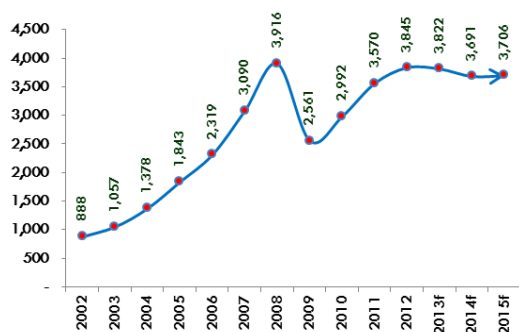


UKRAINE		Long Term	Short Term	
Sovereign	Foreign Currency	B+	B	
	Local Currency	B+	B	
	Outlook	FC	Stable	Stable
		LC	Positive	Positive
Analyst: Mr. Zeki Metin COKTAN +90 212 352 56 73 zekic@jcrer.com.tr				

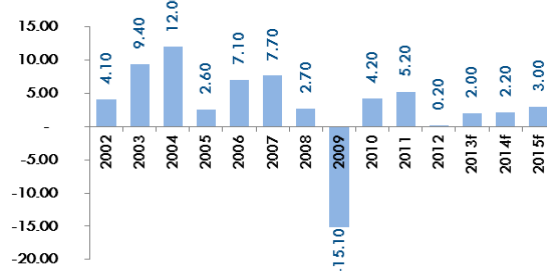
UKRAINE MAIN INDICATORS							
Data	2012*	2011*	2010*	2009*	2008*	2007*	2006*
GDP Current Prices UAH (bn)	1,400	1,302	1,083	913	948	720	544
GDP Current Prices USD (bn)	176	163	136	117	179	142	107
Population (mn)	45.63	45.78	45.60	45.78	45.96	46.19	46.47
Unemployment Rate (%)	8.00	8.50	8.40	9.40	7.50	6.90	8.20
Annual Inflation Rate (%)	-0.2	4.6	9.8	15.9	25.2	12.8	11.6
Real GDP Growth (%)	0.20	5.20	4.20	-15.1	2.70	7.70	7.10
Current Account Balance/GDP (%)	-8.21	-6.27	-1.91	-1.48	-7.09	-3.69	-1.50
Broad Money UAH (bn)	1,036	967	861	809	778	440	249
International Reserves USD (mn)	24,546	31,795	34,576	26,505	31,543	32,479	22,358
Avg. Exchange Rate UAH per USD	7.97	7.98	7.94	7.79	5.27	5.05	5.05

*End of year

● GDP -Per Capita, In Dollars



■ Real GDP Growth %



Country Outlook and Rating Perspective

The Ukrainian economy has been negatively affected by the global crisis. Although not experiencing an actual slump, Ukraine's economy is in stagnation. After a strong expansion in the last two to three years, the GDP growth rate declined in 2012 due to declining industrial production, weakening agriculture output and tight credit conditions.

The outlook of Ukraine's economy will be shaped significantly by the level of global demand for steel in 2013. JCR-ER has assigned a positive outlook for the Ukrainian economy on the local credit perspective. Our opinion is based on the assumption that global demand for Ukraine's export commodities will increase in 2013. Looking ahead, private consumption will remain the main driver of economic growth in 2013.

The Ukrainian banking sector has extensive room for potential growth and is well-capitalized after extensive injections of capital. The deposit-based funding structure of the banking sector is another powerful aspect. However, high NPL ratios and poor active quality are serious matters confronting the banking sector.

In particular, the current account deficit, short-term funding needs, economic recession and uncertainty in the external market conditions have been instrumental in determining the sovereign rating.

Positive Factors

- Large agricultural potential,
- Government success in acquiring new funding in domestic and foreign markets,
- Deposits serving as the main funding source for banks,
- Forecasted increasing foreign demand for exports goods,
- Well-capitalized banking system, despite weak asset quality

Negative Factors

- Widening deficit in the balance of payments and budget,
- High external financing needs,
- Drop in budget revenues triggered by the economic slowdown,
- Tightening in lending conditions,
- Devaluation risk for the overvalued domestic currency,
- Risk of not emerging from the position of stagflation,
- Failure in the health system