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Monthly Monitoring of Main Indicators of the Budget and Banking Systems of Ukraine as of January 1, 2011

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

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

The actual revenue intake of the consolidated budget of Ukraine totaled Hr 314.4bn in 2010, which is 8.2% more than last year. This amounts to 98.4% of the 2010 target. The share of tax revenues amounted to 74.6% vs. 72.1% in 2009.

The actual revenue intake of the State budget of Ukraine totaled Hr 233.9bn, which is Hr 16.3bn or 7.5% more year-on-year¹. The annual plan was implemented by 94.4%. The main reason behind the failure to execute the plan was a Hr 20.8bn or 19.4% shortfall in value-added tax revenues. In addition, plan shortfalls were noted for such items as charge for special use of natural resources (by Hr 1.0bn or 25.0%) and excise tax on goods made in Ukraine (by Hr 2.3bn or 9.1%).

On the whole, the trend of State budget revenues, in particular that with regard to tax revenues, is similar to the trends of previous years, except for the period of the financial and economic crisis.

The excise tax, which thanks to raising of its rates shows a sustainable growth trend, remains the most stable source of State budget revenues, as was the case in 2009.

The total local budget revenues (without intergovernmental transfers) amounted to Hr 80.5bn in 2010, which is Hr 9.5bn or 13.4% more than the respective indicator of 2009. The annual plan was implemented by 95.4%. The local budget revenues totaled Hr 8.0bn in December and demonstrated an increase of 5.3% year-on-year.

An increase by nearly 15.0% was observed in the actual amount of local budget tax revenues in December 2010 compared to the respective 2009 figure (at the same time, the amount of such revenues increased by 14.7% in January-December against the respective indicator of 2009). Overall, local budgets received Hr 7.2bn in tax revenues in December (Hr 67.6bn in 2010).

Revenues from the personal income tax totaled Hr 5.7bn in December, which is 19.5% more than in December 2009. In total, Hr 51.0bn from this tax was received in 2010 (up 14.7% year-on-year).

A stable growth in receipts from payment for land is observed throughout 2008-2010; their amount totaled Hr 836.9mn in December, with a growth of 11.7% year-on-year (Hr 9.5bn received year-to-date, with the respective growth of 14.1%).

Non-tax revenues of local budgets totaled Hr 542.2mn in December 2010 (they amounted to Hr 938.1mn in December 2009). Based on the 2010 results, the amount of non-tax revenues increased by 13.4%.

The revenues from capital transactions totaled Hr 170.9mn in December 2010, which is 43.2% less year-on-year. These revenues totaled Hr 2.4bn in 2010, which is 1.4% less year-on-year.

The State budget deficit totaled Hr 64.4bn in 2010, which is 1.8 times more than in 2009, including the General Fund deficit of Hr 30.7bn and Special Fund deficit of Hr 33.7bn.

The General Fund deficit was financed in 2010 through internal borrowing incurred at the amount of Hr 33.6bn, which is Hr 24.5bn or 42.1% less compared to the same period of last year; as well as external borrowing incurred at the amount of Hr 51.7bn, which is Hr 4.0bn or 7.2% less than last year. Also, about Hr 12.0bn was borrowed on foreign markets for the General Fund of the State budget in December alone. The debt repayment totaled Hr 25.9bn, which is Hr 4.7bn or 15.2% less than the respective indicator of 2009. Of this amount, Hr 3.4bn from the General Fund of the budget was repaid on external obligations in December of this year. Financing for debt transactions at the expense of surplus of borrowing over repayment for the General Fund of the State budget totaled

¹ Without the amount of VAT refund from the budget payable in internal government bonds, the State budget revenues totaled Hr 250.3bn, which is Hr 32.7bn or 15.0% more than the respective indicator of last year.

Hr 59.5bn (to compare, budget borrowing exceeded debt repayment by Hr 83.3bn in January-December of last year).

Financing for active transactions for the General Fund of the budget totaled -Hr 28.8bn, including Hr 21.6bn in the accrued balance of budget funds, and -Hr 7.2bn for change in the amount of deposits and securities used for liquidity management.

A Special Fund deficit of Hr 33.7bn is mainly explained by a Hr 38.1bn debt incurred in the period under review, including Hr 3.5bn borrowed on the domestic market in December of this year.

The balance of funds totaled Hr 42.5bn at the end of December 2010, including Hr 25.5bn in the General Fund and Hr 17.0bn in the Special Fund.

The State budget deficit in December 2010 totaled Hr 12.2bn (a deficit of Hr 3.7bn was also observed in December 2009). A deficit of Hr 2.8bn accrued in the General Fund of State budget, with a Special Fund deficit of Hr 9.4bn. The debt was incurred at Hr 14.0bn, with debt repayment of Hr 3.7bn in December, which amounts to 15.5% of the 2010 debt repayment plan; the financing for active transactions totaled Hr 1.5bn.

The expenditures of the consolidated budget of Ukraine totaled Hr 377.9bn in **2010** (including General Fund expenditures of Hr 299.4bn and Special Fund expenditures of Hr 78.5bn), which is Hr 70.5bn or 22.9% more year-on-year. The annual plan was implemented by 93.3%. Also, the expenditures for social protection and social security increased by 32.7% in January-December, those for healthcare by 22.5%, education by 19.5%, agriculture, forestry and game-preserves, and fisheries by 16.8% against the respective indicator of 2009.

The actual expenditures of the consolidated budget of Ukraine in December 2010 totaled Hr 50.1bn, which is 36.9% more year-on-year (to compare: the year-on-year increase in December expenditures in the period of 2007-2008 amounted to 136.5% and 130.3%, respectively, with a decline by 25.6% recorded in 2009).

An upward trend is demonstrated in December compared to the respective indicators of last year by expenditures in certain sectors, such as agriculture, forestry and game-preserves, and fisheries by 2.3 times, healthcare by 27.0%, education by 23.1%, and social protection and social security by 9.1%.

The expenditures of the State budget of Ukraine (with intergovernmental transfers) totaled Hr 303.6bn in **2010** (including General Fund expenditures of Hr 238.3bn and Special Fund expenditures of Hr 65.3bn), which is Hr 61.2bn or 25.3% more year-on-year. The annual plan was executed by 98.7%. In particular, the expenditures for housing and communal services increased 3.4 times year-on-year, those for debt servicing - by 71.9%, for spiritual and physical development - by 60.6%, for general government - by 39.6%, and for social protection and social security - by 34.5%. Expenditures in other sectors also increased in the said period.

Expenditures of the State budget (with intergovernmental transfers) totaled Hr 36.9bn in **December 2010**, including General Fund expenditures of the State budget of Hr 23.4bn and Special Fund expenditures of Hr 13.5bn.

The expenditures of the State budget of Ukraine increased by 31.3% in December 2010 year-on-year.

In particular, the December 2010 expenditures for the housing and communal services sector increased 3.8 times, those for economic activity 2.1 times, including 2.3 times for agriculture, forestry and game-preserves, and fisheries, 2.8 times for transport, and by 98.5% for general government functions. At the same time, the expenditures for social protection and social security decreased by 5.2%, including by 22.7% for social protection of pensioners compared to the respective period of 2009.

The total **local budget expenditures (without intergovernmental transfers)** amounted to Hr 152.0bn in **2010**, which is 19.6% more than in 2009. The annual plan was implemented by 94.8%. Also, a 23.3% growth in noted in social expenditures of local budgets, and a 9.9% decline in expenditures for economic activity, housing and communal services, and environmental protection.

The total local budget expenditures (without intergovernmental transfers) amounted to Hr 19.0bn **in December 2010**, which is 14.5% more year-on-year. The social expenditures of local budgets increased by 21.9% in December.

The expenditures for economic activity, housing and communal services, and environmental protection demonstrated an overall decline by 25.0% in December 2010. It should be noted that the nominal amounts of these expenditures were also lower in the first six months of the year compared to respective last year's indicators. It is only in July-November, that they exceeded last year's indicators, with the highest growth of 55.4% recorded in November.

Other items of local budget expenditures increased by 23.6% compared to the indicators of December 2009.

State Budget Revenues

Diagram 1

Structure of State Budget Revenues in December 2010

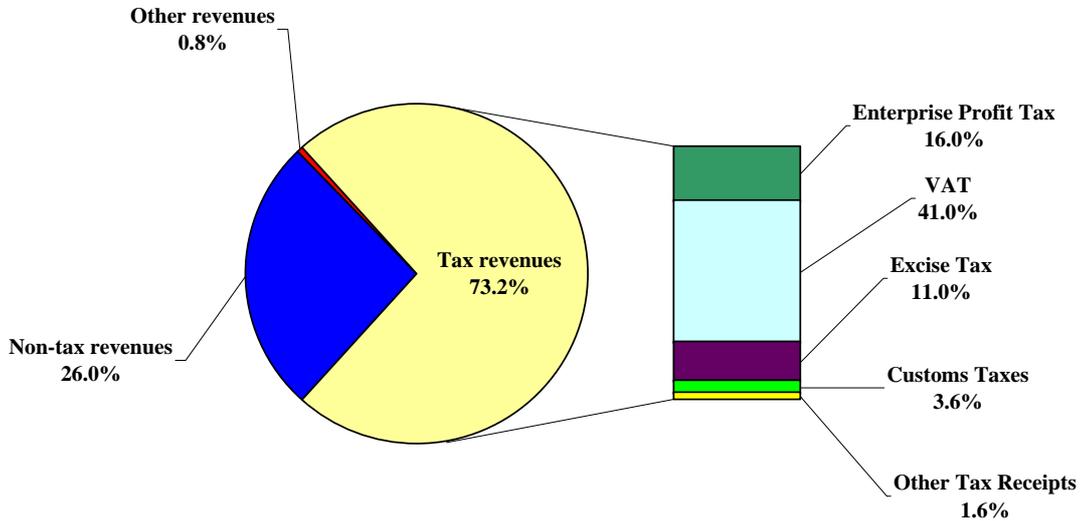
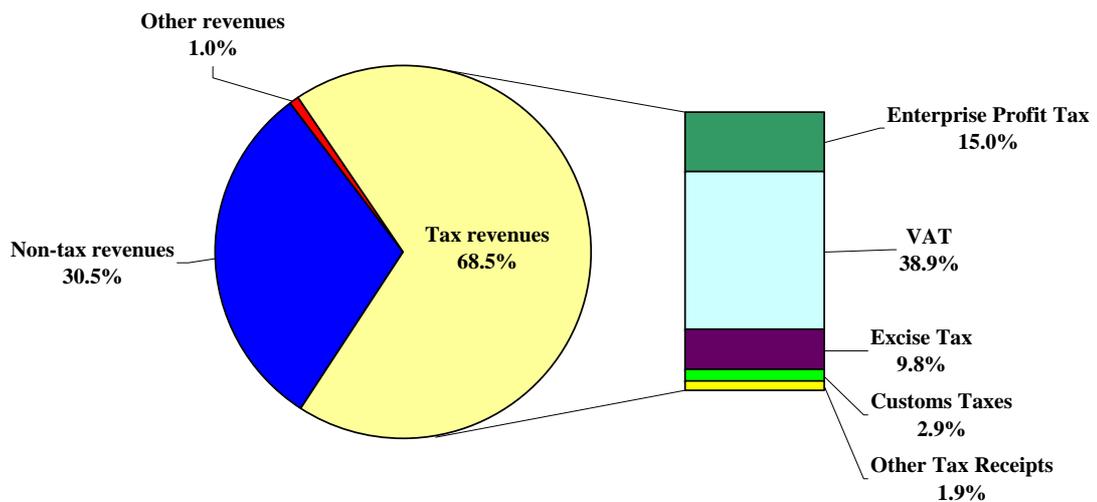
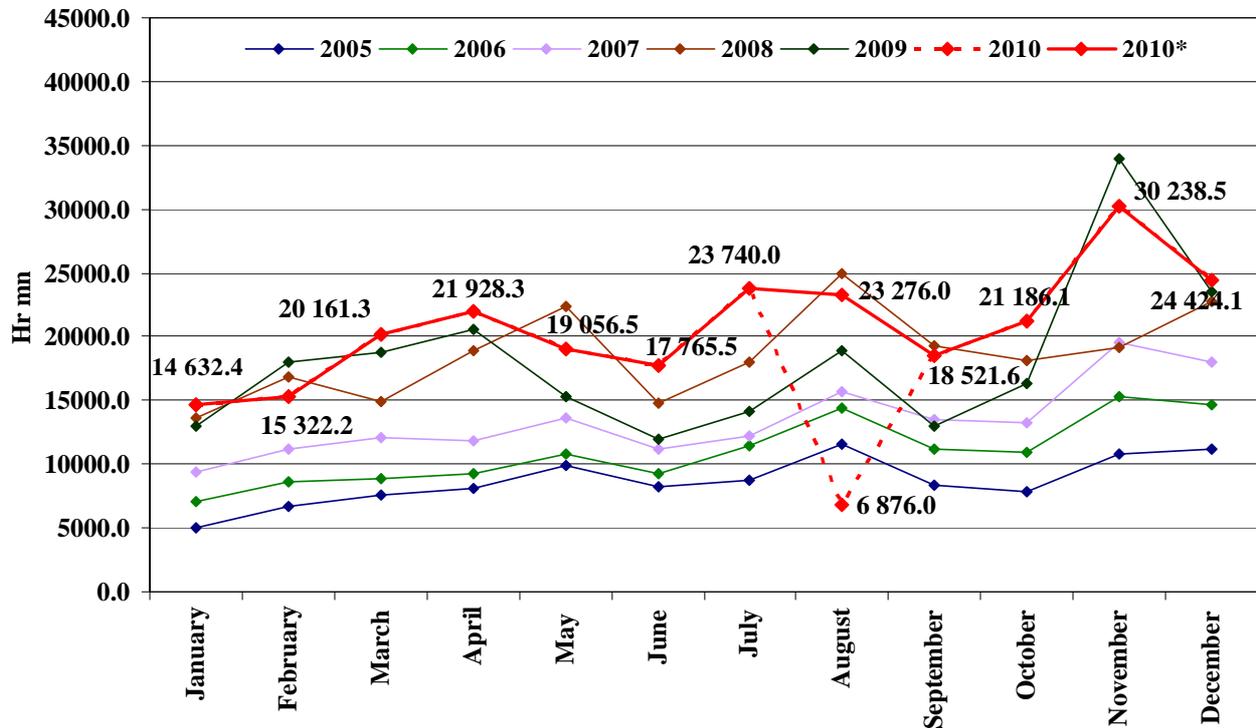


Diagram 2

Structure of State Budget Revenues in December 2009



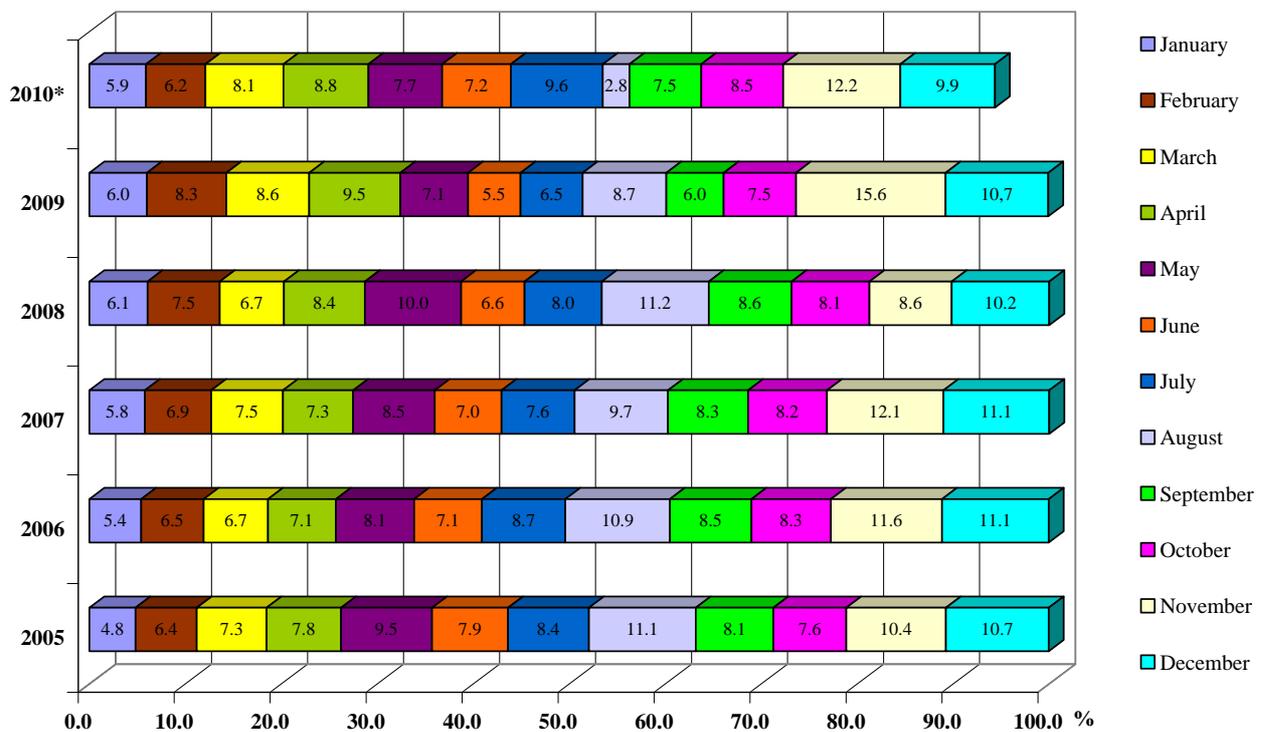
State Budget Total Revenues Monthly Trends in 2005-2010



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

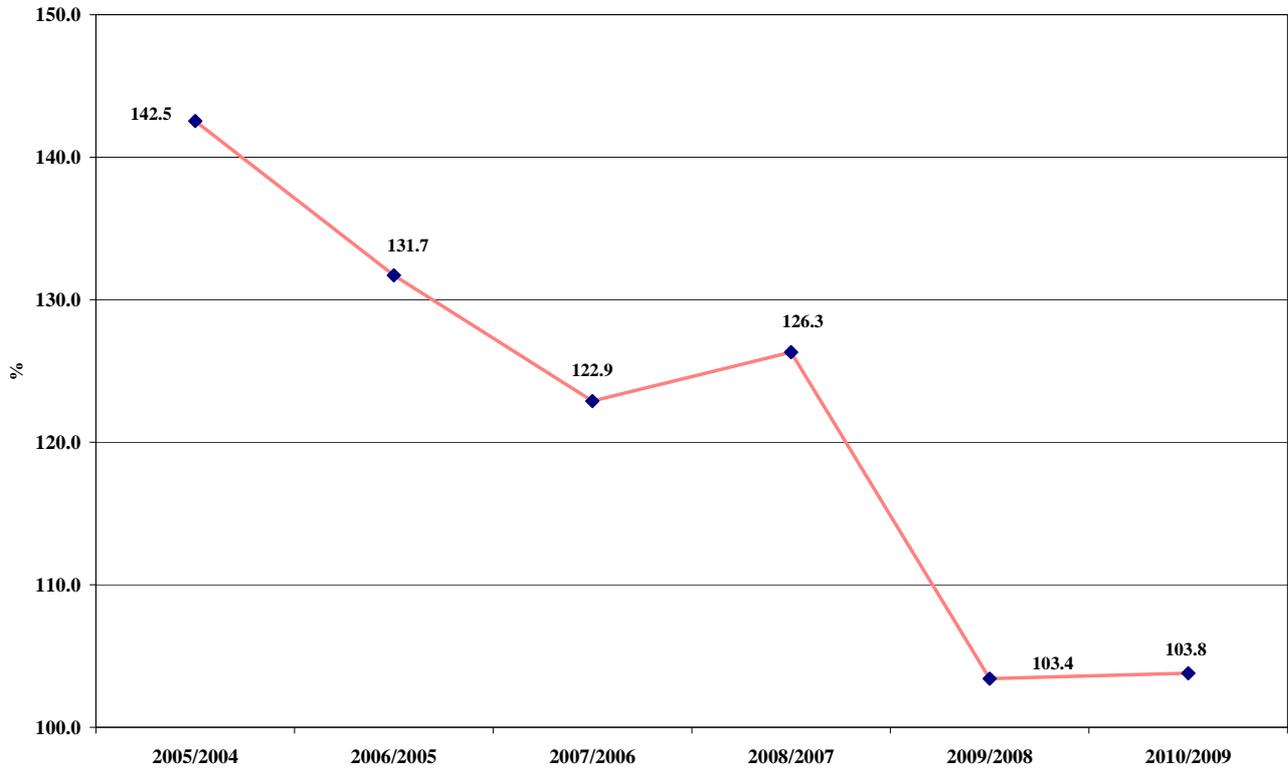
Diagram 3

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

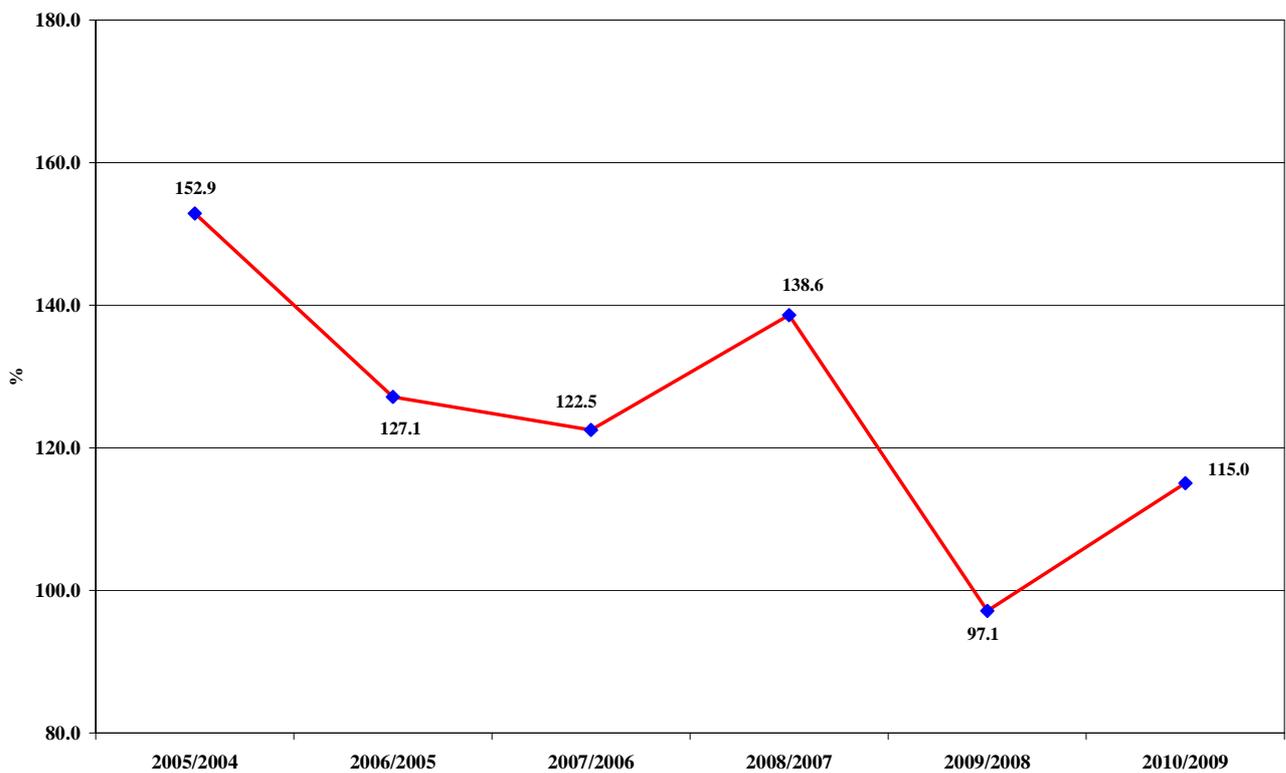


* A share of total revenues according to the planned annual index (excluding the amount of VAT reimbursement debt of Hr 16.4bn)

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

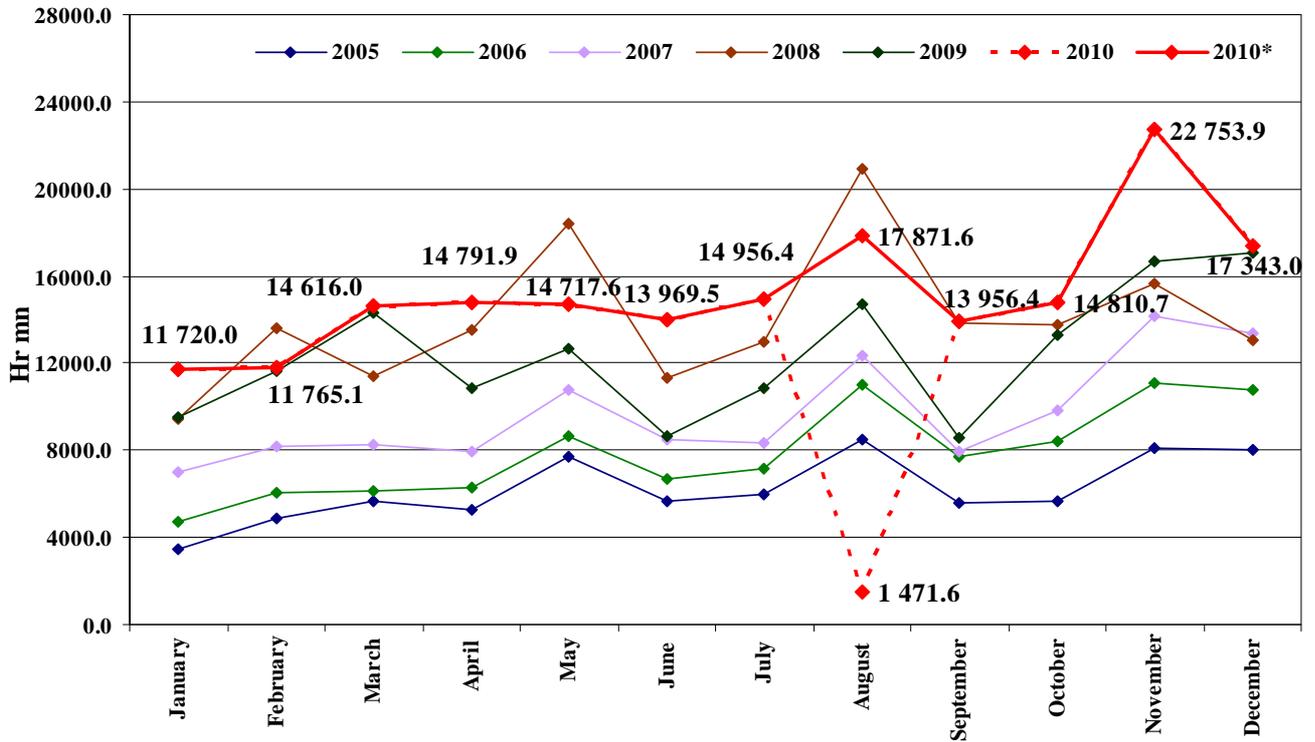


Growth Rates of Ukraine's State Budget Revenues in January-December 2005-2010



Graph 4

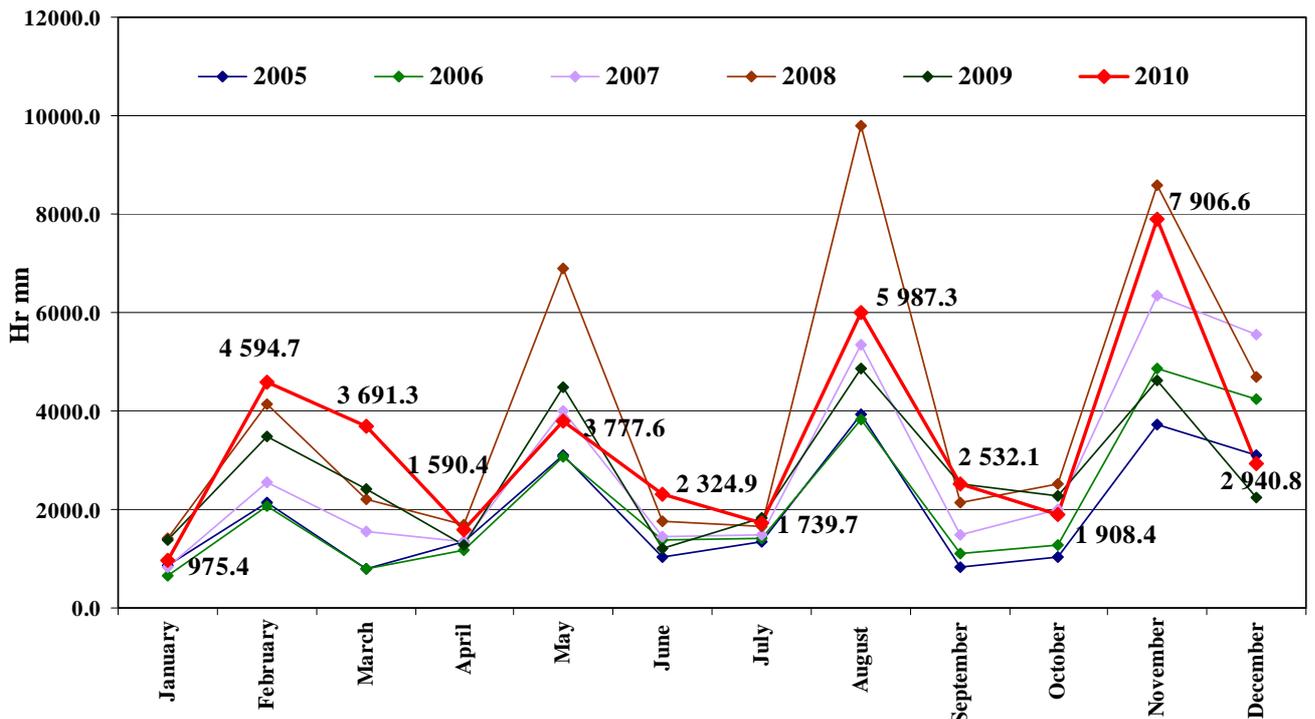
State Budget Tax Revenues Monthly Trends in 2005-2010



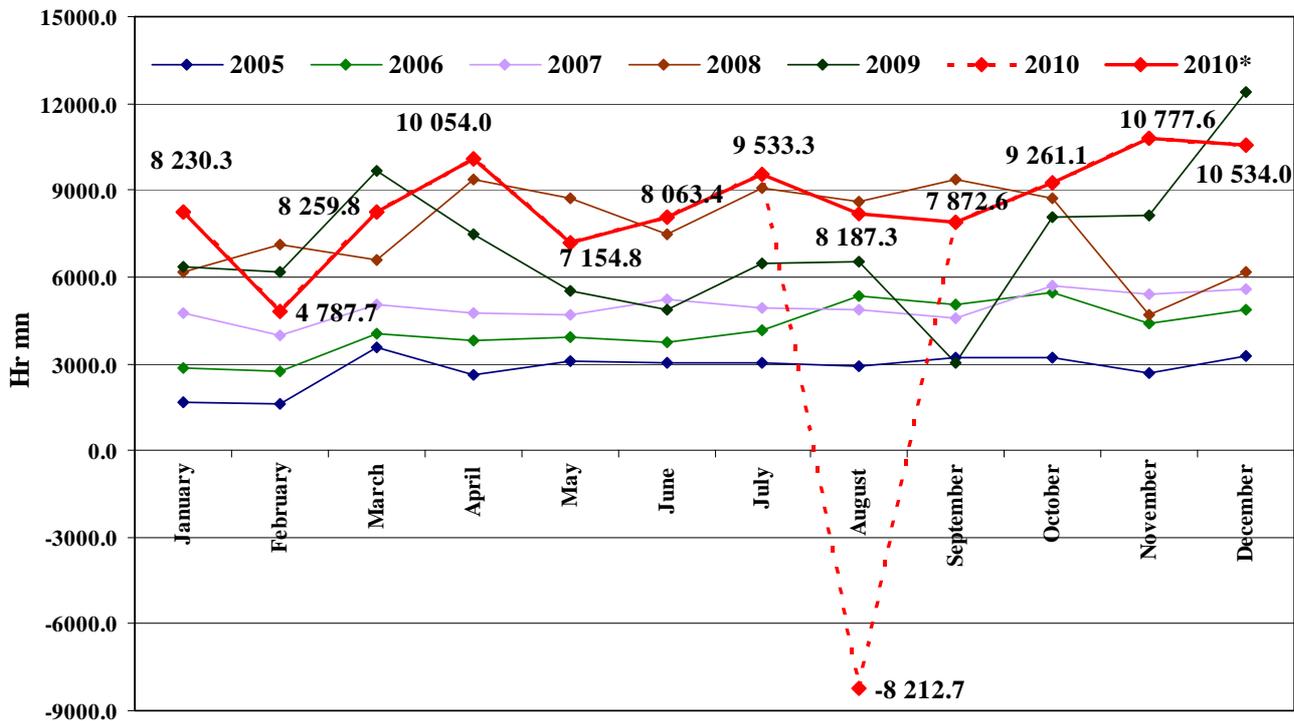
*excluding the amount of VAT reimbursement debt of Hr 16.4bn

Graph 5

State Budget Enterprise Profit Tax Monthly Trends in 2005-2010

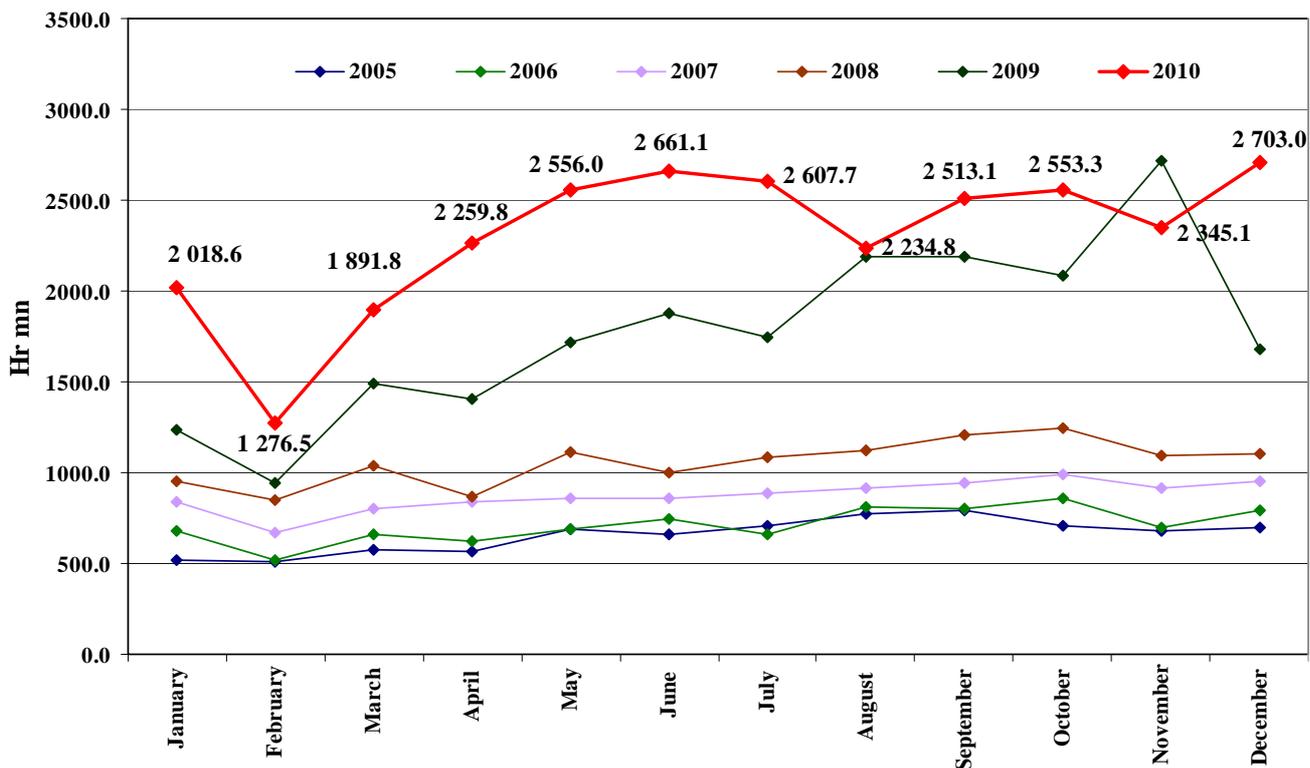


State Budget Value Added Tax Monthly Trends in 2005-2010

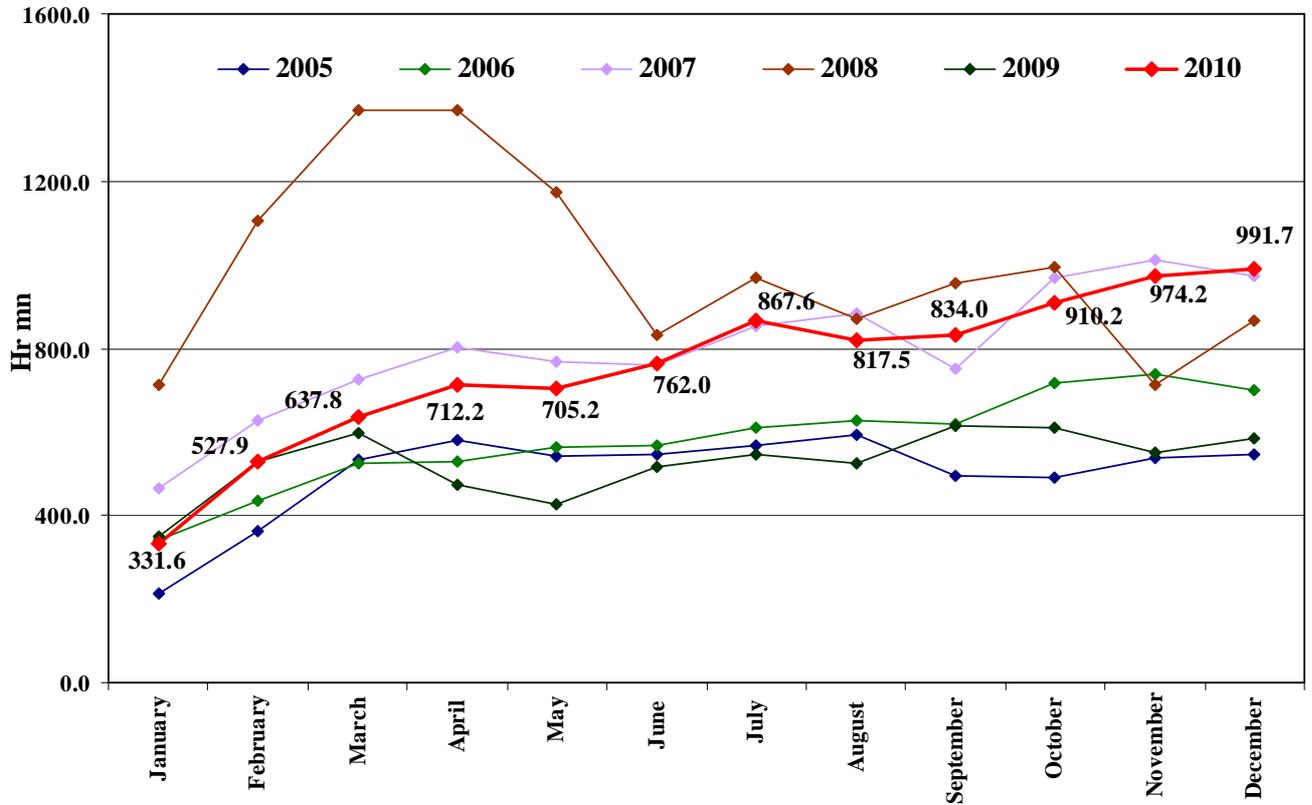


*excluding the amount of VAT reimbursement debt of Hr 16.4bn

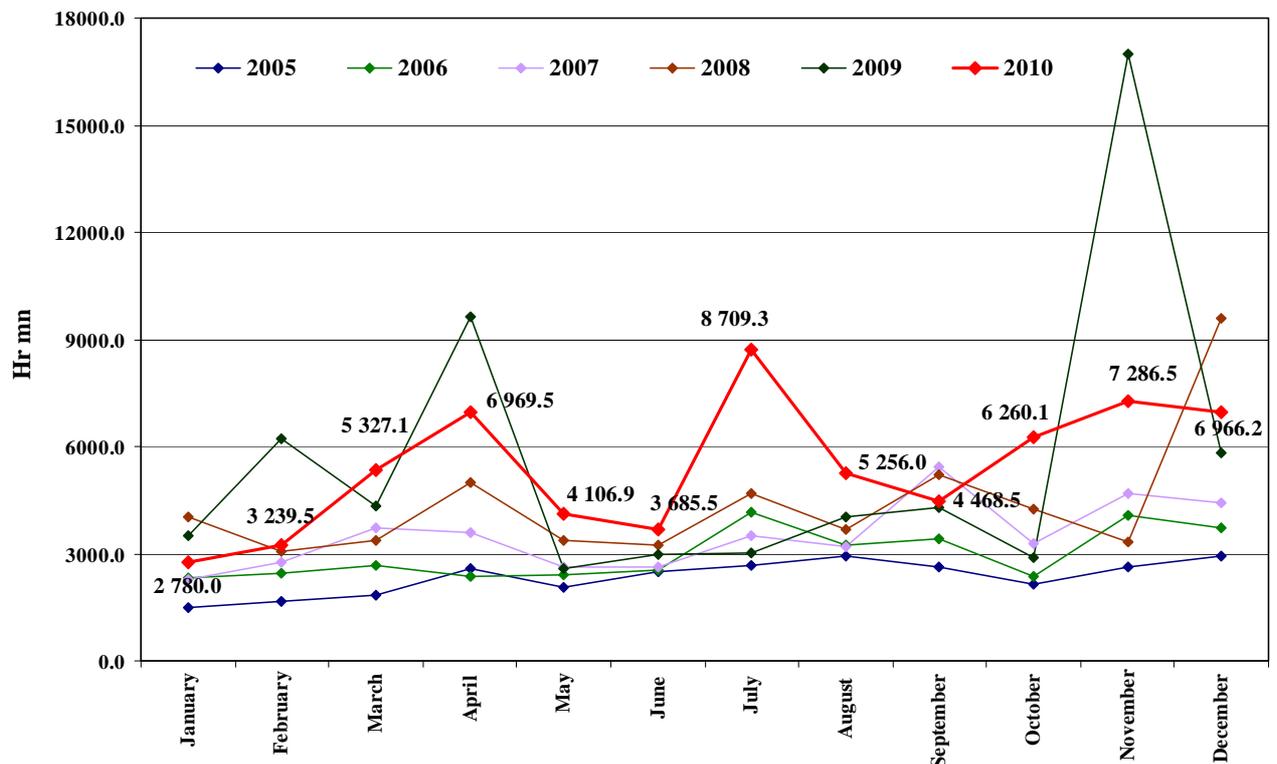
State Budget Excise Tax Monthly Trends in 2005-2010



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 10

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

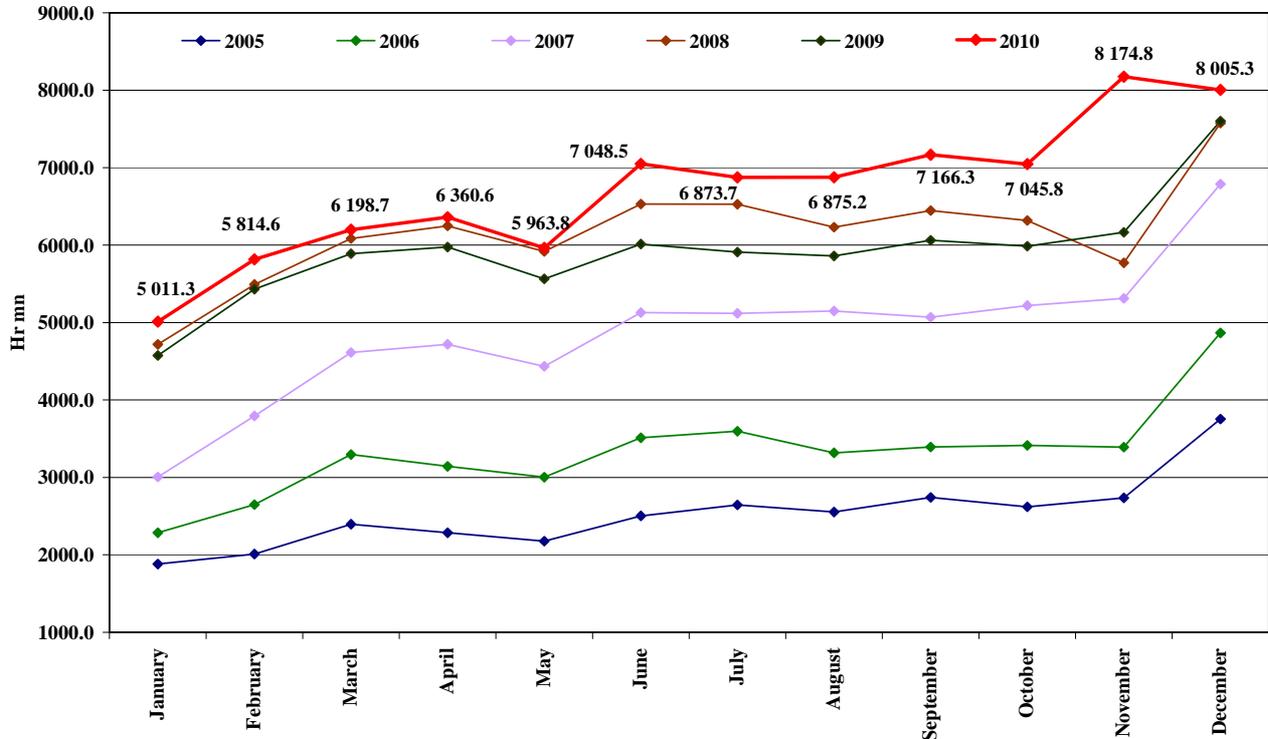
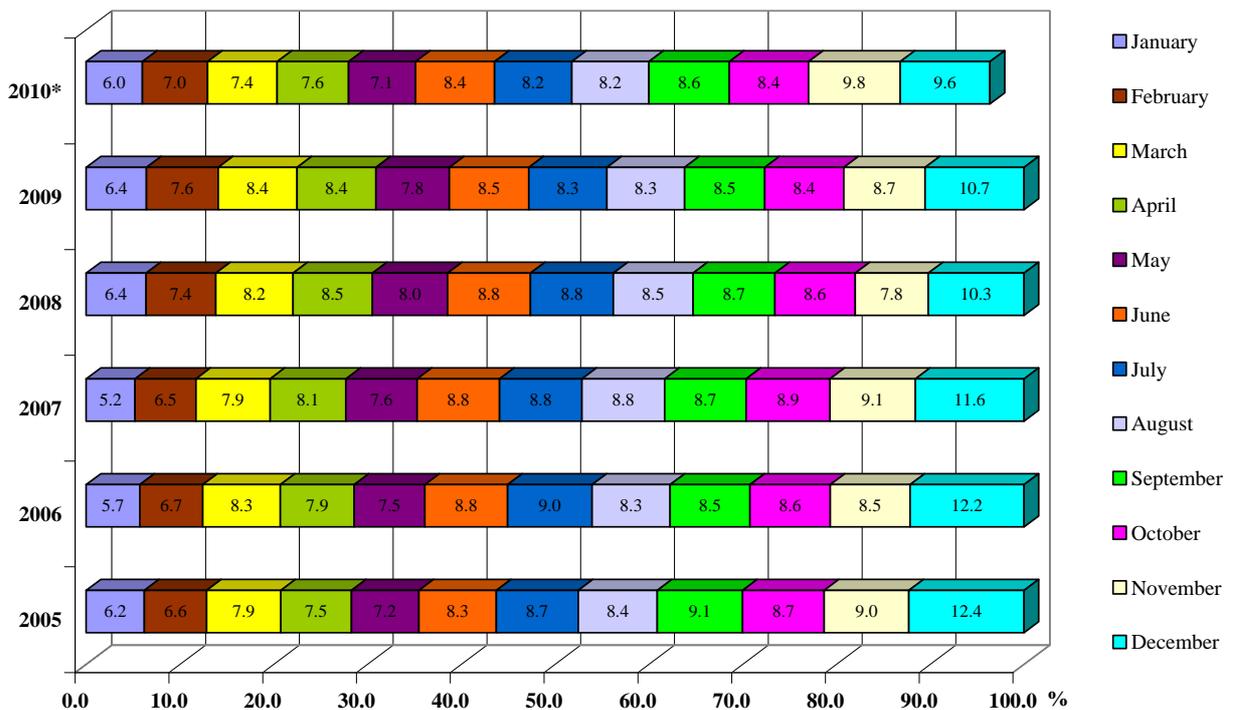


Diagram 4

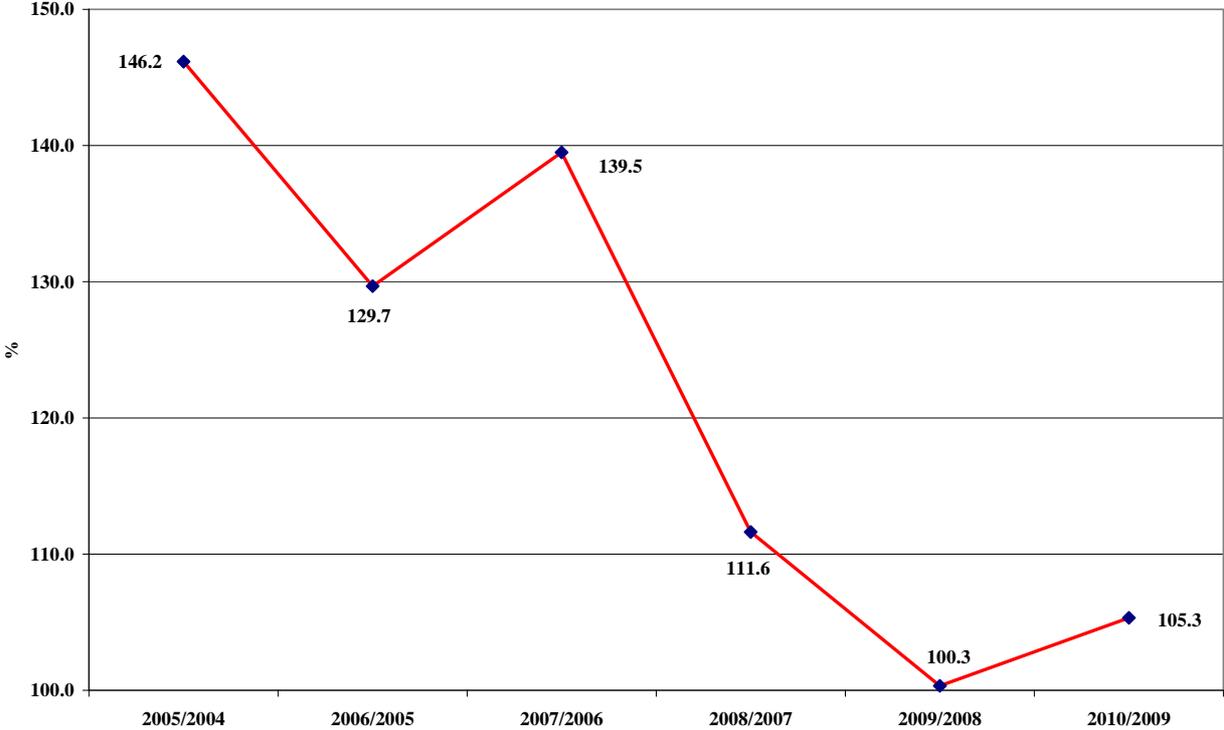
Dynamics of the Share of Local Budget Revenues in Annual Amounts in 2005-2010



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

Graph 11

Growth Rates of Local Budget Revenues in December 2005-2010



Graph 12

Growth Rates of Local Budget Revenues in January-December 2005-2010

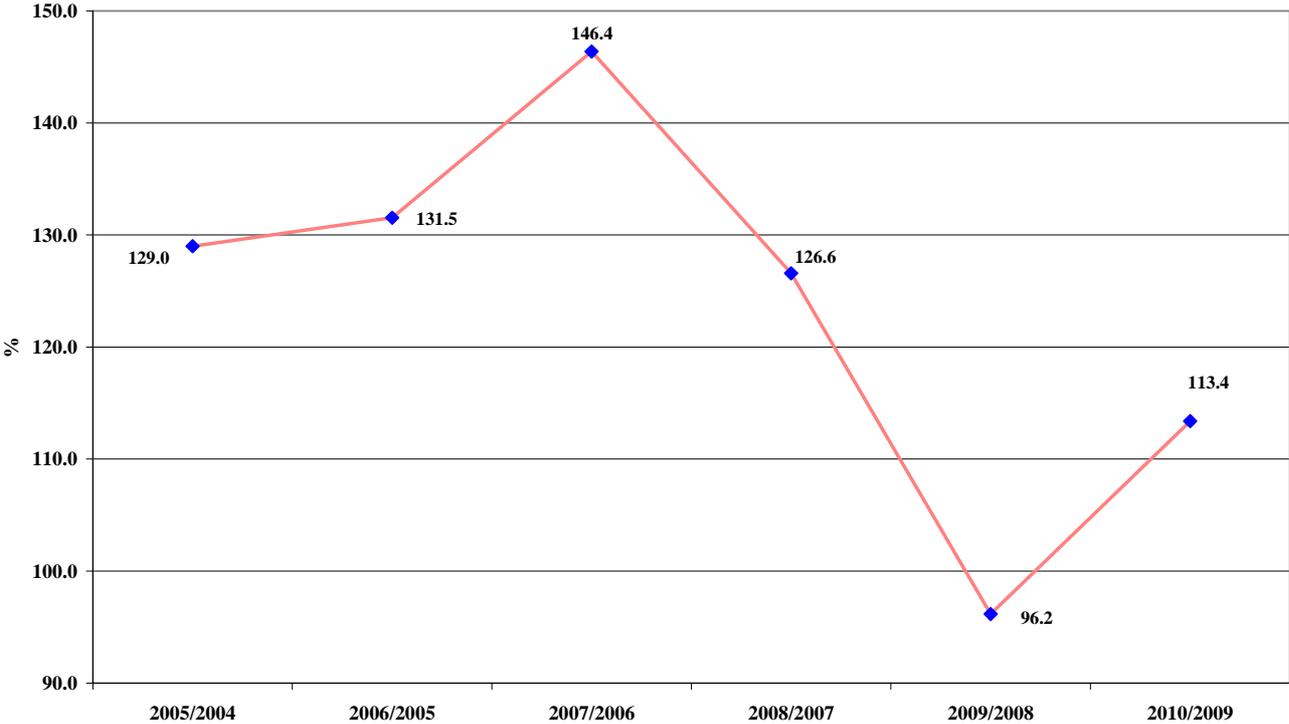


Diagram 5

Structure of Actual Local Budget Revenues in December 2005-2010

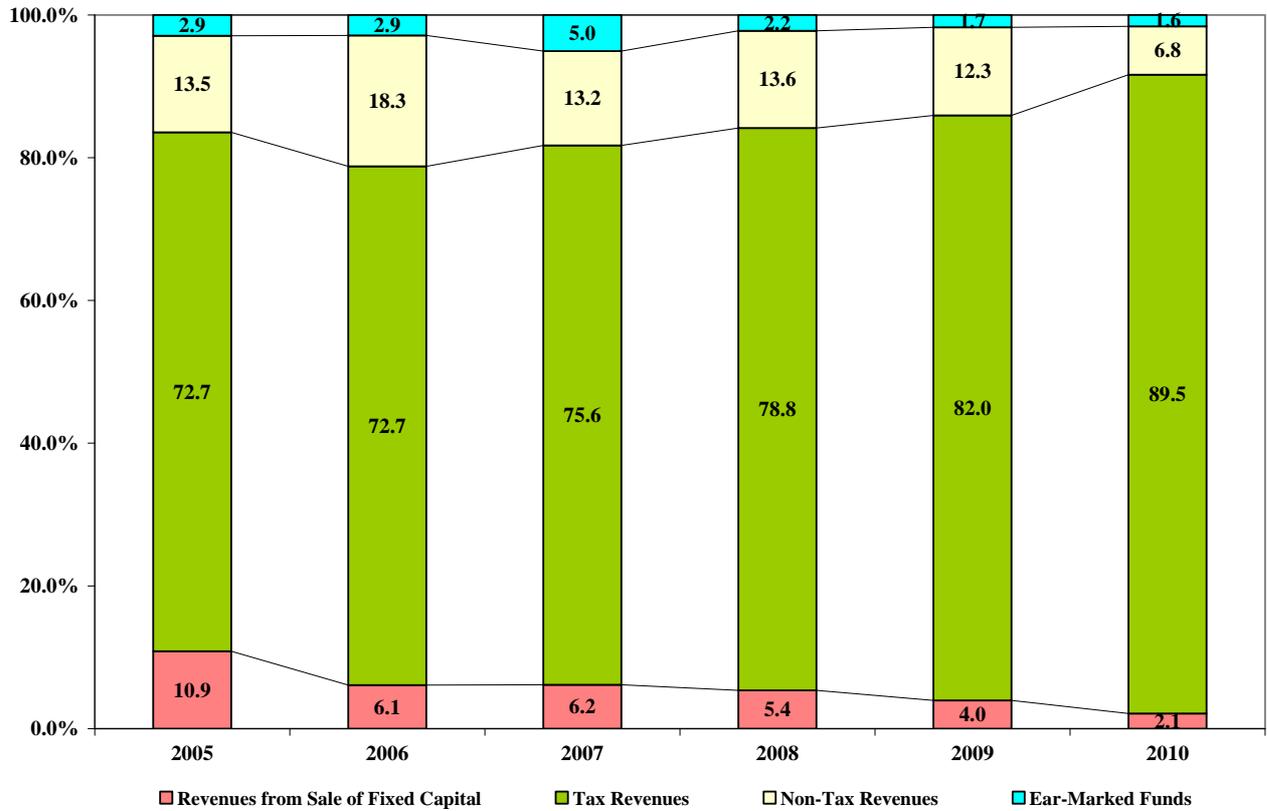
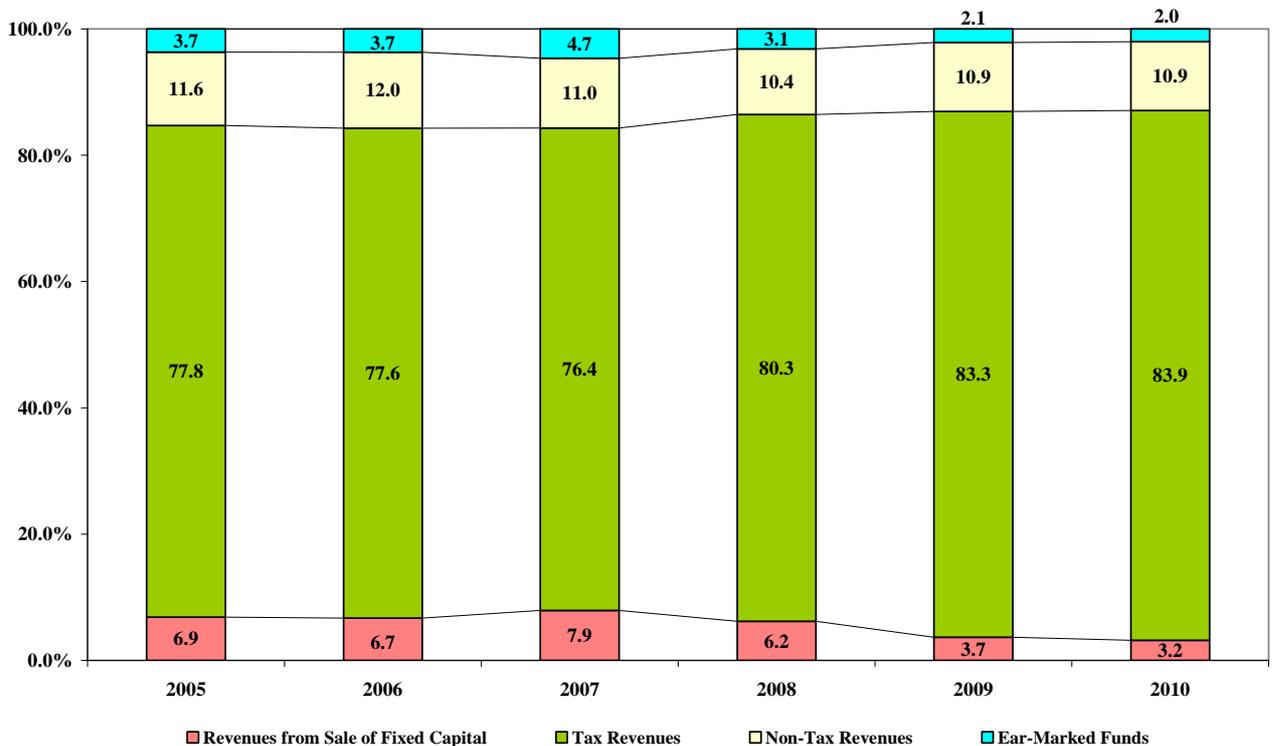


Diagram 6

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



Local Budget Tax Revenues Monthly Trends in 2005-2010

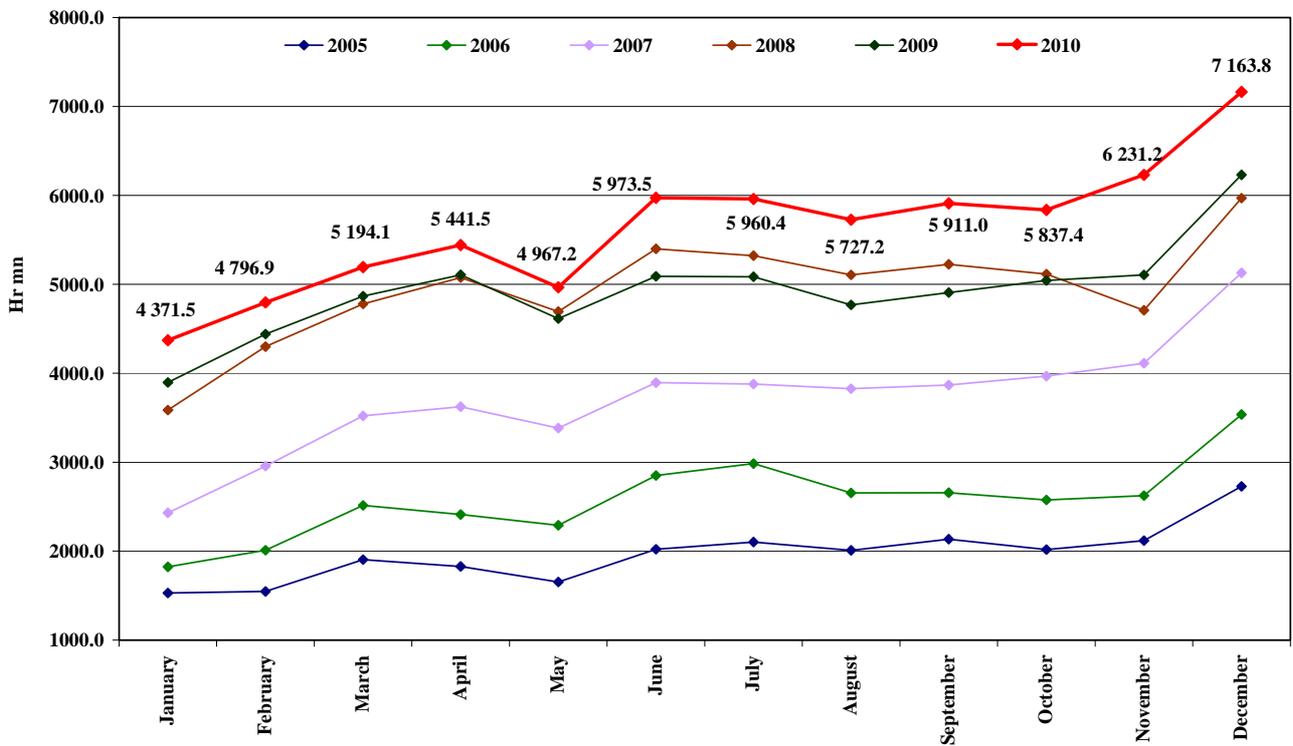
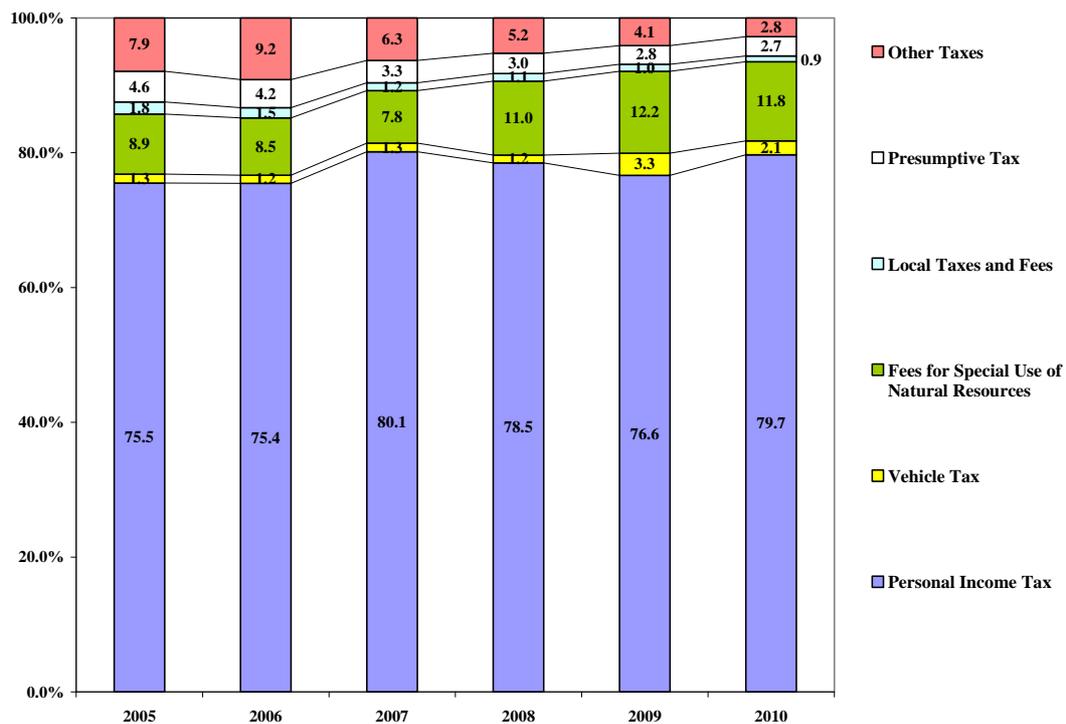
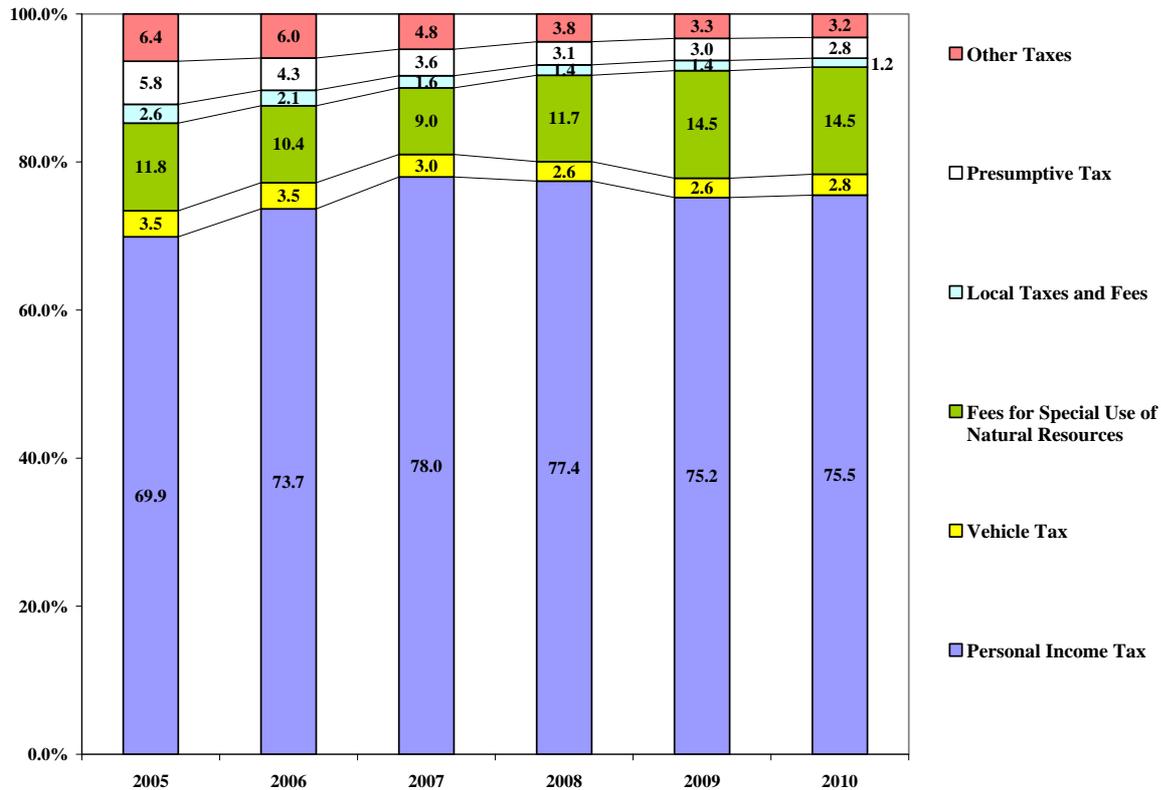


Diagram 7

Structure of Actual Local Budget Tax Revenues in December 2005-2010

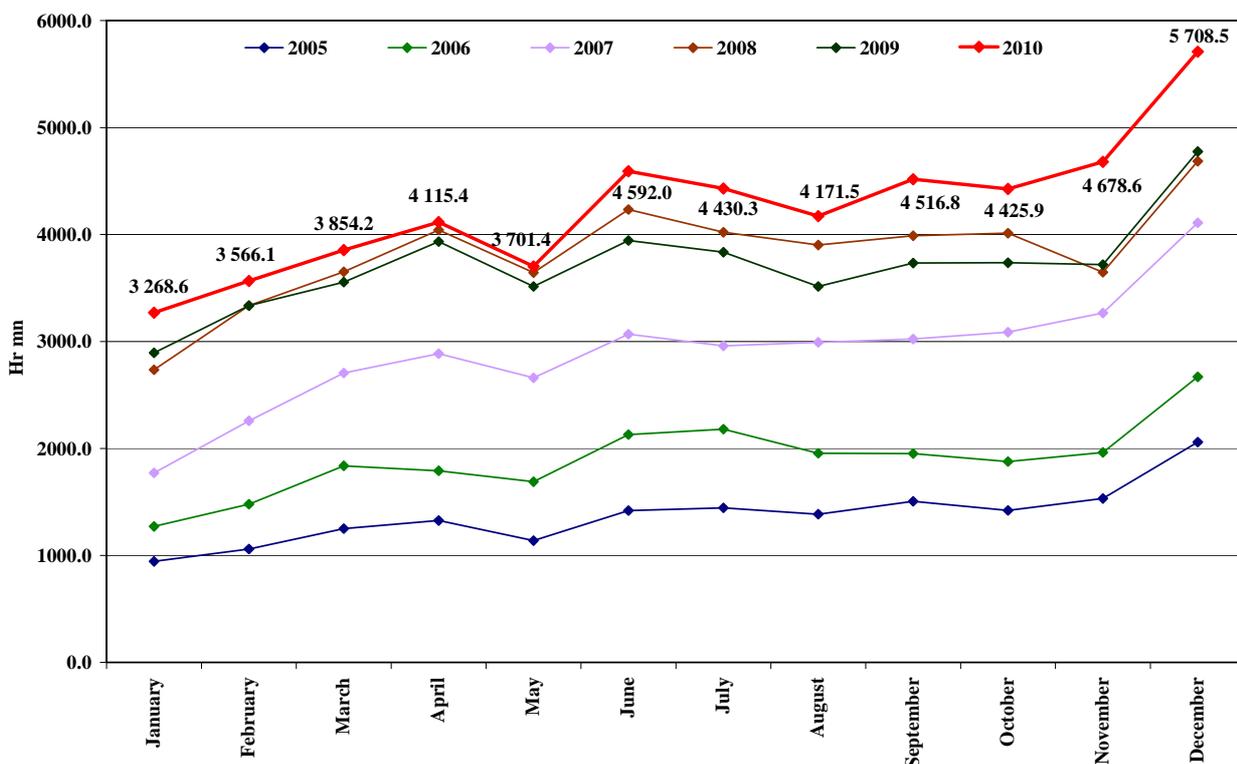


Structure of Actual Local Budget Tax Revenues in January-December 2005-2010



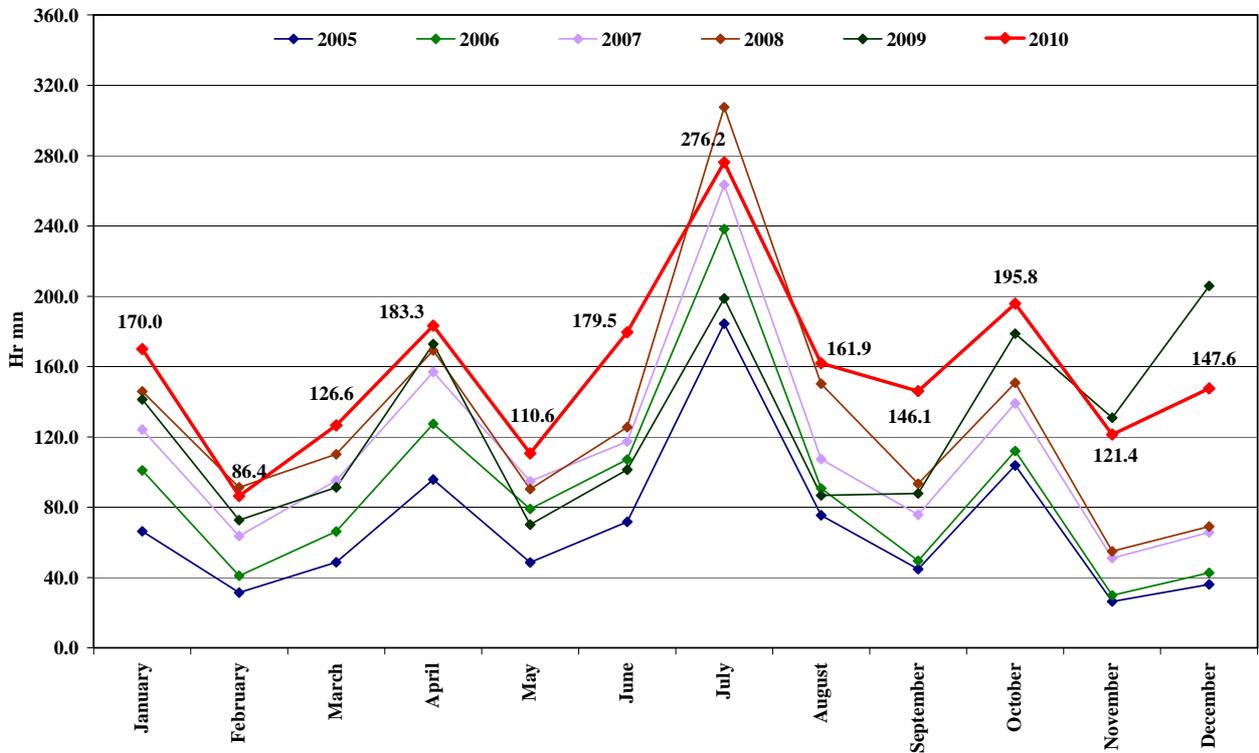
Graph 14

Local Budgets Personal Income Tax Monthly Trends in 2005-2010



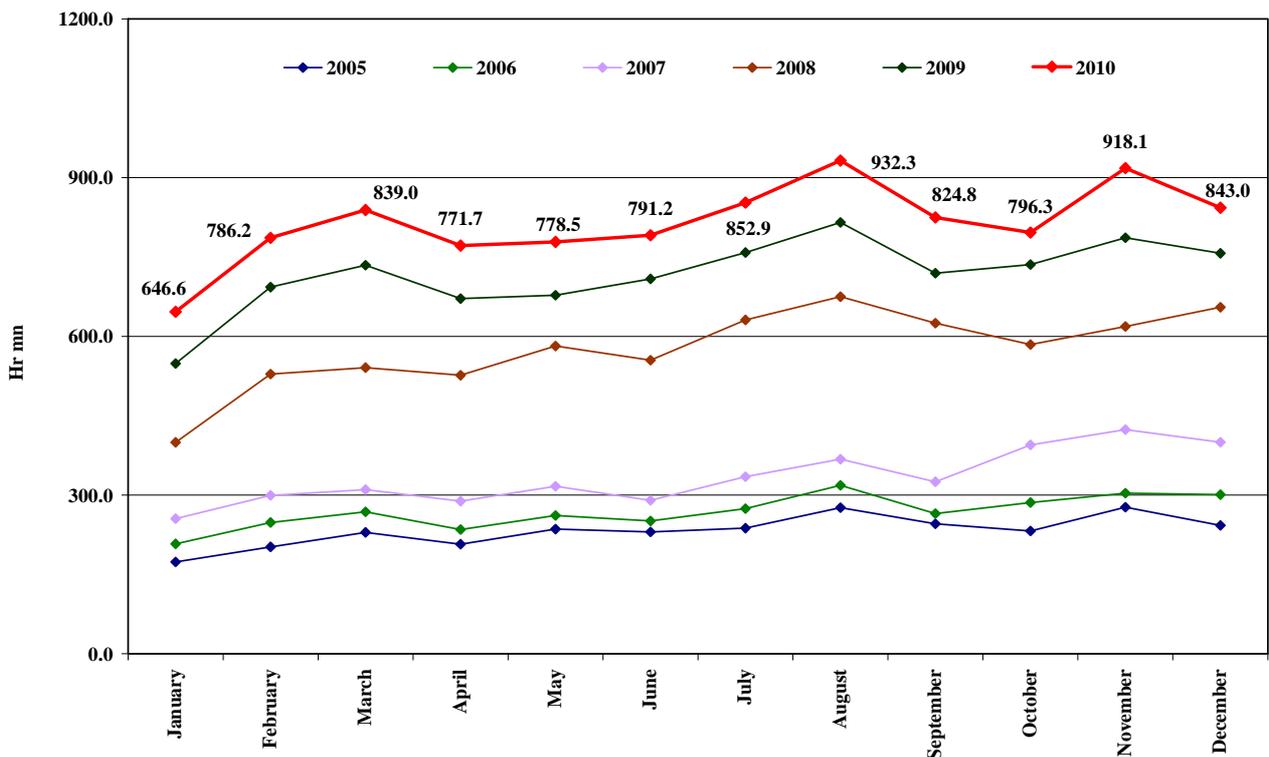
Graph 15

Vehicle Tax Monthly Trends in 2005-2010

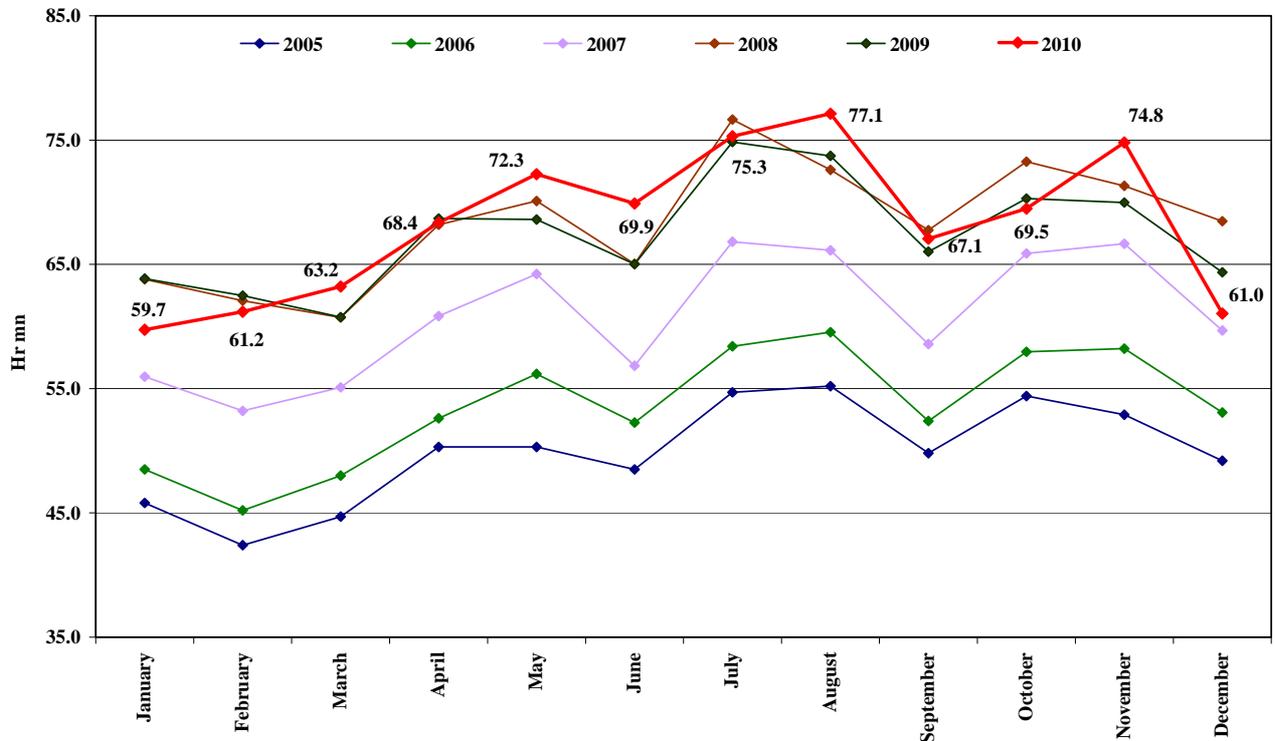


Graph 16

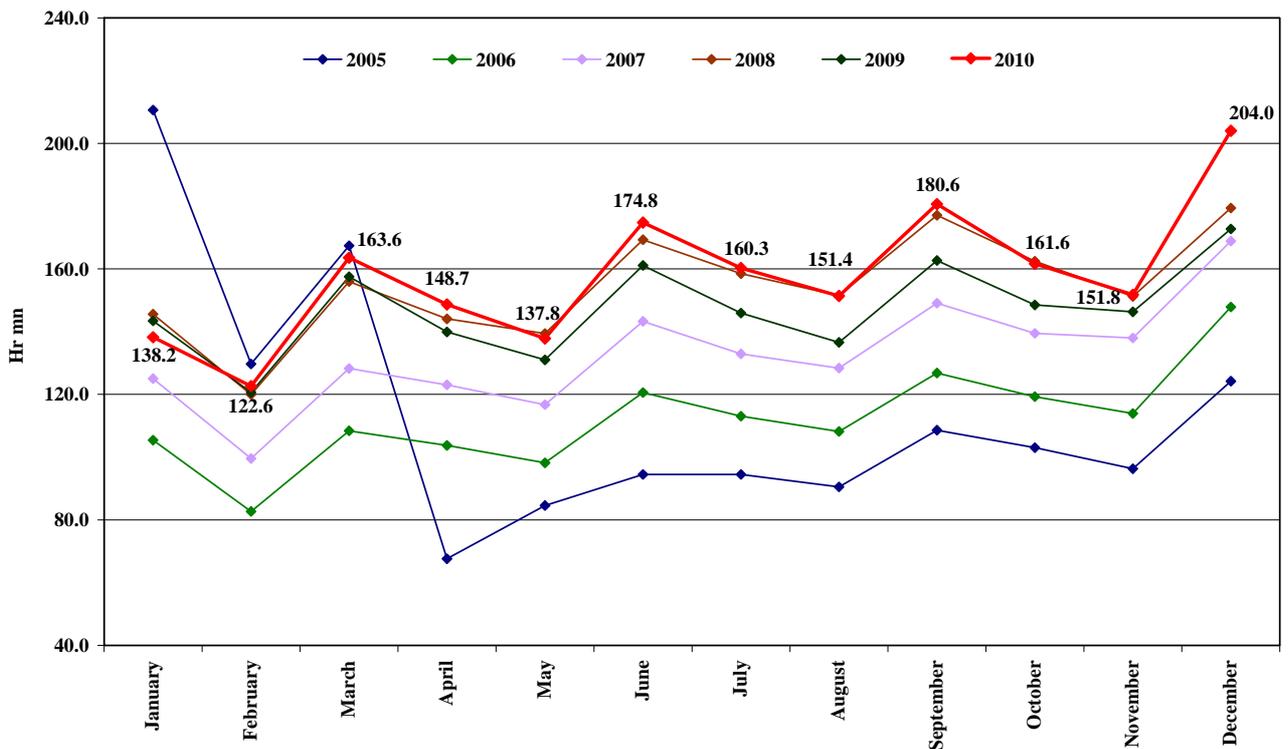
Fees for Special Use of Natural Resources Monthly Trends in 2005-2010



Local Taxes Monthly Trends in 2005-2010

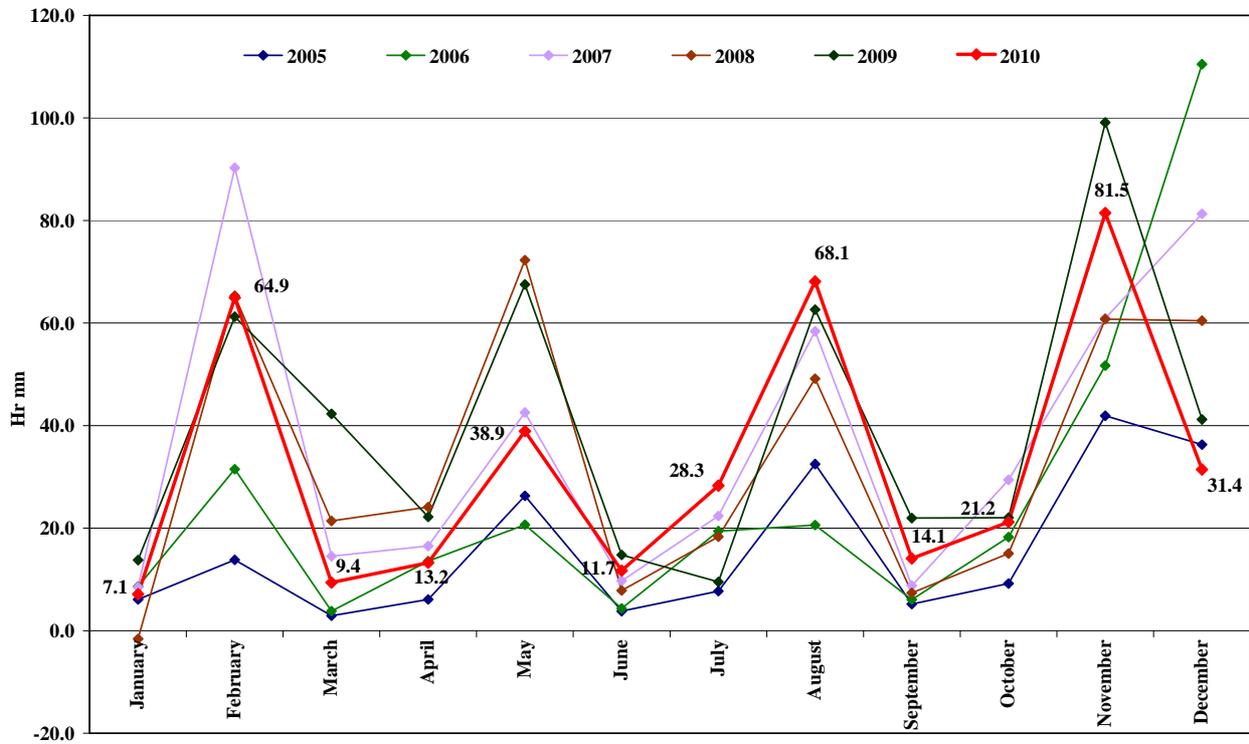


Presumptive Tax Monthly Trends in 2005-2010



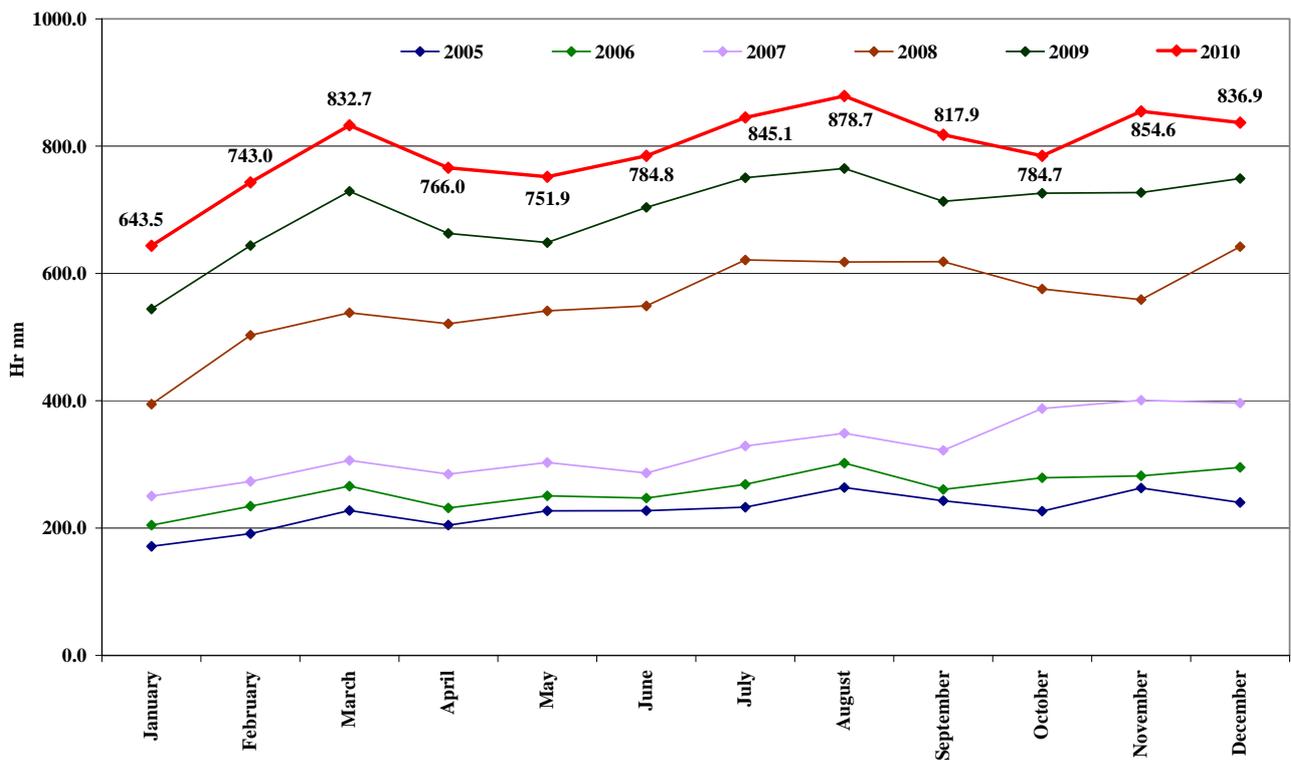
Graph 19

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



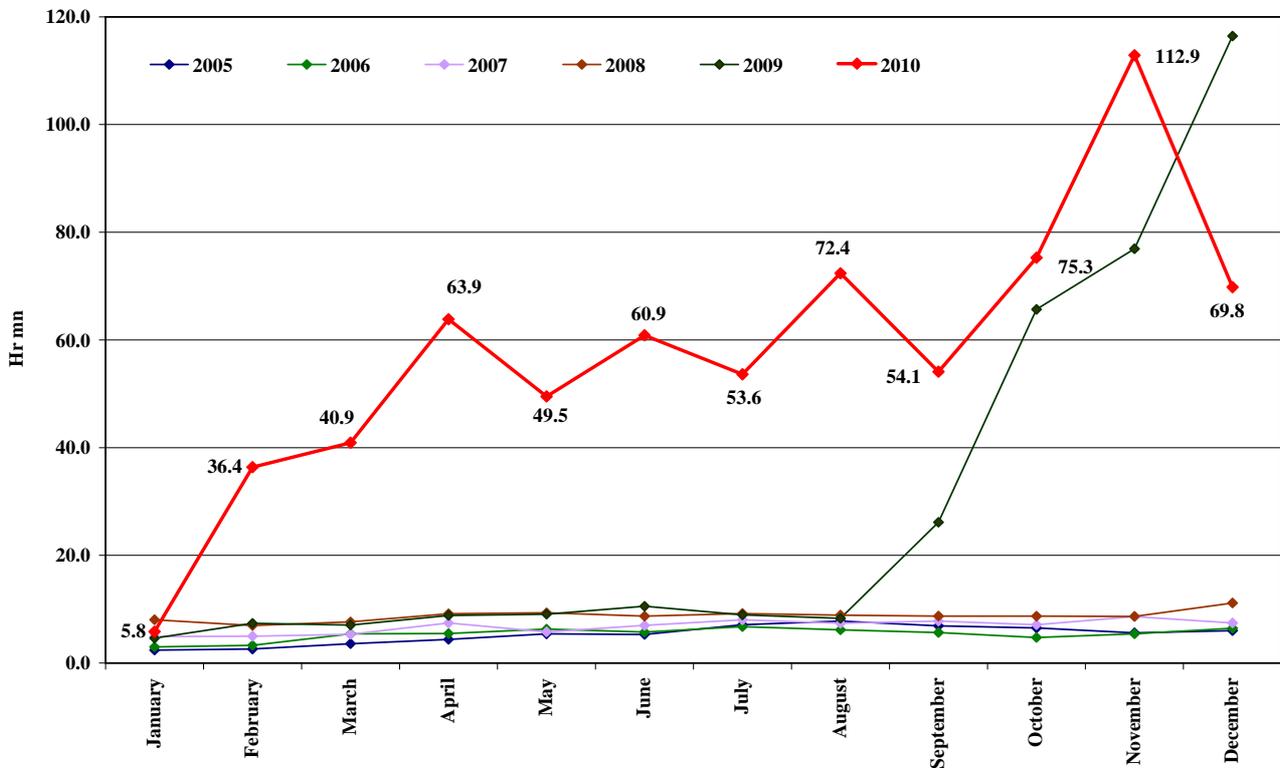
Graph 20

Land Tax Monthly Trends in 2005-2010



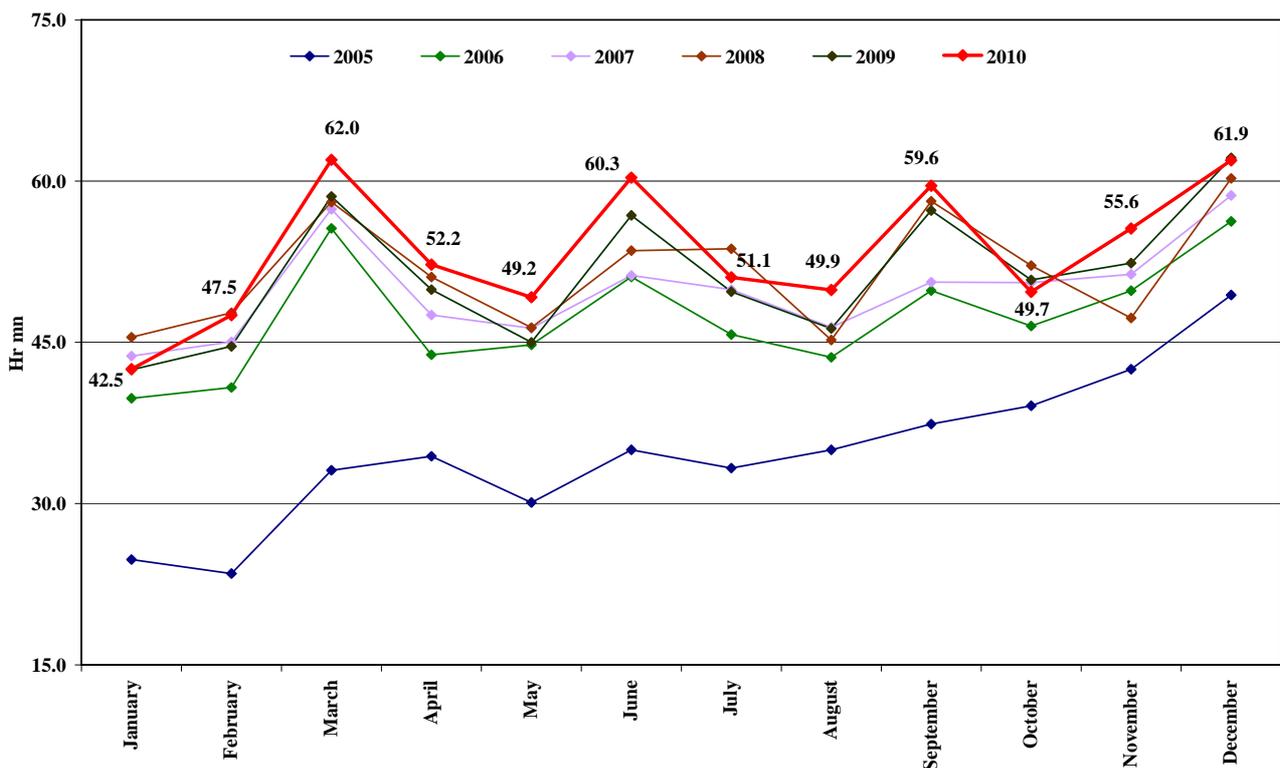
Graph 21

Local Budget Excise Tax Monthly Trends in 2005-2010



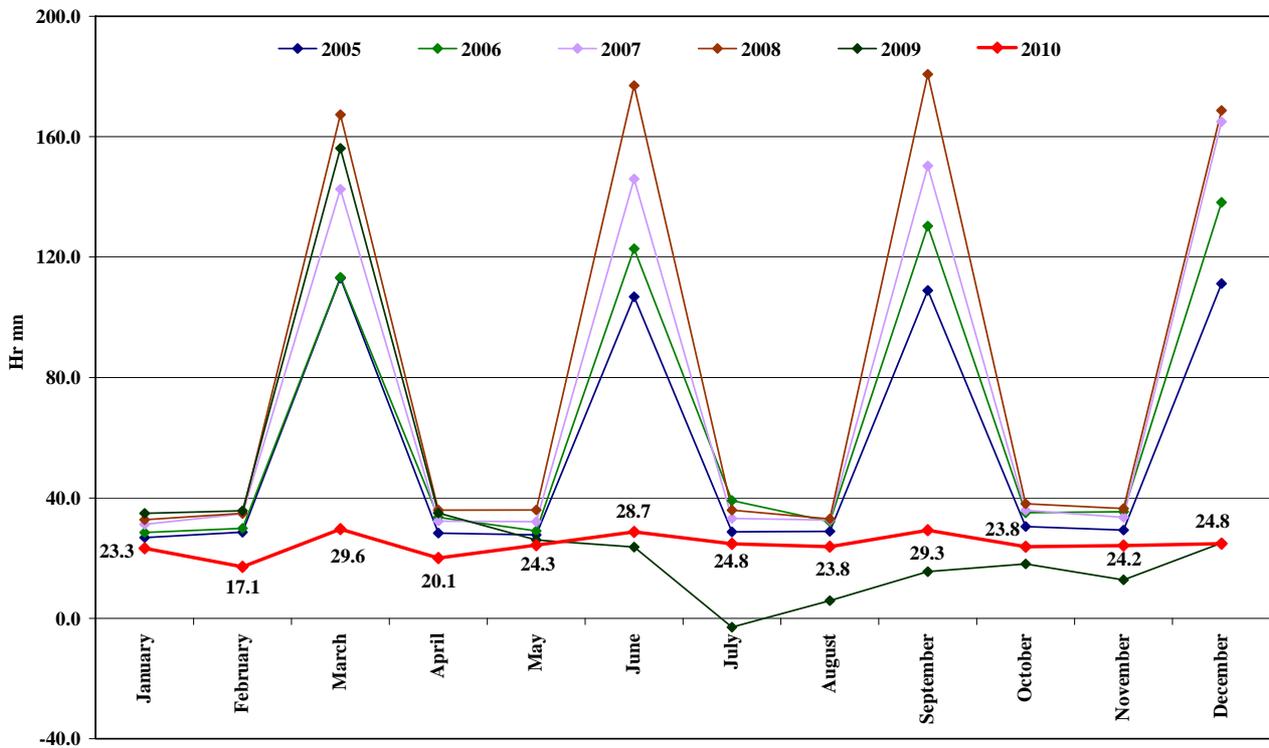
Graph 22

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



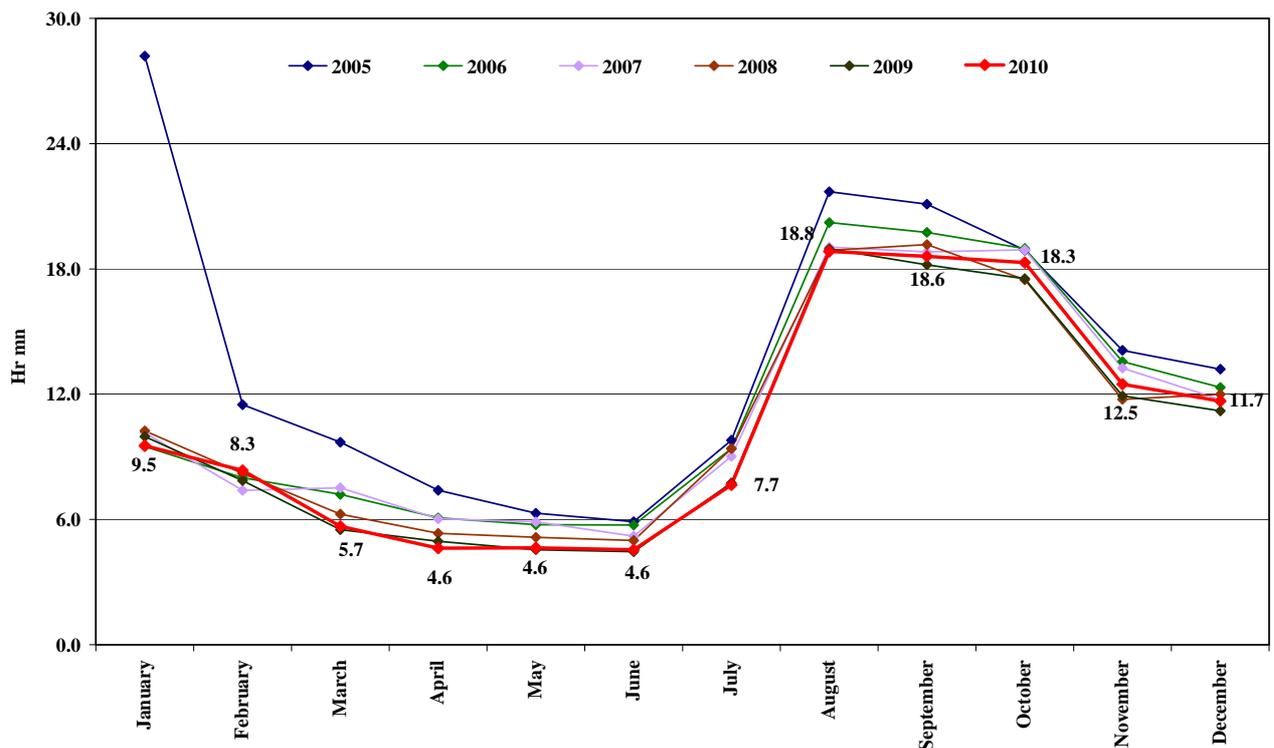
Graph 23

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



Graph 24

Fixed Agricultural Tax Monthly Trends in 2005-2010



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

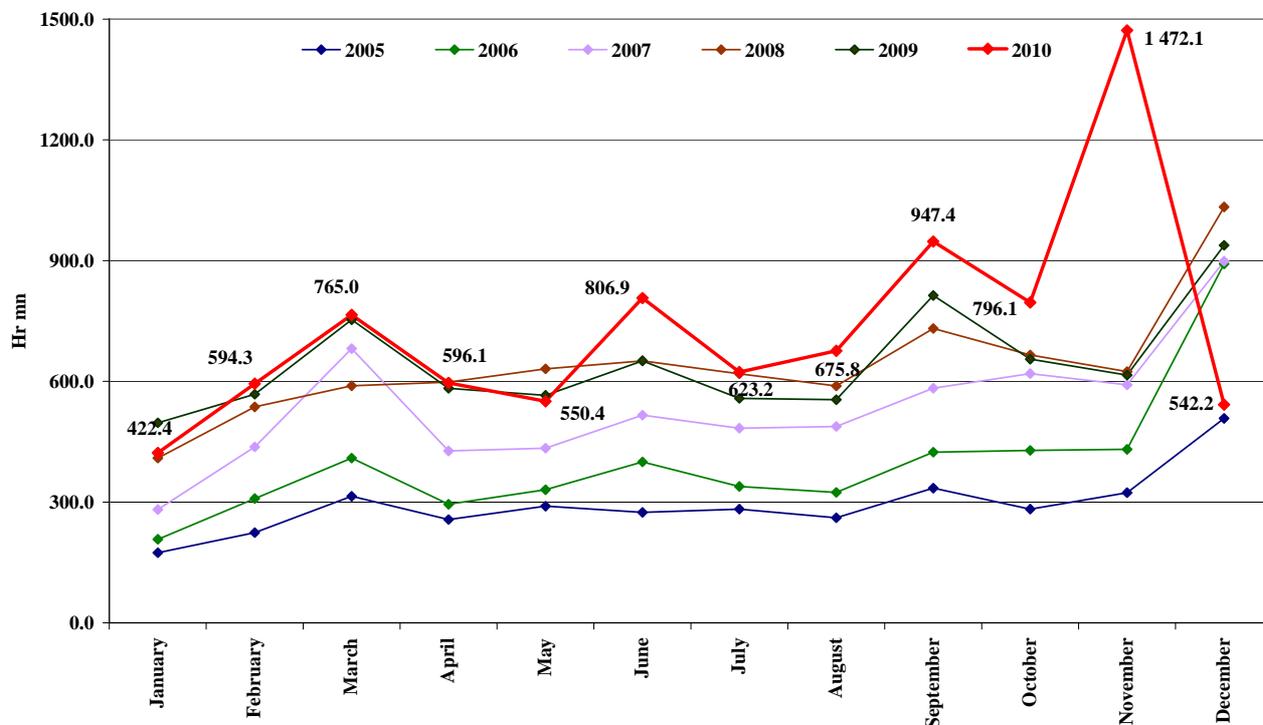
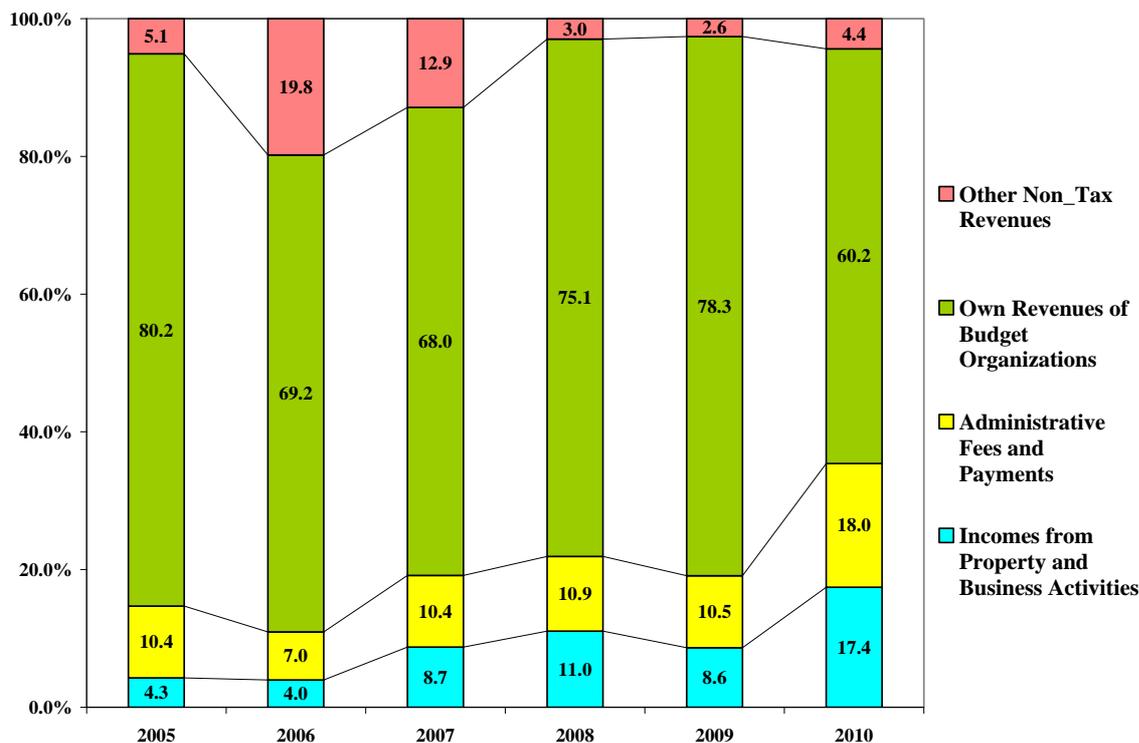
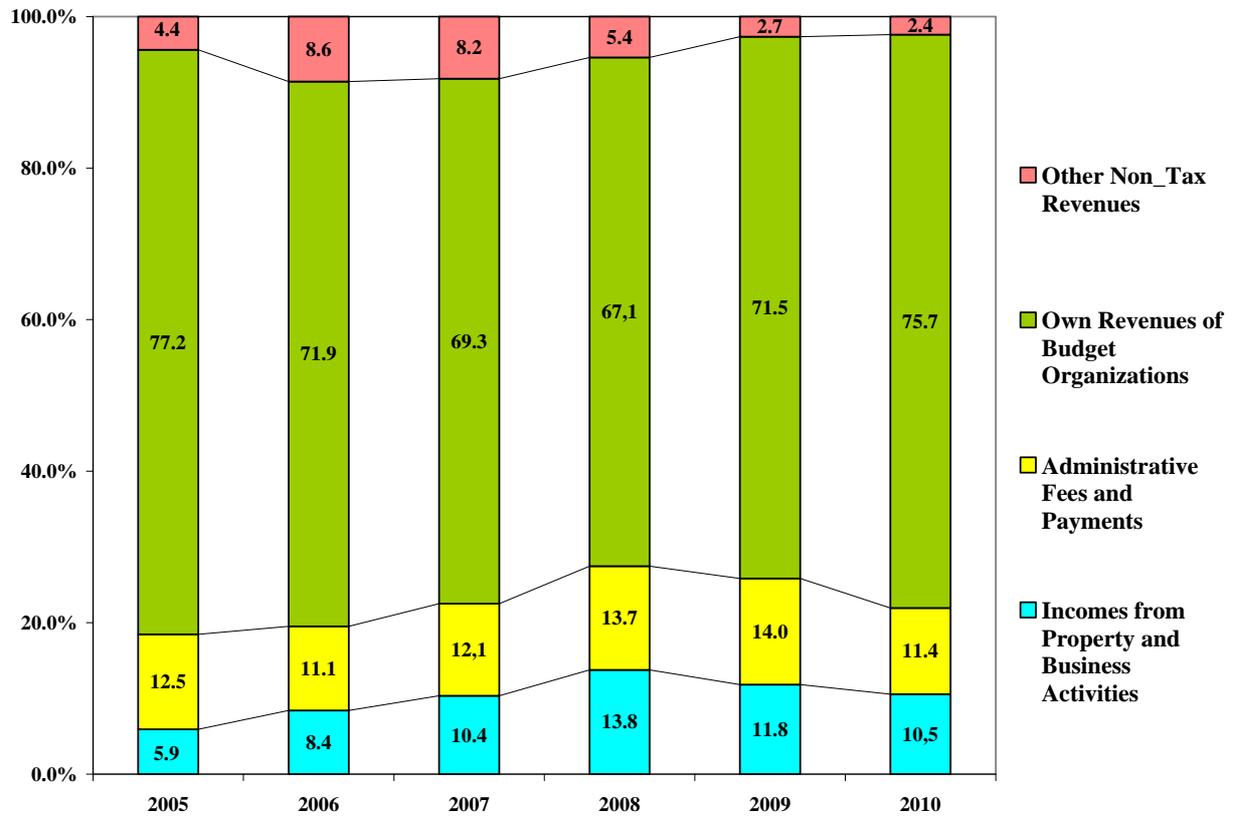


Diagram 9

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

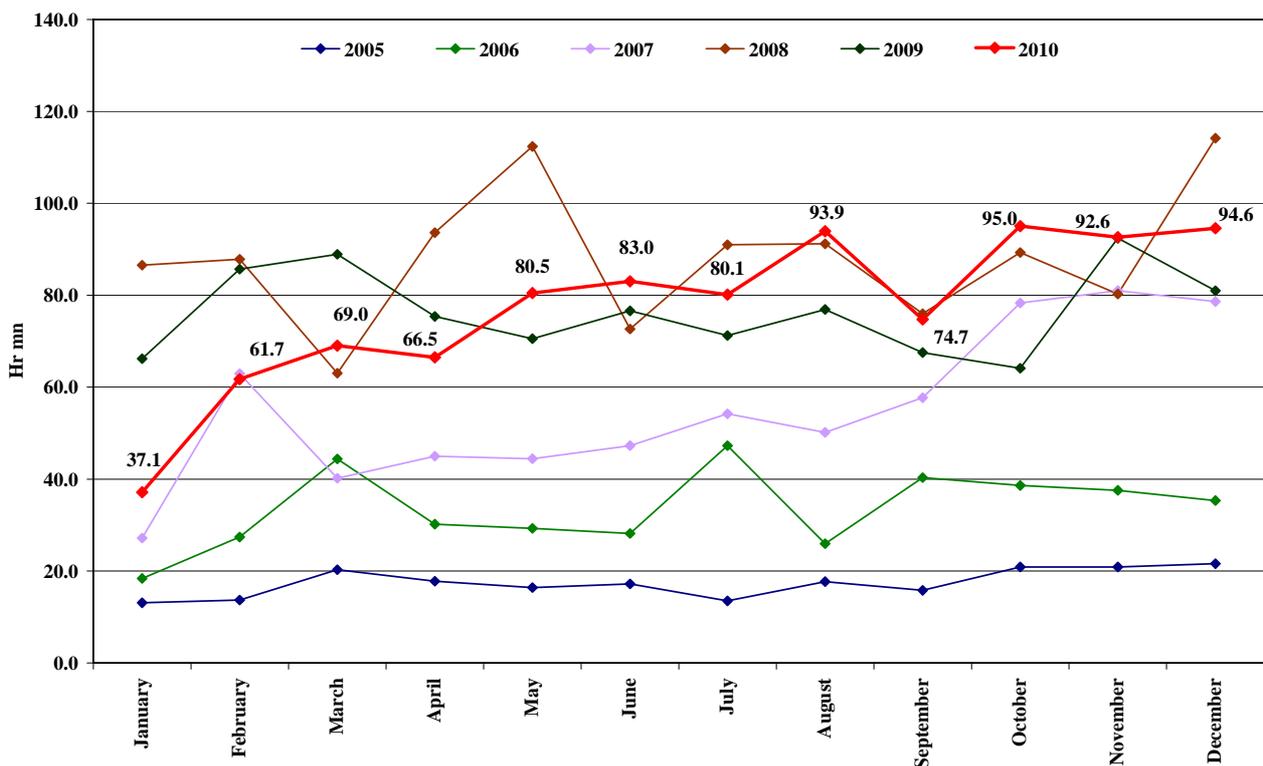


Structure of Local Budget Actual Non-tax Revenues in January-December 2005-2010



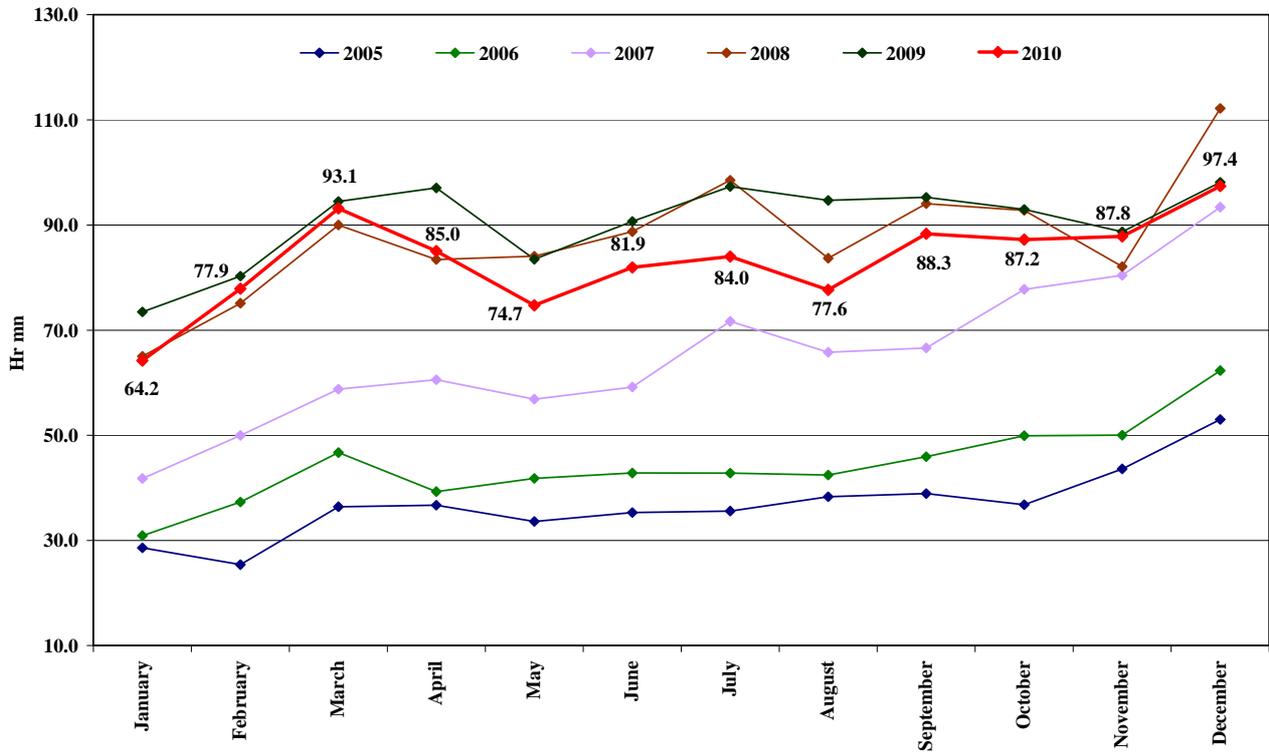
Graph 26

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



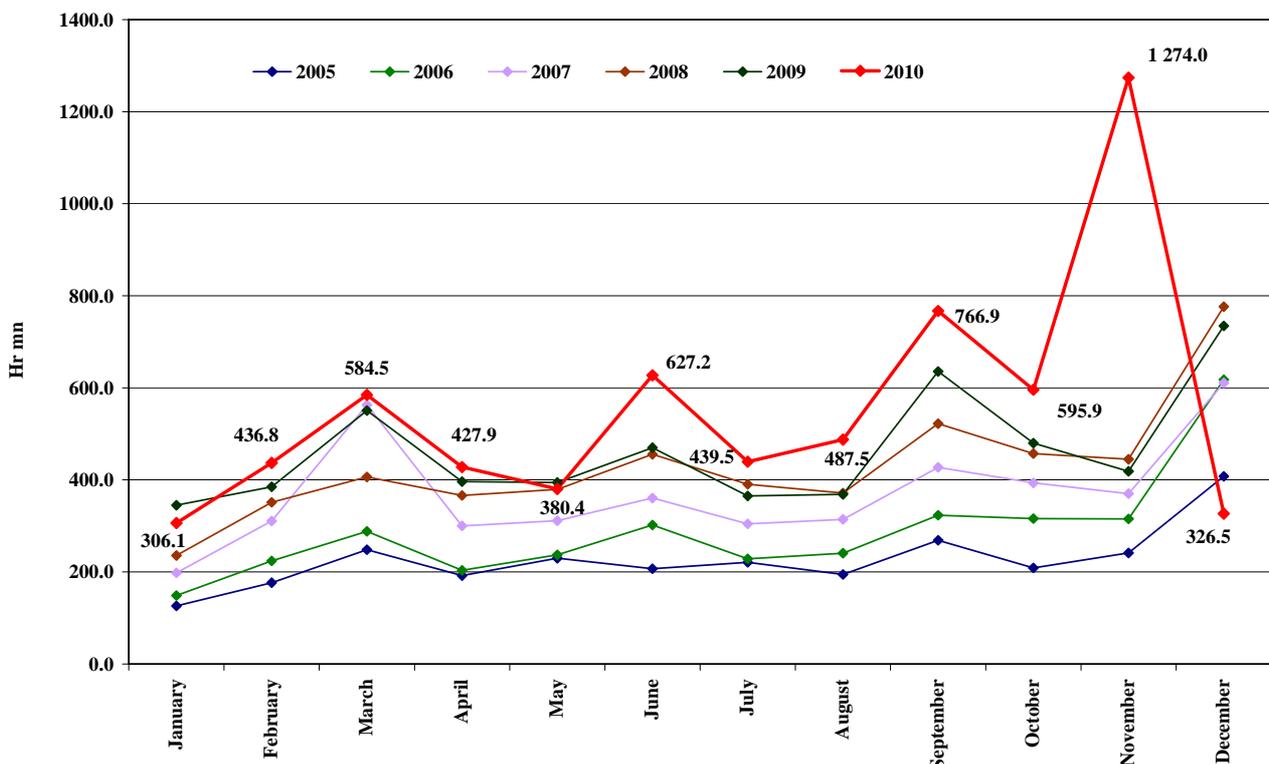
Graph 27

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



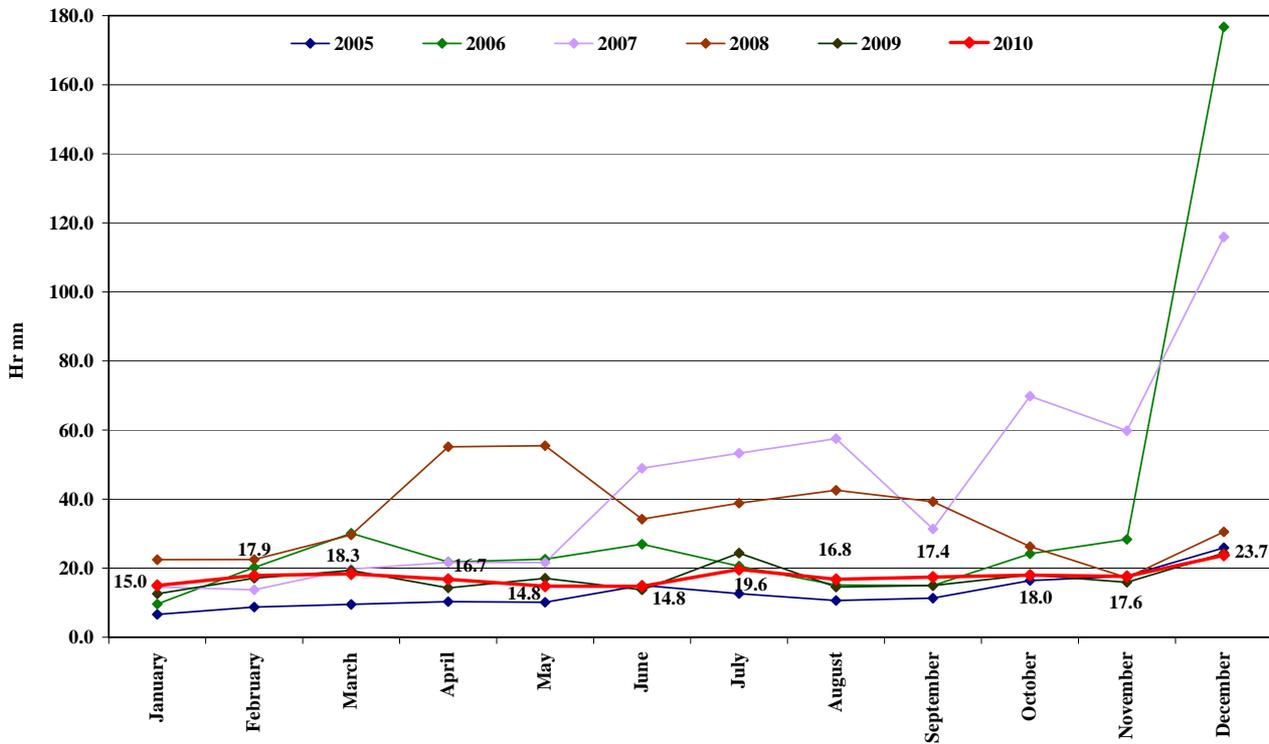
Graph 28

Budgetary Institutions Own Revenues Monthly Trends in 2005-2010



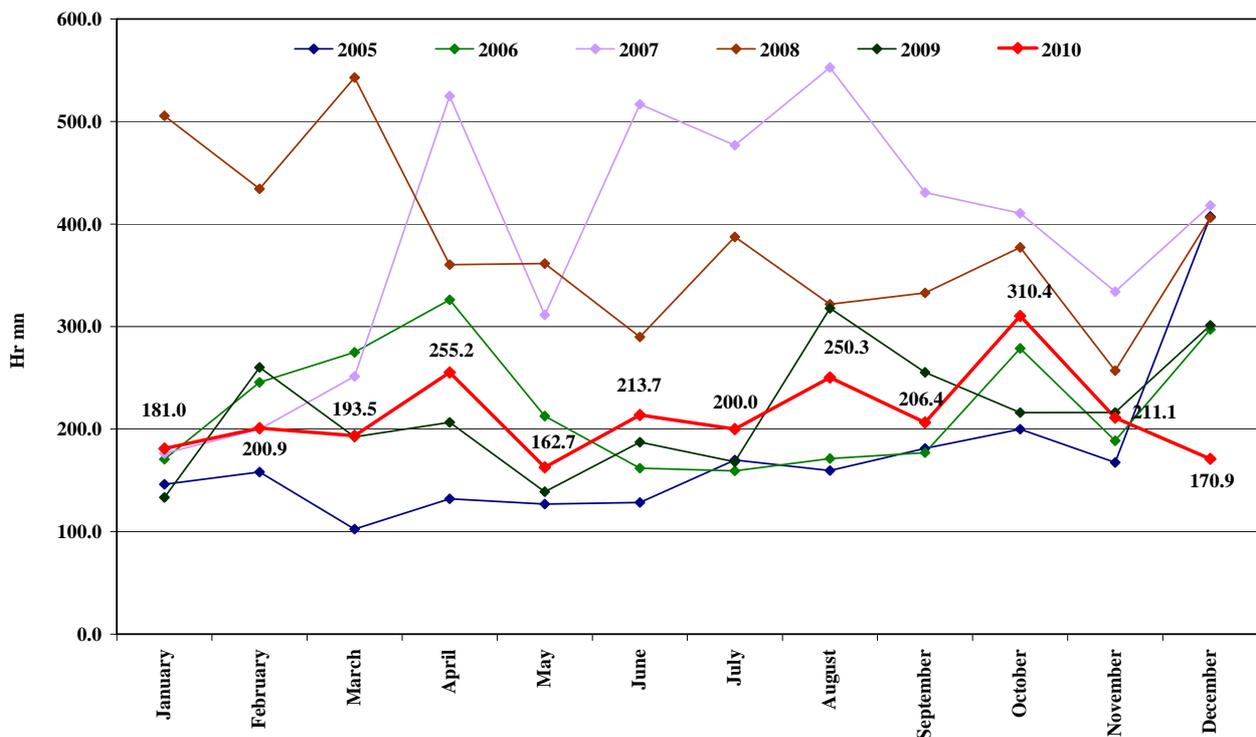
Graph 29

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



Graph 30

Revenues from Capital Transactions Monthly Trends in 2005-2010



State Budget Deficit

Diagram 11

Budget Deficit/Surplus Monthly Trends in 2005

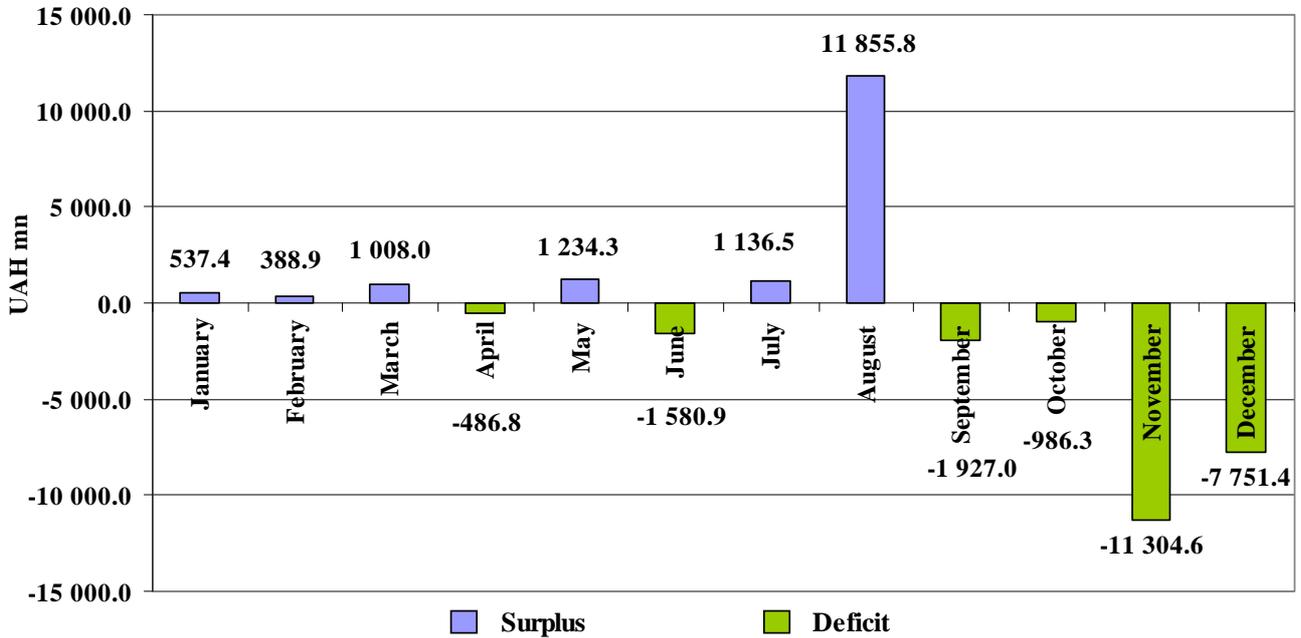


Diagram 12

Budget Deficit/Surplus Monthly Trends in 2006

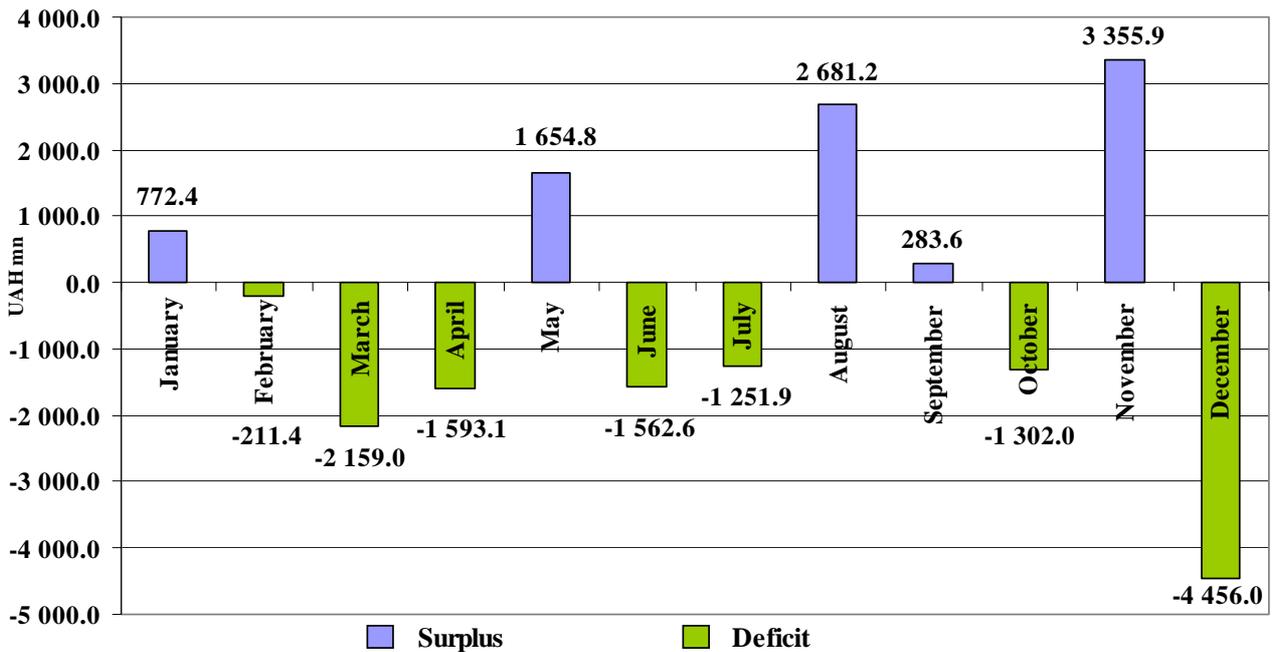


Diagram 13

Budget Deficit/Surplus Monthly Trends in 2007

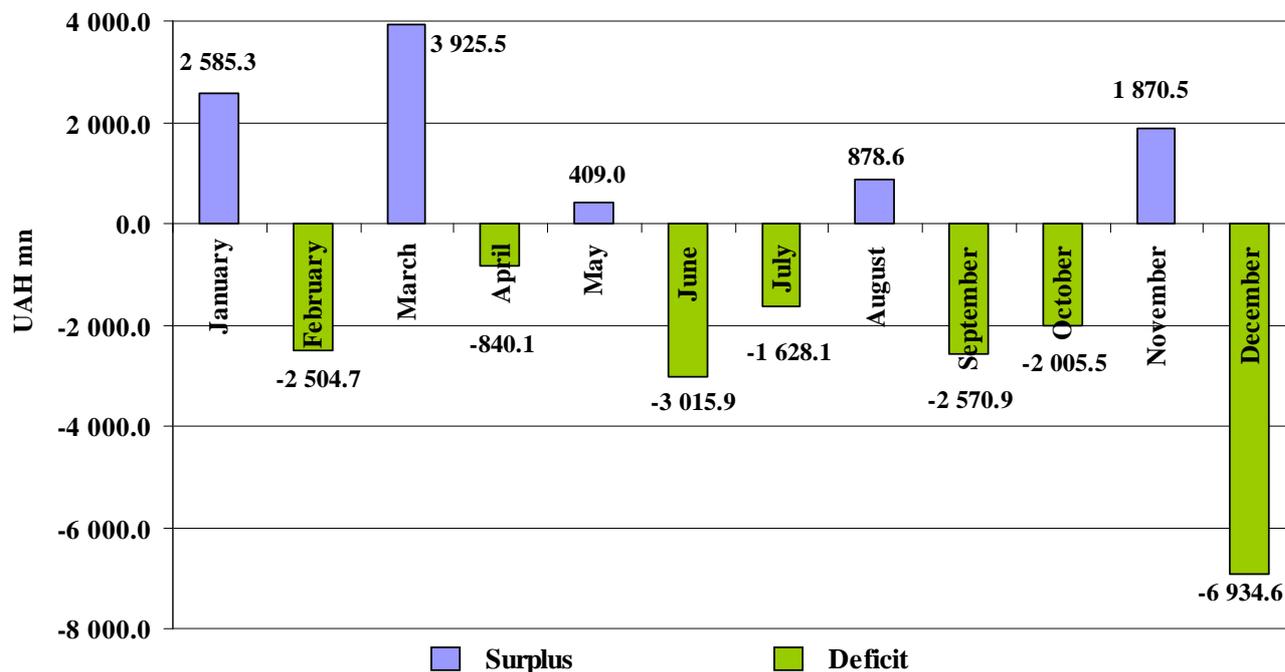


Diagram 14

Budget Deficit/Surplus Monthly Trends in 2008

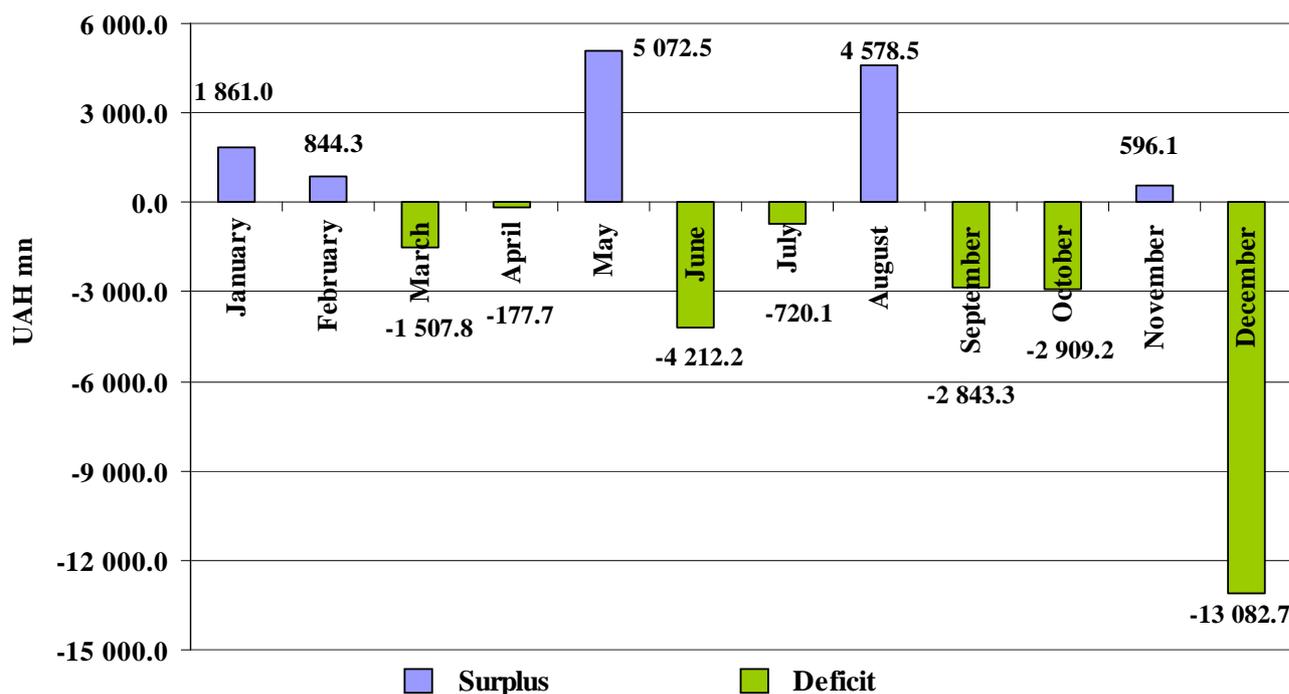


Diagram 15

Budget Deficit/Surplus Monthly Trends in 2009

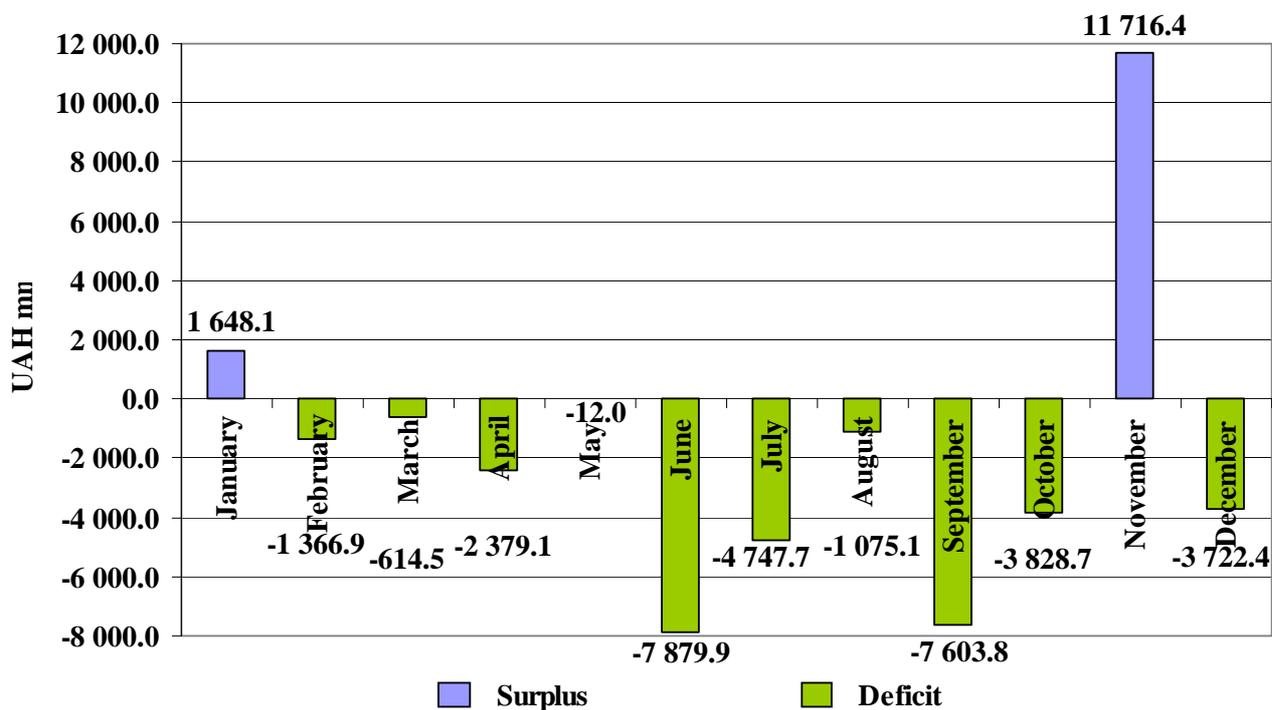
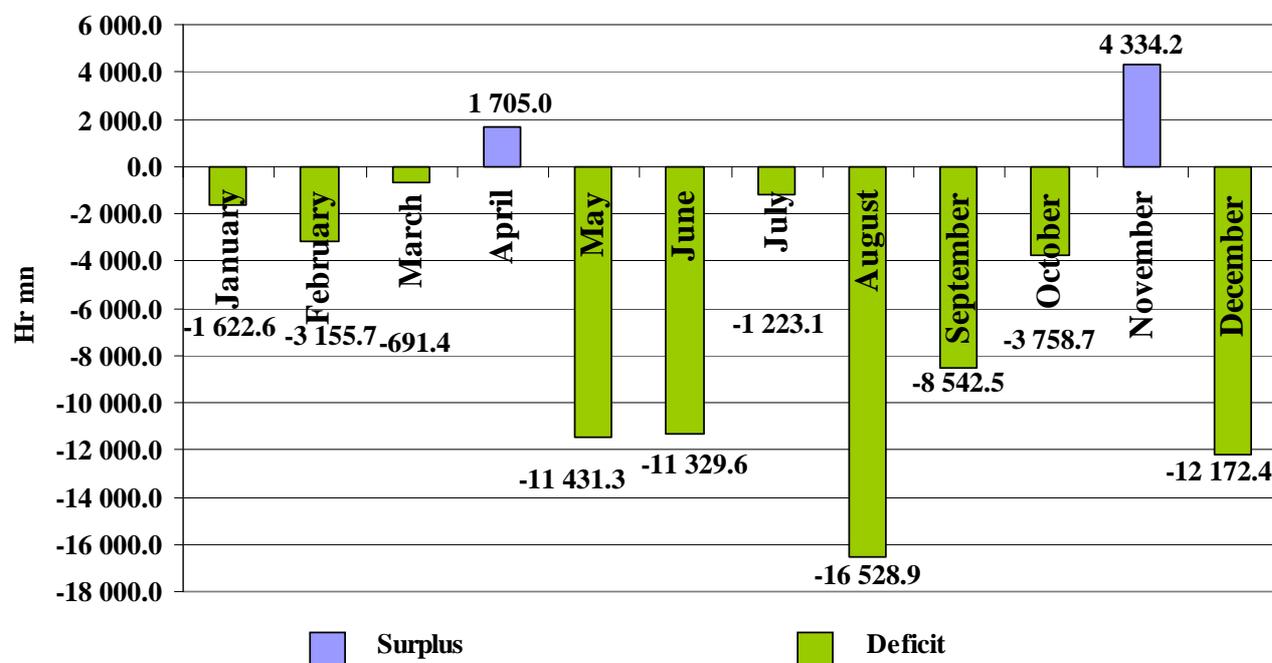


Diagram 16

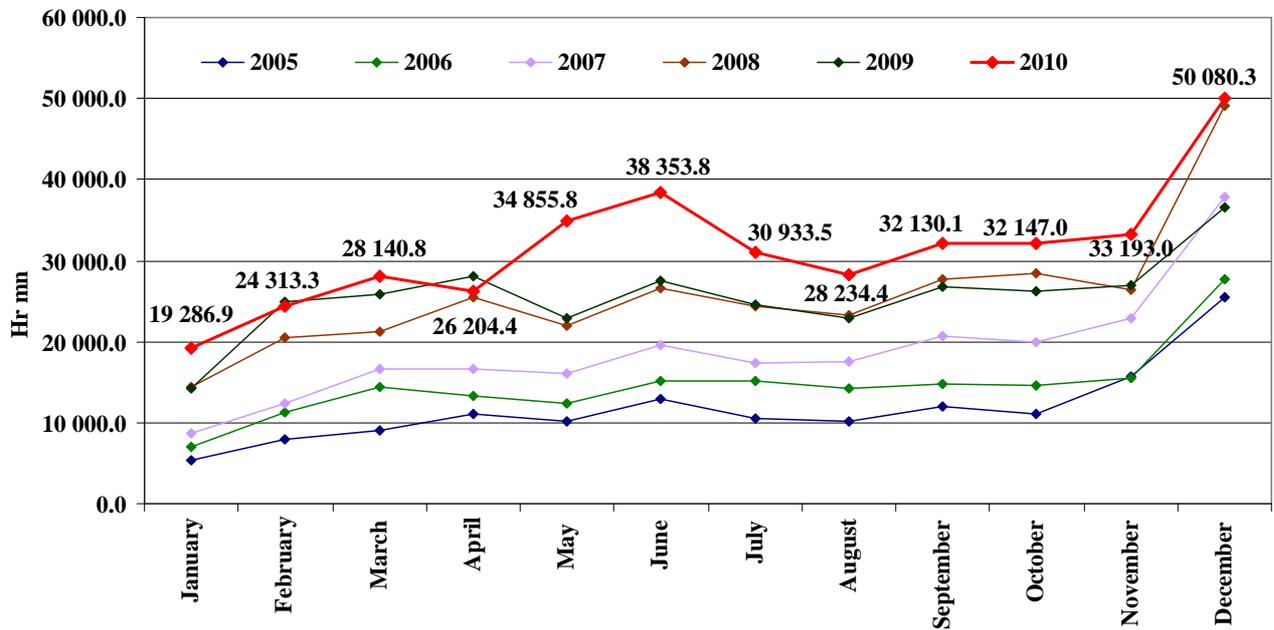
Budget Deficit/Surplus Monthly Trends in 2010



Consolidated Budget Expenditures

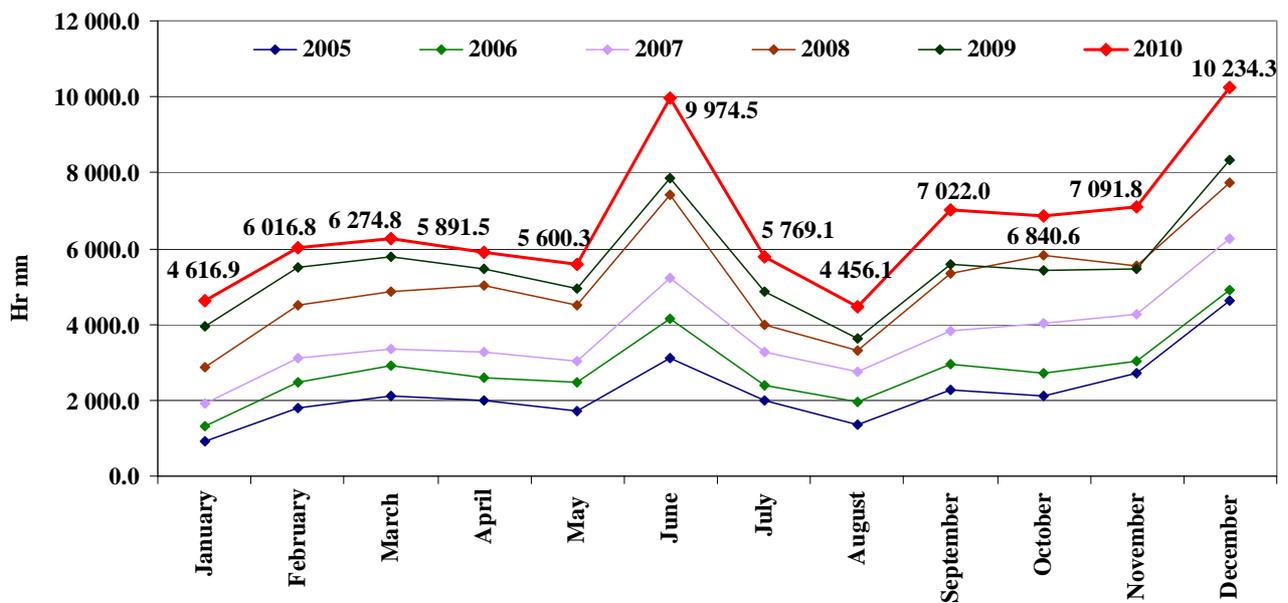
Graph 31

Consolidated Budget Expenditures Monthly Trends in 2005-2010



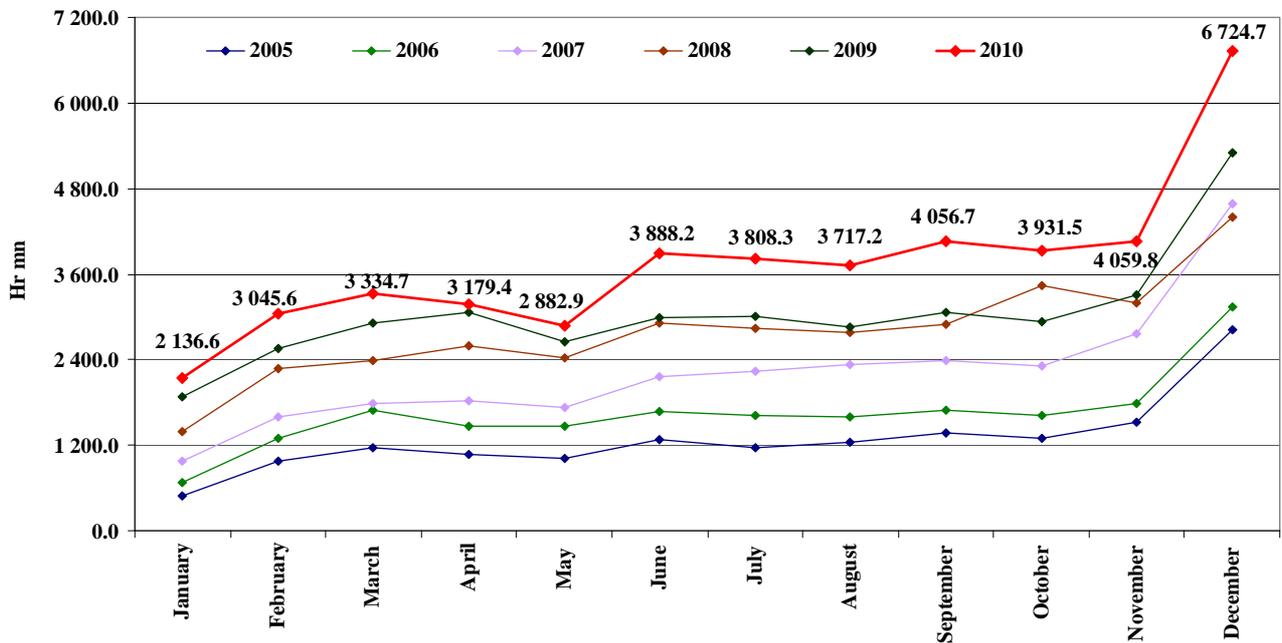
Graph 32

Consolidated Budget Education Expenditures Monthly Trends in 2005-2010



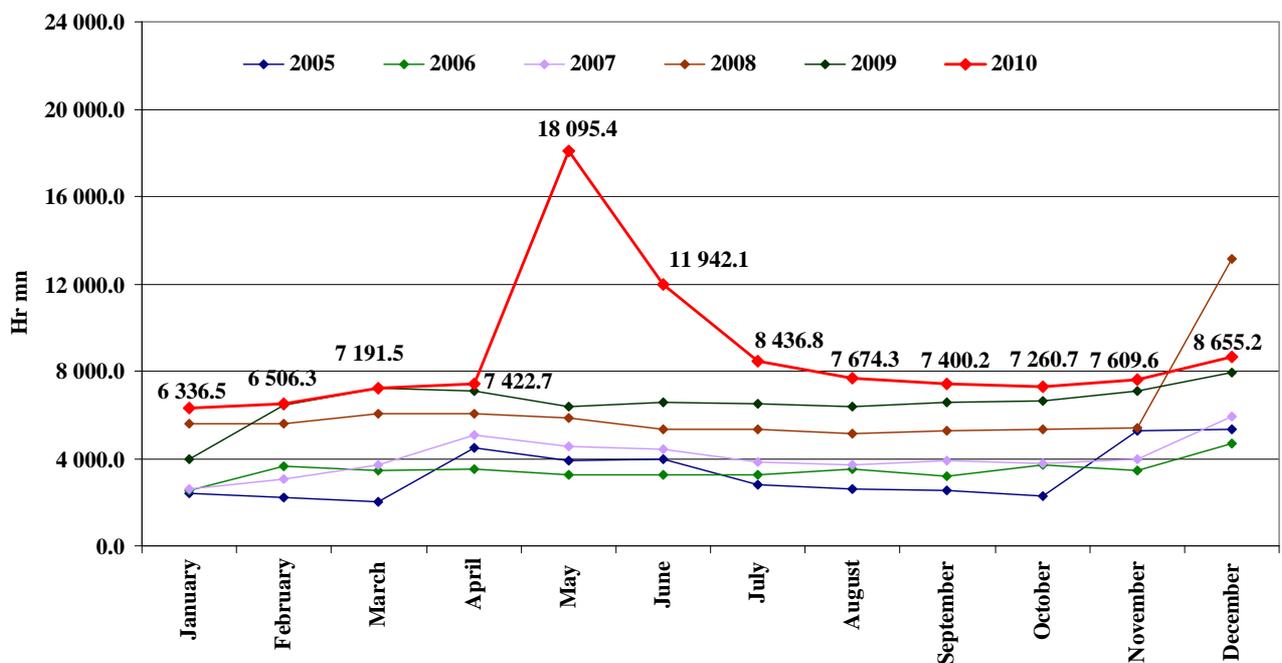
Graph 33

Consolidated Budget Health Expenditures Monthly Trends in 2005-2010

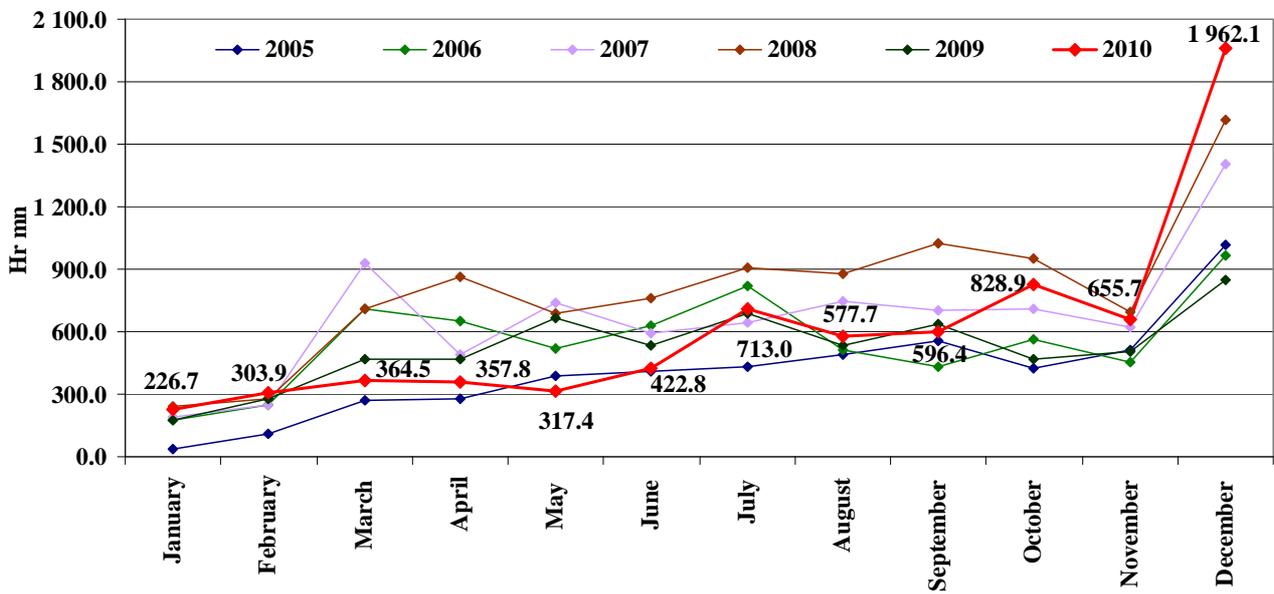


Graph 34

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



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



State Budget Expenditures

Diagram 17

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

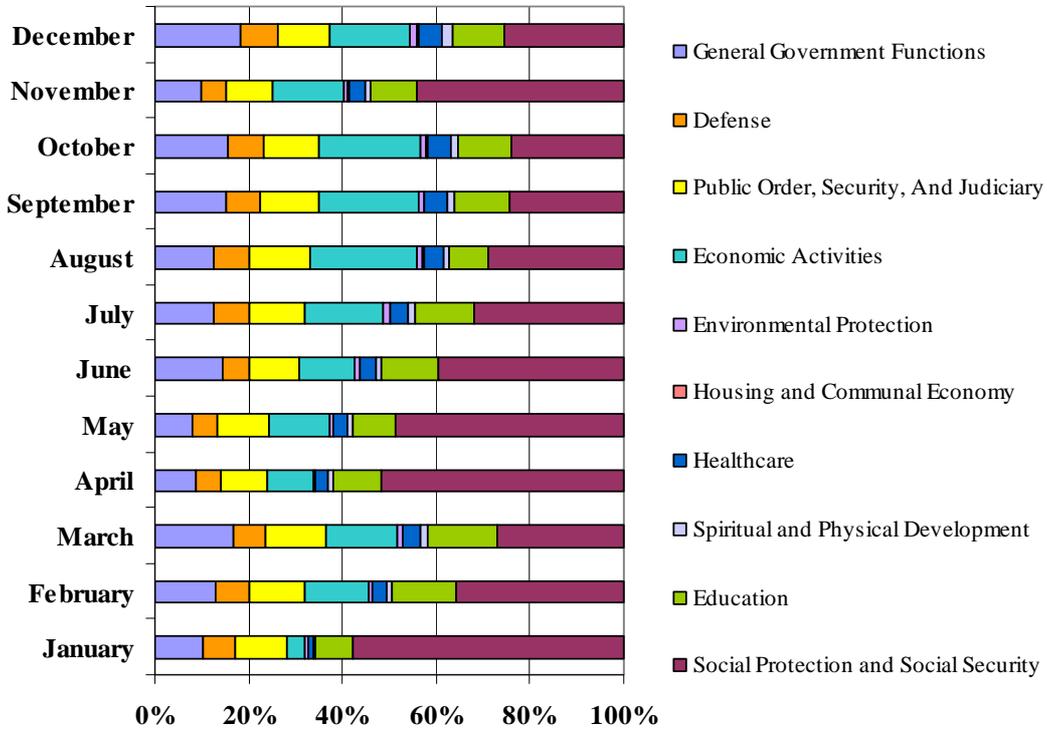


Diagram 18

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

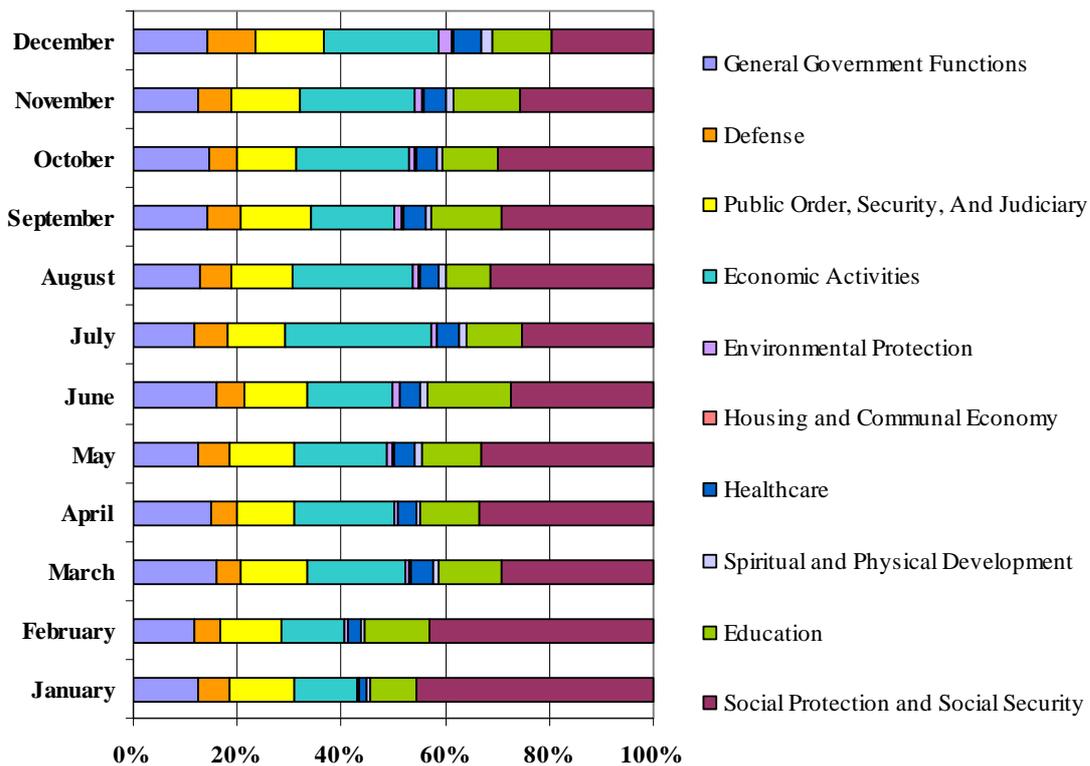


Diagram 19

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

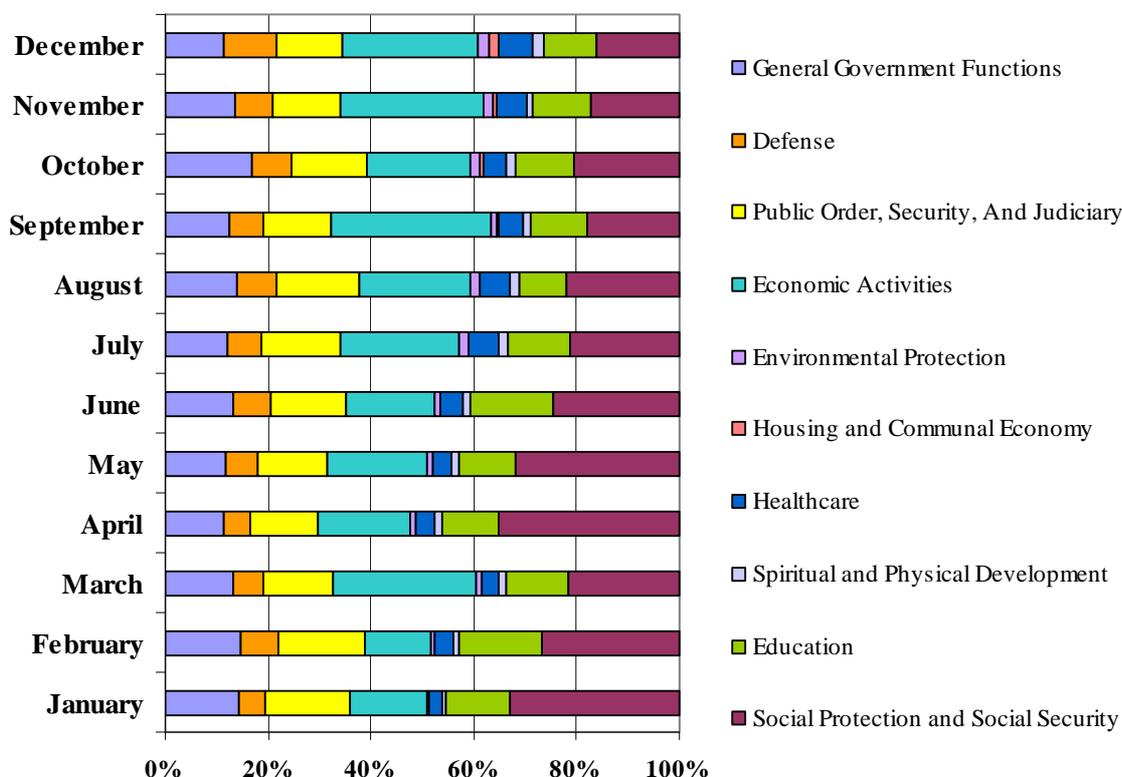


Diagram 20

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

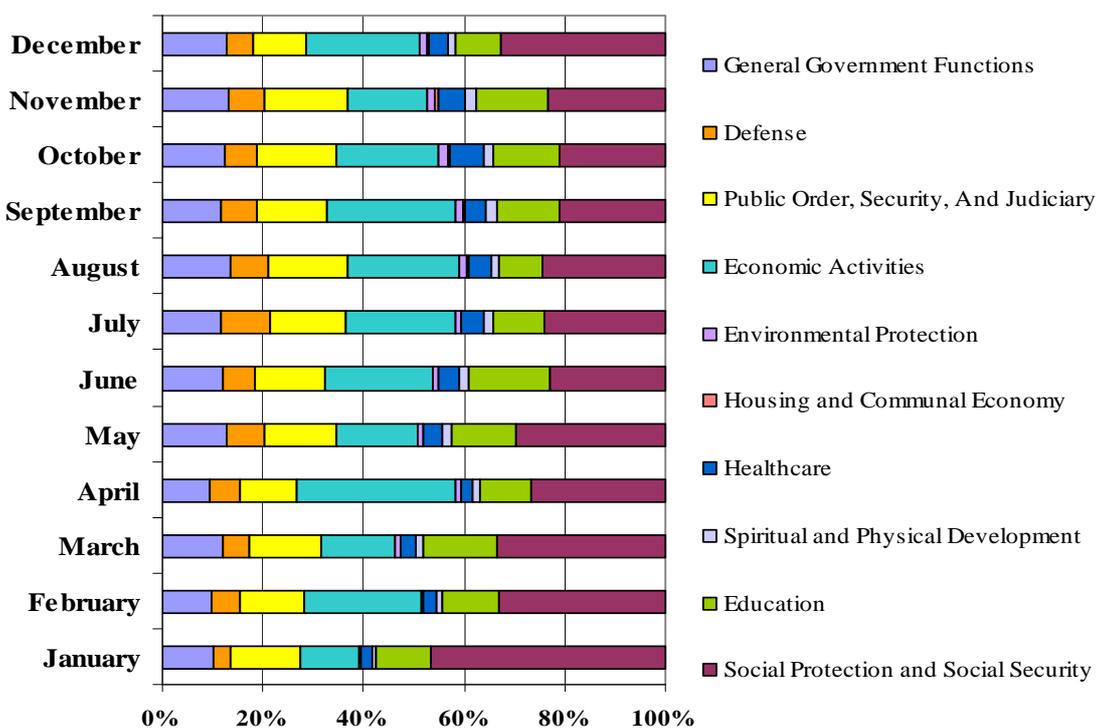


Diagram 21

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

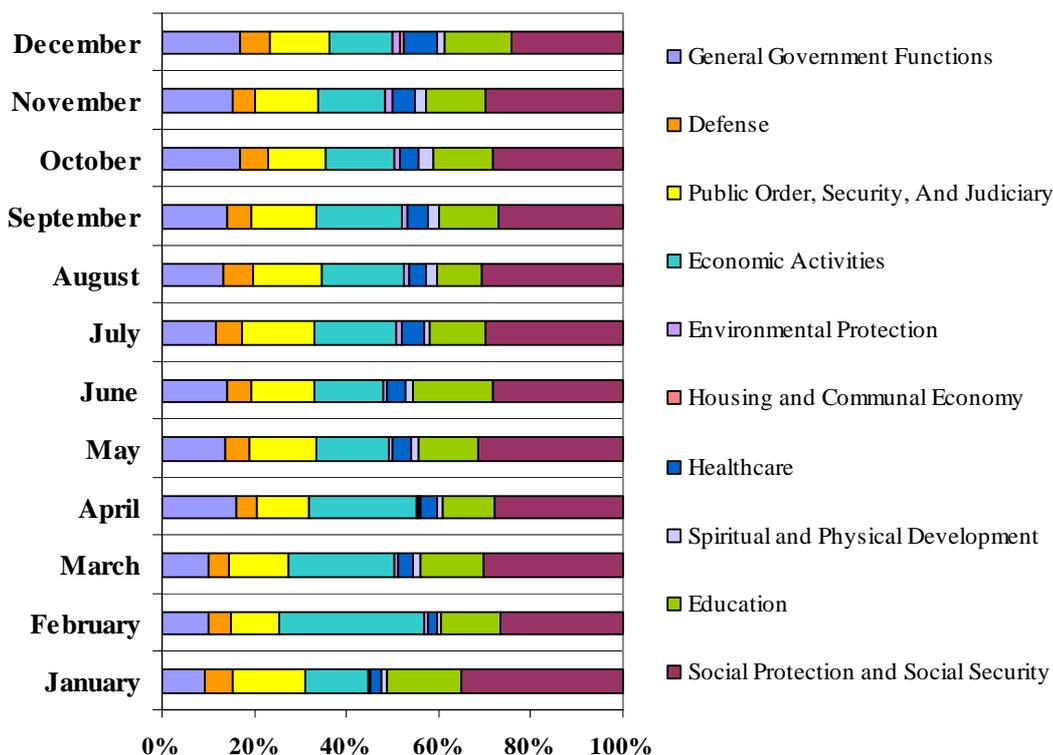
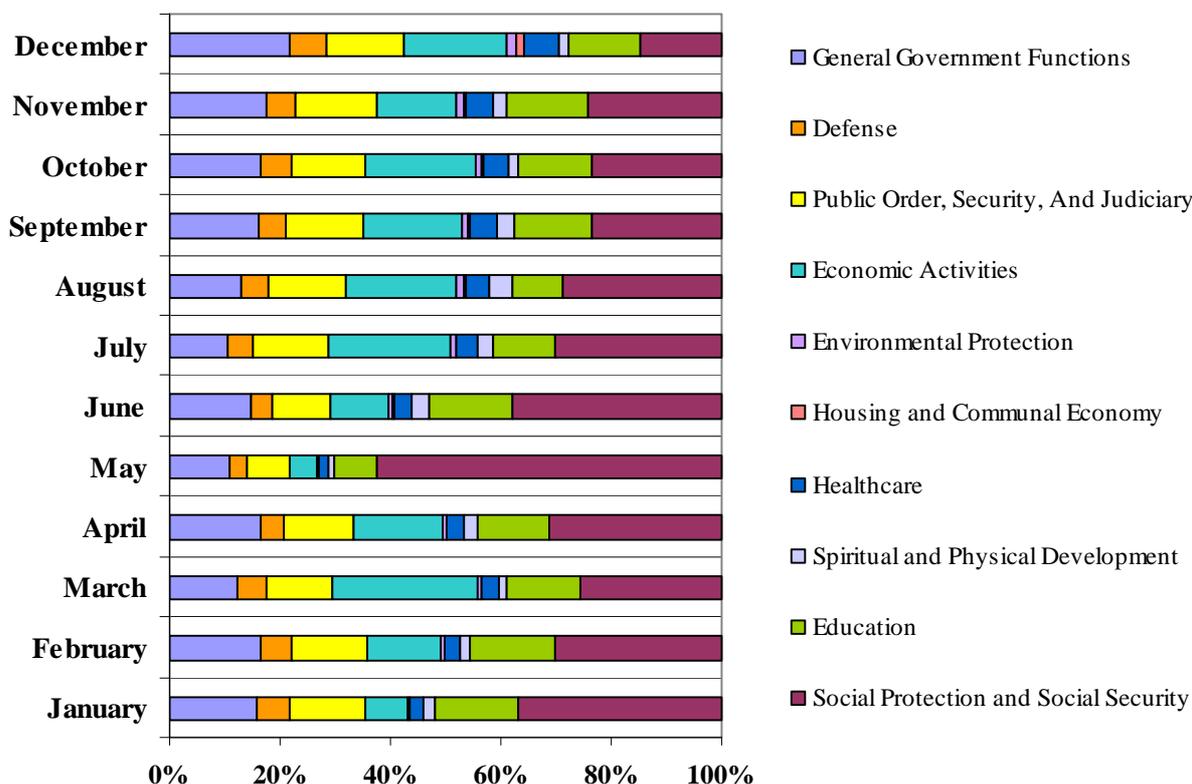


Diagram 22

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



Monthly Trends of State Budget Expenditures in 2005-2010

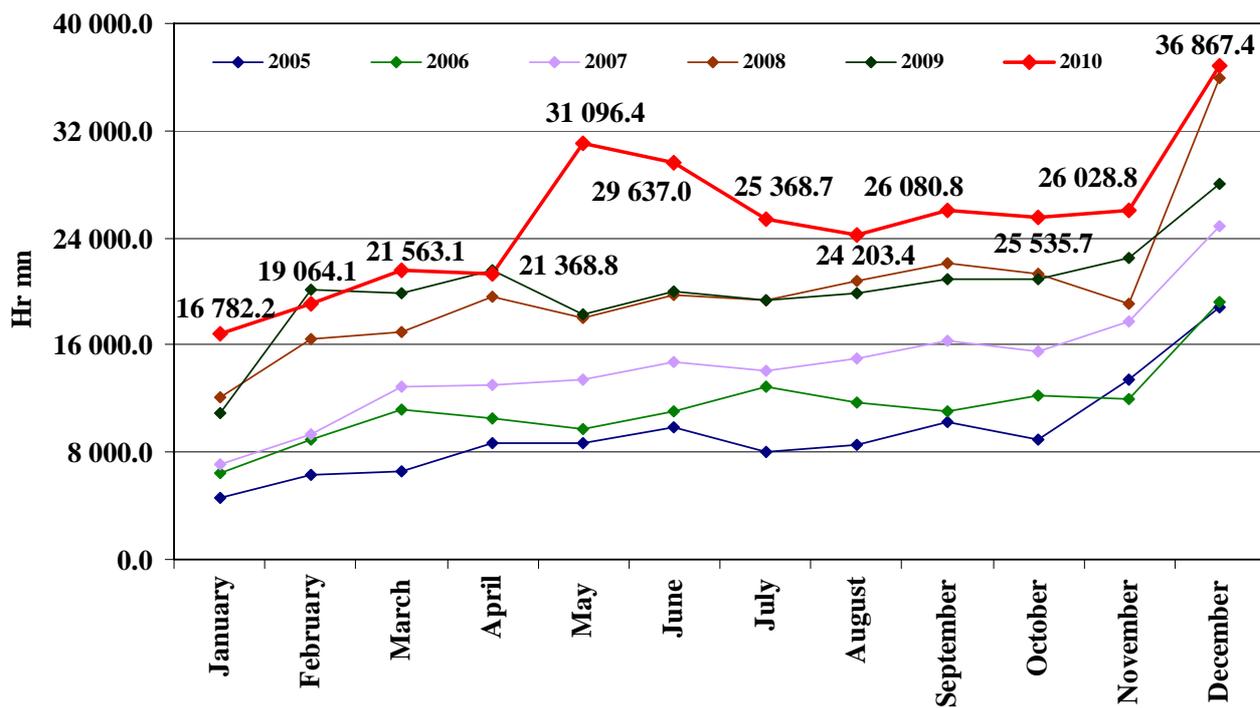
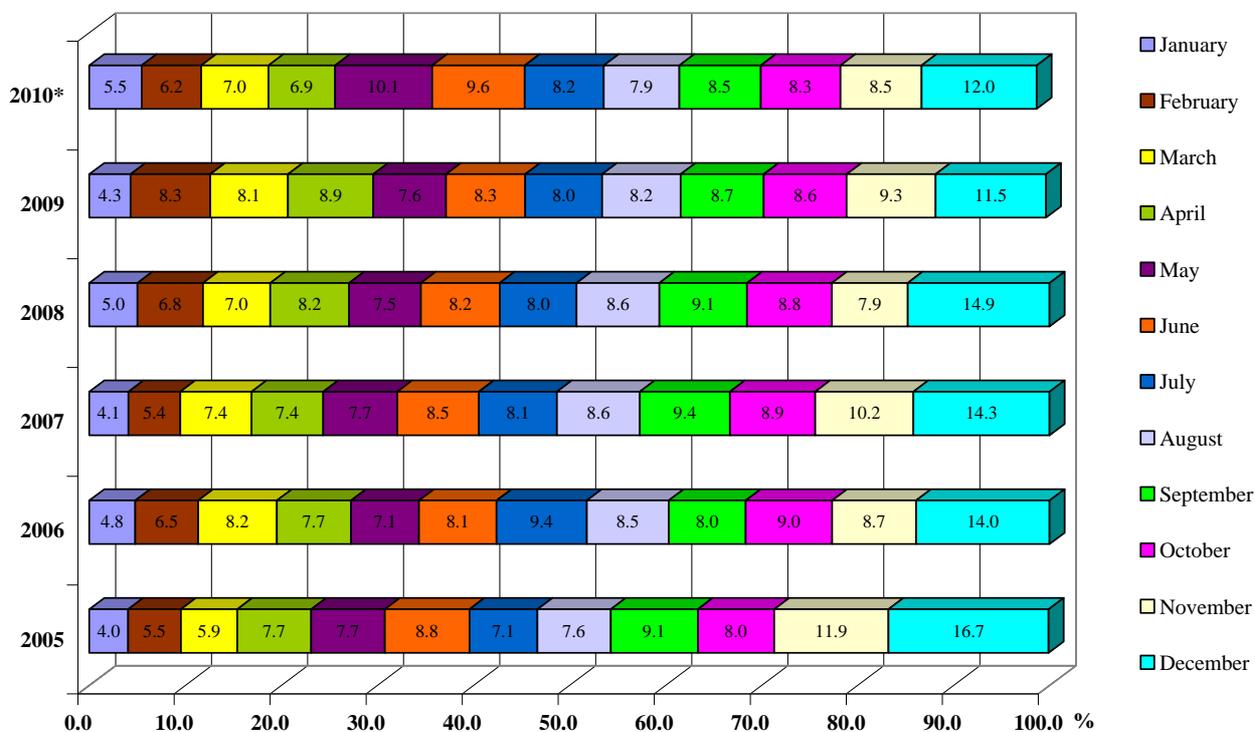


Diagram 23

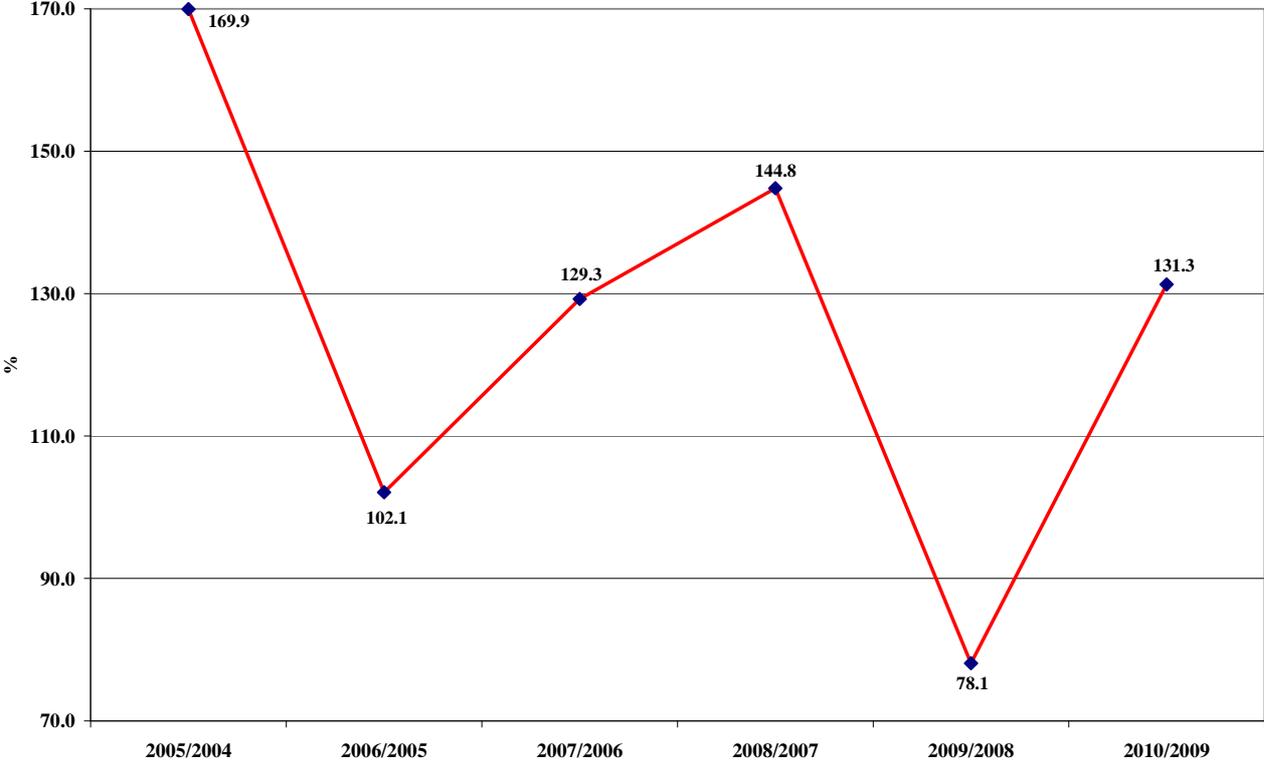
Dynamics of the Share of Ukraine's State Budget Total Expenditures in Annual Amounts in 2005-2010



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

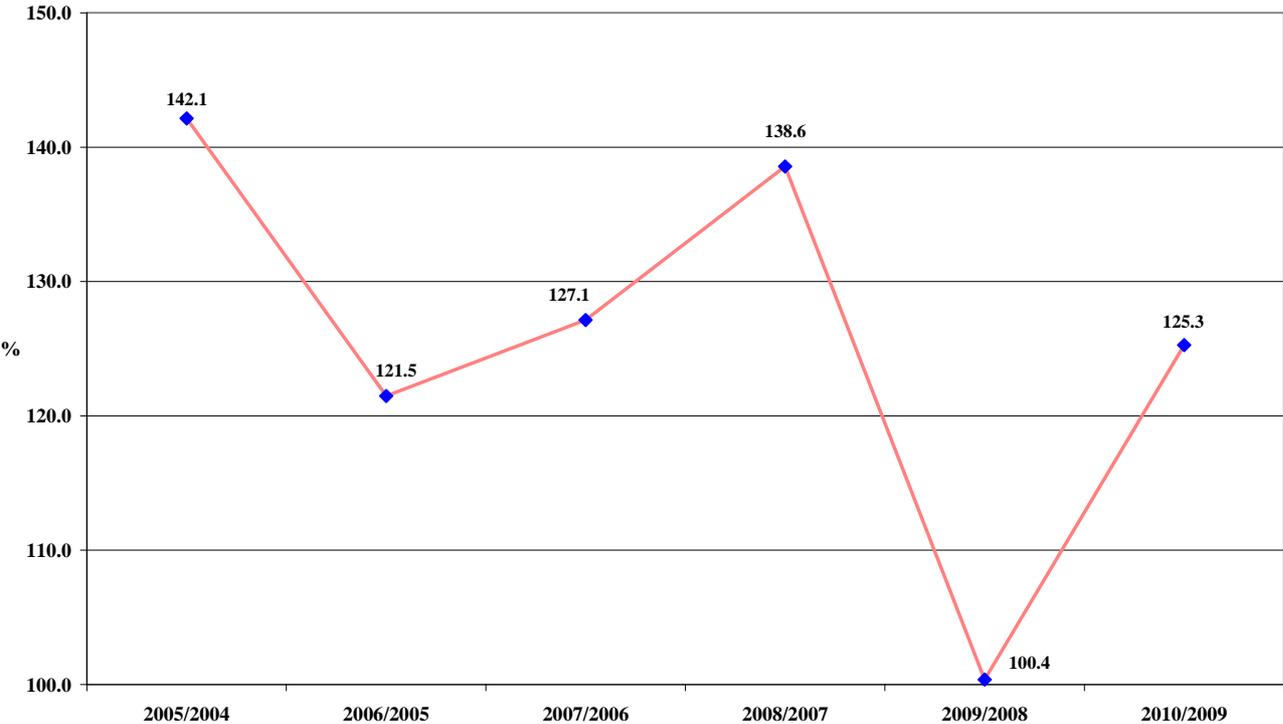
Graph 37

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



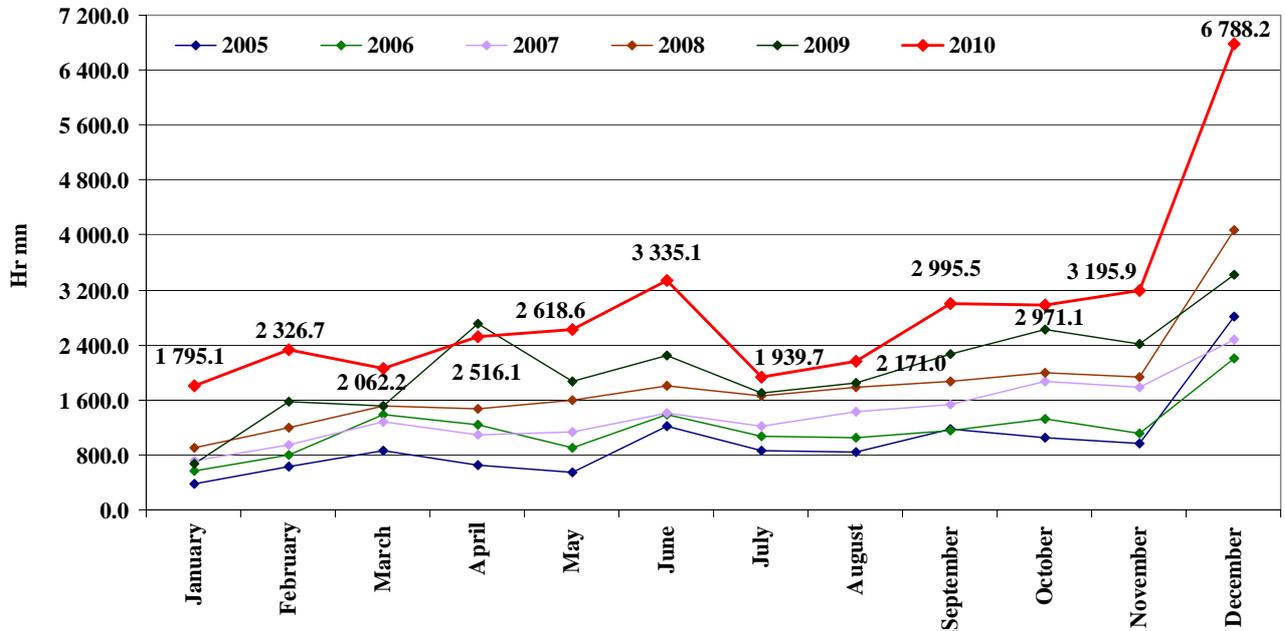
Graph 38

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



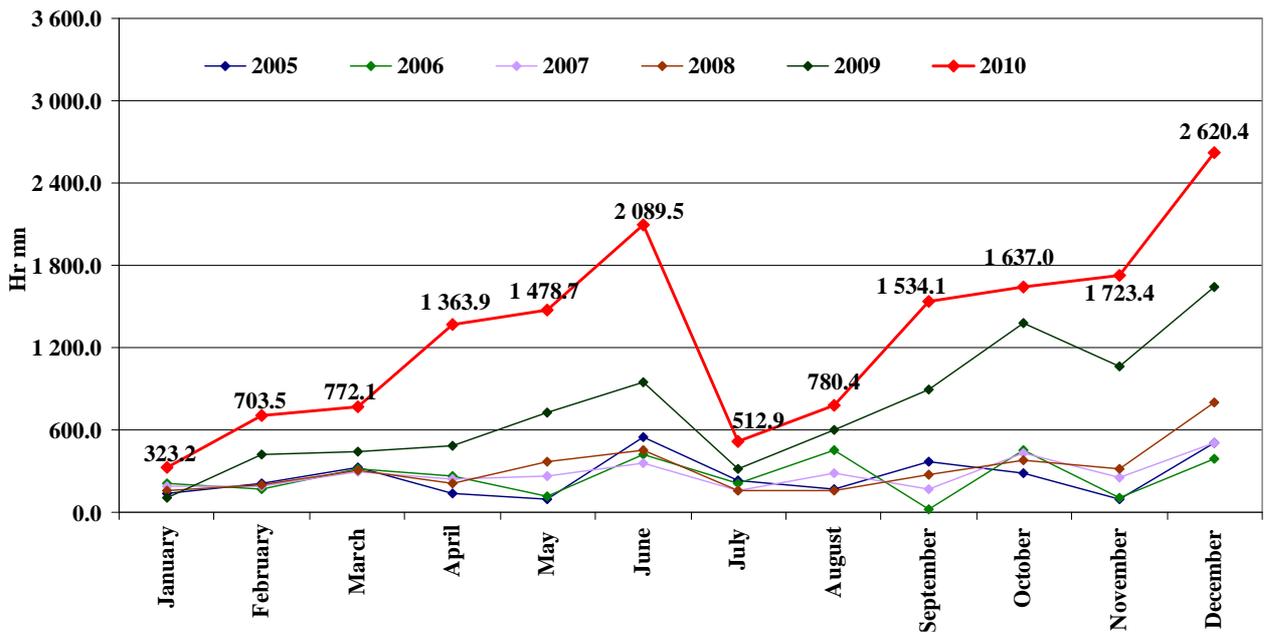
Graph 39

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

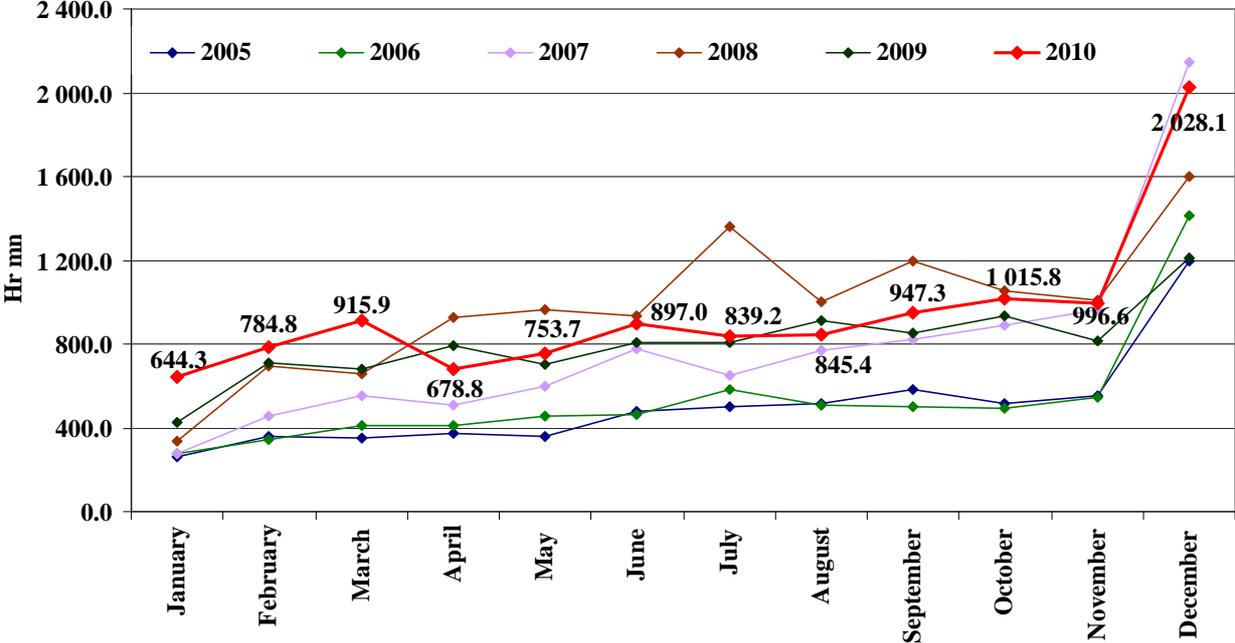


Graph 40

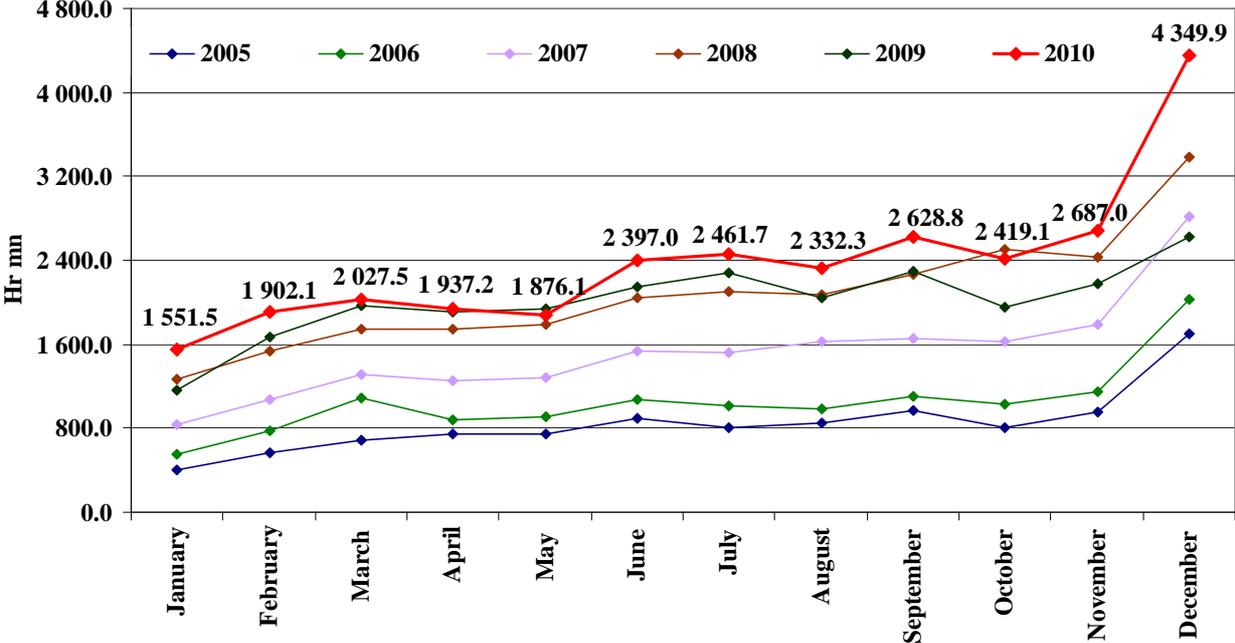
State Budget Expenditures for Public Debt Servicing Monthly Trends in 2005-2010



State Budget Expenditures for Defense Monthly Trends in 2005-2010

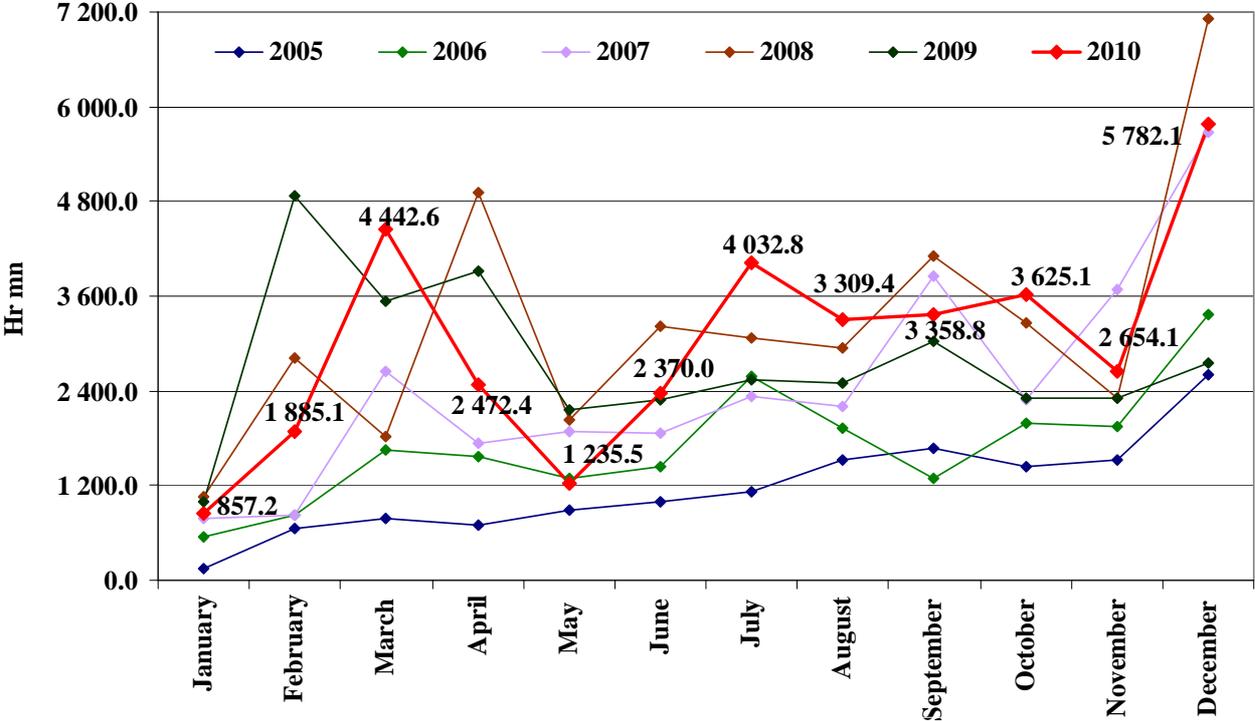


State Budget Expenditures for Public Order, Security, and Judiciary Monthly Trends in 2005-2010



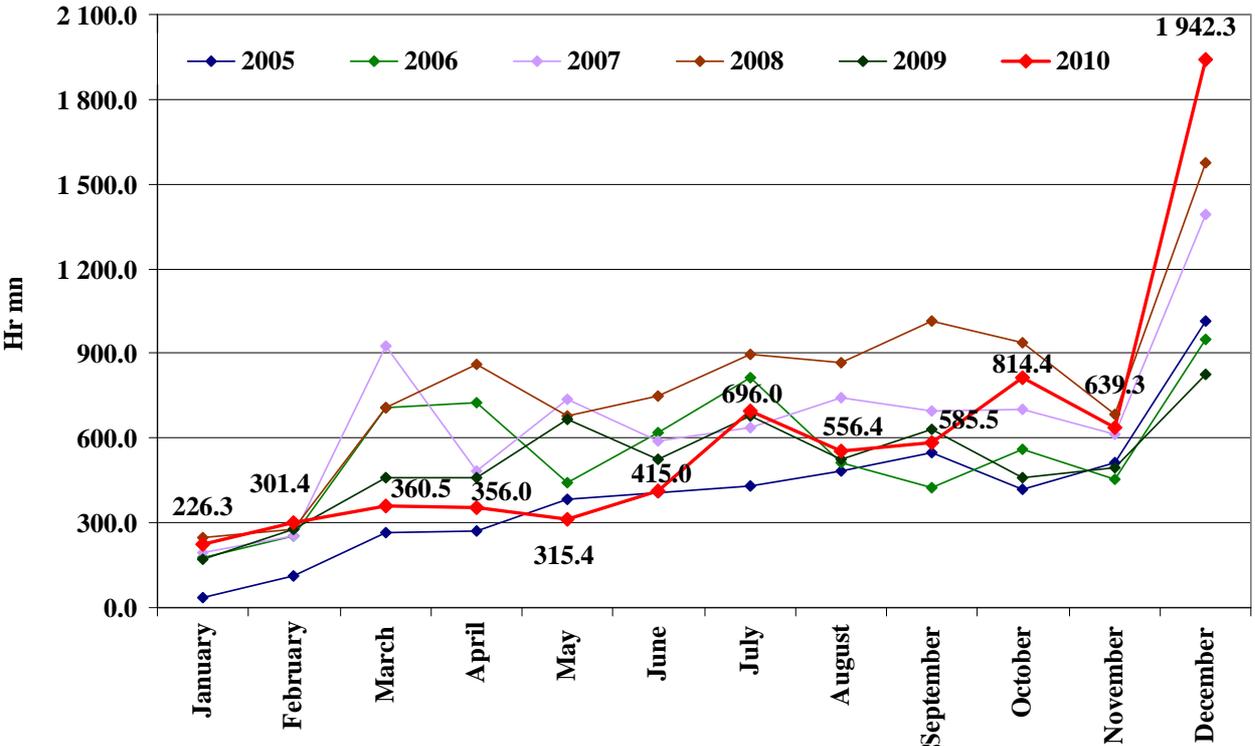
Graph 43

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



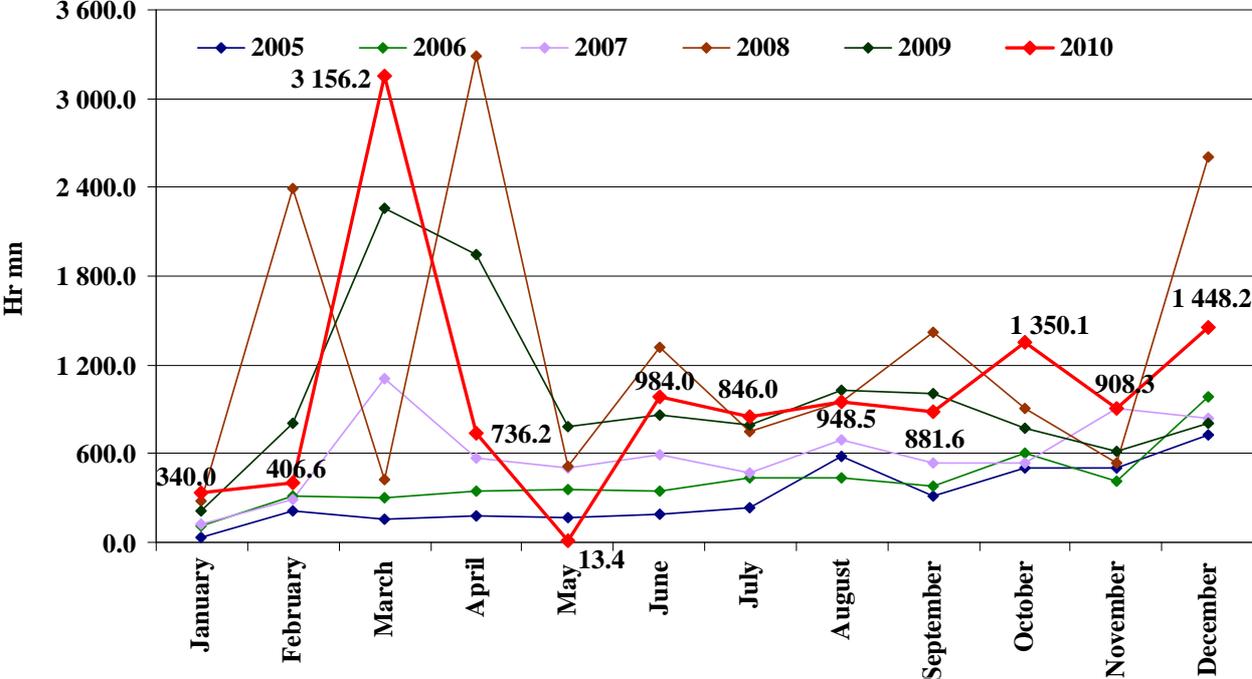
Graph 44

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



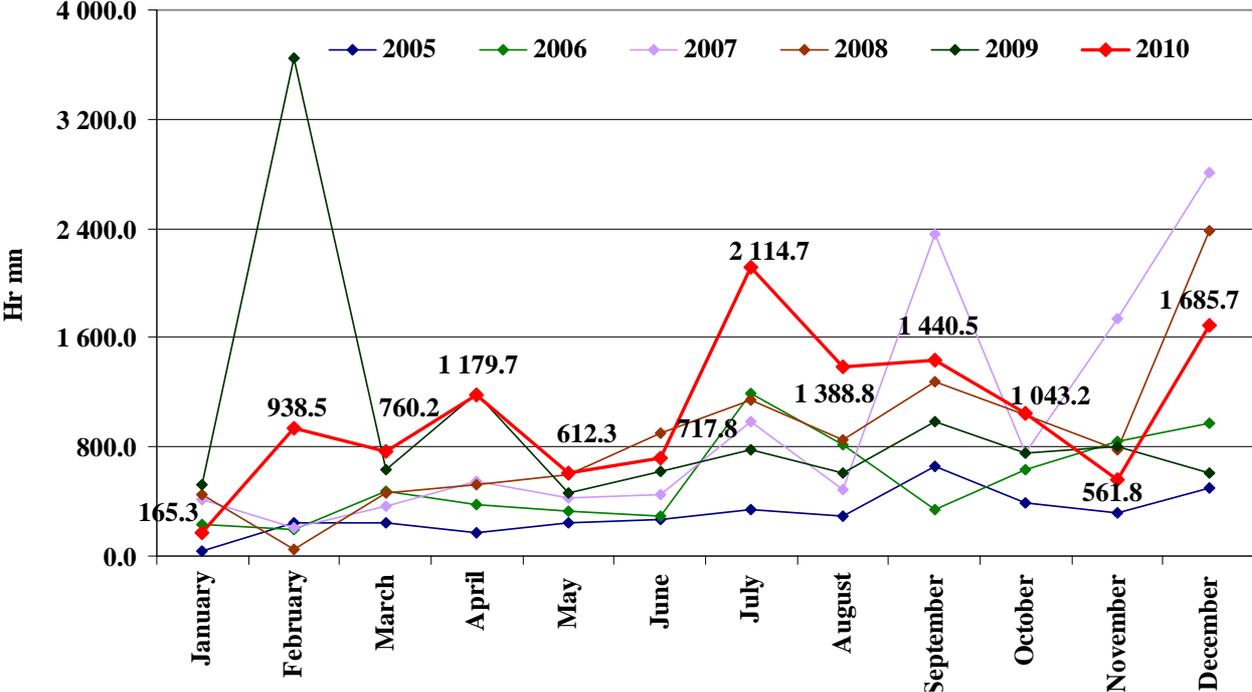
Graph 45

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



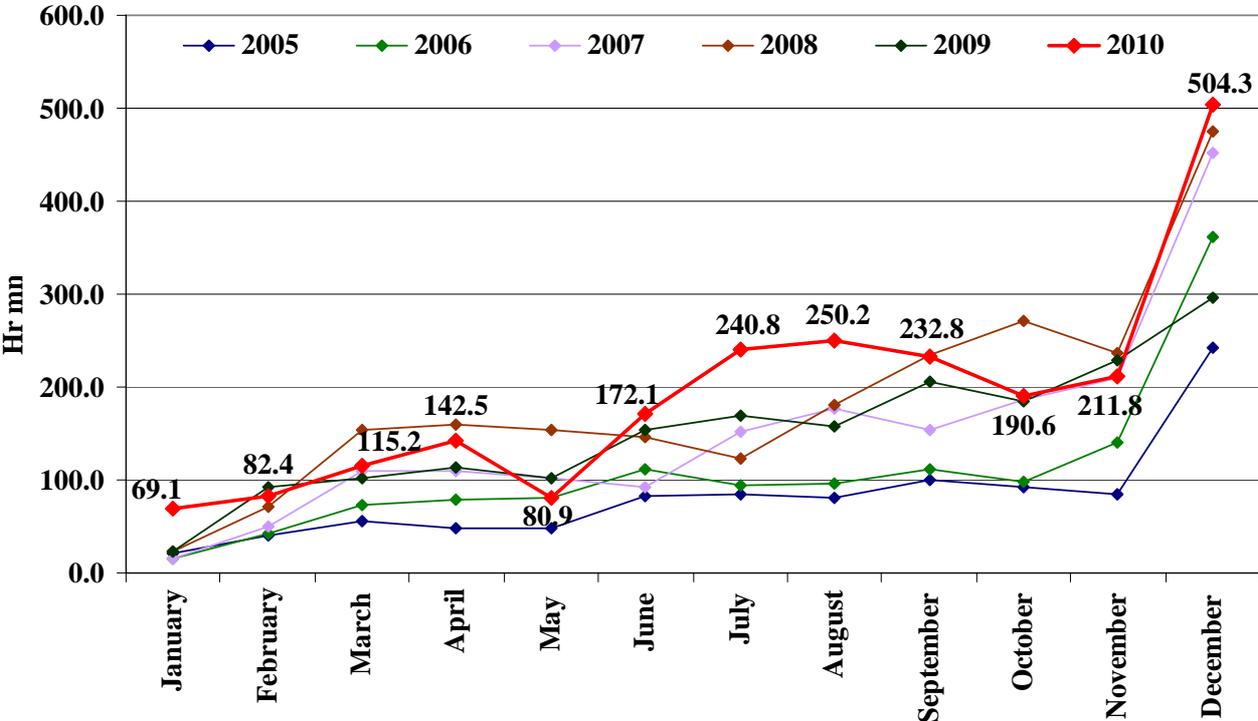
Graph 46

State Budget Expenditures for Transport Monthly Trends in 2005-2010



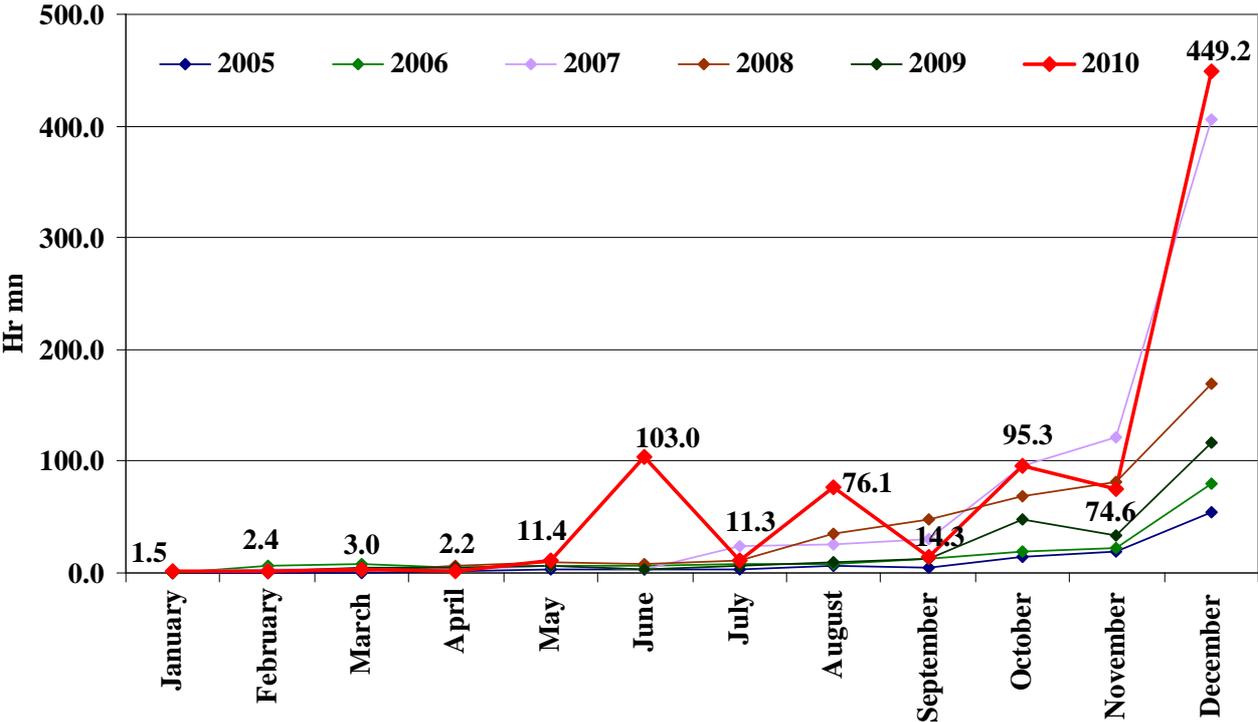
Graph 47

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

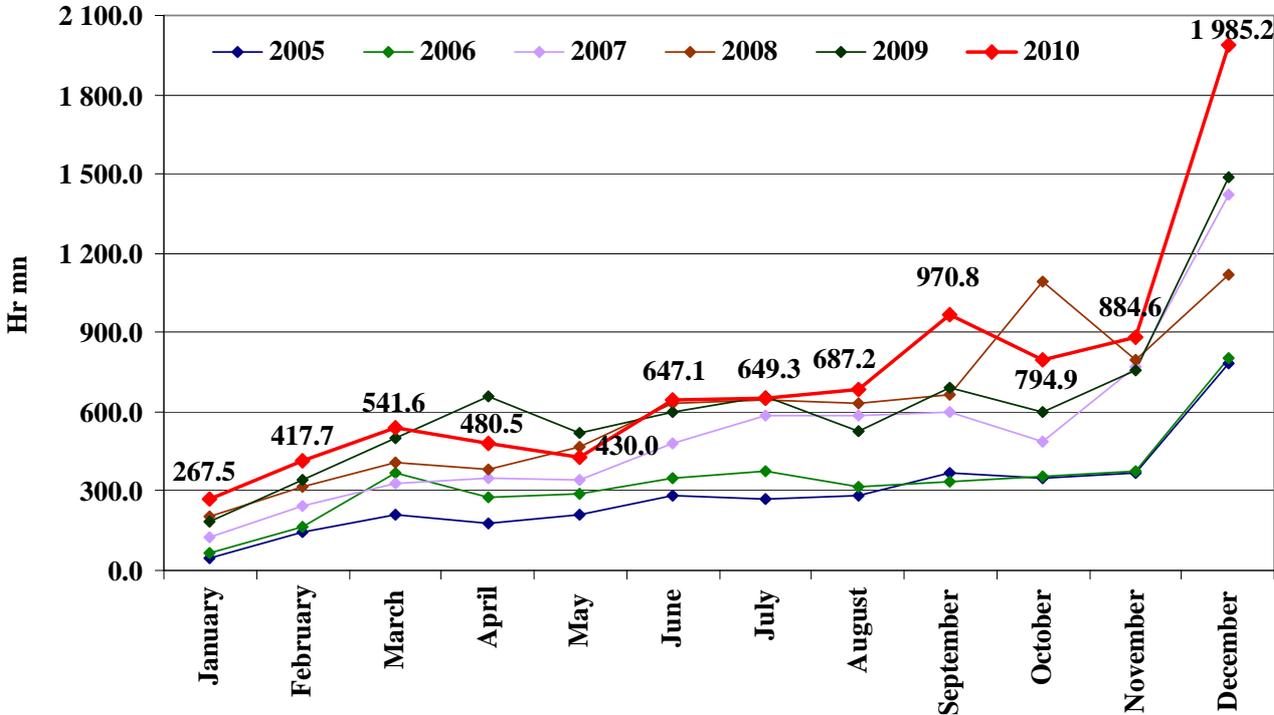


Graph 48

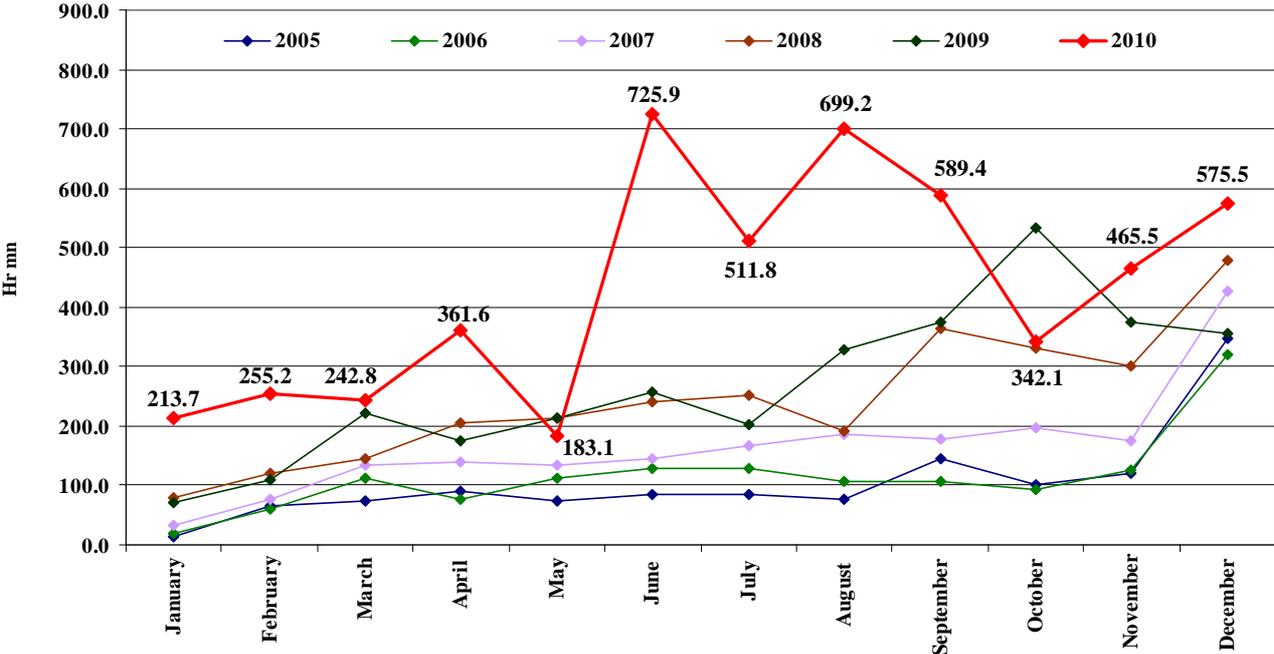
State Budget Expenditures for Housing and Communal Sector Monthly Trends in 2005-2010



State Budget Expenditures for Healthcare Monthly Trends in 2005-2010

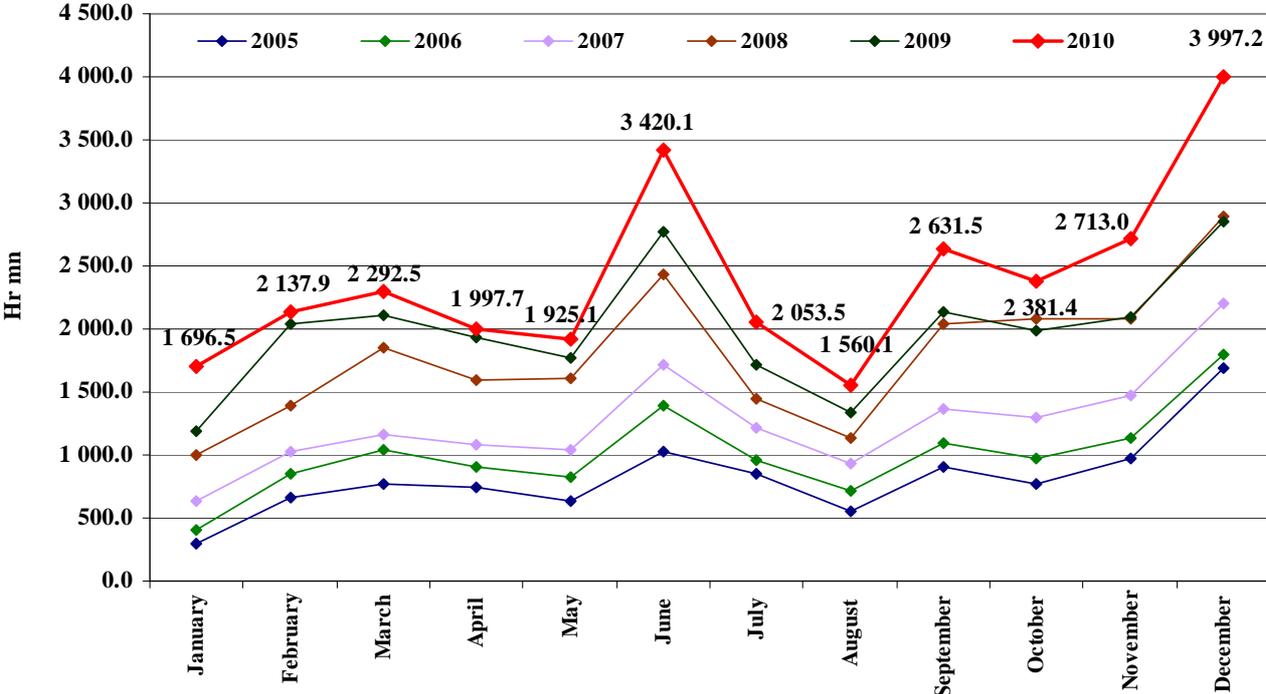


State Budget Expenditures for Spiritual and Physical Development Monthly Trends in 2005-2010



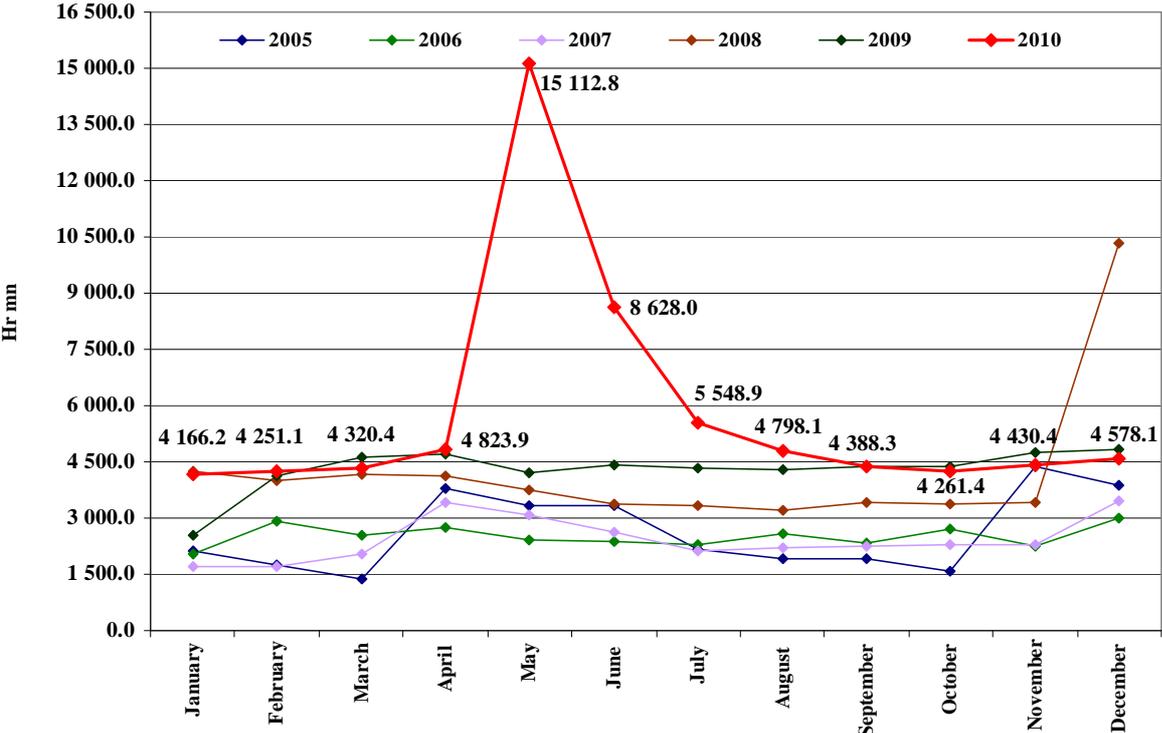
Graph 51

State Budget Expenditures for Education Monthly Trends in 2005-2010

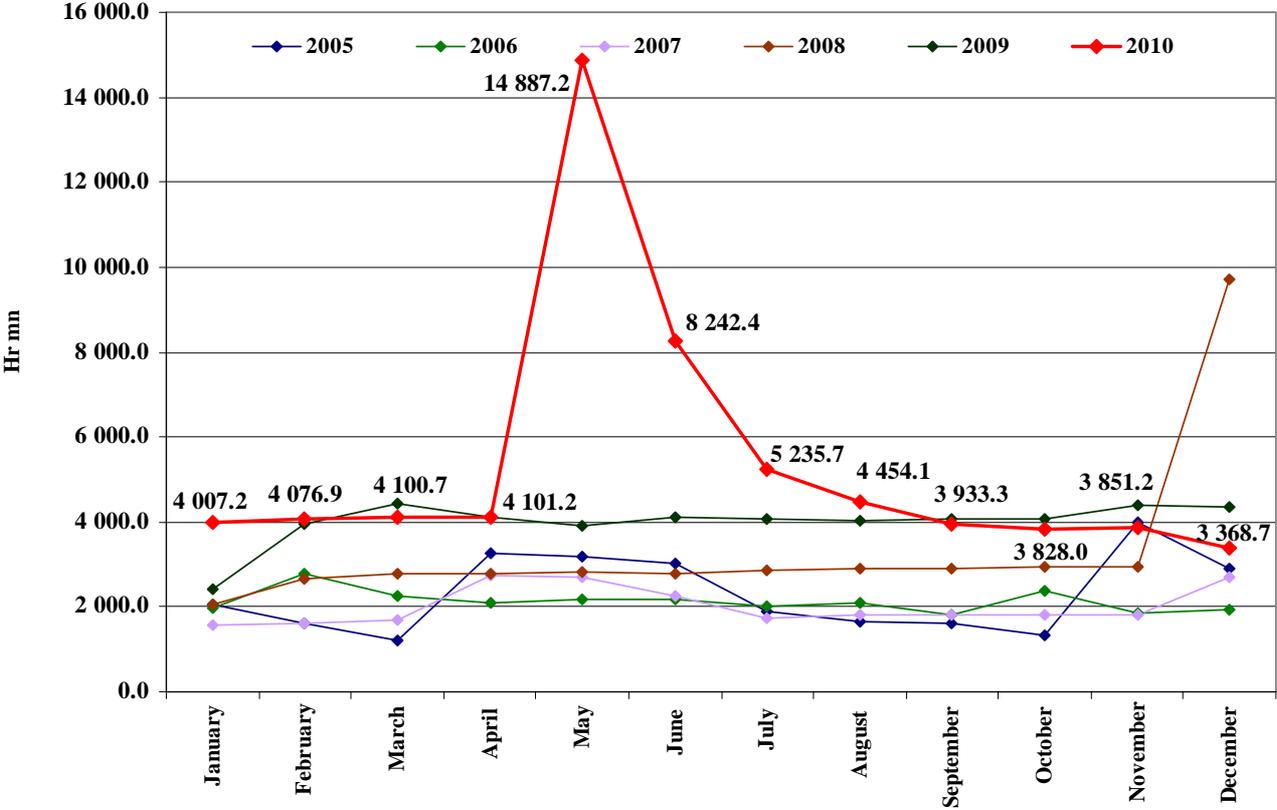


Graph 52

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



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



Local Budget Expenditures

Graph 54

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

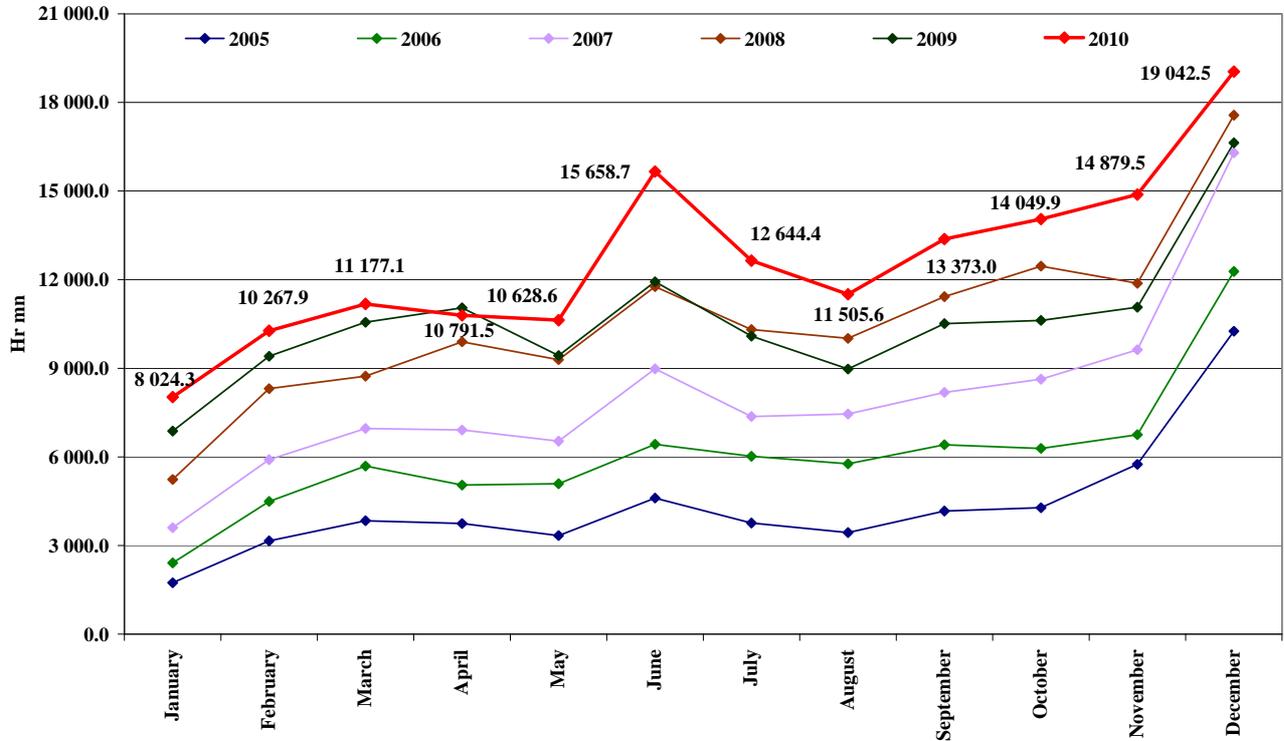
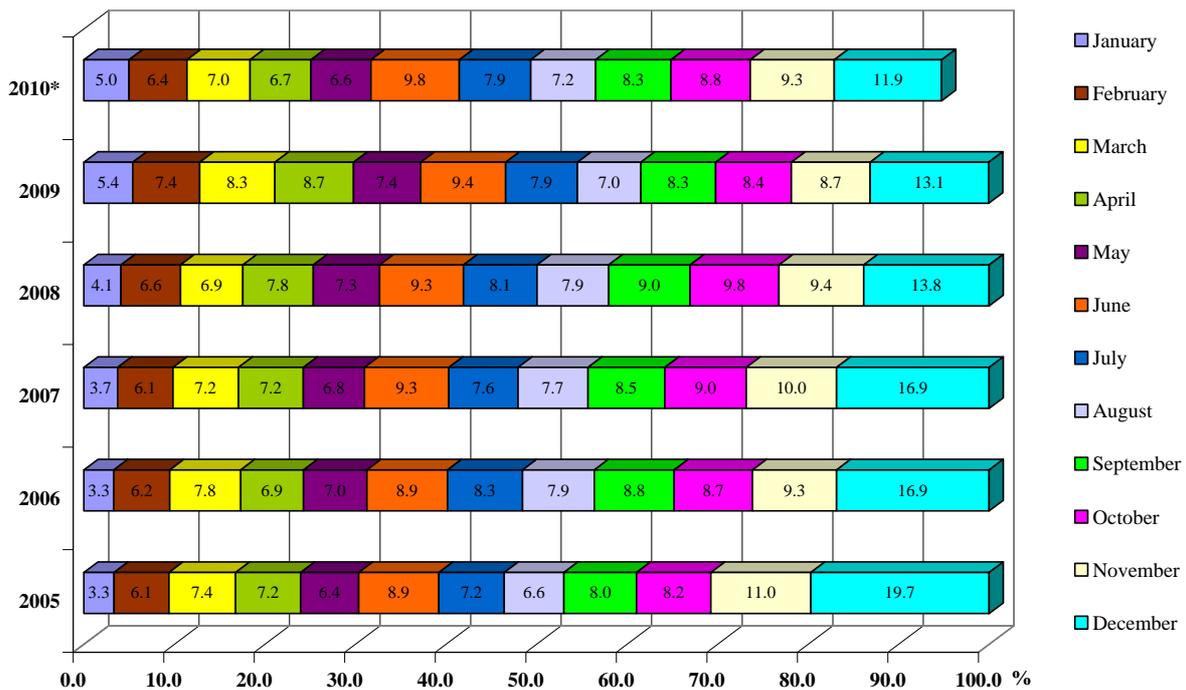


Diagram 24

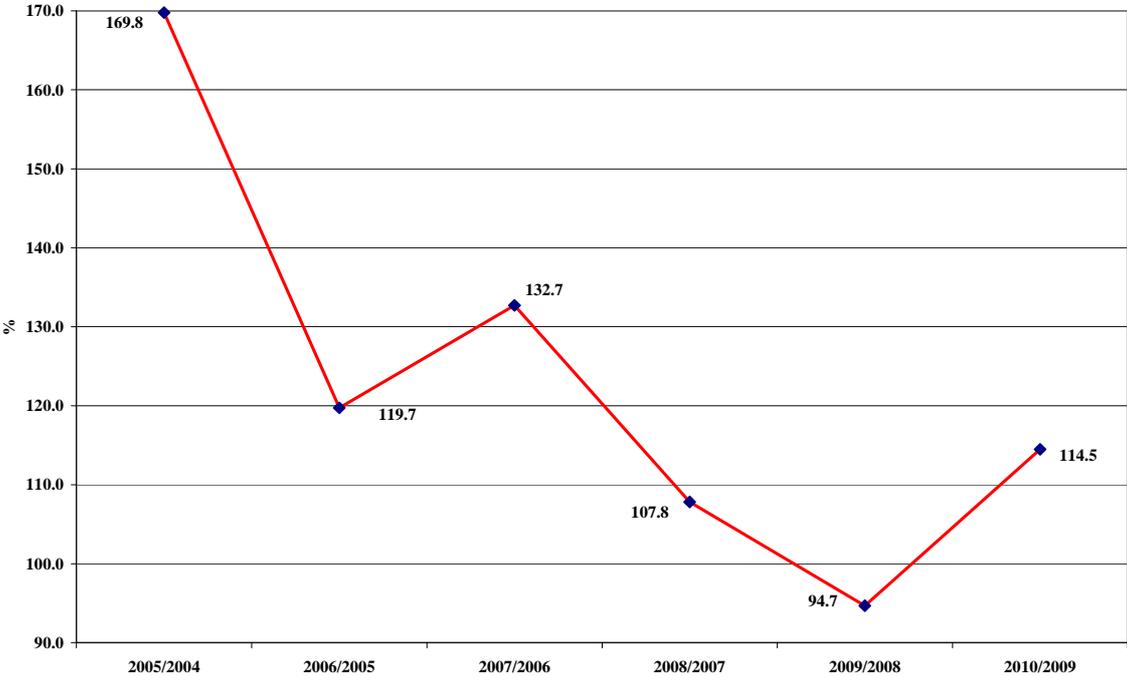
Dynamics of the Share of Local Budget Expenditures in Annual Amounts in 2005-2010



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

Graph 55

Growth Rates of Local Budget Expenditures in December 2005-2010



Graph 56

Growth Rates of Local Budget Expenditures in January-December 2005-2010

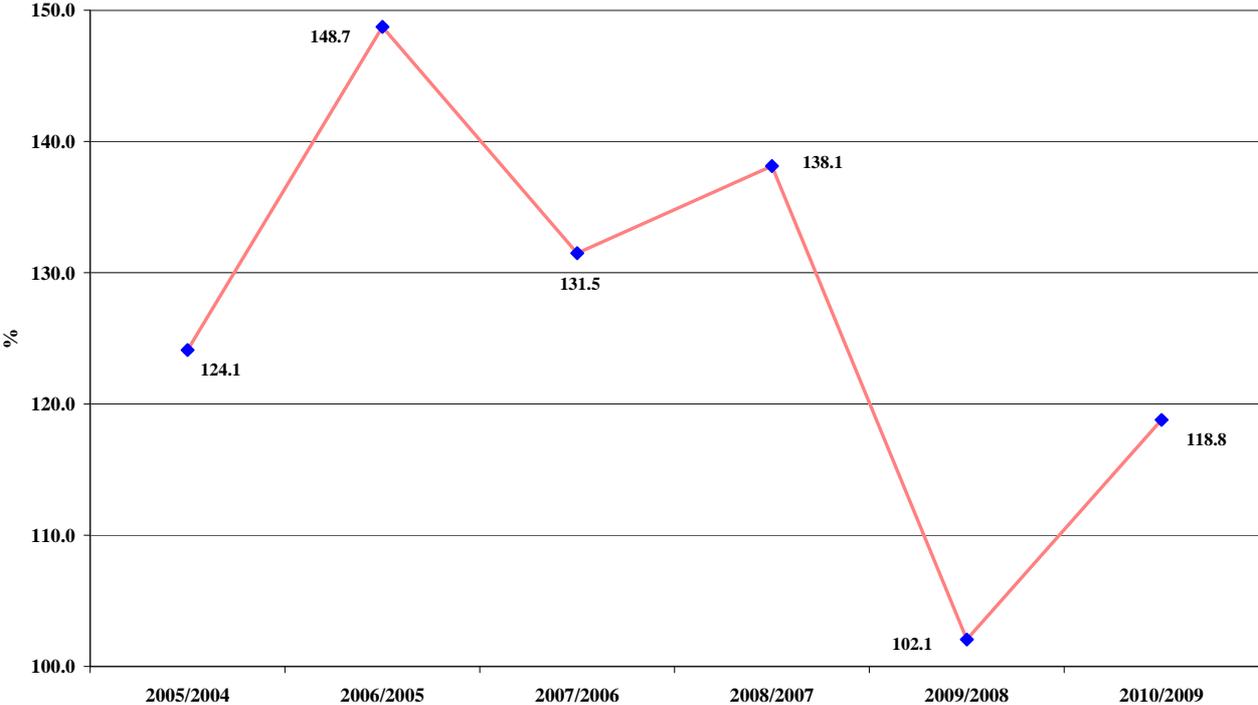


Diagram 25

Structure of Actual Local Budget Expenditures in December 2005-2010

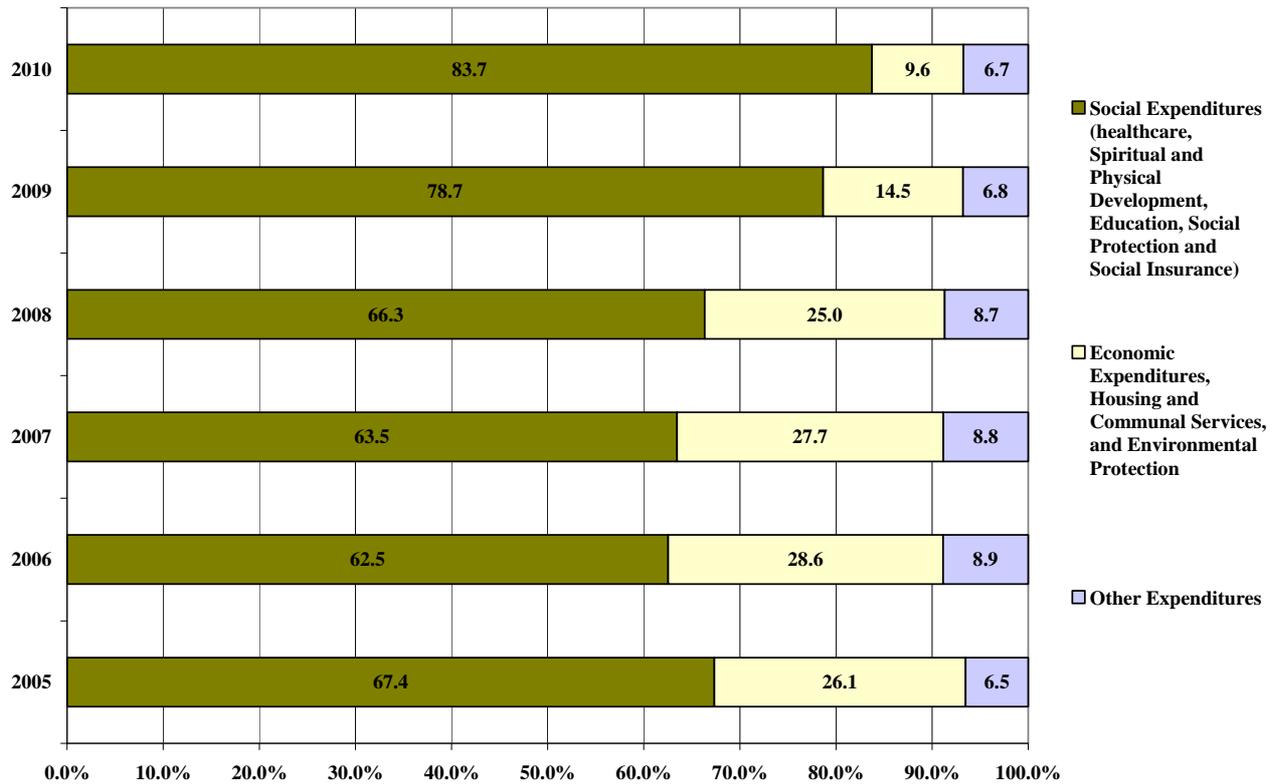
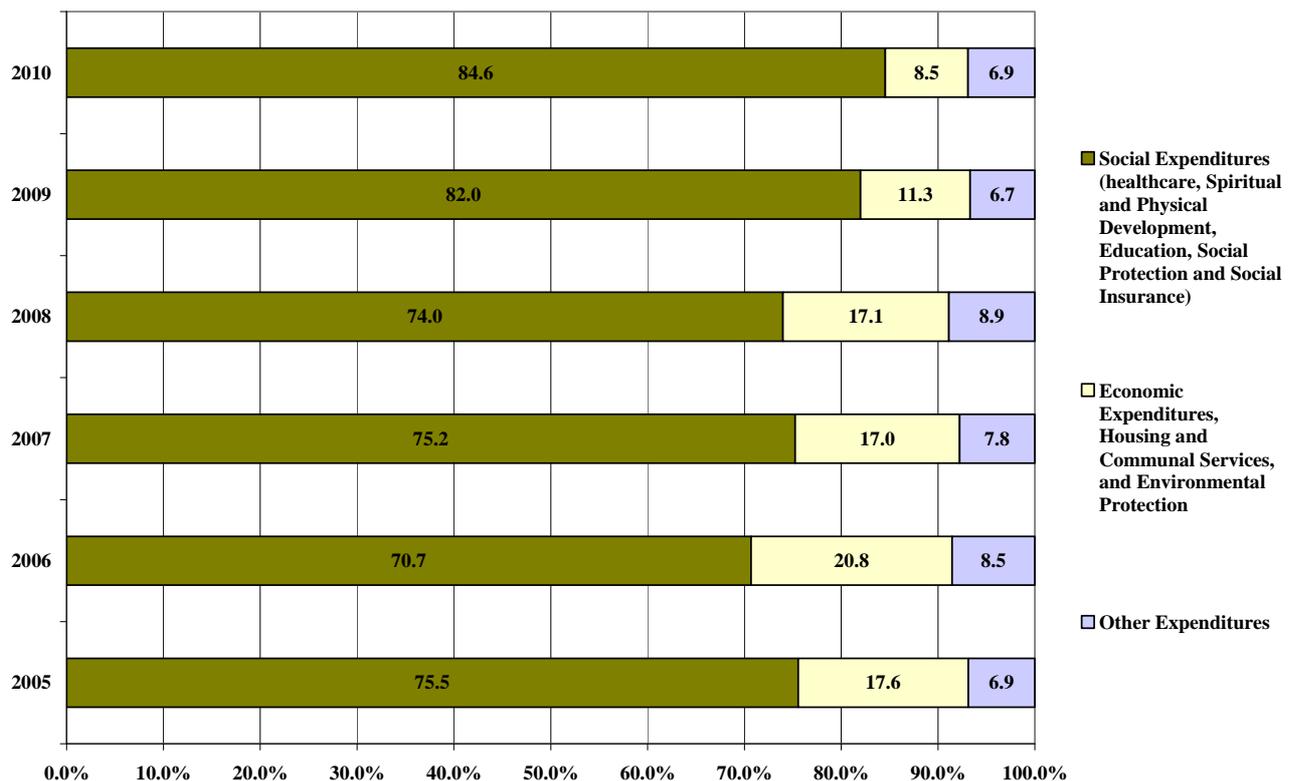


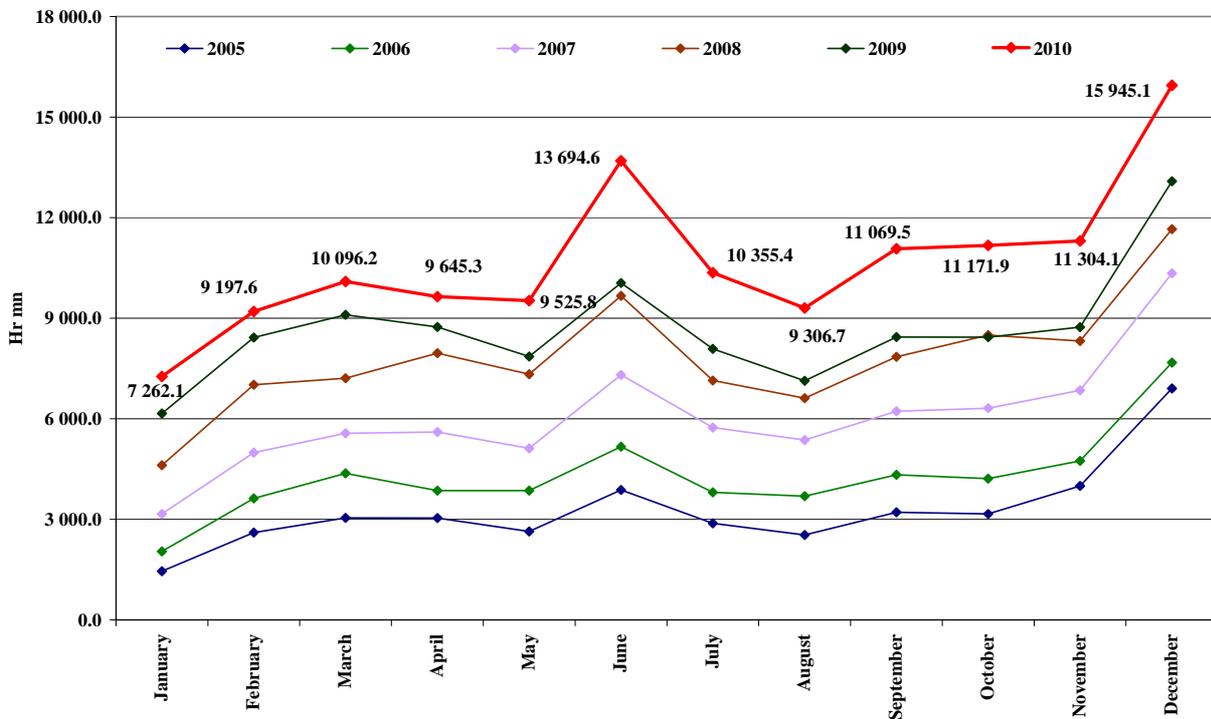
Diagram 26

Structure of Actual Local Budget Expenditures in January-December 2005-2010



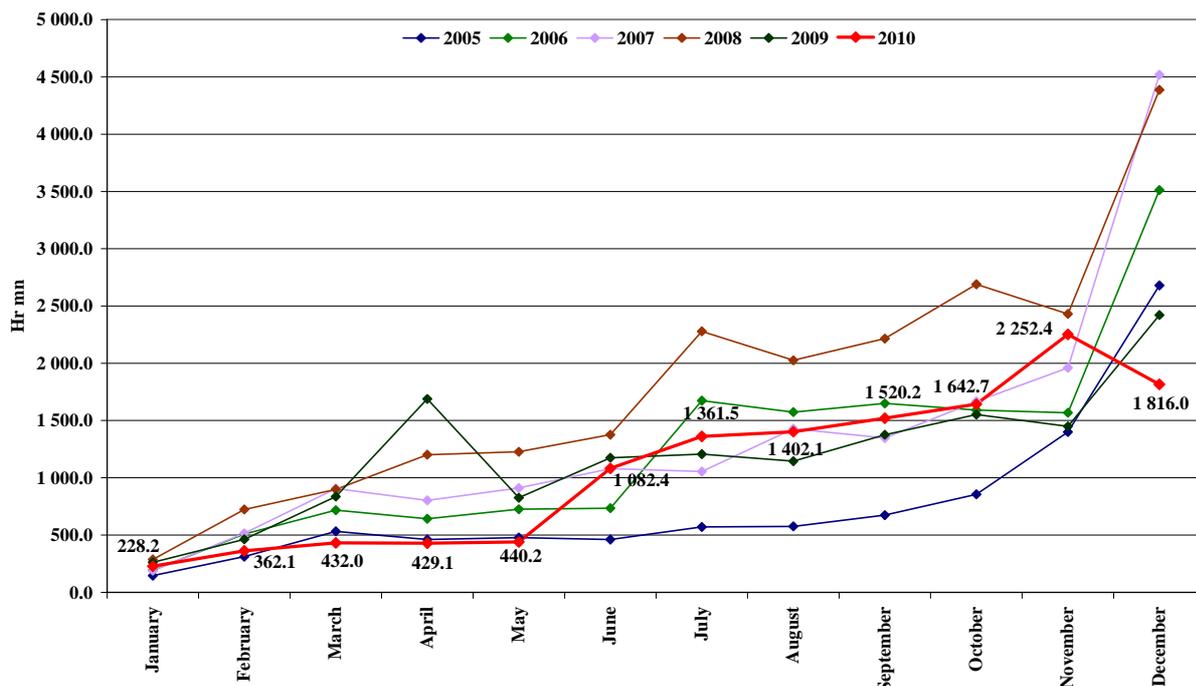
Graph 57

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

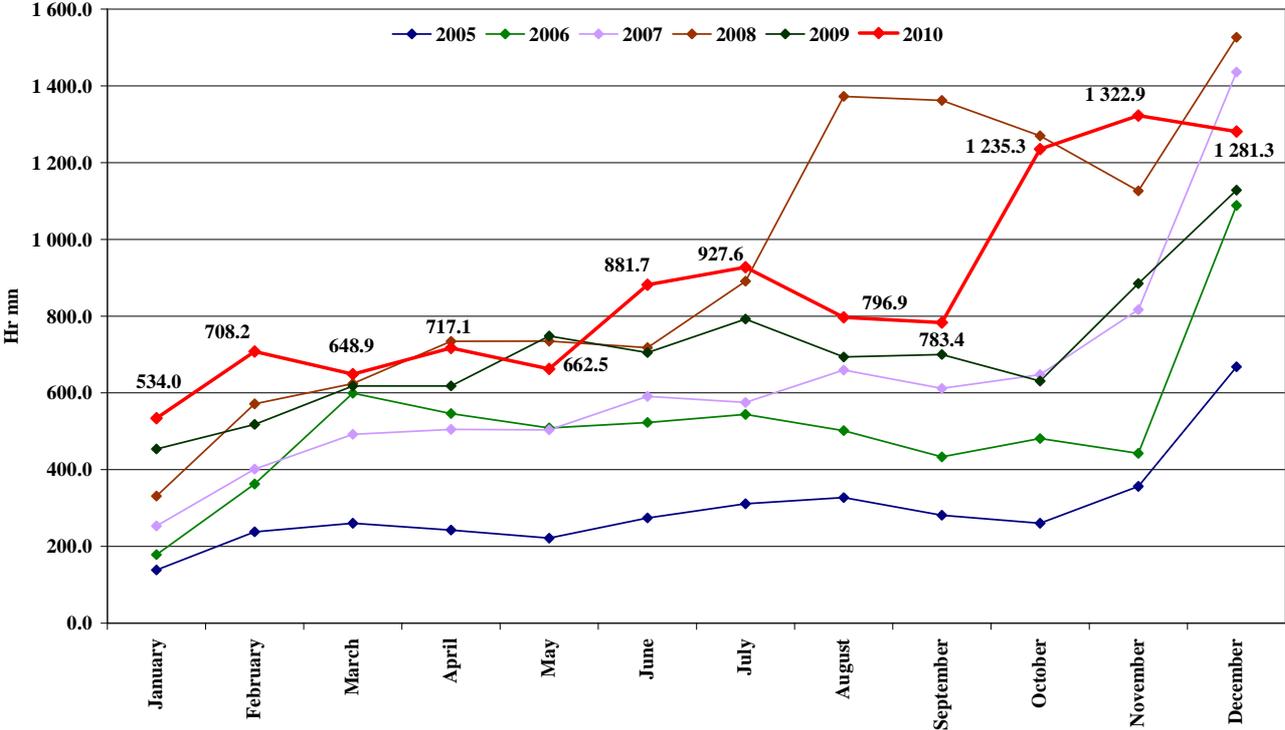


Graph 58

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 December 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;
- **sufficient** level of banking system liquidity, low demand for refinancing transactions, and significant growth of cash outside banks;
- **continued** trend toward growth of private deposits both in the national and foreign currencies;
- **growth** in the amount of foreign-currency loan portfolio of legal persons;
- **a negative operational result** of Hr 13.0bn as of 1 January 2011.

As of 1 January 2011, 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 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 December growth of Hr 0.41bn (Hr 0.17bn in November). Refinancing in December 2010 was implemented at the expense of credits obtained through participation in tenders for a period of up to 90 days (totaling Hr 0.4bn) and overnight credits (totaling Hr 9.4mn). The growth in refinancing transactions amounted to Hr 5.2bn since the outset of 2010.

The interest rate on refinancing transactions amounted to 10.42% annual throughout December 2010 (against 11.25% annual in November). The amount of mandatory reserves accumulated by banks (including the funds remitted to the separate account of Hr 7.7bn) totaled Hr 12.4bn.

The aggregate assets of the banking systems slightly decreased in December 2010. Thus, the aggregate assets decreased by 0.28% in December vs. November 2010 and amounted to Hr 1,090.0bn. The clients' loan portfolio decreased to Hr 724.6bn in December 2010.

As of 1 January 2011, the loan portfolio of legal entities totaled Hr 520.1bn or 71.8% of the total clients' loan portfolio. The total amount of credits issued to legal entities increased by Hr 2.61bn (or by 0.5%) in December vs. November. The loan portfolio of legal entities decreased slightly in the national currency (by Hr 0.13bn) and increased in foreign currencies (by \$0.27bn) in December.

As of 1 January 2011, the loan portfolio of individuals totaled Hr 204.5bn or 28.2% of the total clients' loan portfolio. The total amount of credits issued to individuals decreased by Hr 5.02bn (or by 2.4%) in December vs. November. 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 negative dynamics in the loan portfolio of individuals was recorded both for the national-currency portfolio (down Hr 0.15bn) and foreign-currency portfolio (down \$0.67bn).

As of 1 January 2011, the deposit portfolio of economic agents totaled Hr 142.5bn or 17.7% of total liabilities, and the deposit portfolio of individuals totaled Hr 271.7bn or 33.8%. The age structure of deposits improved in 2010. Thus, the share of long-term deposits amounted to 31.4% of the total as of 1 January 2011 (compared to 24.4% at the outset of 2010).

The total amount of funds attracted from legal entities increased by Hr 6.9bn in December vs. November, which is a contrary phenomenon to November's negative dynamics (-Hr 3.4bn). Regarding the currency structure dynamics, the increase in amounts occurred due to a growth in national-currency deposits (by Hr 6.0bn) and foreign-currency deposits (by \$0.09bn).

The total amount of funds attracted from individuals increased by Hr 8.0bn in December vs. November 2010. This occurred thanks to increase in the amount of funds both in the national currency (by Hr 5.0bn) and foreign currencies (by \$0.33bn).

The age structure of personal deposits at banks is as follows: time deposits amount to Hr 206.6bn or 76.3% of total personal deposits, and call deposits amount to Hr 64.1bn or 23.7%.

The amount of cash outside banks increased significantly (by 5.6%) in December (up 16.5% year-to-date) and reached Hr 183.0bn as of 1 January 2011.

The high rates of growth of client deposits in the last several months of 2010 and of cash outside banks have had a respective impact on the dynamics of the money supply, the amount of which increased by 4.2% in the period under review (up 22.8% year-to-date) to Hr 598.4bn.

The amount of funds in correspondent accounts of banks decreased slightly (by 3.8%) to Hr 16.7bn in December.

An average weighted cost of national-currency deposits increased from 7.1% to 8.1% in the reviewed period, and remained unchanged for foreign-currency deposits at 6.0%. An average weighted rate on credits increased to 15.0% for the national currency in December (12.8% in November) and from 9.8% to 10.6% for foreign currencies. At the interbank credit market, an average weighted rate on agreements doubled from 3.0% to 6.6% annual in December 2010 (typical for the last month of a year), including from 2.1% to 5.1% on overnight credits.

The aggregate capital of banks increased by 3.6% in December 2010 and totaled Hr 141.7bn or 15.0% of bank liabilities as of 1 January 2011. The equity of banks has the following structure: the registered authorized capital accounts for 102.9% in the equity structure, with 0.3% for the dividends used to increase the authorized capital; 6.0% for issue difference; 8.9% for general provisions and other funds of banks; -20.5% for results of previous years; 0.3% for results of the reporting year pending approval; -6.2% for results of the current year; and 8.3% for revaluation of fixed assets, intangibles, securities for sale in bank portfolios, and investments into associated companies.

Based on the 2010 operational results of banks, the net loss of the Ukrainian banking system totaled Hr 13.0bn, which is about a third of the 2009 result (the losses in the banking system totaled Hr 38.4bn as of 1 January 2010). The income of banks decreased by 4.3% year-on-year and totaled Hr 136.9bn. The bank costs decreased by 17.4% and amounted to Hr 149.9bn.

The total income consists of 82.8% of interest income and 11.2% of commission income. The main expenditure items of banks include interest costs of Hr 61.4bn or 41.0%, deductions into reserves of Hr 46.2bn or 30.8%, and administrative costs of Hr 29.1bn or 19.4%.

Banking System

Diagram 23

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

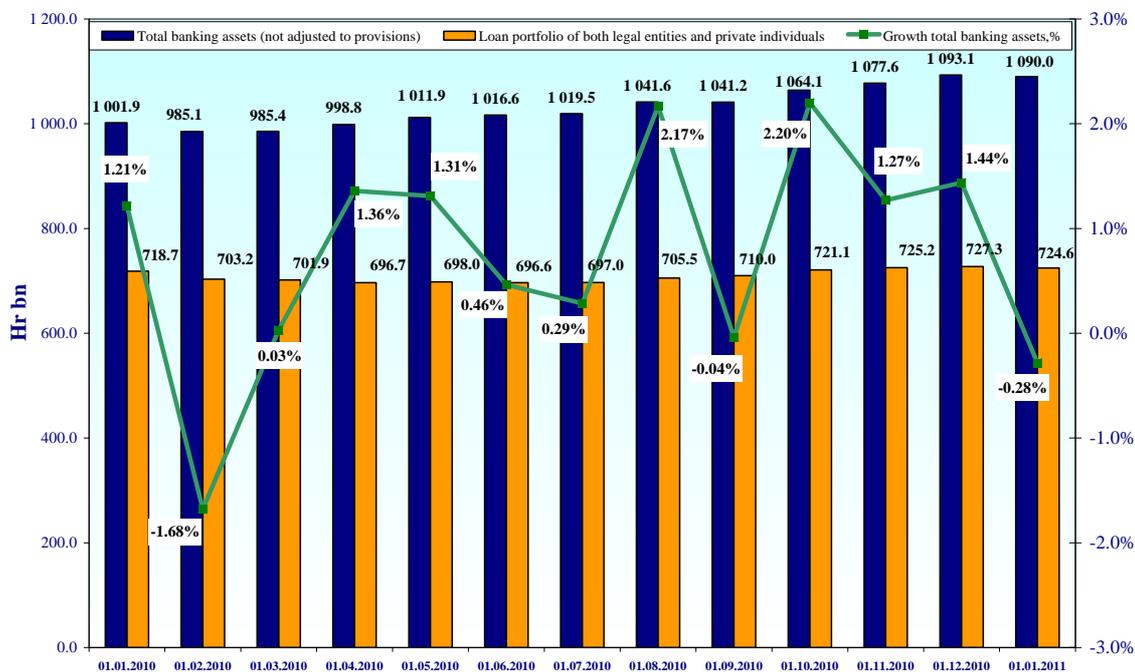
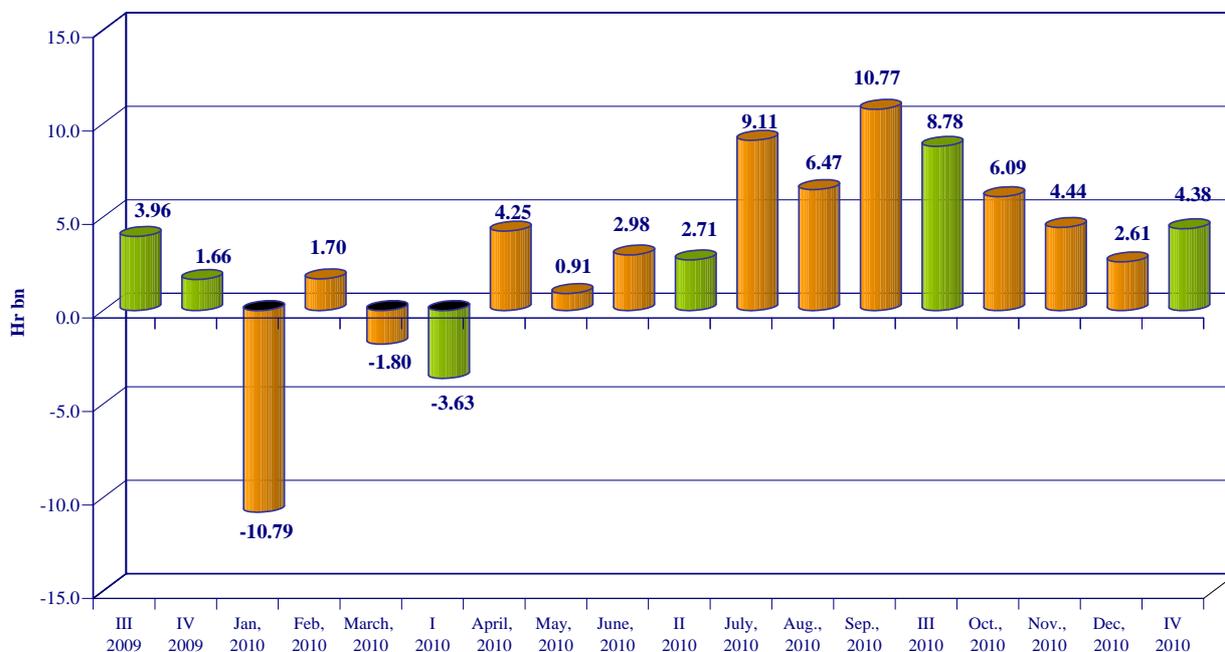


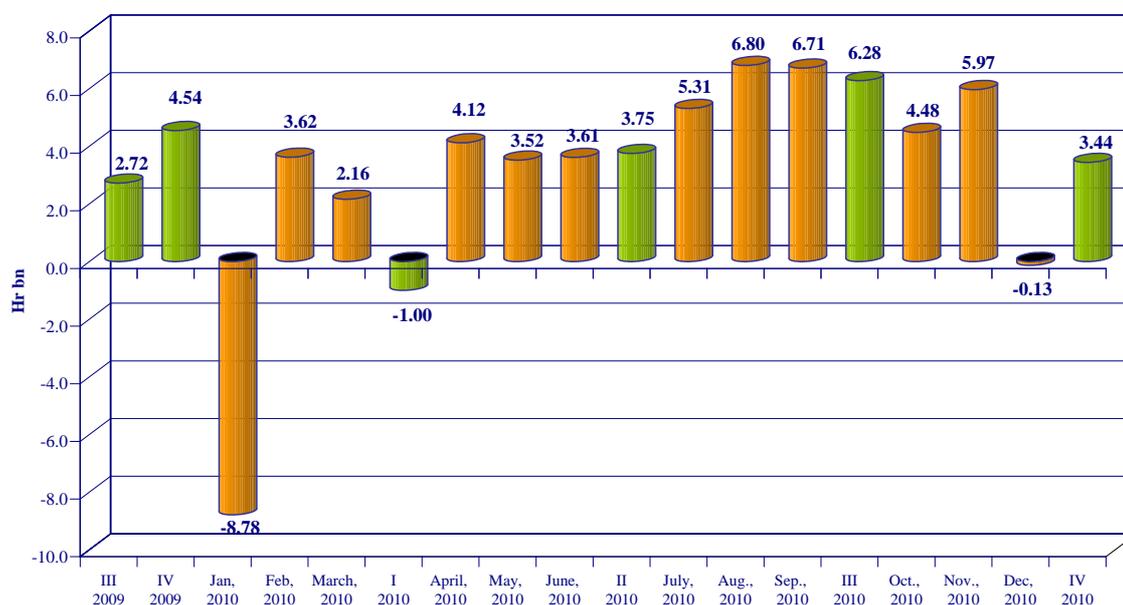
Diagram 24

Changes in the Amount of Legal Entities' Loan Portfolio



| Indicator | 01.01.10 | 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 | 01.01.11 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Legal entities loan portfolio, Hr bn | 483.36 | 472.57 | 474.27 | 472.47 | 476.72 | 477.63 | 480.61 | 489.72 | 496.19 | 506.96 | 513.05 | 517.49 | 520.10 |
| Growth rate of legal entities loan portfolio, % | 0.98 | -2.23 | 0.36 | -0.38 | 0.90 | 0.19 | 0.62 | 1.90 | 1.32 | 2.17 | 1.20 | 0.87 | 0.50 |

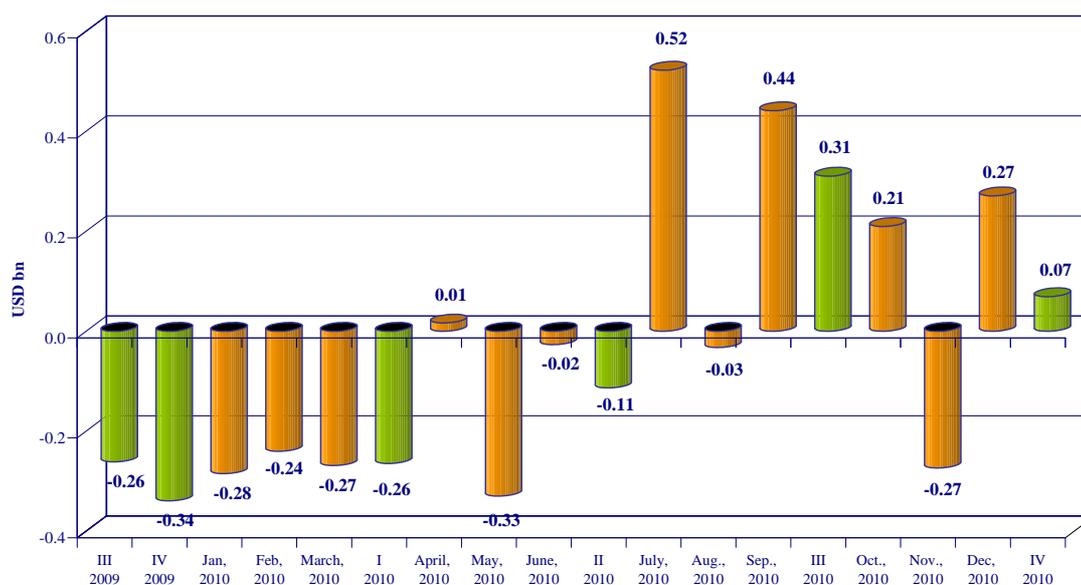
Changes in the Amount of Legal Entities' Loan Portfolio in the National Currency



| Indicator | 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 | 01.01.11 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Legal entities loan portfolio in national currency, Hr bn | 287.28 | 278.50 | 282.12 | 284.28 | 288.40 | 291.92 | 295.53 | 300.84 | 307.64 | 314.35 | 318.83 | 324.80 | 324.67 |
| Growth rate of legal entities loan portfolio in national currency, % | 3.45 | -3.06 | 1.30 | 0.77 | 1.45 | 1.22 | 1.24 | 1.80 | 2.26 | 2.18 | 1.42 | 1.87 | -0.04 |

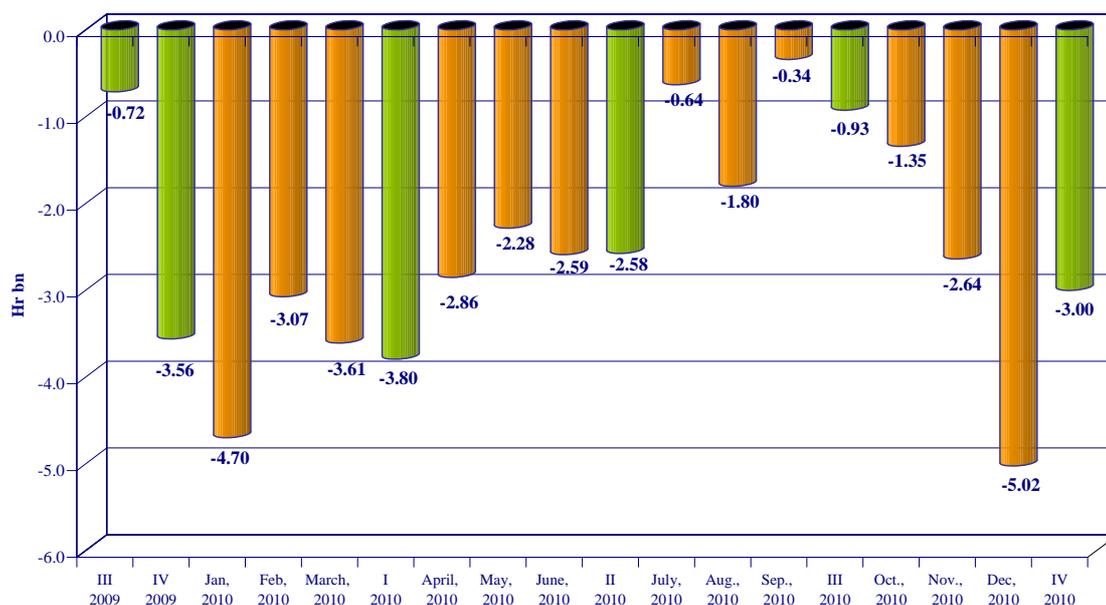
Diagram 26

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



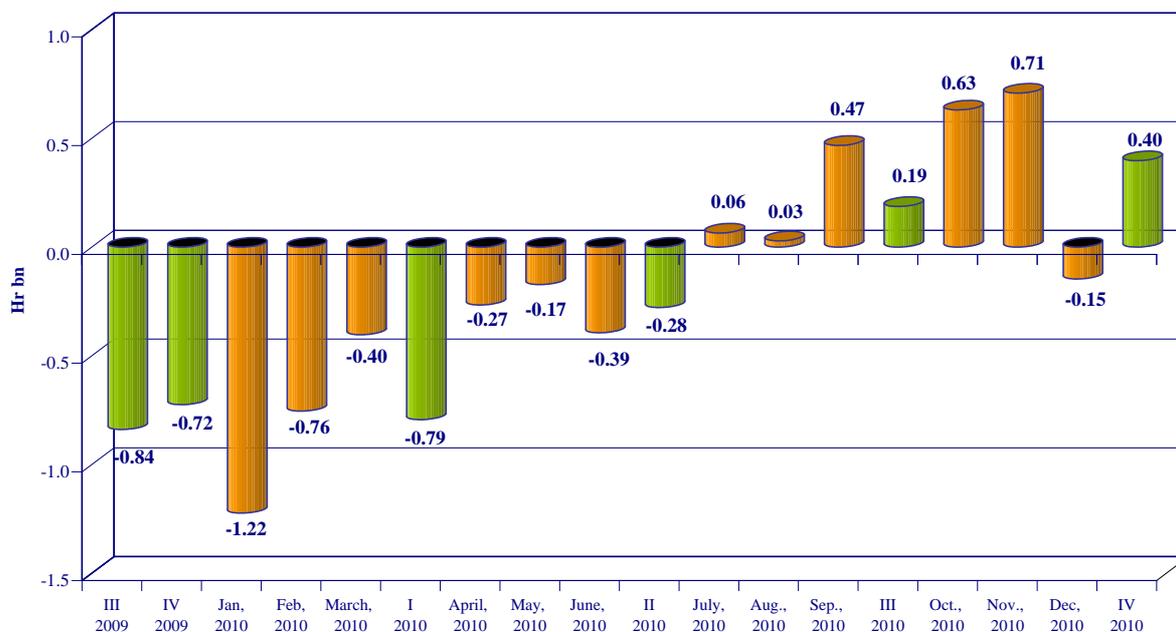
| Indicator | 01.01.10 | 01.02.10 | 01.03.10 | 01.04.10 | 01.05.10 | 01.06.10 | 01.07.10 | 01.08.10 | 01.09.10 | 01.10.10 | 01.11.10 | 01.12.10 | 01.01.11 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Legal entities loan portfolio in foreign currencies, USD bn | 24.54 | 24.26 | 24.02 | 23.75 | 23.76 | 23.43 | 23.41 | 23.93 | 23.90 | 24.34 | 24.55 | 24.28 | 24.55 |
| Growth rate of legal entities loan portfolio in foreign currencies, % | -2.42 | -1.02 | -0.99 | -2.06 | 0.07 | -1.39 | -0.34 | 2.05 | -0.18 | 2.15 | 0.84 | -0.78 | 1.42 |

Changes in the Amount of Individuals' Loan Portfolio



| Indicator | 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 | 01.01.11 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Individuals loan portfolio, Hr bn | 235.36 | 230.66 | 227.59 | 223.98 | 221.12 | 218.84 | 216.25 | 215.61 | 213.81 | 213.47 | 212.12 | 209.48 | 204.46 |
| Growth rate of individuals loan portfolio, % | -1.59 | -2.00 | -1.33 | -1.59 | -1.27 | -1.03 | -1.18 | -0.29 | -0.84 | -0.16 | -0.63 | -1.25 | -2.40 |

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



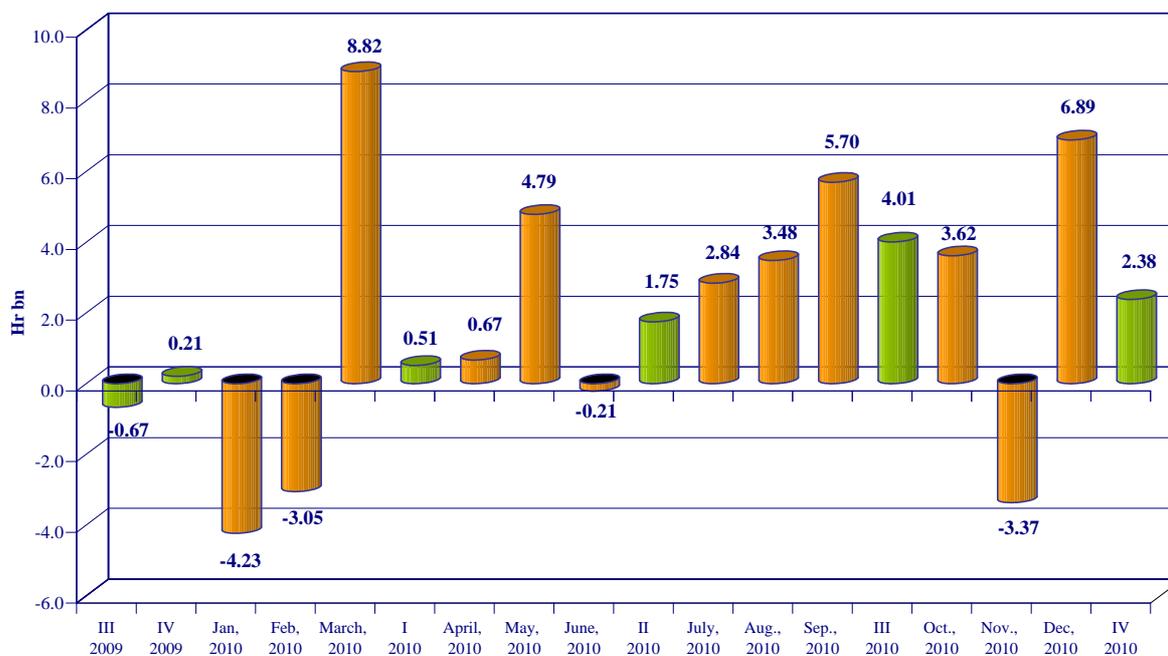
| Indicator | 01.01.10 | 01.02.10 | 01.03.10 | 01.04.10 | 01.05.10 | 01.06.10 | 01.07.10 | 01.08.10 | 01.09.10 | 01.10.10 | 01.11.10 | 01.12.10 | 01.01.11 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Individuals loan portfolio in national currency, Hr bn | 63.64 | 62.42 | 61.66 | 61.26 | 60.99 | 60.82 | 60.43 | 60.49 | 60.52 | 60.99 | 61.62 | 62.33 | 62.18 |
| Growth rate of individuals loan portfolio in national currency, % | -1.02 | -1.92 | -1.21 | -0.65 | -0.43 | -0.28 | -0.65 | 0.11 | 0.05 | 0.77 | 1.03 | 1.15 | -0.23 |

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



| Indicator | 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 | 01.01.11 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Individuals loan portfolio in foreign currencies, USD bn | 21.49 | 21.03 | 20.74 | 20.53 | 20.21 | 19.94 | 19.71 | 19.65 | 19.43 | 19.27 | 19.02 | 18.54 | 17.87 |
| Growth rate of individuals loan portfolio in foreign currencies, % | -1.79 | -2.02 | -1.38 | -1.93 | -1.59 | -1.32 | -1.39 | -0.45 | -1.18 | -0.53 | -1.29 | -2.23 | -3.32 |

Changes in the Amount of Legal Entities' Deposit Portfolio



| Indicator | 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 | 01.01.11 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Legal entities deposit portfolio, Hr bn | 116.55 | 112.32 | 109.27 | 118.09 | 118.76 | 123.55 | 123.34 | 126.18 | 129.66 | 135.36 | 138.98 | 135.61 | 142.50 |
| Growth rate of legal entities deposit portfolio, % | 3.60 | -3.63 | -2.72 | 8.08 | 0.56 | 4.03 | -0.17 | 2.31 | 2.76 | 4.39 | 2.67 | -2.42 | 5.08 |

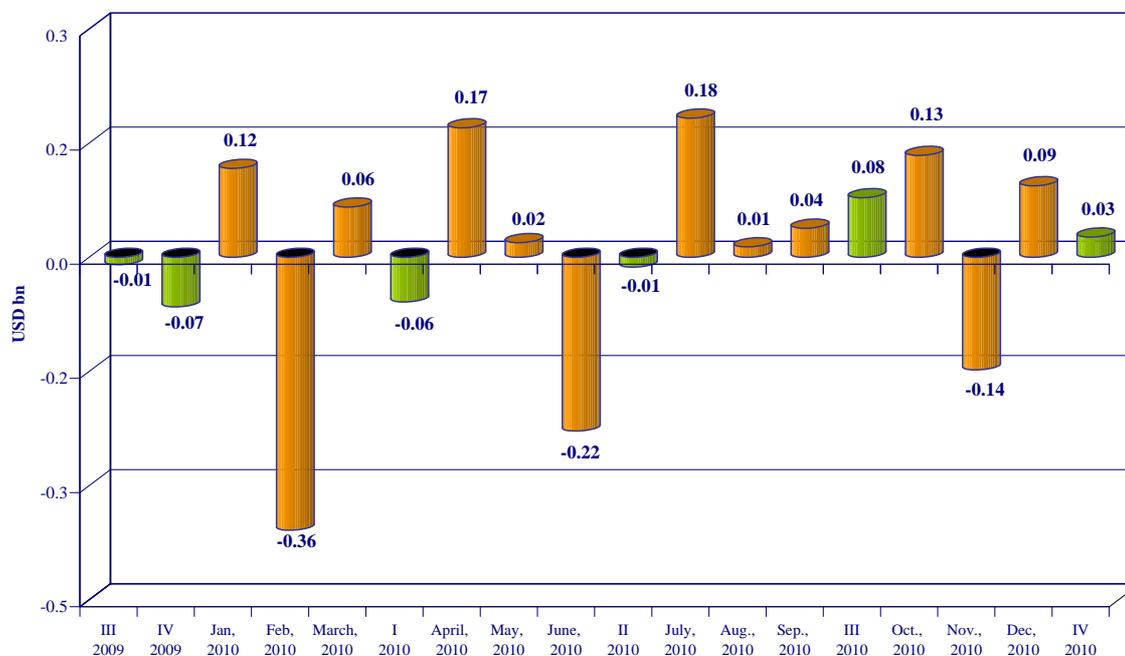
Changes in the Amount of Legal Entities' Deposit Portfolio in the National Currency



| Indicator | 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 | 01.01.11 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Legal entities deposit portfolio in national currency, Hr bn | 75.00 | 69.77 | 69.65 | 78.27 | 77.59 | 82.23 | 83.91 | 85.38 | 88.77 | 94.05 | 96.61 | 94.28 | 100.30 |
| Growth rate of legal entities deposit portfolio in national currency, % | 9.62 | -6.97 | -0.18 | 12.39 | -0.87 | 5.97 | 2.05 | 1.75 | 3.97 | 5.94 | 2.73 | -2.41 | 6.39 |

Diagram 32

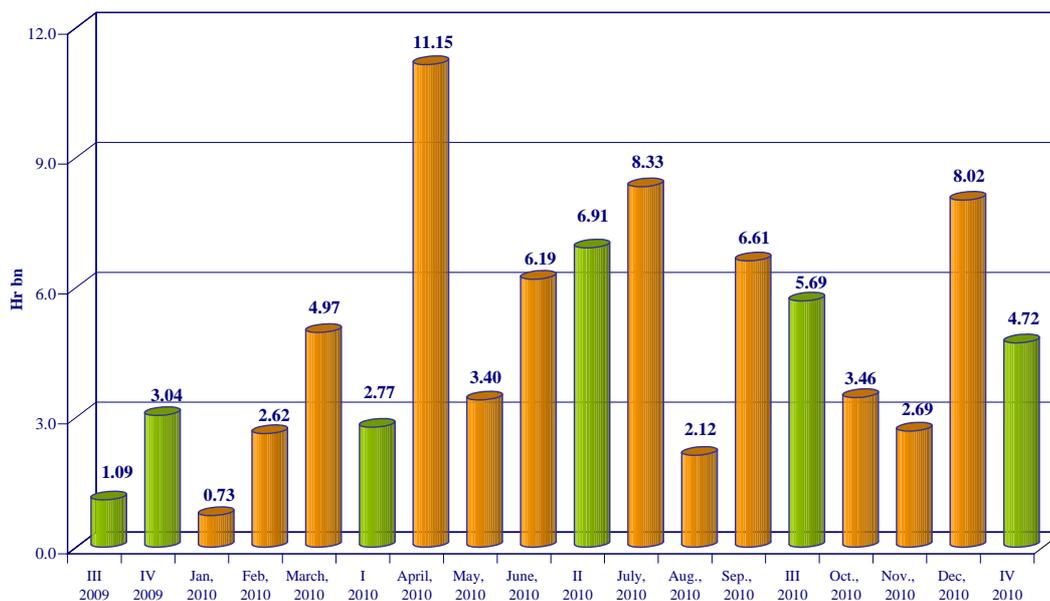
Changes in the Amount of Legal Entities' Deposit Portfolio in Foreign Currencies



| Indicator | 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 | 01.01.11 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Legal entities deposit portfolio in foreign currencies, USD bn | 5.20 | 5.32 | 4.96 | 5.02 | 5.19 | 5.21 | 4.99 | 5.17 | 5.18 | 5.22 | 5.35 | 5.21 | 5.30 |
| Growth rate of legal entities deposit portfolio in foreign currencies, % | -5.74 | 2.39 | -6.88 | 0.51 | 3.39 | 0.37 | -4.60 | 3.49 | 0.23 | 1.04 | 2.54 | -2.44 | 2.11 |

Diagram 33

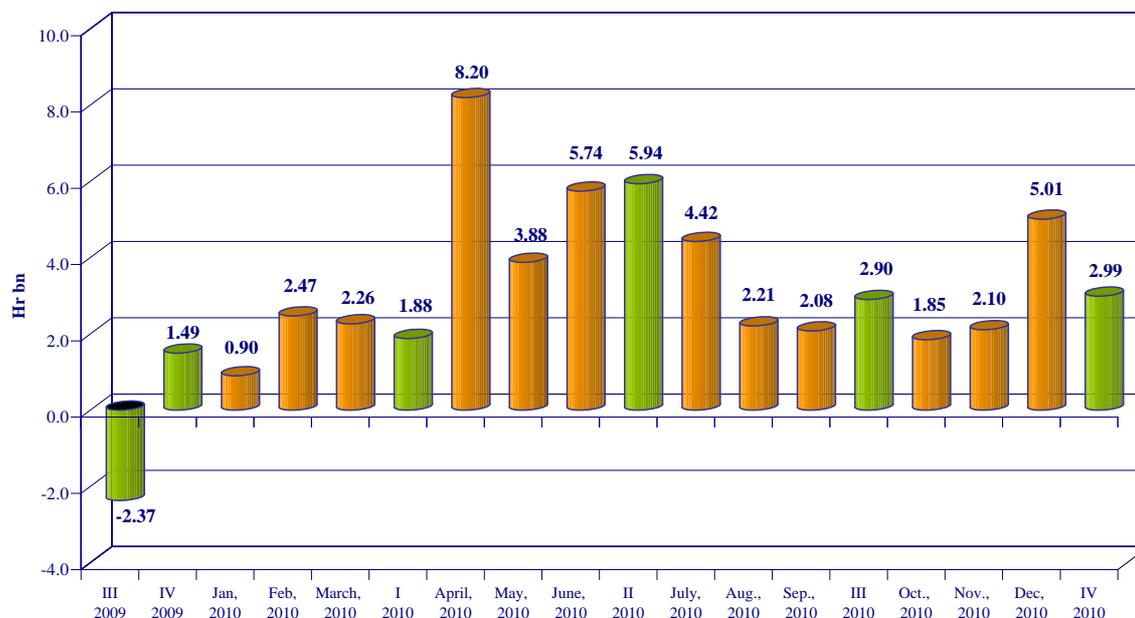
Changes in the Amount of Individuals' Deposit Portfolio



| Indicator | 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 | 01.01.11 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Individuals deposit portfolio, Hr bn | 211.45 | 212.18 | 214.80 | 219.77 | 230.92 | 234.32 | 240.51 | 248.84 | 250.96 | 257.57 | 261.03 | 263.72 | 271.74 |
| Growth rate of individuals deposit portfolio, % | 1.92 | 0.35 | 1.24 | 2.31 | 5.07 | 1.47 | 2.64 | 3.46 | 0.85 | 2.64 | 1.34 | 1.03 | 3.04 |

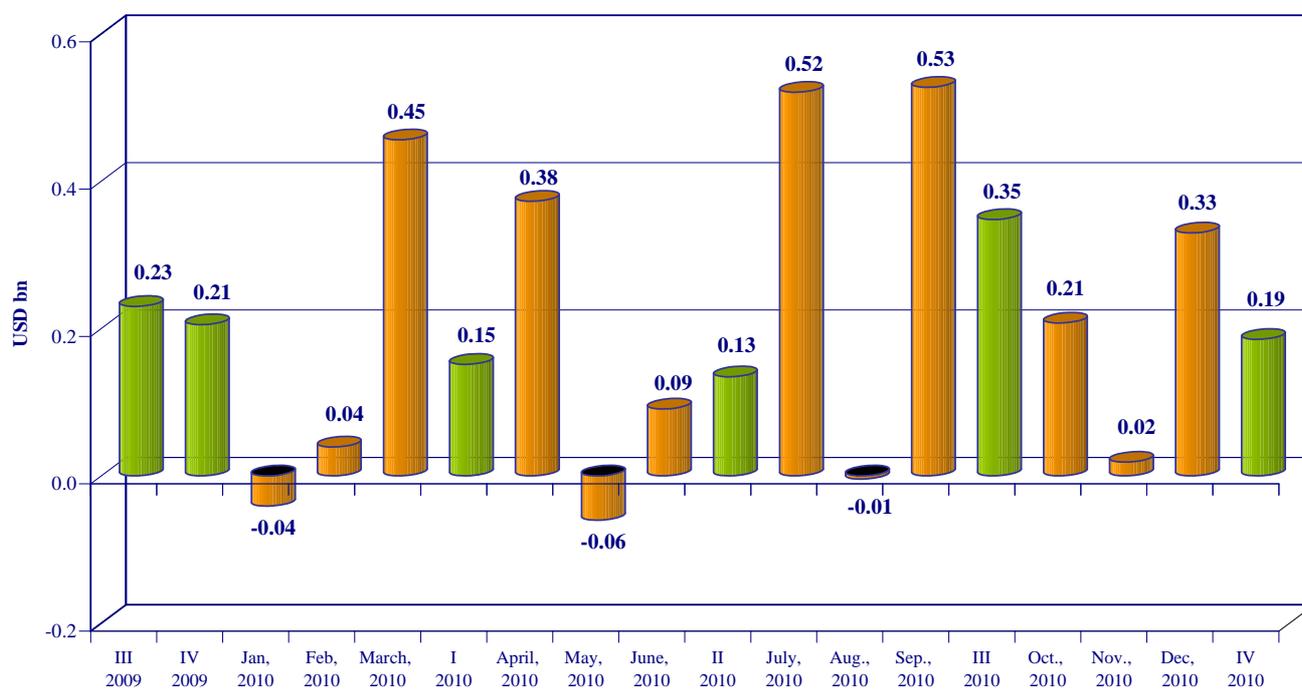
Diagram 34

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



| Indicator | 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 | 01.01.11 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Individuals deposit portfolio in national currency, Hr bn | 98.80 | 99.70 | 102.17 | 104.43 | 112.63 | 116.51 | 122.25 | 126.67 | 128.88 | 130.96 | 132.81 | 134.91 | 139.92 |
| Growth rate of individuals loan portfolio in national currency, % | 3.78 | 0.91 | 2.48 | 2.22 | 7.85 | 3.44 | 4.93 | 3.62 | 1.74 | 1.61 | 1.41 | 1.59 | 3.71 |

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



| Indicator | 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 | 01.01.11 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Individuals deposit portfolio in foreign currencies, USD bn | 14.10 | 14.06 | 14.10 | 14.55 | 14.93 | 14.87 | 14.96 | 15.48 | 15.47 | 16.00 | 16.21 | 16.23 | 16.56 |
| <i>Growth rate of individuals deposit portfolio in foreign currencies, %</i> | 0.33 | -0.15 | 0.14 | 2.40 | 2.56 | -0.40 | 0.38 | 3.30 | -0.07 | 3.72 | 1.27 | 0.45 | 2.34 |