

In 2018, the banking sector earned UAH 21.7 billion in net profit (or an ROE of 14.3%). As the profits that the banks reported in the past were primarily the result of the window dressing of financial statements and deliberate understatement of provisioning amounts, this is most likely the first time in its history that Ukraine's banking sector has actually been profitable. The banks still have substantial NPLs on their balance sheets, but have already reported nearly all of their losses from decreases in the quality of their loan portfolios. The NPL coverage ratio stands at 95.5%¹, which is acceptable according to international standards. The funding base grew as the year progressed. Financial institutions have successfully migrated to the new LCR liquidity requirement. As of mid-February, all banks comply with the foreign-currency LCR (the minimum threshold is 50%). Only institutions that jointly account for 0.2% of the sector's assets are out of compliance with the all-currency LCR (the minimum of which is set at 80%). The key banks' priorities for 2019 are to resume corporate lending in full and to clean up further their balance sheets of NPLs. This year, the National Bank of Ukraine (NBU) will present the concept for a new structure of regulatory capital, as well as the Net Stable Funding Ratio (NSFR). The new regulations will come into effect after they have been discussed with the banks. At the same time, the banks will be given a grace period to ease their transition to operating under the new regulations.

Sector Structure

Ukraine had 77 operating banks in late 2018, down four from a quarter earlier. Two of the banks completed mergers with other banks, one was transformed into a financial institution, and VTB Bank was declared insolvent. The market share of state-owned financial institutions did not change: 54.7% by net assets, and 63.4% by household deposits. Retail lending was on the rise in 2018, boosting PrivatBank's share of net assets by 1.3 pp to 20.7%, and that of the private banks by 0.9 pp to 14.8%. Asset concentration in the sector has remained unchanged over the past two years, with the top-20 banks accounting for 91% of net assets in late 2018.

Assets

The banking sector's net assets increased by 1.1%² in Q4, primarily driven by the expansion of loan portfolios. Interbank loans declined and were partially replaced by the purchase of NBU certificates of deposit in the final days of the year.

Net hryvnia retail loans grew 6.7% in October – December, and 34.1% for the whole of 2018. The highest growth rates were reported by private (+54.2% yoy) and state-owned (+49.0% yoy) banks. Hryvnia mortgage lending increased at a significant pace of 6% yoy.

Net hryvnia corporate loans grew 2.0% qoq and 8.1% yoy. Net hryvnia corporate loans to borrowers that had never defaulted on their debt increased 25.8% yoy. PrivatBank (+70% yoy) reported the sharpest increase. This growth at PrivatBank was driven by a low comparison base, as nearly the entire pre-nationalization loan portfolio had been

provisioned for. Among other groups of financial institutions, the highest lending rates were reported by private and foreign banks: 17.6% and 7.6% yoy, respectively. At the same time, state-owned banks have stopped increasing hryvnia lending: these banks extended 1.5% fewer hryvnia loans last year, following a 12.7% increase in these loans in 2017.

Net FX corporate loans increased 6.0% qoq and 2.6% yoy. Alternative energy companies, trading companies, and agricultural exporters took out most of the FX loans.

Over the course of 2018, lending portfolios improved in quality. In Q4, the NPL ratio declined 1.7 pp, to 52.8%.³ The improvement in loan quality came after the surge in retail lending statistically diminished the NPL ratio.

Funding

Throughout 2018, hryvnia deposits of households and business entities increased 14.8% and 6.8%, respectively.

In Q4 2018, hryvnia retail deposits increased 3.9%, mainly due to improved depreciation and inflation expectations. Private and foreign banks accounted for the majority of deposit increase in Q4: up 7.8% and 6.7%, respectively. Household FX deposits shrank 1.7% (+1.4% yoy) after increasing a quarter earlier.

The inflow of corporate deposits was primarily driven by substantial government spending in the final days of 2018. As a result, hryvnia corporate deposits increased 15.7% in December. In particular, PrivatBank accounted for a 19.7%

¹ Including interbank loans; all banks, including insolvent ones; excluding off-balance liabilities.

² At banks that were solvent in late 2018.

³ At all reporting banks.

increase. This seasonal liquidity inflow increased the banks' demand for the NBU's certificates of deposit in late 2018.

More specifically, the dollarization of household deposits declined by 2.0 pp in Q4, including due to the strengthening of the hryvnia. This indicator stood at 47.3% by the end of the year. The dedollarization trend thus resumed, after slowing in Q3 on the back of a weaker hryvnia.

The breakdown of banks' liabilities by instrument was little changed over the course of the year. In Q4, the share of corporate deposits increased to 35.7%. In state-owned banks, liabilities to IFIs accounted for a significant 23.6% of all liabilities. In other banks, this indicator stood at 1.2%.

Interest rates

In 2018, the NBU raised the key policy rate four times – overall it rose from 14.5% to 18% – with the last rate hike occurring in late Q3. Despite the higher key policy rate, interest rates on deposits were practically unchanged and started rising only in Q3 as deposit growth slowed. In Q4, the average interest rate on 12-month household hryvnia deposits edged up 0.6 pp, to 15.7% per annum, while that on 12-month USD deposits grew 0.1 pp, to 3.6% per annum. The gap between the rates on 6-month and 12-month deposits widened somewhat⁴. Stronger competition for corporate deposits took these deposit rates higher to 14.5% per annum (+5.3 pp in 2018, +1.5 pp in Q4).

The growth in the rates on household deposits in Q4 occurred at the same time as rates on new hryvnia loans increased 1.4 pp, to 31.5% per annum. Interest rates on hryvnia corporate loans increased 1.1 pp, to 20.8%.

Profit or Loss and Capital

In 2018, the banking sector generated a record UAH 21.7 billion in earnings, including UAH 10.8 billion in Q4 alone. The net profits of profitable banks amounted to UAH 34.4 billion, while loss-making banks incurred UAH 12.7 billion in losses. Operating income was up by 27.5% yoy, driven primarily by an increase in net interest, and fee and commission income, with expenditures rising by 27.6% yoy. Operating income before provisioning grew by 25.4% yoy. Meanwhile, operating performance remained unchanged, with the cost-to-income ratio being 58.9%.

PrivatBank and foreign-owned banks (except banks with Russian capital) improved their performance. At the same time, two state-owned banks incurred operating losses due to the negative results of a revaluation of certain financial instruments, and because of operating costs. However, these banks were able to turn a moderate profit by reversing their provisions. In 2018, the banks made UAH 23.7 billion in provisions, down by half on a year earlier. In Q4, banks with Russian capital accounted for most of the provisions.

Prospects and Risks

The banking sector will see its profits grow this year thanks to low provisioning levels. Banks with Russian capital were the last to finish provisioning in the reporting year and are not expected to accumulate provisions in 2019 that are substantial enough to have a material impact on the sector. However, the low operating performance of state-owned banks continues to pose a sufficient risk. Thus, it is important that state-owned banks form supervisory boards this year, improve corporate governance, and launch the full-scale implementation of new strategies.

In 2019, the banks are expected to expand their funding base by the same amount as last year. The banks will still be interested in retail lending. The growth in corporate portfolios that started in 2018 will accelerate. The growth will accelerate on the back of the expected decline in commercial interest rates that may follow if the NBU eases its monetary policy in 2019.

Since the beginning of 2019, a new rule has been applied for the depreciation of collateral for loans that remain non-performing for over two years. The assumption is that if a bank cannot foreclose on the collateral property in two years, the property can no longer act as collateral, and may not be used when calculating credit risk. The full depreciation of collateral for NPLs over the next two years will result in the complete coverage of NPLs with prudential provisioning.

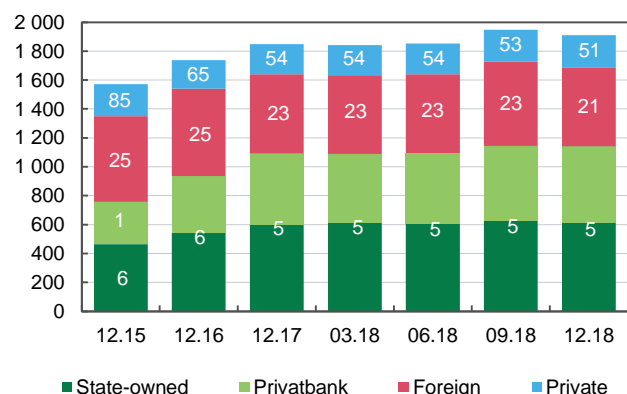
The NBU continues to implement new regulations based on CRR/CRD 4. The concept of the new long-term liquidity ratio, NSFR, will be presented for discussion in 2019, as will the new concept of regulatory capital structure. Following consultations with the banks, the NBU will approve relevant resolutions.

⁴ Based on the Ukrainian Index of Retail Deposit Rates.

Sector Structure

In Q4 2018, the number of operating banks decreased by 4, to 77. Two of the banks finalized merger procedures, BM Bank terminated its banking business without relinquishing its legal entity status, and VTB bank was declared insolvent. Total assets decreased 0.4%, to UAH 1.91 trillion.

Figure 1. Banks' total assets, UAH billion*



* Solvent banks have been grouped in accordance with the categorization that was in effect in the relevant reporting period. The caption on the figure denotes the number of banks in a group.

Table 1. Number of banks*

	2015	2016	2017	03.18	06.18	09.18	12.18
Solvent	117	96	82	82	82	81	77
change	-30	-21	-14	0	0	-1	-4
State-owned**	7	6	5	5	5	5	5
change	0	-1	-1	0	0	0	0
Foreign	25	25	23	23	23	23	21
change	0	0	-2	0	0	0	-2
Private	85	65	54	54	54	53	51
change	-30	-20	-11	0	0	-1	-2
Insolvent	3	4	2	2	1	1	1
change	-13	1	-2	0	-1	0	0

* As of the end of the period.
** Including PrivatBank.

PrivatBank and other state-owned banks dominated the market, jointly accounting for 54.7% of net assets and 63.4% of household deposits. In Q4, PrivatBank caused the largest shifts in the breakdown of net assets (+1.3 pp), while other state-owned banks accounted for the biggest changes in the breakdown of household deposits (+1.1 pp). The share of private banks has been on the rise for the second consecutive year by most measures.

Figure 2. Distribution of net assets by groups of banks

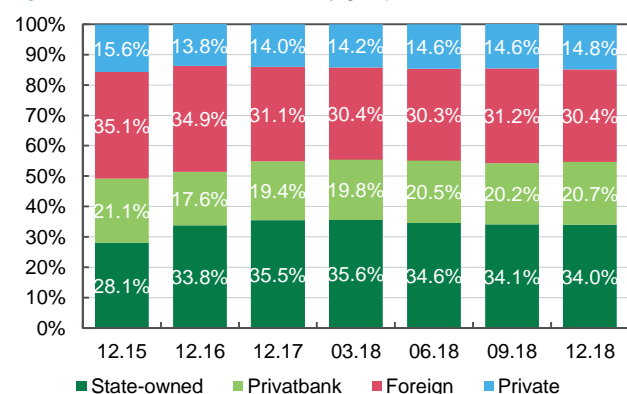
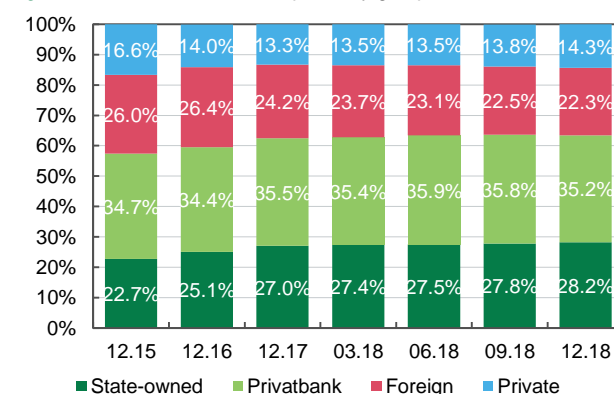


Figure 3. Distribution of retail deposits by groups of banks



The sector remains moderately concentrated. The 20 largest banks accounted for 91.0% of the sector's net assets in late 2018.

Figure 4. Largest banks' share of the sector's net assets

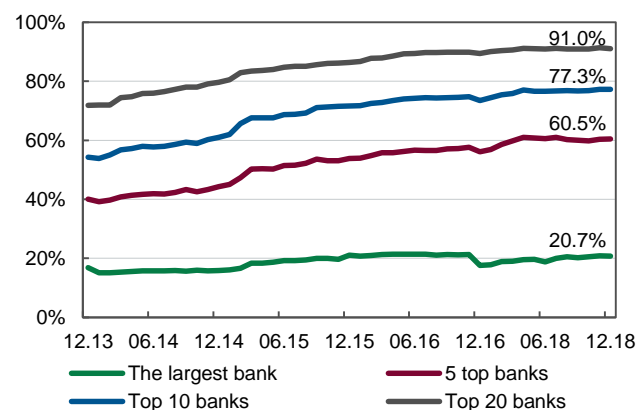
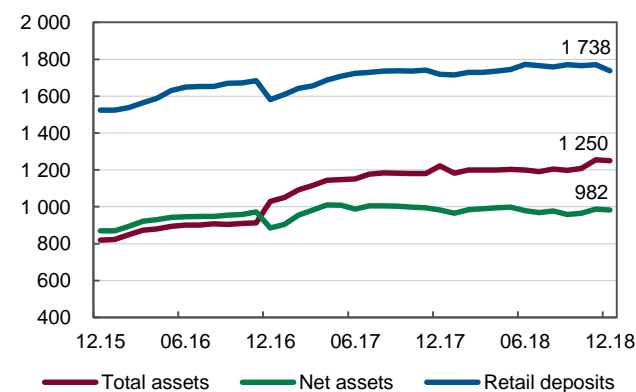


Figure 5. Concentration as defined by the HHI indicator*

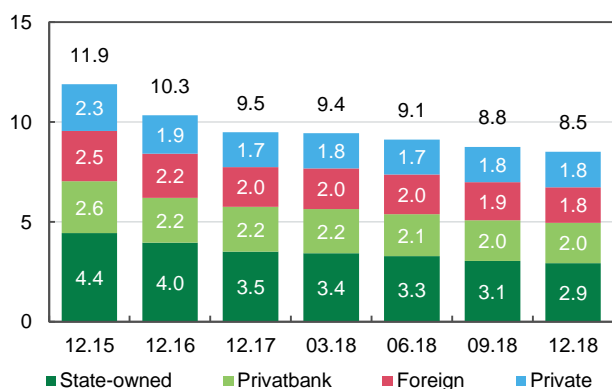


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated as the sum of the banks' squared market shares. The index can have values between 0 and 10,000 (with values below 1,000 indicating low market concentration).

Banking infrastructure

In Q4, the banks continued to reorganize their branch networks. State-owned and foreign banks decreased the number of their branches most of all, by 134 and 125 branches respectively. The number of foreign-owned bank branches dropped mainly due to some foreign-owned banks leaving the Ukrainian market. For the first time since the crisis began, private Ukrainian banks have not shut down any of their branches.

Figure 6. Number of banking units*, thousand



* Standalone structural units and head offices.

In Q4, the largest staff cuts were reported by state-owned banks, which laid off 399 full-time employees. In the meantime, private banks and PrivatBank hired new staff.

Figure 8. Staffing level at banks, thousand employees

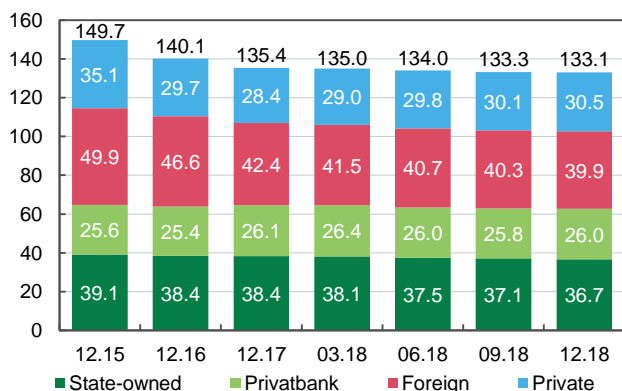
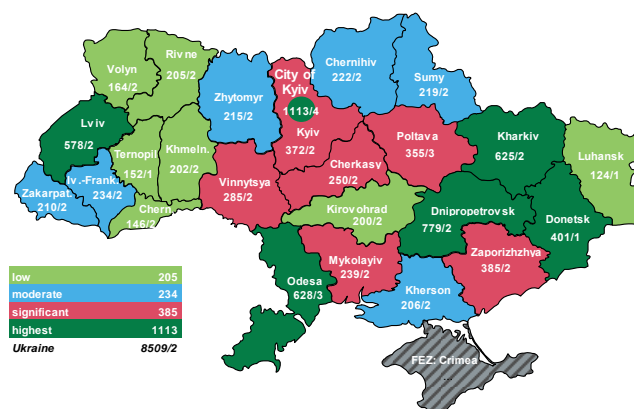
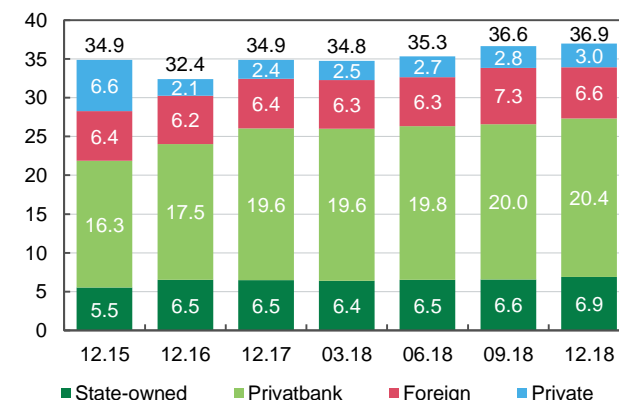


Figure 7. Operating banking units by regions as of 1 October 2018, units per 10,000 individuals



State-owned banks, including PrivatBank, were in the lead in terms of payment card growth, increasing the number of their payment cards by 744,000. Private banks also actively increased the number of their cards – by 241,000.

Figure 9. Number of active payment cards by groups of banks, million units



The network of POS terminals continued to develop, as state-owned banks increased the number of their POS terminals. PrivatBank was mainly responsible for the growth in POS terminals (8,400 units over the year). Only state-owned banks reported an increase in the number of their ATMs*.

Figure 10. Number of ATMs*, thousand units

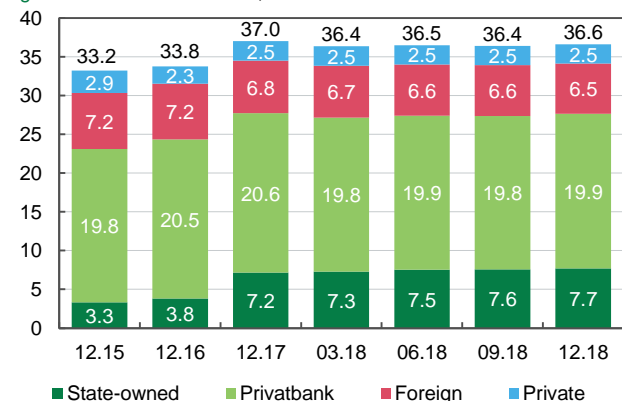
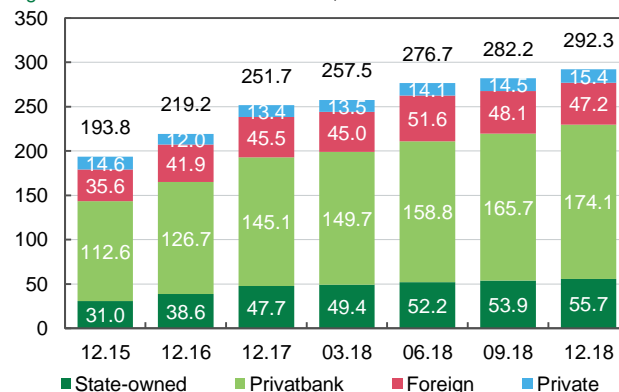


Figure 11. Number of POS terminals, thousand units



* Number of self-service bank machines (ATMs, deposit ATMs, self-service kiosks).

Assets

In Q4, the net assets of solvent banks grew by 1.1% to UAH 1.36 trillion, driven by a rebound in lending. Interbank loans dropped, while investment in the NBU's certificates of deposit grew, mainly due to large amounts of budgetary spending in the last days of the year.

Figure 12. Net assets by groups of banks, UAH billion

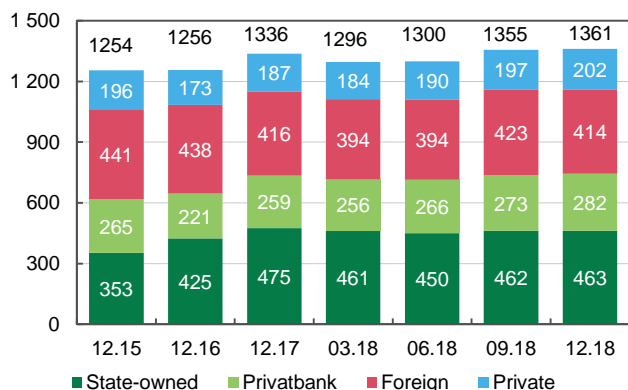
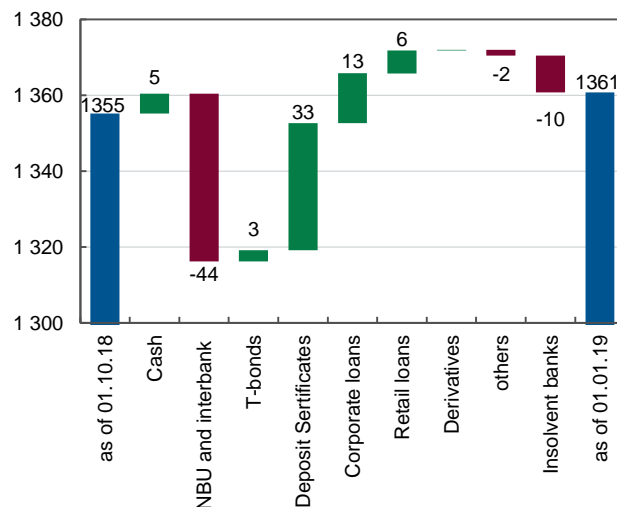


Figure 13. Change in net assets by components in Q4 2018*, UAH billion



* Adjusted by the amount of loan loss provisions; insolvent banks.

In Q4, the strongest growth in the structure of net assets was seen in NBU certificates of deposit (by 2.5 pp), and corporate and household loans (by 0.5 pp and 0.4 pp respectively). The marked reduction in gross loans seen in December resulted from the writing-off or repayment of some corporate loans.

Figure 14. Sector's net assets by components

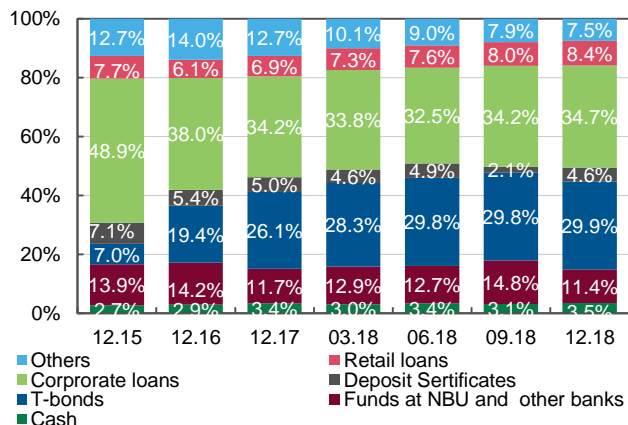
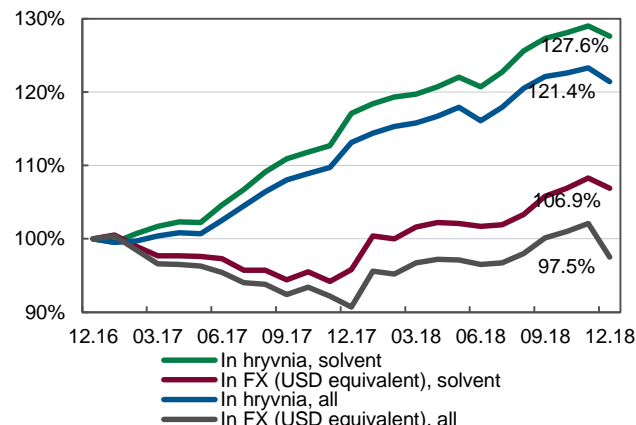


Figure 15. Gross corporate and retail loans, 2016=100%*



* Issued by banks solvent as of 1 January 2019.

The loan dollarization rate fell in Q4, in particular the dollarization of gross retail loans dropped by 4.4 pp, to 31.0%. Over the last two years, FX loans have persistently accounted for half of the corporate portfolio.

Figure 16. The share of FX loans

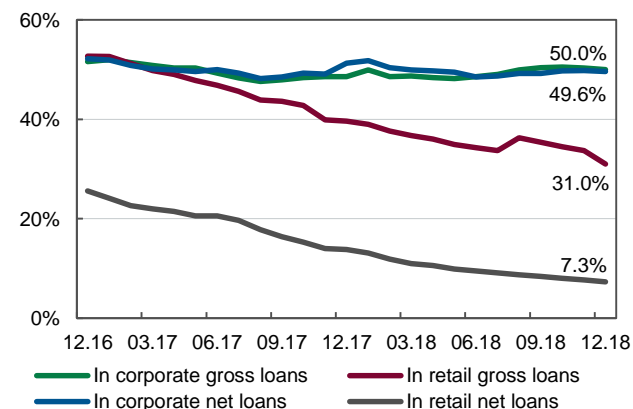
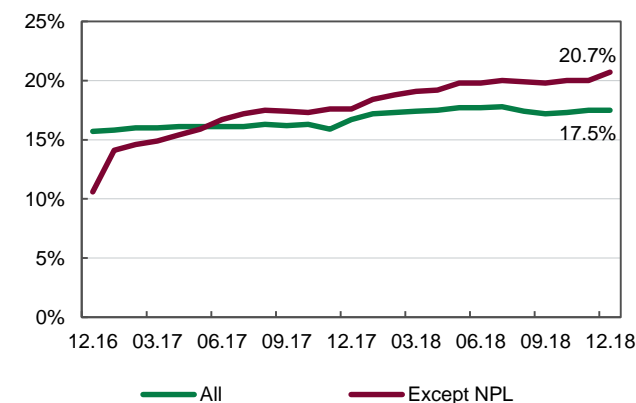
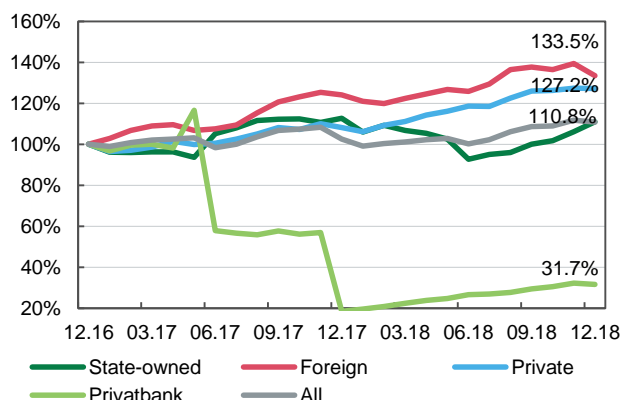


Figure 17. The share of retail loans in the total loan portfolio



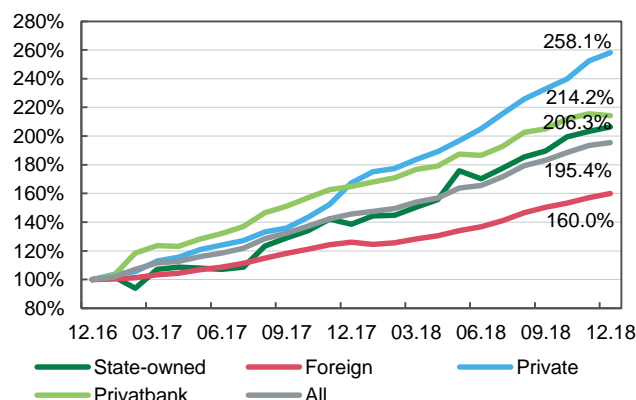
Net hryvnia retail loans grew by 6.7% qoq, and by 34.1% yoy. The strongest growth was reported by private (+54.2% yoy) and state-owned (+49.0% yoy) banks. Net hryvnia corporate loans grew by 2.0% qoq, and by 8.1% yoy. PrivatBank (+ 69.9 yoy) generated the most robust growth. This was attributed to the low comparison base resulting from provisions being made for most of the bank's legacy portfolio.

Figure 18. Net hryvnia corporate loans, 2016=100%*



* Issued by banks solvent as of 1 January 2019, including accrued interest.

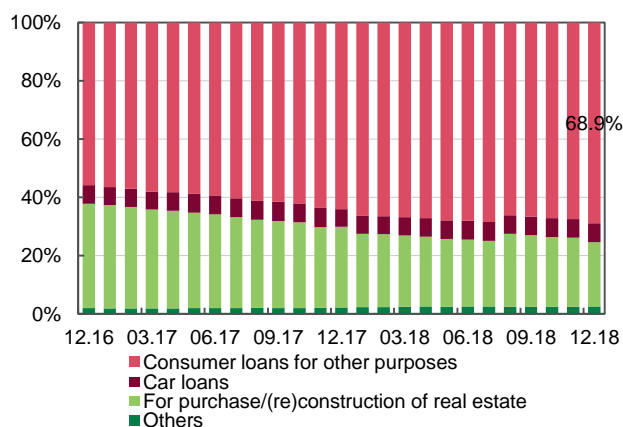
Figure 19. Net hryvnia retail loans, 2016=100%*



* Issued by banks solvent as of 1 January 2019, including accrued interest.

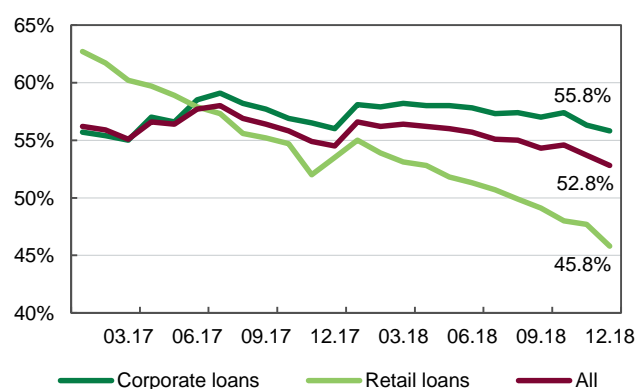
In Q4, the share of consumer loans edged up by 2.2 pp, to 68.9%.

Figure 20. Gross retail loans by purpose



The NPL ratio dropped by 1.7 pp in Q4, to 52.8%. This was mainly due a reduction in the NPL ratio for retail loans, to 45.8%.

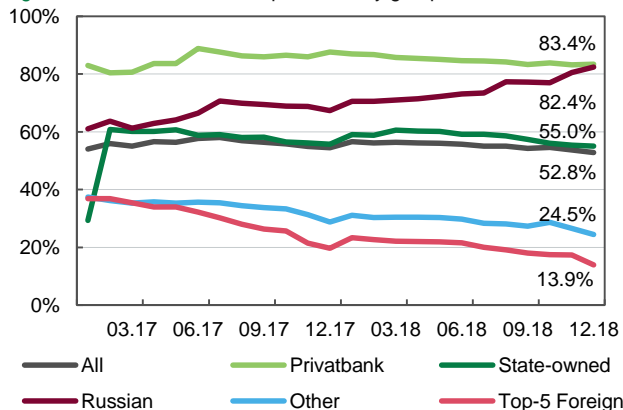
Figure 21. NPL ratio for bank portfolios*



* All banks, including insolvent ones; excluding off-balance liabilities.

The largest drop in the NPL ratio (by 2.5 pp qoq) was reported by foreign-owned banks, in particular the largest ones. State- and Russian-owned banks account for the largest NPL ratios, with these percentages remaining practically unchanged.

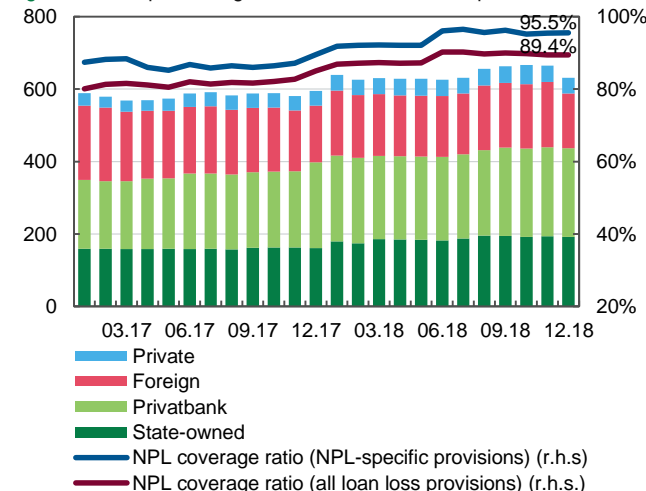
Figure 22. NPL ratios for loan portfolios, by groups of banks*



* Including interbank loans; all banks, including insolvent ones; excluding off-balance liabilities.

The NPL coverage ratio in terms of total provisions is sufficient, with provisions set aside for 95.5% of the total loan portfolio.

Figure 23. Non-performing loans in UAH billions and provisions*



* Including interbank loans; all banks, including insolvent ones; excluding off-balance liabilities.

Funding

Bank liabilities were little changed in Q4 (-0.2 pp), totaling UAH 1.2 trillion as of the end of the year. The UAH 17 billion drop in budget funds seen at the end of the budget year was in part offset by a UAH 13 billion increase in corporate deposits. Household deposits, the main component of the bank's funding base, remained practically unchanged.

Figure 24. Liabilities by groups of banks, UAH billion

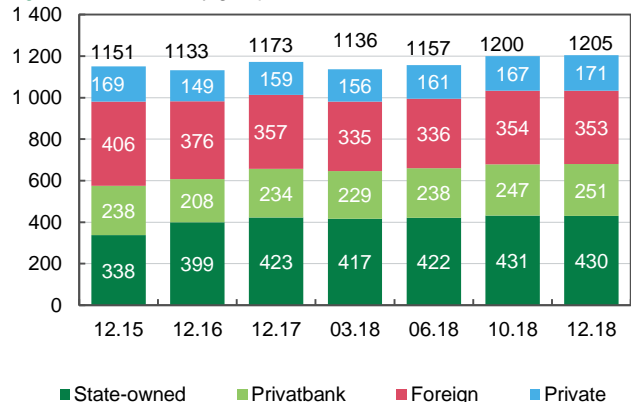
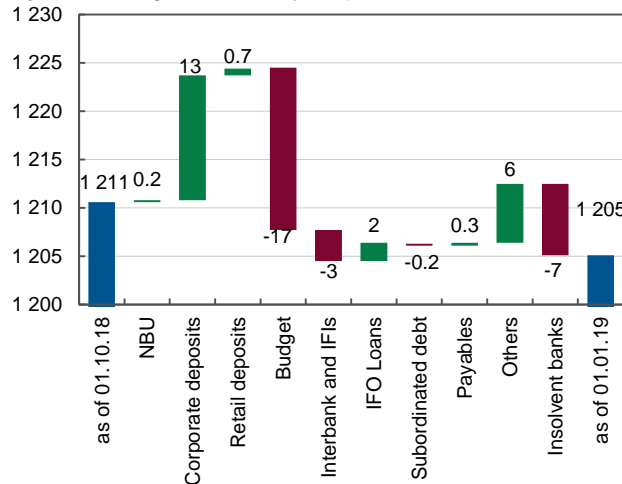
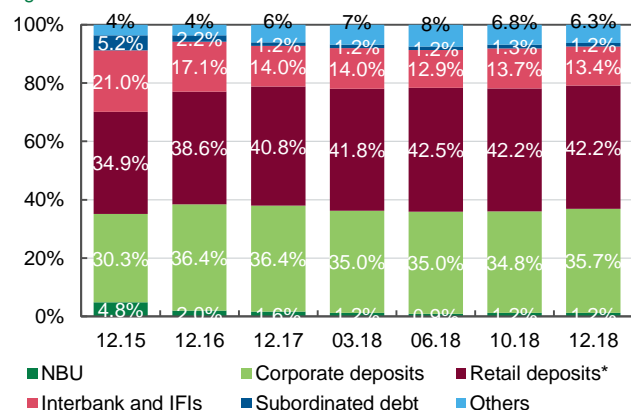


Figure 25. Change in liabilities by component in Q4 2018, UAH billion



In Q4, the share of corporate deposits edged up by 0.9 pp, to 35.7%.

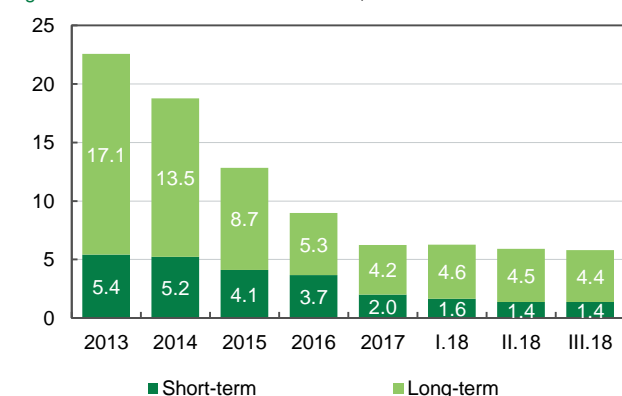
Figure 26. Structure of liabilities



* Including certificates of deposits.

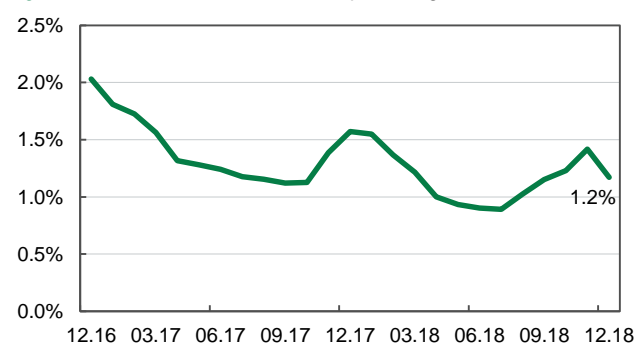
The banks' gross external debt declined by 1.6% in Q3 or by 10.7% yoy, because of a decrease in long-term external debt.

Figure 27. Gross external debt of banks, USD billion



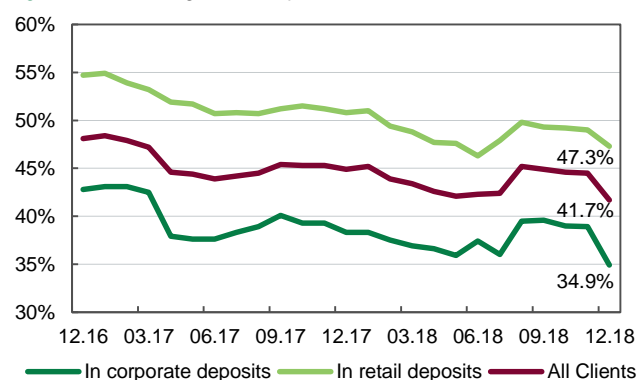
In November, there was a temporary increase in the share of funds due to the NBU in the banks' total liabilities, but it returned to the September level of 1.2% at the end of the year.

Figure 28. Funds due to the NBU as a percentage of bank liabilities



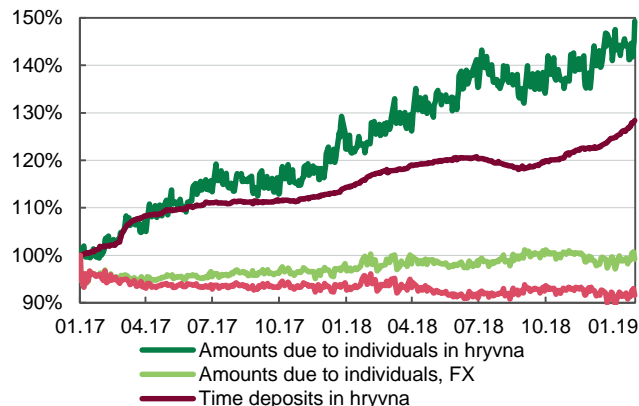
During the quarter, the dollarization of corporate deposits declined the most – by 4.6 pp, to 34.9%. The dollarization of retail deposits decreased by 2.0 pp, to 47.3%, on the back of an inflow of hryvnia deposits and a drop in foreign-currency ones.

Figure 29. Percentage of FX deposits



In Q4, hryvnia retail deposits grew, while FX retail deposits declined. Hryvnia term deposits increased by 4.1% over the quarter.

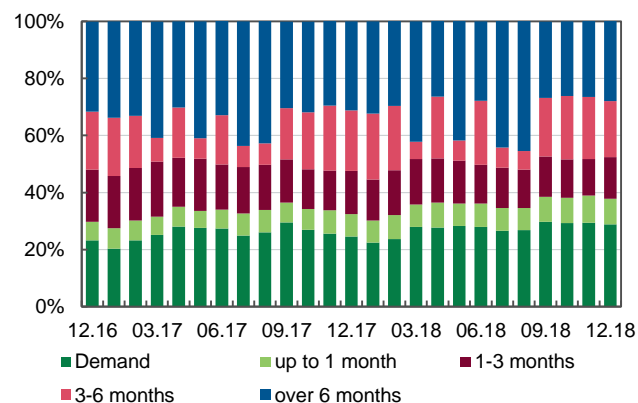
Figure 30. Retail deposits, 2016=100%*



* In banks that were solvent as of 1 January 2019, including savings certificates.

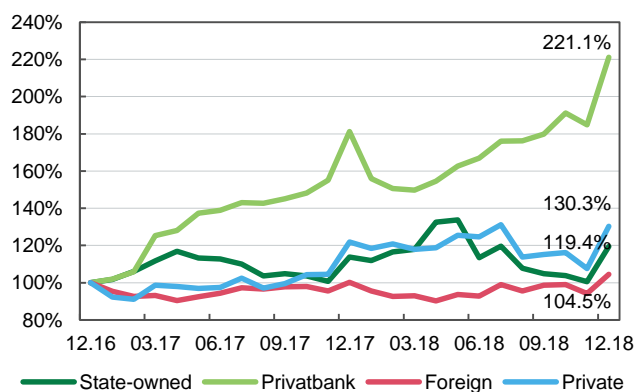
Three quarters of new deposits had maturities of up to six month in Q4.

Figure 31. New retail deposits by maturity



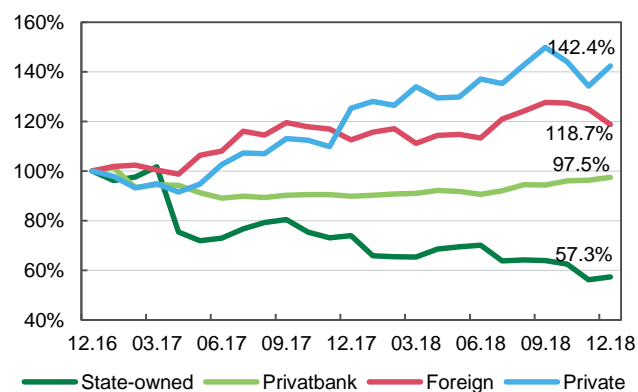
In Q4, hryvnia corporate deposits grew by 11.1% (6.8% yoy). Over December, they increased by 15.7% due to high budget spending. PrivatBank showed the highest growth rates of hryvnia corporate deposits (+22.9% qoq). FX deposits increased only in PrivatBank (by 3.3%), while decreasing at all of the other banks.

Figure 32. Hryvnia corporate deposits by groups of banks, 2016 = 100%*



* Issued by banks solvent as of 1 January 2019.

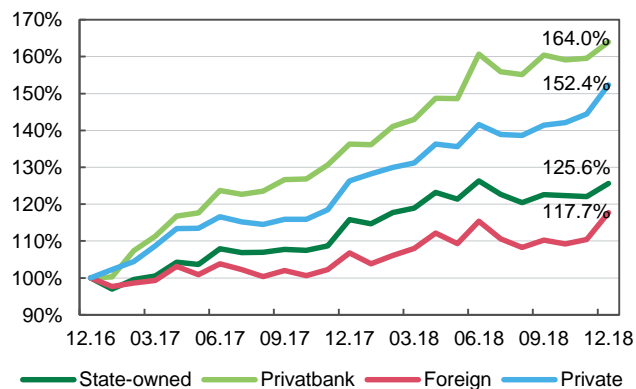
Figure 33. FX corporate deposits (in the US dollar equivalent) by groups of banks, 2016 = 100%*



* Issued by banks solvent as of 1 January 2019.

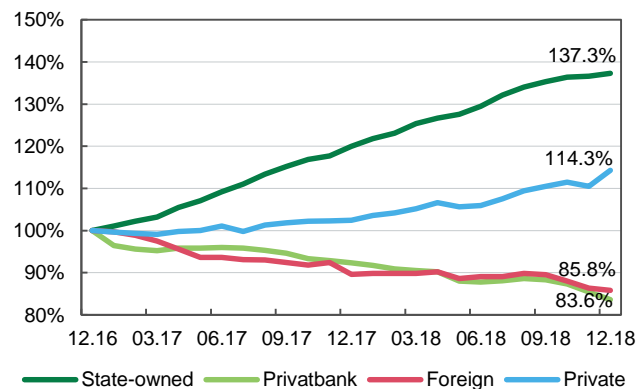
In Q4, hryvnia retail deposits increased by 3.9% qoq and 14.8% yoy. Private and foreign-owned banks showed the highest quarterly growth rates – 7.8% and 6.7%, respectively. FX retail deposits ebbed by 1.7% after seeing substantial growth in Q3. FX deposits grew at state-owned and private banks by 1.5% and 3.5%, respectively.

Figure 34. Hryvnia retail deposits by bank group, 2016 = 100%*



* At banks that were solvent as of 1 January 2019, including certificates of deposit.

Figure 35. FX retail deposits (in the US dollar equivalent) by bank group, 2016 = 100%*

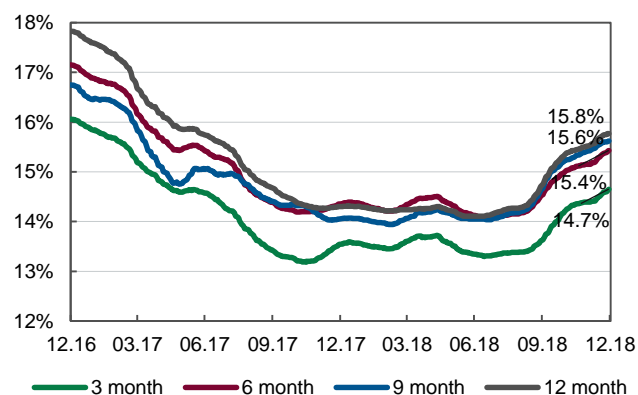


* At banks that were solvent as of 1 January 2019, including certificates of deposit.

Interest Rates

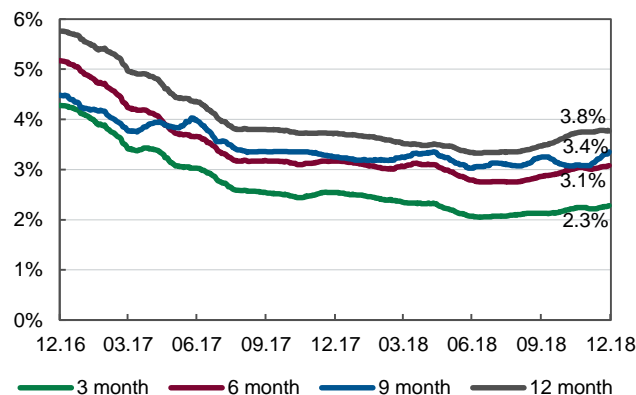
Q4 witnessed a large rise in hryvnia retail deposit rates across all maturities. Rates on 12-month deposits increased by 0.6 pp, to 15.7% per annum. The spread between the rates on 6- and 12-month deposits widened slightly. The rates on US dollar 12-month deposits edged up by 0.1 pp, to 3.6% per annum.

Figure 36. Ukrainian Index of Hryvnia Retail Deposit Rates*, % per annum



* Thomson Reuters data, 20-day moving average.

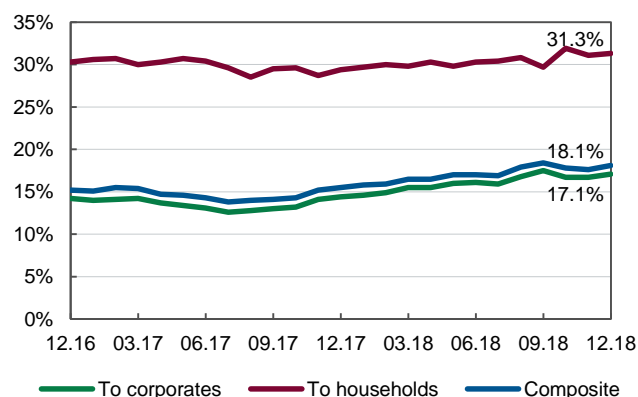
Figure 37. Ukrainian Index of USD Retail Deposit Rates*, % per annum



* Thomson Reuters data, 20-day moving average.

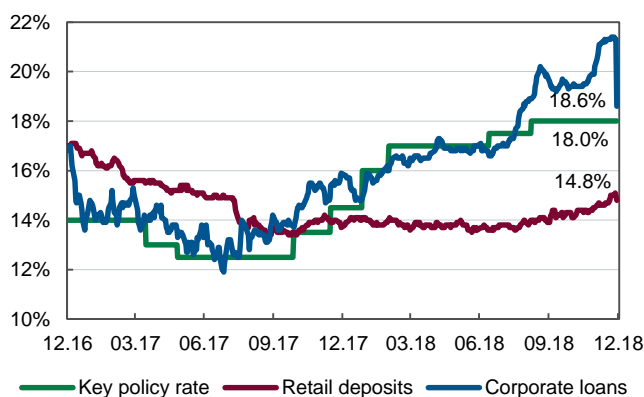
The increase in the retail deposit rates came along with a rise in the cost of new retail loans, which went up by 1.6 pp, to 31.3% per annum. In contrast, rates on corporate loans declined to 17.1% in December, down from 17.5% in September.

Figure 38. Interest rates on new loans*, % per annum



* Without loan term extension or any other changes to lending terms.

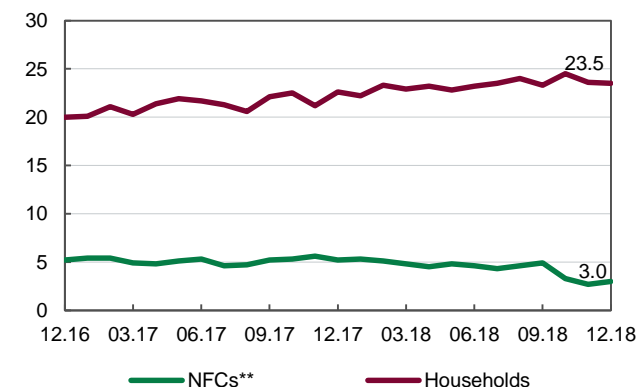
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

Over 2018, interest rates on new hryvnia corporate loans rose by 5.3 pp, to 14.5% per annum. This reduced the banks' margins. At the same time, the retail segment continued to offer high yields. The weighted average rate on hryvnia retail deposits was 11.7% per annum, while hryvnia retail loans were issued at 31.5%.

Figure 40. Spread between new*** loan rates and deposit rates, pp*

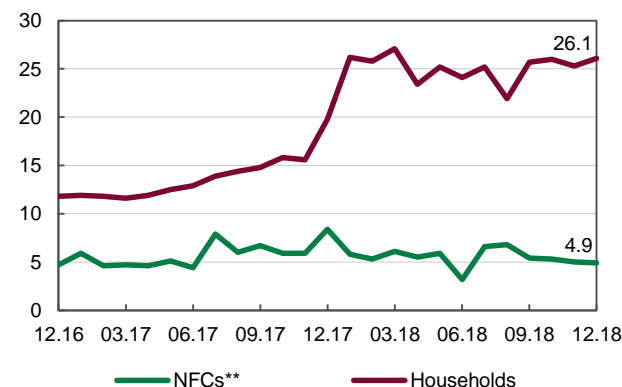


* Including insolvent banks.

** Non-financial corporations.

*** New loans and deposits are loans and deposits issued or obtained under primary agreements that were entered into in the reporting period, as well as those under additional agreements, with changes in the amount, interest rate.

Figure 41. Spread between rates on outstanding loans and deposits, pp*



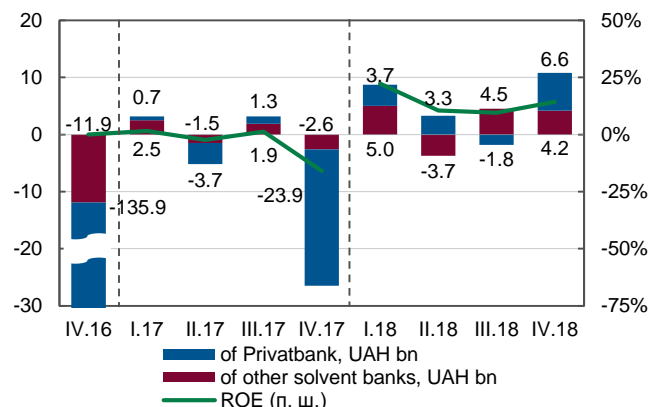
* Including insolvent banks.

** Non-financial corporations.

Profit or Loss and Capital

In 2018, the banking sector made all-time record profits, having earned UAH 21.7 billion, including UAH 10.8 billion in Q4.

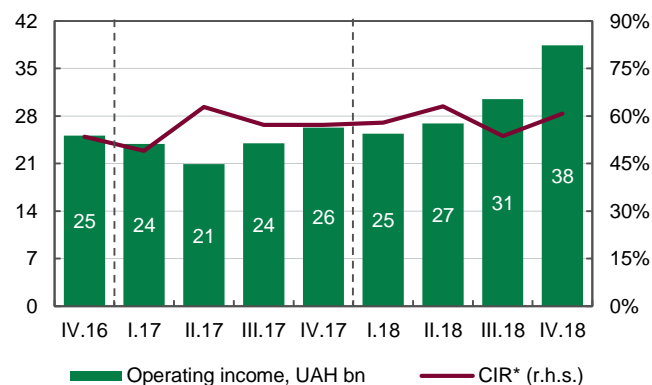
Figure 42. Profit/loss* and return on equity



* Quarterly data including adjustment entries, preliminary data for Q4 2018.

The efficiency of bank transactions was stable on average: the cost-to-income ratio was 58.9%.

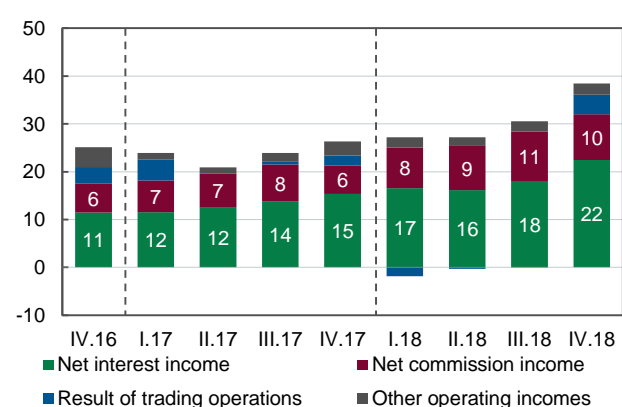
Figure 43. Operating income and operating efficiency



* CIR (Cost-to-Income Ratio) measures the ratio of operating expenses to operating income.

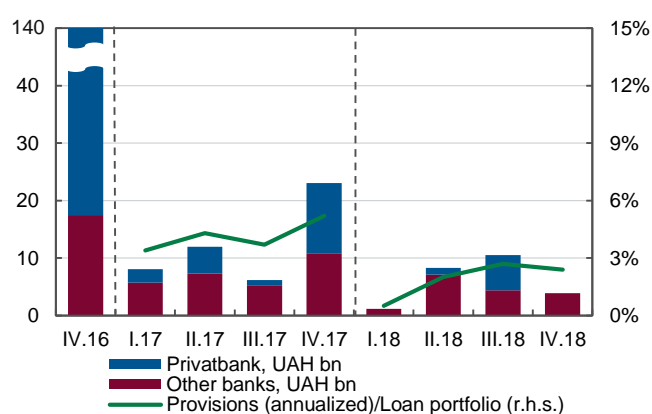
Operating income grew by 26.0% qoq thanks to an increase in net interest income and a re-assessment.

Figure 44. Operating income components for the period, UAH billion



The amount of provisioning in 2018 was 51.9% less than in 2017, reaching the lowest levels since 2012.

Figure 45. Provisioning



Throughout the year, capital adequacy stayed over the minimum required level. In Q4, the sector's total capital declined due to the shutdown of VTB Bank. At the same time, the regulatory capital of banks that were solvent as of 1 January 2019 increased by 12.7% YTD, while their authorized capital was up by 2.4%.

Figure 46. Regulatory capital and the regulatory capital adequacy ratio

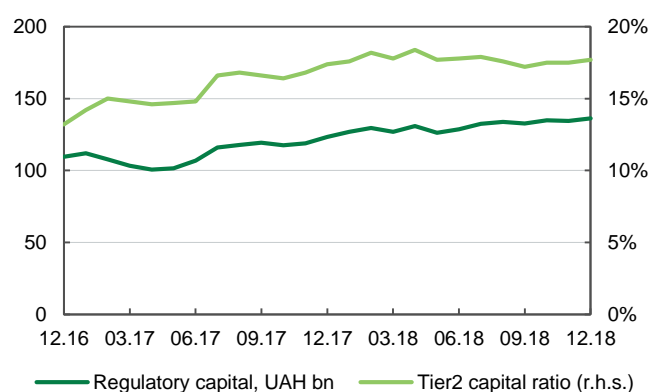
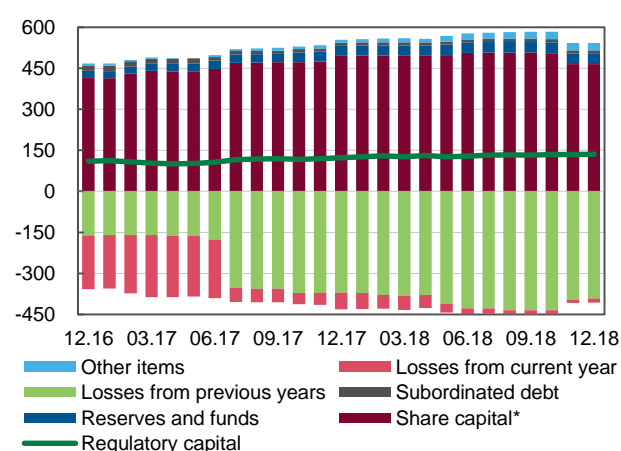


Figure 47. Composition of regulatory capital, UAH billion



* Registered and unregistered authorized capital.

Table 2. Key indicators of Ukraine's banking sector¹

	2012	2013	2014	2015	2016	2017	03.18	06.18	09.18	12.18
Number of operating banks	174	180	145	117	96	82	82	82	81	77
General balance sheet indicators (UAH billion)²										
Total assets	1 264	1 409	1 477	1 571	1 737	1 848	1 841	1 854	1 949	1 911
of which in foreign currency	503	513	667	800	788	755	749	746	831	779
Net assets	1 125	1 278	1 290	1 254	1 256	1 336	1 296	1 300	1 355	1 361
of which in foreign currency	450	470	565	582	519	507	478	468	516	495
Gross corporate loans ³	634	727	820	831	847	870	883	876	945	919
of which in foreign currency	227	252	400	492	437	423	430	426	476	460
Net corporate loans ³	553	648	710	614	477	457	438	422	463	472
Gross retail loans	184	189	208	176	157	171	175	180	199	197
of which in foreign currency	84	67	101	97	83	68	64	62	71	61
Net retail loans	133	145	144	96	76	92	94	99	109	114
Corporate deposits ³	221	258	283	349	413	427	398	404	419	430
of which in foreign currency	80	81	114	141	177	163	146	151	166	150
Retail deposits ⁴	368	443	403	402	437	479	475	492	510	509
of which in foreign currency	187	189	214	215	239	243	232	228	252	241
Change (yoy, %)										
Total assets	4.3%	11.4%	4.8%	6.4%	10.6%	6.4%	5.9%	7.9%	11.1%	3.4%
Net assets	6.7%	13.7%	1.0%	-2.8%	0.2%	6.4%	2.4%	5.0%	5.8%	1.8%
Gross corporate loans ³	4.2%	14.7%	12.8%	1.3%	2.0%	2.7%	6.5%	7.1%	13.6%	5.6%
Gross retail loans	-6.7%	3.0%	10.3%	-15.7%	-10.4%	8.6%	12.9%	16.9%	25.9%	15.0%
Corporate deposits ³	7.9%	16.8%	9.5%	23.5%	18.2%	3.4%	-3.4%	5.5%	4.8%	0.8%
Retail deposits ⁴	18.1%	20.2%	-8.9%	-0.3%	8.7%	9.6%	9.6%	11.3%	14.1%	6.3%
Penetration⁵ (%)										
Gross corporate loans ³ / GDP	43.4%	47.7%	51.7%	41.8%	35.5%	29.2%	28.5%	27.1%	27.8%	25.9%
Net corporate loans ³ / GDP	37.9%	42.6%	44.7%	30.9%	20.0%	15.3%	14.2%	13.0%	13.6%	13.3%
Gross retail loans/ GDP	12.6%	12.4%	13.1%	8.8%	6.6%	5.7%	5.7%	5.6%	5.9%	5.5%
Net retail loans/ GDP	9.1%	9.5%	9.1%	4.8%	3.2%	3.1%	3.0%	3.1%	3.2%	3.2%
Corporate deposits ³ / GDP	15.1%	17.0%	17.8%	17.6%	17.3%	14.3%	12.9%	12.5%	12.3%	12.1%
Retail deposits/ GDP	25.2%	29.1%	25.4%	20.2%	18.3%	16.1%	15.4%	15.2%	15.0%	14.3%
Profit or loss⁶ (UAH billion)										
Net interest income	49.2	49.1	52.2	39.1	44.2	53.1	16.6	16.2	17.9	22.5
Net commission income	18.1	21.0	23.1	22.6	24.2	27.5	8.5	9.2	10.5	9.6
Provisions	22.3	28.0	84.4	114.5	198.3	49.3	1.1	8.3	10.5	3.8
Net profit/loss	6.0	1.4	-33.1	-66.6	-159.4	-26.5	8.7	-0.4	2.7	10.8
Memo items:										
UAH/USD (period average)	7.99	7.99	11.89	21.84	25.55	26.60	27.32	26.18	27.36	27.95
UAH/USD (end-of-period)	7.99	7.99	15.77	24.00	27.2	28.07	26.54	26.19	28.27	27.69
UAH/EUR (period average)	10.27	10.61	15.72	24.23	28.29	30.00	33.56	31.27	31.82	31.91
UAH/EUR (end-of-period)	10.54	11.04	19.23	26.22	28.42	33.50	32.70	30.57	32.73	31.71

¹ Data for solvent banks for each reporting date.

² Including accrued income/expenses.

³ Including non-banking financial institutions.

⁴ Including certificates of deposits.

⁵ GDP is calculated as defined in the 2008 national accounts system methodology. From 2008 through 2013 it includes data for the temporarily occupied Republic of Crimea and City of Sevastopol; from 2014 through 2018 it excludes data for the temporarily occupied Republic of Crimea and City of Sevastopol and a part of the ATO zone; As for Q1, Q2, Q3, Q4 2018 – last twelve months according to NBU's estimation (3092, 3235, 3396 and 3553 UAH billion).

⁶ Taking into consideration adjustment entries, preliminary data for Q4 2018.

Notes:

Source: National Bank of Ukraine (unless otherwise stated)

The sample of banks consists of banks solvent as of each reporting date unless otherwise stated.

Banking groups up to 2016 were based on decision No.657 by the Committee on Banking Regulation and Supervision and Oversight of Payment Systems dated 31 December 2015. 2017 data is compiled in accordance with decision No.76-D by the NBU Board dated 10 February 2017. 2018 data is compiled in line with the decision № 444 of 29 December 2017 of the NBU Committee for banking supervision and regulation. The data includes accrued interest as of the end of the period (month, quarter, year) unless otherwise stated.

State-owned banks – state-owned banks excluding PrivatBank, unless otherwise stated.

Data is provided including interest accrued by the end of a period (month, quarter, or year), unless otherwise stated.

All data in the Review are based on the monthly balance sheet report, while banks' financial performance indicators are based on adjusted data from quarterly balance sheet. (preliminary data for Q4 2018).

Gross loans are loans not adjusted by provisions for active banking operations.

Change at a fixed exchange rate means that value of a financial instrument in FX is calculated at the exchange rate fixed at the beginning of the period.

Rounding may cause the sum of components to differ from the total.

Terms and Abbreviations:

ATM	Automated teller machine
CIR	Cost-to-Income Ratio
IFI	International Financial Institution
IFO	International financial organizations
GDP	Gross domestic product
HHI	the Herfindahl-Hirschman Index
LCR	Liquidity coverage ratio
NBU	National Bank of Ukraine
NFS	Non-financial corporation
NPL	Non-performing loan
NSFR	Net stable funding ratio
POS	Point of sale
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates

bn	billion
eq.	equivalent
qoq	quarter-on-quarter
pp	percentage point
r.h.s.	right-hand scale
yoy	year-on-year
Q	quarter
UAH	hryvnia
USD	US dollar