National Bank of Ukraine

Banking Sector Review

May 2020

The quarantine restrictions introduced in response to COVID-19 had significant impact on the banking sector's performance in the first quarter (Q1). Retail deposits, both in hryvnia and foreign currency, were growing robustly in January and February. However, deposit outflows began after 10 March as consumer and business sentiment turned sharply negative. But owing to the sector's sound liquidity, the situation quickly normalized and hryvnia deposits returned to growth. March saw a noticeable increase in hryvnia corporate lending, which was due in part to the substitution of foreign currency loans. Retail lending slowed as a result of both weaker demand and rising credit risks. In March, interest rates registered a temporary rise. In April, however, both loan and deposit costs were again trending lower. Banks' combined net profit rose by a fourth yoy in Q1. But the bottom line result is set to deteriorate sharply in Q2-Q4 2020 due to a drop in operating income and increased loan provisions. The NBU directed its efforts at ensuring the sector's smooth operation, particularly through postponing the introduction of capital buffers, ensuring favorable regulatory conditions for loan restructuring, and providing banks with liquidity support without any restrictions. The key task for the banking sector is to support economic recovery after the lockdown is lifted.

Sector Structure

The number of operating banks remained unchanged. The net asset and retail deposit shares of state-owned banks (including PrivatBank) shrank in Q1, by 1.1 pp (to 54.2%) and 0.8 pp (to 60.8%), respectively. The combined net asset share of the top 20 banks remained unchanged at 92.2%.

Assets

In Q1, total net assets rose by 4.7%[1] due to a change in the hryvnia exchange rate in March. However, recalculated based on the exchange rate at the start of the year, net assets fell by 1.4%. In terms of individual asset components, foreign currency balances (USD equivalent) in correspondent accounts with other banks grew by a third. This is currently the largest component of banks' high-quality liquid assets in foreign currency, ensuring a sufficient LCR[2]. Banks' holdings of domestic government debt securities increased while investments in certificates of deposit fell.

Net hryvnia corporate loans grew by 3.6% during the quarter and by 8.9% in March. The key underlying drivers were seasonality and the propensity of businesses to reduce their foreign currency liabilities amid prevailing devaluation expectations. Loans to the subsidiaries of international groups rebounded after registering the sharpest drop in the previous quarter. Therefore, the highest growth in net hryvnia loans was observed at foreign banks: +7.6% qoq and +14.9% in March. On a yoy basis, net hryvnia corporate loans grew by 1.9%. Foreign currency corporate loans dropped by 6.9% qoq (-8.0% yoy), having been partially converted into hryvnia.

Net hryvnia retail loans went up by 3.2% qoq and 26.6% yoy, with private banks leading the way with an increase of 9.4% qoq (+54.9% yoy).

The share of non-performing loans (NPLs) rose by 0.6 pp (to 48.9%), with state-owned banks registering an increase of 2.4 pp. The retail NPL ratio grew by 1.2 pp qoq, its first increase since the beginning of 2018, which primarily reflected hryvnia devaluation effects.

Funding

Banks' liabilities increased by 5.0% in Q1. However, this growth was mainly statistical; based on the exchange rate at the beginning of the year, liabilities decreased by 2.8%. Retail and corporate deposits as a share of total liabilities rose by 1.7 pp (to 85.0%), a new record high.

Hryvnia retail deposits rose by 4.4% qoq (+18.5% yoy), led by private banks with growth of 9.2% (+39.0% yoy). Foreign currency retail deposits grew by 14.5% yoy, having remained virtually unchanged on a quarterly basis. Deposit flows were uneven during Q1, with an increase in foreign currency and hryvnia retail time deposits through the first ten days of March followed by outflows.

Hryvnia corporate deposits fell by 6.4% qoq after sliding by 7.4% in March. The largest quarterly outflow were observed at private banks (-10.6%) and Privatbank (-12.5%). This can be explained by slowing corporate activity and hryvnia funds being converted into foreign currency. Foreign currency corporate deposits grew by 2.4% qoq (USD equivalent) and 53.7% yoy. The highest quarterly growth rates were recorded at foreign (21.1%) and private (19.9%) banks. A decline in foreign currency corporate deposits was observed at state-owned banks only. The drop in corporate deposits at state-owned banks was largely driven by payments of taxes and fees by Naftogaz NJSC to the state budget.

[1] At banks solvent as of late March 2020.

[2] LCR – Liquidity Coverage Ratio

The share of foreign currency deposits increased by 4.7 pp qoq (to 44.5%) as a result of the hryvnia depreciation. The dollarization rate decreased by 2.2 pp based on the hryvnia exchange rate at the beginning of the year.

Interest Rates

In Q1, the NBU cut its key policy rate twice, by 3.5 pp in total. In April, the NBU trimmed its key rate by a further 2 pp (to 8% per annum). In January-February, interest rates on corporate and retail deposits as well as corporate loan rates were falling sharply. As the nationwide quarantine began, banks suspended rate cuts in order to retain deposits. In Q1, interest rates on 12-month hryvnia retail deposits fell by 3.2 pp (to 11.9% per annum)[3], and those on 12-month USD deposits declined by 1.4 pp (to 1.2% per annum). Interest rates on corporate deposits in hryvnia dropped by 3.2 pp (to 7.1% per annum).

Interest rates on corporate loans in hryvnia dropped by 1.7 pp (to 13.9% per annum). Interest rates on hryvnia retail loans hovered at 34% per annum. Corporate loans in foreign currency carried rates of up to 5% per annum.

Financial Results and Capital

In Q1 2020, the banking sector's combined profit increased by 23.8% yoy, to UAH 16.0 billion[4]. PrivatBank accounted for about 65% of the total profit. At the same time, the sector booked net income of a mere UAH 97 million in March due to a surge in provisioning.

The number of loss-making banks rose to 14 in Q1 2020 from 6 in 2019. Their combined loss totaled UAH 2.7 billion. Out of the 14 institutions having suffered losses in Q1, 8 banks reported operating losses while the others were hit by additional loan loss provisioning.

Total operating income for the sector increased by 17.7% yoy while operating expenses were up 17.1% yoy in Q1. As a result, net operating income before provisions rose by 18.2% yoy and the operating efficiency remained as high as last year: CIR stood at 47.4%, only marginally down from 47.6% in Q1 2019. Total operating income fell by 30.6% while operating expenses grew by 9.6% in March compared to February.

The increase in operating income in Q1 stemmed primarily from revaluation gains on domestic government debt securities in January and February. The pace of growth in net interest income (+6.8% yoy) and net commission income (+7.9% yoy) decelerated to the lowest level in the last four years.

Provisioning in the sector stood at the level of Q1 2019, totaling UAH 4.9 billion (+2.9% yoy). Five banks, including one state-owned and one Russian bank, accounted for half of the overall provisioning.

Prospects and Risks

Banks will find themselves operating in a much more severe environment by the end of the year. The quarantine restrictions and associated economic downturn will temporarily weaken the demand for banking services. Banks' fee and commission income is likely to decline compared to last year. Demand for investment loans fell and will not recover until year-end. In contrast, demand for working capital loans will be steady and grow as the economy revives. It is important that banks make loans available to reliable borrowers. The NBU expects lending costs to drop in view of low inflation and key policy rate cuts.

The past three years of high profitability will give way to a much weaker financial performance, due mainly to deteriorating loan quality and additional provisioning. On the other hand, efforts undertaken in the previous years to strengthen banks' financial stability and ensure accurate representation of their asset quality prepared the sector for hard times. Thus, most banks will go through the current downturn without raising new capital.

The NBU substantially eased its regulatory requirements for banks in order to mitigate the impact of the pandemic on the banking sector and support the economy. The regulator delayed the introduction of capital buffers and allowed banks to restructure customer loans on mutually beneficial terms. To facilitate lending, the NBU also launched a new floating-rate long-term refinancing instrument. This will enhance the positive effect of key policy rate cuts.

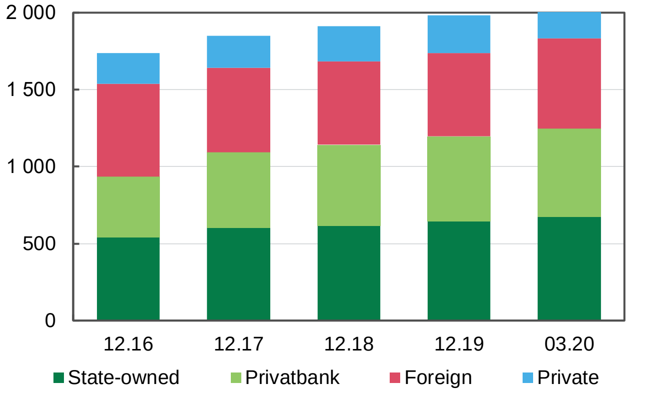
[3] According to the Ukrainian Index of Retail Deposit Rates.

[4] Preliminary data. The deadline for revising data and publishing interim financial statements for Q1 2020 was extended to the end of June.

Sector Structure

Total sector assets increased by 5.7% (to UAH 2.1 trillion) in Q1 2020 following the hryvnia's depreciation in March. Disregarding the exchange rate factor, total assets dipped by 1.0%. The number of operating banks remained unchanged.

Figure 1. Total banking assets, UAH billions*



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

Table 1. Number of banks*

	2016	2017	2018	2019	03.20
Solvent	96	82	77	75	75
- change	-21	-14	-4	-2	0
State-owned	6	5	5	5	5
- change	-1	-1	0	0	0
Foreign	25	23	21	20	20
- change	0	-2	-2	-1	0
Private	65	54	51	50	50
- change	-20	-11	-2	-1	0
Insolvent	4	2	1	0	0
- change	1	-2	0	-1	0

* The number is as of the end of the respective period.
** Including PrivatBank.

State-owned banks (including PrivatBank) saw their combined share of net assets drop by 1.1 pp (to 54.2%) and that of retail deposits shrink by 0.8 pp (to 60.8%) in Q1. The net asset share of foreign banks increased the most, up 0.9 pp (to 30.6%) as of end-March.

Figure 2. Distribution of net assets across groups of banks

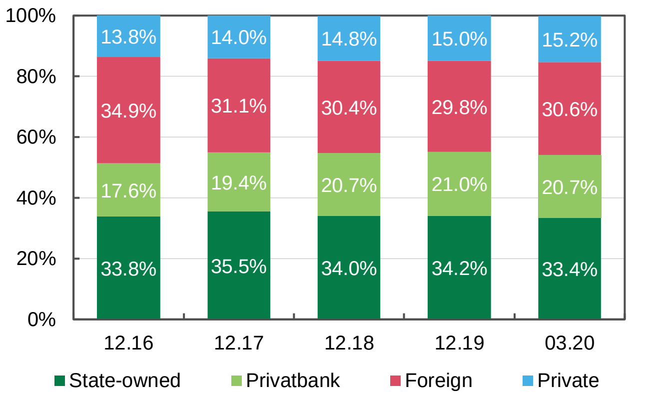
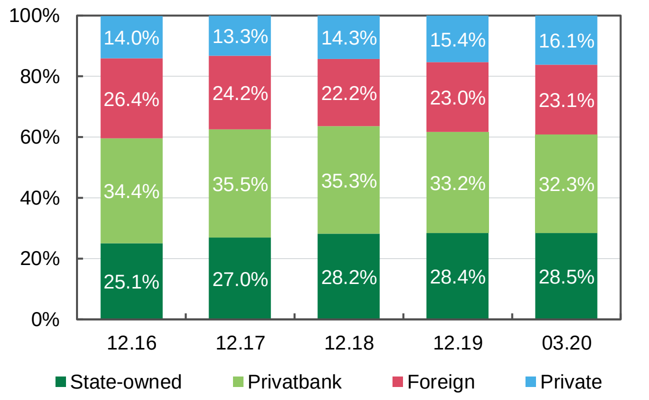


Figure 3. Distribution of retail deposits across groups of banks



In Q1, the top-20 banks' combined net asset share remained unchanged at 92.2%. But due to market share reallocations among the largest banks, the sector's Herfindahl-Hirschman Index values for assets and retail deposits decreased.

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

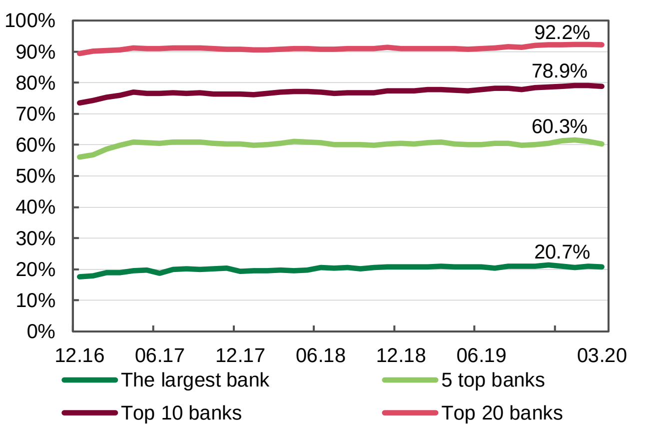
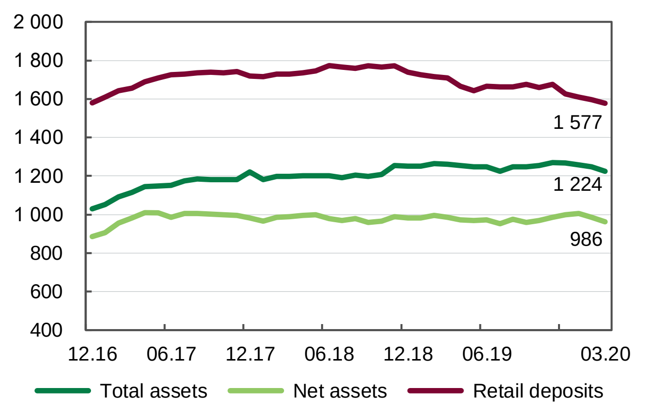


Figure 5. Sector concentration level based on HHI*

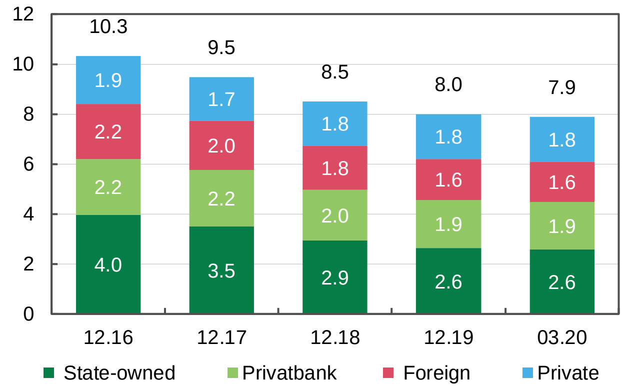


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0-10,000, with values below 1,000 indicating low market concentration.

Banking Infrastructure

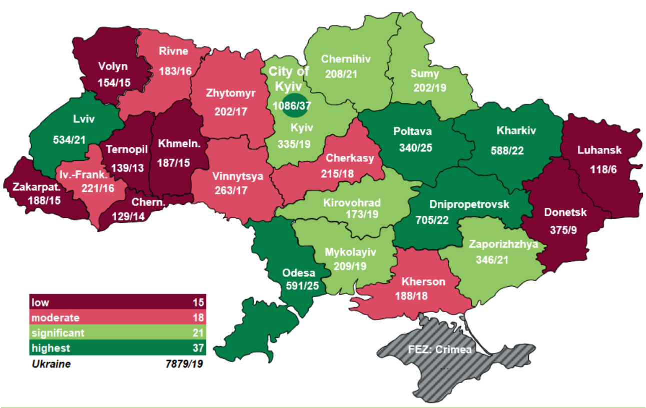
In Q1, banks closed a total of 148 branches, mostly Oschadbank (56) and PrivatBank (37), and opened 30 new branches, led by Ukrgasbank (7) and FUIB (6). Foreign banks continued to optimize their branch networks, closing 38 offices. The number of structural units operated by private banks remained virtually unchanged for the last four quarters.

Figure 6. Number of bank structural units, thousands*



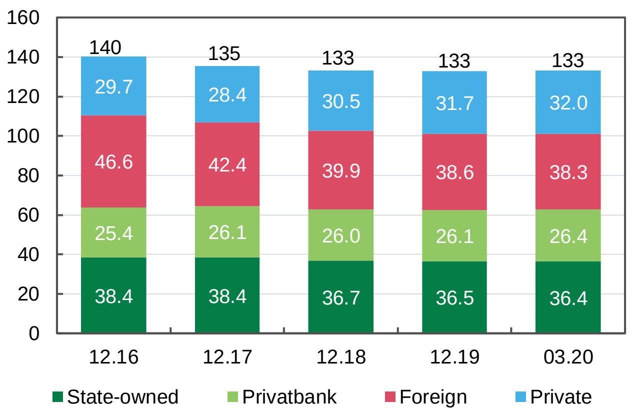
* Standalone structural units and head offices.

Figure 7. Operating bank structural units in selected regions as of 1 April 2020, structural units per 100,000 individuals



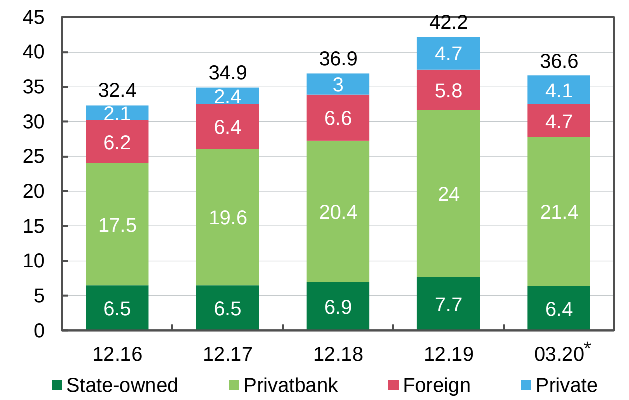
Private banks and PrivatBank were hiring new employees while state-owned and foreign banks reported layoffs in Q1. Total staff employed in the banking sector has increased for three quarters running.

Figure 8. Staffing level at banks, thousands employees



The number of active payment cards decreased by 5.5 million in Q1 due to a change in the calculation methodology.

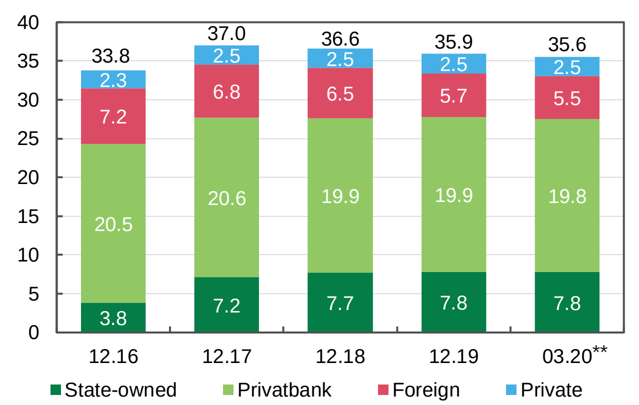
Figure 9. Number of active payment cards by bank groups, million units



* Preliminary data.

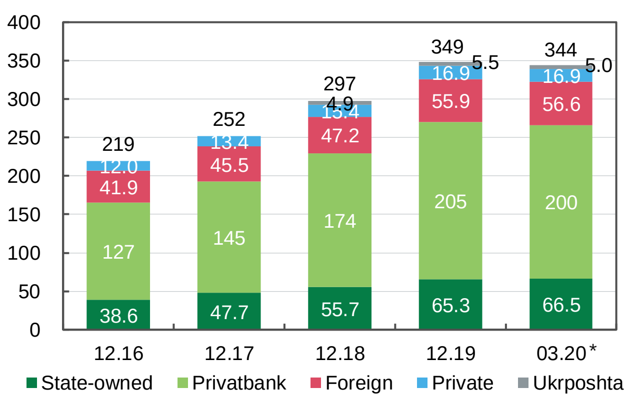
For the first time since 2017, the POS terminal network shrank in Q1 in response to quarantine restrictions. PrivatBank was behind the contraction (down 5.3 thousand terminals). In contrast, other state-owned as well as foreign banks expanded their networks (up 1.2 thousand and 0.6 thousand units, respectively). The number of ATMs declined for the fifth consecutive quarter.

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, thousands units

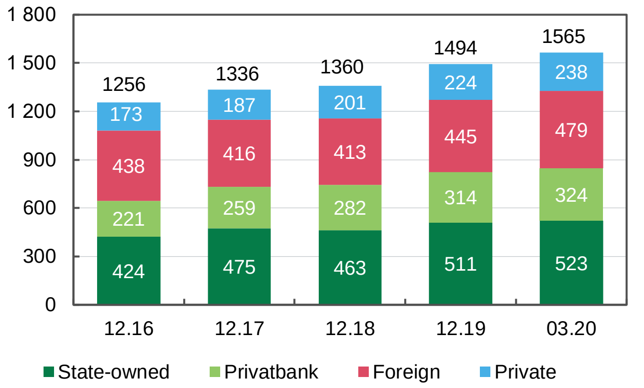


* Preliminary data.

Assets

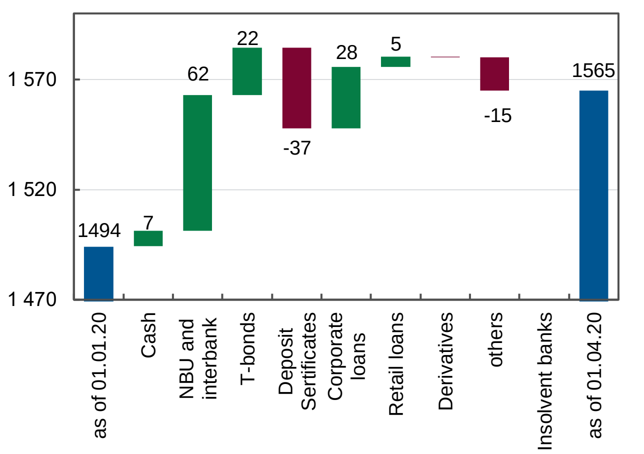
In Q1, sector net assets rose by 4.7% (to UAH 1.56 trillion) as a result of the depreciation of the hryvnia. However, recalculated based on the exchange rate at the start of the year, total net assets fell by 1.4%. FX balances in correspondent accounts grew the most (+37.8% in USD equivalent since the start of the year). Investments in domestic government debt securities also increased, while investments in NBU certificates of deposit fell.

Figure 12. Net assets* by groups of banks, UAH billions



* Adjusted for loan loss allowances.

Figure 13. Change in net assets by component in Q1 2020, UAH billions



Certificates of deposit as a share of net assets declined by 2.8 pp (to 7.4%). In Q1, gross corporate loans grew by 1.2% in hryvnia and fell by 2.8% in FX (USD equivalent).

Figure 14. Sector net assets by component

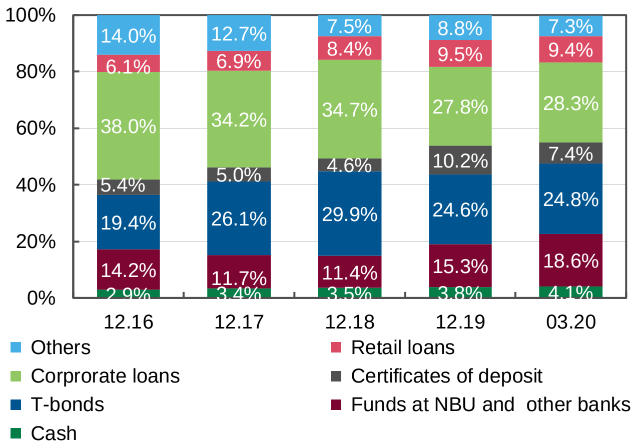
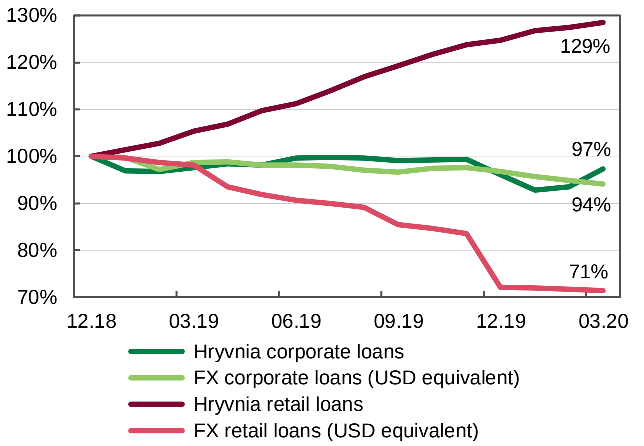


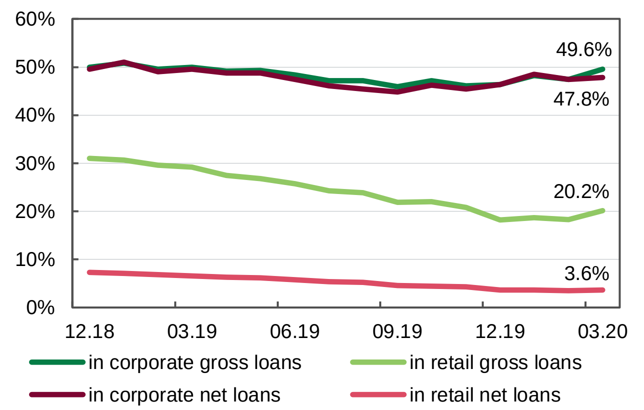
Figure 15. Gross corporate and retail loans, 2018=100%



* Issued by banks solvent as of 1 April 2020.

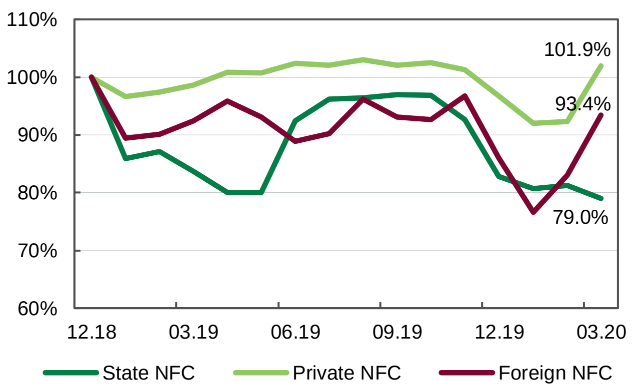
In Q1, the dollarization rate for net corporate loan portfolio increased by 1.6 pp, to 47.8%, as a result of hryvnia exchange rate fluctuations. The share of FX retail loans stabilized at 3.6%.

Figure 16. Share of foreign currency loans



Private companies and local subsidiaries of international groups drove the resumption of lending in February and March 2020.

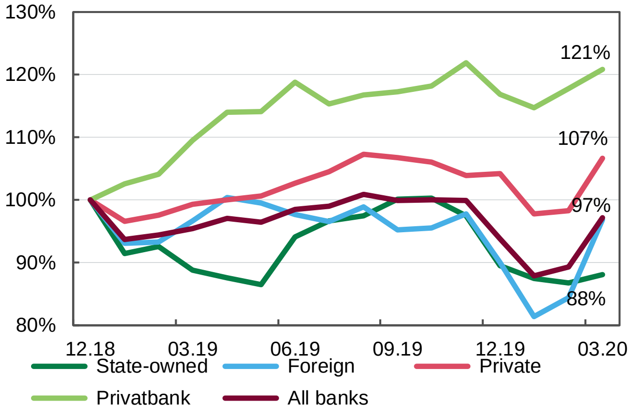
Figure 17. Net hryvnia loans to non-financial corporations (NFCs), 2018=100%*



* Issued by banks solvent as of 1 April 2020.

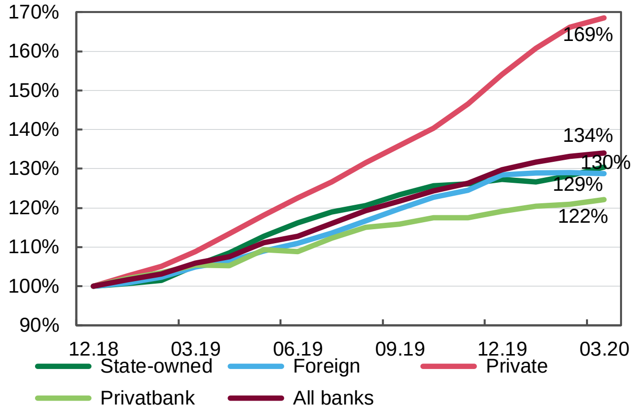
Net hryvnia corporate loans rose by 3.6% in Q1 and 1.9% yoy, fueled by an 8.9% increase in monthly terms in March. Net corporate loans in FX dropped by 6.9% in the USD equivalent over the quarter. Net hryvnia retail loans grew by 3.2% qoq and 26.6% yoy in Q1.

Figure 18. Net hryvnia corporate loans, 2018=100%*



* Issued by banks solvent as of 1 April 2020.

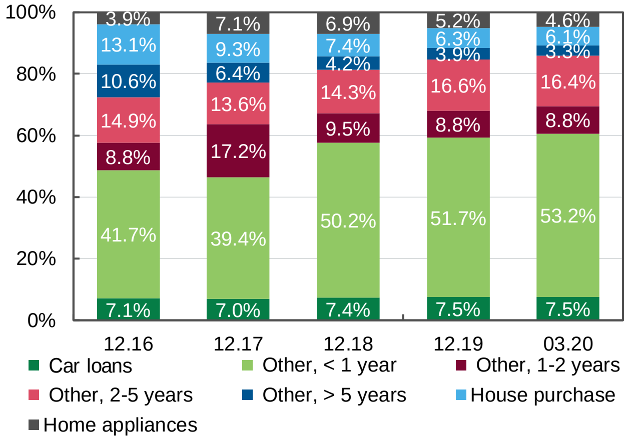
Figure 19. Net hryvnia retail loans, 2018=100%*



* Issued by banks solvent as of 1 April 2020.

Loans with maturities of up to one year underpinned growth in the sector's gross retail loan portfolio. Their share increased by 1.5 pp (to 53.2%).

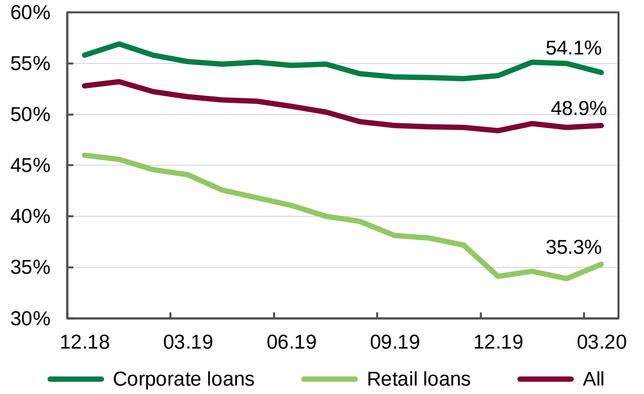
Figure 20. Gross hryvnia retail loans by purpose



* For purchases, construction and reconstruction of real estate (including land plots)

The NPL ratio grew by 0.6 pp in Q1, to 48.9% as of end-March.

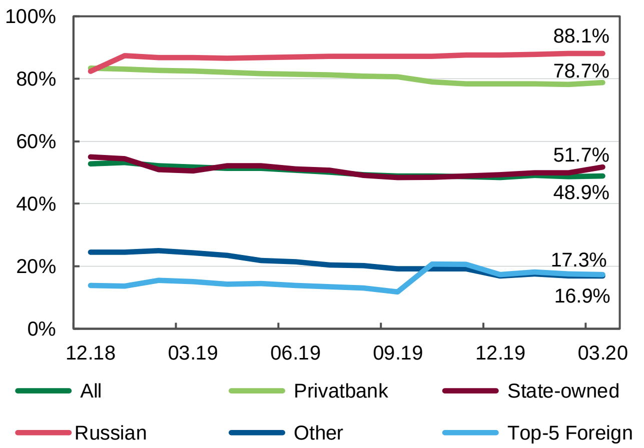
Figure 21. Share of nonperforming loans in bank portfolios*



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

The increase in the NPL ratio was generated by state-owned banks, particularly PrivatBank.

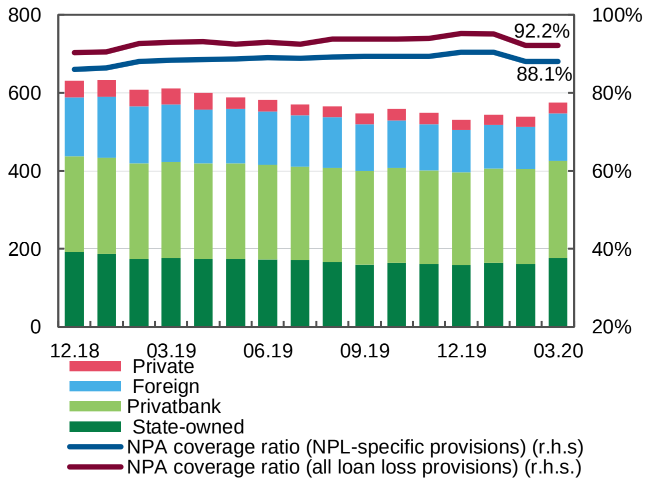
Figure 22. Share of non-performing loans in portfolios by groups of banks



* Including interbank loans; all banks, including insolvent institutions; excluding off-balance sheet liabilities.
** Top five foreign-owned banks by net assets as of 1 April 2020 (excluding Russian banks).

The NPL coverage ratio totaled 92.2%, returning to its level at the beginning of last year.

Figure 23. Non-performing exposures, in UAH billions, and provisioning



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

Funding

The sector's total liabilities grew by 5.0% in Q1 due to the depreciation of the hryvnia. Recalculated based on the exchange rate at the start of the year, total liabilities decreased by 2.8%.

Figure 24. Liabilities by group of banks, UAH billions

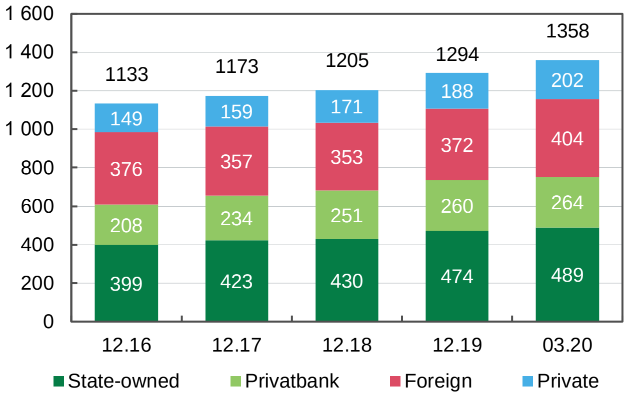
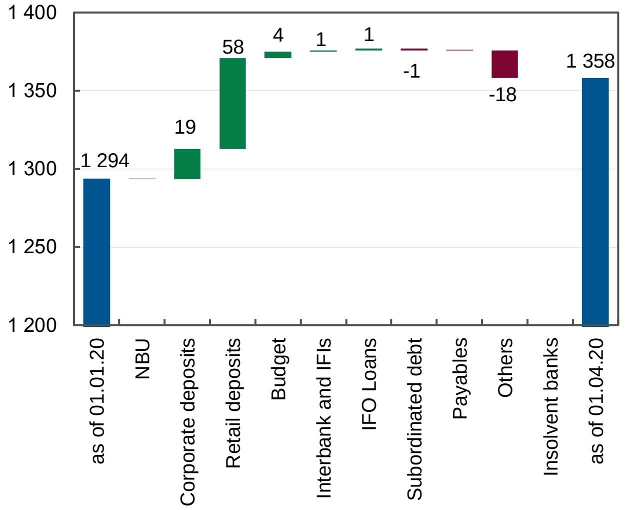
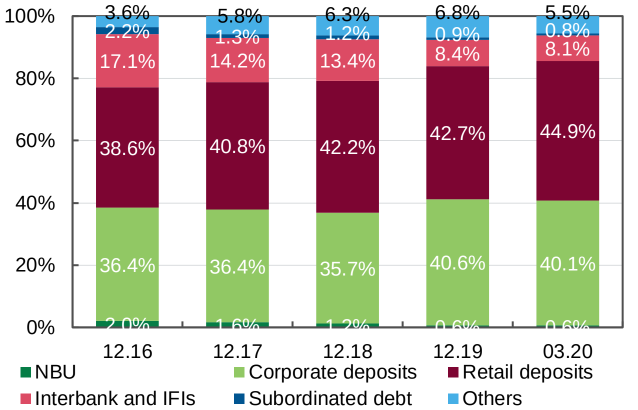


Figure 25. Changes in liabilities in Q1 2020 by factor, UAH billions



Thanks to growing retail deposits, customer funding as a share of total liabilities increased by 1.7 pp, to 85.0%, over the quarter.

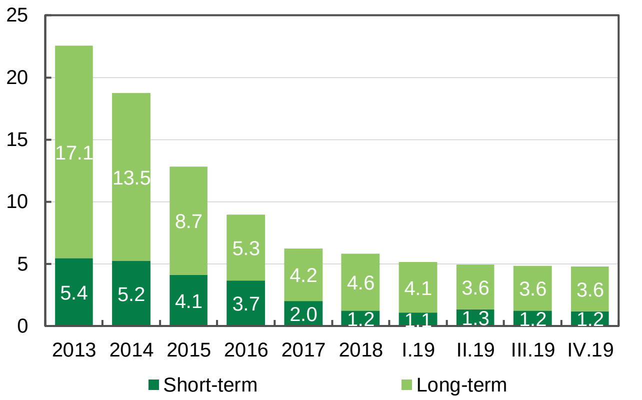
Figure 26. Breakdown of liabilities



* Including certificates of deposit

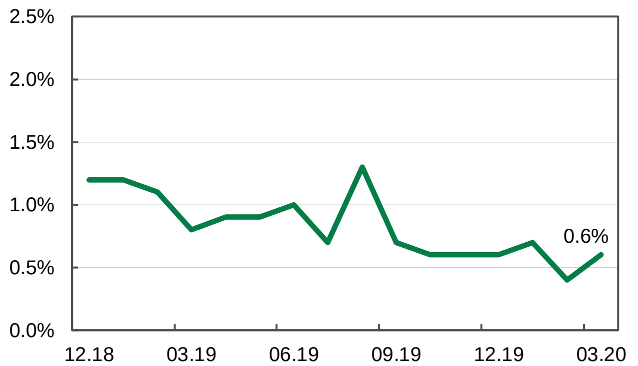
Banks' total gross external debt fell by 1.8% in Q4 2019.

Figure 27. Banks' gross external debt, USD billions



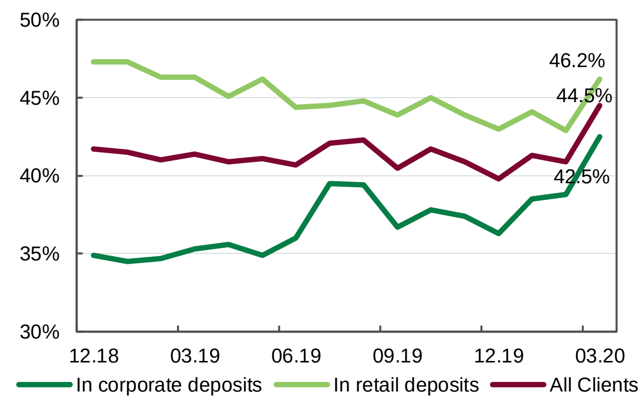
NBU funds accounted for 0.6% of liabilities as of the end of March.

Figure 28. Share of NBU funds in bank liabilities



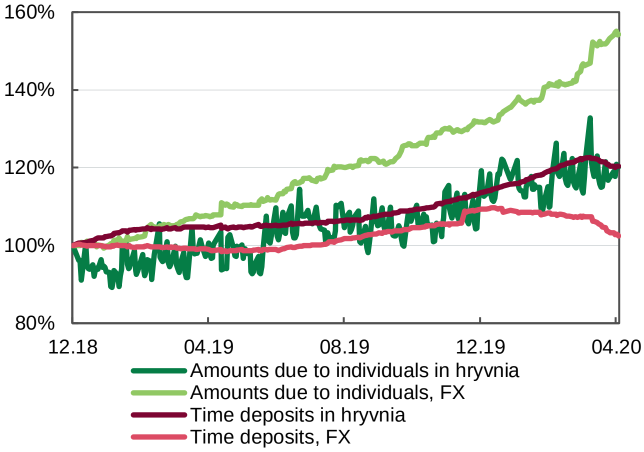
The share of FX retail deposits increased by 3.1 pp (to 46.2%) due to the hryvnia's weakness. The dollarization rate of corporate deposits grew by 6.2 pp (to 42.5%).

Figure 29. Percentage of foreign currency deposits



Household deposits rose in Q1, with hryvnia balances up 4.4% qoq (+18.5% yoy) and those in FX up 0.1% qoq (+14.5% yoy).

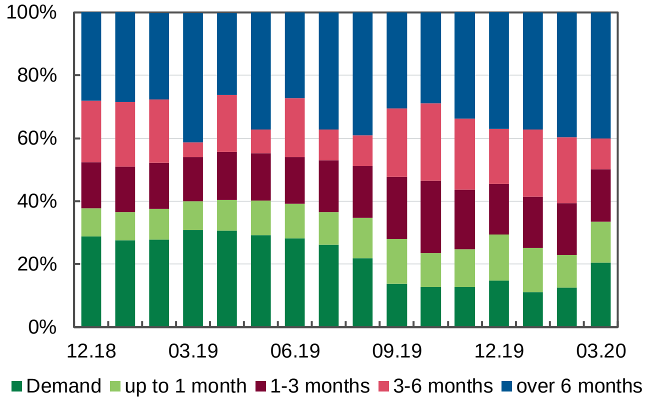
Figure 30. Retail deposits, 2018=100%*



* With banks solvent as of 1 April 2020, including certificates of deposit.

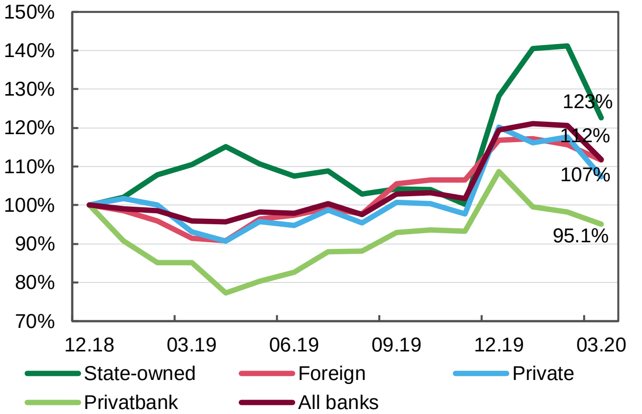
In March, the share of new demand deposits in hryvnia increased to 20.5% from 12.6% in February and 14.7% in December.

Figure 31. Breakdown of new hryvnia household deposits



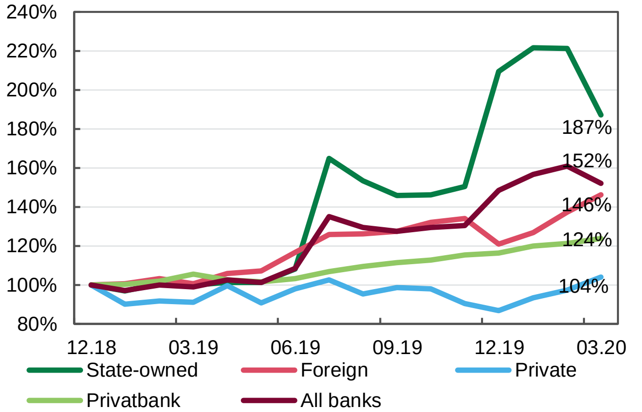
Hryvnia corporate deposits fell by 6.4%, with the largest outflows observed at PrivatBank (-12.5%) and private banks (-10.6%). FX corporate deposits rose by 2.4% (USD equivalent) during the quarter. Growth was seen across all groups of banks except state-owned banks (-10.7%).

Figure 32. Hryvnia corporate deposits by groups of banks, 2018 = 100%*



* At banks solvent as of 1 April 2020.

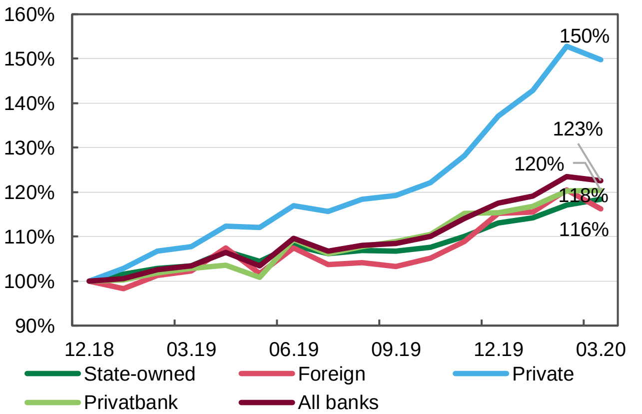
Figure 33. FX corporate deposits (in USD equivalent) by groups of banks, 2018 = 100%*



* At banks solvent as of 1 April 2020.

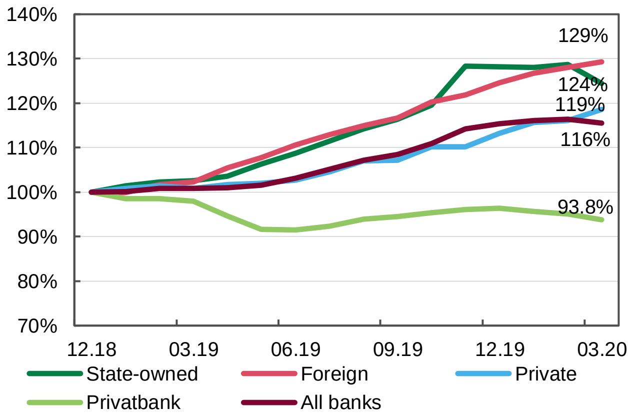
Private banks enjoyed the highest growth in hryvnia retail deposit inflows, up 9.2% over the quarter and up 39.0% yoy. FX retail deposits were increasing through the first ten days of March. Only private and foreign banks recorded higher FX inflows from households in Q1, up 4.8% and 3.8%, respectively. State-owned banks, particularly PrivatBank, saw their FX retail deposits decrease.

Figure 34. Hryvnia retail deposits by groups of banks, 2018 = 100%*



* With banks solvent as of 1 April 2020, including certificates of deposit.

Figure 35. Foreign currency retail deposits (in USD equivalent) by groups of banks, 2018 = 100%*

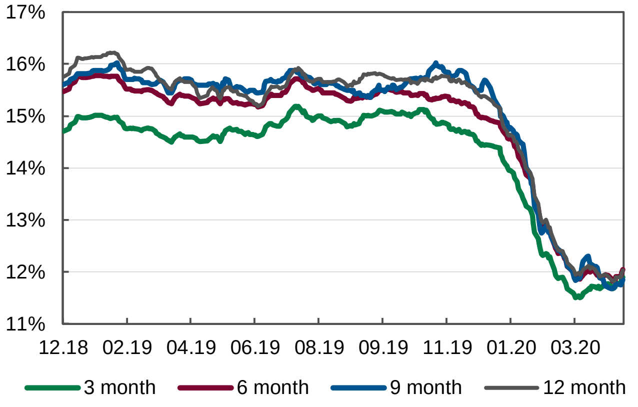


* With banks solvent as of 1 April 2020, including certificates of deposit.

Interest Rates

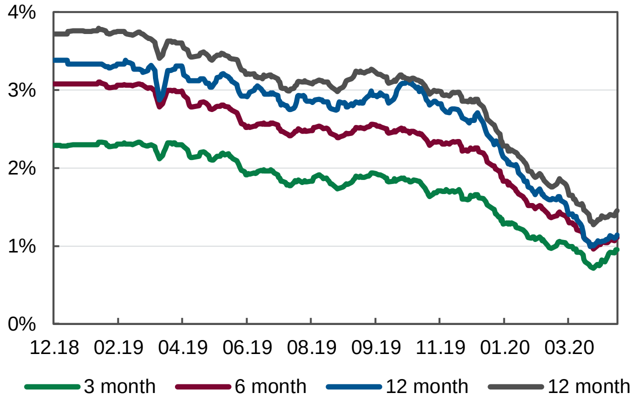
In Q1, interest rates on retail deposits dropped sharply across all maturities and currencies, but the pace of decline slowed in late March. Interest rates on 12-month hryvnia deposits fell by 3.2 pp, to 11.9% per annum, as of end-March, while those on 12-month USD deposits declined by 1.4 pp, to 1.2% per annum.

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



* Thomson Reuters data, 5-day moving average.

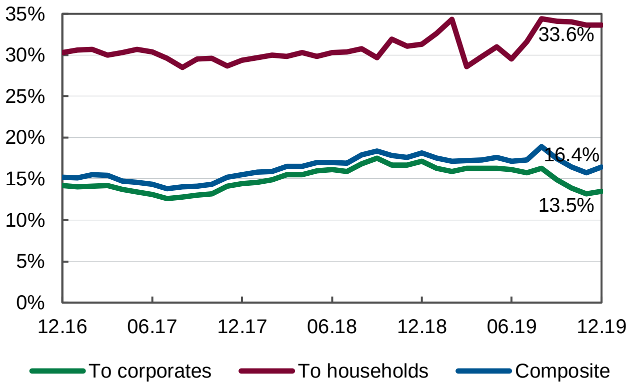
Figure 37. Ukrainian Index of U.S. Dollar Retail Deposit Rates, % per annum*



* Thomson Reuters data, 5-day moving average.

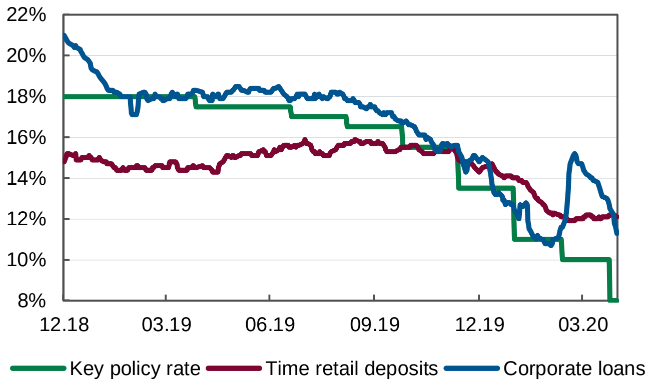
Responding to the NBU's key policy rate cuts, interest rates on hryvnia corporate loans trended lower in the course of January and February, falling by 1.7 pp to 13.9% per annum during the quarter. Interest rates on hryvnia corporate loans increased in March. Interest rates on new household loans hovered at 34% per annum.

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



* Without extension or any other changes in lending terms.

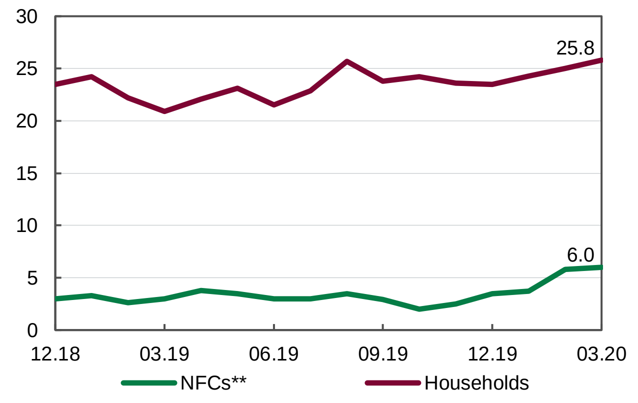
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average

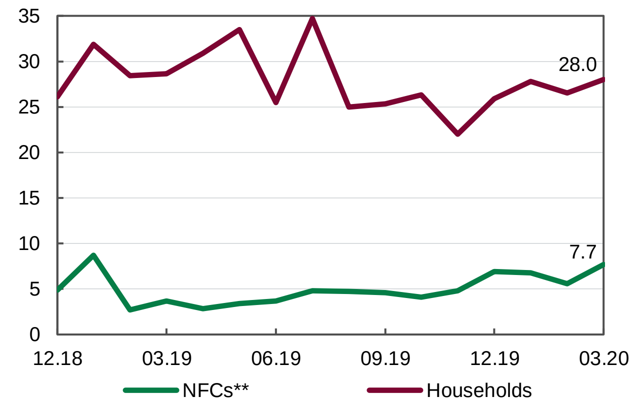
The spread between loan and deposit rates widened as rates on corporate deposits declined more rapidly than those on retail deposits and corporate loans while the cost of outstanding household loans picked up slightly.

Figure 40. Spread between interest rates on new** loans and deposits, pp*



* Including insolvent banks.
** 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 or interest rate.

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

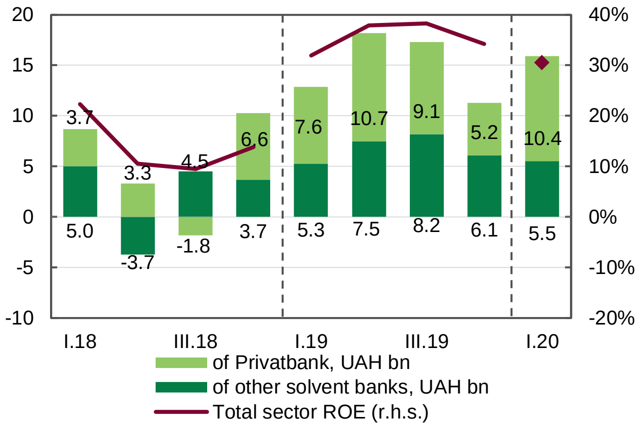


* Including insolvent banks.

Financial Results and Capital

Banks' combined profit rose by 23.8% yoy in Q1. PrivatBank accounted for 65.3% of the total profit.

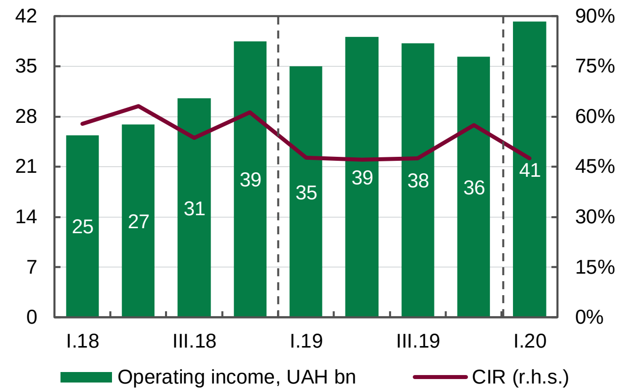
Figure 42. Profit/loss* and return on equity



* Quarterly data, including adjusted entries, excluding data for 2019 and Q1 2020.

In Q1, the operating efficiency remained as high as last year, with the CIR* registering only a marginal drop to 47.4% from 47.6%.

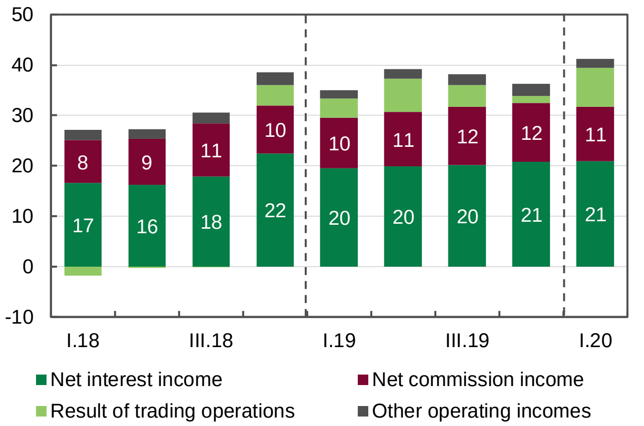
Figure 43. Operating income and operating efficiency



* CIR (cost-to-income ratio) is the ratio of operating expenses to operating income.

The 17.7% yoy increase in operating income in Q1 stemmed primarily from revaluation gains on domestic government debt securities in January and February. The pace of growth in net interest and commission income decelerated.

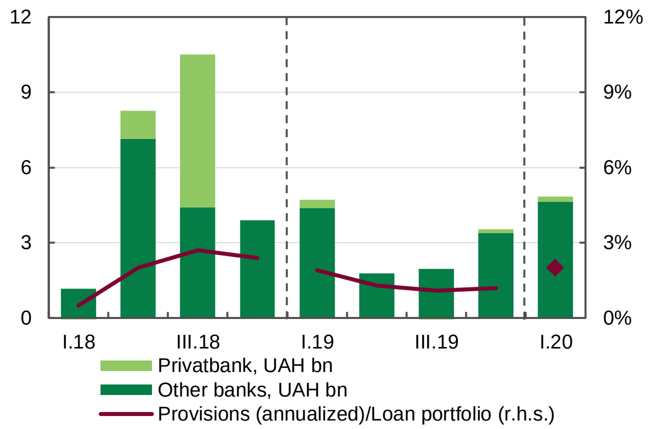
Figure 44. Operating income components for period*, UAH billions



* Including adjusted entries, excluding data for 2019 and Q1 2020.

Provisioning in the sector stood at the level of Q1 2019, totaling UAH 4.9 billion (+2.9% yoy).

Figure 45. Quarterly provisions**



* Annualized.
** Including adjusted entries, excluding data for 2019 and Q1 2020.

Although the sector's regulatory capital adequacy dipped to 19.3% from 19.7% as of the end of 2019, it was well above the minimum required level. Regulatory capital grew by 3.3% or UAH 5.0 billion during Q1, while share capital remained almost unchanged.

Figure 46. Regulatory capital and regulatory capital adequacy ratio

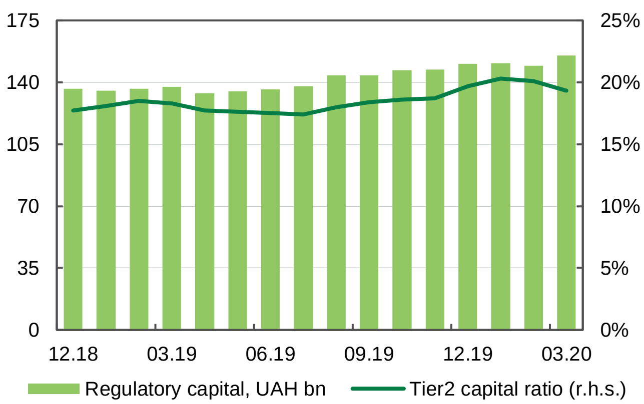
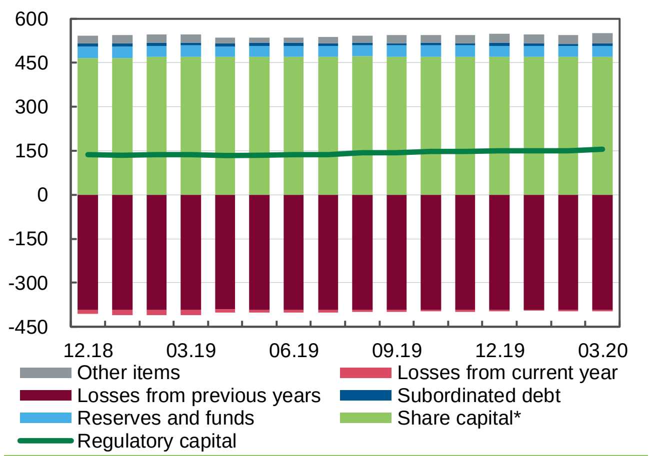


Figure 47. Composition of regulatory capital, UAH billions



* Registered and unregistered authorized capital.

Table 2. Key indicators of Ukraine's banking sector[1]

	2013	2014	2015	2016	2017	2018	2019	I.20
Number of operating banks	180	145	117	96	82	77	75	75
General balance sheet indicators (UAH billion)[2]								
Total assets	1 409	1 477	1 571	1 737	1 840	1 911	1 983	2 096
of which in foreign currency	513	667	800	788	755	779	717	855
Net assets	1 278	1 290	1 254	1 256	1 334	1 360	1 494	1 565
of which in foreign currency	470	565	582	519	507	495	492	585
Gross corporate loans[3]	727	820	831	847	864	919	822	885
of which in foreign currency	252	400	492	437	423	460	381	439
Net corporate loans[3]	648	710	614	477	451	472	415	443
Gross retail loans	189	208	176	157	171	197	207	218
of which in foreign currency	67	101	97	83	68	61	38	44
Net retail loans	145	144	96	76	92	114	143	147
Corporate deposits[3]	258	283	349	413	427	430	525	544
of which in foreign currency	81	114	141	177	163	150	191	232
Retail deposits4	443	403	402	437	478	508	553	610
of which in foreign currency	189	214	215	239	244	241	238	282
Change (yoy, %)								
Total assets	11.4%	4.8%	6.4%	10.6%	5.9%	3.8%	3.8%	11.0%
Net assets	13.7%	1.0%	-2.8%	0.2%	6.2%	1.9%	9.9%	16.7%
Gross corporate loans[3]	14.7%	12.8%	1.3%	2.0%	2.0%	6.3%	-10.6%	-1.1%
Gross retail loans	3.0%	10.3%	-15.7%	-10.4%	8.5%	15.3%	5.0%	8.2%
Corporate deposits[3]	16.8%	9.5%	23.5%	18.2%	3.4%	0.8%	22.1%	31.2%
Retail deposits[4]	20.2%	-8.9%	-0.3%	8.7%	9.4%	6.3%	8.7%	18.3%
Penetration[5] (%)								
Gross corporate loans[3] / GDP	47.7%	51.7%	41.8%	35.5%	29.0%	25.8%	20.7%	22.2%
Net corporate loans[3] / GDP	42.6%	44.7%	30.9%	20.0%	15.1%	13.3%	10.4%	11.1%
Gross retail loans/ GDP	12.4%	13.1%	8.8%	6.6%	5.7%	5.5%	5.2%	5.5%
Net retail loans/ GDP	9.5%	9.1%	4.8%	3.2%	3.1%	3.2%	3.6%	3.7%
Corporate deposits[3] / GDP	17.0%	17.8%	17.6%	17.3%	14.3%	12.1%	13.2%	13.6%
Retail deposits/ GDP	29.1%	25.4%	20.2%	18.3%	16.0%	14.3%	13.9%	15.3%
Profit or Loss[6] (UAH billion)								
Net interest income	49.1	52.2	39.1	44.2	53.0	73.0	80.3	20.9
Net commission income	21.0	23.1	22.6	24.2	27.5	37.8	44.0	10.8
Provisions	28.0	84.4	114.5	198.3	49.2	23.8	11.9	4.9
Net profit/loss	1.4	-33.1	-66.6	-159.4	-26.5	22.3	59.6	16.0
Memo items:								
UAH/USD (period average)	7.99	11.89	21.84	25.55	26.60	27.20	25.85	25.04
UAH/USD (end-of-period)	7.99	15.77	24.00	27.19	28.07	27.69	23.69	28.06
UAH/EUR (period average)	10.61	15.72	24.23	28.29	30.00	32.14	28.95	27.60
UAH/EUR (end-of-period)	11.04	19.23	26.22	28.42	33.50	31.71	26.42	30.96

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 2019 it excludes data for the temporarily occupied Autonomous Republic of Crimea and City of Sevastopol and a part of the ATO zone.

6 Taking into consideration adjustment entries.

Notes:

All data in the Review are based on the preliminary banks` balance sheets data. According to the NBU Board Decree No. 51, dated 16 April 2020, the terms of updating the financial statements for 2019 based on the results of the external audit have been extended to the end of June 2020. Publication of the annual financial statements along with the audit reports on the banks' websites is set within 5 working days after approval by the General Meeting of Shareholders. The deadlines for updating data and publishing interim financial statements for the IQ 2020 have been extended to the end of June, and the publication of consolidated interim financial statements on banks' websites has been extended to the end of July 2020.

Source: NBU (unless otherwise stated).

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

The sample of banks that were solvent as of the last reporting date includes banks that merged with other banks under simplified procedure.

Data on groups of banks as of 2017 were prepared pursuant to NBU Board Decision No. 76-D, dated 10 February 2017. In 2018, data were prepared pursuant to Decision No. 444 by the Committee on Banking Regulation and Supervision, dated 29 December 2017.

“State-owned banks” refers to all state-owned banks except PrivatBank, unless otherwise specified.

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

“Gross loans” refers to loans not adjusted for provisions against asset-side banking transactions.

“Fixed-exchange-rate-based change” refers to the foreign-currency sum of an instrument being calculated using 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
IFO	International financial organization
NBU	National Bank of Ukraine
NFC	Non-financial corporation
NPL / NPE	Non-performing loan / non-performing exposures
POS	Point of sale
SSK	Self-service kiosk
T-bond	Domestic government bills and bonds
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates
pp	Return on equity.
EUR	euro
UAH	Ukrainian Hryvnia
USD	United States dollar
Q	Quarter
bn	Billion
r.h.s.	right-hand scale
yoy	year-on-year
qoq	quarter-on-quarter