National Bank of Ukraine

Banking Sector Review

November 2020

Following the rapidly unfolding crisis in the spring, in Q3 the banks' main performance indicators started to turn positive again. The net corporate and retail loan portfolio increased. For the first time in many years, mortgages grew faster than consumer loans. The growth in retail deposits with banks decelerated compared to the previous quarter, dragged down by increased consumer spending. Deposit growth was mainly generated by demand deposits. A noticeable increase in the banks' investments in government securities indicated that the sector had sufficient liquidity. Although this year the banks' profit, as expected, was lower compared to last year, interest income and fee and commission income returned to growth. Provisioning for expected credit losses was mainly responsible for the lower profit. The banking sector is expected to end the current year with a profit.

Sector Structure

In Q3, one bank was declared insolvent and liquidated. As of late September, there were 74 solvent banks. In Q3, the state-owned banks, including Privatbank, decreased their share of net assets and retail deposits by 0.7 pp and 0.5 pp respectively, to 53.5% and 60.6%. The largest 20 banks increased their share of net assets by 0.1 pp, to 92.1%.

Assets

The sector's net assets grew by 7.6% in Q3, to UAH 1.71 trillion[1]. However, when recalculated using the exchange rate at the start of Q3, net assets were up by only 5.4%. A rise in interbank assets, including correspondent accounts held at the NBU and investments in government securities, generated two-thirds of the growth. FX interbank assets increased most of all (by 11.7% qoq in the dollar equivalent). Domestic government debt securities were up by 4.8%[2], while NBU certificates of deposit rose by 17.0%. The share of customer loans in assets dropped by 0.9 pp, to 33.7%.

The loan portfolio grew gradually in Q3. Net hryvnia corporate loans increased by 3.0%[1] in Q3, but were still 6.0% short of the level seen in September 2019. The largest increases were reported by foreign-owned and privately owned banks (+10.4% qoq and +9.5% qoq respectively). FX loans in the dollar equivalent rose by 1.1% qoq, while falling by 8.1% yoy.

The growth in net hryvnia retail loans declined further, to 8.8%[1] yoy as of late September, compared to +26.9%[1] yoy in March and +13.1%[1] yoy in June. In Q3, for the first time in recent years, the growth in net hryvnia loans for the purchase, construction, and renovation of real estate (+6.9% qoq) outpaced that of the entire portfolio (+3.9% qoq).

The nonperforming loans ratio shrank by 2.9 pp in Q3, to 45.6%[3] of the loan portfolio. The main reason for this was the writing-off, in accordance with the rules set by the NBU, of those loans which were fully provisioned, and which the banks do not expect to generate any cash flows. The state-owned banks were the most active in writing NPLs off.

Funding

In Q3, the banks' total liabilities increased by 7.7%[1], to UAH 1.50 trillion. As of the end of the quarter, deposits accounted for 85.0% of total liabilities. Corporate deposits grew at a faster pace than retail deposits. As a result, the share of corporate deposits rose by 1.3 pp, while that of retail deposits contracted by 1.7 pp. The banks' liabilities to the NBU also increased, by 0.7 pp, to 1.3%.

Hryvnia corporate deposits expanded by 12.6% qoq or by 33.6% yoy, while FX deposits rose by 2.8% qoq or by 23.8% yoy in the dollar equivalent. This growth resulted, among other things, from energy companies' receipts. Hryvnia deposits grew the most at state-owned banks, including Privatbank (+17.6% qoq). Only the state-owned banks reported FX deposit outflows, mainly due to Naftogaz paying taxes and dividends in Q3.

Hryvnia retail deposits rose by only 1.2% in Q3 (+27.1% yoy), compared to the growth of 10.9% qoq seen in Q2. The private banks and Privatbank led the way in this segment of deposits, with growth of 4.7% and 3.2% respectively. FX retail deposits grew by 1.3% qoq or by 5.3% yoy.

The dollarization rate of deposits increased by 0.3 pp in Q3, to 41.0%, driven by a weaker hryvnia. When recalculated using the exchange rate at the start of Q3, the share of FX deposits dropped by 2.0 pp.

Interest rates

Q3 saw a slower fall in deposit and loan rates. The interest rate on 12-month hryvnia retail deposits moved down by 0.9 pp in Q3, to 8.7% per annum[4], while that on US dollar ones

[1] At banks that were solvent as of end-September 2020.
[2] Including revaluation.
[3] All banks, including insolvent ones; excluding off-balance sheet liabilities.
[4] Based on the Ukrainian Index of Retail Deposit Rates.

hovered at around 1.3% per annum. Although the spread between interest rates on three-month and 12-month hryvnia deposits widened slightly, from 0.2 pp to 0.5 pp, this difference did not encourage depositors to opt for longer terms. Interest rates on hryvnia corporate deposits fell by 1.4 pp, to 3.8% per annum.

In Q3, average interest rates on hryvnia corporate loans dropped by 1.0 pp, to 9.6% per annum, while those on retail loans decreased by 1.9 pp, to 30.9% per annum. Interest rates on FX corporate loans ranged at around 5% per annum.

Financial Results and Capital

While increasing by 1.8 times qoq in Q3, to UAH 13.8 billion, the banking sector's profit dropped by 20.2% yoy. In the first nine months of 2020, the banking sector's profit shrank by 22.2% yoy, to UAH 37.6 billion. The number of loss-making banks was 12 (compared to 16 in H1), with 10 banks reporting operating losses. Privatbank earned 56.6% of the banking sector's profit.

In the first nine months of 2020, the banks' operating income rose by 7.8% yoy, while operating expenses grew by 14.1% yoy. Net operating profit before provisions edged up by 1.9% yoy. Operating efficiency worsened – the CIR moved up to 54.7% in Q3, from 47.4% in Q3 2019.

Despite a rise in net interest and fee and commission income, operating income fell by 6.0% qoq, dragged down by the state-owned banks' lower profit from the revaluation of indexed domestic government debt securities. The growth in net interest and fee and commission income remained at a four-year low. Following a 1.5% yoy drop in H1, net fee and commission income rebounded, hitting the level seen in the same period last year (+0.01% yoy). In the first nine months, net interest income rose by 4.2% yoy, compared to growth of 3.9% yoy in H1 2020.

Provisioning increased by 2.5 times compared to the first nine months of 2019, of which one third was made by Privatbank in Q2, to cover legal risks. Additional provisions against loans to customers halved in Q3 compared to the previous quarter.

Prospects and Risks

So far, the crisis has had a moderately adverse impact on the banking sector's operations. That said, provisioning increased as the quality of the loan portfolio deteriorated. Although it is difficult to estimate precisely the banking sector's potential loan losses from the current crisis, the NBU expects that provisions will continue to rise. Accurate estimates will probably be made by the end of the current year, and in some cases only during the first half of 2021. The uncertainty of the macroeconomic forecast has decreased significantly, with the banks already being able to assess the prospects for the operation of individual sectors and companies. By the end of November, the banks could perform the required short- and long-term restructurings without having to recognize additional credit risk, provided that such restructurings are viable and do not conceal underlying problems with borrowers' solvency. In 2021, the NBU plans to hold its annual bank resilience assessment, including an asset quality review, to find out whether or not the banks accurately report the credit risk of their assets.

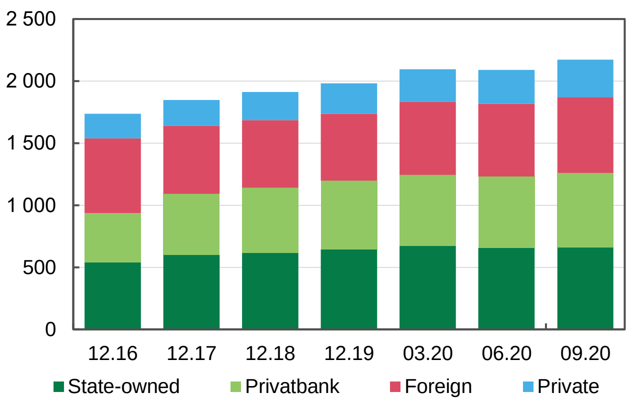
Although the NBU is keeping its key policy rate flat, loan rates are expected to descend further, as there is still room for further interest rate cuts. Net interest income and fee and commission income are expected to recover, among other things due to resumed lending.

Since August, the banks have been calculating their net stable funding ratios (NSFR) in test mode. Based on these calculations, the NBU will set the initial minimum required NSFR in the coming weeks, which the banks will have to meet starting from 2021. The current liquidity ratio (R6), which will initially apply along with the NSFR, will be eventually cancelled.

Sector Structure

In Q3, the banks' total assets increased by 4.0%, to UAH 2.17 trillion. One bank was declared insolvent and liquidated.

Figure 1. The banks' total 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	09.20
Solvent	96	82	77	75	74
- change	-21	-14	-4	-2	-1
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	49
- change	-20	-11	-2	-1	-1

* As of end of period.
** Including Privatbank.

In Q3, the state-owned banks, including Privatbank, decreased their share of net assets and retail deposits by 0.7 pp and 0.5 pp respectively, to 53.5% and 60.6%.

Figure 2. Distribution of net assets across groups of banks

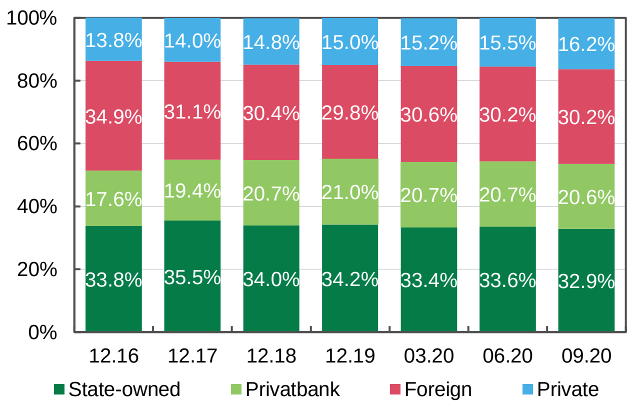
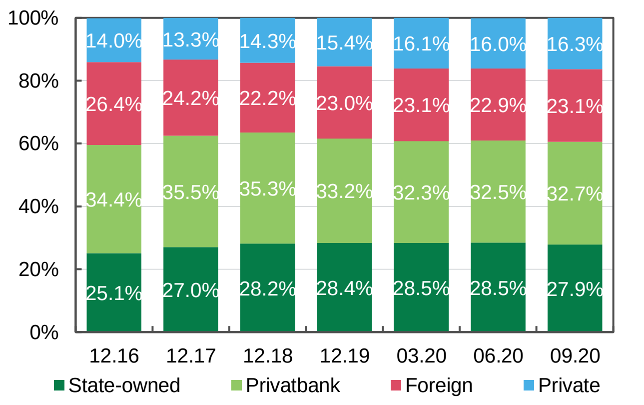


Figure 3. Distribution of retail deposits across groups of banks



The share of the largest 20 banks, which changed little year-on-year, stood at 92.1% in late September. The concentration ratio of retail deposits is falling gradually, due to greater activity by the private banks compared to the largest, state-owned, banks.

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

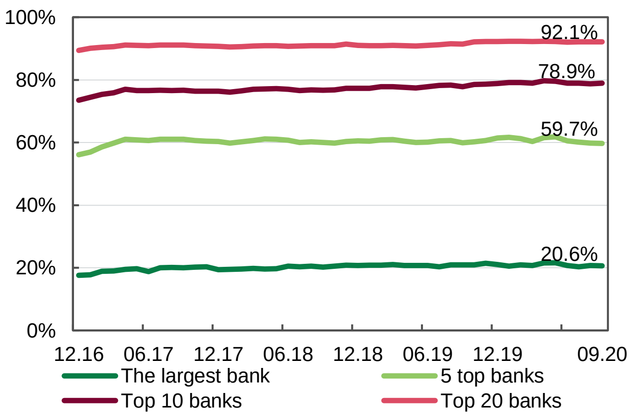
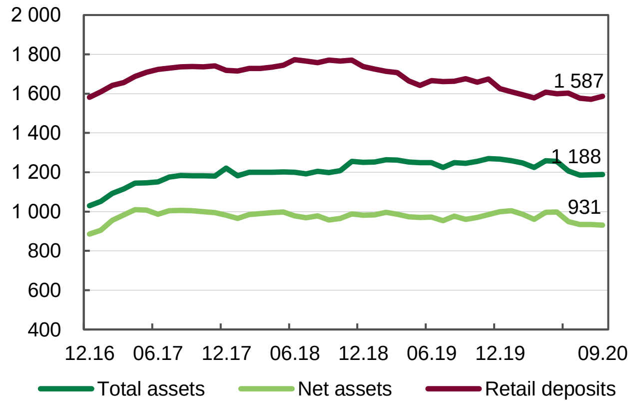


Figure 5. Concentration as defined by the HHI indicator*

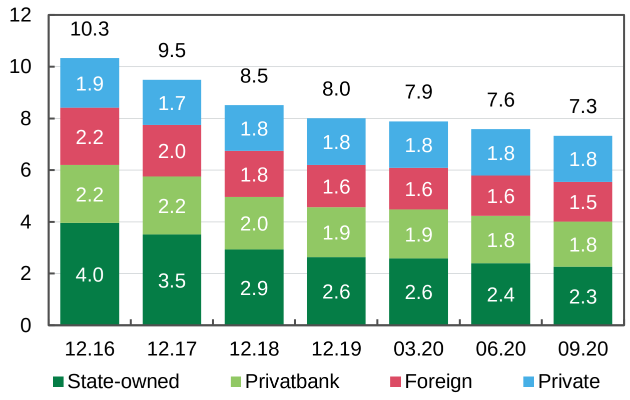


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration.

Banking Infrastructure

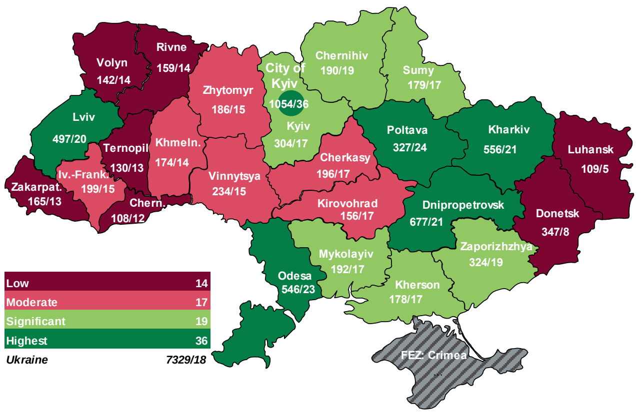
In Q3, the banks shut down a total of 293 branches – with Oschadbank and Privatbank closing the largest number of branches – 166 and 83 respectively. Meanwhile, other banks opened 42 new branches. Banks in Lviv and Odesa oblasts, which shut down 23 and 24 branches respectively, accounted for the largest relative decreases.

Figure 6. Number of bank structural units*, thousands



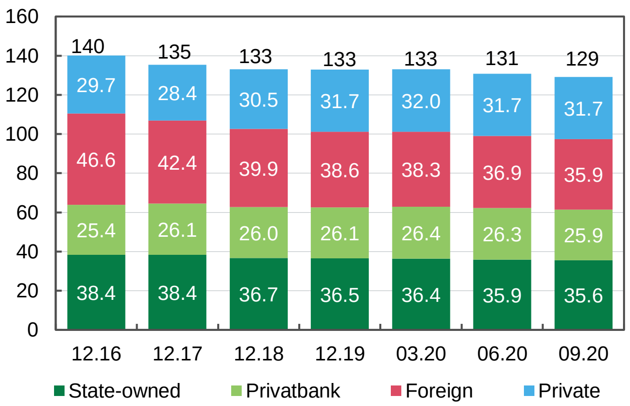
* Standalone structural units and head offices.

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



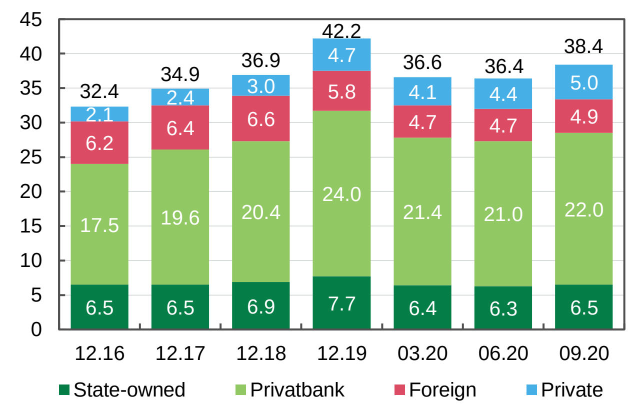
The coronavirus crisis continues to negatively impact employment in the banking sector. In Q3, the banks made a total of 1,700 employees redundant, with the foreign-owned banks leading the way by laying off 900 employees.

Figure 8. Bank staffing numbers, thousands of employees



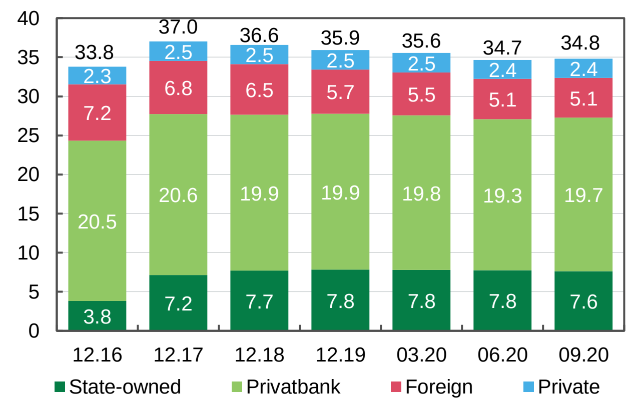
The banks saw an increase in the number of active payment cards for the first time since the crisis began. Privatbank and the private banks were in the lead (+952,000 and +622,000 cards respectively).

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



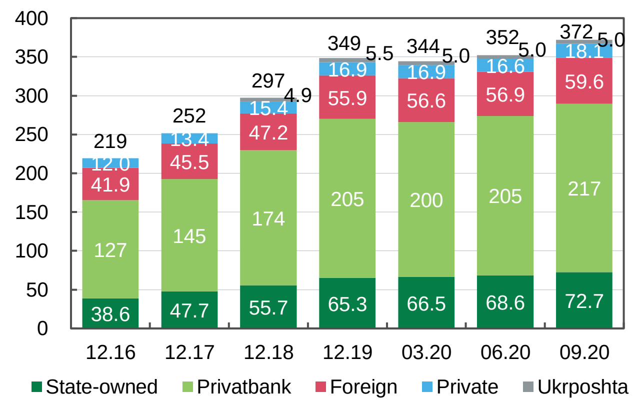
The POS terminal network returned to growth – in Q3 some 20,000 new terminals were installed. Privatbank and other state-owned banks generated the largest increases (+11,400 and +4,100 respectively). Ukrposhta had 5,000 terminals as of the end of September. For the first time since the start of 2019, the banks increased the number of their ATMs, with Privatbank and private banks leading the way.

Figure 10. Number of ATMs*, thousands of units



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

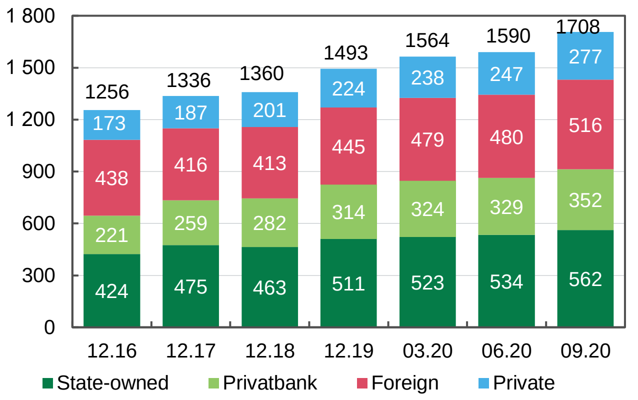
Figure 11. Number of POS terminals, thousands of units



Assets

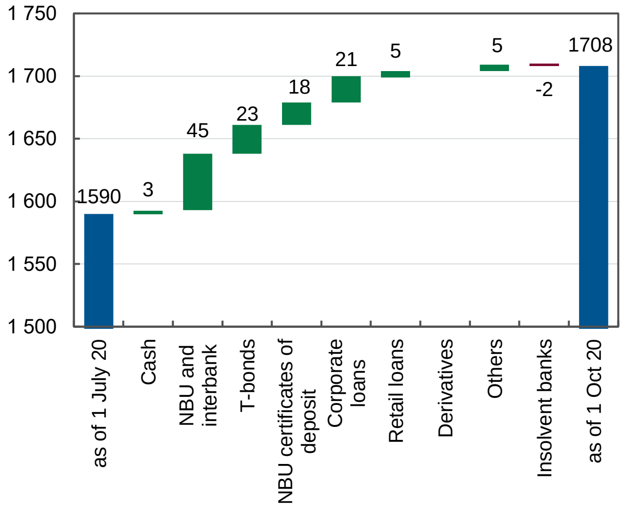
The sector's net assets grew by 7.6% in Q3. However, calculated on the basis of the exchange rate at the start of Q3, net assets were up by only 5.4%. FX interbank assets increased most of all – by 11.7% in the dollar equivalent.

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



* Adjusted for loan loss provisions.

Figure 13. Change in net assets by component in Q3 2020, UAH billions



The share of net corporate loans contracted by 0.6 pp in Q3, to 25.3%. The decrease seen in gross corporate loans resulted largely from the state-owned banks writing off fully provisioned loans.

Figure 14. Sector net assets by component

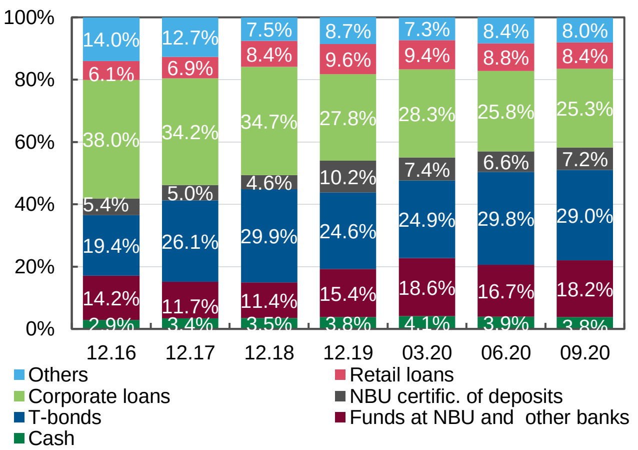
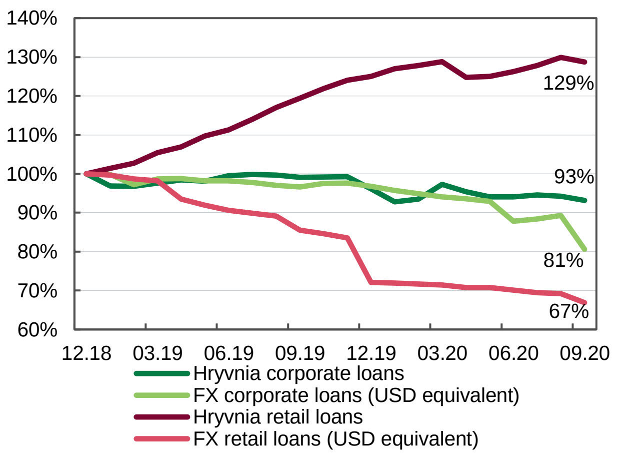


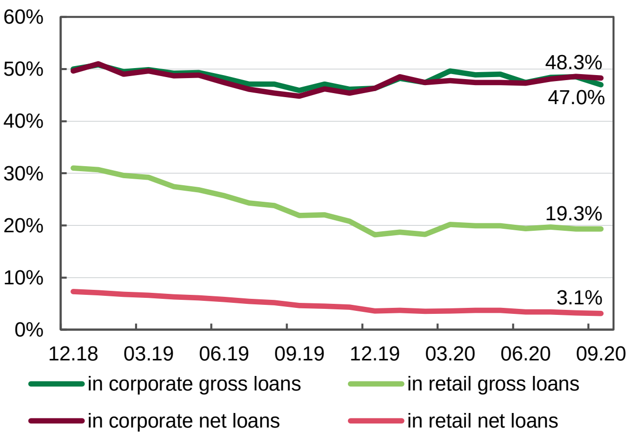
Figure 15. Gross corporate and retail loans, 2018=100%*



* Issued by banks that were solvent as of 1 October 2020.

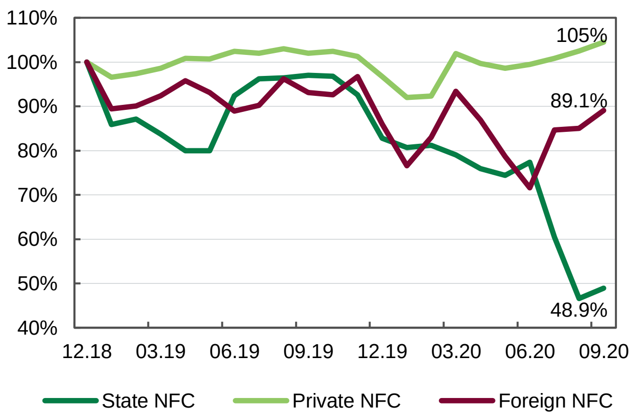
In Q3, the dollarization rate of net corporate loans moved up by 1 pp, to 48.3%, while that of retail loans edged down by 0.3%, to 3.1%.

Figure 16. Share of FX loans



Net hryvnia loans to state-owned companies fell due to several companies changing the currency of their loans.

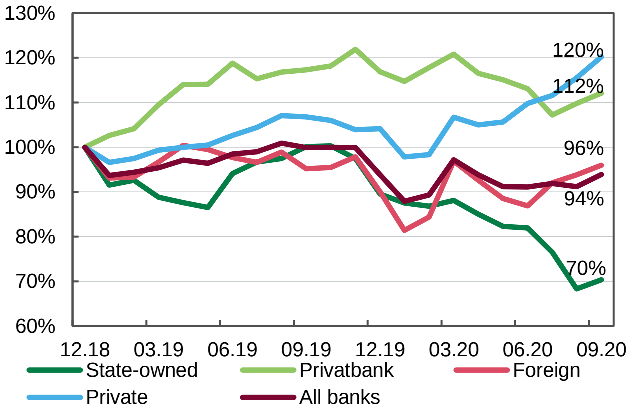
Figure 17. Net hryvnia loans to nonfinancial corporations, 2018 = 100%*



* Issued by banks that were solvent as of 1 October 2020.

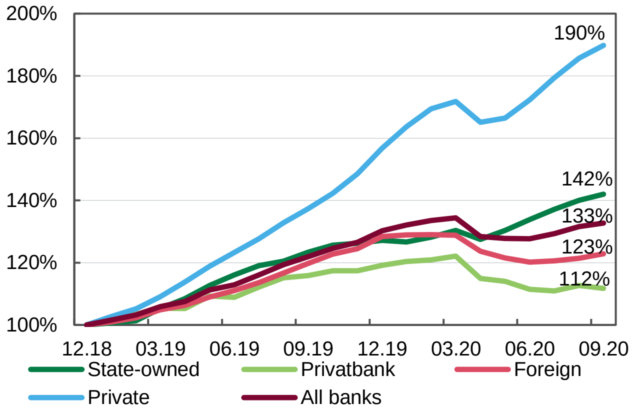
In Q3, net hryvnia corporate loans grew by 3.0% qoq, while declining by 6.0% yoy. The foreign-owned and private banks led the way with the largest increases of 10.4% qoq and 9.5% qoq respectively. Net hryvnia retail loans rose by 3.9% qoq or by 8.8% yoy.

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



* Issued by banks that were solvent as of 1 October 2020.

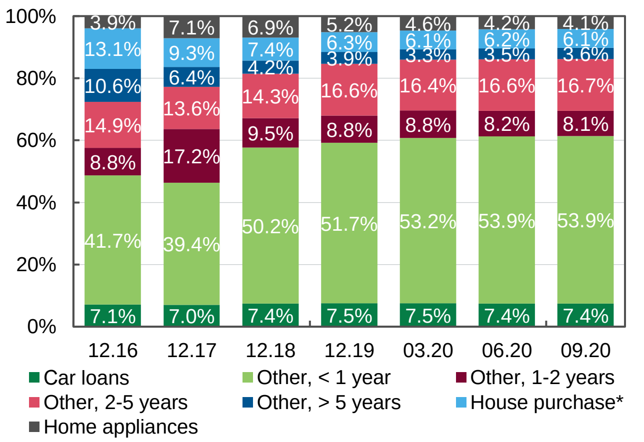
Figure 19. Net hryvnia retail loans, 2018 = 100%*



* Issued by banks that were solvent as of 1 October 2020.

The composition of retail loans was little changed over the quarter, with consumer loans having maturities of up to one year accounting for 53.9%.

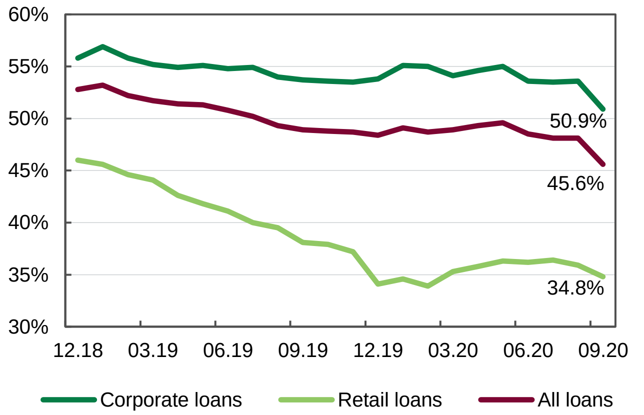
Figure 20. Gross hryvnia retail loans by purpose



* For the purchase, construction, and renovation of real estate (including land plots).

The NPL ratio shrank by 2.9 pp in Q3, to 45.6%.

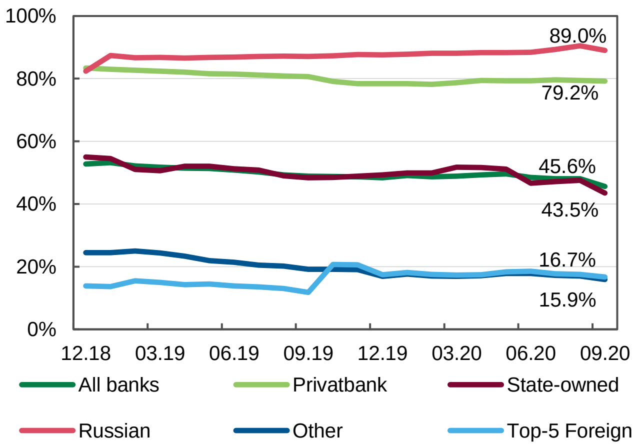
Figure 21. NPL ratios for bank portfolios*



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

The NPL ratio declined, driven mainly by the state-owned banks writing off fully provisioned NPLs. This pushed up the NPL coverage ratio by 0.7 pp qoq, to 97.6% – a high not seen since 2014.

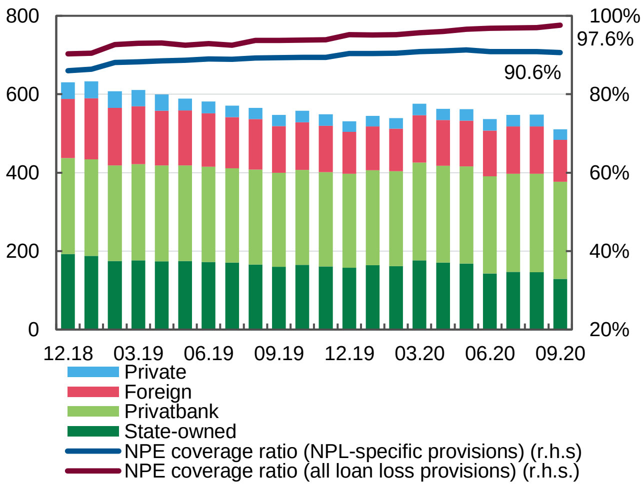
Figure 22. NPL ratio across groups of banks*



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

** Top-5 foreign banks by net assets as of 1 October 2020 (excluding Russian-owned banks).

Figure 23. Nonperforming exposures (NPEs), in UAH billions, and provisioning



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

Funding

In Q3, the banks' liabilities rose by 7.7%. Corporate funding increased noticeably, driven by significant receipts to gas transportation and energy companies. The banks' liabilities to the NBU more than doubled.

Figure 24. Liabilities across groups of banks, UAH billions

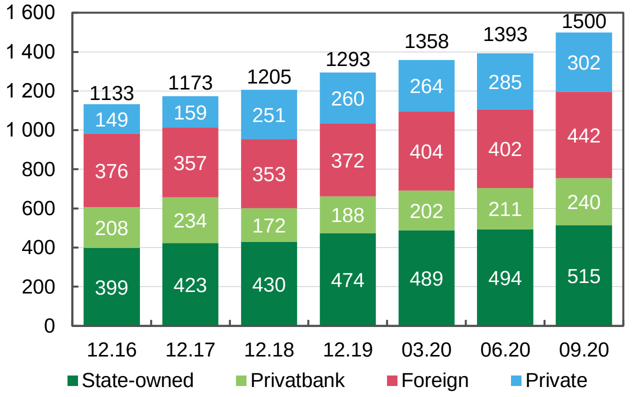
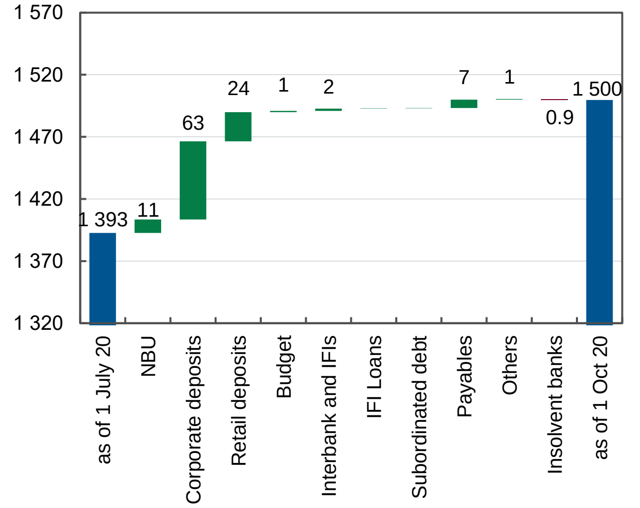
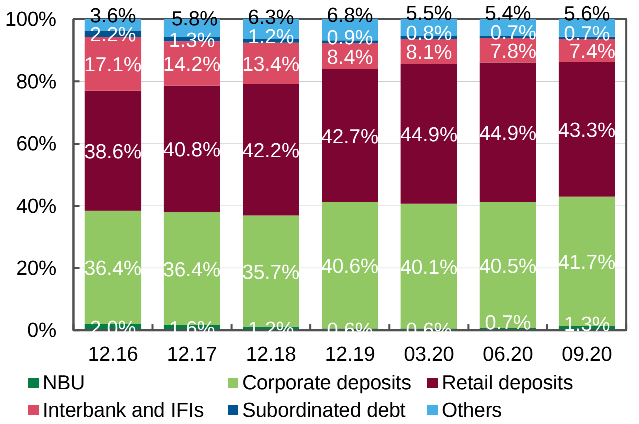


Figure 25. Change in liabilities by component in Q3 2020, UAH billions



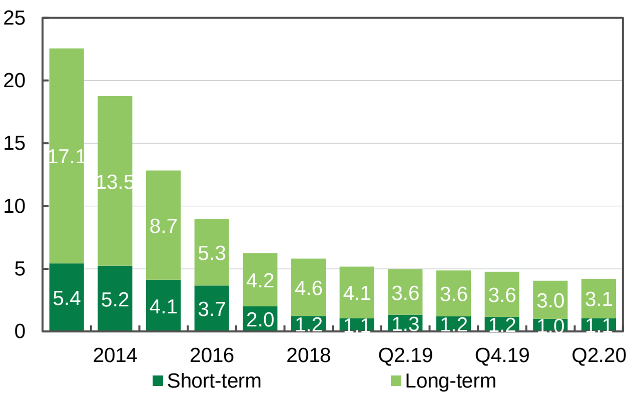
In Q3, customer funding as a share of total liabilities fell by 0.4 pp, to 85.0%, with that of retail funding dropping by 1.7 pp, to 43.3%.

Figure 26. Breakdown of liabilities



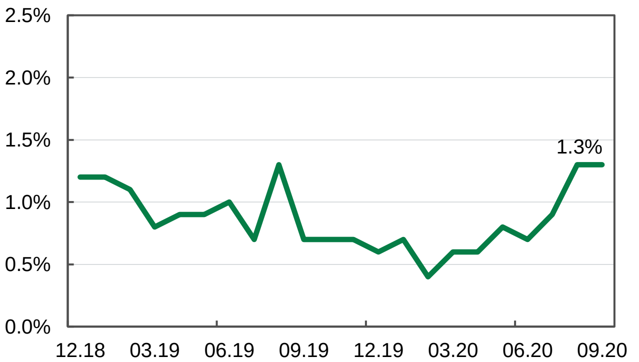
The banks' total gross external debt grew by 4.1% in Q2, propelled by rising debt on long-term loans.

Figure 27. The banks' gross external debt, USD billions



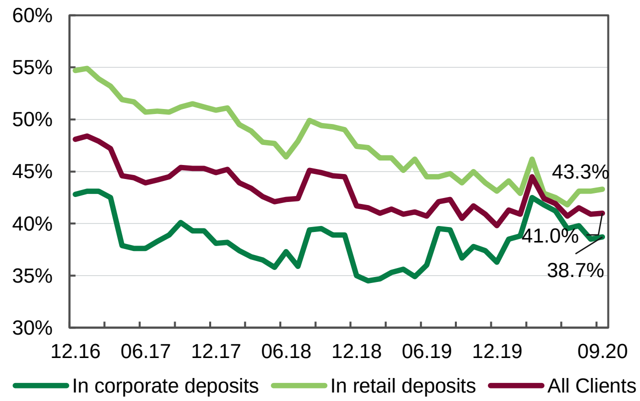
The NBU increased its share of banks' liabilities to 1.3% in Q3, by issuing refinancing loans to banks, including Ukreximbank.

Figure 28. Share of NBU funds in bank liabilities



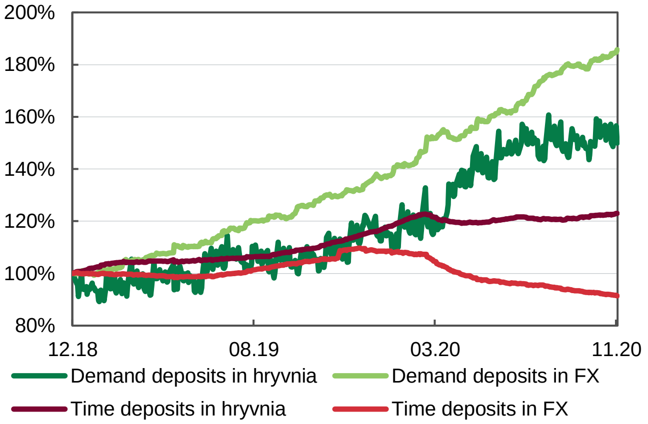
Following a slight dip in August, the dollarization rate of deposits had risen to 41.0% by the end of the quarter as the hryvnia weakened.

Figure 29. Percentage of FX deposits



In Q3, hryvnia retail deposits grew at a slower pace (1.2%) compared to Q2 (10.9%). Hryvnia deposits increased by 27.1% yoy, while FX deposits rose by 5.3% yoy.

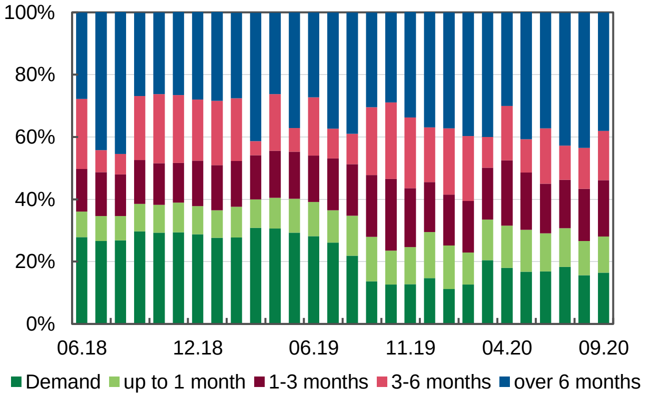
Figure 30. Retail deposits, 2018=100%*



* With banks that were solvent as of 1 October 2020.

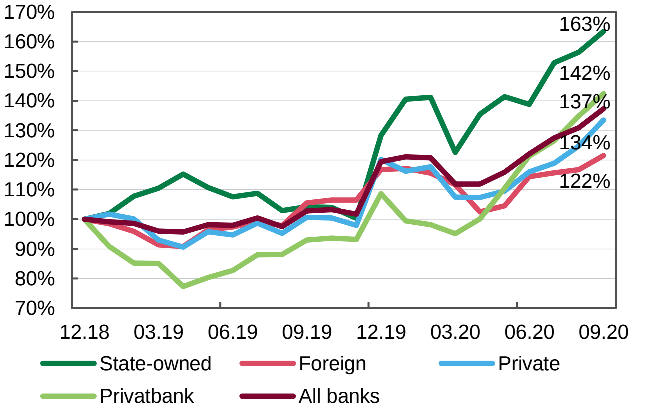
In Q3, new hryvnia deposits with maturities of up to six months as a share of total new time deposits declined by 0.8 pp qoq, to 54.5%.

Figure 31. New hryvnia retail deposits by maturity



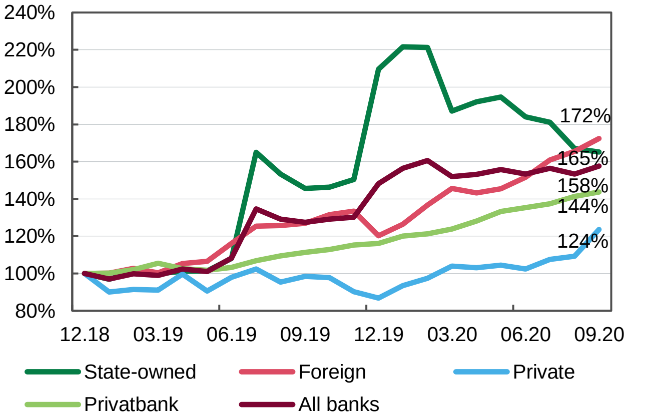
Hryvnia corporate deposits grew by 12.6% qoq or by 33.6% yoy, with all bank groups reporting similar growth. The state-owned banks and Privatbank registered the most robust growth (+17.7% qoq or +56.9% yoy and +17.4% qoq or +53.1% yoy respectively). All banks reported an increase in FX deposits (by 2.8% qoq or by 23.8% yoy) in the dollar equivalent, apart from the state-owned ones, due to Naftogaz making compulsory payments to the budget.

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



* With banks that were solvent as of 1 October 2020.

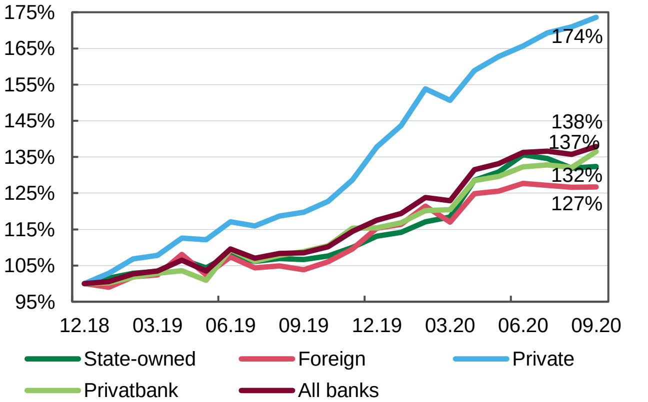
Figure 33. FX corporate deposits (in the dollar equivalent) by groups of banks, 2018 = 100%*



* With banks that were solvent as of 1 October 2020.

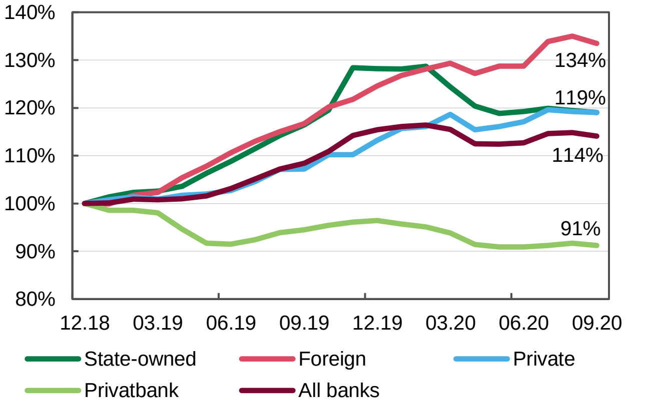
The private banks reported the largest growth in hryvnia retail deposits (by 4.7% qoq or by 45.0% yoy), while the foreign-owned ones reported the most robust growth in FX deposits (by 3.7% qoq or by 14.4% yoy in the dollar equivalent).

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



* With banks that were solvent as of 1 October 2020.

Figure 35. FX retail deposits (in the dollar equivalent) by groups of banks, 2018 = 100%*

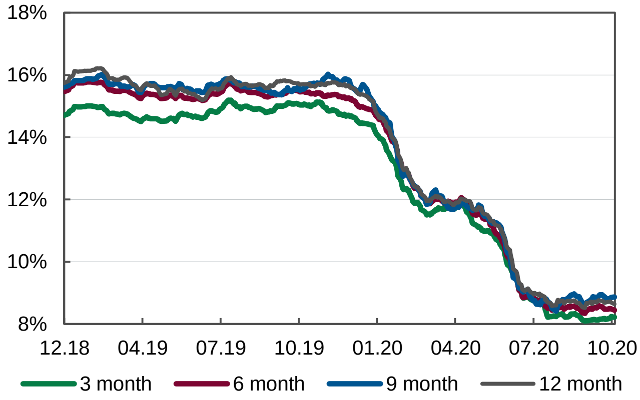


* With banks that were solvent as of 1 October 2020.

Interest Rates

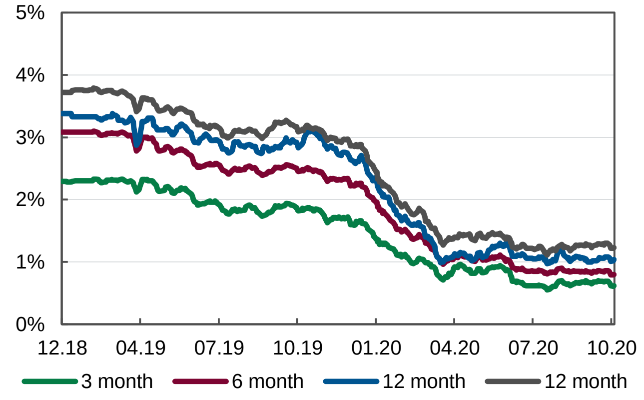
Following the rapid fall in interest rates seen in Q2 in response to previous key policy rates cuts, in Q3 interest rates on 12-month hryvnia deposits fell by only 0.9 pp, to 8.7% per annum. Interest rates on dollar deposits were at a historic low, at about 1.3% per annum.

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



* Thomson Reuters data, 5-day moving average.

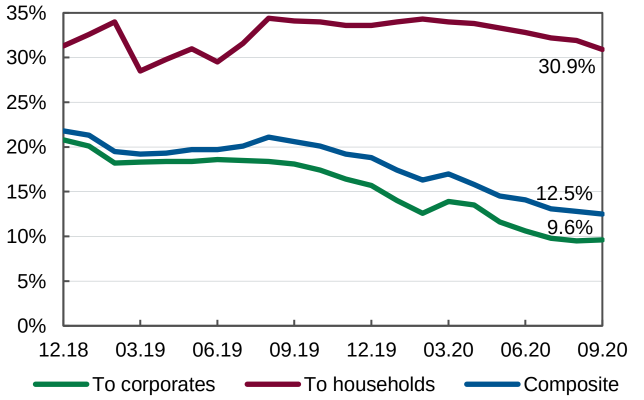
Figure 37. Ukrainian Index of USD Retail Deposit Rates, % per annum*



* Thomson Reuters data, 5-day moving average.

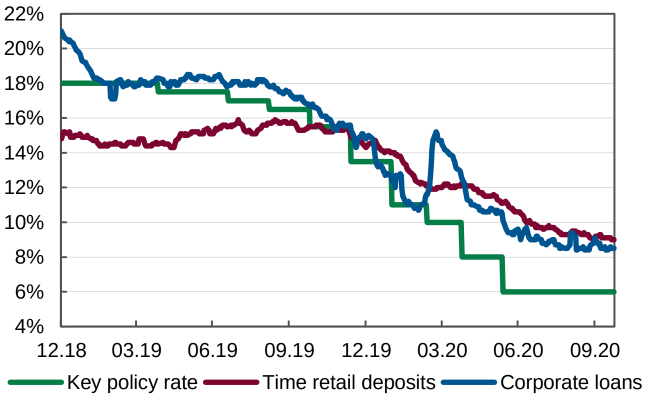
In Q3, interest rates on hryvnia loans continued to decline more quickly than those on deposits. Interest rates on corporate loans dropped by 1.0 pp qoq, to 9.6% per annum, while those on retail loans decreased by 1.9 pp qoq, to 30.9% per annum.

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



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

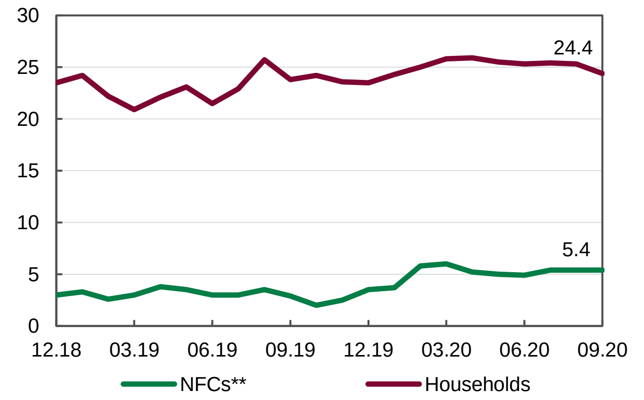
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

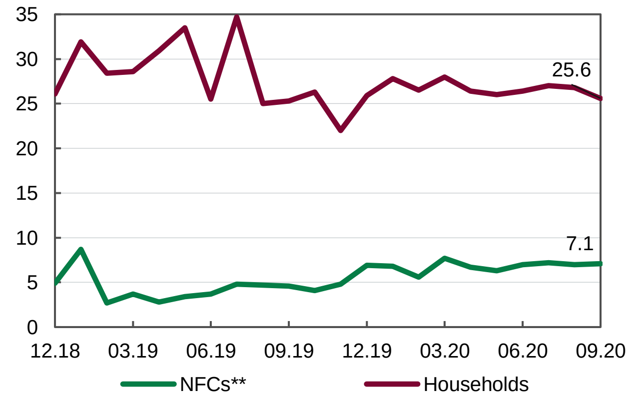
The spread between retail loan and deposit rates narrowed, but still remained above 20 pp. The spread in the corporate segment was little changed.

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



* Including insolvent banks.
** New loans and deposits include amounts under primary agreements that were entered into during the reporting period, as well as those under addendum agreements that changed either the amount or interest rate.

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

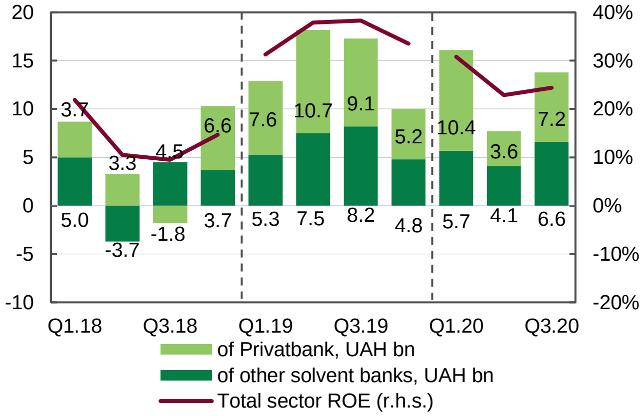


* Including insolvent banks.
** Non-financial corporations.

Financial Results and Capital

In the first nine months, the banks' combined profit dropped by 22.2% yoy. Privatbank earned 56.6% of the banking sector's profit.

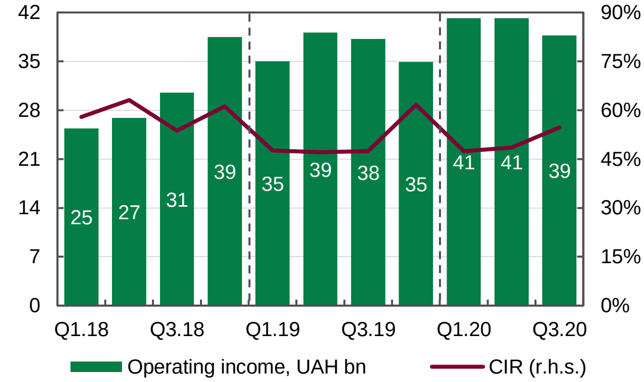
Figure 42. Profit/loss* and return on equity



* Quarterly data, including adjusted entries.

Operating efficiency worsened in Q3 – the CIR* was 54.7%, up from 47.4% in Q3 2019.

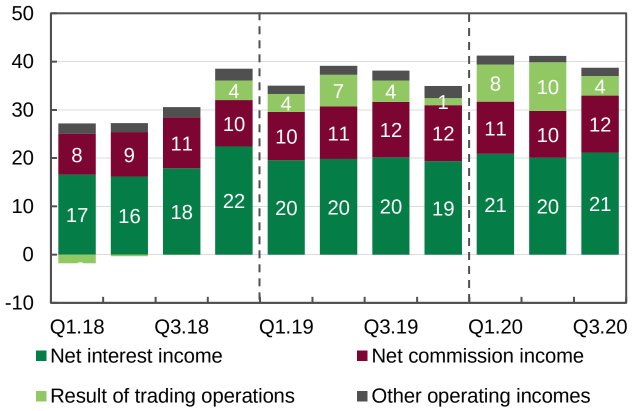
Figure 43. Operating income and operating efficiency



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

Operating income increased by 7.8% yoy, while dropping by 6.0% qoq. Higher net interest and fee and commission income in Q3 failed to offset lower profit from the revaluation of domestic government debt securities.

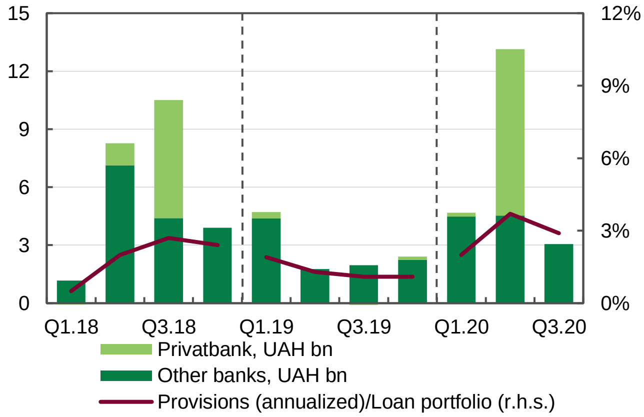
Figure 44. Operating income components for the quarter*, UAH billions



* Including adjusted entries.

Provisioning increased by 2.5 times compared to the first nine months of 2019, of which one third was made in Q2 by Privatbank to cover legal risks.

Figure 45. Quarterly provisions**



* Annualized.
* Including adjusted entries.

The sector's regulatory capital adequacy remained significantly above the required minimum. Regulatory capital increased by 4.9% qoq or by 19.2% yoy in Q3, while share capital grew by 1.5% qoq or by 2.1% yoy.

Figure 46. Regulatory capital and the regulatory capital adequacy ratio

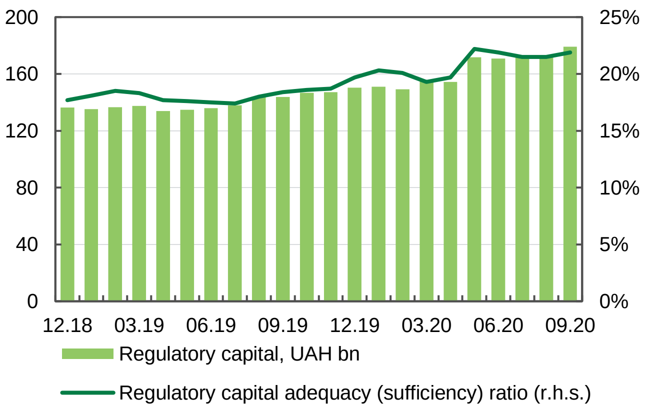
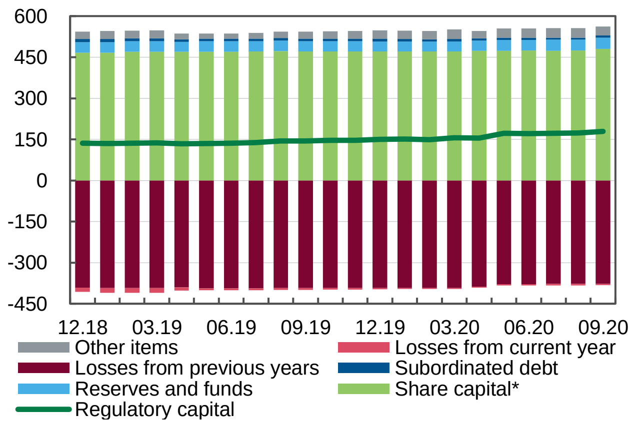


Figure 47. Composition of regulatory capital, UAH billions



* Registered and unregistered share capital.

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

	2013	2014	2015	2016	2017	2018	2019	Q1 2020	Q2 2020	Q3 2020
Number of operating banks	180	145	117	96	82	77	75	75	75	74
General balance sheet indicators (UAH billion)[2]										
Total assets	1 409	1 477	1 571	1 737	1 840	1 911	1 982	2 095	2 090	2 172
of which in foreign currency	513	667	800	788	755	779	718	855	787	818
Net assets	1 278	1 290	1 254	1 256	1 334	1 360	1 493	1 564	1 590	1 708
of which in foreign currency	470	565	582	519	507	495	492	585	551	605
Gross corporate loans[3]	727	820	831	847	864	919	822	885	821	806
of which in foreign currency	252	400	492	437	423	460	381	439	389	379
Net corporate loans[3]	648	710	614	477	451	472	415	443	411	431
Gross retail loans	189	208	176	157	171	197	207	218	212	215
of which in foreign currency	67	101	97	83	68	61	38	44	41	42
Net retail loans	145	144	96	76	92	114	143	147	140	144
Corporate deposits[3]	258	283	349	413	427	430	525	544	564	626
of which in foreign currency	81	114	141	177	163	150	191	232	222	242
Retail deposits4	443	403	402	437	478	508	552	610	626	649
of which in foreign currency	189	214	215	239	244	241	238	282	262	281
Change (yoy, %)										
Total assets	11.4%	4.8%	6.4%	10.6%	5.9%	3.8%	3.7%	11.0%	10.5%	15.8%
Net assets	13.7%	1.0%	-2.8%	0.2%	6.2%	1.9%	9.8%	16.6%	17.1%	24.3%
Gross corporate loans[3]	14.7%	12.8%	1.3%	2.0%	2.0%	6.3%	-10.6%	-1.1%	-7.1%	-4.2%
Gross retail loans	3.0%	10.3%	-15.7%	-10.4%	8.5%	15.3%	5.0%	8.2%	4.5%	4.0%
Corporate deposits[3]	16.8%	9.5%	23.5%	18.2%	3.4%	0.8%	22.1%	31.2%	31.7%	37.8%
Retail deposits[4]	20.2%	-8.9%	-0.3%	8.7%	9.4%	6.3%	8.6%	18.3%	18.6%	25.5%
Penetration[5] (%)										
Gross corporate loans[3] / GDP	47.7%	51.7%	41.8%	35.5%	29.0%	25.8%	20.7%	22.1%	20.8%	20.5%
Net corporate loans[3] / GDP	42.6%	44.7%	30.9%	20.0%	15.1%	13.3%	10.4%	11.1%	10.4%	11.0%
Gross retail loans/ GDP	12.4%	13.1%	8.8%	6.6%	5.7%	5.5%	5.2%	5.5%	5.4%	5.5%
Net retail loans/ GDP	9.5%	9.1%	4.8%	3.2%	3.1%	3.2%	3.6%	3.7%	3.5%	3.7%
Corporate deposits[3] / GDP	17.0%	17.8%	17.6%	17.3%	14.3%	12.1%	13.2%	13.6%	14.3%	16.0%
Retail deposits/ GDP	29.1%	25.4%	20.2%	18.3%	16.0%	14.3%	13.9%	15.2%	15.9%	16.6%
Profit or Loss[6] (UAH billion)										
Net interest income	49.1	52.2	39.1	44.2	53.0	73.0	78.9	20.9	20.1	21.1
Net commission income	21.0	23.1	22.6	24.2	27.5	37.8	44.0	10.8	9.7	11.8
Provisions	28.0	84.4	114.5	198.3	49.2	23.8	10.7	4.7	13.1	3.0
Net profit/loss	1.4	-33.1	-66.6	-159.4	-26.5	22.3	58.4	16.1	7.7	13.8
Memo items:										
UAH/USD (period average)	7.99	11.89	21.84	25.55	26.60	27.20	25.85	25.04	26.92	27.60
UAH/USD (end-of-period)	7.99	15.77	24.00	27.19	28.07	27.69	23.69	28.06	26.69	28.30
UAH/EUR (period average)	10.61	15.72	24.23	28.29	30.00	32.14	28.95	27.60	29.61	32.25
UAH/EUR (end-of-period)	11.04	19.23	26.22	28.42	33.50	31.71	26.42	30.96	29.95	33.13

[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.

Data for Q3 2020 – readings for the last 12 month based on NBU forecast as published in Inflation Report.

[6] Taking into consideration adjustment entries.

Notes:

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.

Data on corporate loans and deposits include data from nonbank financial institutions.

Retail deposits include certificates of deposit, unless stated otherwise.

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 debt securities and debt securities refinanced by the NBU, which are carried at (1) fair value through profit or loss, (2) fair value through other comprehensive income, and (3) amortized cost.
CIR	Cost-to-Income Ratio
HHI	Herfindahl-Hirschman Index
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates
pp	percentage point
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