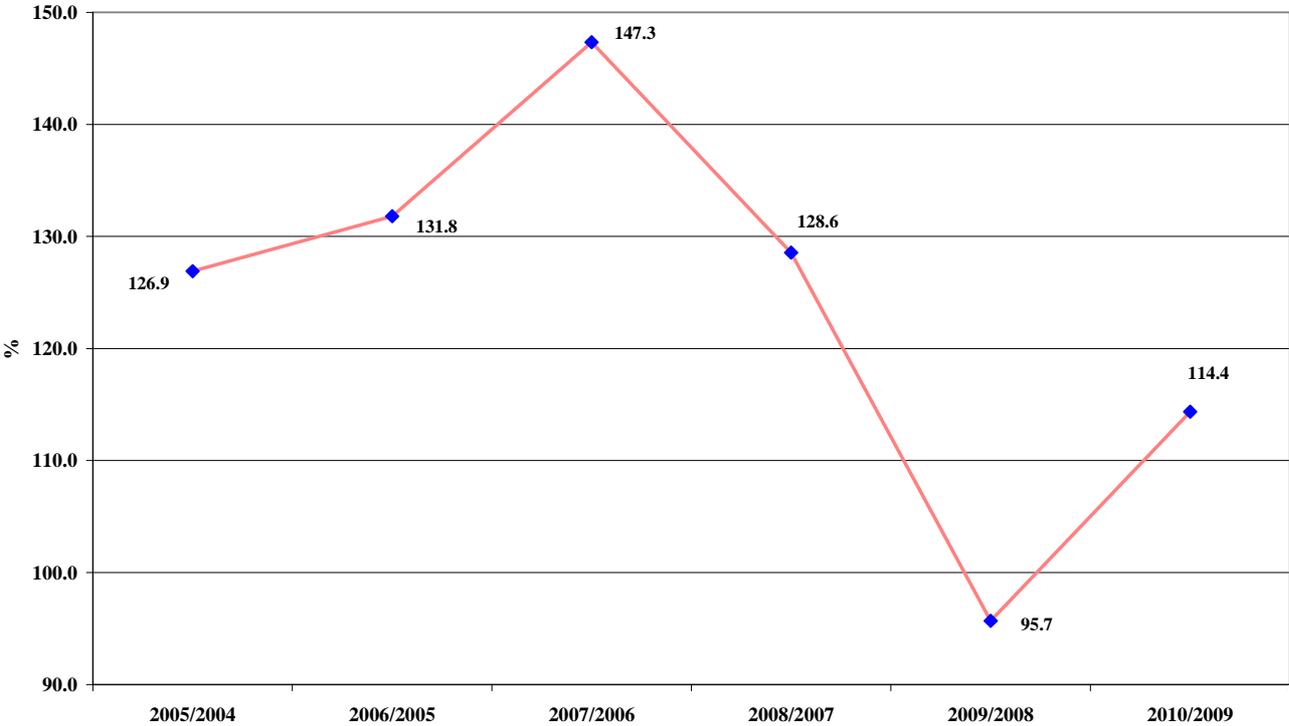


Diagram 5

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

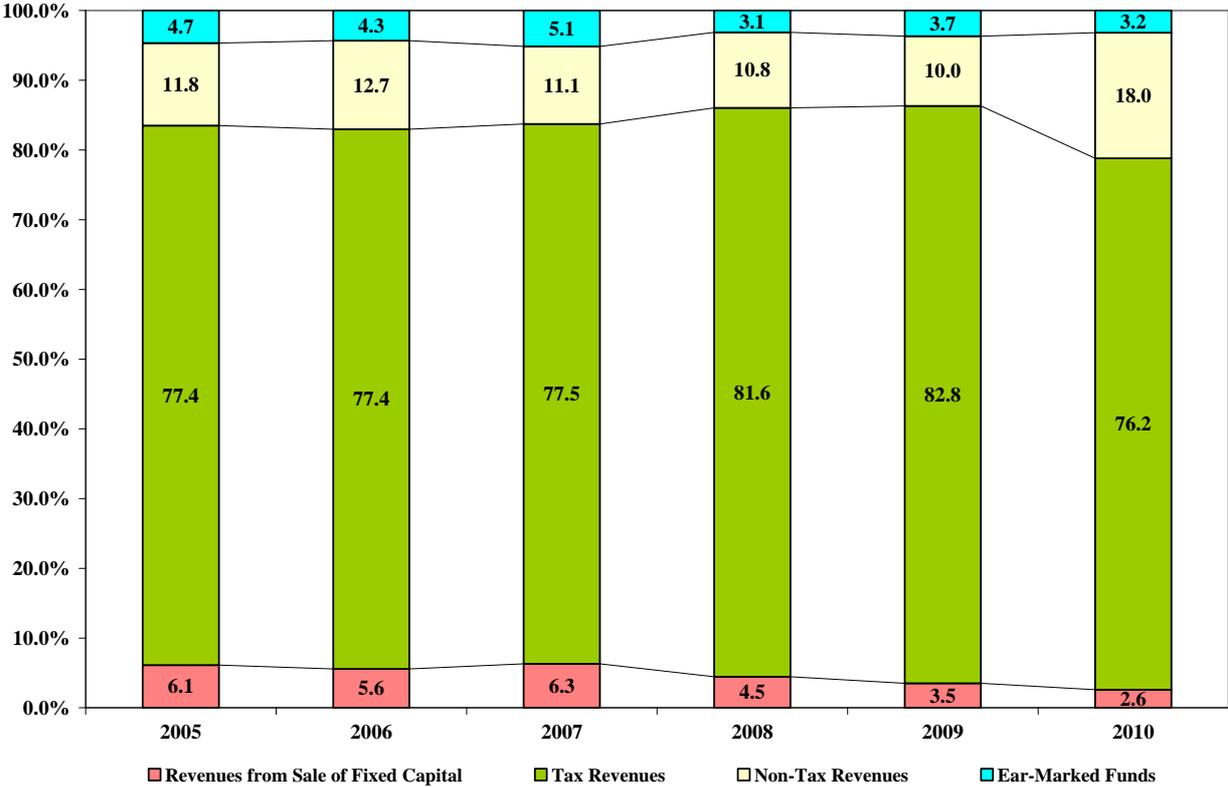
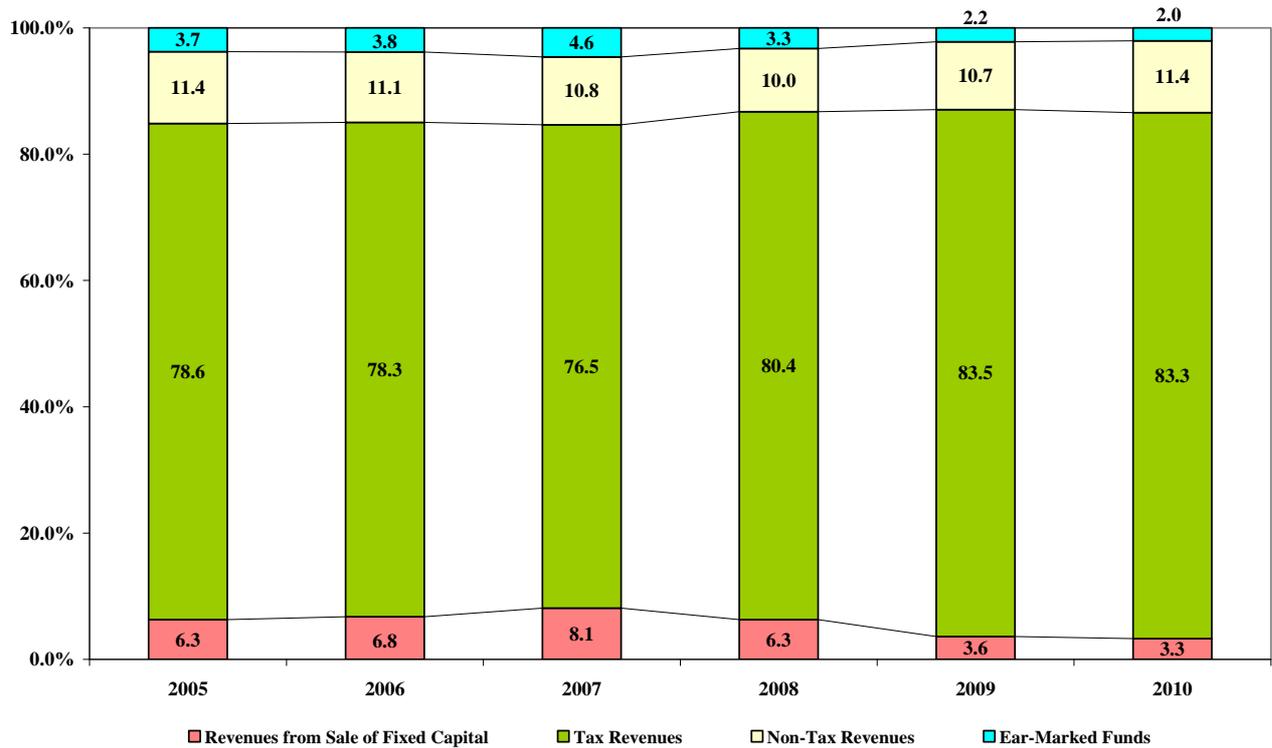


Diagram 6

Structure of Actual Local Budget Revenues in January-November 2005-2010



Graph 15

Local Budget Tax Revenues Monthly Trends in 2005-2010

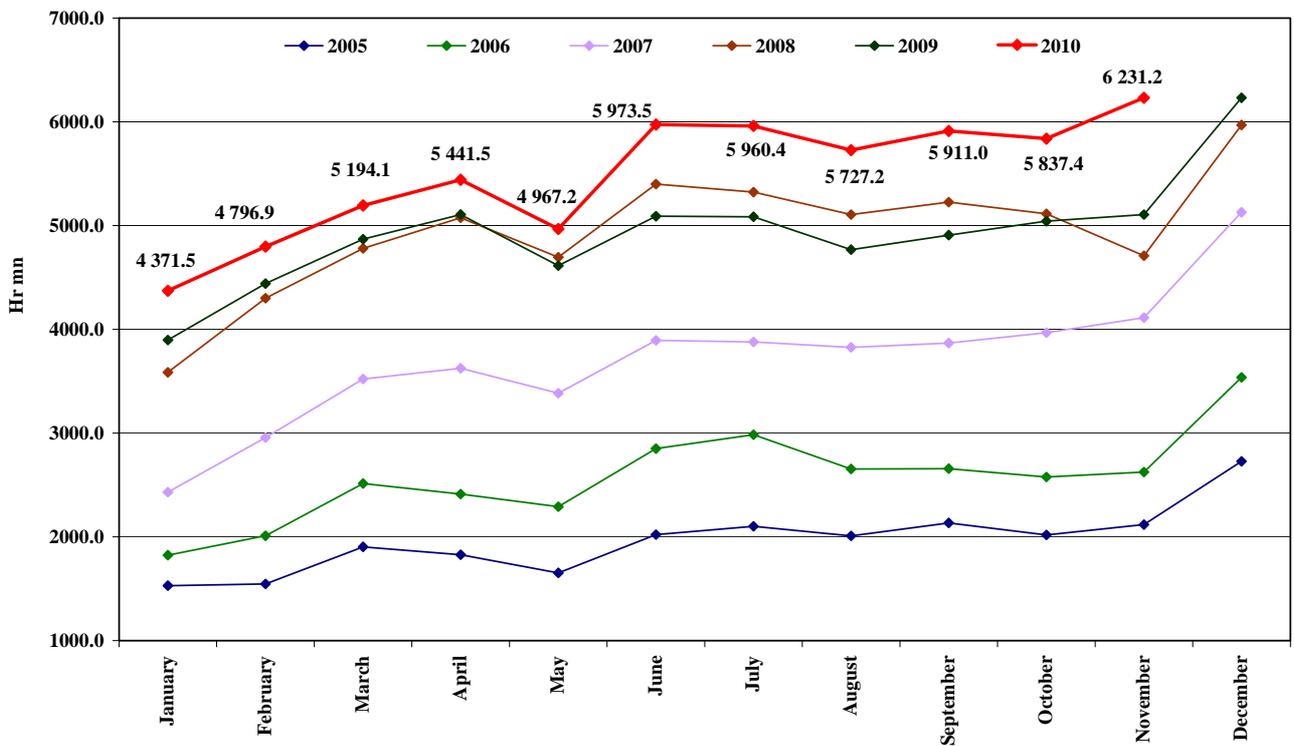


Diagram 7

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

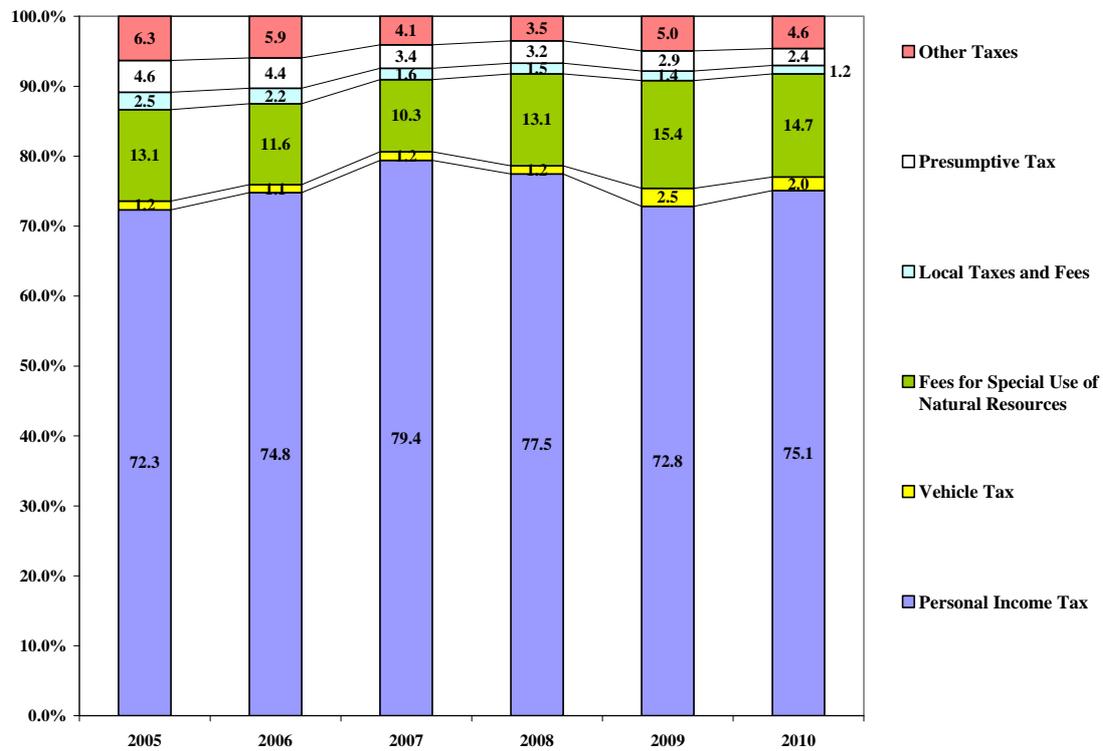
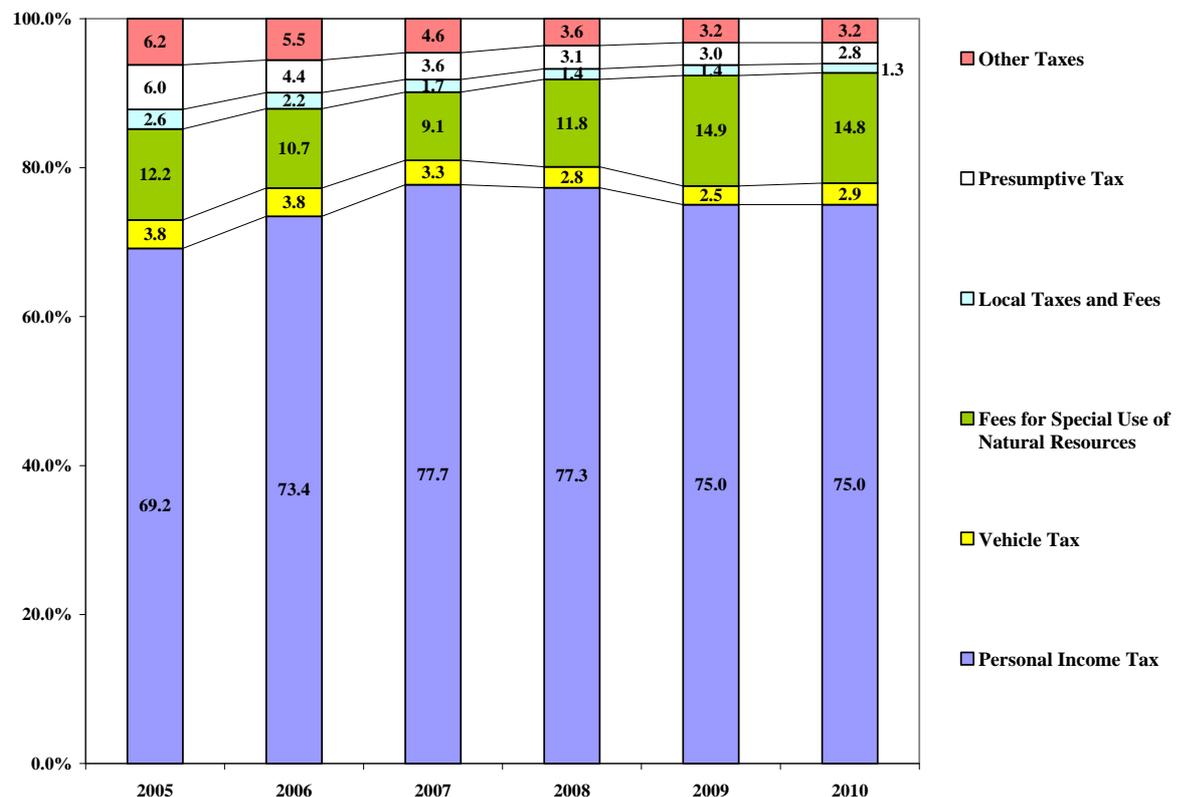


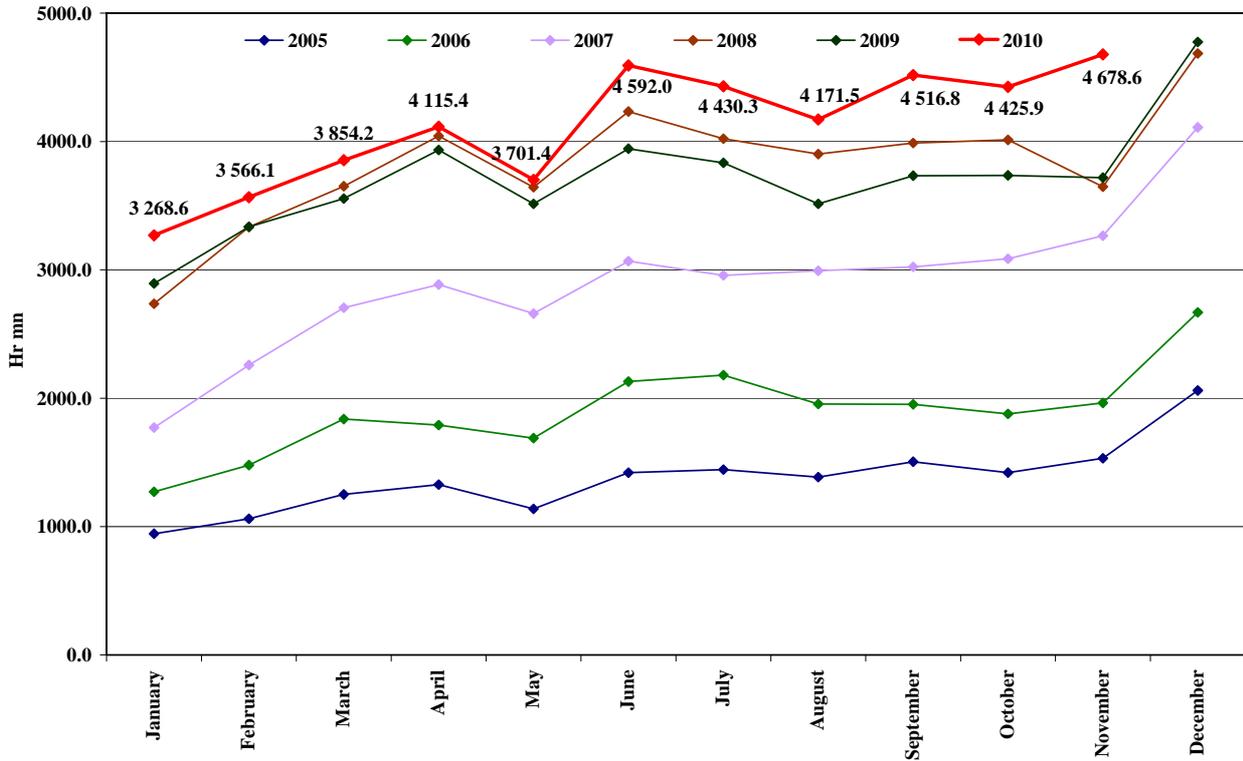
Diagram 8

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



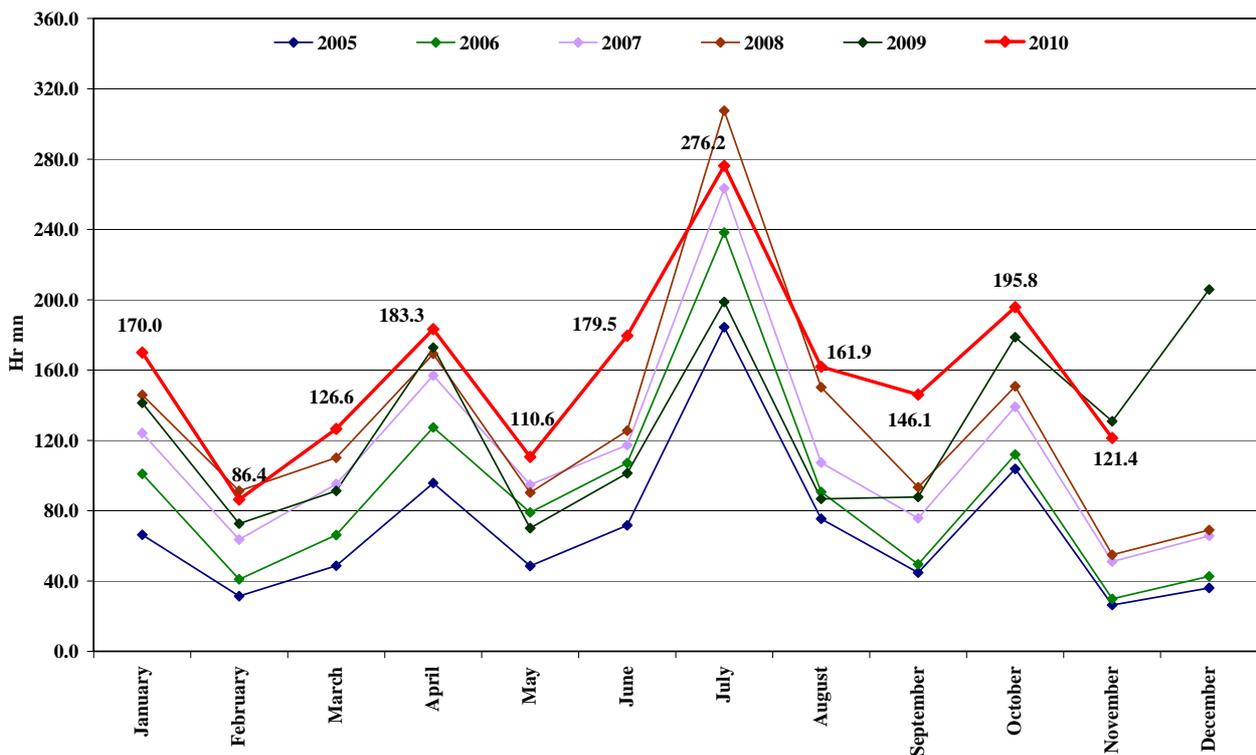
Graph 16

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

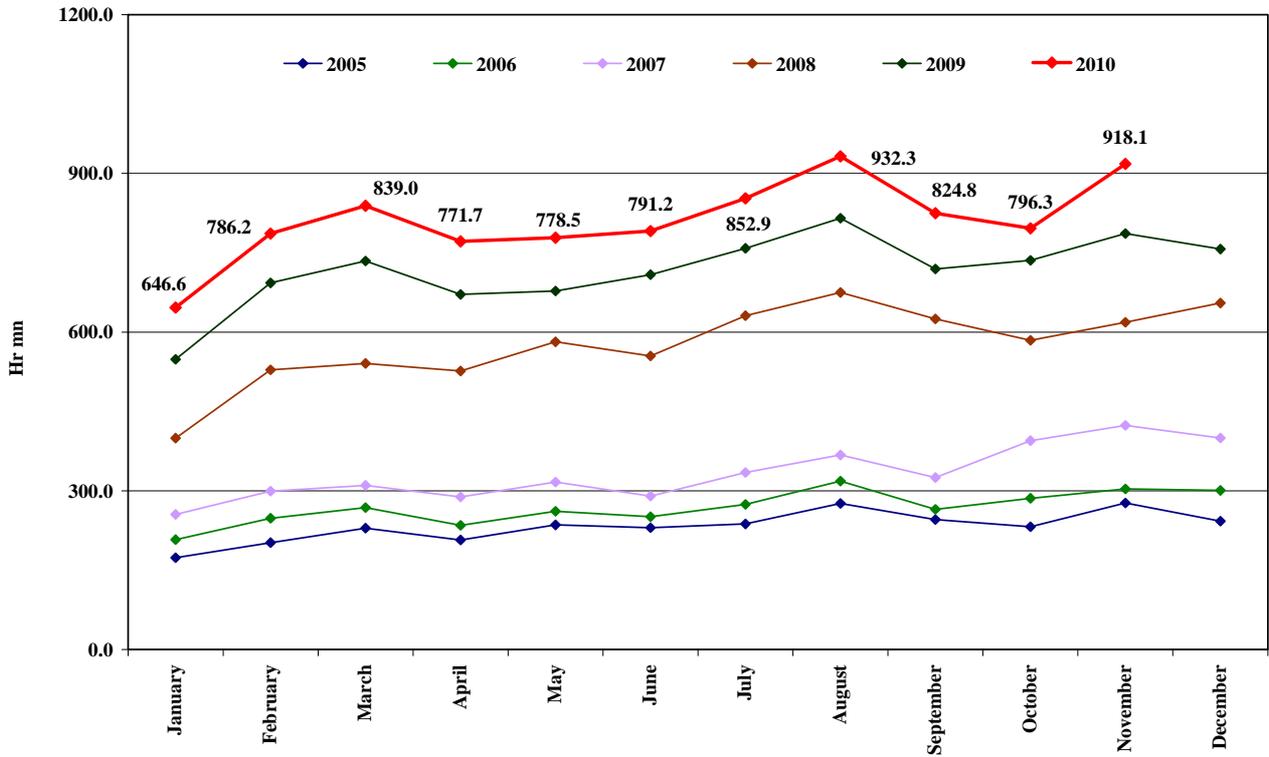


Graph 17

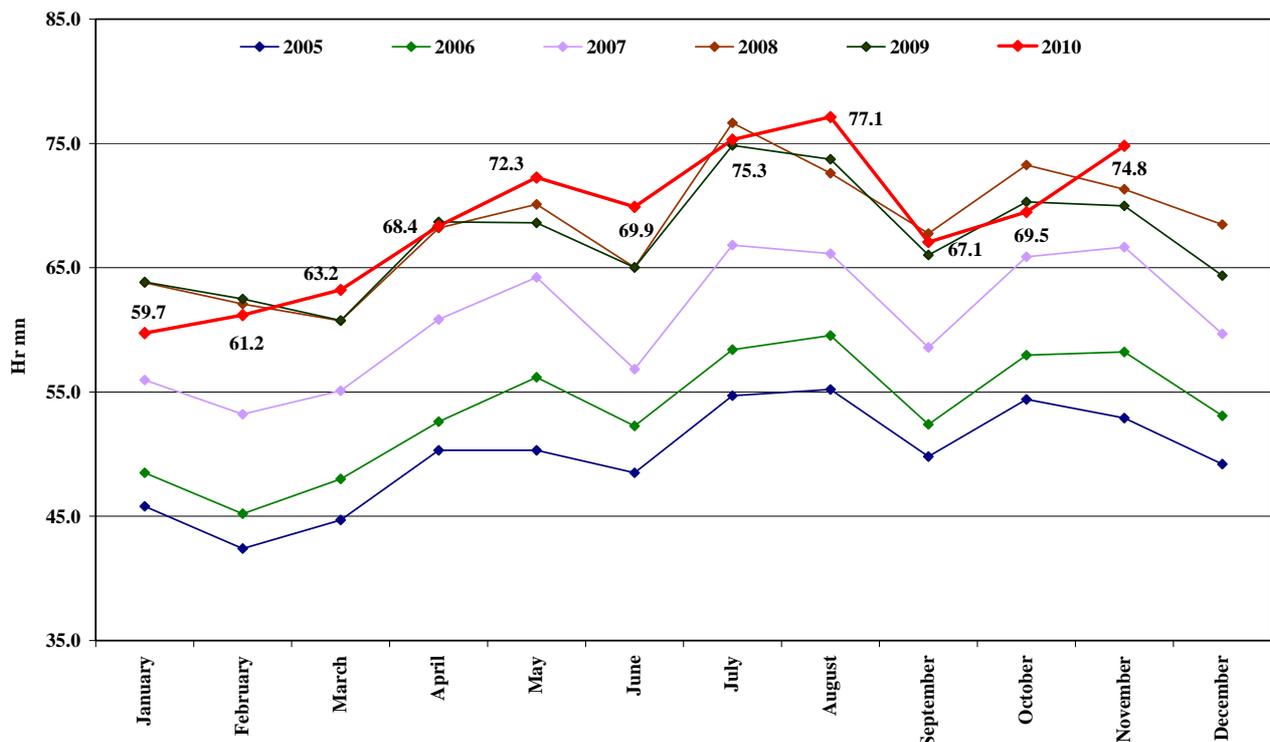
### Vehicle Tax Monthly Trends in 2005-2010



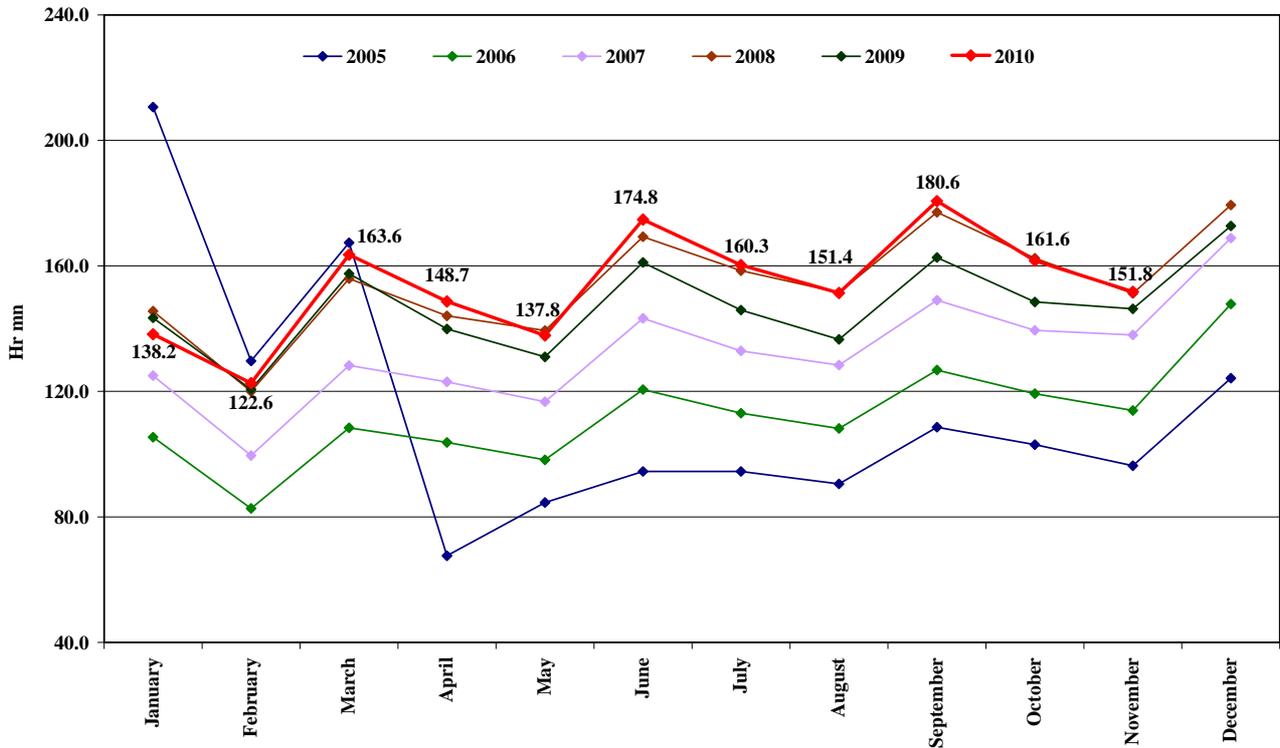
### Fees for Special Use of Natural Resources Monthly Trends in 2005-2010



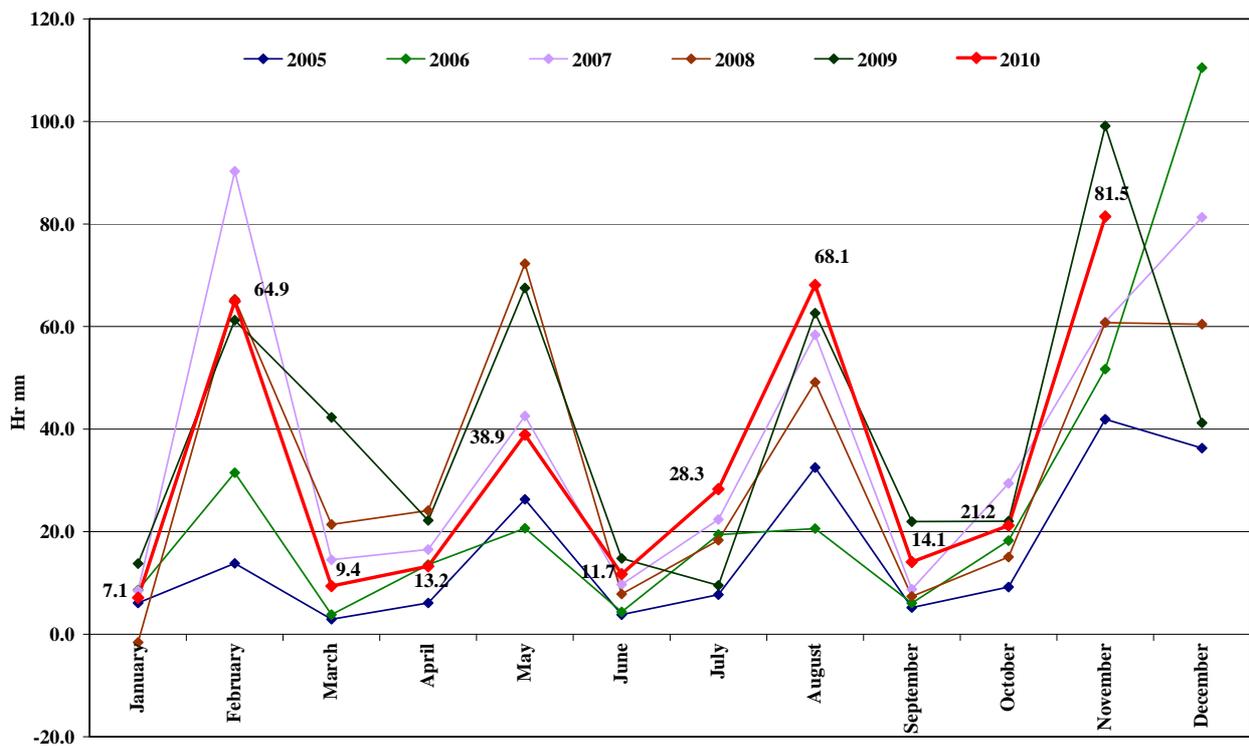
### Local Taxes Monthly Trends in 2005-2010



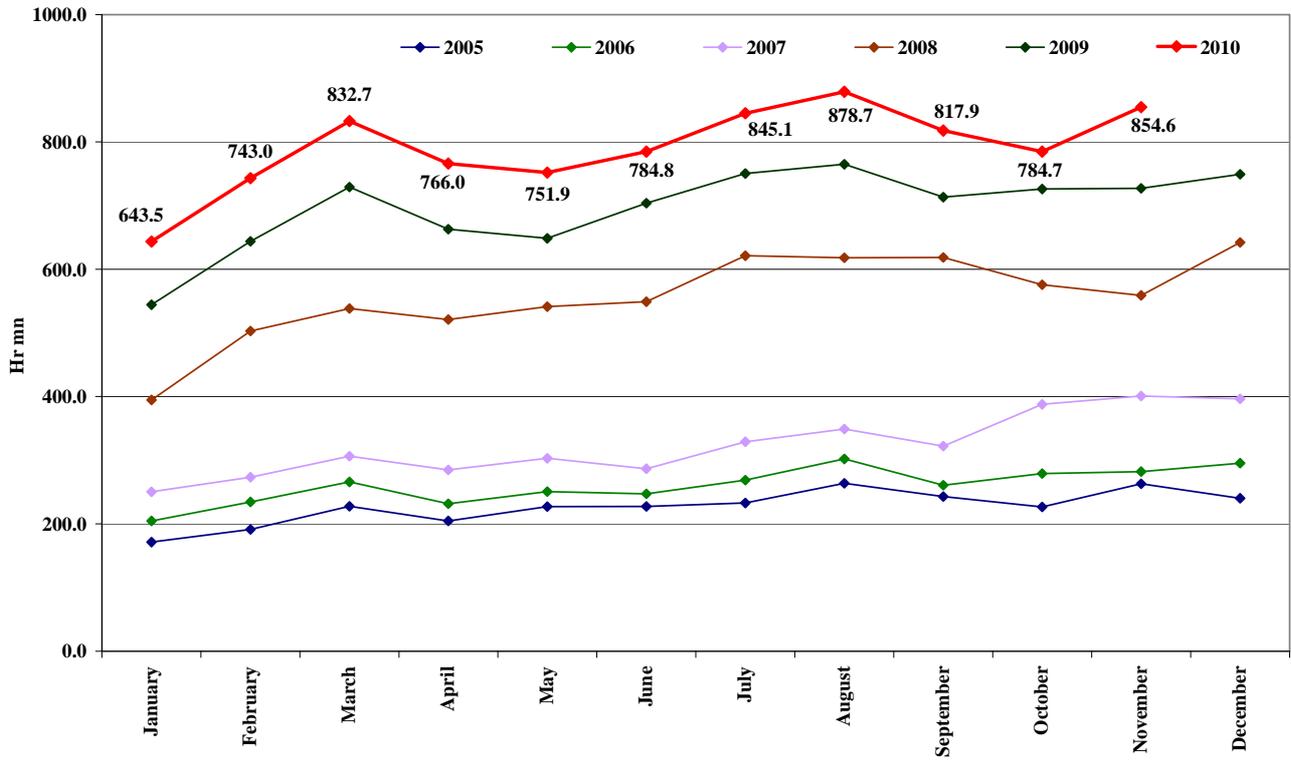
### Presumptive Tax Monthly Trends in 2005-2010



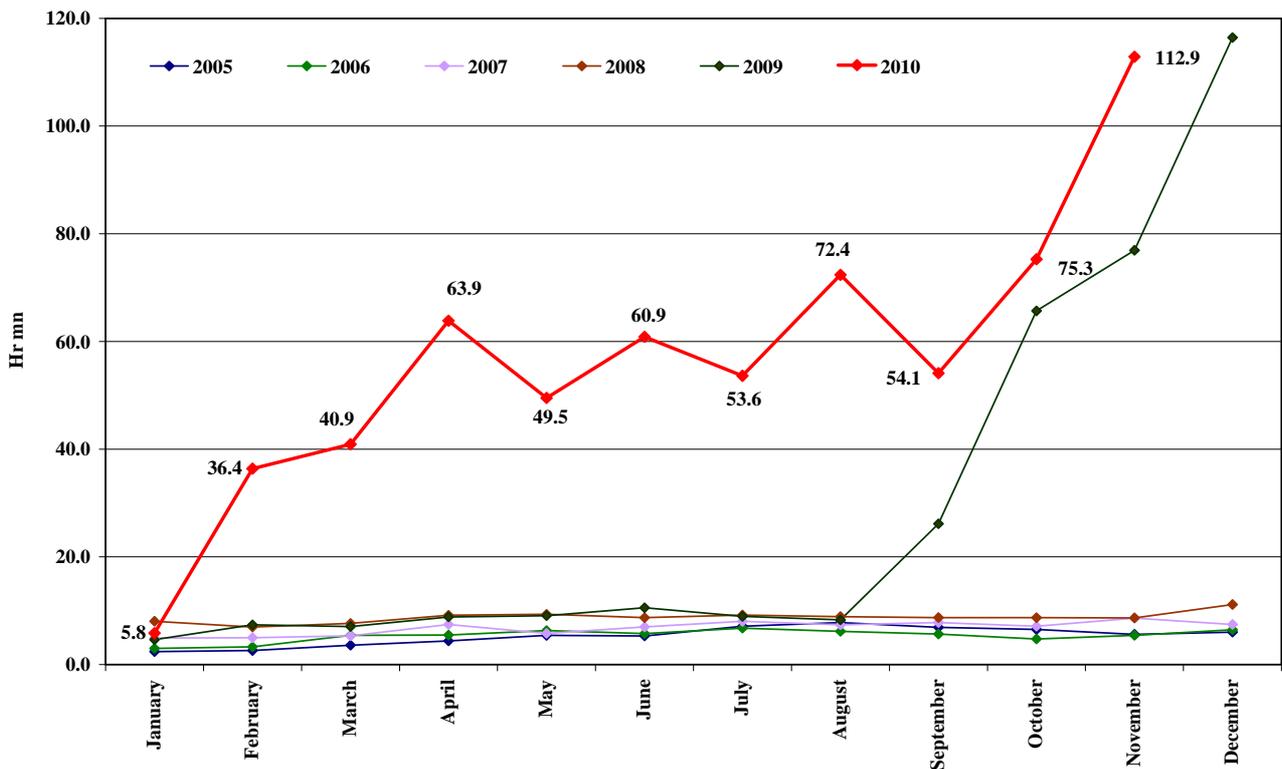
### Tax on Profit of Municipal Enterprises Monthly Trends in 2005-2010



### Land Tax Monthly Trends in 2005-2010

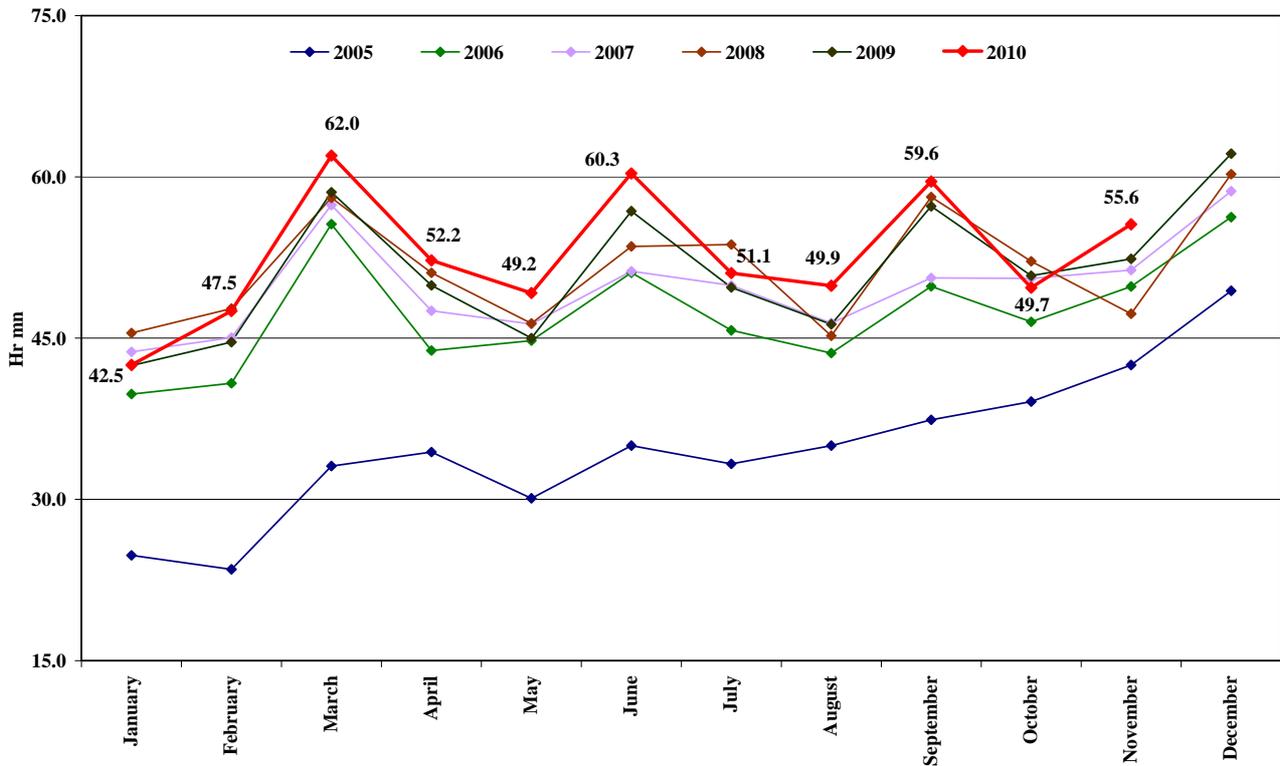


### Local Budget Excise Tax Monthly Trends in 2005-2010



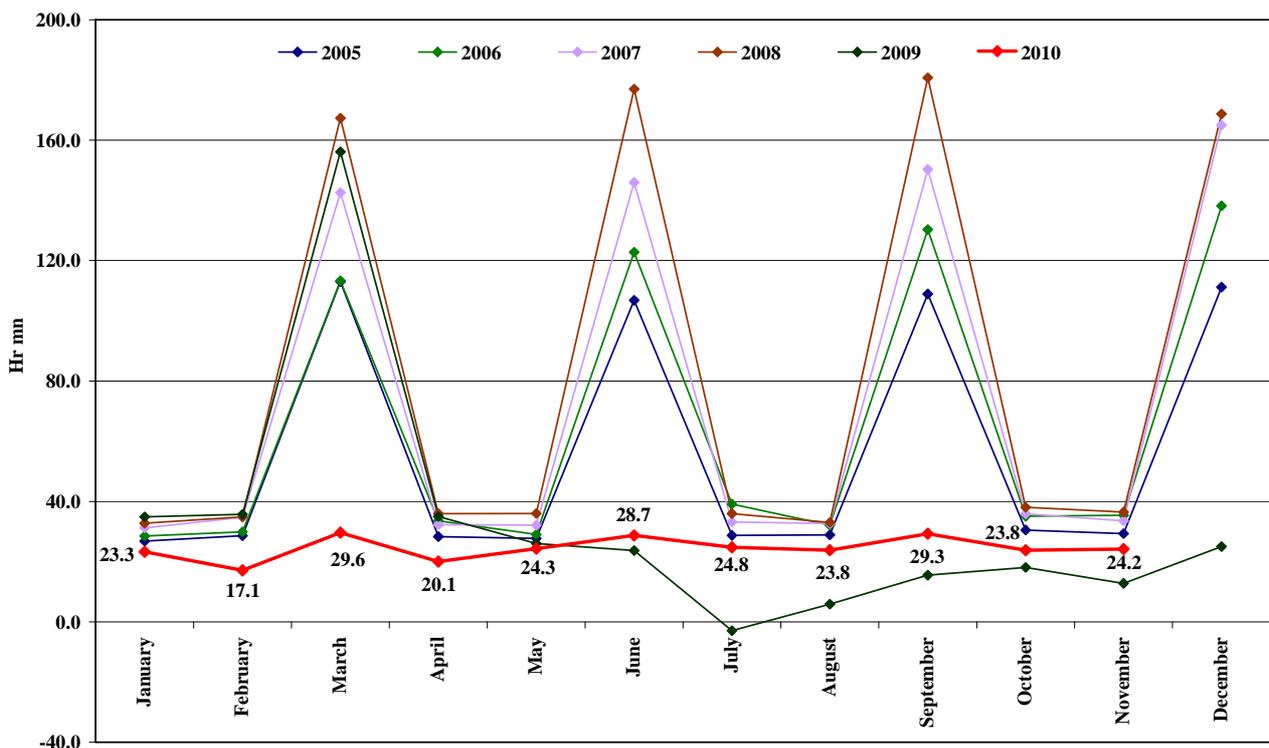
Graph 24

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

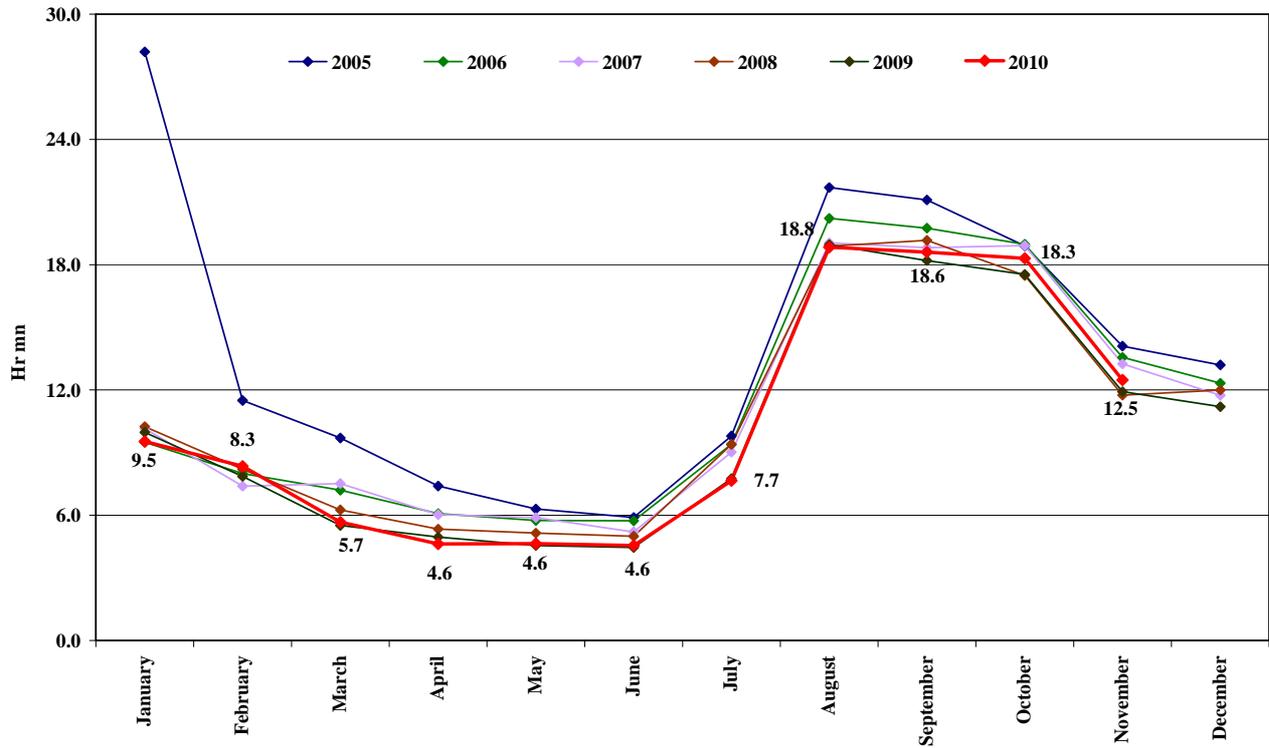


Graph 25

### 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

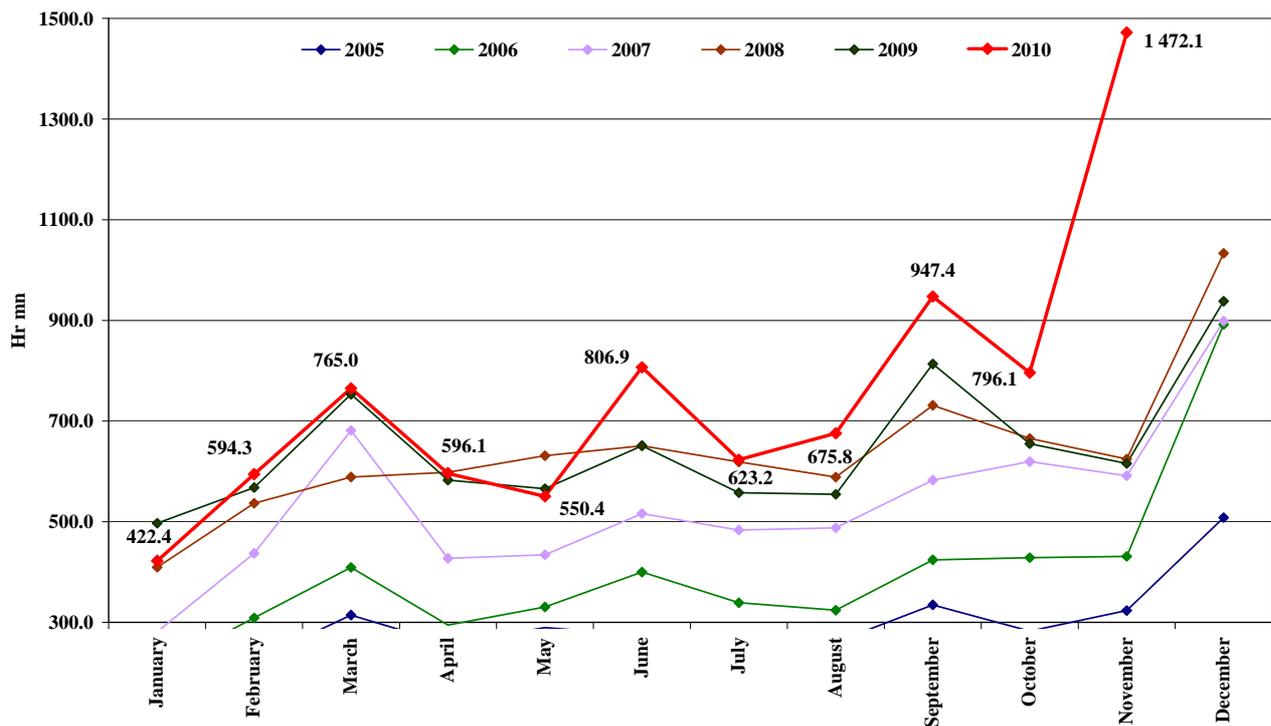


Diagram 9

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

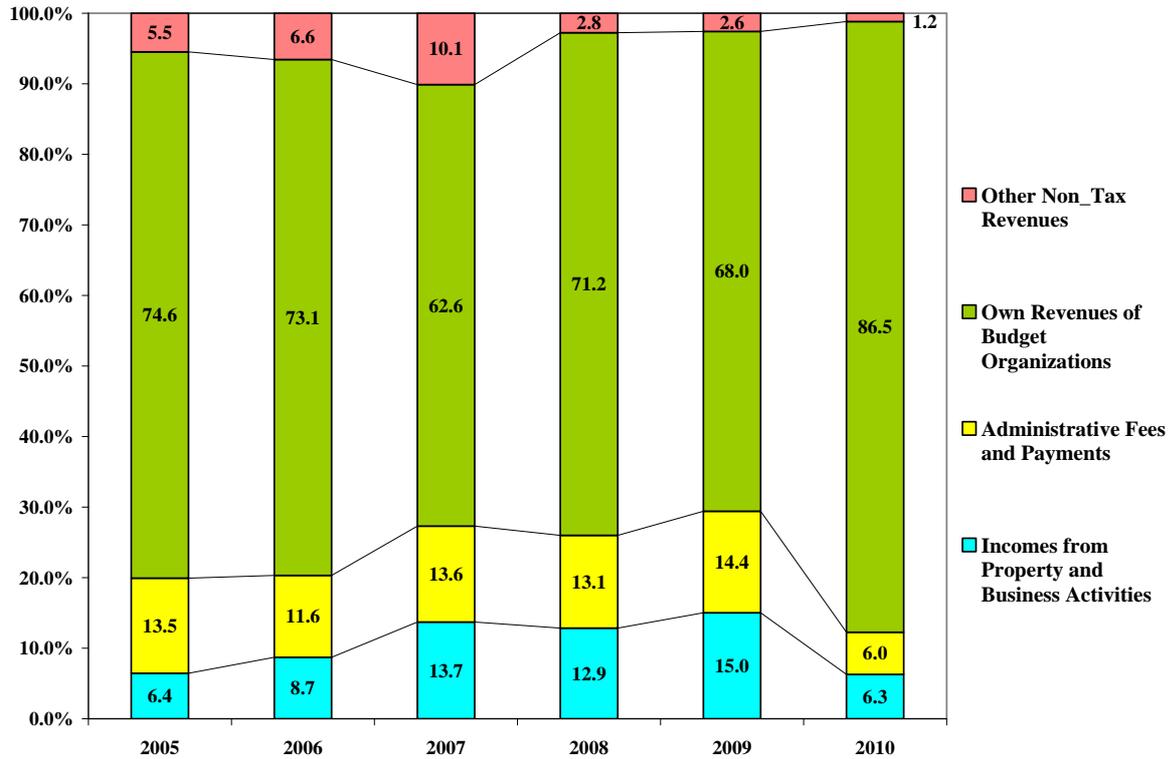
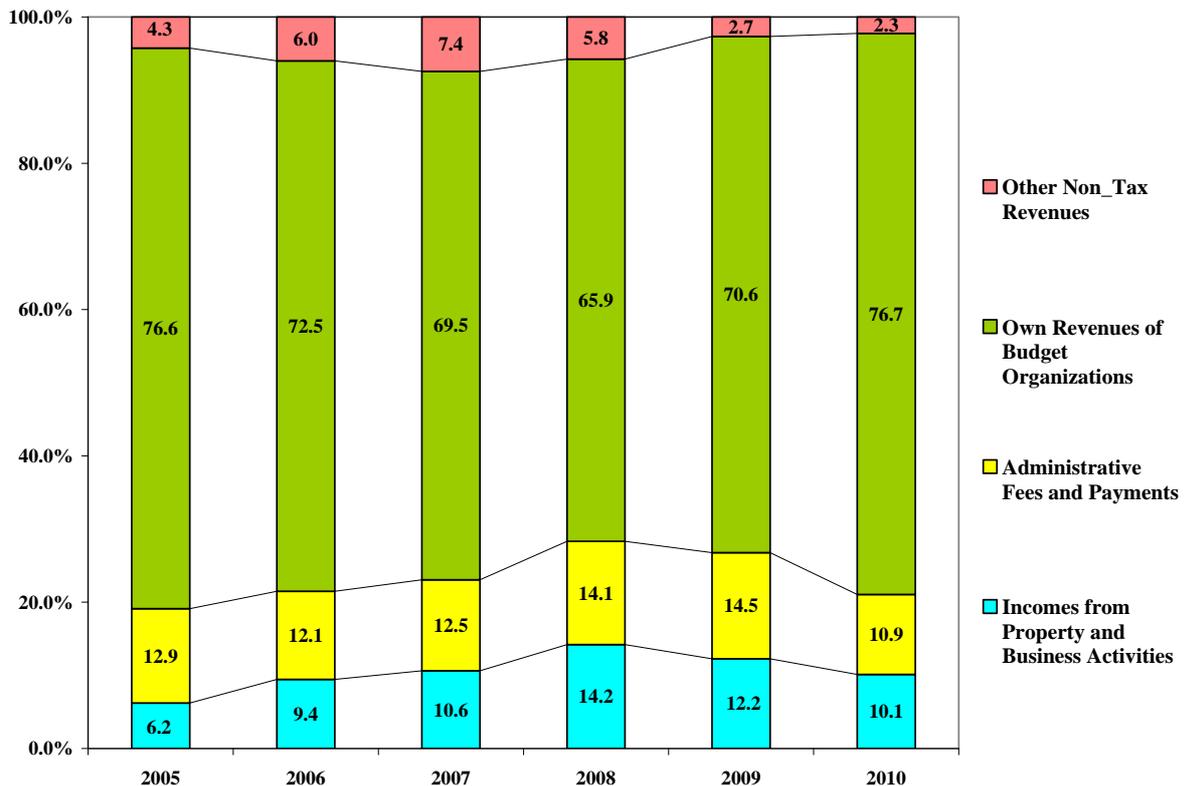


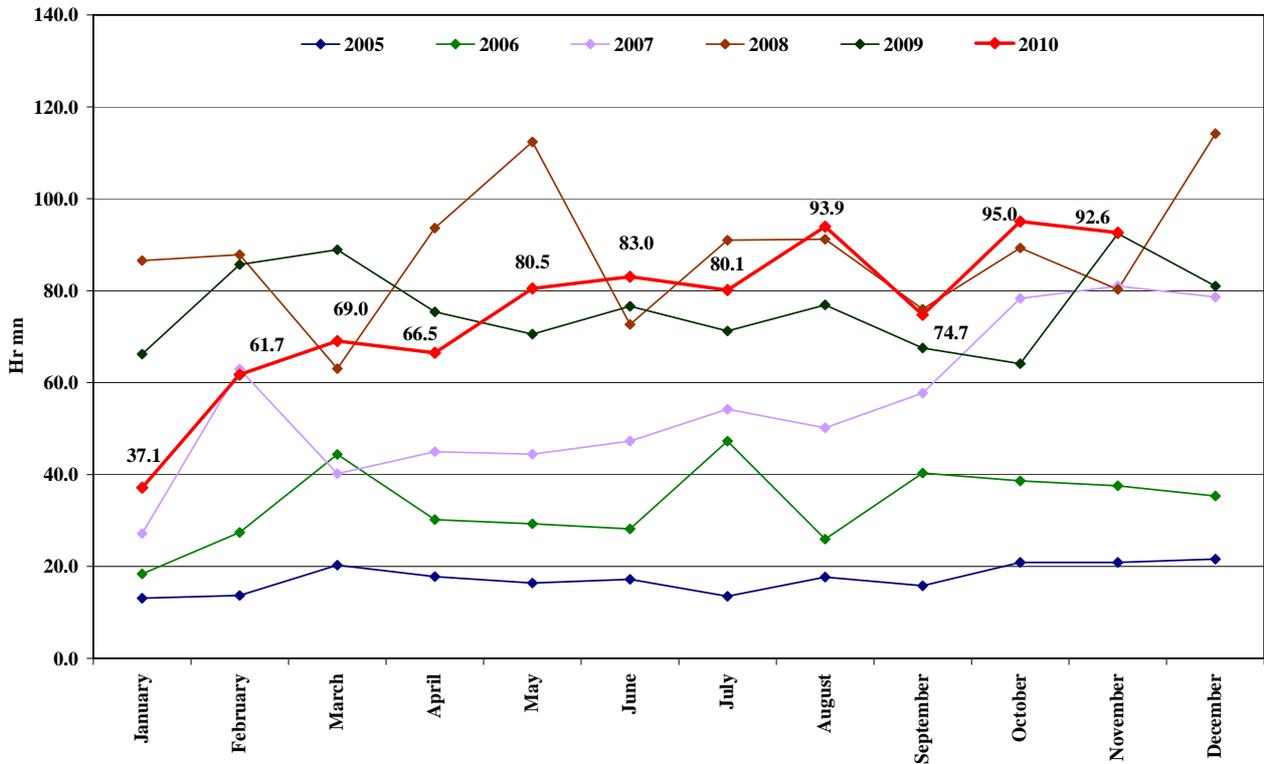
Diagram 10

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



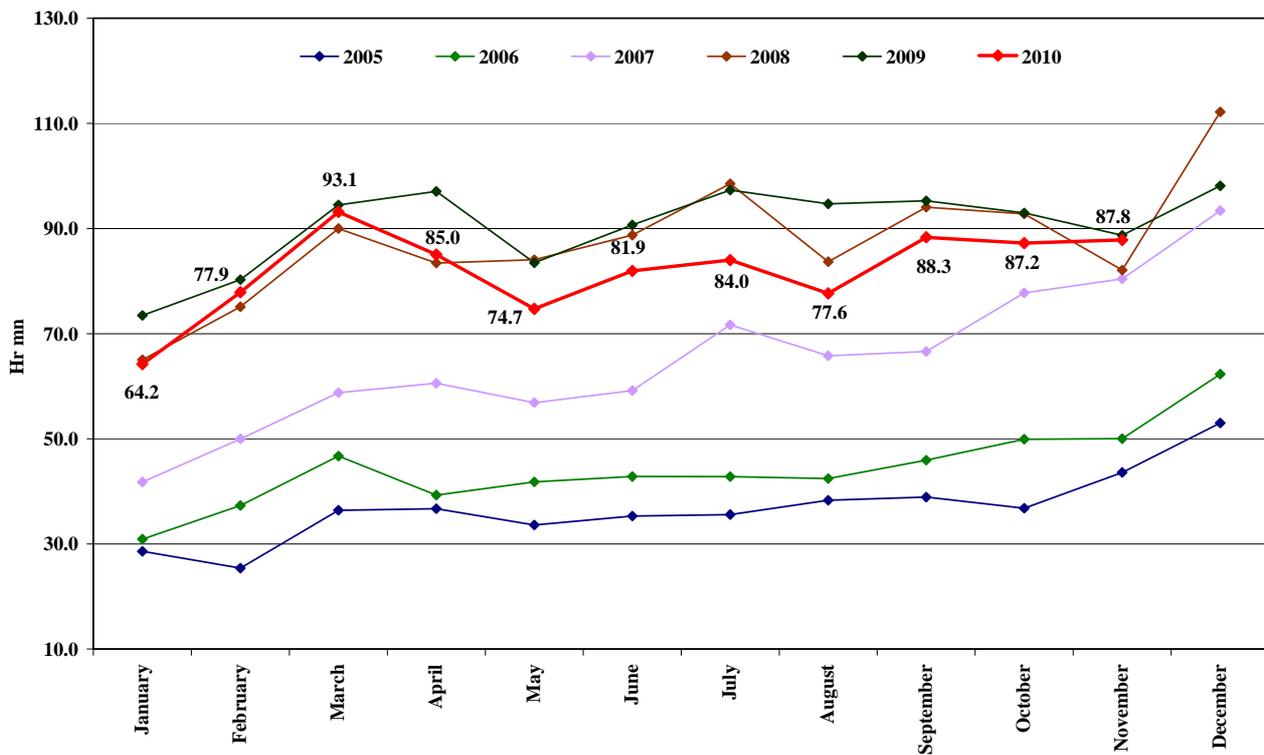
Graph 28

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

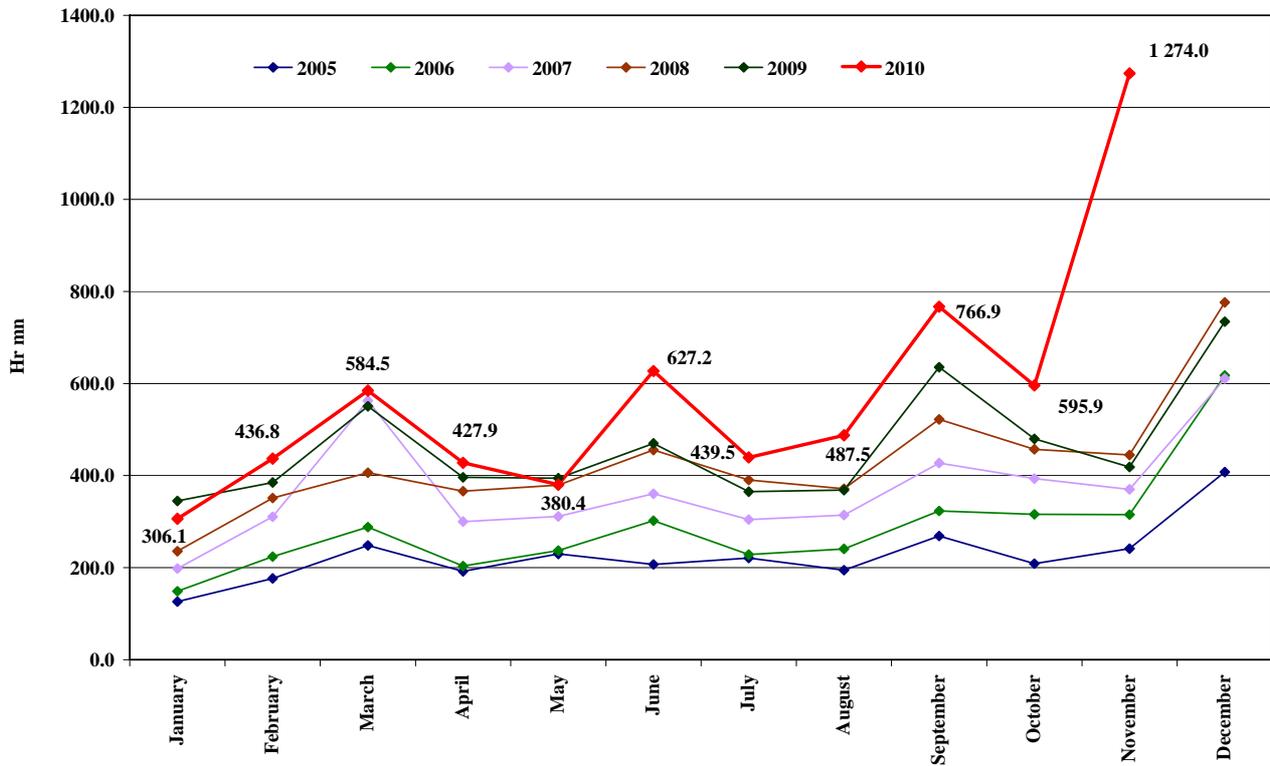


Graph 29

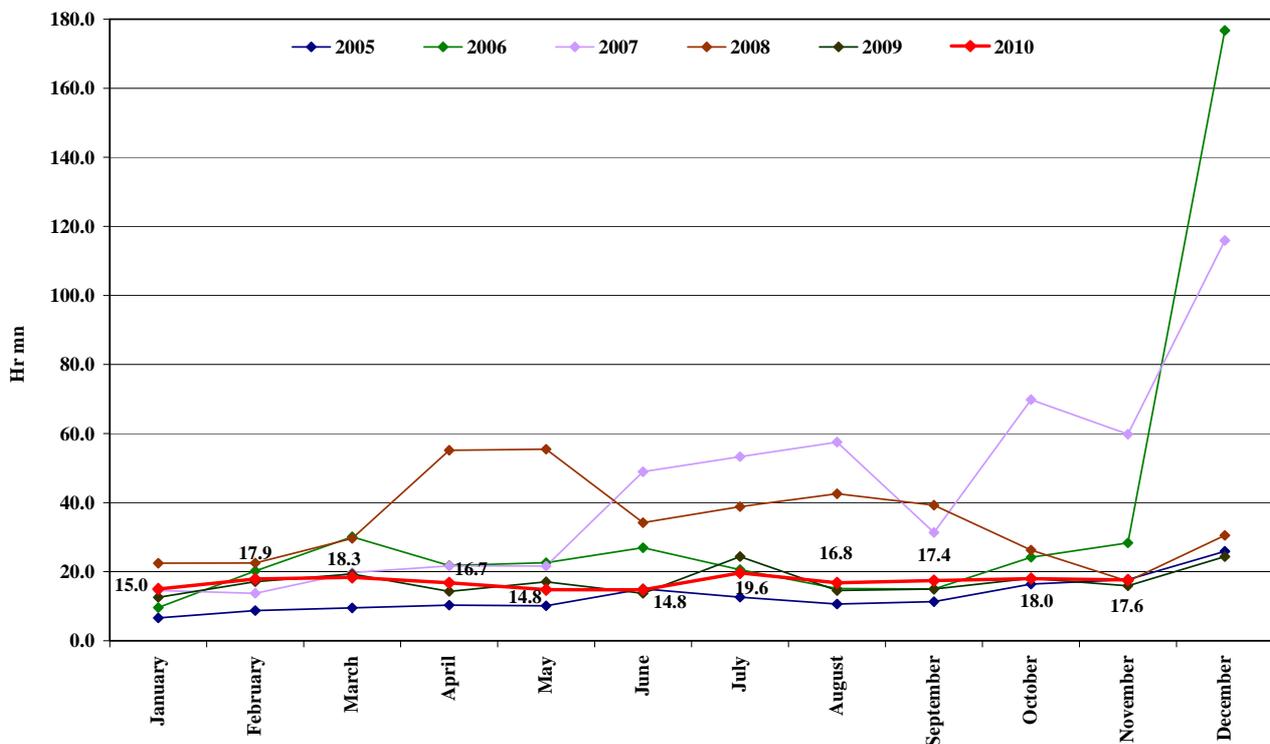
### Dynamics of Monthly Local Budget Revenues from Administrative Fees in 2005-2010



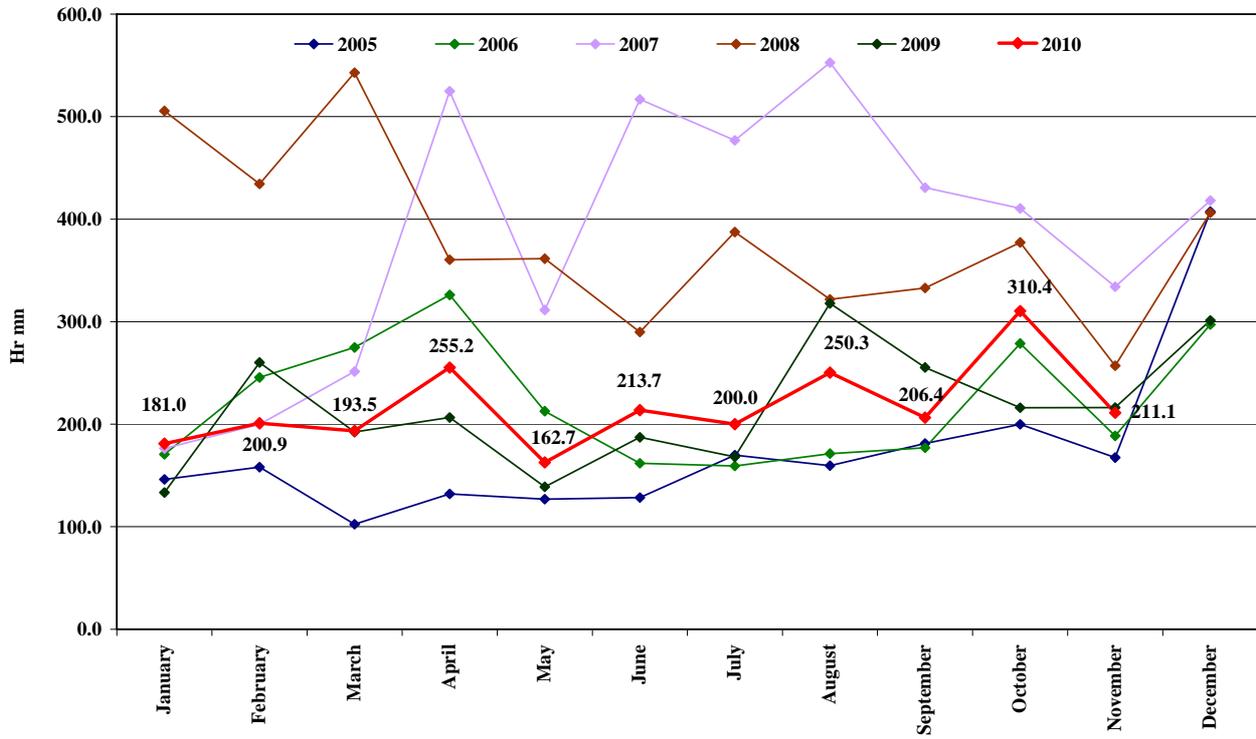
### Budgetary Institutions Own Revenues Monthly Trends in 2005-2010



### 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

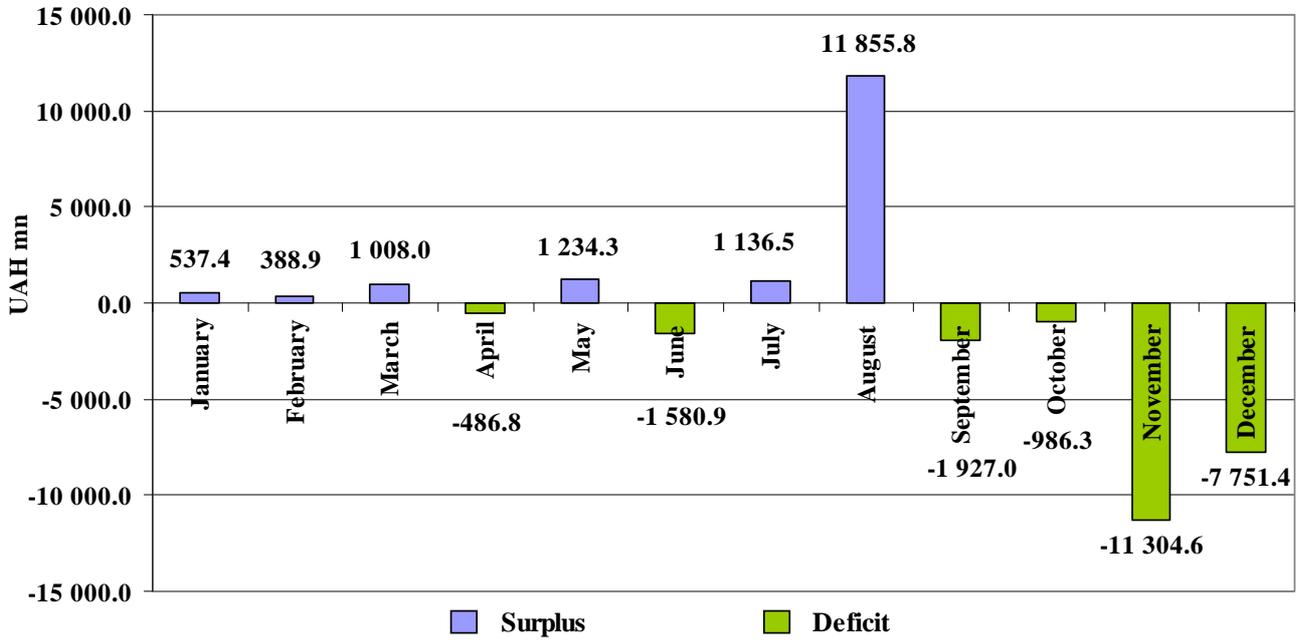


Diagram 12

## Budget Deficit/Surplus Monthly Trends in 2006

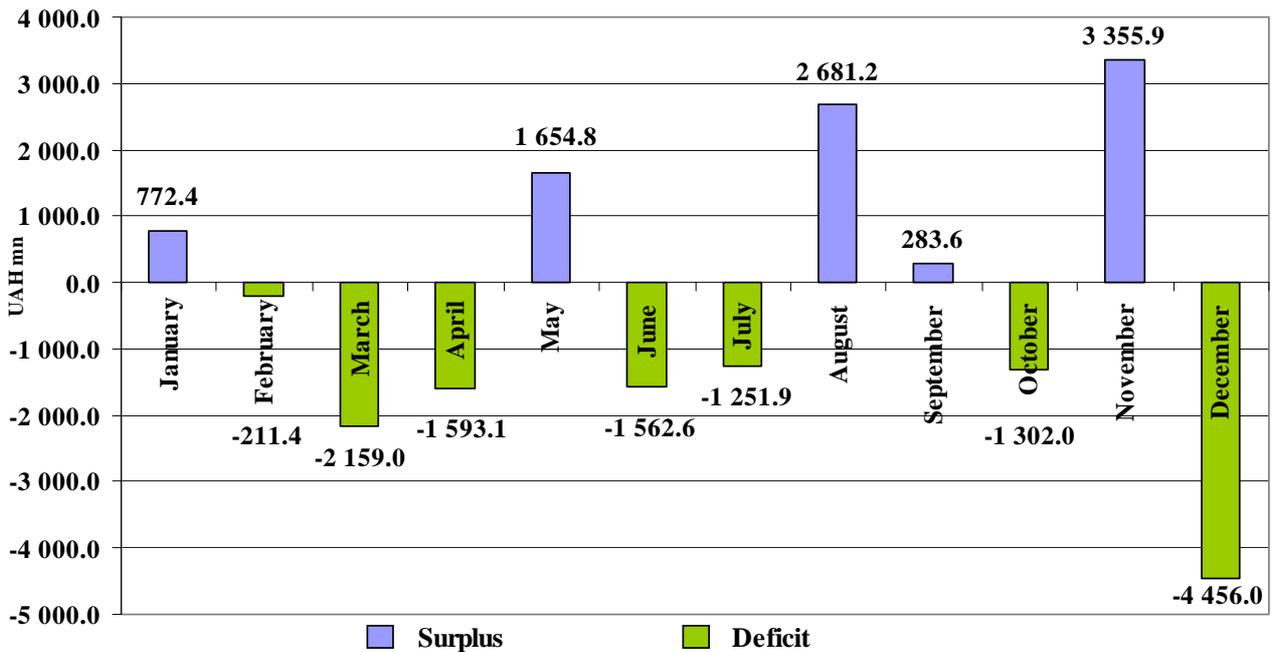


Diagram 13

### Budget Deficit/Surplus Monthly Trends in 2007

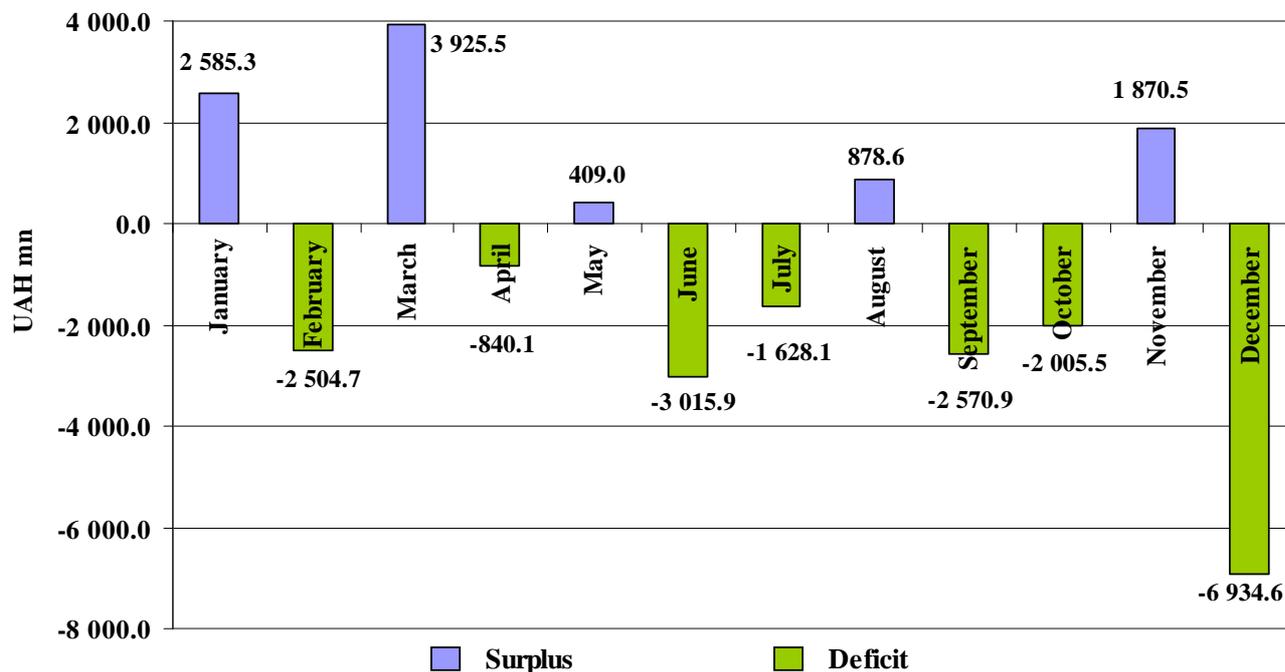


Diagram 14

### Budget Deficit/Surplus Monthly Trends in 2008

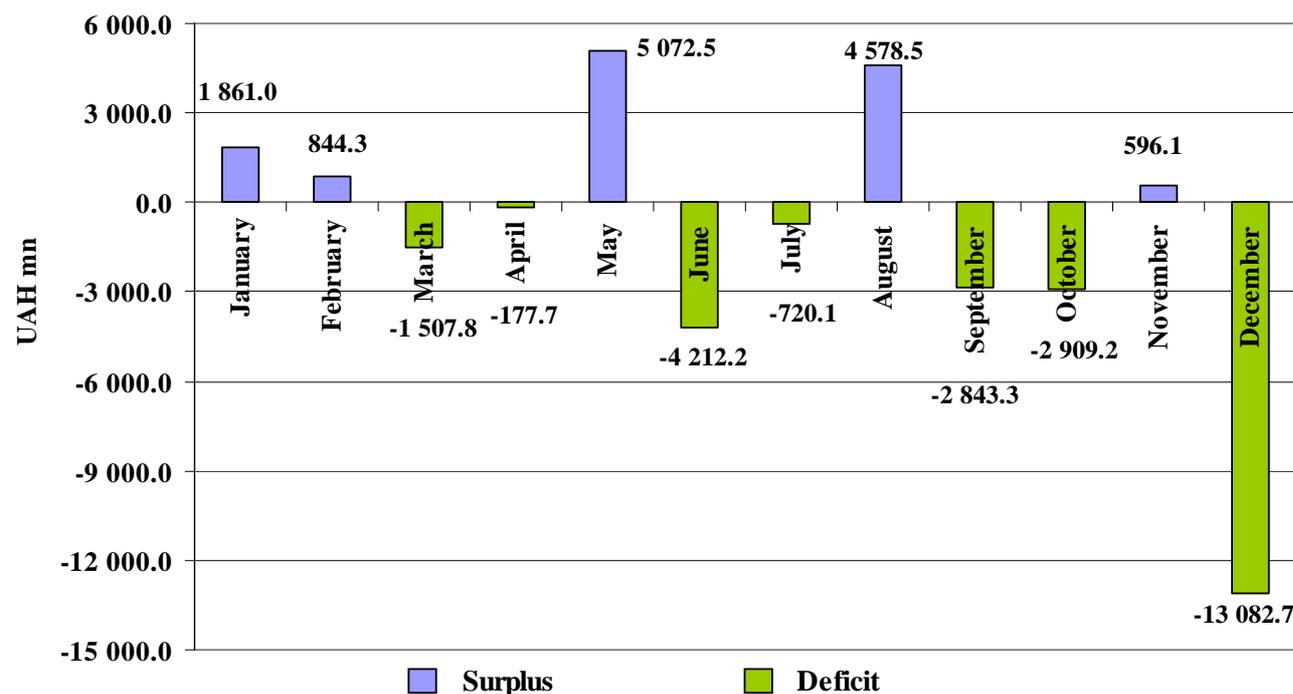


Diagram 15

### Budget Deficit/Surplus Monthly Trends in 2009

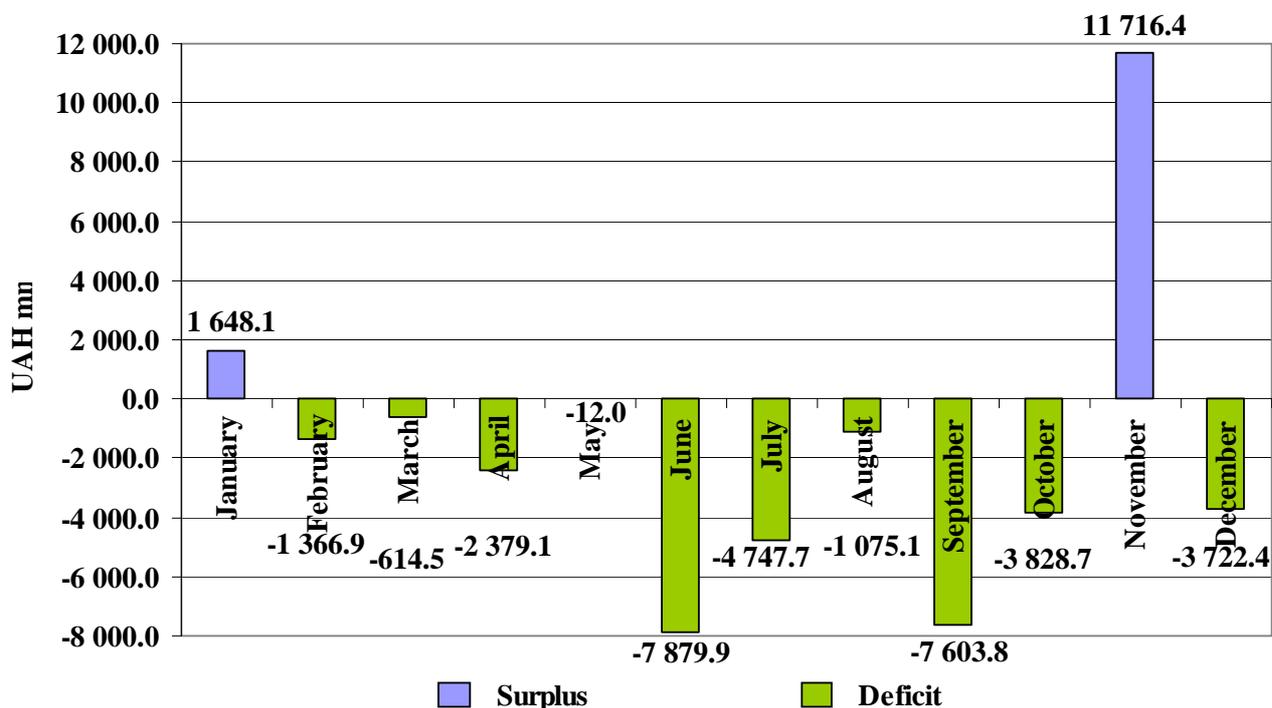
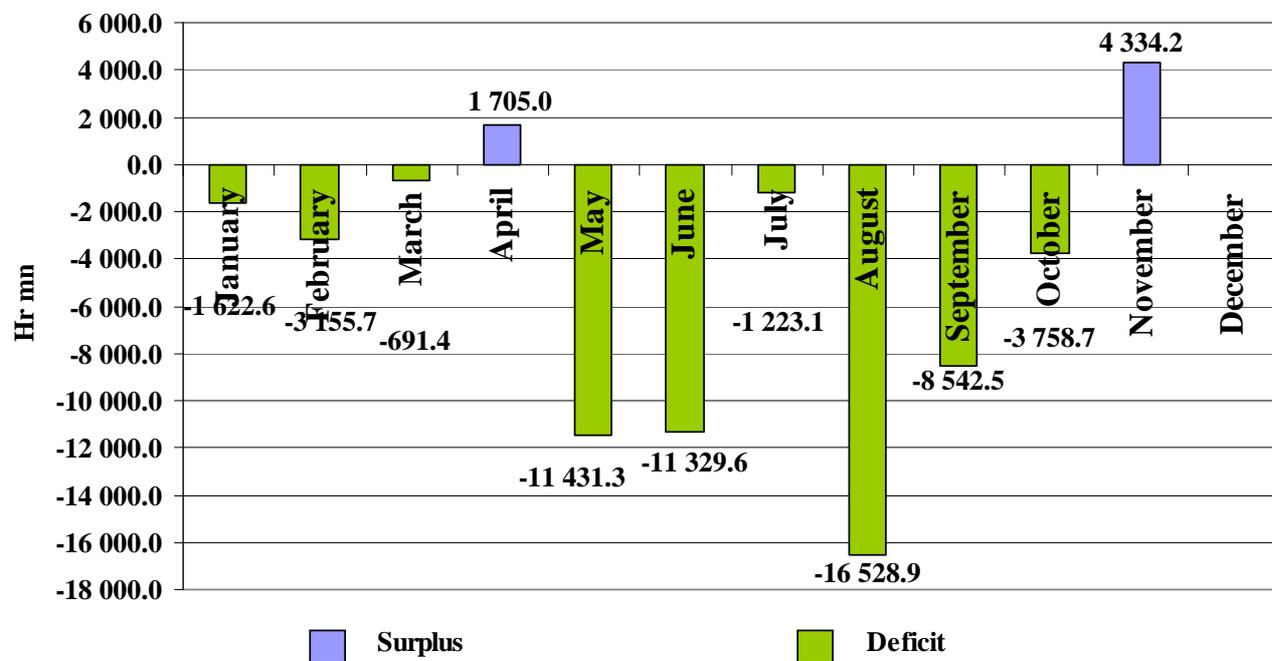


Diagram 16

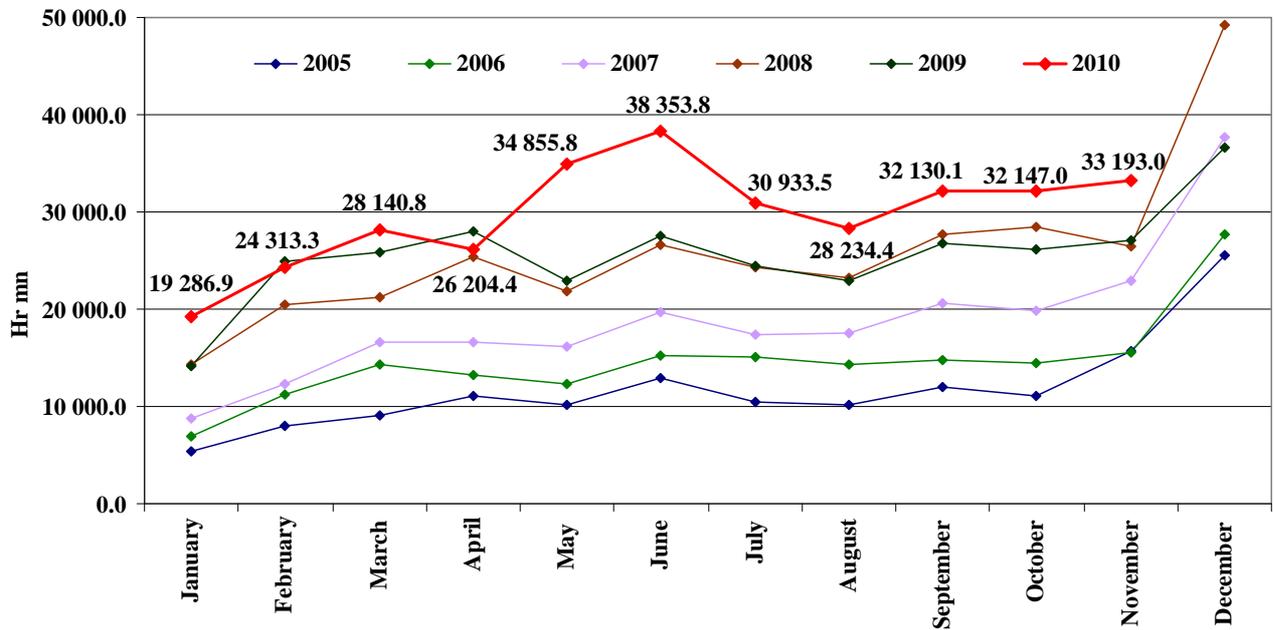
### Budget Deficit/Surplus Monthly Trends in 2010



# Consolidated Budget Expenditures

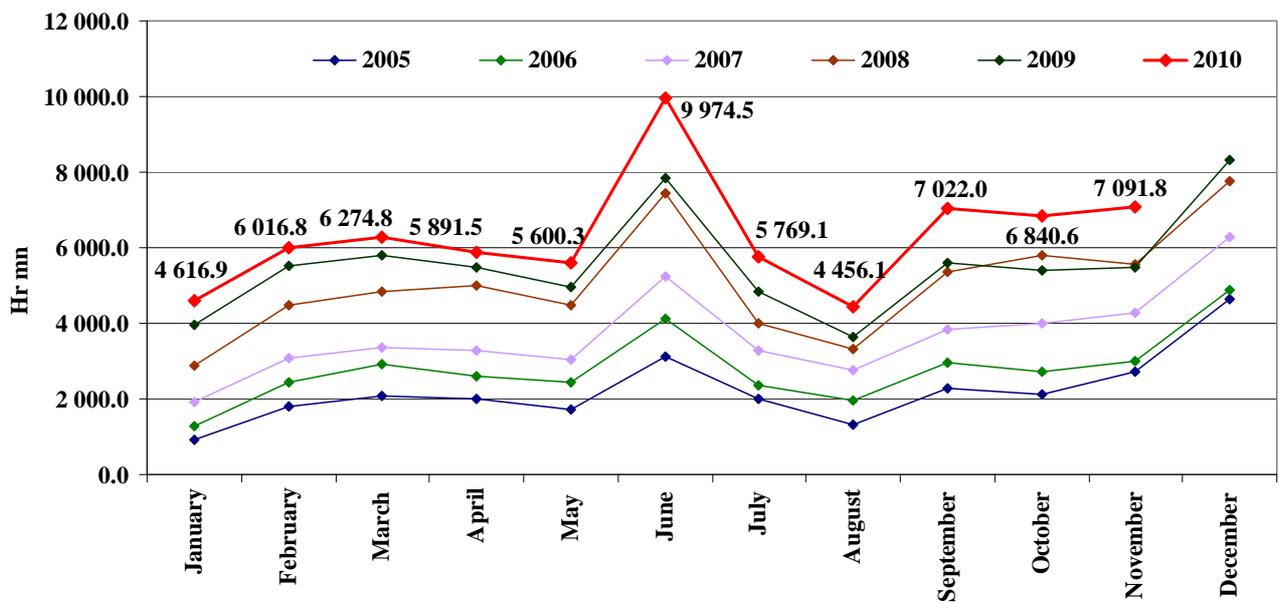
Graph 33

## Consolidated Budget Expenditures Monthly Trends in 2005-2010



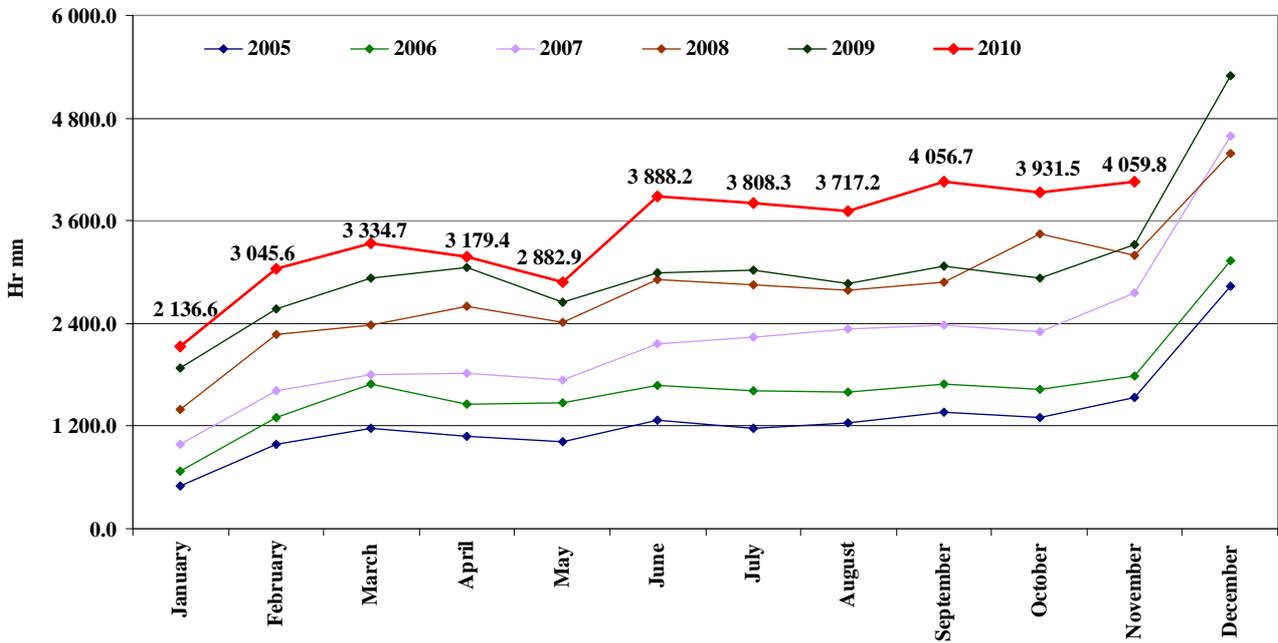
Graph 34

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



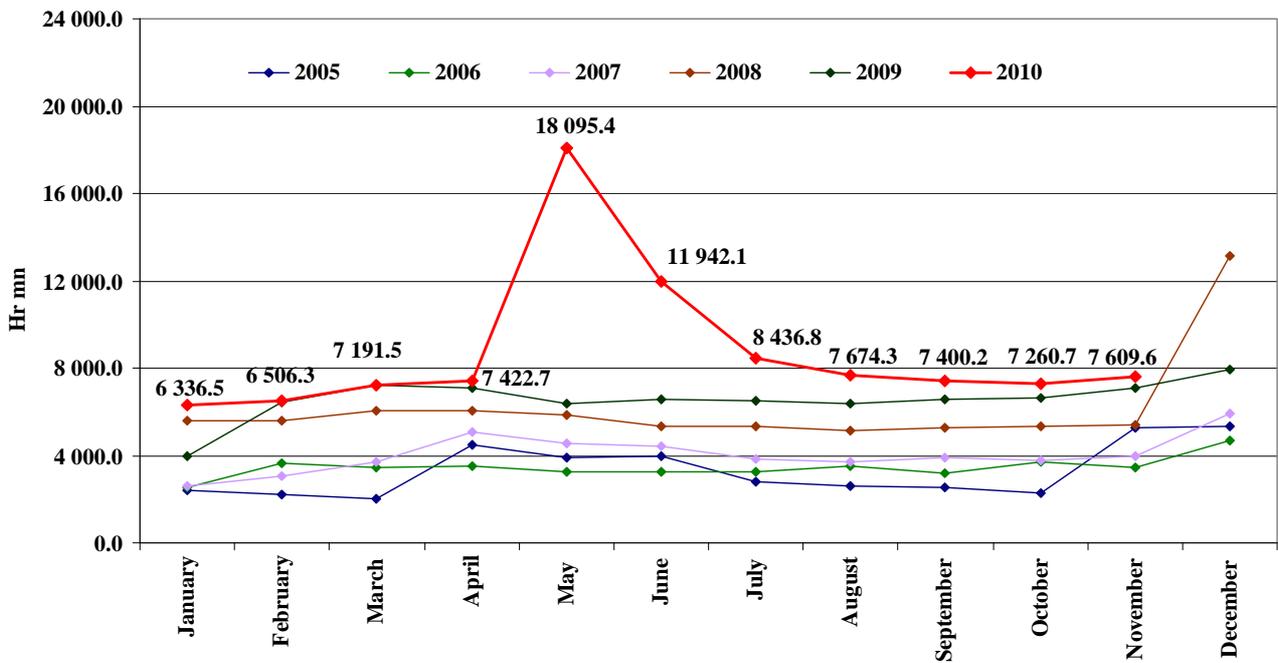
Graph 35

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

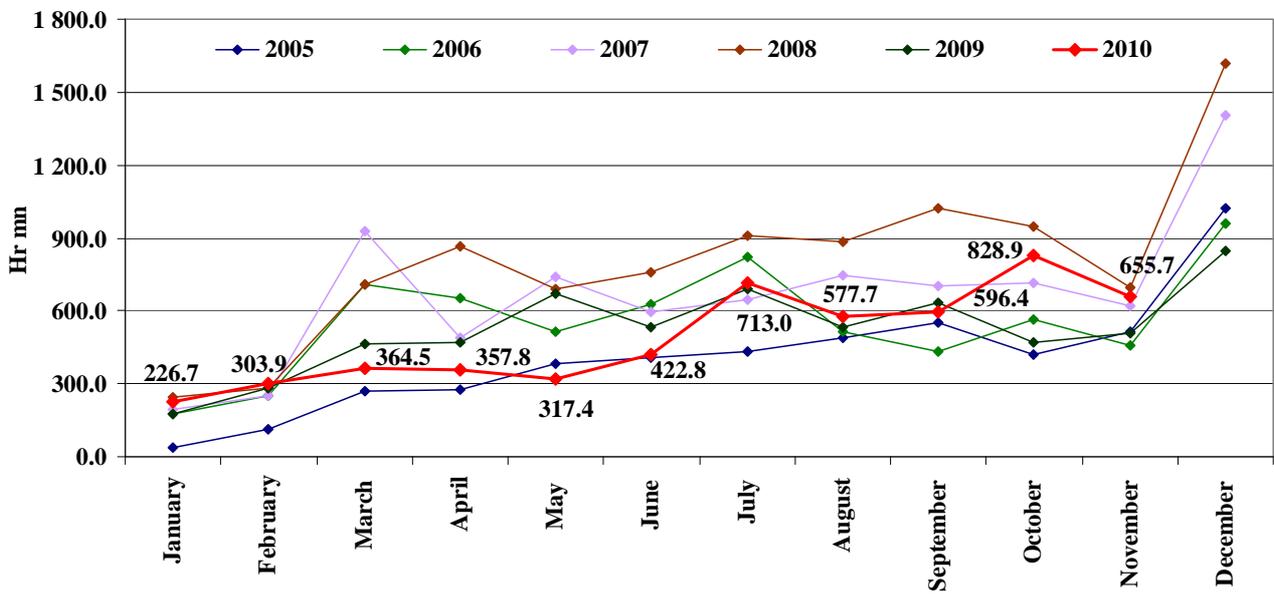


Graph 36

### 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

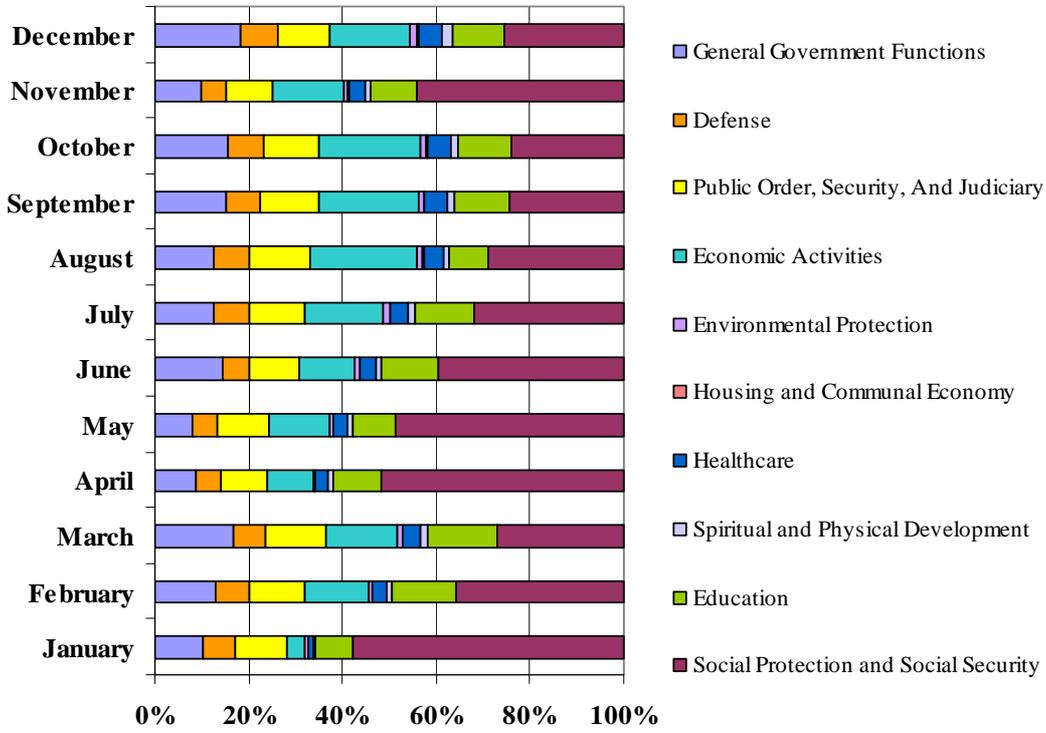


Diagram 18

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

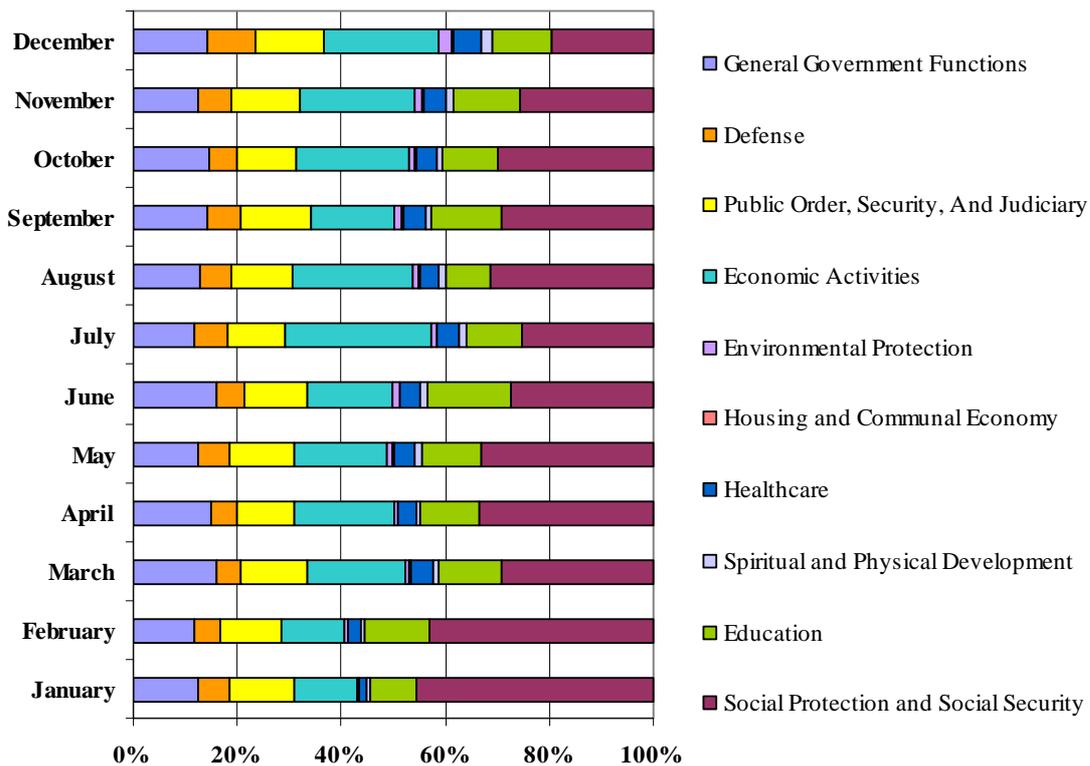


Diagram 19

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

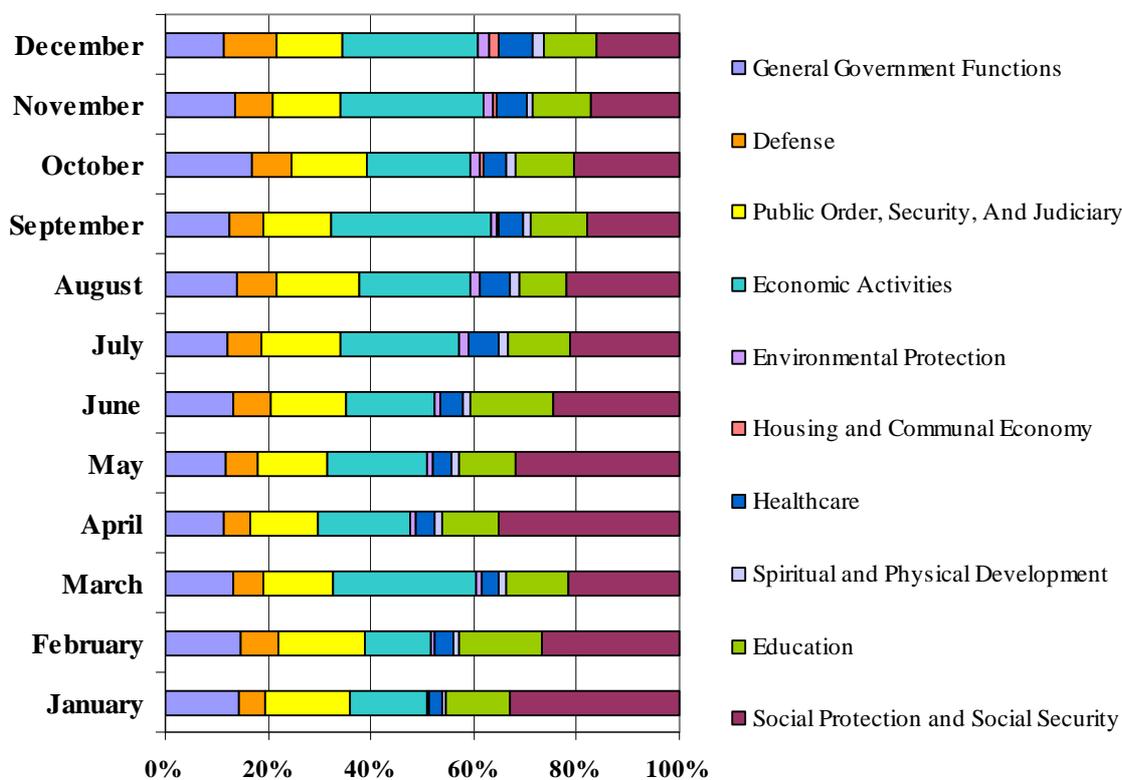


Diagram 20

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

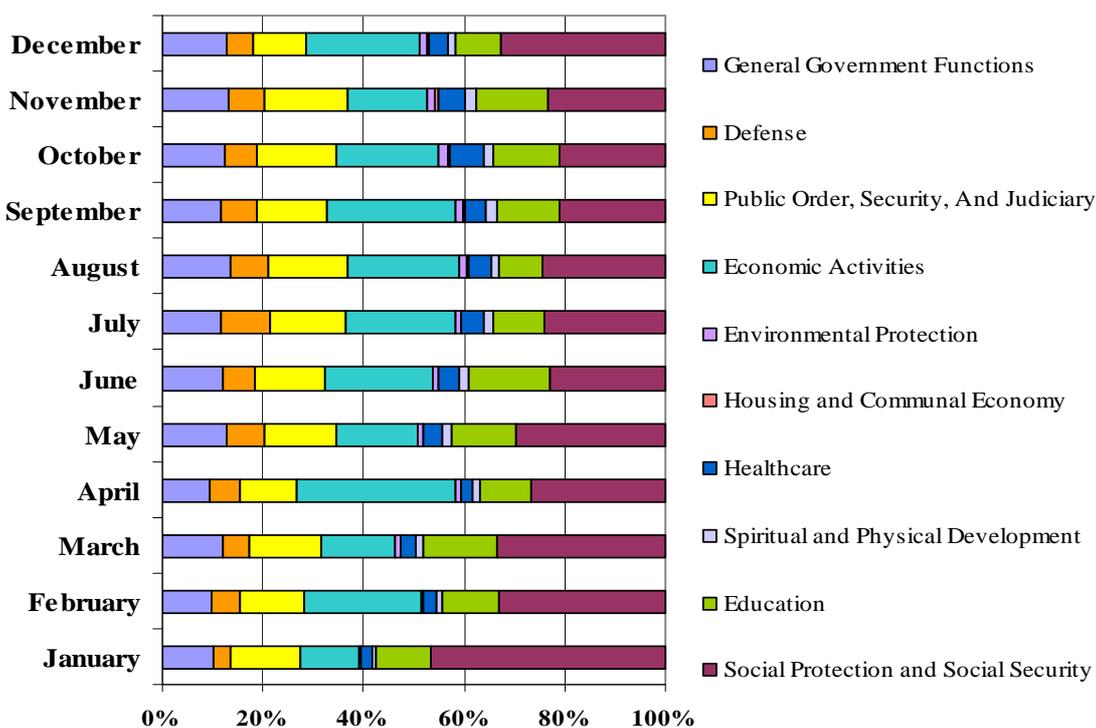


Diagram 21

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

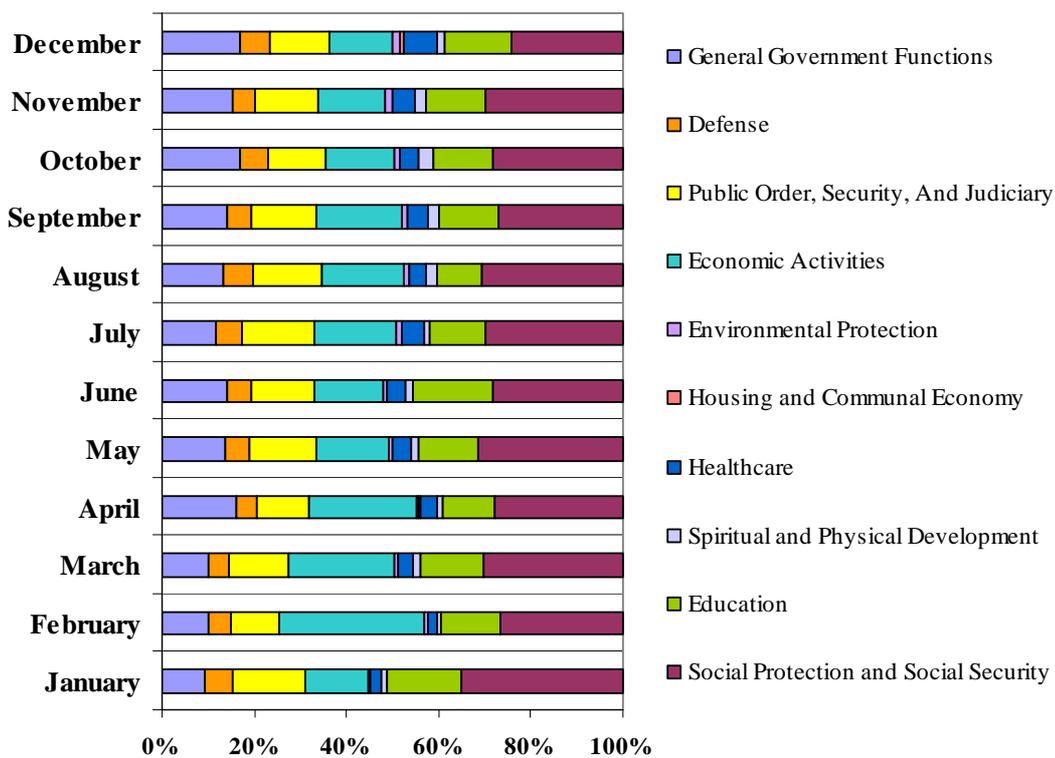
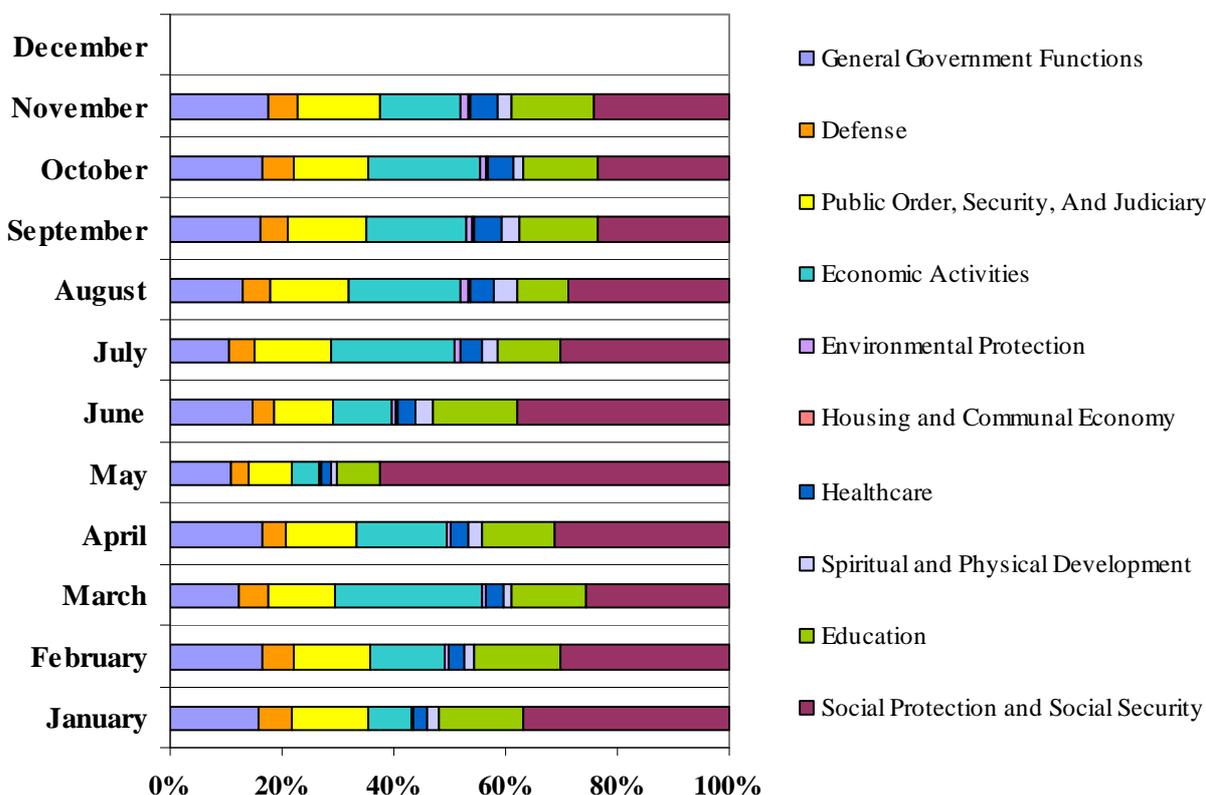


Diagram 22

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



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

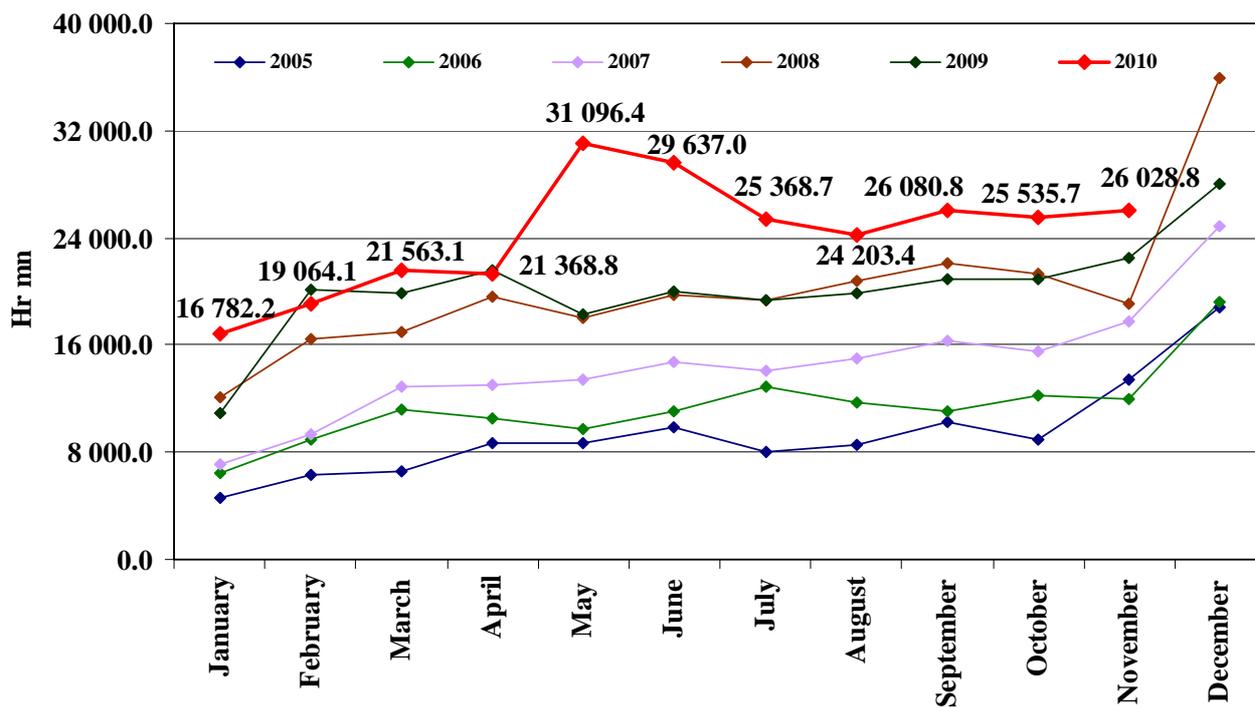
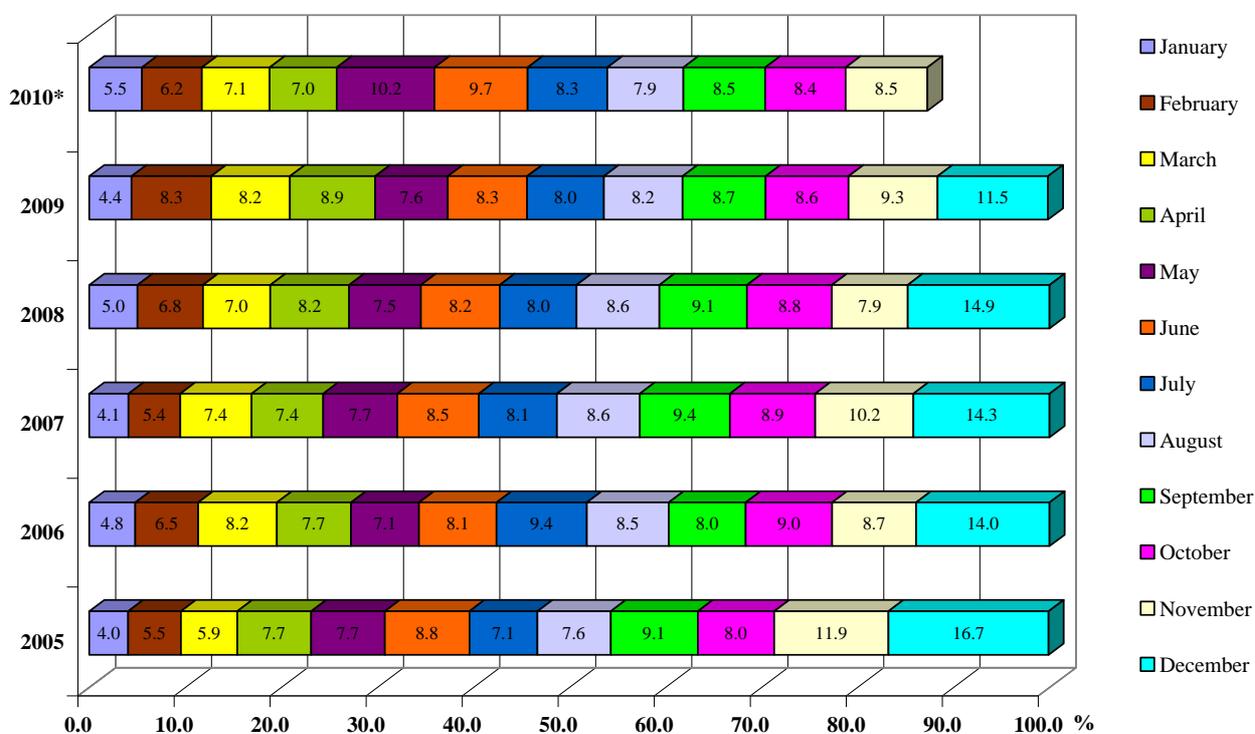


Diagram 23

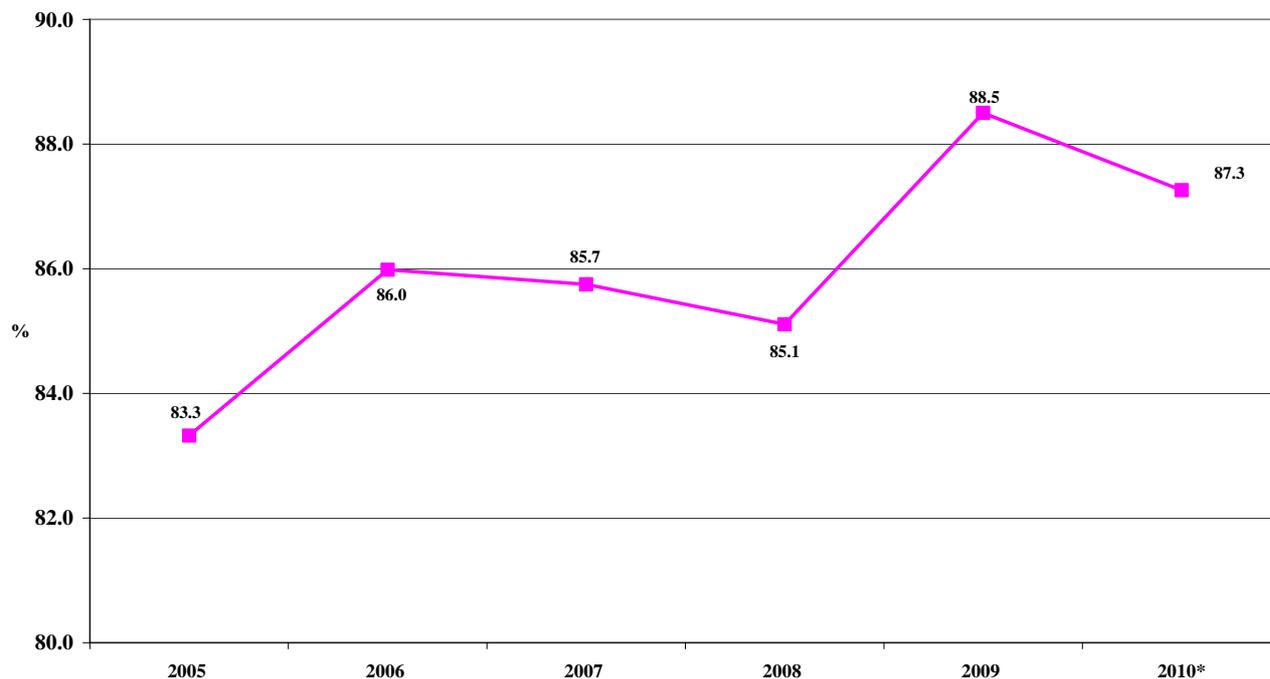
### Dynamics of the Share of Ukraine's State Budget Total Expenditures in Annual Amounts in 2005-2010



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

Graph 39

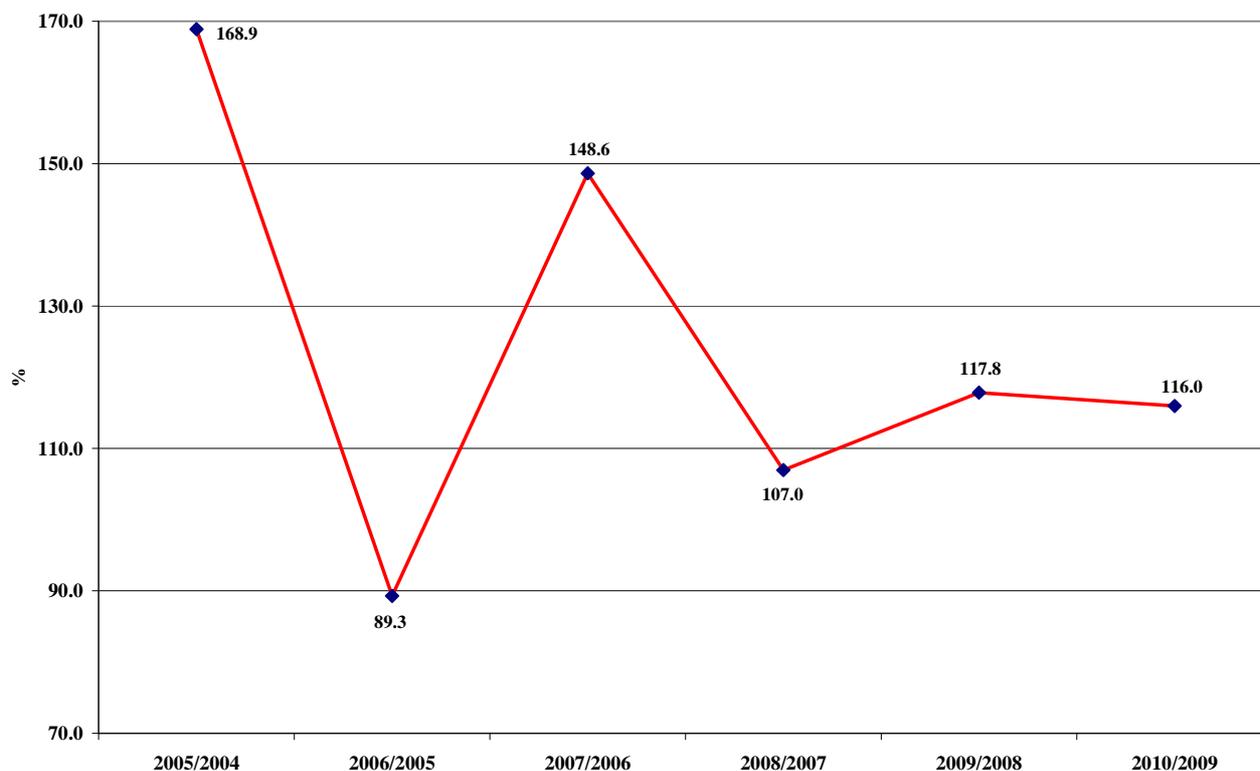
### Dynamics of the Share of Ukraine's State Budget Expenditures in January-November 2005-2010 in Annual Amounts



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

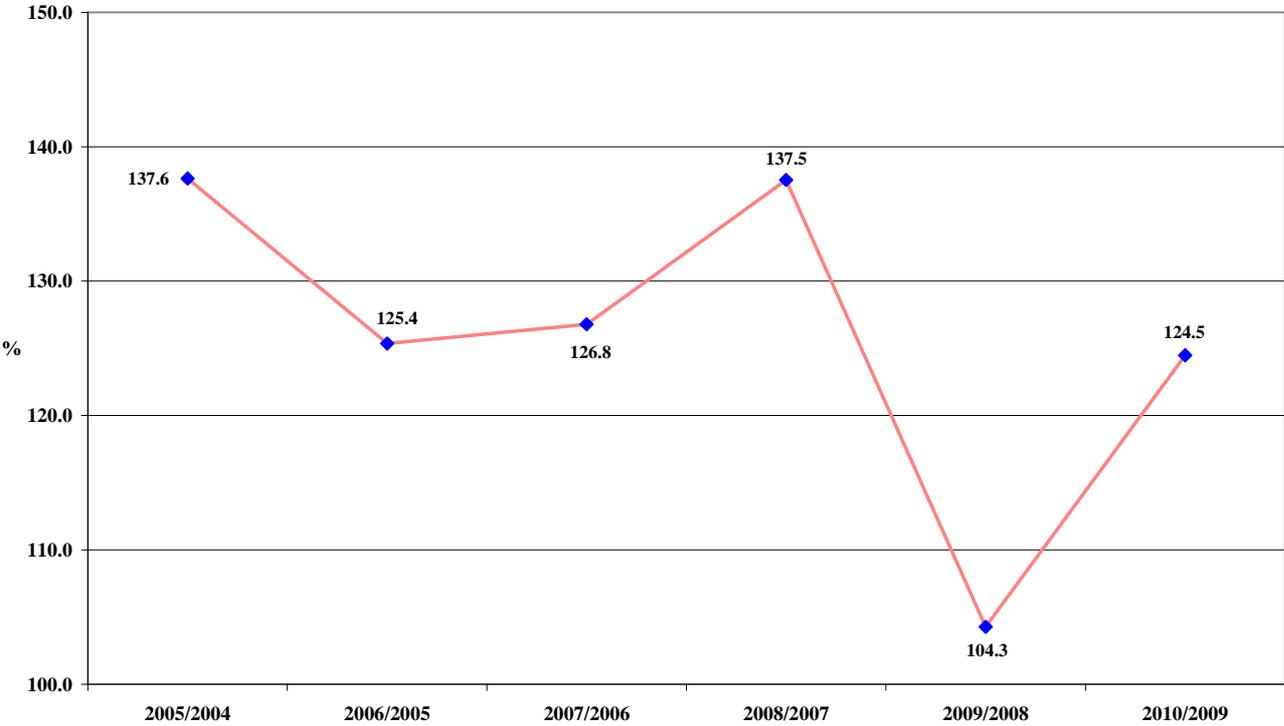
Graph 40

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



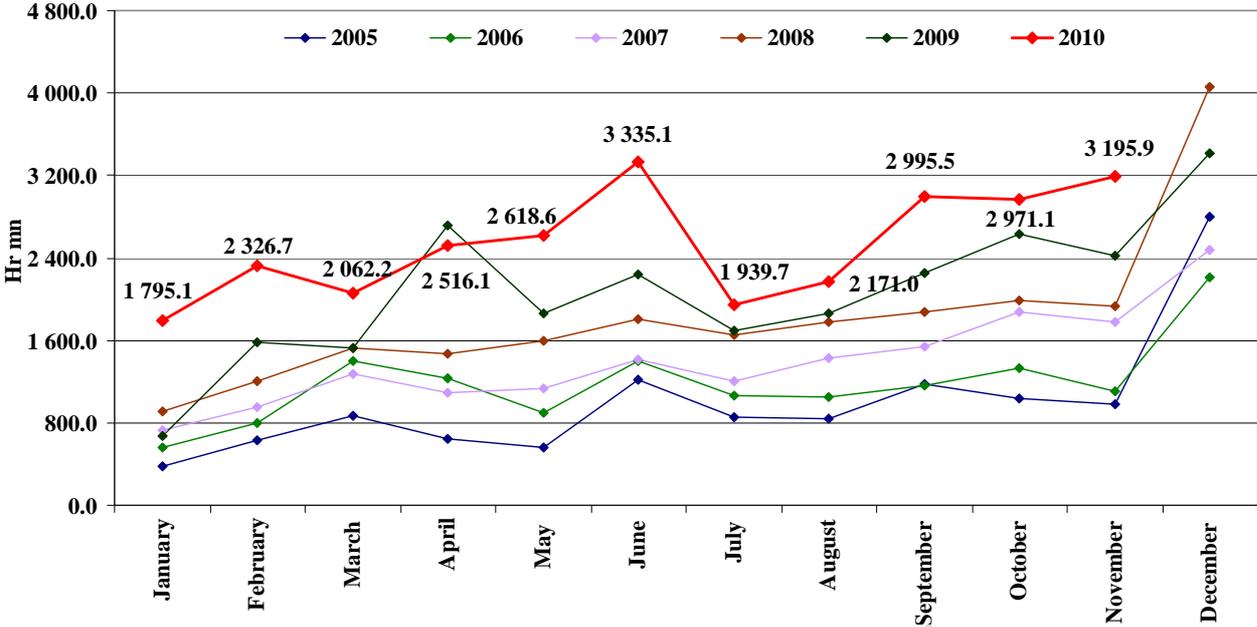
Graph 41

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



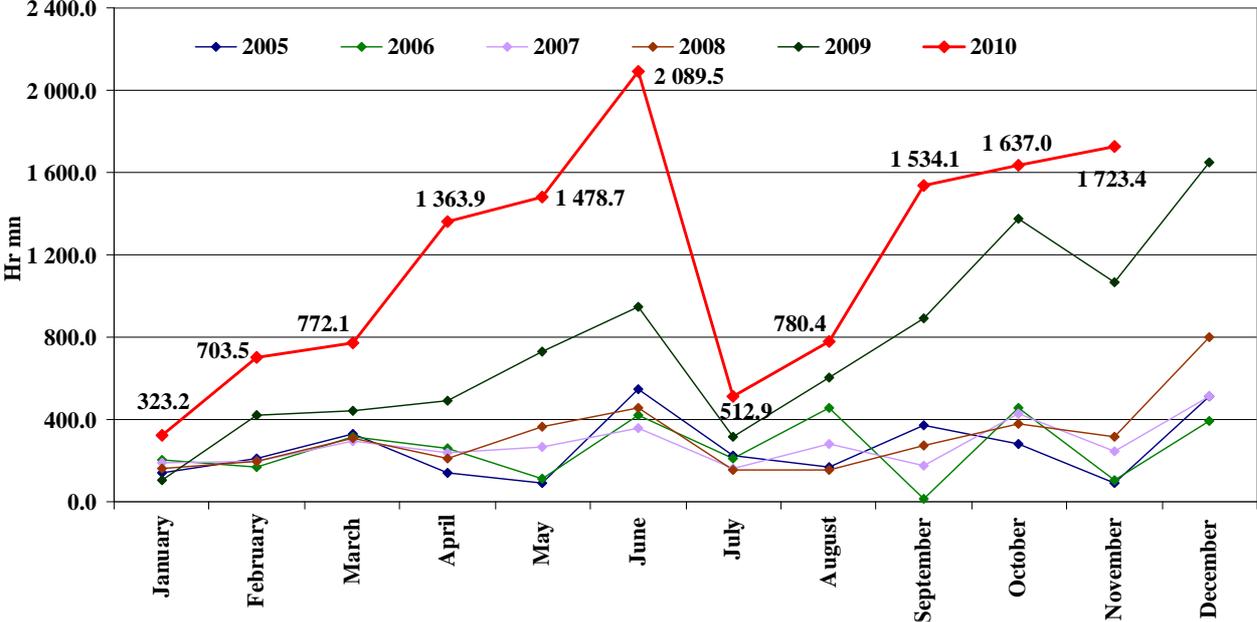
Graph 42

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



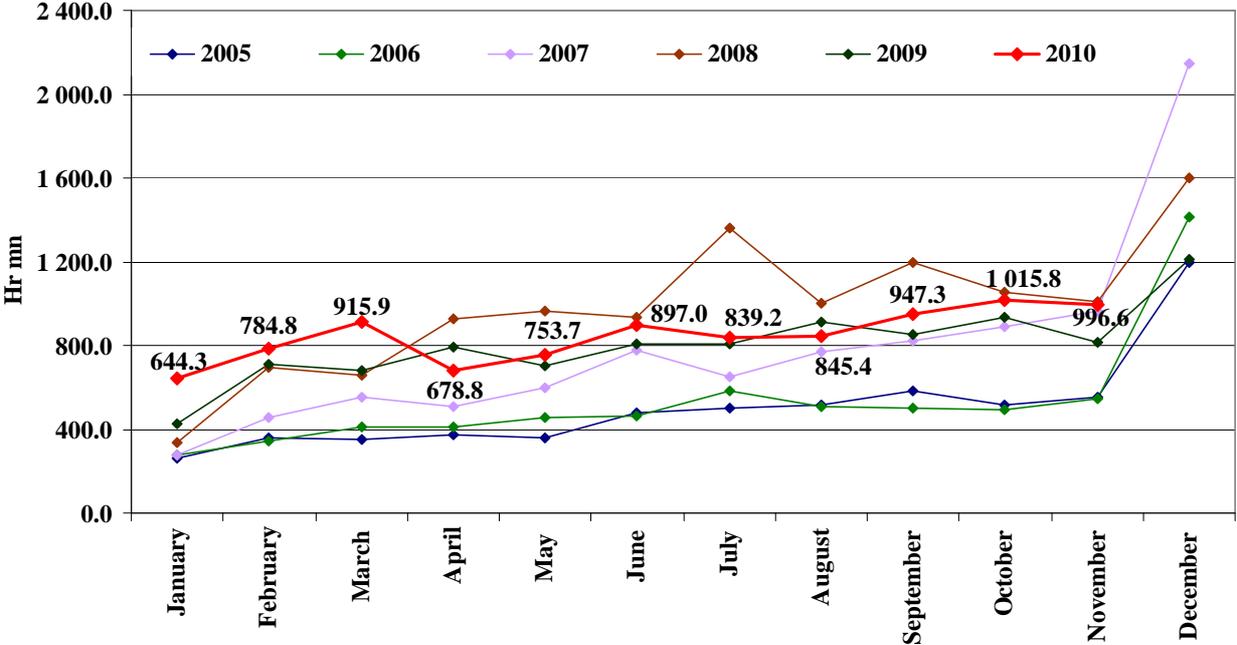
Graph 43

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

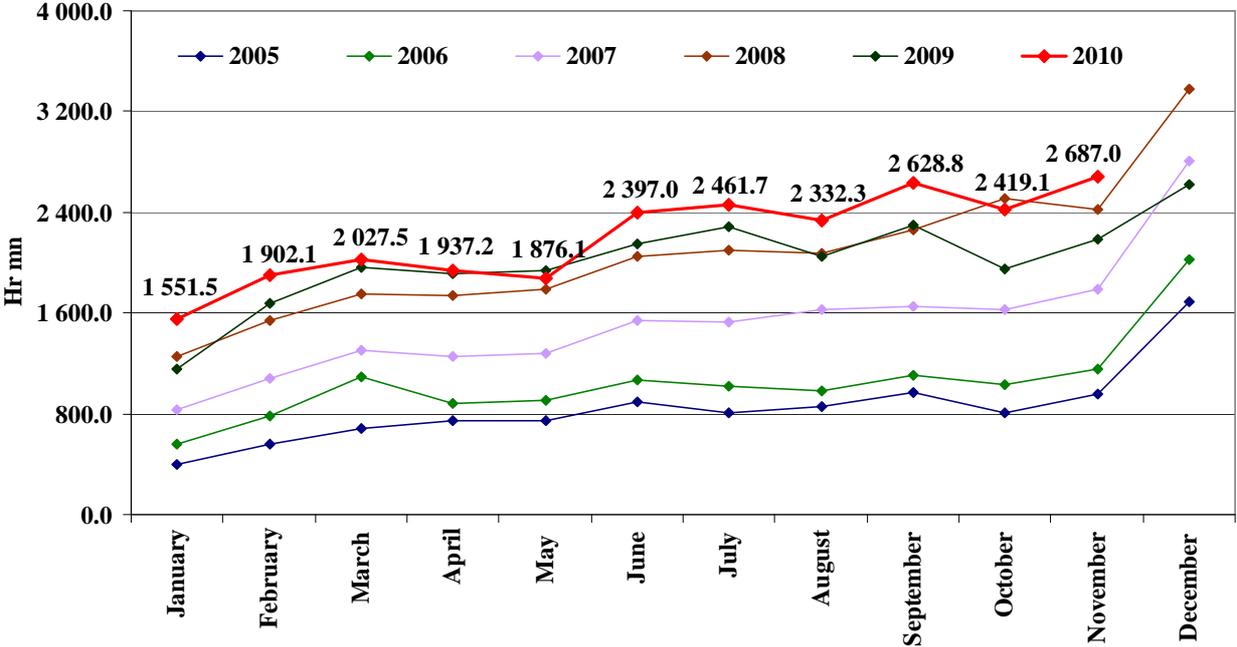


Graph 44

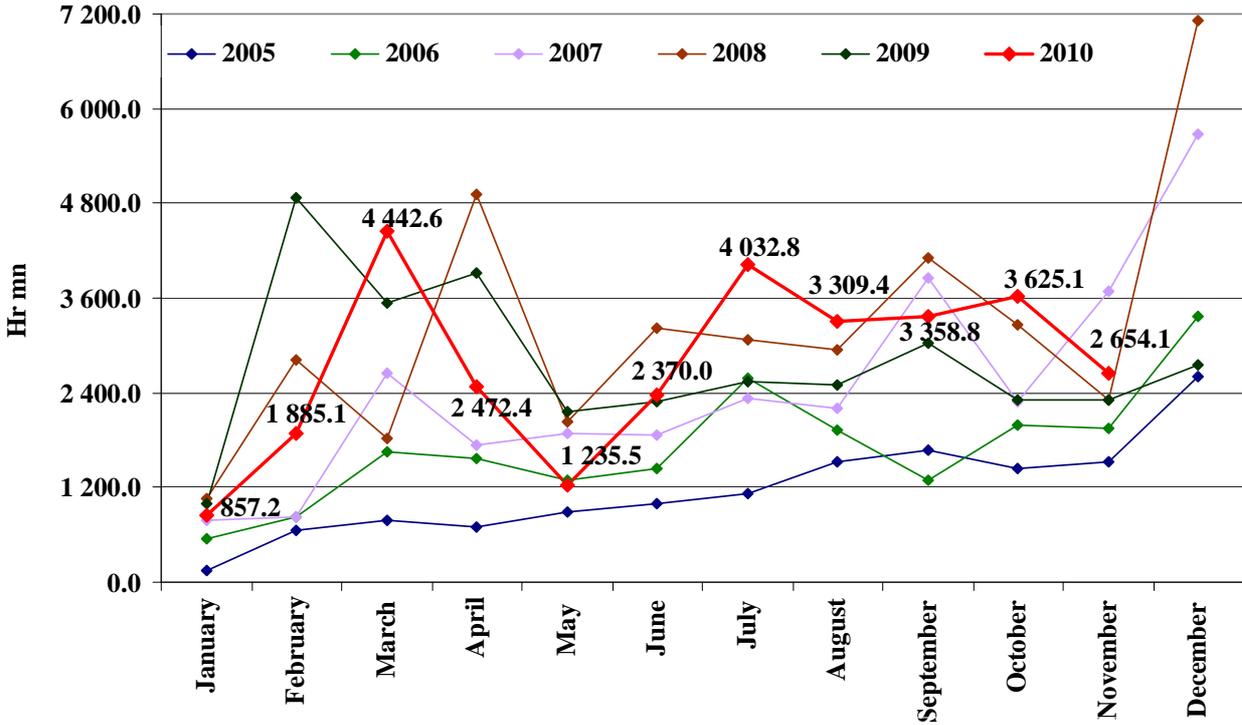
### State Budget Expenditures for Defense Monthly Trends in 2005-2010



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

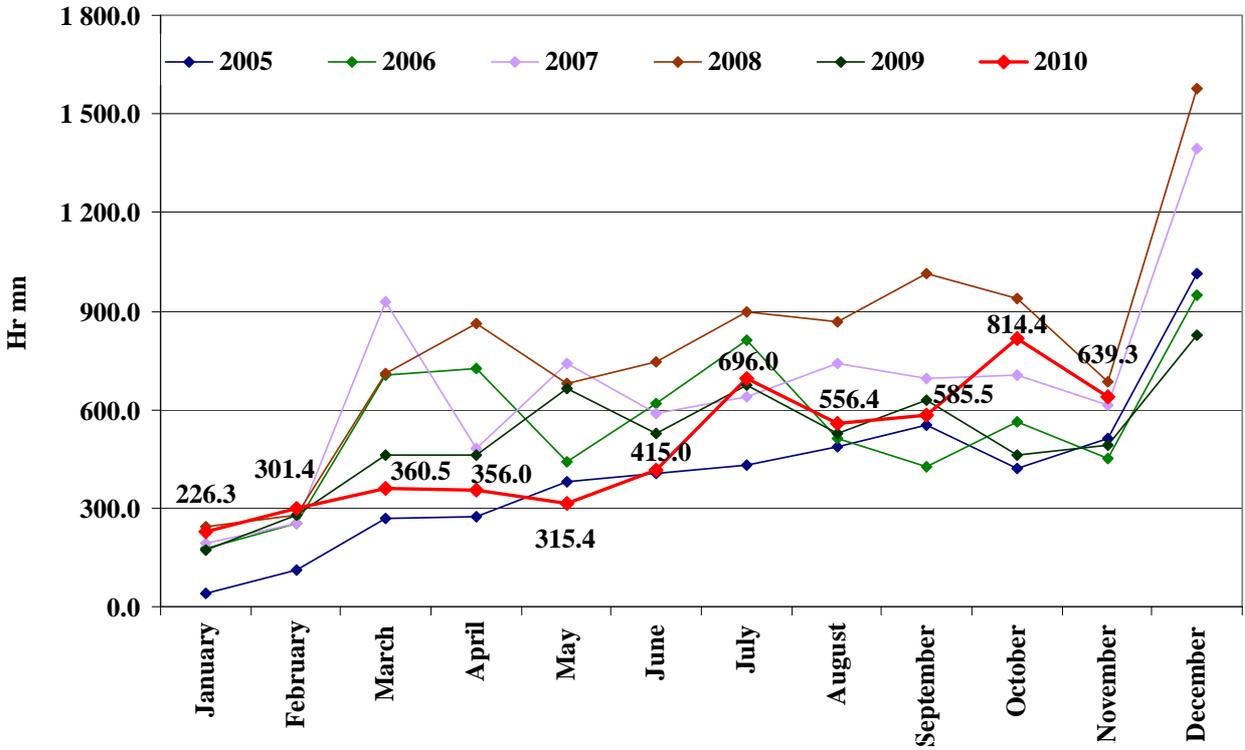


### State Budget Expenditures for Economic Activities Monthly Trends in 2005-2010



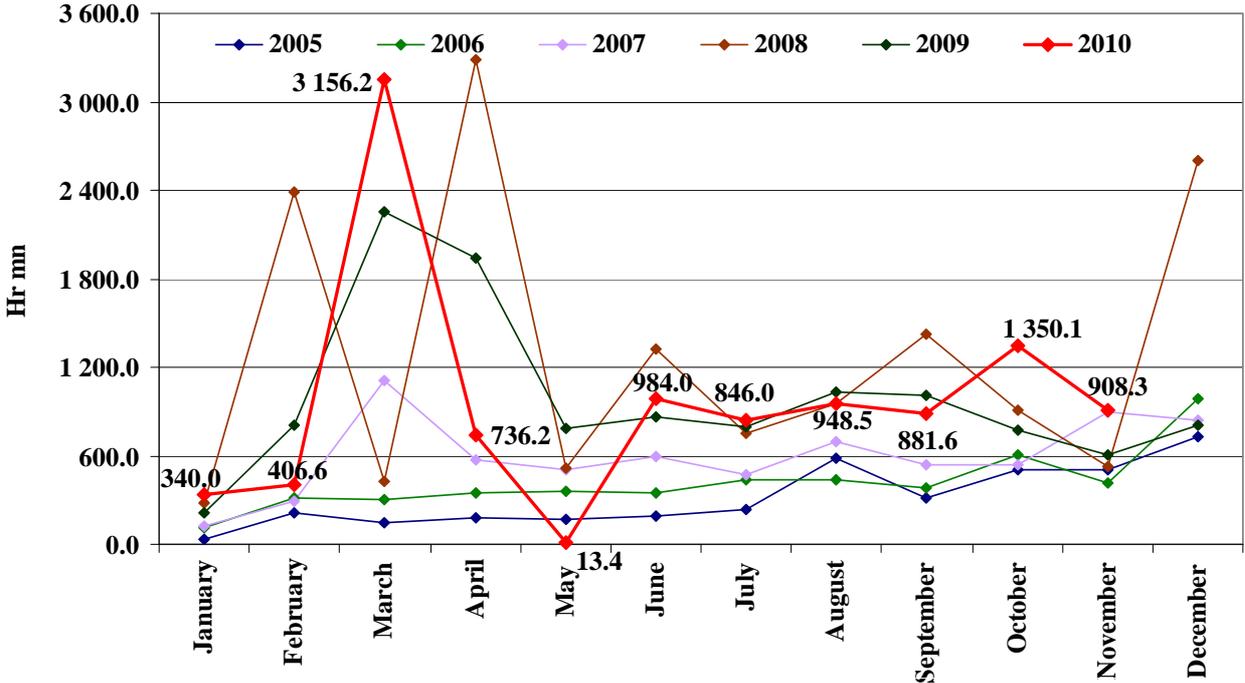
Graph 47

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



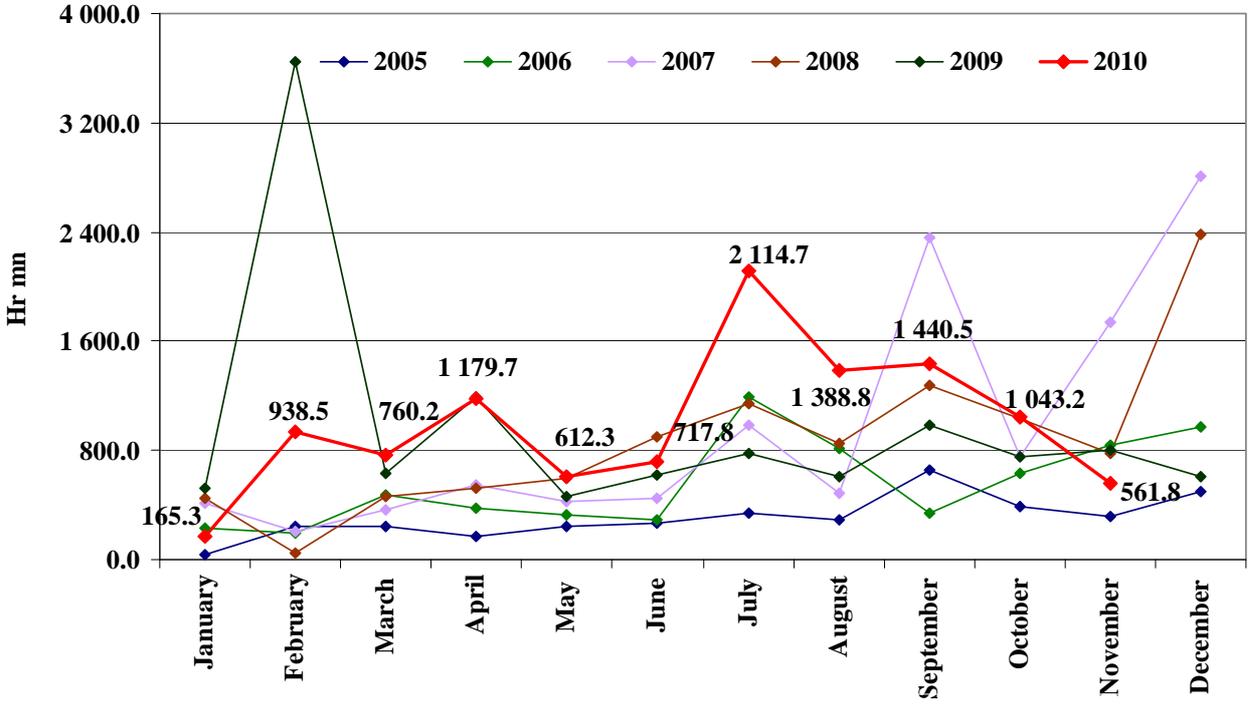
Graph 48

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



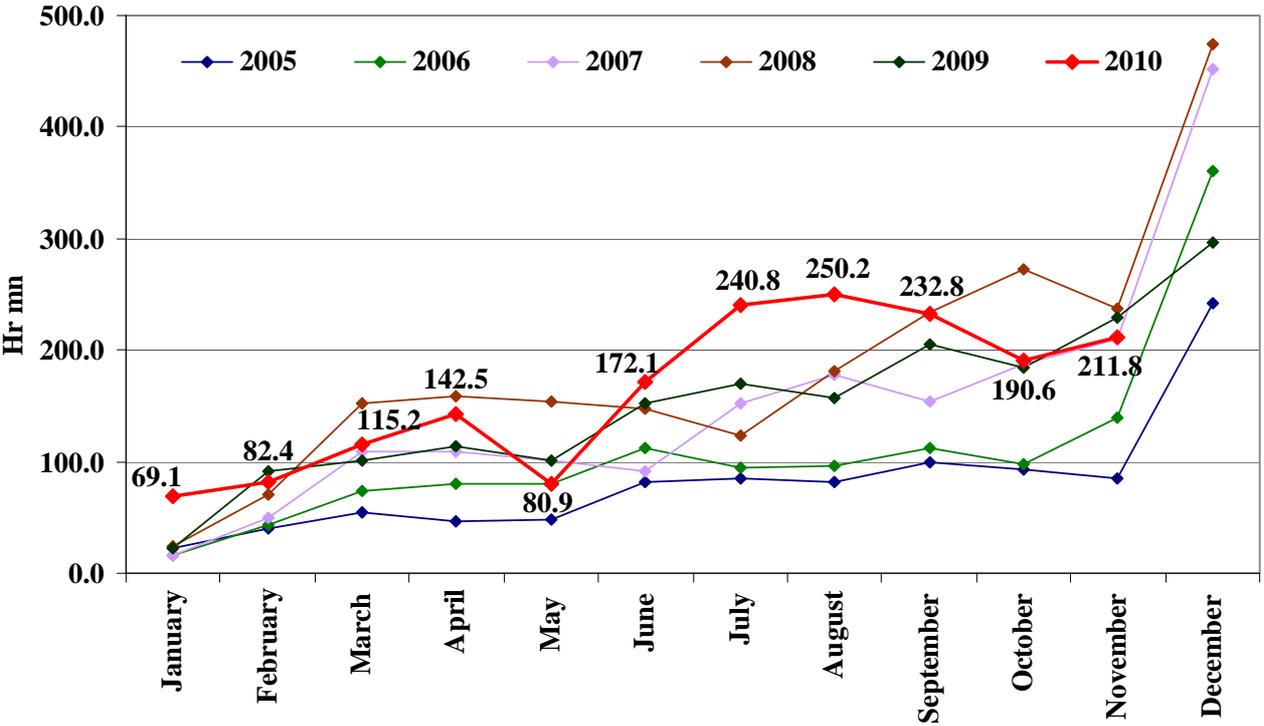
Graph 49

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

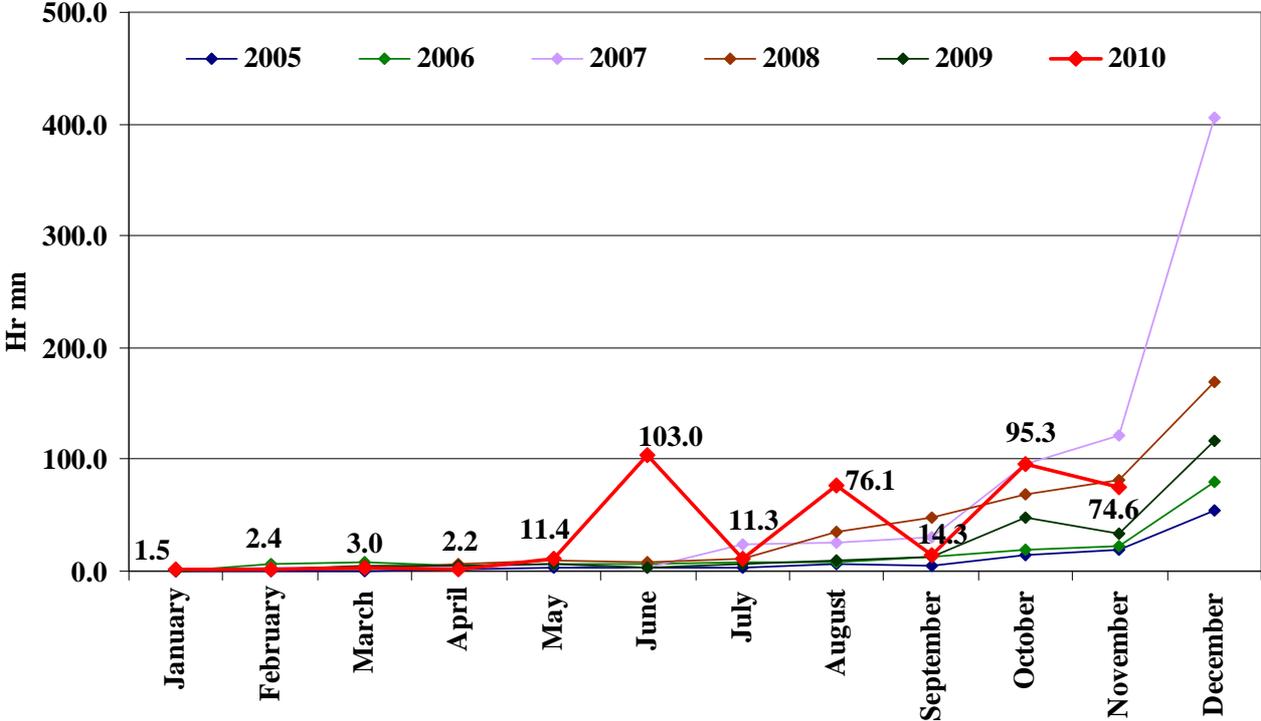


Graph 50

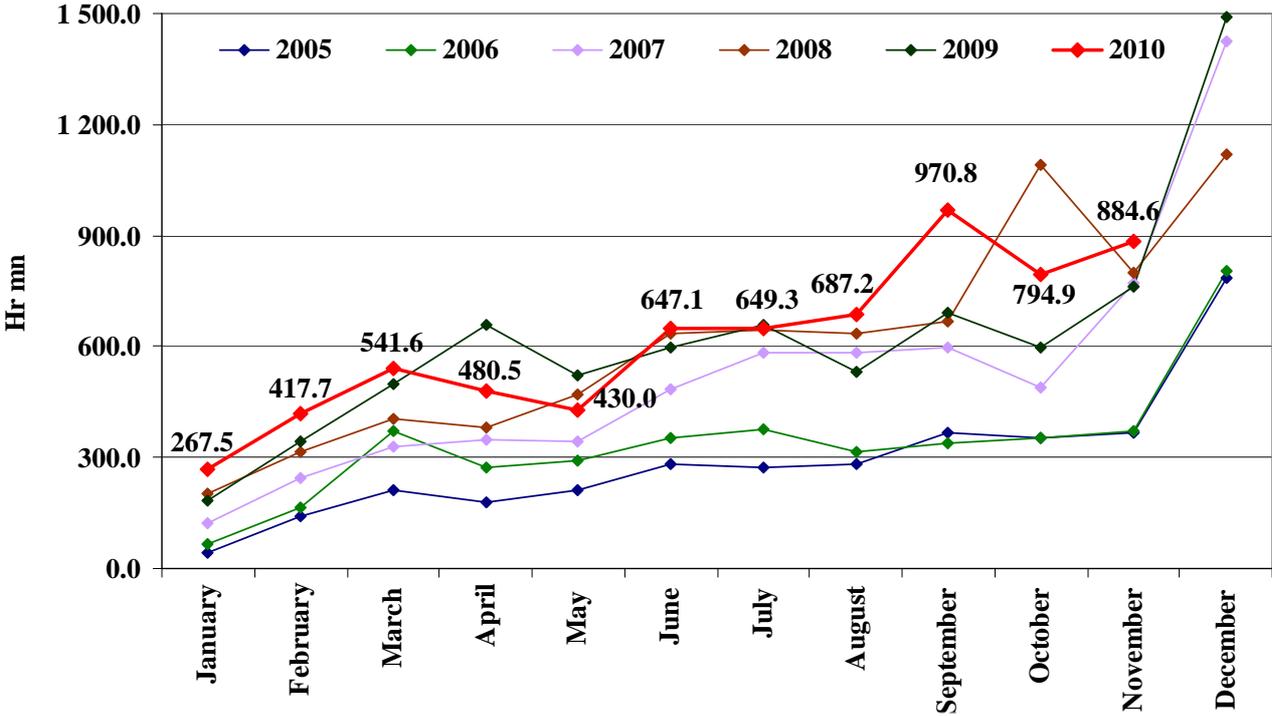
### State Budget Expenditures for Environmental Protection Monthly Trends in 2005-2010



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

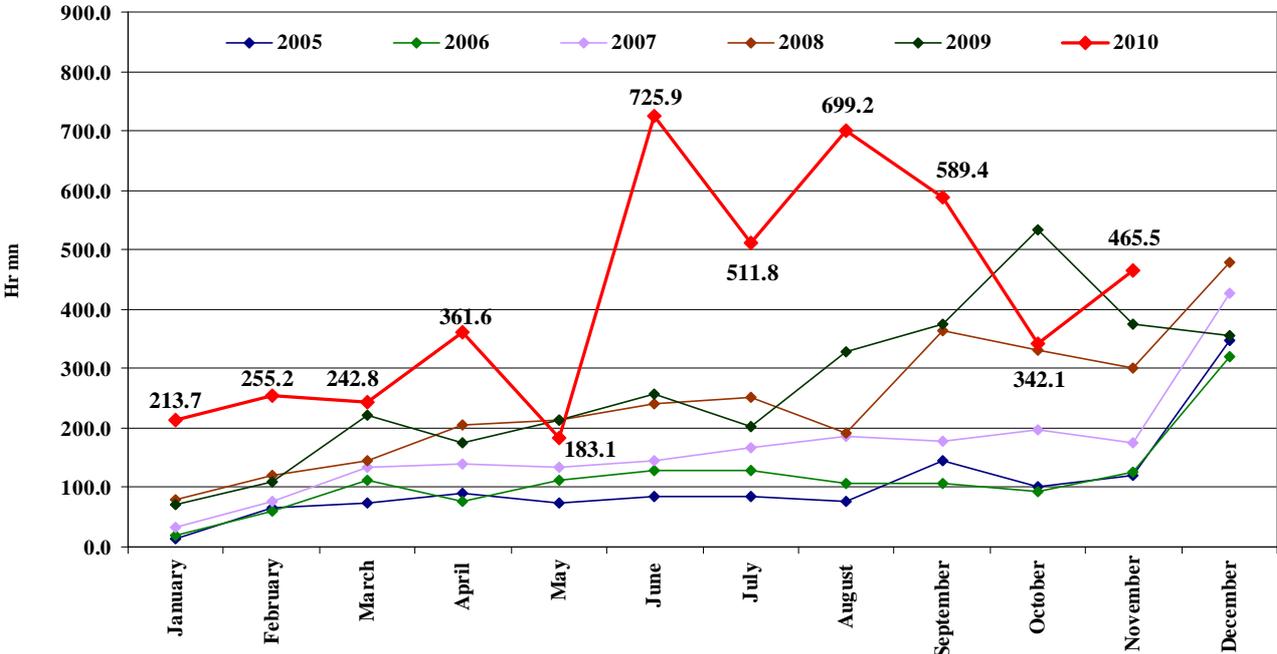


### State Budget Expenditures for Healthcare Monthly Trends in 2005-2010



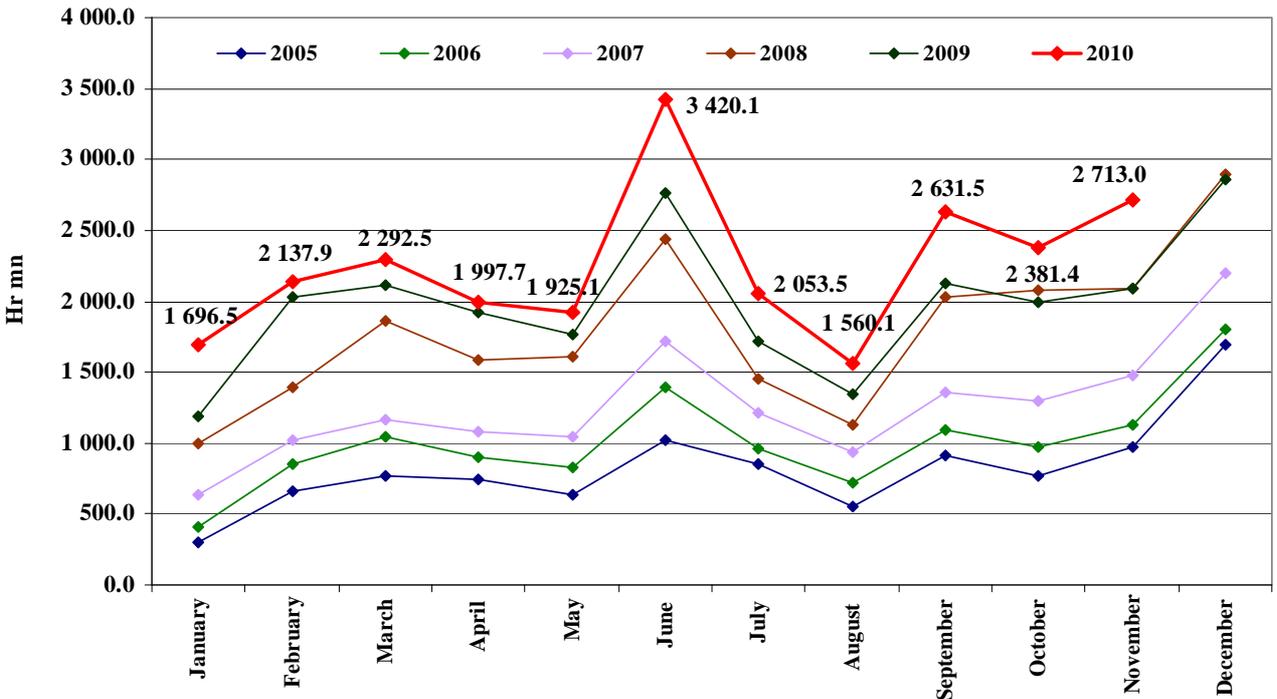
Graph 53

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



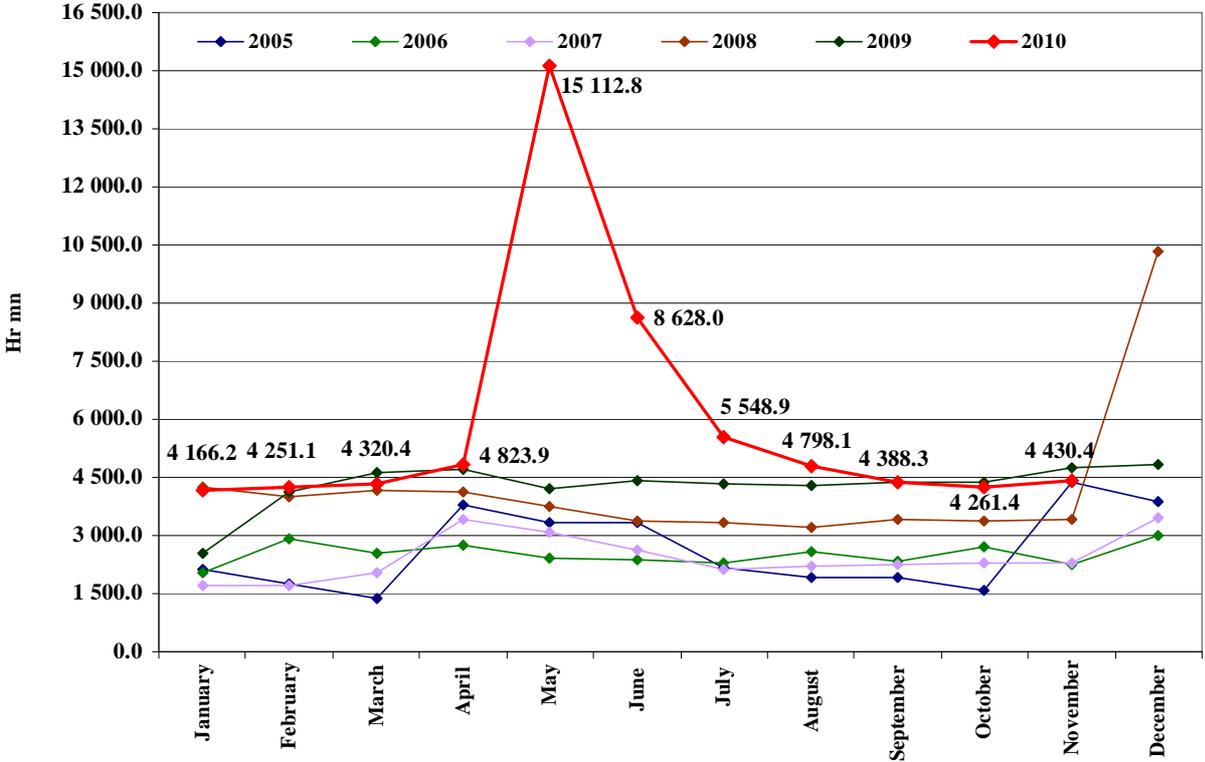
Graph 54

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



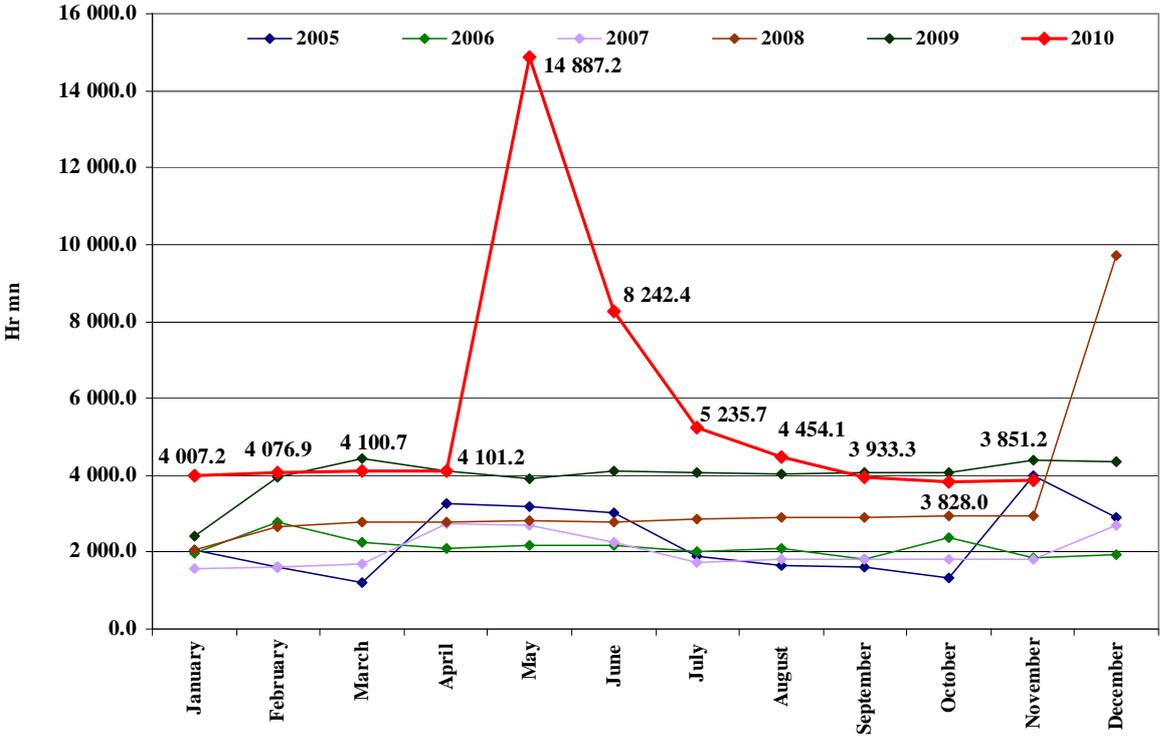
Graph 55

### 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

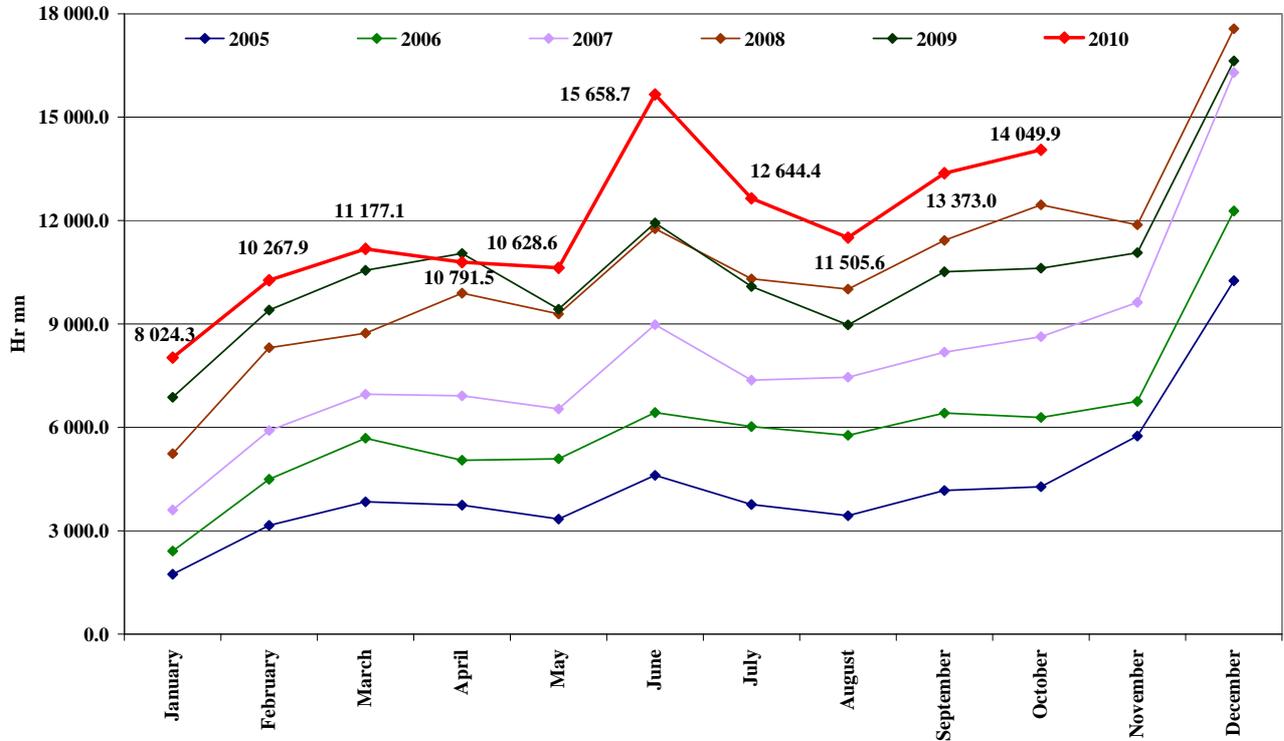
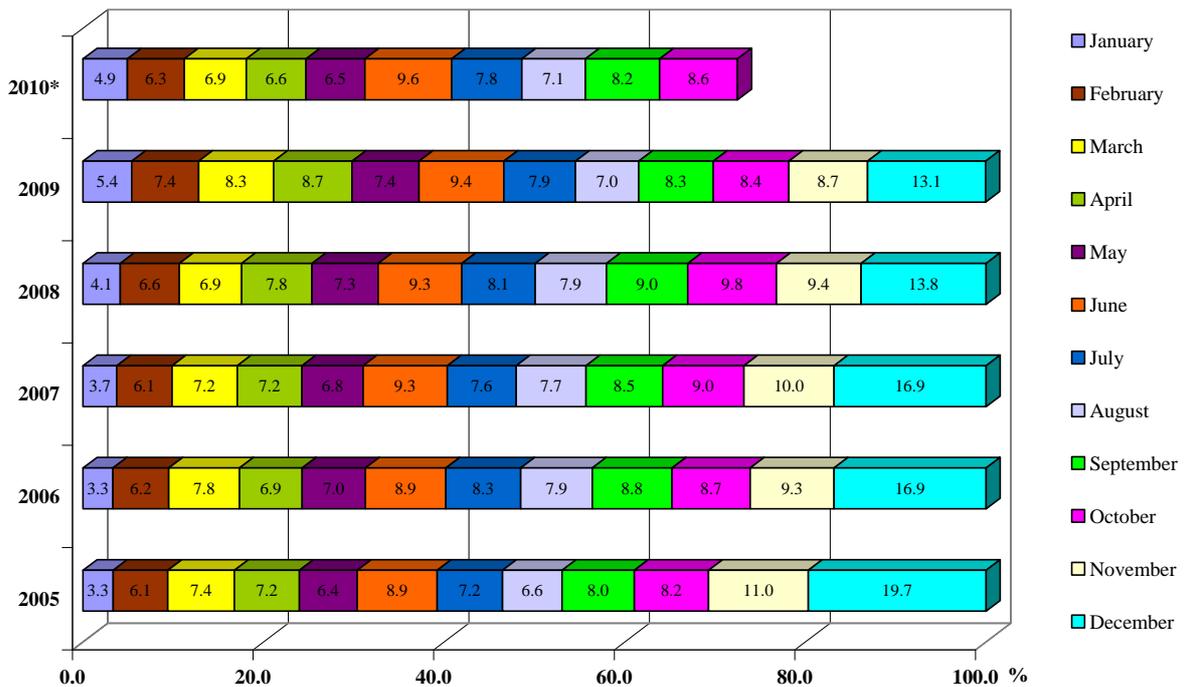


Diagram 24

## 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

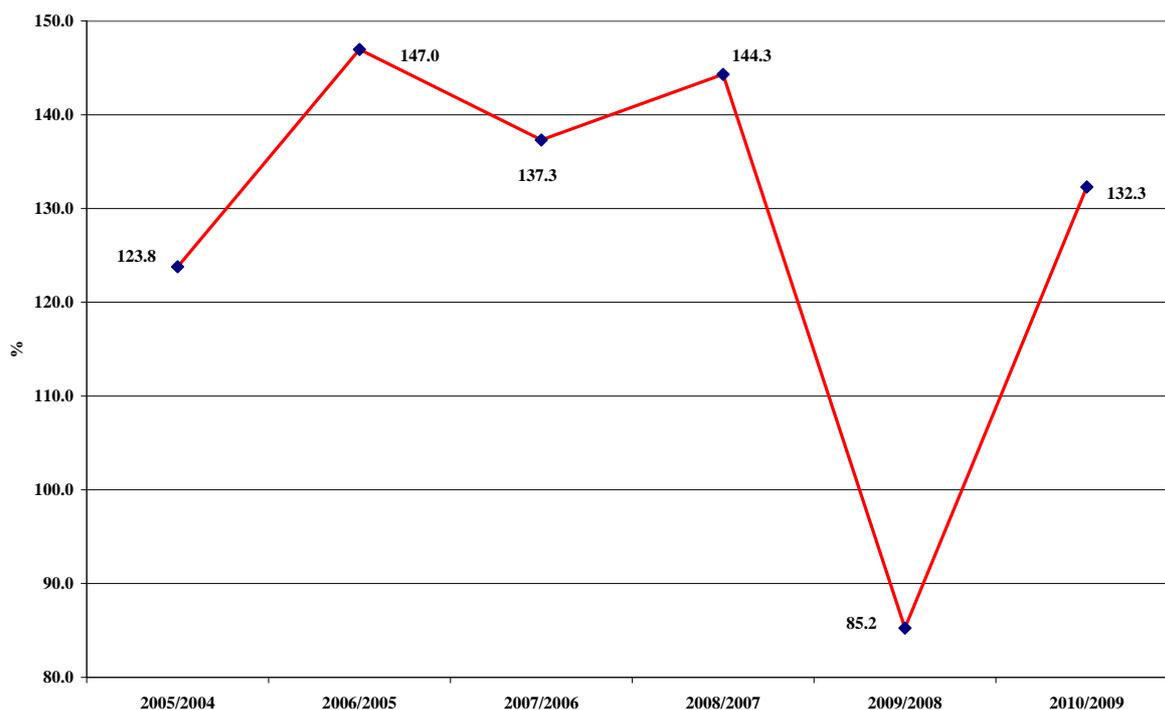
### Dynamics of the Share of Local Budget Expenditures in January-October 2005-2010 in Annual Amounts



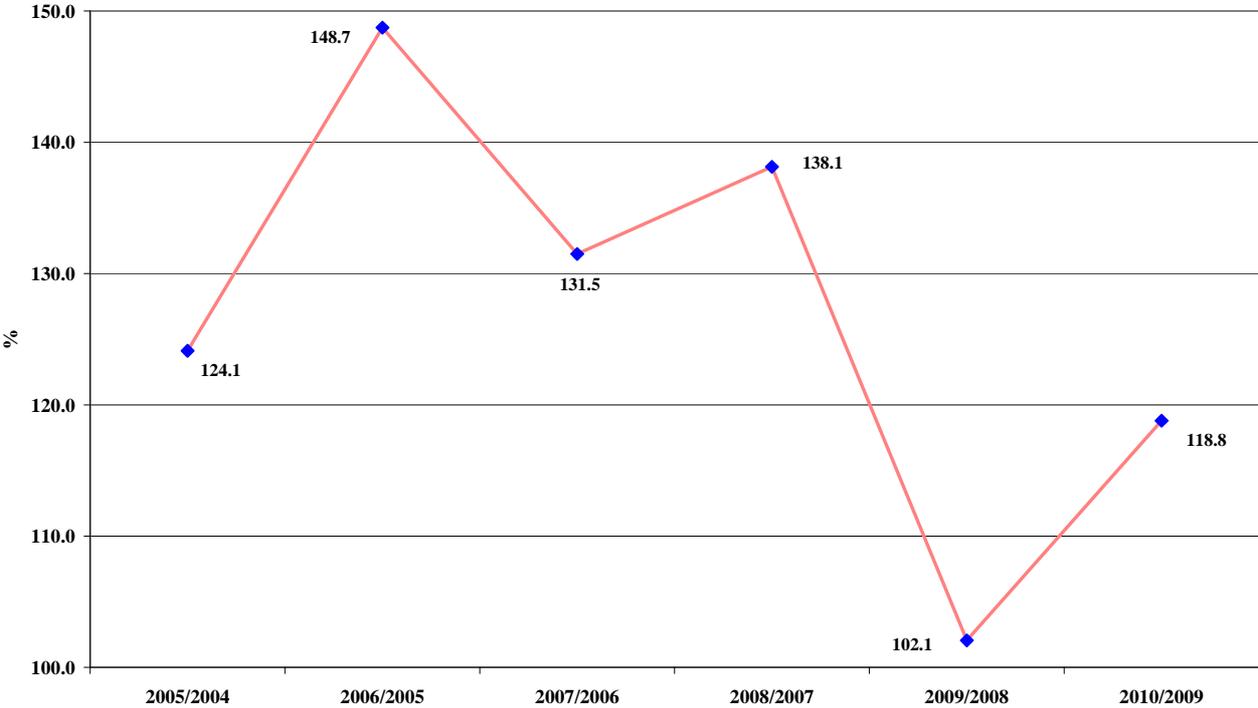
\* A share of total expenditures according to the planned annual index

Graph 59

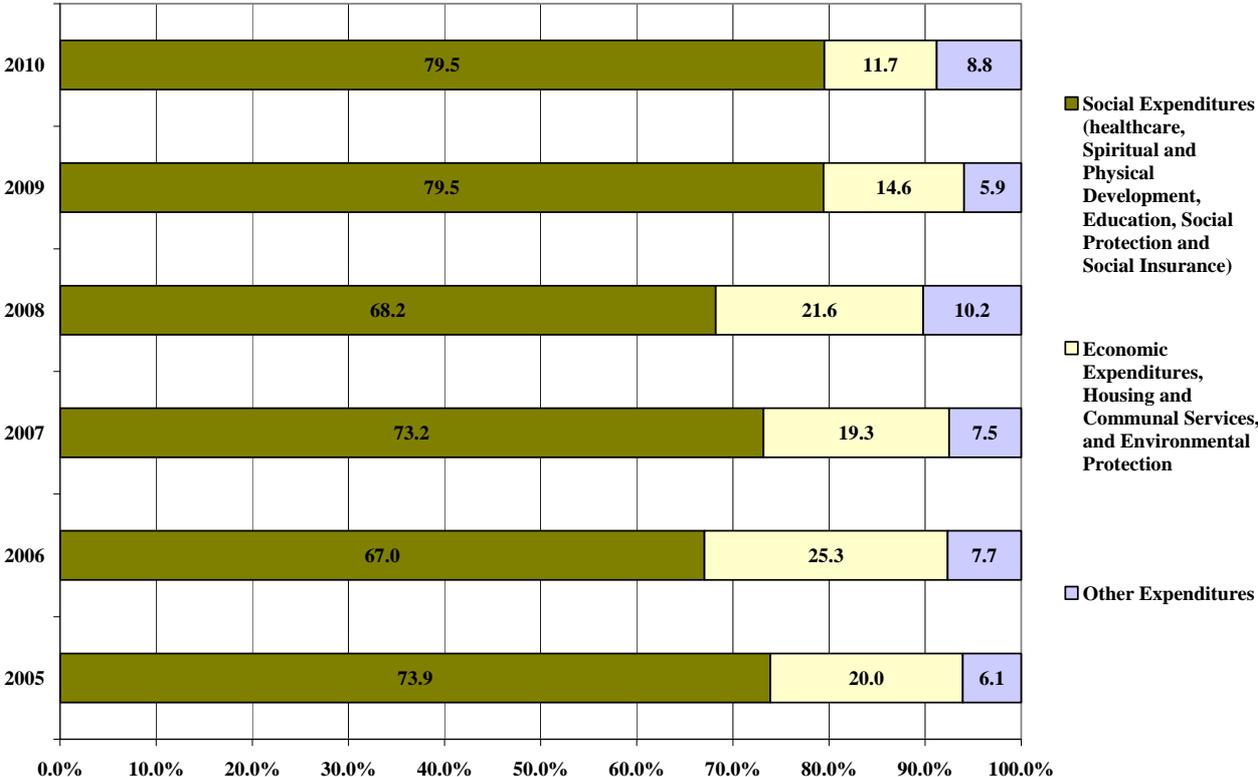
### Growth Rates of Local Budget Expenditures in November 2005-2010



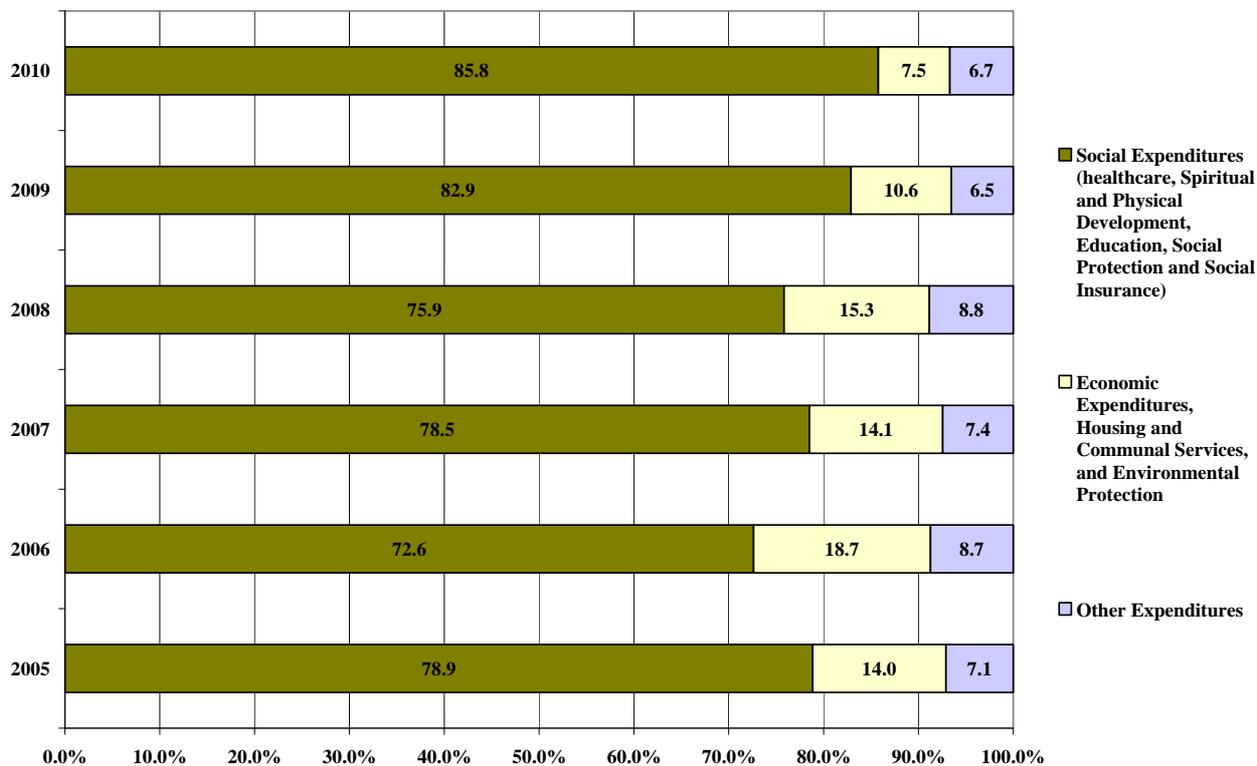
### Growth Rates of Local Budget Expenditures in January-November 2005-2010



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

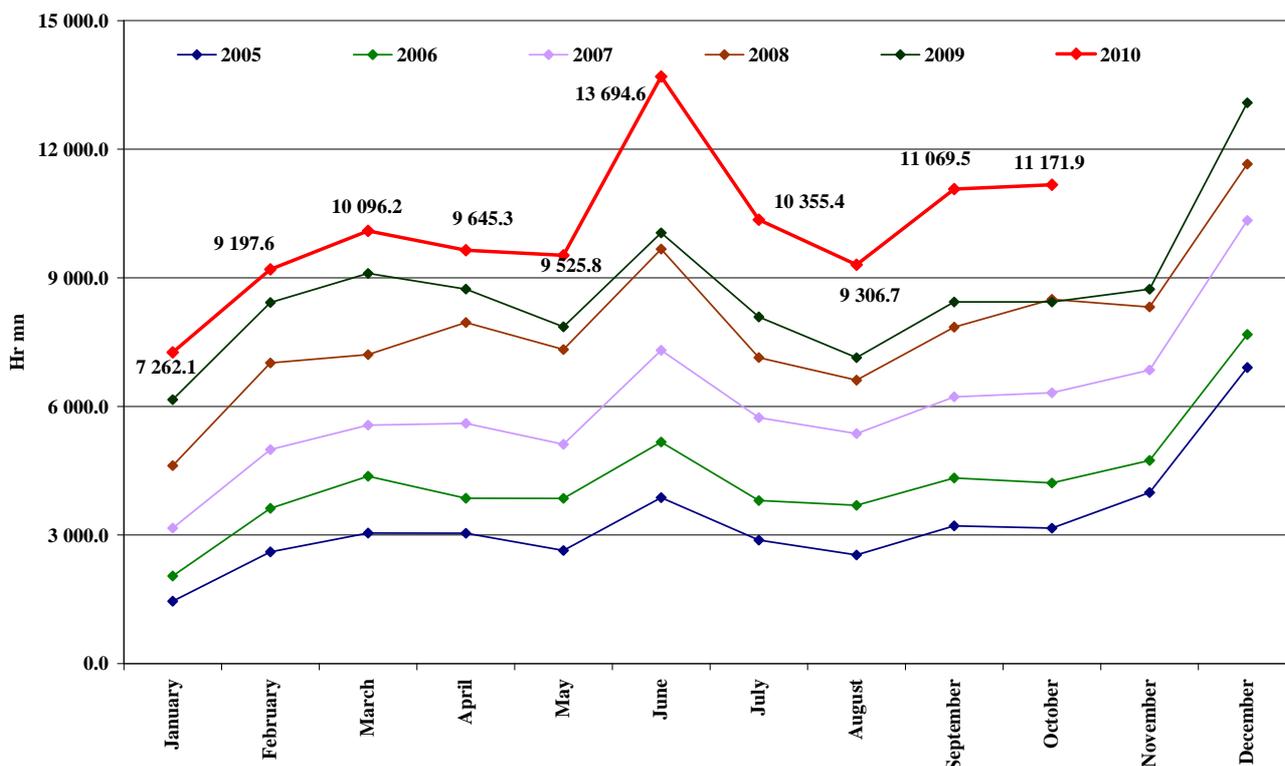


### Structure of Actual Local Budget Expenditures in January-November 2005-2010

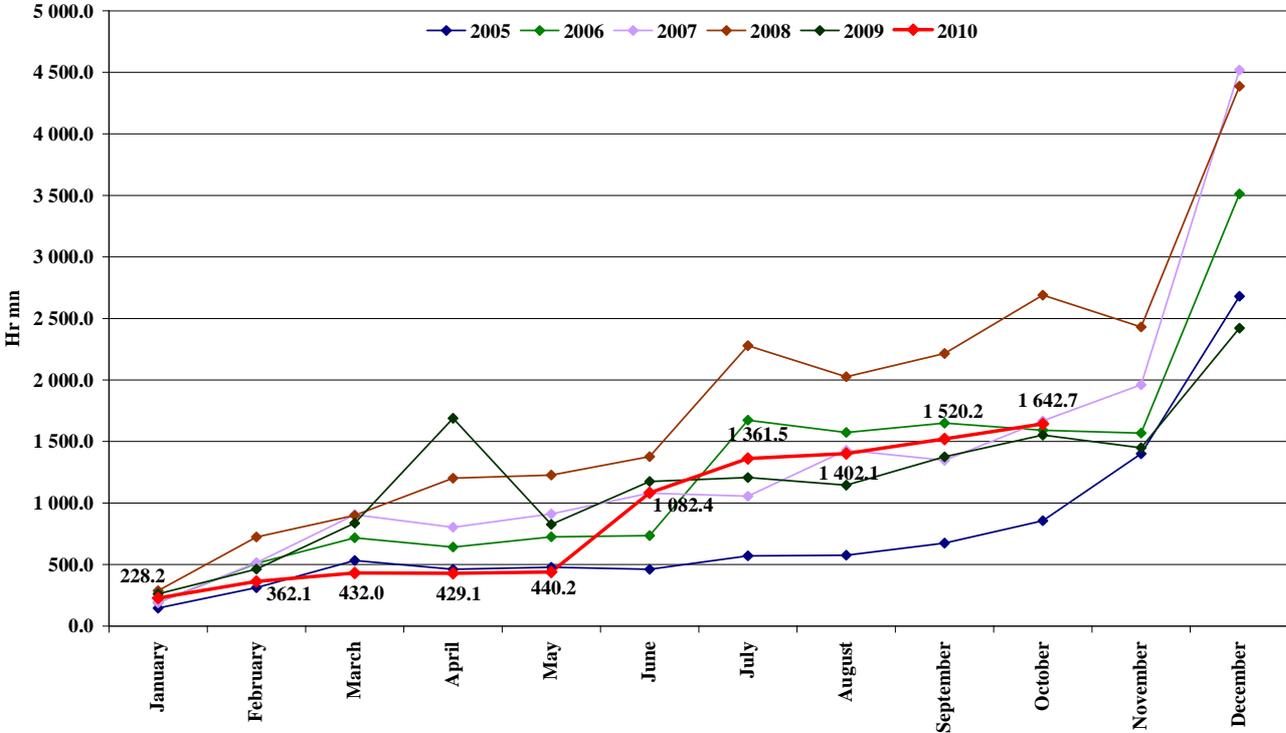


Graph 61

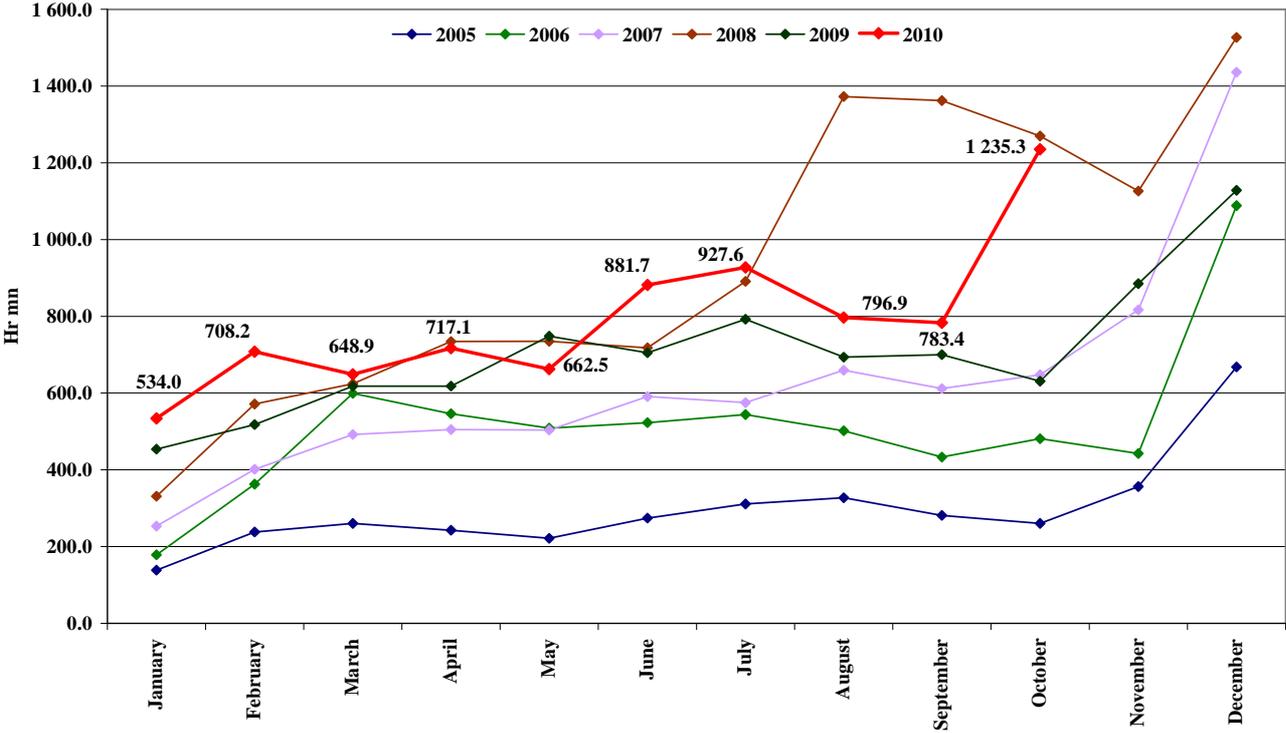
### Local Budget Social Expenditures (Healthcare, Education, Spiritual and Physical Development, Social Protection and Social Security) Monthly Trends in 2005-2010



### 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 November 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;
- **continued** trend toward growth of private deposits both in the national and foreign currencies;
- **an increase** in the loan portfolio of legal entities and loans to individuals in the national currency, and **continued** trends towards reduction of interest rates on deposit transactions of banks.

As of 1 December 2010, 174 banks had licenses for conducting the banking business from the National Bank of Ukraine. Nineteen banks were in the process of liquidation, including eighteen banks liquidated by NBU decision and one bank liquidated by decision of commercial (arbitration) courts. Four banks continue under temporary administration.

Refinancing transactions decreased significantly in the second half of 2010 compared to the outset of the year, with the November growth of Hr 0.17bn (Hr 0.06bn in October). Refinancing was only implemented through overnight credits in November 2010. The growth in refinancing transactions amounted to Hr 4.8bn since the outset of 2010.

The interest rate on refinancing transactions amounted to 11.25% annual in November 2010. The amount of mandatory reserves accumulated by banks (including the funds remitted to the separate account of Hr 8.2bn) totaled Hr 12.4bn.

The amount of banking system aggregate assets remained almost unchanged throughout November 2010. So, the aggregate assets increased slightly (by 1.4%) in November vs. October 2010 and amounted to Hr 1,093.1bn. **The clients' loan portfolio increased somewhat** and reached Hr 727.3bn in November 2010.

As of 1 December 2010, the loan portfolio of legal entities totaled Hr 517.9bn or 71.2% of the total clients' loan portfolio. The total amount of **credits issued to legal entities** increased by Hr 4.8bn (or by 0.9%) in November vs. October. The loan portfolio of legal entities increased in the national currency (by Hr 6.2bn) and decreased in foreign currencies (by \$0.25bn) in November 2010.

As of 1 December 2010, the loan portfolio of individuals totaled Hr 209.5bn or 28.8% of the total clients' loan portfolio. The total amount of **credits issued to individuals** decreased by Hr 2.6bn (or by 1.3%) in November vs. October. 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 given a negative dynamics of the foreign-currency loan portfolio of individuals (-\$0.5bn), a growth in the national-currency loan portfolio of individuals was recorded in August through November 2010 (up Hr 0.7bn in November).

As of 1 December 2010, the deposit portfolio of economic agents totaled Hr 135.9bn or 16.8% of total liabilities, and the deposit portfolio of individuals totaled Hr 263.7bn or 32.6%. The age structure of deposits improved in 2010. Thus, the share of long-term deposits amounted to 30.6% of the total as of 1 December 2010 (compared to 24.4% at the outset of 2010).

The total amount of **funds attracted from legal entities** decreased by Hr 3.1bn in November vs. October, which is directly opposite to October's positive dynamics (+Hr 3.6bn). Regarding the currency structure dynamics, the decrease occurred due to a reduction in national currency deposits (by Hr 2.1bn) and foreign currency deposits (by \$0.14bn).

The total amount of funds attracted from individuals increased by Hr 2.7bn in November vs. October. This occurred thanks to increase in the amount of funds both in the national currency (by Hr 2.1bn) and foreign currencies (by \$0.02bn).

The age structure of personal deposits at banks is as follows: time deposits amount to Hr 200.4bn or 76.3% of total personal deposits, and call deposits amount to Hr 62.3bn or 23.7%.

The amount of cash outside the banking system remained nearly unchanged in November (up 10.4% year-to-date) and reached Hr 173.3bn as of 1 December 2010. The share of cash in the money supply structure decreased from 30.4% to 30.2% during the month (compared to 32.2% at the beginning of 2010).

Zero growth in the amount of client deposits in November 2010 influenced the dynamics of money supply accordingly, the amount of which decreased by 0.2 % down to Hr 574.7bn in the period under review (up 17.9% year-to-date).

The amount of funds at correspondent accounts of banks decreased by 21.8% to Hr 17.4bn in November and reached the level recorded at the outset of 2010.

A sustainable recovery of banks' resource base and a sufficient 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 7.7% to 7.1% in the reviewed period, and from 6.2% to 6.0% for foreign-currency deposits.

At the same time, an **average weighted rate** on national-currency credits decreased in November to 12.8% (13.1% in October), while increasing for foreign-currency credits from 9.4% to 9.8%.

An average weighted rate under agreements at the interbank credit market increased from 2.3% annual to 3.0% annual in November (including from 1.6% to 2.1% for overnight credits).

As of 1 December 2010, the equity of banks amounted to Hr 136.8bn or 14.5% of liabilities and had the following structure: the registered authorized capital accounts for 103.1% of the equity, with 0.3% for the dividends used to increase the authorized capital; 5.4% for issue difference; 9.3% for general provisions and other funds of banks; -18.2% for results of previous years; -3.3% for results of the reporting year pending approval; -4.8% for results of the current year; and 8.2% 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-November 2010, the net loss of the Ukrainian banking system totaled Hr 9.4bn (banking system losses totaled Hr 27.6bn as of 1 December 2009). The income of banks decreased by 6.3% year-on-year and totaled Hr 123.1bn. The bank costs decreased by 16.7% and amounted to Hr 132.5bn.

# Banking System

Diagram 23

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

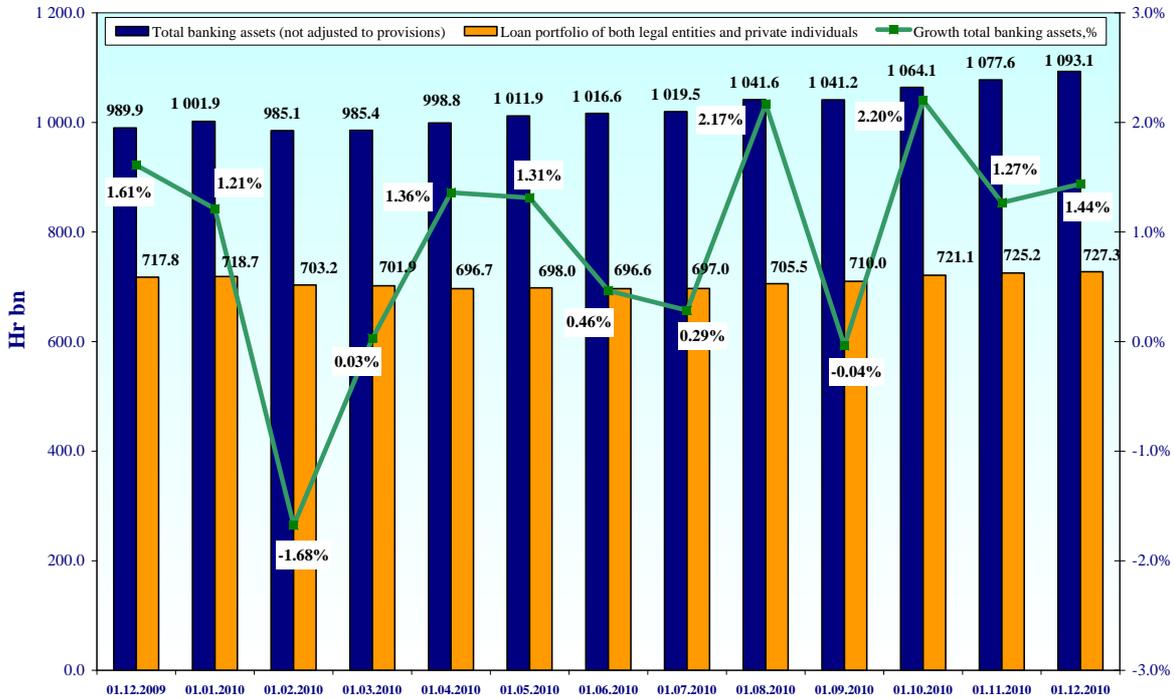
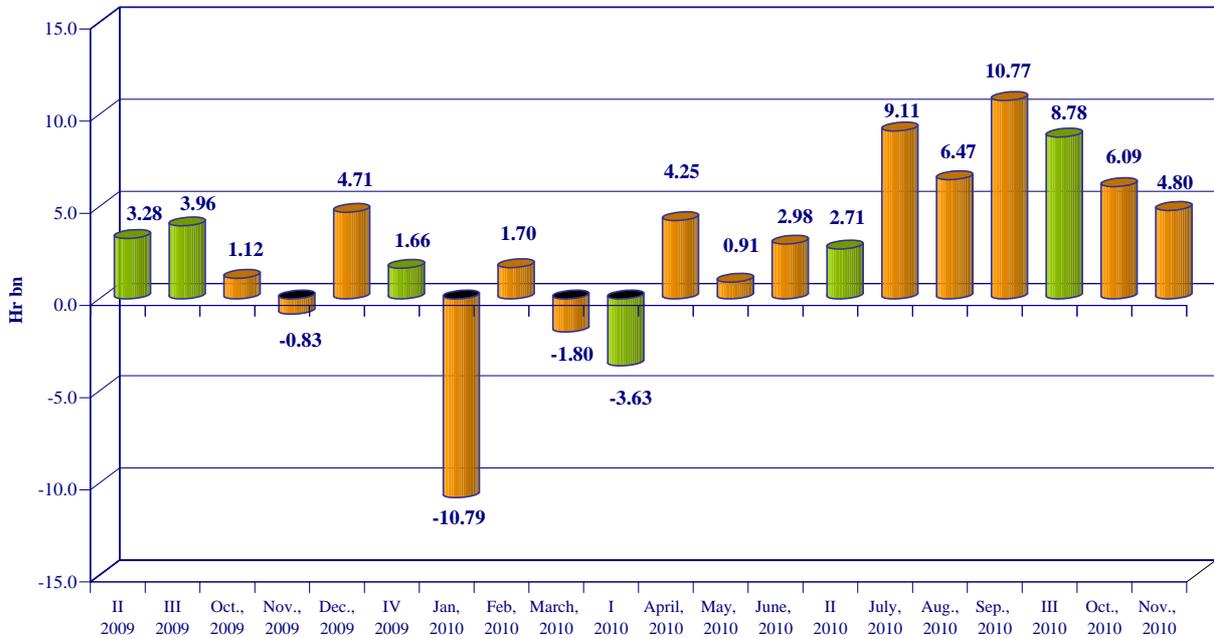


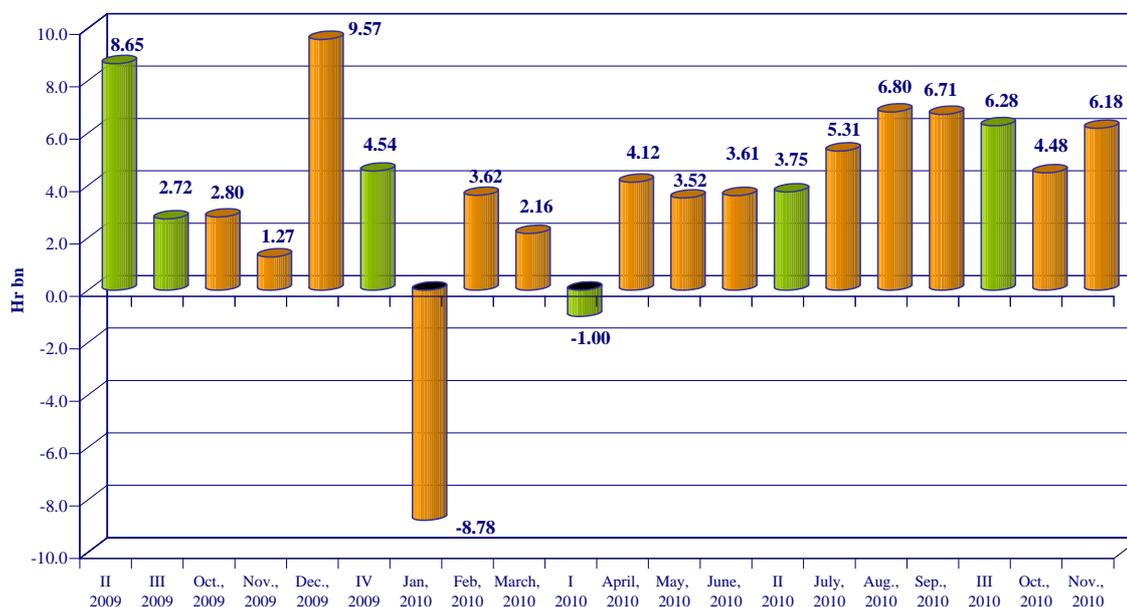
Diagram 24

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



Indicator	01.12.09	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	01.11.10	01.12.10
Legal entities loan portfolio, Hr bn	478.65	483.36	472.57	474.27	472.47	476.72	477.63	480.61	489.72	496.19	506.96	513.05	517.85
Growth rate of legal entities loan portfolio, %	-0.17	0.98	-2.23	0.36	-0.38	0.90	0.19	0.62	1.90	1.32	2.17	1.20	0.94

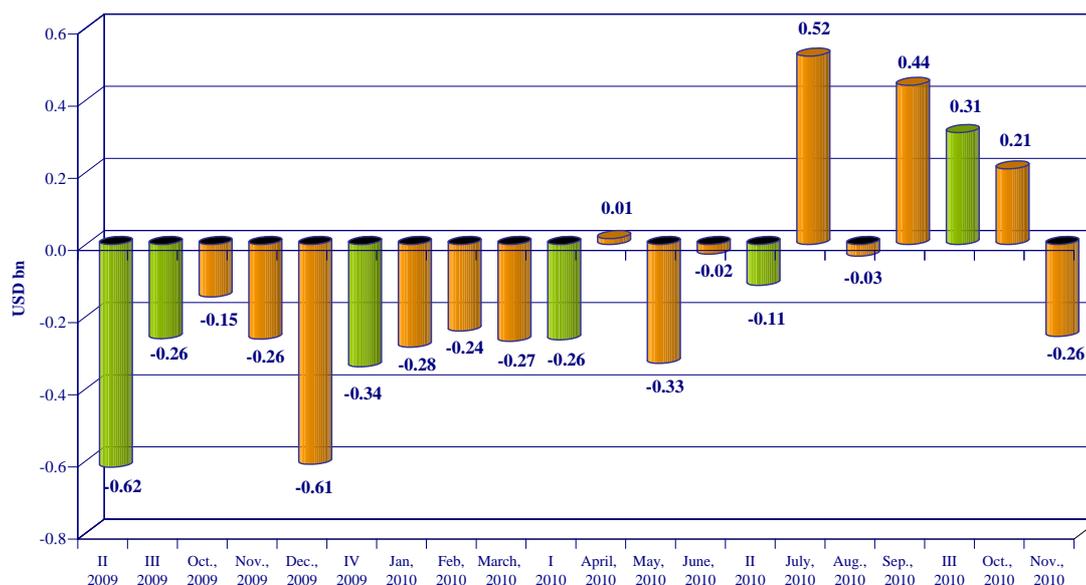
## Changes in the Amount of Legal Entities' Loan Portfolio in the National Currency



Indicator	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	01.11.10	01.12.10
Legal entities loan portfolio in national currency, Hr bn	277.71	287.28	278.50	282.12	284.28	288.40	291.92	295.53	300.84	307.64	314.35	318.83	325.01
Growth rate of legal entities loan portfolio in national currency, %	0.46	3.45	-3.06	1.30	0.77	1.45	1.22	1.24	1.80	2.26	2.18	1.42	1.94

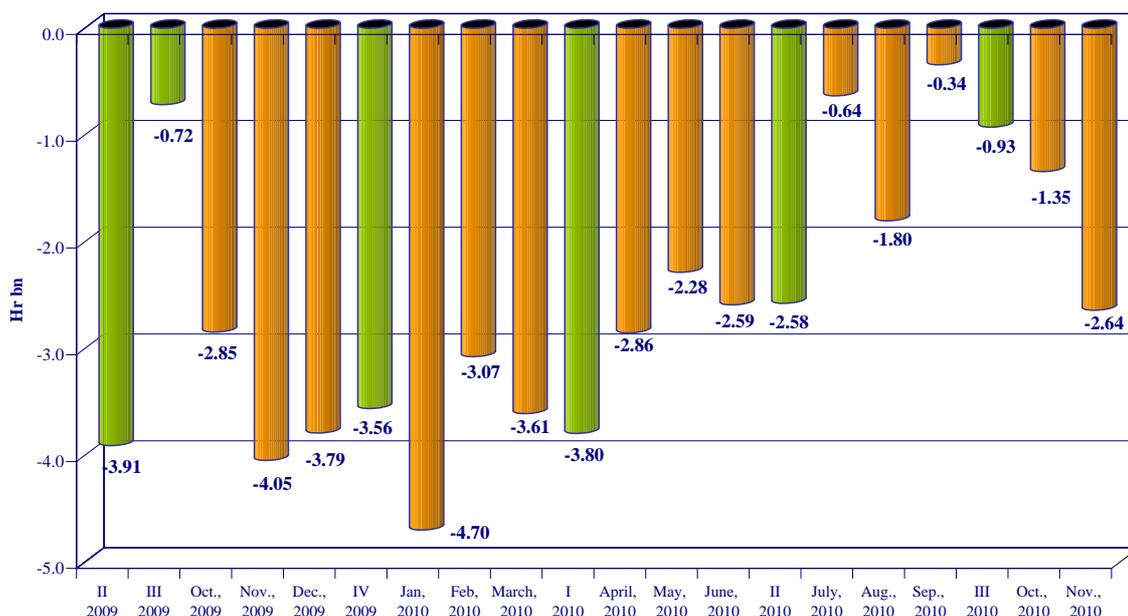
Diagram 26

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



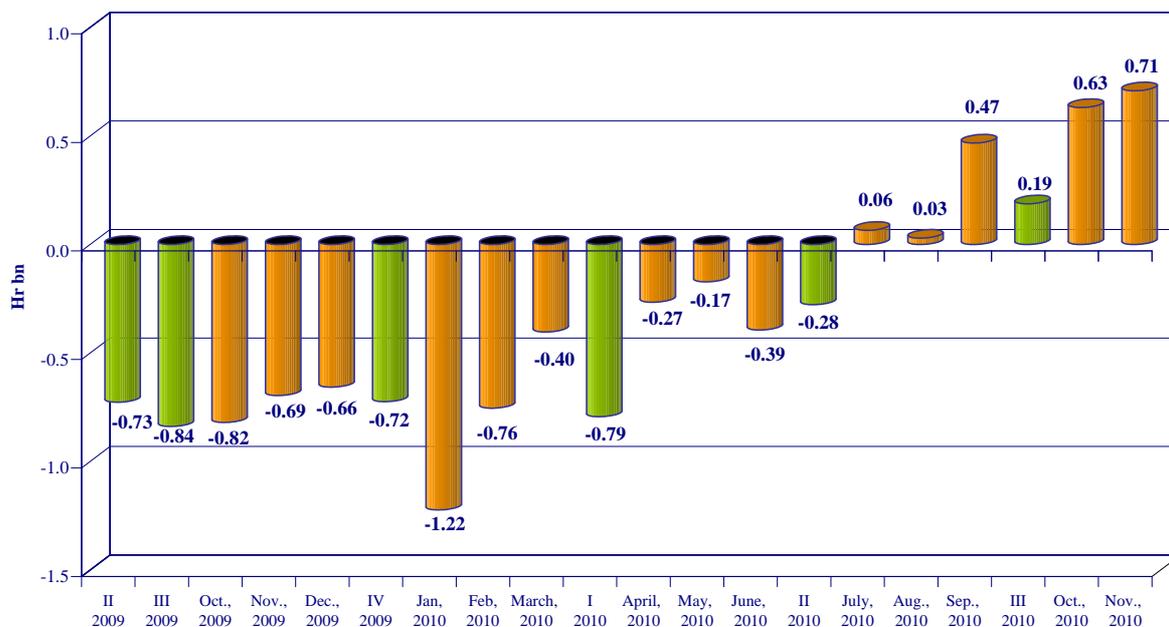
Indicator	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10	01.11.10	01.12.10
Legal entities loan portfolio in foreign currencies, USD bn	25.15	24.54	24.26	24.02	23.75	23.76	23.43	23.41	23.93	23.90	24.34	24.55	24.29
Growth rate of legal entities loan portfolio in foreign currencies, %	-1.03	-2.42	-1.02	-0.99	-2.06	0.07	-1.39	-0.34	2.05	-0.18	2.15	0.84	-0.71

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



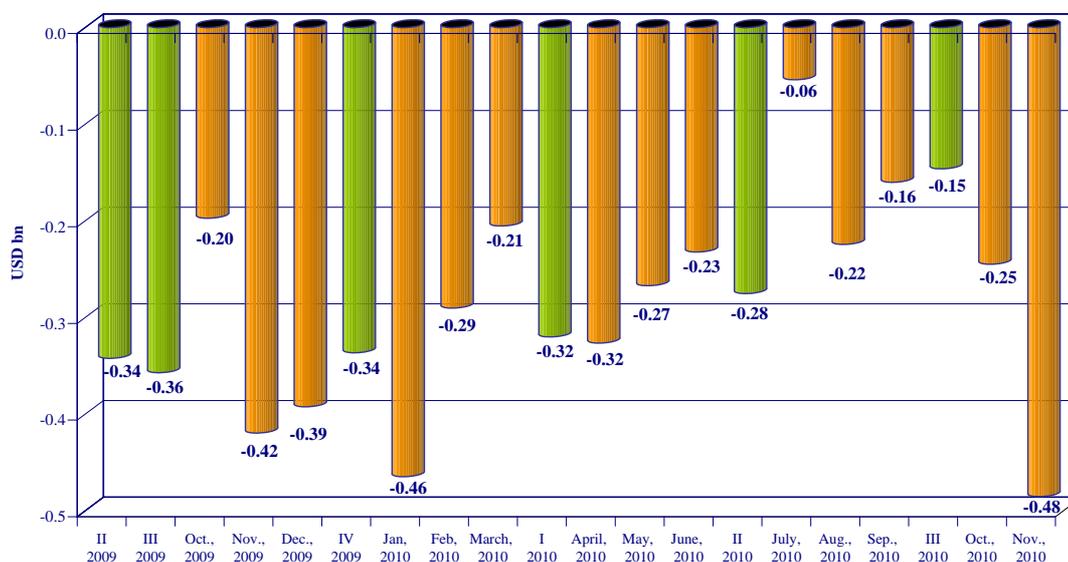
Indicator	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10	01.11.10	01.12.10
Individuals loan portfolio, Hr bn	239.15	235.36	230.66	227.59	223.98	221.12	218.84	216.25	215.61	213.81	213.47	212.12	209.48
Growth rate of individuals loan portfolio, %	-1.66	-1.59	-2.00	-1.33	-1.59	-1.27	-1.03	-1.18	-0.29	-0.84	-0.16	-0.63	-1.25

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



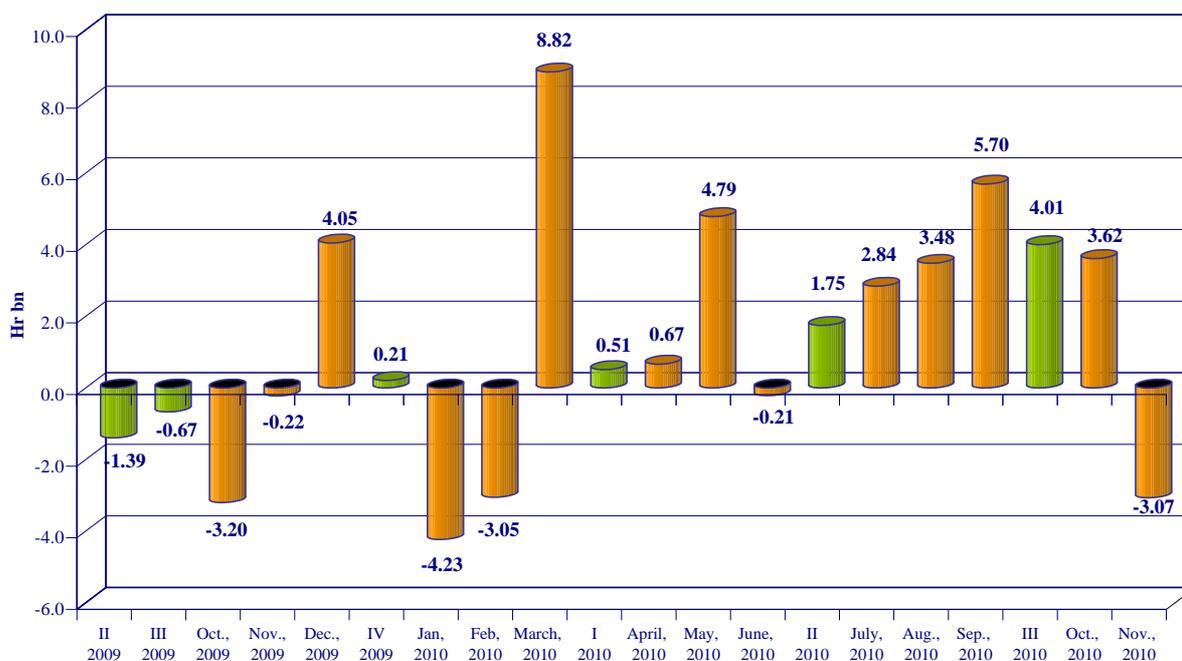
Indicator	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10	01.11.10	01.12.10
Individuals loan portfolio in national currency, Hr bn	64.30	63.64	62.42	61.66	61.26	60.99	60.82	60.43	60.49	60.52	60.99	61.62	62.33
Growth rate of individuals loan portfolio in national currency, %	-1.07	-1.02	-1.92	-1.21	-0.65	-0.43	-0.28	-0.65	0.11	0.05	0.77	1.03	1.15

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



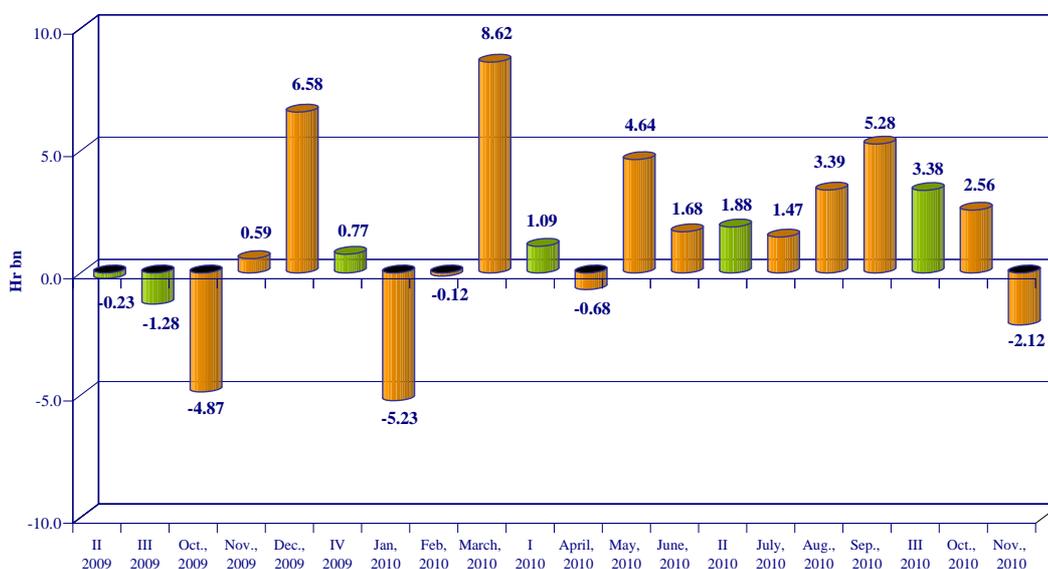
Indicator	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10	01.11.10	01.12.10
Individuals loan portfolio in foreign currencies, USD bn	21.88	21.49	21.03	20.74	20.53	20.21	19.94	19.71	19.65	19.43	19.27	19.02	18.54
Growth rate of individuals loan portfolio in foreign currencies, %	-1.88	-1.79	-2.02	-1.38	-1.93	-1.59	-1.32	-1.39	-0.45	-1.18	-0.53	-1.29	-2.23

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



Indicator	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	01.11.10	01.12.10
Legal entities deposit portfolio, Hr bn	112.50	116.55	112.32	109.27	118.09	118.76	123.55	123.34	126.18	129.66	135.36	138.98	135.91
Growth rate of legal entities deposit portfolio, %	-0.20	3.60	-3.63	-2.72	8.08	0.56	4.03	-0.17	2.31	2.76	4.39	2.67	-2.21

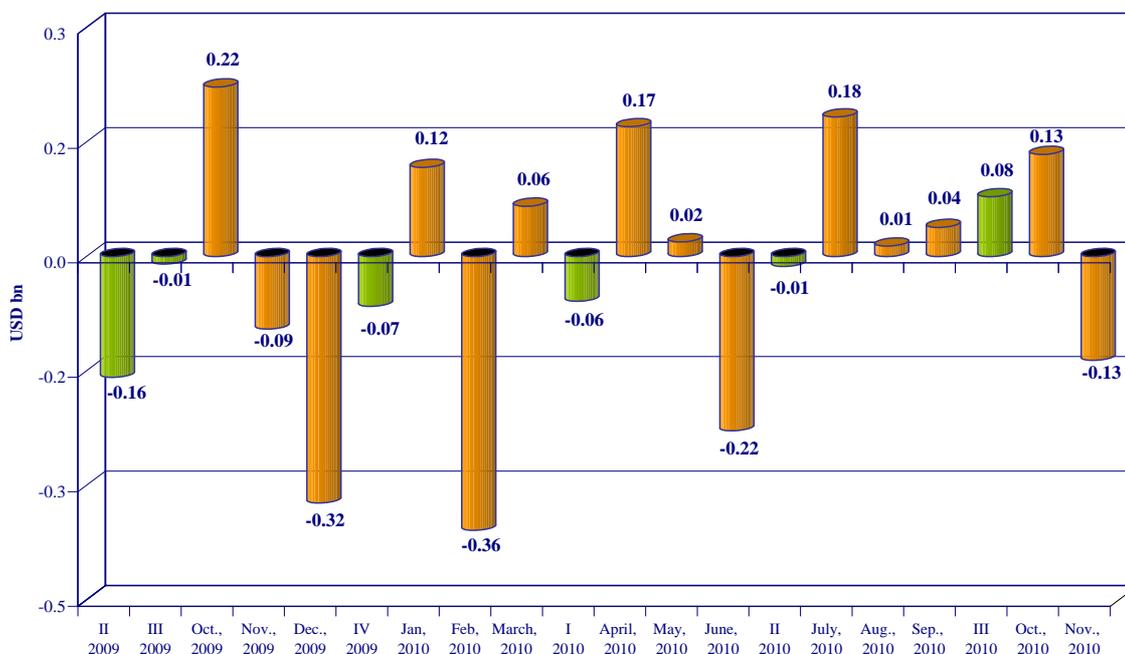
## Changes in the Amount of Legal Entities' Deposit Portfolio in the National Currency



Indicator	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	01.11.10	01.12.10
Legal entities deposit portfolio in national currency, Hr bn	68.42	75.00	69.77	69.65	78.27	77.59	82.23	83.91	85.38	88.77	94.05	96.61	94.49
Growth rate of legal entities deposit portfolio in national currency, %	0.87	9.62	-6.97	-0.18	12.39	-0.87	5.97	2.05	1.75	3.97	5.94	2.73	-2.20

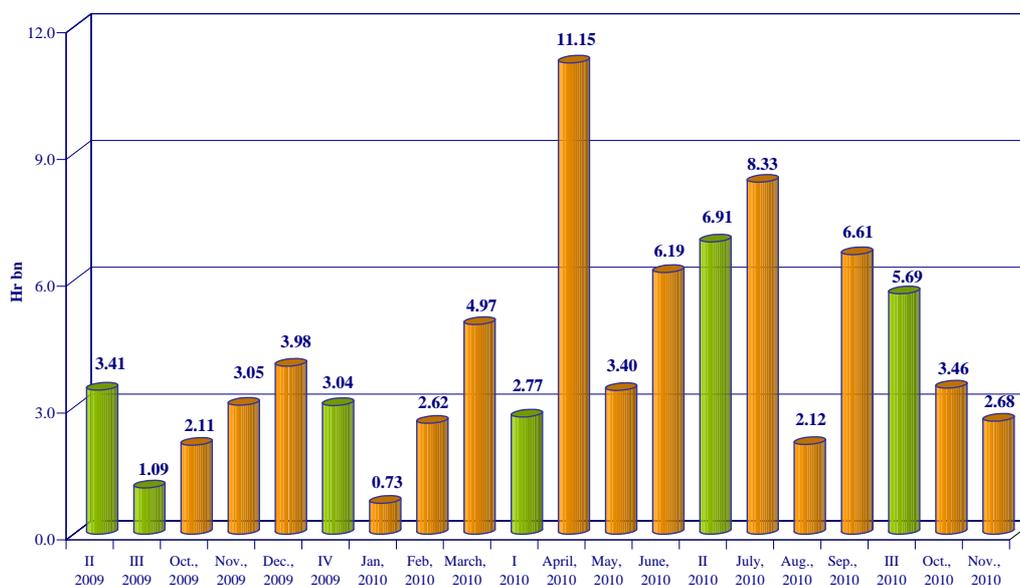
Diagram 32

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



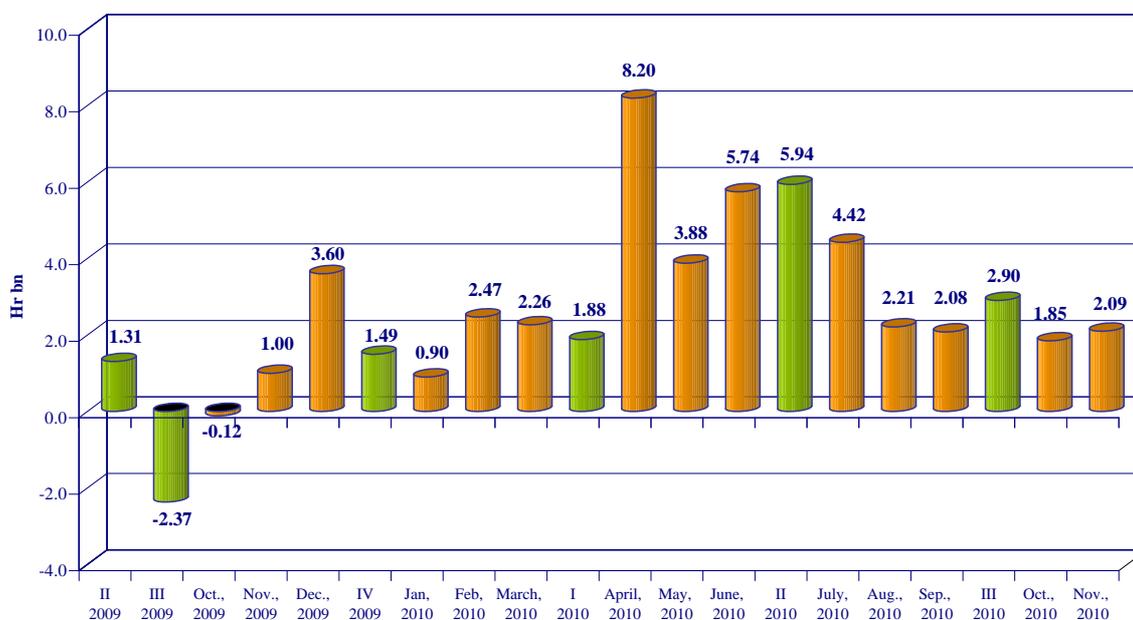
Indicator	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10	01.11.10	01.12.10
Legal entities deposit portfolio in foreign currencies, USD bn	5.52	5.20	5.32	4.96	5.02	5.19	5.21	4.99	5.17	5.18	5.22	5.35	5.22
Growth rate of legal entities deposit portfolio in foreign currencies, %	-1.80	-5.74	2.39	-6.88	0.51	3.39	0.37	-4.60	3.49	0.23	1.04	2.54	-2.21

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



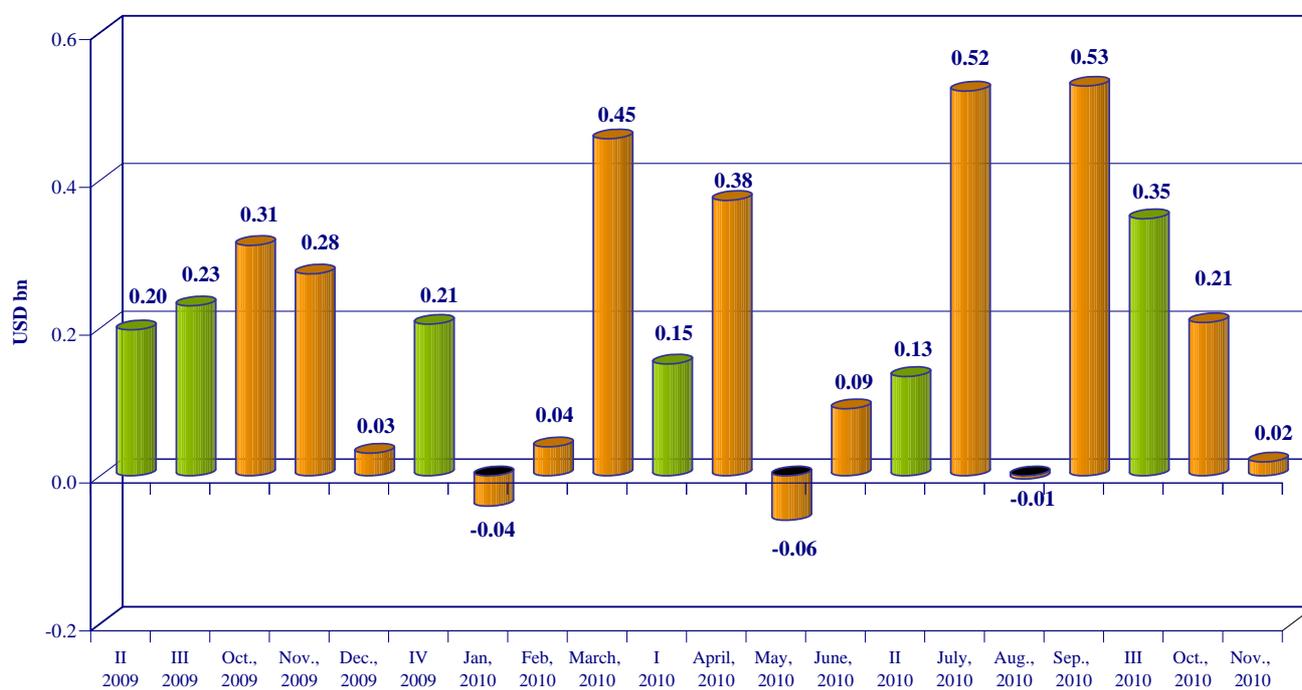
Indicator	01.12.09	01.01.10	01.02.10	01.03.10	01.04.10	01.05.10	01.06.10	01.07.10	01.08.10	01.09.10	01.10.10	01.11.10	01.12.10
Individuals deposit portfolio, Hr bn	207.47	211.45	212.18	214.80	219.77	230.92	234.32	240.51	248.84	250.96	257.57	261.03	263.71
Growth rate of individuals deposit portfolio, %	1.49	1.92	0.35	1.24	2.31	5.07	1.47	2.64	3.46	0.85	2.64	1.34	1.02

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



Indicator	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	01.11.10	01.12.10
Individuals deposit portfolio in national currency, Hr bn	95.20	98.80	99.70	102.17	104.43	112.63	116.51	122.25	126.67	128.88	130.96	132.81	134.90
Growth rate of individuals loan portfolio in national currency, %	1.06	3.78	0.91	2.48	2.22	7.85	3.44	4.93	3.62	1.74	1.61	1.41	1.58

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



Indicator	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	01.11.10	01.12.10
<b>Individuals deposit portfolio in foreign currencies, USD bn</b>	14.07	14.10	14.06	14.10	14.55	14.93	14.87	14.96	15.48	15.47	16.00	16.21	16.23
<i>Growth rate of individuals deposit portfolio in foreign currencies, %</i>	1.86	0.33	-0.15	0.14	2.40	2.56	-0.40	0.38	3.30	-0.07	3.72	1.27	0.45