National Bank of Ukraine

Banking Sector Review

November 2019

In Q3, FX retail deposits have increased at the fastest rates since the beginning of 2014. Growth in retail loan portfolios has slowed due to the effect of a high comparison base but remained significant at about 30%. Corporate portfolio growth has decelerated significantly in annual terms compared to the summer months, in part due to the replacement of bank loans with external corporate loans. The banking sector's profitability is driven by high margins in the retail segment and high commission income. Profits more than quadrupled in annual terms. The banks' return on equity has reached nearly 40%. Banks should take the tide of such high effectiveness to build capital buffers considering that capital adequacy requirements will be getting stricter each year. Stress-testing results indicate that most banks are financially resilient in the current macroeconomic environment, but that 18 of the 29 banks that have passed stress tests may need capital under the adverse scenario.

Sector Structure

The number of operating banks did not change during Q3. In October, Ukrsotsbank finally merged into Alfa Bank, thus reducing the number of banks to 75. The shares of state-owned banks (including PrivatBank) in net assets and retail deposits increased in Q3 by 0.1 pp and 0.2 pp, respectively, to 54.2% and 62.6%. The share of the top 20 banks in net assets grew by 0.4 pp to 91.4%.

Assets

In Q3, the sector's net assets increased by 1.2%[1]. Excluding the effect of the stronger hryvnia, net assets grew by 4.2%[2].

The net hryvnia corporate loan portfolio increased by 1.5% qoq (1.9% yoy) in Q3. Borrowing from abroad by several companies slowed the growth of the loan portfolio compared to the previous quarter. Net FX loans declined by 0.9% in Q3 (in the US dollar equivalent) and were virtually flat in annual terms.

Net hryvnia retail loans increased by 7.9% qoq and 29.9% yoy in Q3. After three years of rapid growth, including a staggering 38.0% in October 2018 and 33.2% yoy in June 2019, the comparison base effect is visibly strong.

In Q3, the nonperforming loan (NPL) ratio decreased by 1.8 pp to 48.9%[3]. In retail lending, the NPL ratio shrank by 2.9 pp to 38.1% owing to the high rates of new loans being issued. In the corporate lending segment, state-owned banks conducted a number of financial restructurings, reducing the segment's NPL ratio.

Funding

In Q3, bank liabilities declined by 0.3% to UAH 1.19 trillion at the end of the quarter. Net of exchange rate changes, bank liabilities increased by 3.7%. Overall, the share of households and businesses in bank liabilities increased by 1.6 pp to 81.8% of all liabilities, a new historical high.

Corporate hryvnia deposits increased by 5.1% qoq and 14.3% yoy. FX corporate deposits increased by 17.6% qoq in the US dollar equivalent. They increased the most, or 34.9% qoq, in state-owned banks. This accounted for 77% of all the growth in these deposits, owing to rising funds from state-owned companies.

Hryvnia retail deposits fell by 1.1% qoq but increased by 12.7% in annual terms. The quarter-on-quarter drop occurred at all groups of banks except private domestic banks that offered relatively higher interest rates. During the quarter, FX deposits grew by 5.2% qoq – the fastest in quarterly terms since early 2014 – and by 6.6% yoy. The highest growth rate in FX deposits, by 7.0%, was reported by state-owned banks. Therefore, the dollarization of deposits decreased due to the strengthening of the hryvnia; however, it increased in terms of fixed exchange rate[2].

Interest rates

The NBU cut the key policy rate three times between July and October, and four times since the start of the year, reducing it from 18.0% to 15.5% per annum. Interest rates on 12-month hryvnia retail deposits, however, increased in Q3 by 0.3 pp to 15.8% per annum[4] owing to high competition for depositors. The interest rate on 12-month US dollar retail deposits remained at an all-time low of 3.2% per annum. It has stood at this level for several months now as state-owned banks have been keeping interest rates at some of the market's highest levels.

Interest rates on corporate hryvnia deposits decreased by 0.4 pp to 13.0% per annum, returning to the level of September 2018.

[1] At all banks solvent as of the end September 2019.

[2] Calculated at the official UAH/USD exchange rate as of 30 June 2019.

[3] At all reporting banks.

[4] According to the Ukrainian Index of Retail Deposit Rates.

The reduction in the key policy rate helped bring down interest rates on hryvnia corporate loans by 0.5 pp to 18.1%. Interest rates on FX corporate loans declined as well, by 0.6 pp to 4.5% per annum. Interest rates on hryvnia retail loans increased by 4.5 pp from June, to 34.1% per annum.

Financial Results and Capital

The banking sector made UAH 48.4 billion in profit in January–September, 4.4 times the level of last year. PrivatBank accounted for almost 60% of the sector's profits. Out of 76 operating banks, 66 were profitable. These banks earned a combined profit of UAH 49.6 billion.

In Q3, operating income fell by 2.5% qoq, while operating expenses decreased by 1.8% qoq. The growth in operating profit before provisioning decelerated slightly, from 89.1% to 70.1% yoy. Operating performance remained high, with the sector's CIR at 47.4%, compared to 58.0% for the nine months of 2018. The changes in operating income in Q3 were driven by the continued growth in net interest (up 17.6% yoy) and net commission (up 14.5% yoy) incomes. Profit from trading operations declined by a third compared to Q2, primarily due to the revaluation of derivatives in state-owned banks.

Provisions were only 7.3% higher from the previous quarter, but 58.2% less than the first nine months of 2018. The banks that made significant provisions included two state-owned banks and one Russian-owned bank.

Prospects and Risks

The banking sector is operating under favorable macroeconomic conditions, with deposits growing sufficiently fast to support lending and with increasing demand for banking services from households and businesses, ensuring a high profit. In the medium term, risks to the profitability of the banking sector are moderate.

The stress testing of 29 banks has ended. Under the baseline macroeconomic scenario, 11 banks need UAH 35.2 billion in additional capital. Under the adverse scenario, these and another 7 banks require a capital increase of UAH 73.8 billion. These banks will have to meet the NBU's capital adequacy requirements or take steps to reduce their risk profiles. Information on individual banks will be disclosed in late December. Thanks to the economic recovery and clean up of balance sheets, more preconditions for the resumption of corporate lending have been emerging.

Starting in early December, the minimum required liquidity coverage ratio will increase to 100% (from today's 90%). The NBU expects that all banks will meet the minimum LCR requirement given their high liquidity levels.

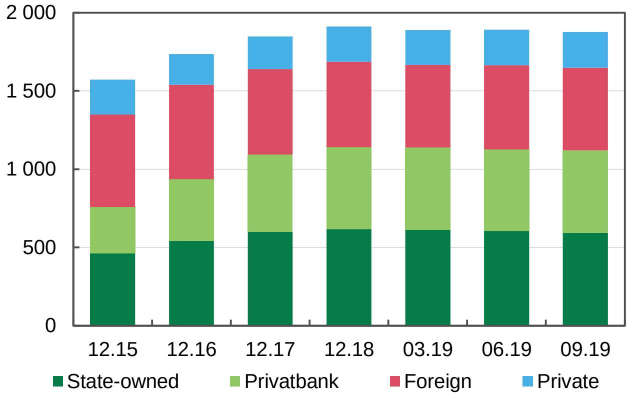
The NBU plans to approve the NSFR methodology by the year end and to make it a mandatory prudential requirement from the beginning of 2021. Moreover, before the year is over, the NBU plans to adopt rules for calculating capital needs to cover operational risks. The rules are expected to take effect in early 2022.

The capital conservation buffer is to be activated at the beginning of 2020. Its value is to increase by 0.625% every year until it reaches the level of 2.5% on 1 January 2023. Additionally, systemically important banks will be required to maintain systemically important buffers (1%–2%) from early 2021 onward.

Sector Structure

The number of operating banks did not change during Q3. The merger between two large banks, Alfa Bank and Ukrsotsbank, was finalized in October. Total bank assets decreased in Q3 by 0.8% to UAH 1.88 trillion, primarily due to hryvnia strengthening.

Figure 1. Total bank assets, UAH billion*



* Solvent banks have been grouped in accordance with their classification in the respective reporting period.

Table 1. Number of banks*

	2015	2016	2017	2018	03.19	06.19	09.19
Solvent	117	96	82	77	77	76	76
change	-30	-21	-14	-4	0	-1	0
State-owned**	7	6	5	5	5	5	5
change	0	-1	-1	0	0	0	0
Foreign	25	25	23	21	21	21	21
change	0	0	-2	-2	0	0	0
Private	85	65	54	51	51	50	50
change	-30	-20	-11	-2	0	-1	0
Insolvent	3	4	2	1	1	0	0
change	-13	1	-2	0	0	-1	0

* The amount is given at the end of the respective period.
** Including PrivatBank.

The share of state-owned banks (including PrivatBank) in net assets and retail deposits increased in Q3 by 0.1 pp and 0.2 pp, respectively, to 54.2% and 62.6%. PrivatBank increased its net assets, while other state-owned banks grew their retail deposits. Private banks improved their share of retail deposits by 0.1 pp to 14.9%.

Figure 2. Distribution of net assets by groups of banks

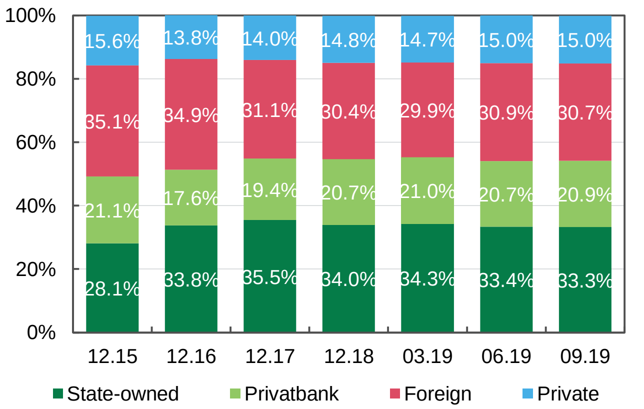
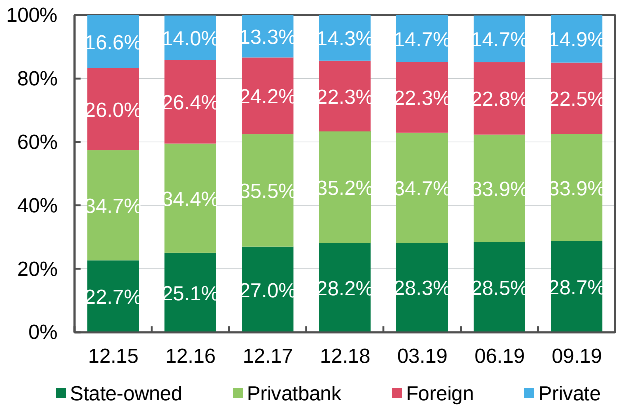


Figure 3. Distribution of retail deposits by groups of banks



In Q3, the concentration of retail deposits returned to growth. The share of the top 20 banks in net assets grew by 0.4 pp, to 91.4%.

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

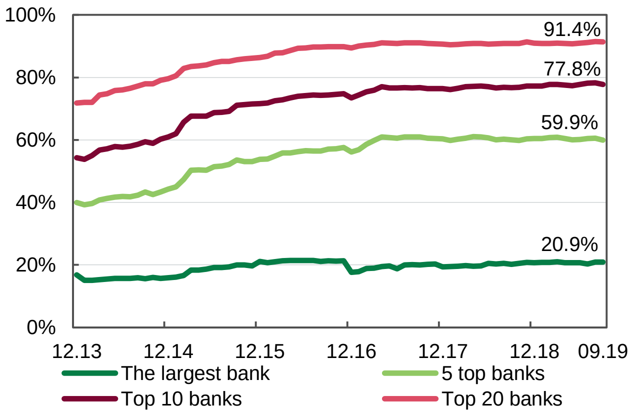
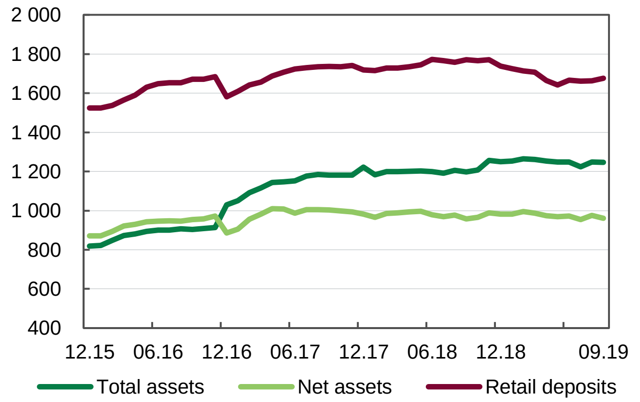


Figure 5. The sector's concentration level based on HHI*

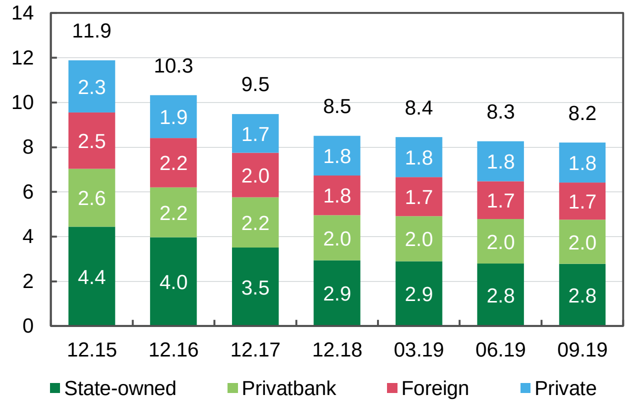


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated as the sum of certain banks' squared market shares. The index ranges between 0 and 10,000 (with values below 1,000 indicating low market concentration).

Banking infrastructure

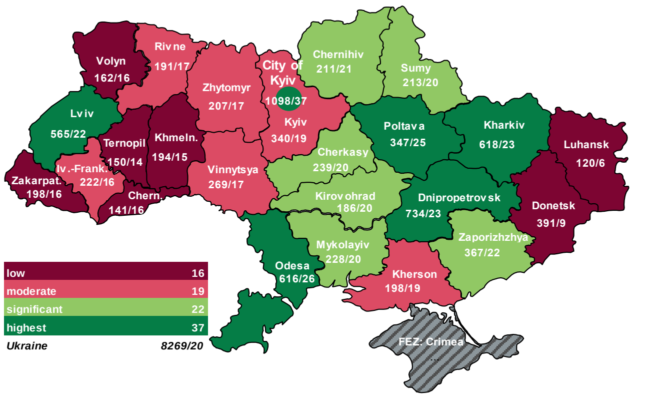
In Q3, banks continued to optimize their networks (closing 64 branches). Prominvestbank alone shut down 17 of its branchs, more than any other bank. Foreign banks closed 33 branches. State-owned banks closed 30. In relative terms, the biggest decrease occurred in Dnipropetrovsk region, where 11 branches were closed.

Figure 6. Number of bank outlets, thousand*



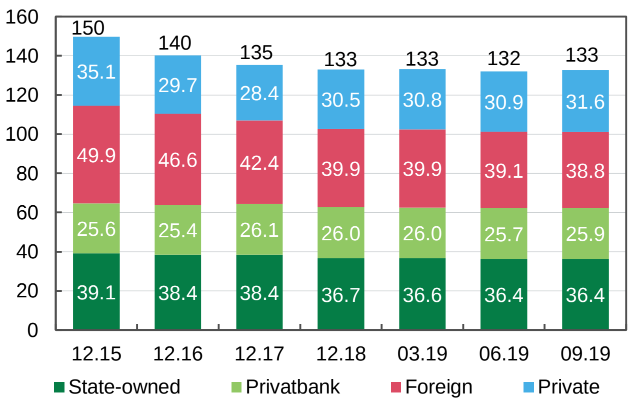
* Standalone bank outlets and head offices.

Figure 7. Operating bank outlets by region as of 1 October 2019, outlets per 100,000 individuals.



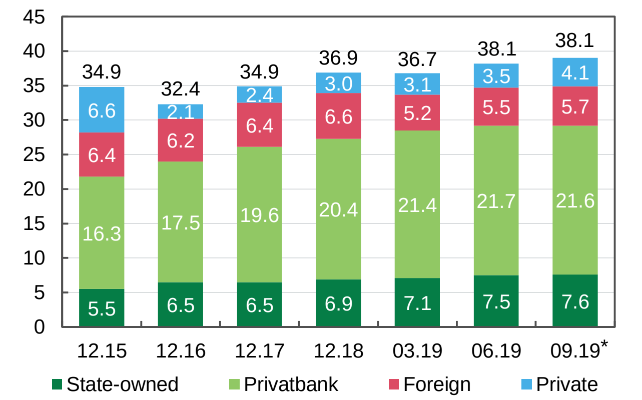
Banks increased their staff in Q3. PrivatBank and private banks hired 872 employees. Foreign banks laid off 271 employees.

Figure 8. Staffing level at banks, thousand employees



The number of active payment cards rose by 0.9 million in Q3. Private domestic banks (+644,000 cards) and foreign banks (+240,000 cards) led the way.

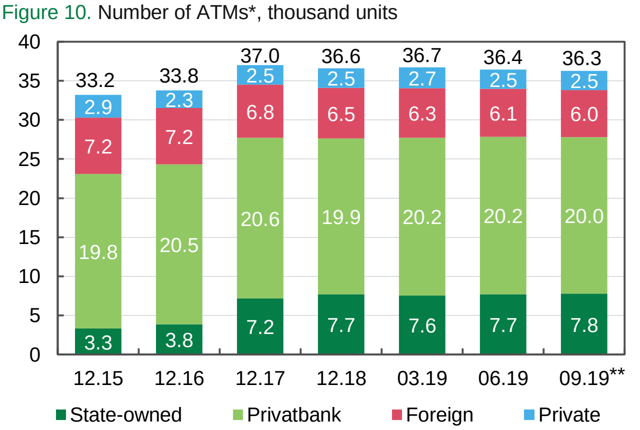
Figure 9. Number of active payment cards by groups of banks, million units



* Preliminary data.

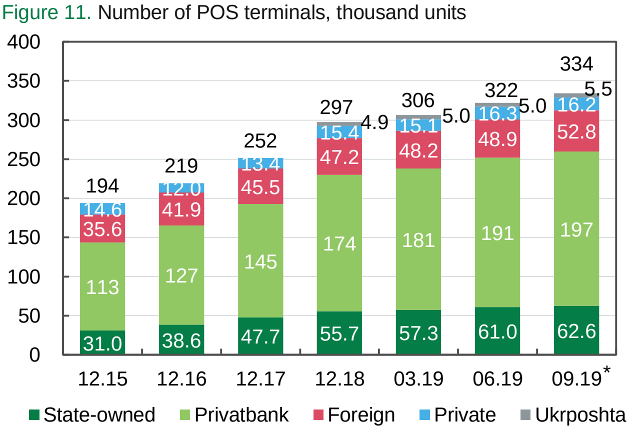
The POS-terminal network is evolving rapidly. State-owned banks led the way in Q3 (+79 hundred units jointly with PrivatBank), as did foreign banks (+39 hundred units). As of the end of September, Ukrposhta operated 55 hundred POS terminals. Self-service bank machines were installed only by state-owned banks (not counting PrivatBank). Other banks continued to scale down their ATM networks.

Figure 10. Number of ATMs*, thousand units



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

Figure 11. Number of POS terminals, thousand units



* Preliminary data.

Assets

As of late September, the banking sector's net assets were UAH 1.37 trillion. In Q3, they increased by 1.2%. Excluding the effect of the stronger hryvnia, net assets grew by 4.2%. The corporate loan portfolio shrank by 3.4%, but increased by 0.3% in terms of fixed exchange rate. In Q3, bank investments in NBU certificates of deposit, retail loans, and FX interbank loans increased.

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

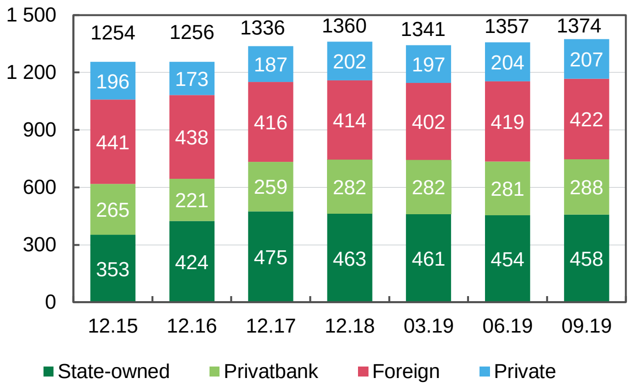
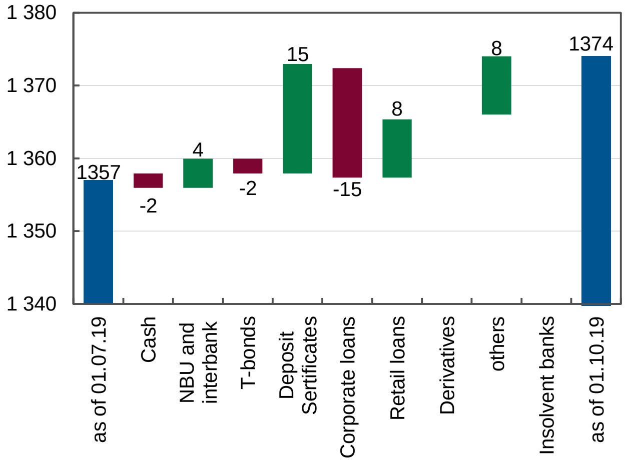


Figure 13. Change in net assets by components in Q3 2019*, UAH billion



* Adjusted for the amount of loan loss allowances; insolvent banks.

The share of retail loans in the banks' assets increased in Q3 by 0.5 pp to 9.8%. In Q3, the gross hryvnia loan portfolio of solvent banks increased by 1.5%, while their gross FX loan portfolio decreased by 2.1% yoy (in the US dollar equivalent).

Figure 14. Sector's net assets by component

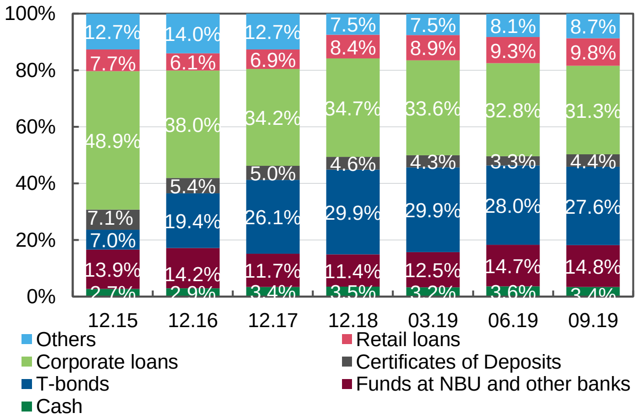
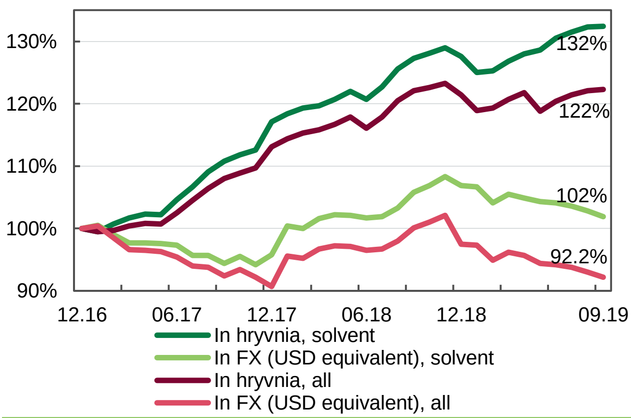


Figure 15. Gross corporate and retail loans, 2016=100%



* In banks solvent as of 1 October 2019.

Due to hryvnia strengthening, the dollarization rate for the net corporate and retail loan portfolio decreased by 2.7 pp and 1.3 pp in Q3, to 44.8% and 4.4%, respectively. Performing retail loans account for almost a quarter of the total loan portfolio.

Figure 16. Share of foreign-currency loans

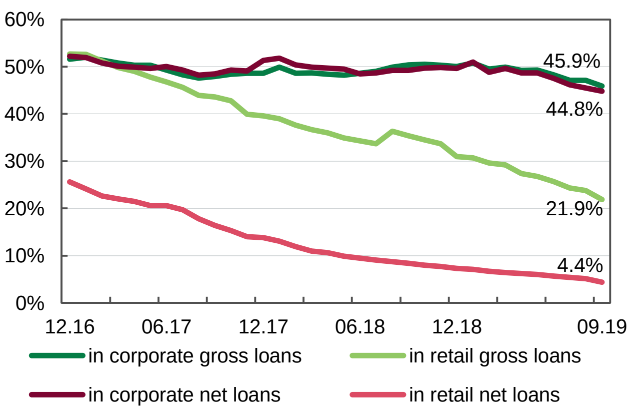
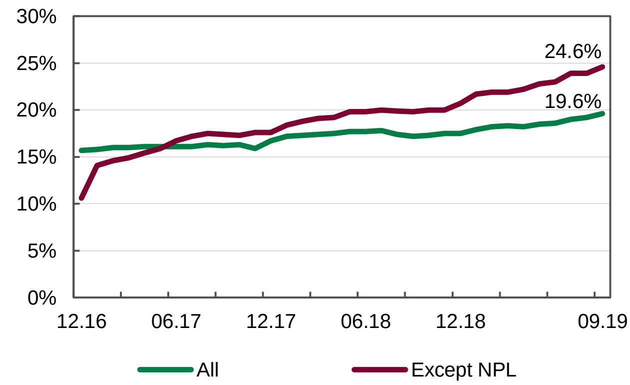
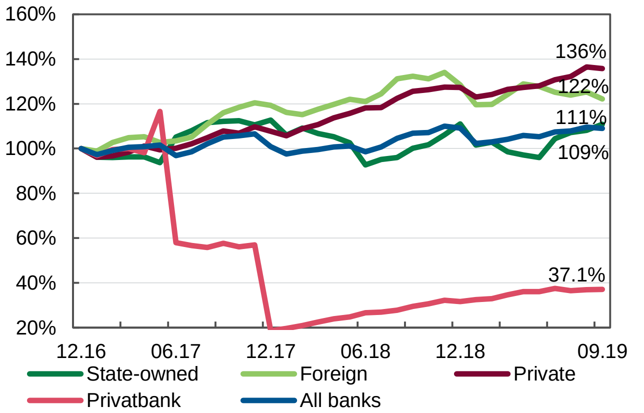


Figure 17. Share of retail loans in the total loan portfolio



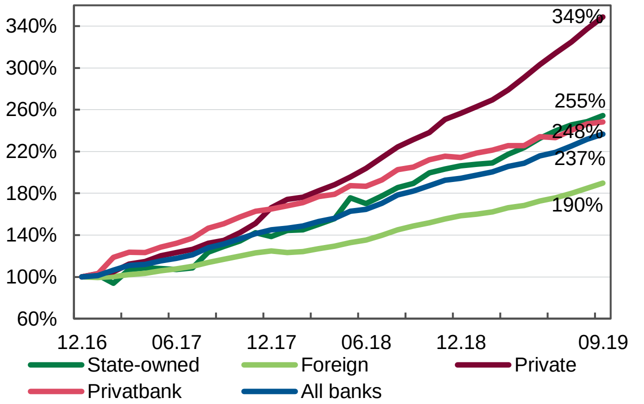
Net hryvnia retail loans grew by 7.9% qoq, or by 29.9% yoy, with the highest growth rates reported by domestic private and foreign banks (11.0% and 7.9% respectively). Net hryvnia corporate loans increased by 1.5% in Q3, driven by the activity of state-owned banks, excluding Privatbank (+6.3%) and private banks (+3.8%).

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



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

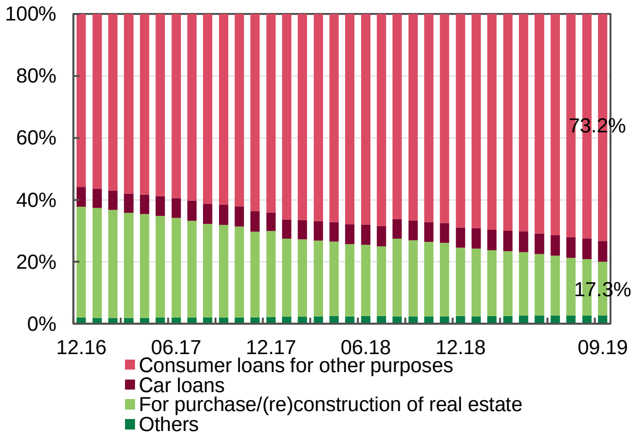
Figure 19. Net hryvnia retail loans, 2016=100%*



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

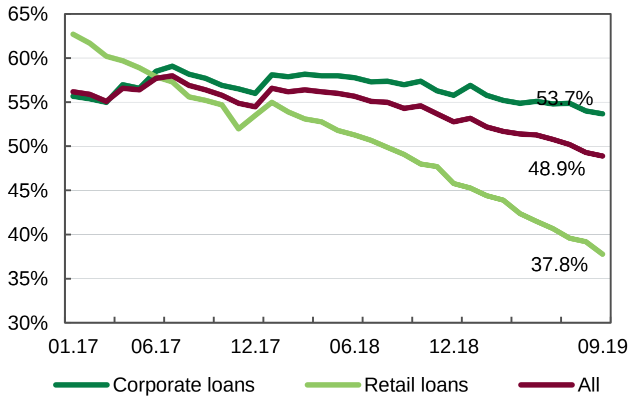
The share of loans for the purchase and renovation of real estate fell in Q3 by 2.0 pp to 17.3%.

Figure 20. Gross retail loans by purpose



The NPL ratio decreased in Q3 by 1.8 pp to 48.9%.

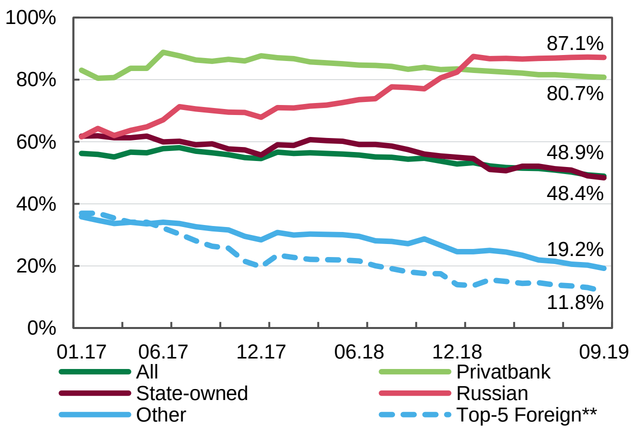
Figure 21. Share of NPLs in bank portfolios*



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

The NPL ratio decreased the most in state-owned banks (except PrivatBank) in Q3 – by 2.8 pp to 48.4% – primarily driven by NPL restructurings.

Figure 22. NPL ratio for portfolios by groups of banks*

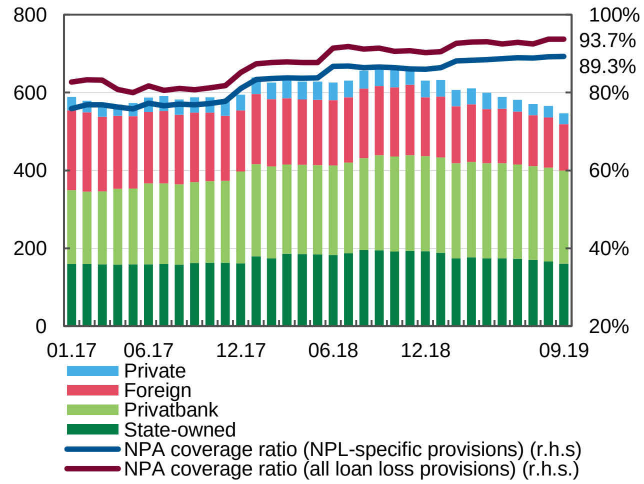


* Including interbank loans; all banks, including insolvent institutions; excluding off-balance liabilities.

** The five largest foreign banks by net assets as of 1 August 2019 (excluding banks with Russian capital).

As of end September, provisions covered NPLs by 93.7%.

Figure 23. NPLs*, in UAH billions, and NPL coverage ratio



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

Funding

In Q3, total bank liabilities decreased by 0.3% to UAH 1.19 trillion. Net of exchange rate changes, banks liabilities increased by 3.7%. The decline in household funds can be attributed solely to the exchange rate factor.

Figure 24. Liabilities by groups of banks, UAH billion

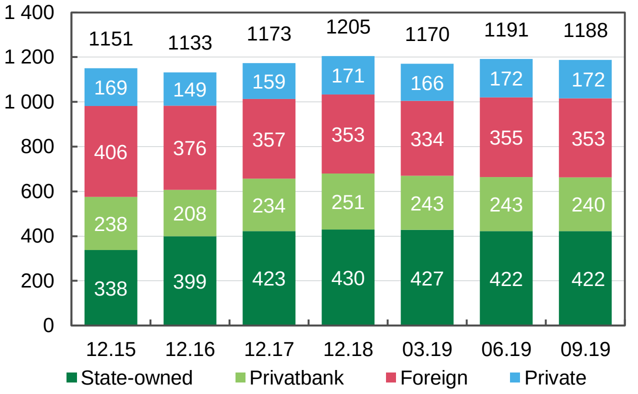
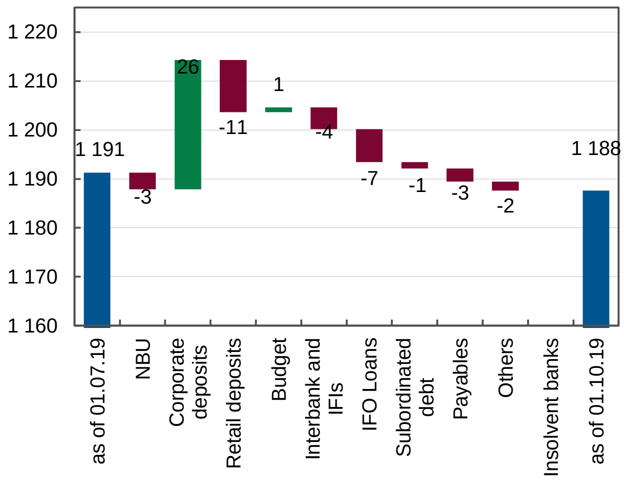
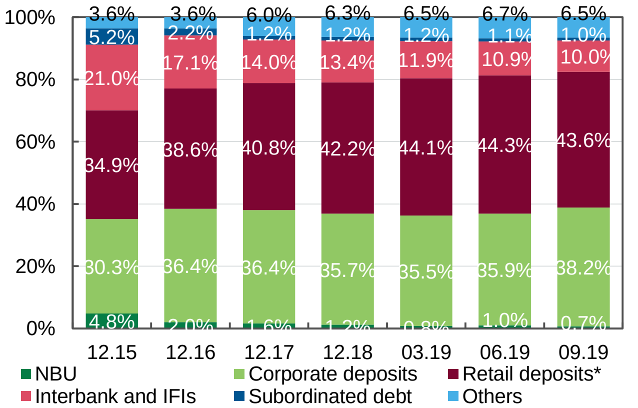


Figure 25. Changes in liabilities in Q3 2019 by factors, UAH billion



In Q3, the share of corporate deposits edged up by 2.3 pp to 38.2%. Overall, the share of households and businesses in bank liabilities increased to 81.8% of the total, a new historical high.

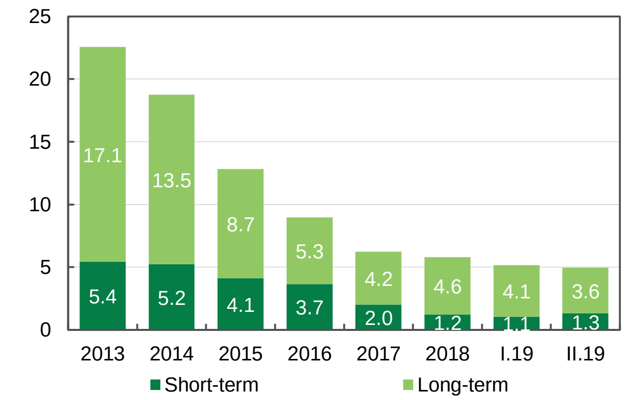
Figure 26. Distribution of liabilities



* Including savings certificates.

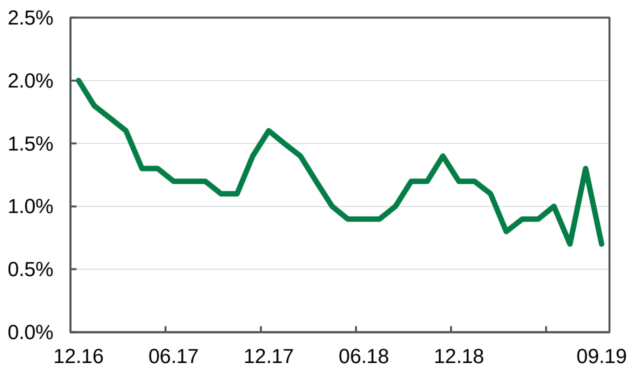
Gross external debt shrank by 4.0% in Q2. Meanwhile, short-term external debt increased by a quarter.

Figure 27. Gross external debt of banks, USD billion US



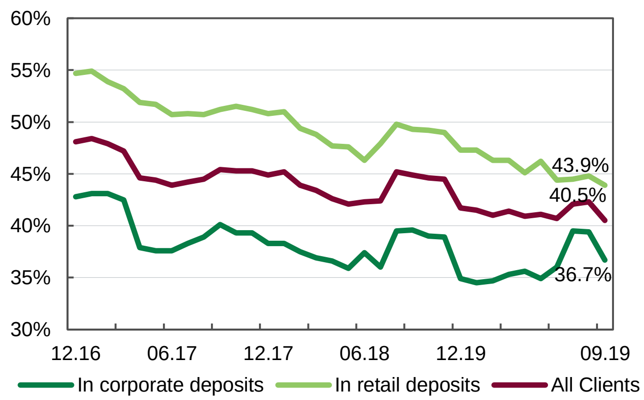
As PrivatBank repaid its refinancing loans, funds due to the NBU as a percentage of bank liabilities fell to 0.7% – a decade low.

Figure 28. Share of NBU funds in bank liabilities



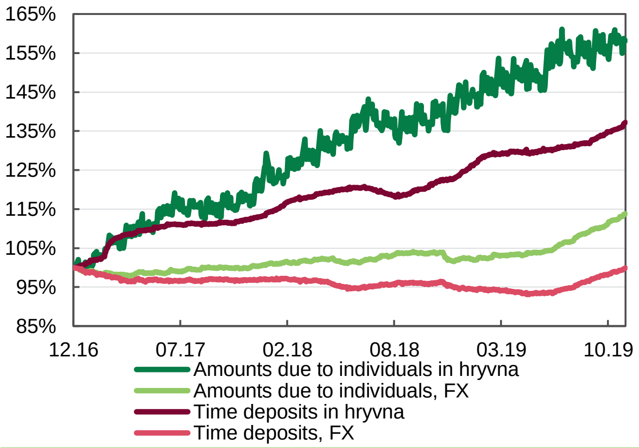
Dollarization decreased because of the statistical effect of the stronger hryvnia. Holding the exchange rate constant, the percentage of FX corporate deposits rose by 2.6 pp, while that of FX household deposits expanded by 1.5 pp.

Figure 29. Percentage of FX deposits



In Q3, hryvnia retail deposits shrank by 1.1% (rose by 12.7% yoy), while FX retail deposits grew by 5.2% qoq or by 6.6% yoy in the US dollar equivalent.

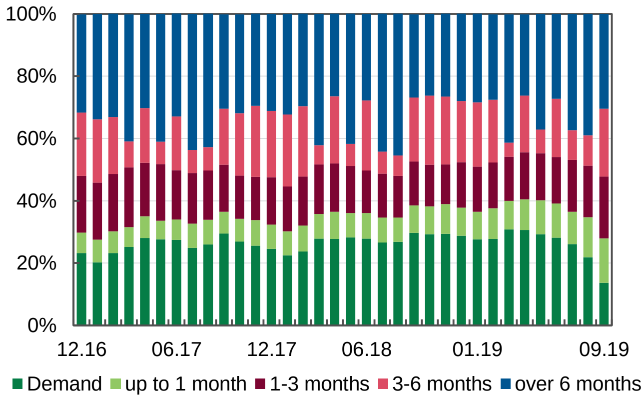
Figure 30. Retail deposits, 2016=100%*



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

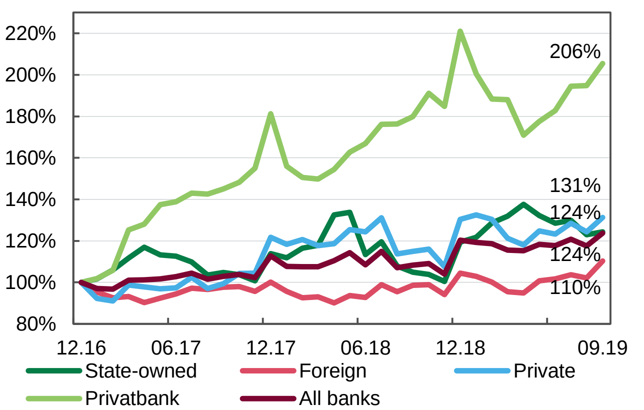
The share of new retail term deposits increased in Q3 by 14.5 pp to 86.3%.

Figure 31. New hryvnia retail deposits by maturity



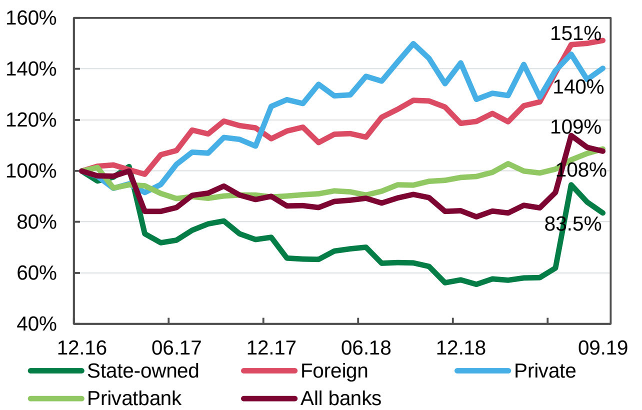
In Q3, hryvnia corporate deposits increased by 5.1%. PrivatBank enjoyed the most dynamic growth at 12.4%. At state-owned banks, the FX deposits of state-owned companies increased by 34.9% in the US dollar equivalent, primarily due to external borrowings. For all groups of banks, corporate deposits increased by 17.6% in Q3.

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



* In banks solvent as of 1 October 2019.

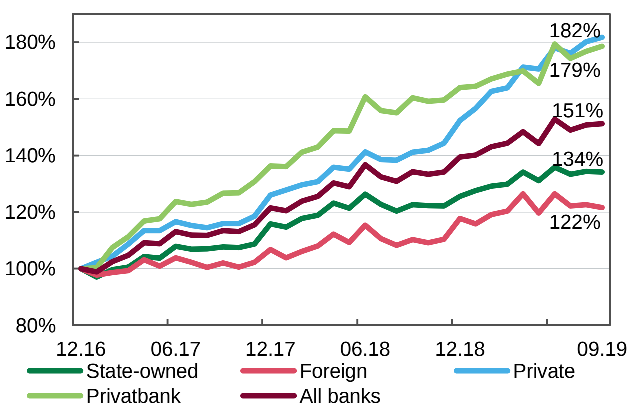
Figure 33. FX corporate deposits (in the USD equivalent) by groups of banks, 2016 = 100%*



* In banks solvent as of 1 October 2019.

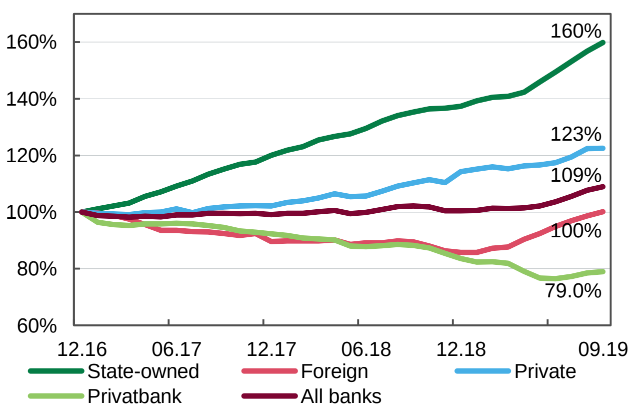
In Q3, hryvnia retail deposits declined in all groups of banks except domestic private, where they increased by 2.1% due to relatively higher interest rates. FX retail deposits increased in all groups. As before, state-owned banks reported the highest growth – 7.0% qoq (18.1% yoy).

Figure 34. Hryvnia retail deposits by groups of banks, 2016 = 100%*



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

Figure 35. Foreign currency retail deposits (in the USD equivalent) by groups of banks, 2016 = 100%*

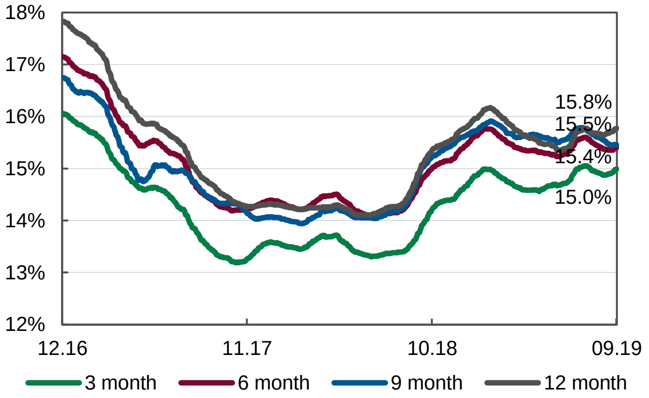


* In banks that were solvent as of 1 October 2019, including savings certificates.

Interest Rates

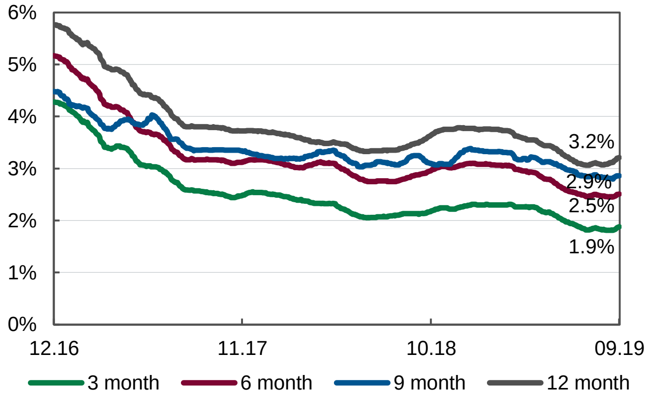
Interest rates on 12-month hryvnia retail deposits increased in Q3 by 0.3 pp to 15.8% per annum as of late September. Interest rates on 12-month US dollar deposits remained at an all-time low of 3.2% per annum (up 0.1 pp qoq).

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



* Thomson Reuters data, 20-day moving average.

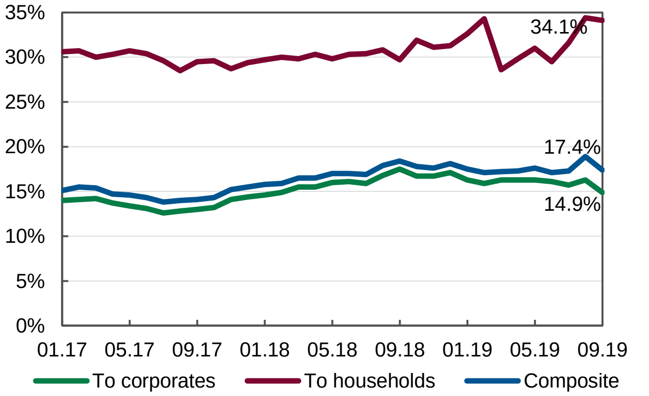
Figure 37. Ukrainian Index of USD Retail Deposit Rates, % per annum*



* Thomson Reuters data, 20-day moving average.

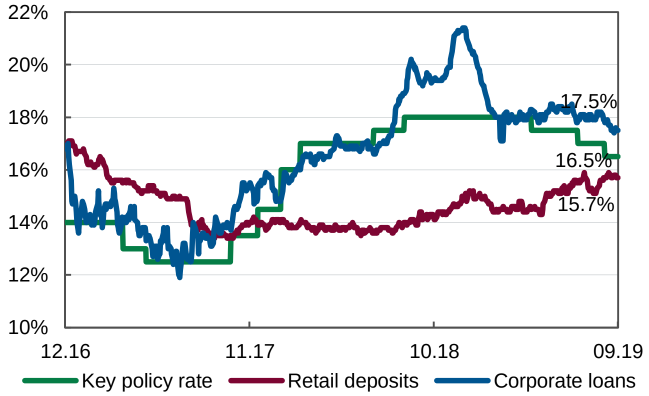
Interest rates on hryvnia corporate loans declined by 0.5 pp to 18.1% per annum. Interest rates on FX corporate loans decreased by 0.6 pp to 4.5% per annum. Robust demand for consumer loans and expensive funding prevented retail loan rates from falling: compared to June, the average loan rate increased by 4.5 pp to 34.1% per annum.

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



* Without loan extension or any other changes in lending terms.

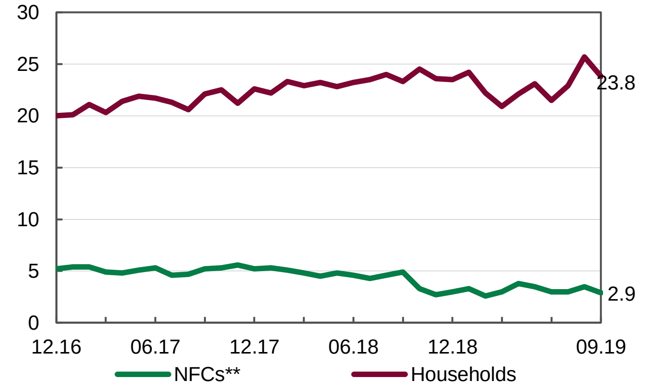
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, five-day moving average.

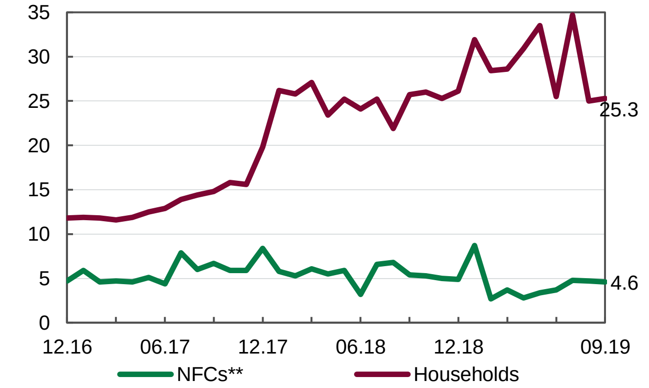
The spread between retail loan and deposit rates continues to stand at its highs (of more than 20 pp), amid a simultaneous drop in the spread between corporate loans and deposits, with the goal of maintaining the profitability of transactions.

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



* New loans and deposits include volumes under primary agreements that were entered into during the reporting period, as well as those under additional agreements, in which the amount or interest rate have been changed.
** Non-financial corporations.
*** Including insolvent banks.

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

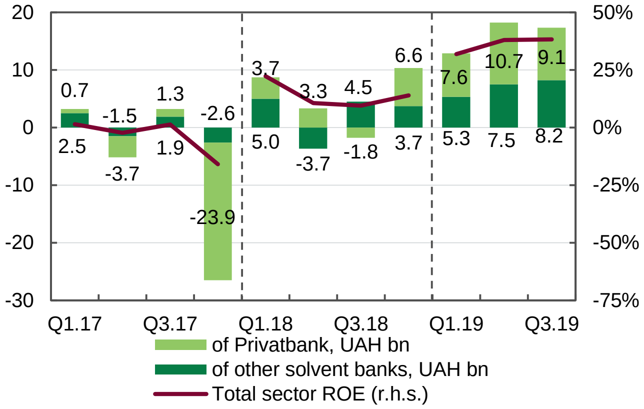


* Including insolvent banks.
** Non-financial corporations.

Profit or Loss, and Capital

In Q3, the banking sector reported UAH 17.3 billion in profit, or 4.5% less than Q2, due to the lower quarterly profit of Privatbank.

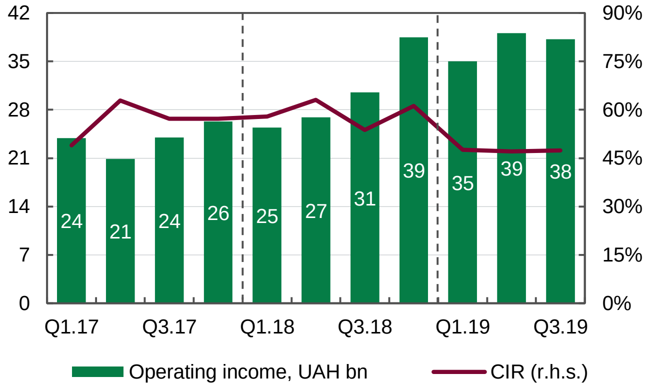
Figure 42. Profit/loss* and return on equity



* Quarterly data, including adjusted entries.

Banking performance deteriorated somewhat from the previous quarter, remaining significantly higher than last year: CIR* decreased to 47.4% from 58.0% in the first nine months of 2018.

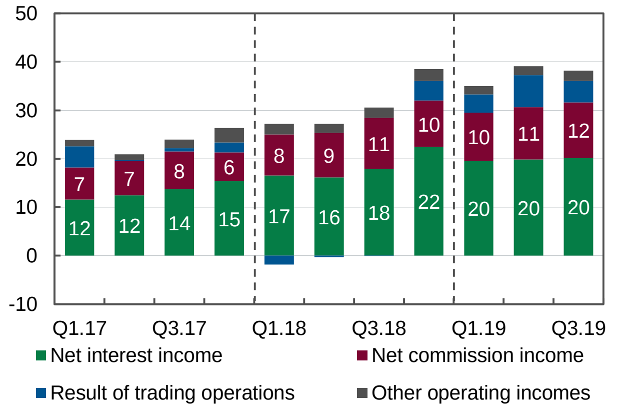
Figure 43. Operating income and operating efficiency



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

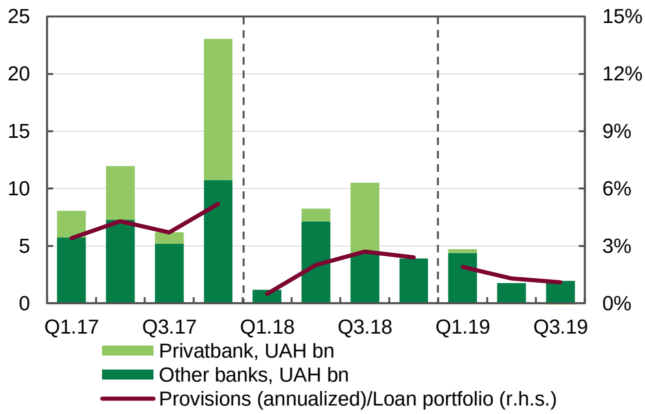
In Q3, operating income decreased by 2.5% from Q2 due to a decline in profits from trading operations of state-owned banks. Net interest income and fee and commission income increased.

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



Provisioning for January–September of this year were 58.2% lower than in the same period last year.

Figure 45. Provisioning



Overall capital adequacy ratio across the sector rose to 18.4% and was significantly higher than the minimum required ratio. Regulatory capital ratio grew by 5.8% in Q3, while authorized capital increased by 0.1%.

Figure 46. Regulatory capital and the regulatory capital adequacy ratio

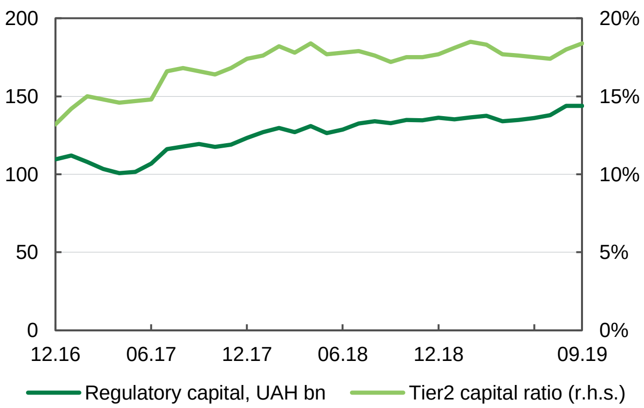
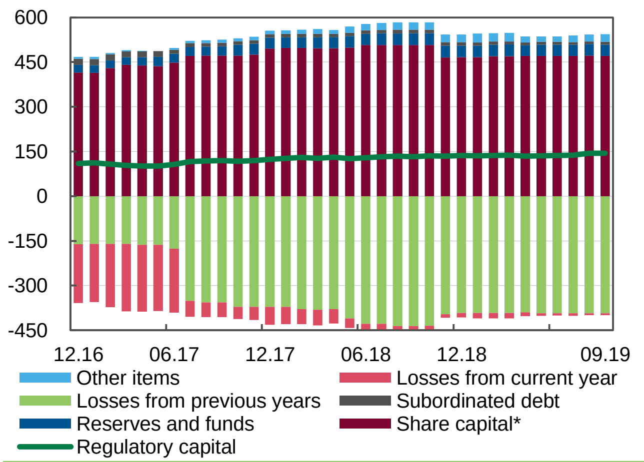


Figure 47. Composition of regulatory capital, UAH billion



* Registered and unregistered authorized capital.

Table 2. **Key banking sector indicators**[1]

	2012	2013	2014	2015	2016	2017	2018	Q1 2019	Q2 2019	Q3 2019
Number of operating banks	174	180	145	117	96	82	77	77	76	76
General balance sheet indicators (UAH billion)[2]										
Total assets	1 264	1 409	1 477	1 571	1 737	1 840	1 911	1 888	1 892	1 876
including in foreign currency	503	513	667	800	788	755	779	745	736	707
Net assets	1 125	1 278	1 290	1 254	1 256	1 334	1 360	1 341	1 357	1 374
including in foreign currency	450	470	565	582	519	507	495	465	471	470
Gross corporate loans[3]	634	727	820	831	847	864	919	895	884	841
including in foreign currency	227	252	400	492	437	423	460	447	427	386
Net corporate loans[3]	553	648	710	614	477	451	472	450	445	430
Gross retail loans	184	189	208	176	157	171	197	202	203	207
including in foreign currency	84	67	101	97	83	68	61	59	52	45
Net retail loans	133	145	144	96	76	92	114	120	127	135
Corporate deposits[3]	221	258	283	349	413	427	430	415	428	454
including in foreign currency	80	81	114	141	177	163	150	146	154	167
Retail deposits[4]	368	443	403	402	437	478	508	516	528	517
including in foreign currency	187	189	214	215	239	244	241	239	235	227
Change (yoy, %)										
Total assets	4.3%	11.4%	4.8%	6.4%	10.6%	5.9%	3.8%	2.6%	2.1%	-3.7%
Net assets	6.7%	13.7%	1.0%	-2.8%	0.2%	6.2%	1.9%	3.6%	4.5%	1.4%
Gross corporate loans[3]	4.2%	14.7%	12.8%	1.3%	2.0%	2.0%	6.3%	1.4%	0.9%	-11.0%
Gross retail loans	-6.7%	3.0%	10.3%	-15.7%	-10.4%	8.5%	15.3%	15.1%	13.1%	3.9%
Corporate deposits[3]	7.9%	16.8%	9.5%	23.5%	18.2%	3.4%	0.8%	4.3%	5.8%	8.4%
Retail deposits[4]	18.1%	20.2%	-8.9%	-0.3%	8.7%	9.4%	6.3%	8.8%	7.4%	1.5%
Penetration level[5] (%)										
Gross corporate loans[3]/GDP	43.4%	47.7%	51.7%	41.8%	35.5%	29.0%	25.8%	24.4%	23.5%	21.5%
Net corporate loans[3]/GDP	37.9%	42.6%	44.7%	30.9%	20.0%	15.1%	13.3%	12.3%	11.8%	11.0%
Gross retail loans/GDP	12.6%	12.4%	13.1%	8.8%	6.6%	5.7%	5.5%	5.5%	5.4%	5.3%
Net retail loans/GDP	9.1%	9.5%	9.1%	4.8%	3.2%	3.1%	3.2%	3.3%	3.4%	3.5%
Corporate deposits[3]/GDP	15.1%	17.0%	17.8%	17.6%	17.3%	14.3%	12.1%	11.3%	11.4%	11.6%
Retail deposits/GDP	25.2%	29.1%	25.4%	20.2%	18.3%	16.0%	14.3%	14.1%	14.0%	13.3%
Financial results[6] (UAH billion)										
Net interest income	49.2	49.1	52.2	39.1	44.2	53.0	73.0	19.5	19.8	20.1
Net commission and fee income	18.1	21.0	23.1	22.6	24.2	27.5	37.8	10.0	10.8	11.5
Loss allowance	22.3	28.0	84.4	114.5	198.3	49.2	23.8	4.7	1.7	1.9
Net profit/loss	6.0	1.4	-33.1	-66.6	-159.4	-26.5	22.3	12.9	18.1	17.3
For reference:										
UAH/USD (period average)	7.99	7.99	11.89	21.84	25.55	26.60	27.20	27.30	26.56	25.26
UAH/USD (end-of-period)	7.99	7.99	15.77	24.00	27.19	28.07	27.69	27.25	26.17	24.08
UAH/EUR (period average)	10.27	10.61	15.72	24.23	28.29	30.00	32.14	31.02	29.84	28.09
UAH/EUR (end-of-period)	10.54	11.04	19.23	26.22	28.42	33.50	31.71	30.57	29.73	26.33

[1] Data for solvent banks for each reporting date.

[2] Including accrued income/expenses.

[3] Including non-bank financial institutions.

[4] Including savings certificates.

[5] GDP is calculated as per the 2008 national accounts system methodology. From 2008 through 2013 it includes data for the temporarily occupied Autonomous Republic of Crimea and City of Sevastopol

from 2014 through 2019 it excludes data for the temporarily occupied Autonomous Republic of Crimea and City of Sevastopol and part of the ATO zone

data for Q1 – Q3 2019 include values for the past 12 months and the NBU's projections, as published in its Inflation Report.

[6] Including adjusted entries.

Notes:

Source: NBU (unless otherwise stated).

The sample of banks consists of banks solvent as at 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 were prepared pursuant to NBU Board Decision No. 76-D dated 10 February 2017. 2018 data were prepared pursuant to Decision No. 444 by the Committee on Banking Regulation and Supervision dated 29 December 2017.

State-owned banks means all state-owned banks except PrivatBank, unless otherwise specified.

The data include accrued interest as at the end of the period (month, quarter, year) unless otherwise specified.

All of the data in the report are based on monthly balance sheets. Indicators of the banks' financial performance are based on adjusted quarterly balance sheets.

Gross loans means loans not adjusted for provisions against asset-side banking transactions.

Fixed-exchange-rate-based change means that the foreign-currency amount of the instrument is calculated based on the exchange rate at the beginning of the period.

Rounding may cause discrepancies between the sum of components and the total.

Terms and Abbreviations:

ATM	Automated teller machine / cash dispenser
CIR	Cost-to-Income Ratio
FX	Foreign currency
GDP	Gross domestic product
HHI	Herfindahl-Hirschman Index
IFI	International financial institution
LCR	Liquidity coverage ratio
NBU	National Bank of Ukraine
NFC	Non-financial corporation
NPL	Non-performing loan
NPE	Non-performing exposures
NSFR	Net stable funding ratio
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates
bn	Billion
qoq	quarter-on-quarter
yoy	year-on-year
p.a.	per annum
pp	percentage point
EUR	Euro
UAH	Ukrainian hryvnia
USD, dollar	United States dollar
H	Half year
Q	Quarter
r.h.s.	Right-hand scale