National Bank of Ukraine

Banking Sector Review

August 2022

Supported by the NBU, the banking sector in Q2 adapted to operating under martial law. Bank branches in liberated and free regions resumed operations almost in full. The volume of client deposits in the banks continued to increase primarily due to hryvnia retail deposits and FX corporate deposits, keeping the liquidity level high even as the war dragged on. This period was marked by the growth in hryvnia deposit rates. Net assets approached pre-war levels primarily due to funds in other banks and investments in NBU certificates of deposit. The loan portfolio rose, primarily driven by corporate lending by state-owned banks, mainly with the support of state programs. Retail demand for loans in wartime conditions continued to decline. The banks started recognizing corporate NPLs. At the same time, the financial institutions ramped up provisioning for the performing loans portfolio in the retail segment. Provisioning led to losses in the sector, which nonetheless retained operating profitability. Credit risk continues to be key for financial institutions. Its materialization will lead to a decrease in their capital. While martial law is in effect, the NBU will not apply sanctions to the banks for violating capital and liquidity requirements. After martial law is lifted, the NBU will give the banks enough time to bring their financial performance back to normal.

Sector Structure

In Q2 2022, the number of operating banks was 68 and declined by one. MEGABANK JSC was declared insolvent in June. At the end of July, its liquidation was set in motion. The bank's problems began long before the full-scale war broke out, and were not caused by it. The bank represented only 0.5% of solvent banks' net assets. Thus, its failure had no effect on the stability of Ukraine's banking sector.

During the reporting period, state-owned banks' net assets grew at the highest pace. Their share in the system's net assets increased by 2.2 pp qoq in Q2, to 50.1%. This indicates that sector concentration increased.

Assets

Overall, solvent banks' net assets were up by 3.3% qoq in Q2, primarily due to the growth in funds in other banks and NBU certificates of deposit. Corporate loan portfolio dynamics were mixed: net hryvnia corporate loans grew by 5.3% qoq, while the U.S. dollar equivalent of FX corporate loans fell by 7.2% qoq. The growth in hryvnia lending was driven only by state-owned banks, which contributed an increase of about 30% qoq. Other groups of financial institutions saw a reduction of their net portfolios. In annual terms, the net hryvnia corporate loan portfolio increased by 27.6%, while (the U.S. dollar equivalent of) the net FX corporate loan portfolio rose by 1.8%. Private businesses were the most active in raising loans to finance the sowing of crops.

The net retail loan portfolio shrank by 11.1% qoq in Q2, evenly across all groups of banks, due to both a decrease in lending volumes and an increase in provisioning. After martial law was imposed, loans were made only to finance the current needs of customers, while little to no mortgages and car loans were granted.

NPLs began to increase in volume for the first time in a long while. In June, financial institutions began to gradually recognize NPLs as loan quality deteriorated due to hostilities. Overall, the NPL ratio increased by 2.6 pp in Q2, to 29.7%. First and foremost, the corporate NPL ratio rose by 3.7 pp.

Funding

Solvent banks' liabilities increased by 2.8% qoq in Q2, above the level seen at the end of 2021. Retail and corporate deposits, as well as state budget funds, increased and continue to be the main source of funding for the banks. In late June, these funds accounted for 88.1% of liabilities. The share of funds borrowed from the NBU shrank to a one-year low of 4.8% as the banks gradually repaid refinancing loans. The banks' gross external debt also declined.

Hryvnia retail deposits rose by 6.4% qoq and by 25.8% yoy. This growth was fueled by demand deposits. Hryvnia term deposits decreased by 3% qoq. The growth in hryvnia retail deposits was driven by a 13.2% qoq increase generated by state-owned banks. The U.S. dollar equivalent of FX retail deposits declined by 3.5% qoq.

Hryvnia corporate deposits increased by 4.3% qoq in Q2 for all groups of banks. Most of the rise in deposits occurred in early Q2, after which this trend stopped and was followed by a small decrease in June. The dollar equivalent of FX corporate deposits grew significantly in Q2, by 14.4% qoq, recovering to the level seen before russia launched the full-scale invasion.

The overall level of dollarization did not change significantly in Q2. The share of FX corporate deposits expanded slightly, while that of FX retail deposits shrank.

Interest Rates

In early Q2, available liquidity and a high supply of client deposits enabled the banks to cut interest rates on retail deposits. In the second half of May, however, retail deposit inflows slowed temporarily. At the beginning of June, the NBU sharply raised its key policy rate to 25% per annum to curb inflation and make hryvnia instruments more attractive than foreign currencies. This reversed the trend: the banks began to gradually raise rates following the key policy rate hike. Primarily the rates on three-month hryvnia deposits increased, on average, by 0.7 pp, to 8.1% per annum. Because of uncertainty, demand for these deposits was higher than for longer-term ones. The spread between the rates on three-month and one-year deposits narrowed to 0.4 pp from 1.4 pp. Corporate deposit outflows in June prompted banks to raise the rates on corporate deposits as well.

With a significant increase in credit risk, the rates on hryvnia corporate loans rose, on average, to 17.9% per annum. To a greater extent, the increase in loan rates affected large enterprises and companies under foreign control. On the other hand, under conditions of low demand and offered loan repayment holidays, the average interest rates on retail loans decreased to 20.7% per annum.

Financial Performance and Capital

In Q2, the banking system sustained UAH 4.5 billion in losses due to provisioning for expected credit losses. There were 24 loss-making institutions, which took a combined loss of UAH 10.5 billion. Three state-owned banks were among those incurring losses, while PrivatBank accounted for almost half of the profits made by profitable banks.

During the quarter, the growth in net interest income slightly accelerated to 20.4% yoy. Specifically, income from investments in NBU certificates of deposit increased. The dynamics of the remaining components of interest income are being adversely affected by subdued loan demand, loan repayment holidays, and lower rates on retail loans. Although some of the fees returned to their early 2022 levels and payment volumes gradually recovered, the base for bank fees and commissions remained low. Though higher compared to March, net commission income therefore remains lower than in the same period last year (down 27% yoy). Most banks maintained positive levels of net interest and commission income. In addition, sector profits from foreign currency exchange transactions increased sixfold, making a significant contribution to the growth in operating income.

At the same time, the banks scaled back operating expenses, in particular those on salaries, in April–May. Revenue growth and cost savings enabled the vast majority of institutions to maintain operating profitability. The number of banks incurring operating losses decreased to 12 in June, down from 22 in March. The cost-to-income ratio (CIR)[1] in Q2 declined to 37.8% from 49.9% in the same period last year.

Prospects and Risks

Most risks loom increasingly large as the war drags on. The biggest one – credit risk – is already materializing, and losses associated with it will increase going forward. Financial institutions are gradually recognizing credit losses and reflecting the impact of adverse events on asset quality. In July, the NBU reimposed its credit risk assessment requirements, including those for calculating the number of days a loan is past due. The banks must assess credit losses in a timely manner and fully reflect the impact of adverse events on asset quality. At the same time, the banks can carry out balanced loan restructurings that will help normalize borrowers' debt burden and enhance banking sector resilience.

Subdued demand for loans, especially from households, the deterioration of portfolio quality, and increased provisioning are driving profitability risks higher. The banks need to adjust their business models to work in current conditions and maintain operational profitability.

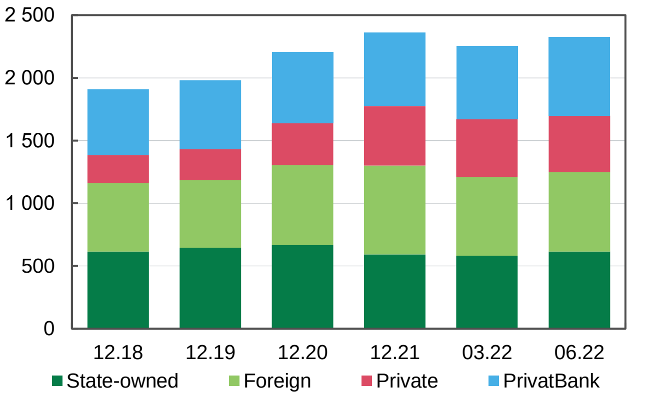
After macroeconomic conditions stabilize, the NBU will assess the quality of assets, set the required level of capital for institutions, and review their ability to normalize their financial performance in the foreseeable future. Based on the resilience assessment, the regulator will identify a sufficient period for the banks to restore their capital.

[1] Excluding the revaluation of securities, foreign currency, and derivatives.

Sector Structure

Total assets were up by 1.6% in Q2: state-owned banks' assets rose, while private banks' assets decreased. MEGABANK JSC, a private bank that had problems long before the war and owned 0.5% of the sector's net assets, was declared insolvent by the NBU in June 2022. Its liquidation began in late July 2022.

Figure 1. Banks' total assets, UAH billions*



* Quarterly data, including adjusting entries, excluding data for 2022. Solvent banks were divided into groups according to the classification in the respective reporting period.

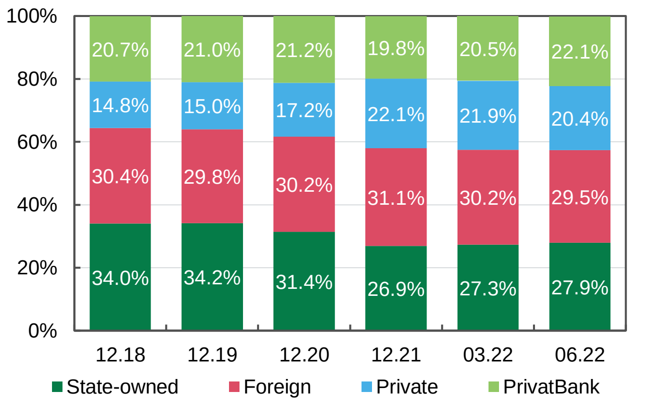
Table 1. Number of banks*

	2018	2019	2020	2021	Q1.22	Q2.22
Solvent	77	75	73	71	69	68
Change	-5	-2	-2	-2	-2	-1
State-owned, including PrivatBank	5	5	5	4	4	4
Change	0	0	0	-1	0	0
Foreign-owned	21	20	20	20	16	16
Change	-2	-1	0	0	-4**	0
Private	51	50	48	47	49	48
Change	-3	-1	-2	-1	+2**	-1

* As of end of period.
** Two foreign-owned banks were moved to the private group of banks.

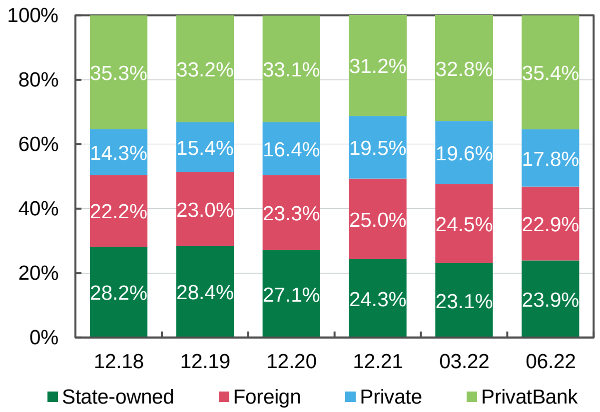
The share of state-owned banks in net assets and retail deposits expanded due to more active participation in state programs and because of significant deposit inflows (specifically, into the accounts of military personnel): the share in net assets rose by 2.2 pp (to 50.1%), and the share in retail deposits by 3.4 pp (to 59.3%).

Figure 2. Distribution of net assets by groups of banks*



* Quarterly data, including adjusting entries, excluding data for 2022.

Figure 3. Distribution of retail deposits by groups of banks



State-owned banks increased their market share most noticeably, in particular due to the concentration of retail deposits.

Figure 4. Largest banks' share of sector net assets

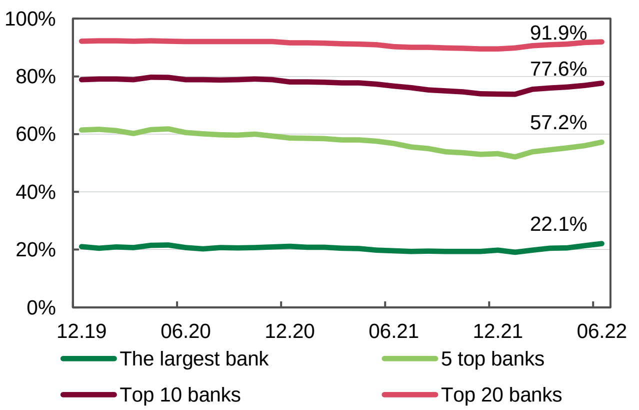
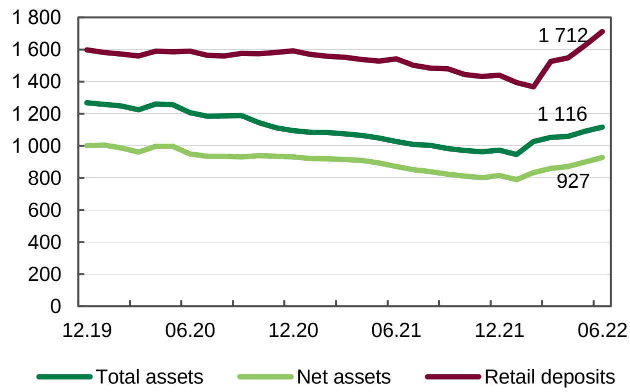


Figure 5. Concentration as measured by the HHI indicator*

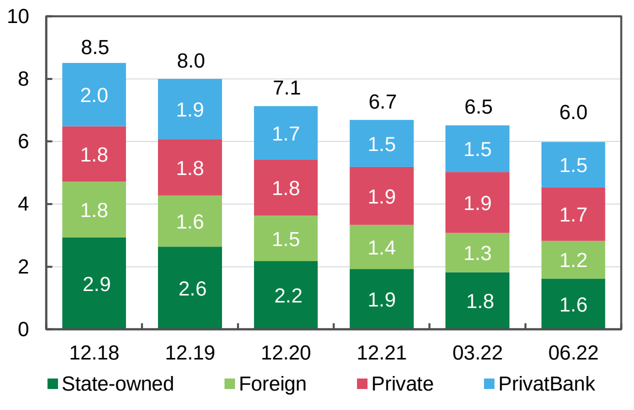


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

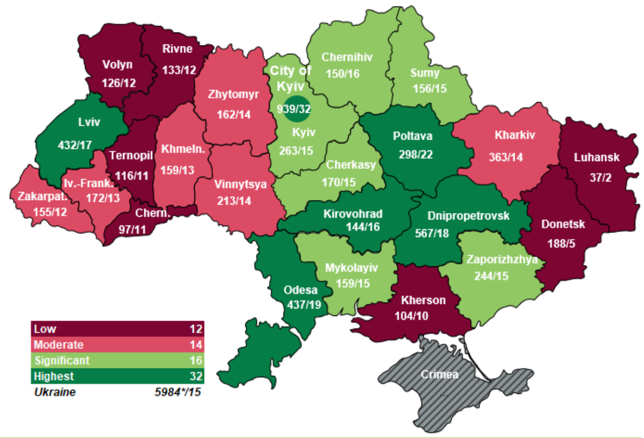
The banks have been constantly downsizing their structural units` network. In Q2, foreign and state-owned banks closed the largest number of branches. Most of the downsizing occurred in the battle zone in the Kharkiv, Zaporizhzhia, Donetsk, and Kherson regions. Several private banks opened eight new branches.

Figure 6. Number of bank structural units, thousands*



* Standalone bank units and head offices.

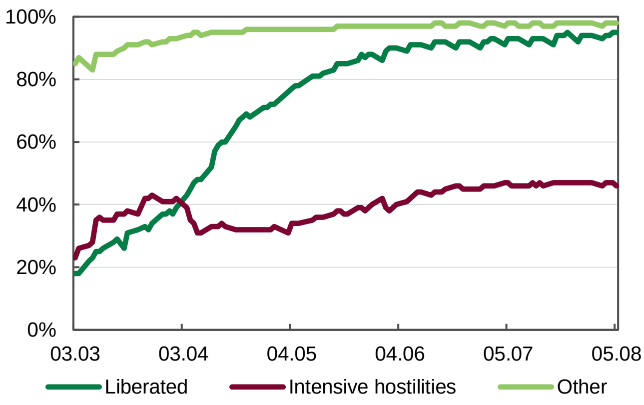
Figure 7. Operating bank structural units by regions as of 1 July 2022, structural units per 100,000 individuals



* The calculation takes into account the existing population as of 1 February 2022. Excluding five structural units (three of them abroad).

In Q2, the banks in the liberated northern regions were actively restarting their branch networks' operations.

Figure 8. Share of operating branches of systemically important banks

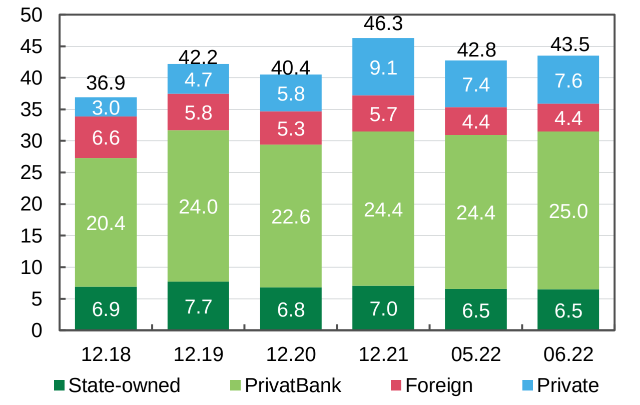


Regions are classified into three groups. : "Liberated" – Kyiv city and Kyiv, Sumy, and Chernihiv oblasts; "Intensive hostilities" – Donetsk, Luhansk, Kharkiv, Zaporizhzhia, Mykolaiv, and Kherson oblasts.

Source: a survey of systemically important banks.

The number of active payment cards decreased significantly after the start of the war. In June, private banks and PrivatBank gradually expanded their active cards network.

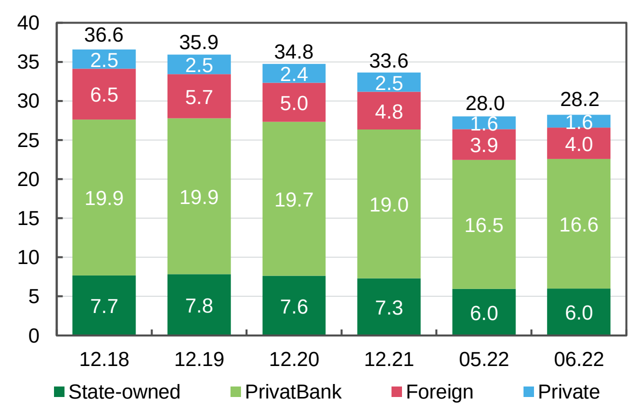
Figure 9. Number of active payment cards by groups of banks, millions



Underlying reporting that informs Figures 9–11 resumed on 1 June 2022.

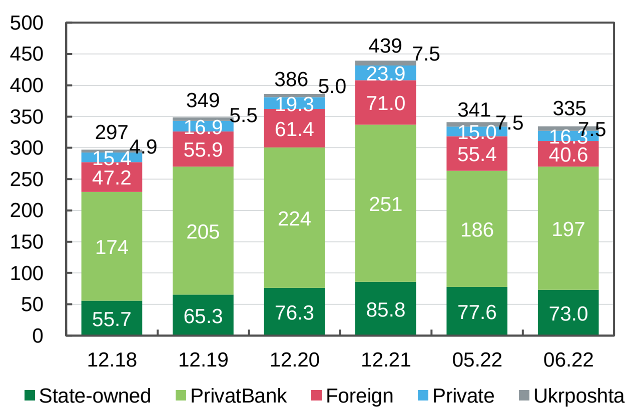
The banking system's payment infrastructure was badly affected by the war. In particular, the POS terminals network was slashed by almost a quarter. PrivatBank suffered the biggest losses, but it started restoring its network in June. Private banks supported this effort by expanding the number of their terminals in June. Meanwhile, foreign and state-owned banks continued to downsize their payment infrastructure.

Figure 10. Number of ATMs*, thousands of units



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

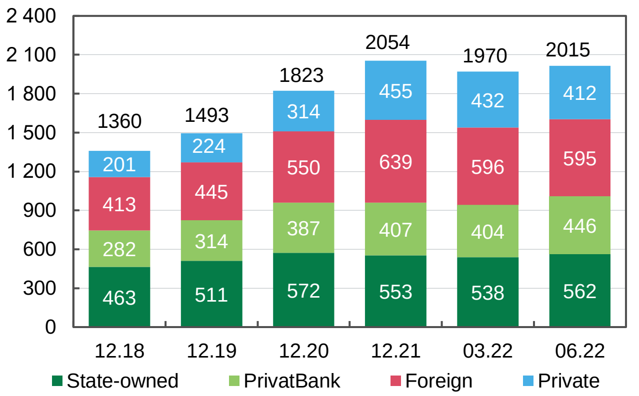
Figure 11. Number of POS terminals, thousands of units



Assets

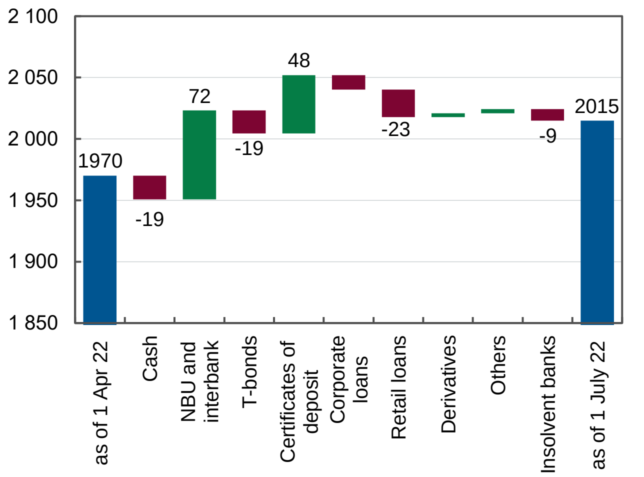
The banks' net assets increased by 3.3% in Q2 thanks to state-owned banks (including PrivatBank). This growth was mainly driven by the increase in funds in other banks and NBU certificates of deposit. The net loan portfolio of clients declined by 3.5% due to provisioning and a slowdown in lending, primarily FX and retail lending.

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



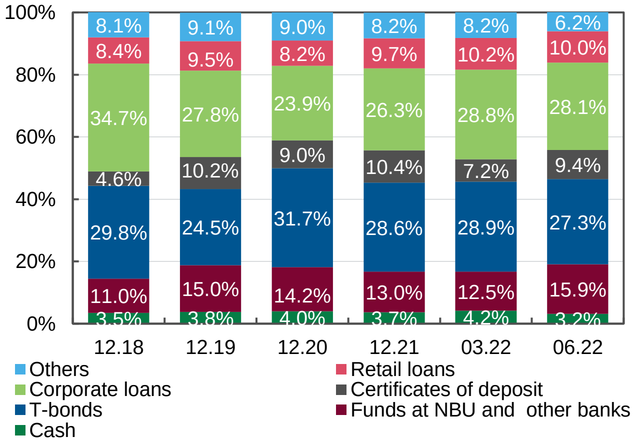
* Adjusted for loan loss provisions of banks. Quarterly data, including adjusting entries, excluding data for 2022.

Figure 13. Change in net assets by component in Q2 2022, UAH billions



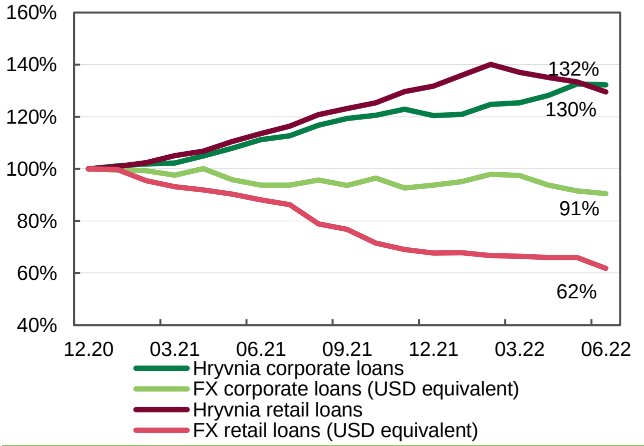
The volume of hryvnia corporate loans has been growing thanks to state support programs, while FX loans have declined. The volume of gross hryvnia retail loans will continue to shrink.

Figure 14. Sector net assets by component*



* Adjusted for loan loss provisions of banks. Quarterly data, including adjusting entries, excluding data for 2022.

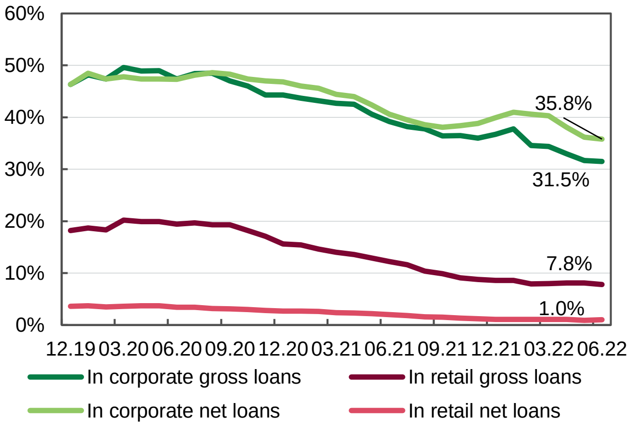
Figure 15. Gross corporate and retail loans, 2020 = 100%



* Issued by banks that were solvent as of 1 July 2022.

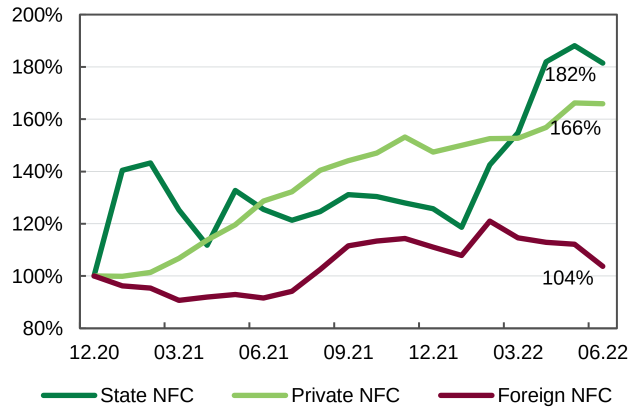
The dollarization of net corporate loans decreased by 2.9 pp in Q2.

Figure 16. Share of FX loans



Loans to state corporations increased by 17.2% in April–June.

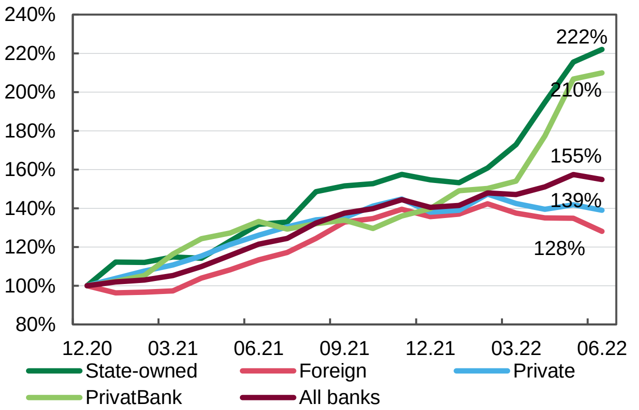
Figure 17. Net hryvnia loans to nonfinancial corporations (NFC), 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

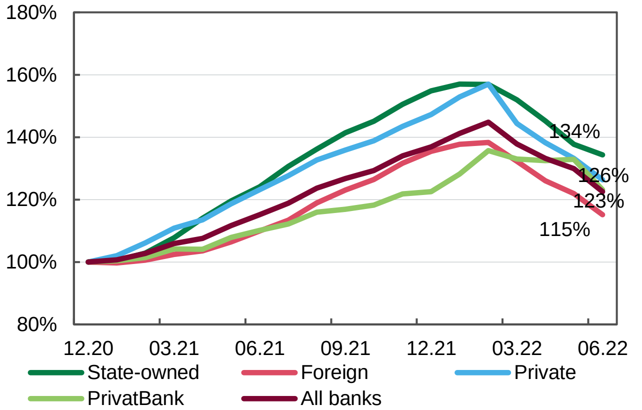
Net hryvnia corporate loans grew by 5.3% qoq and 27.6% yoy. The fastest growth in hryvnia corporate loans occurred in state-owned banks – about 30% qoq. Net hryvnia retail loans decreased by 11.1% qoq in April–June and increased by 6.3% yoy.

Figure 18. Net hryvnia corporate loans, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

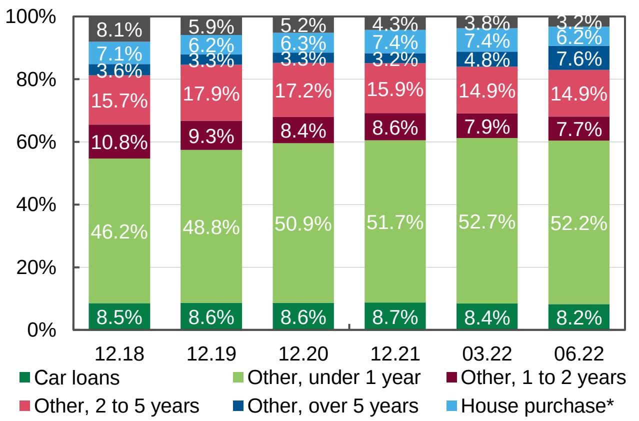
Figure 19. Net hryvnia retail loans, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

In Q2, retail loans were issued only for current needs. Loans for household appliances decreased the most. The growth in loans to finance current needs with more than five years' maturity was primarily driven by the reclassification of previously issued real estate loans*.

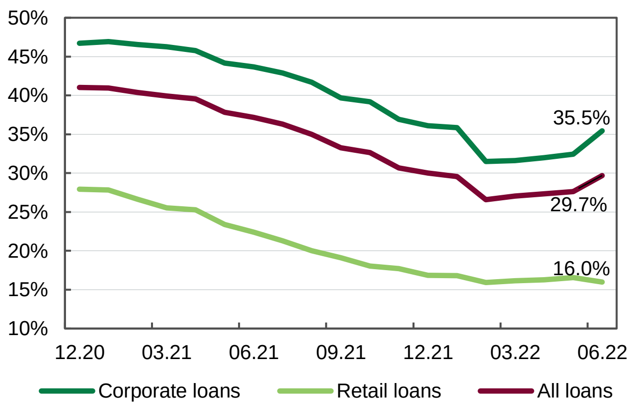
Figure 20. Net hryvnia retail loans by purpose



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

The NPL ratio increased by 2.6 pp to 29.7% as the banks were recognizing corporate NPLs.

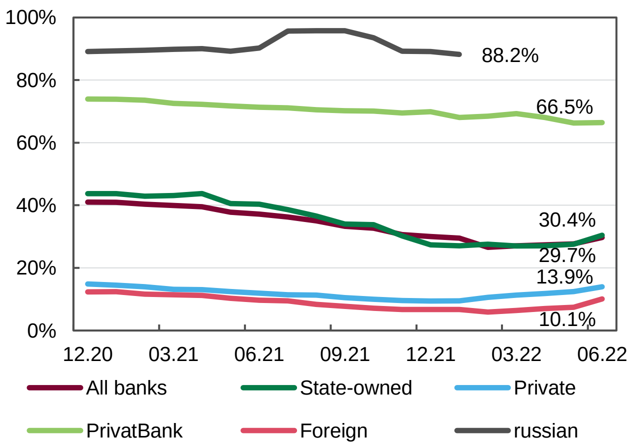
Figure 21. Banks' NPL ratios*



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

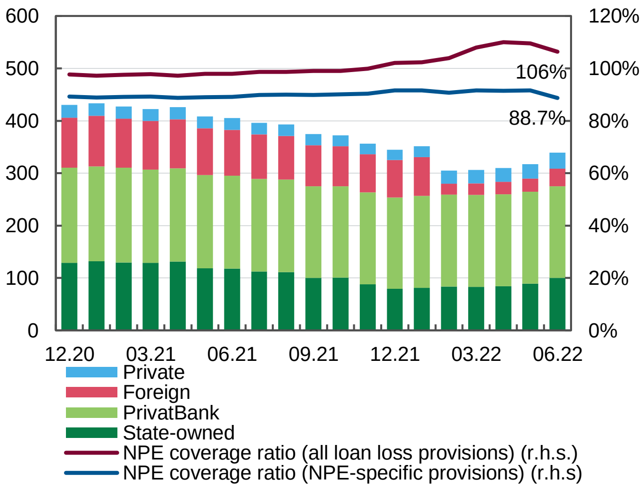
In Q2, the NPL ratio of the portfolio rose by 2.6 pp. The increase was the highest for foreign banking groups 3.6 pp. With the growth in hryvnia corporate lending in April–June, provisioning for all assets declined slightly. The recognition of new NPLs reduced the NPL coverage ratio, but this ratio is still very high.

Figure 22. Share of NPLs in loan portfolios by groups of banks*



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

Figure 23. Nonperforming exposures (NPE) in UAH billions and provisions*



* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities. Quarterly data, including adjusting entries, excluding data for 2022.

Funding

The volume of solvent banks' liabilities rose by 2.8% qoq in Q2, primarily due to the growth in client deposits and state budget funds.

Figure 24. Liabilities by groups of banks, UAH billions

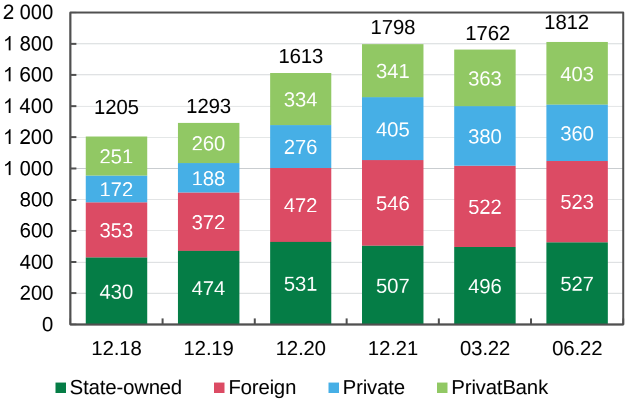
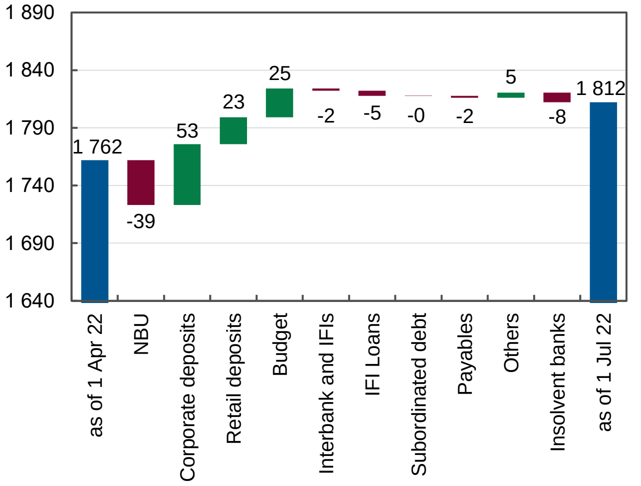
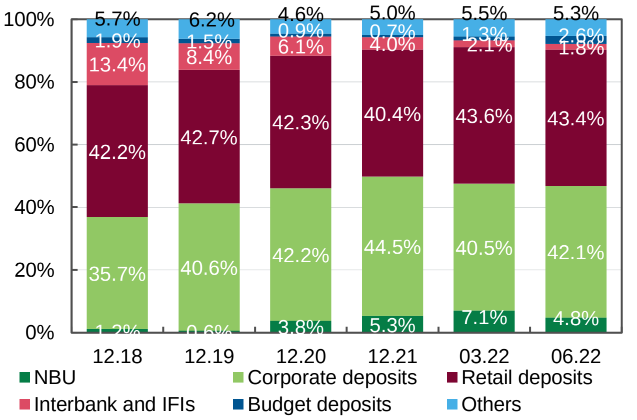


Figure 25. Changes in liabilities in Q2 2022 by component, UAH billions



During Q2, retail deposits as a share of liabilities remained almost unchanged, while the share of corporate deposits in liabilities rose by 1.6 pp.

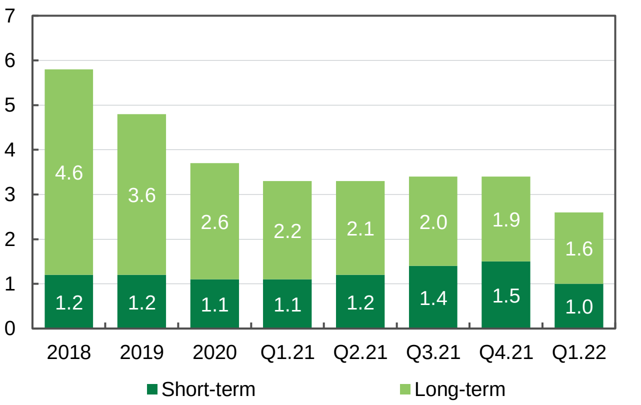
Figure 26. Structure of bank liabilities*



* Including certificates of deposit

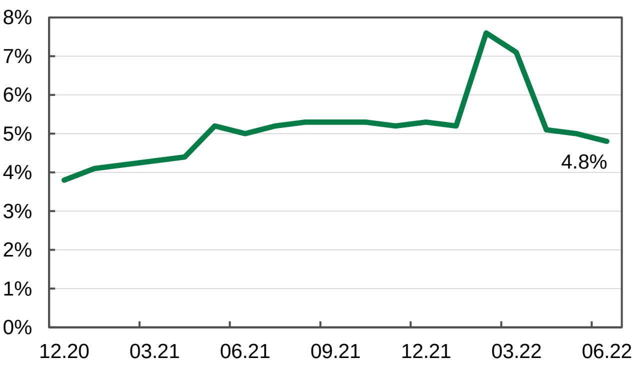
In Q1, the gross external debt of banks declined to USD 2.6 billion as both its short-term and its long-term components shrank.

Figure 27. Gross external debt of banks, USD billions



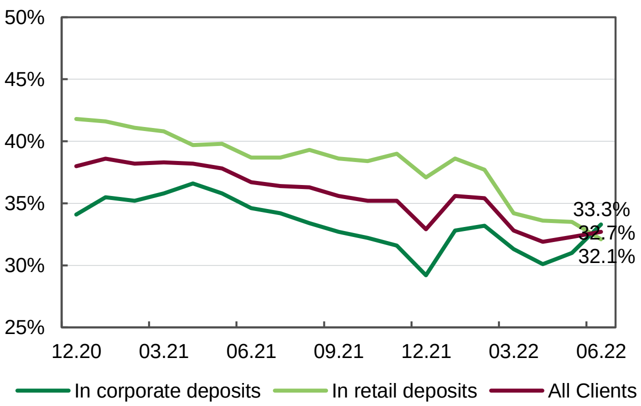
The share of NBU funds in the liabilities of the banks contracted by 0.2 pp in June, to the year's minimum of 4.8%.

Figure 28. Share of NBU funds in bank liabilities



During Q2, the dollarization of corporate deposits went up by 2 pp as FX deposits increased. The share of FX retail deposits shrank by 2.1 pp, to 32.1%.

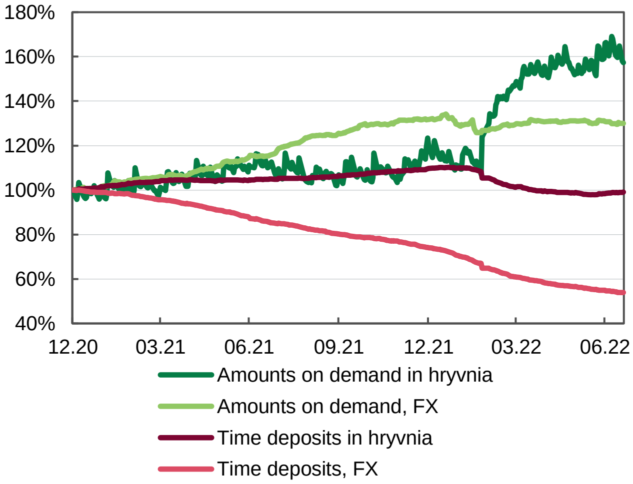
Figure 29. Share of FX deposits*



* At banks that were solvent as of the reporting date.

During the quarter, hryvnia retail deposits increased by 6.5% qoq (25.7% yoy), while FX retail deposits remained almost unchanged. Retail term deposits continue to decrease, both in hryvnias and in FX.

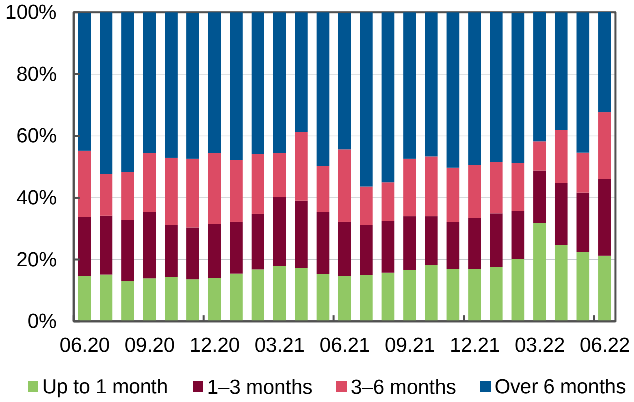
Figure 30. Retail deposits, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

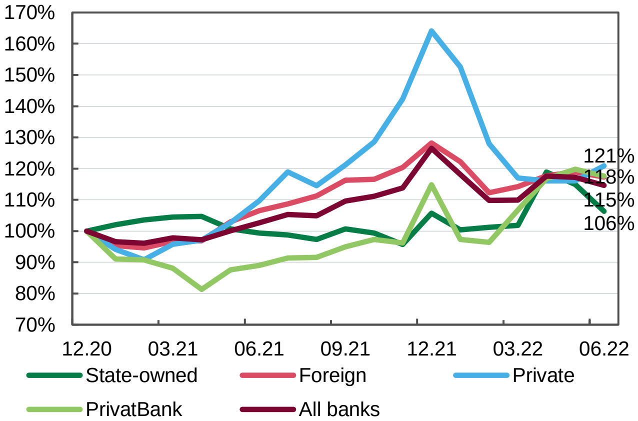
The share of new term deposits with up to 1 month's maturity shrank to 21.3%, while that of deposits with 1–3 months' maturity expanded to 24.8%.

Figure 31. New hryvnia retail deposits by maturity



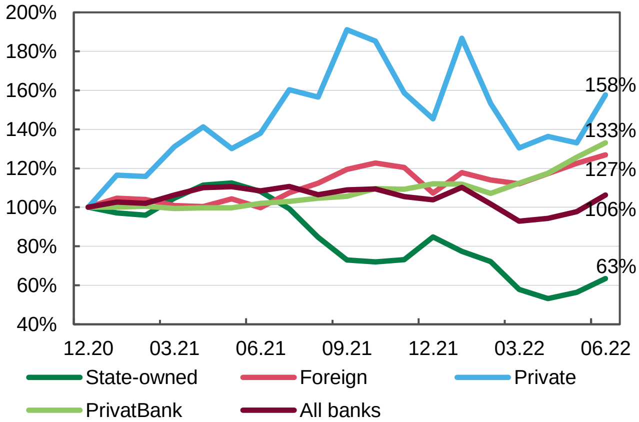
The volume of hryvnia corporate deposits increased by 4.3% qoq (11.8% yoy), and that of FX corporate deposits, by 14.4% qoq. The highest growth rates of deposits in all currencies were seen in private banks and PrivatBank.

Figure 32. Hryvnia corporate deposits by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

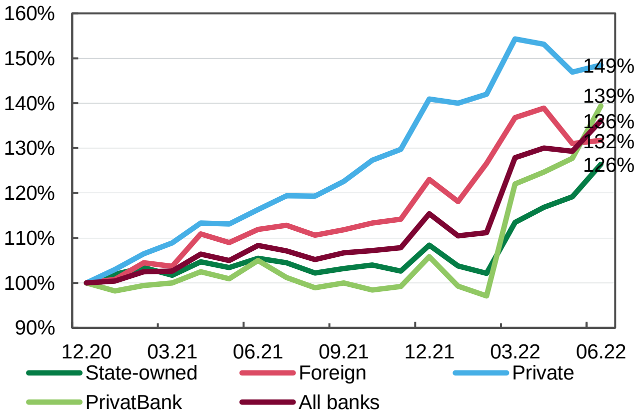
Figure 33. FX corporate deposit dynamics (in U.S. dollar equivalent) by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

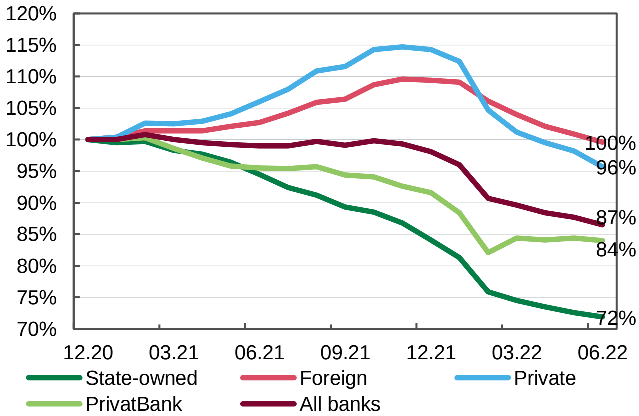
In Q2 2022, the volume of hryvnia retail deposits increased by 6.4% qoq (25.8% yoy), on average, due to demand deposits. This growth was driven by PrivatBank and other state-owned banks. At the same time, the volume of FX deposits decreased in all banks by an average of 3.5%. The largest decrease occurred in state-owned banks.

Figure 34. Hryvnia retail deposits by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2022.

Figure 35. FX retail deposits (in U.S. dollar equivalent) by groups of banks, 2020 = 100%*

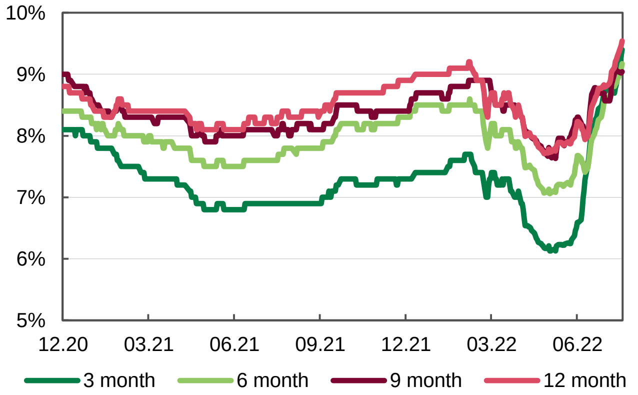


* Issued by banks that were solvent as of 1 July 2022.

Interest Rates

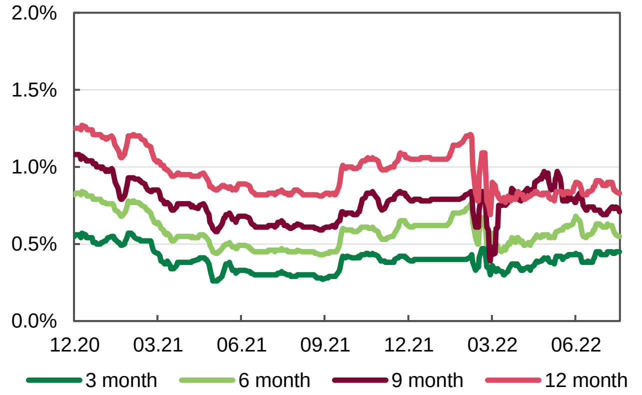
The rate on 3-month hryvnia retail deposits rose by 0.7 pp to 8.1% per annum. So the spread between 3-month and 12-month deposit rates narrowed sharply, to 0.4 pp from 1.4 pp.

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



* Thomson Reuters data, 5-day moving average.

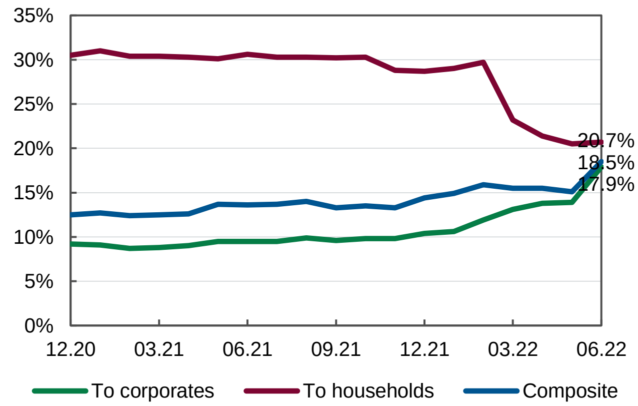
Figure 37. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

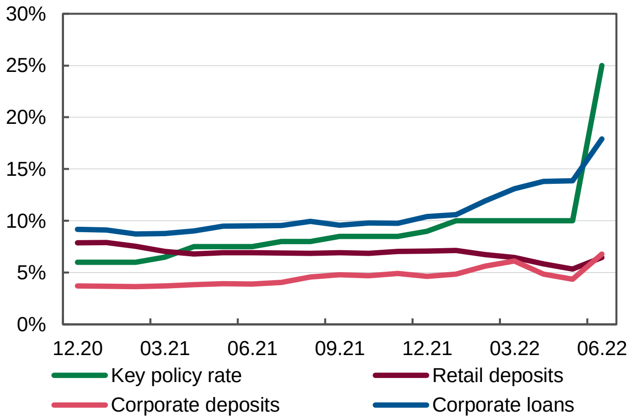
Rates on hryvnia corporate loans continued to grow, by 4.8 pp, to 17.9% per annum, driving an increase in total profitability. In contrast, interest rates on retail loans dropped even more, by 2.5 pp, to 20.7% per annum.

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



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

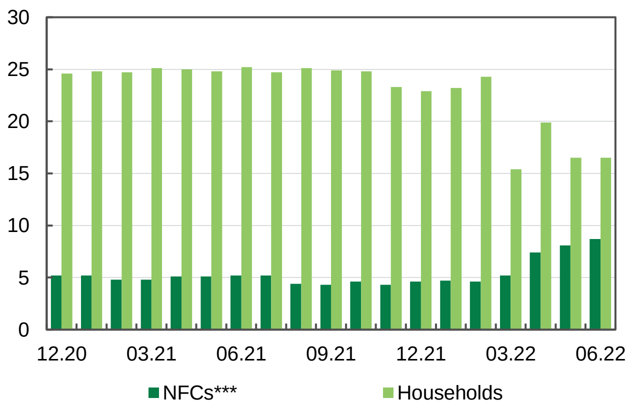
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

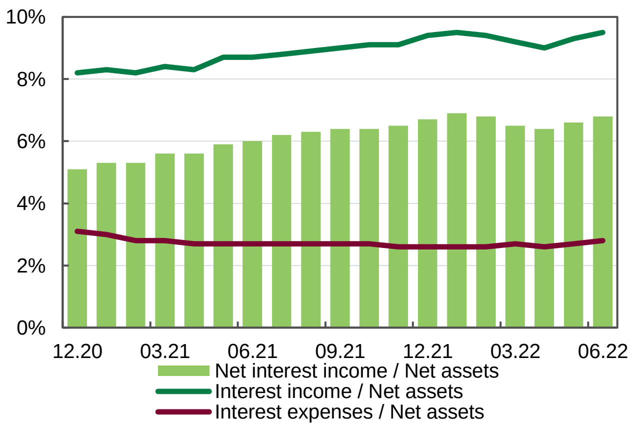
The spread in the retail segment narrowed both for new transactions and for outstanding loans and deposits. The spread between rates on new loans and deposits in the corporate segment widened significantly, supporting the interest margin.

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

Figure 41. Banks' interest margin*

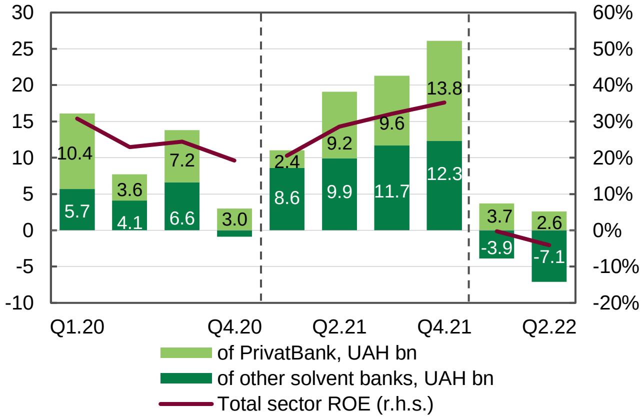


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Results and Capital

In Q2, the sector incurred UAH 4.5 billion in losses as the banks ramped up provisioning. PrivatBank accounted for 44% of profits generated by profit-making banks.

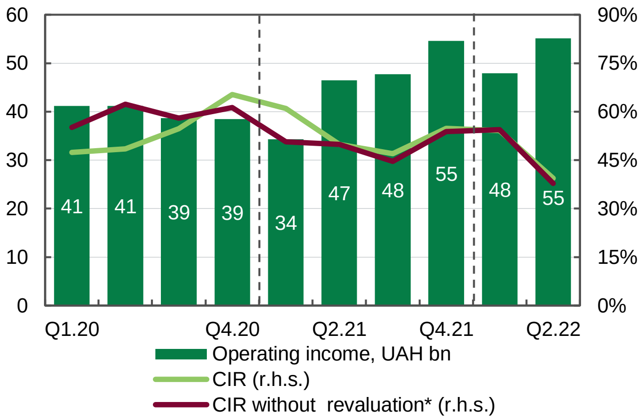
Figure 42. Banks' profit/loss* and return on equity



* Quarterly data, including adjusting entries, excluding data for 2022.

The high operational efficiency of the banks was bolstered by the growth in operating income and the reduction in costs: The CIR without revaluation* was 37.8%, down from 49.9% last year.

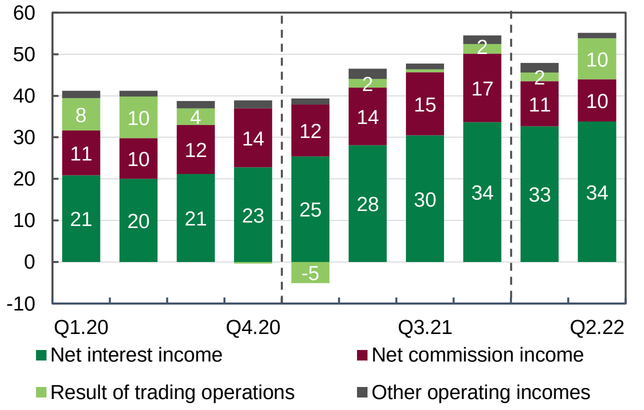
Figure 43. Operating income and operational efficiency of banks



* Of securities, foreign currencies, and financial derivatives.

In Q2, the banks received a significant profit from FX purchase / sale transactions. Net interest income increased by 20.4% yoy. Net fee and commission income declined by 27% yoy.

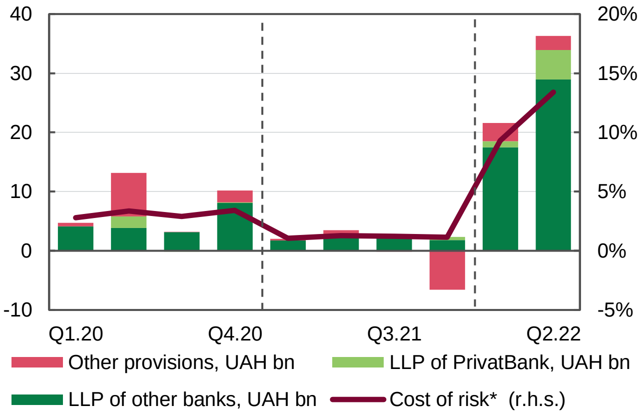
Figure 44. Banks' operating income components for the period*, UAH billions



* Quarterly data, including adjusting entries, excluding data for 2022.

Because of the war, provisioning in Q2 amounted to UAH 33.9 billion, or 4.3% of the loan portfolio.

Figure 45. Quarterly loan loss provisions (LLP)**



* The ratio of provisioning since the beginning of the year, annualized, to the net loan portfolio.
** Quarterly data, including adjusting entries, excluding data for 2022.

Regulatory capital adequacy went up slightly (by 0.8 pp) during Q2 and remained significantly higher than the minimum requirements.

Figure 46. Regulatory capital and regulatory capital adequacy ratio

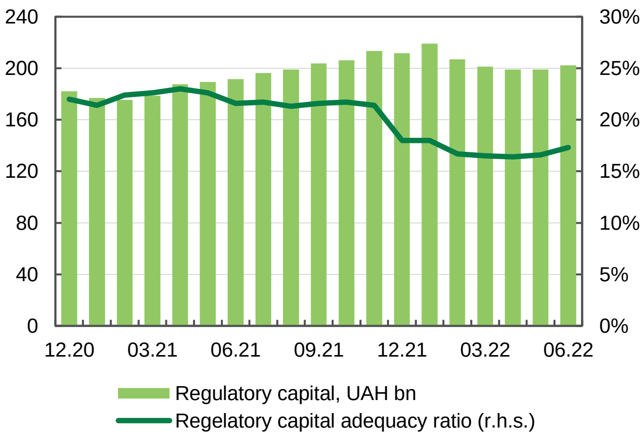
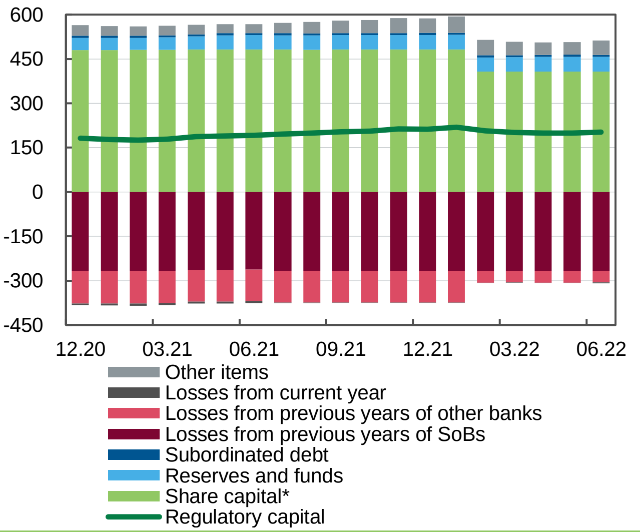


Figure 47. Banks' regulatory capital, UAH billions



* Registered and unregistered authorized capital.

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

	2014	2015	2016	2017	2018	2019	2020	2021	Q1.22	Q2.22
Number of operating banks	145	117	96	82	77	75	73	71	69	68
General balance sheet indicators (UAH billions)[2]										
of which in foreign currency	1 477	1 571	1 737	1 840	1 911	1 982	2 206	2 358	2 253	2 328
Net assets	667	800	788	755	779	718	746	679	618	648
of which in foreign currency	1 290	1 254	1 256	1 334	1 360	1 493	1 823	2 054	1 970	2 015
Gross corporate loans[3]	565	582	519	507	495	492	585	584	554	575
of which in foreign currency	820	831	847	864	919	822	749	796	793	794
Net corporate loans[3]	400	492	437	423	460	381	332	292	273	250
Gross retail loans	710	614	477	451	472	415	432	540	567	548
of which in foreign currency	208	176	157	171	197	207	200	243	250	236
Net retail loans	101	97	83	68	61	38	31	21	20	18
Corporate deposits[3]	144	96	76	92	114	143	149	200	201	178
of which in foreign currency	283	349	413	427	430	525	681	800	713	763
Retail deposits[4]	114	141	177	163	150	191	233	233	223	254
of which in foreign currency	403	402	437	478	508	552	682	727	768	787
of which in foreign currency	214	215	239	244	241	238	285	270	263	252
Change (yoy, %)										
Total assets	4.8%	6.4%	10.6%	5.9%	3.8%	3.7%	11.3%	6.9%	1.8%	3.5%
Net assets	1.0%	-2.8%	0.2%	6.2%	1.9%	9.8%	22.1%	12.6%	7.3%	6.5%
Gross corporate loans[3]	12.8%	1.3%	2.0%	2.0%	6.3%	-10.6%	-8.8%	6.2%	5.6%	3.4%
Gross retail loans	10.3%	-15.7%	-10.4%	8.5%	15.3%	5.0%	-3.5%	21.6%	21.7%	8.1%
Corporate deposits[3]	9.5%	23.5%	18.2%	3.4%	0.8%	22.1%	29.7%	17.4%	4.5%	8.7%
Retail deposits[4]	-8.9%	-0.3%	8.7%	9.4%	6.3%	8.6%	23.5%	6.6%	11.6%	12.3%
Penetration[5] (%)										
Gross corporate loans[3] / GDP	51.7%	41.8%	35.5%	29.0%	25.8%	20.7%	17.7%	14.6%	14.4%	15.2%
Net corporate loans[3] / GDP	44.7%	30.9%	20.0%	15.1%	13.3%	10.4%	10.2%	9.9%	10.3%	10.5%
Gross retail loans/ GDP	13.1%	8.8%	6.6%	5.7%	5.5%	5.2%	4.7%	4.4%	4.5%	4.5%
Net retail loans/ GDP	9.1%	4.8%	3.2%	3.1%	3.2%	3.6%	3.5%	3.7%	3.7%	3.4%
Corporate deposits[3] / GDP	17.8%	17.6%	17.3%	14.3%	12.1%	13.2%	16.1%	14.7%	12.9%	14.6%
Retail deposits/ GDP	25.4%	20.2%	18.3%	16.0%	14.3%	13.9%	16.2%	13.3%	13.9%	15.1%
Profit or Loss[6] (UAH billions)										
Net interest income	52.2	39.1	44.2	53.0	73.0	78.9	84.8	117.6	32.7	33.8
Net commission income	23.1	22.6	24.2	27.5	37.8	44.0	46.5	58.0	10.8	10.1
Provisions	84.4	114.5	198.3	49.2	23.8	10.7	31.0	3.4	21.6	36.3
Net profit/loss	-33.1	-66.6	-159.4	-26.5	22.3	58.4	39.7	77.4	-0.2	-4.5
Memo items:										
UAH/USD (period average)	11.89	21.84	25.55	26.60	27.20	25.85	26.96	27.29	28.55	29.25
UAH/USD (end-of-period)	15.77	24.00	27.19	28.07	27.69	23.69	28.27	27.28	29.25	29.25
UAH/EUR (period average)	15.72	24.23	28.29	30.00	32.14	28.95	30.79	32.31	32.28	31.20
UAH/EUR (end-of-period)	19.23	26.22	28.42	33.50	31.71	26.42	34.74	30.92	32.59	30.78

[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 it excludes data for the temporarily occupied Autonomous Republic of Crimea and City of Sevastopol and a part of the zone of the anti-terrorist operation / operation of united forces. Data for Q1 and Q2 2022 are based on GDP estimates from the Inflation Report of July 2022.
[6] Taking into consideration adjusting entries.

Notes.

The source for the data is the National Bank of Ukraine, unless otherwise noted. Data for 2022 are given based on the preliminary balance sheet (excluding adjusting entries).

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

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

Banks are classified into groups on the basis of decisions of the NBU Committee on Banking Supervision and Regulation, and Supervision (Oversight) of Payment Systems.

State-owned banks are Ukrainian banks with public capital excluding PrivatBank, unless otherwise specified.

Foreign banks are banks where the share of capital owned by at least one foreign investor (including foreign states) is no less than 10 percent.

Private banks are banks whose qualifying holders are exclusively residents of Ukraine.

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

Gross loans are 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.

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

Retail deposits include certificates of deposit, unless otherwise specified.

The sum of individual components and the total may differ due to rounding.

Terms and Abbreviations:

ATM	Automated teller machine / cash dispenser
CIR	Cost-to-Income Ratio
CoR	Cost of risk
FX	Foreign currency
GDP	Gross domestic product
HHI	Herfindahl-Hirschman Index
IFI	International financial institution
NBU	National Bank of Ukraine
NFC	Non-financial corporation
NPL / NPE	Non-performing loan / non-performing exposures
NSFR	Net stable funding ratio
POS	Point of sale
SoB	State-owned bank
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.
JSC	Joint Stock Company
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates
pp	Percentage point
UAH	Ukrainian Hryvnia
USD, U.S. dollar	United States dollar
Q	Quarter
M	Month
bn	Billion
r.h.s.	Right-hand scale
qoq	Quarter-on-quarter
yoy	Year-on-year