National Bank of Ukraine

Banking Sector Review

February 2023

In Q4 2022, the banking sector continued to operate stably, despite russia's attacks on energy infrastructure. The banks resumed their network operations in liberated regions, although the total number of branches in the country decreased. Financial institutions retained the trust of depositors. Funds inflows from clients continued, primarily into current accounts. Meanwhile, term deposits also increased: more slowly in the hryvnia and more quickly in foreign currency. The sector's net assets continued to rise in volume. Loan demand remained weak, while losses from credit risk increased, leaving the net loan portfolio smaller. The increase in assets was primarily due to the growth of investments in NBU certificates of deposit and accounts with other banks. The NPL ratio continued to expand. Despite significant provisioning, the sector was able to turn a profit for the quarter and for the year on the back of a further increase in interest and fee and commission income. Credit risk remains key, while other risks have increased. To assess the quality of the loan portfolio and the level of capital, the NBU will make an assessment of the sector's resilience this year.

Sector Structure

The number of operating banks in Ukraine – 67 – did not change during Q4. On 7 February 2023, however, the NBU designated Forward Bank as insolvent due to its failure to meet the requirements of the law. The bank accounted for 0.1% of the sector's net assets. So, during the year, the number of banks declined by four small ones. Two of them, with russian state capital, closed in February 2022.

In Q4, the sector's structure by group of banks did not change. At the same time, the share of state-owned banks increased by 3.9 pp over 2022, bringing their portion of the sector's net assets to 50.6%. The sector's level of concentration increased.

Assets

Net assets of solvent banks increased in volume by 8.6% in Q4 and by 17.9% in 2022 (by 8.6% when calculated at the exchange rate fixed as of early 2022). The largest increase was seen in NBU certificates of deposit and accounts with other banks. At the same time, investments in domestic government debt securities edged lower during the year. The increase in demand for government securities occurred at the start of 2023. The net loan portfolio decreased primarily as a result of additional provisioning efforts. Net corporate loans declined in Q4: hryvnia loans by 6.7% qoq, and FX loans by 5.2% qoq in dollar terms. The decrease in the net hryvnia corporate loan portfolio occurred across all groups of banks. At the same time, for 2022, solvent banks' net hryvnia loans to businesses increased by 0.5% yoy, while net FX corporate loans fell by 23.9% yoy in dollar terms. The growth in the hryvnia loan portfolio took place primarily in agriculture. Demand for loans will stay subdued, so the state support program Affordable Loans 5–7–9% will remain the key driver of hryvnia corporate lending. However, the pace of lending within the program has decelerated in anticipation of an upgrade to its design. The current outstanding debt of borrowers under the program decreased by 0.2% qoq in Q4. The loans granted within the program currently account for about one-third of the performing gross hryvnia corporate loan portfolio.

The volume of the net hryvnia retail loan portfolio fell by 12.6% qoq in Q4, primarily in foreign and private banks. The major reason was the increase in provisions against credit losses. In addition, slow new lending is not offsetting the repayment of old loans. This trend has persisted since the onset of the full-scale war: the reduction reached 32.7% yoy.

Financial institutions accelerated the recognition of war-related loan losses. Overall, the share of NPLs grew by 4.5 pp qoq, to 38.1%, and by 8.1 pp yoy. The NPL ratio rose the most in the retail segment – by 13.6 pp yoy, while the ratio of nonperforming corporate loans rose by 6.8 pp yoy.

Funding

The liabilities of solvent banks increased by 9.2% in Q4 and exceeded the levels of 2021 by 18.8% (by 7.5% at the exchange rate fixed at the beginning of the year). Client deposits remain the major source of funding for banks. By the end of December, their share increased to 87.9%. The banks are completely replacing expensive refinancing loans from the NBU with client deposits. The share of NBU refinancing loans has shrunk to 1.8% (the level of September 2020). In late Q3, gross external debt fell to USD 2.2 billion (the level of 2004).

Hryvnia retail deposits grew by 8.3% qoq and 31.2% yoy. Thanks to salary projects and the concentration of social security payments, Oschadbank and PrivatBank led the way in terms of this indicator: +15% and 8%, respectively. Most of the new deposit inflows remain in current accounts. However, the increase in deposit rates also accelerated the growth in hryvnia term deposits to 2.6% qoq (-6% yoy). The vast majority of new hryvnia term deposits are being made for one to six months.

During the quarter, FX retail deposits increased by 8.7% qoq (-4.6% yoy). FX retail term deposits rose by 20.8%. The deposits grew most significantly in institutions with developed online banking, in particular PrivatBank (+51.4%) and some private banks (+28% for the group). This was after the NBU allowed individuals to buy foreign currency online to make deposits.

Hryvnia corporate deposits increased by 18.9% qoq (11.9% yoy) as businesses adjusted to wartime conditions. The growth in hryvnia deposits gradually accelerated for all banks during the quarter, the fastest for institutions with private capital: +35.4% qoq. The growth in FX corporate deposits gradually slowed from October to 1.8% qoq (+2% yoy).

The overall dollarization of deposits decreased by 1.7 pp qoq to 35% due to the outpacing growth of hryvnia corporate deposits. At the same time, the dollarization rate of retail deposits did not change significantly. At the exchange rate fixed on 24 February, the share of FX deposits declined to 30.1%.

Interest Rates

During Q4, the NBU's key policy rate remained at 25% per annum. Uneven liquidity inflows into the sector stimulated some financial institutions to compete for client deposits. The banks therefore hiked interest rates on both retail and corporate deposits and also worked on extending their maturity. On average, interest rates on 12-month retail deposits rose by 1.2 pp, to 12.7% per annum. The spread between three-month and one-year deposits at the end of the quarter increased to 1.5 pp, up from 0.2 pp in late September. The average interest rate on corporate deposits rose to 10.5% per annum. The tightening of reserve requirements will prompt the banks to revise their interest rate policies during Q1 2023.

The interest rate on retail loans fluctuated during the quarter around 30% per annum, the market level before the full-scale war with russia. The higher interest rate spread of retail transactions made it possible to pursue a softer interest policy in the corporate segment without losses to the aggregate interest margin. The weighted average interest rate on hryvnia corporate loans continued to grow slowly in October–November, but edged lower in December, to 20% per annum.

Financial Performance and Capital

Despite significant provisions, the sector made UAH 24.7 billion in profits in 2022, including UAH 17.3 billion in Q4. Twenty one institutions, including two state-owned banks, ended the year with losses. These banks reported a combined loss of UAH 20.8 billion.

Most banks maintained high operational efficiency. Interest income surged, driven primarily by investments of free liquidity into high-yield certificates of deposit, while the increase in funding costs was moderate. So, the net interest margin increased, and net interest income for the quarter was up by 36.7% yoy. The shelling of energy infrastructure had a moderate effect on fee and commission income dynamics. In Q4, this type of income increased by 9.9% qoq and decreased by 7.0% yoy. Income from FX transactions also contributed to the gain in operating income. At the same time, operating expenses declined by 2.3% yoy in Q4. As a result, the CIR[1] came in at 39.8% in Q4, down from 53.8% in the same period last year. Overall, 61 banks finished the year with positive operating profitability.

During the quarter, the banks continued to build up provisions against losses brought by the war. The banks made UAH 21.1 billion in loan provisions and released UAH 2.8 billion in securities provisions. Overall for the year, the banks put away UAH 118.8 billion in provisions, the bulk of them after the onset of the full-scale war. These indicators will be adjusted after the annual audit.

Prospects and Risks

The year 2022 was marked by the banks' efforts to meet operational challenges. The sector came through this period successfully and adapted to new working conditions. Going forward, the banks also need to focus on restoring lending and sustaining their business models amid a war of attrition.

Credit risk will continue to dominate the banks' risk landscape. To verify whether loan portfolio quality has been reflected correctly and whether provisions are adequate, and to evaluate the true size of regulatory capital, the NBU will conduct a banks' resilience assessment in 2023. Based on the assessment's results, the NBU will set deadlines for capital recovery by the banks and make a schedule for the rollback of temporary regulatory forbearance measures. The majority of financial institutions will be able to restore their capital using their future profits. However, some banks will probably need support from their shareholders. The findings of the resilience assessment will inform a strategy for the resolution of NPLs.

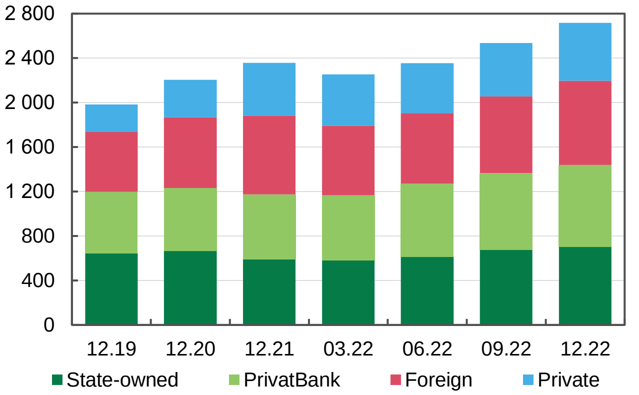
The sector's liquidity overall remains high. Retail deposit inflows continue. However, further growth in the share of term deposits raises the risks for banks. To incentivize financial institutions to improve the term structure, the NBU is increasing its reserve requirements for current accounts and demand deposits. The banks should pay more attention to liquidity management, in particular by sticking to interest rate policies that stimulate retail term deposits.

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

Sector Structure

In Q4, total assets grew by 7.1%, the growth being generated mainly by foreign-owned banks. The number of operating banks remained unchanged in Q4. However, on 7 February, Forward Bank (0.1% of the sector's net assets) was declared insolvent due to its failure to bring its activity in line with the requirements of Ukrainian law. In general, the number of banks decreased only slightly over the year (by four banks, two of which were banks with russian state capital).

Figure 1. Banks' total assets, UAH billions*



* Quarterly data with adjusting entries, except for Q4 2022. Solvent banks were grouped under the relevant classification for the given years.

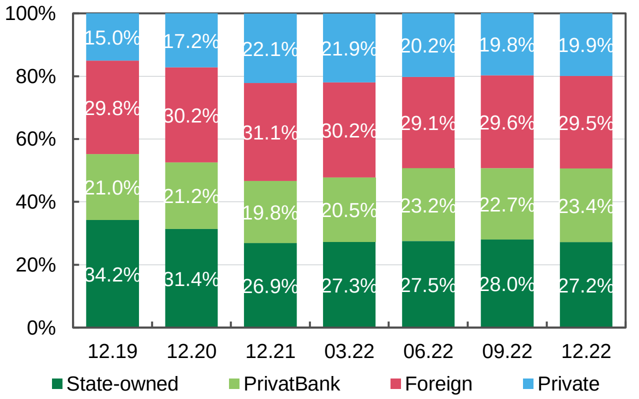
Table 1. Number of banks*

	2019	2020	2021	Q1.22	Q2.22	Q3.22	Q4.22
Solvent	75	73	71	69	68	67	67
Change	-2	-2	-2	-2	-1	-1	0
State-owned, incl. PrivatBank	5	5	4	4	4	4	4
Change	0	0	-1	0	0	0	0
Foreign-owned	20	20	20	16	16	16	16
Change	-1	0	0	-4**	0	0	0
Private	50	48	47	49	48	47	47
Change	-1	-2	-1	+2**	-1	-1	0

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

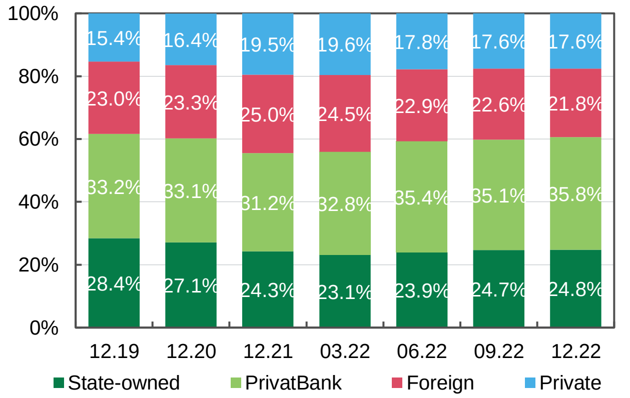
State-owned banks, including PrivatBank, continue to account for more than a half of the sector's assets – 50.6% by net assets. Fueled by large inflows of deposits from clients, the share of state-owned banks (including PrivatBank) in retail deposits continues to grow – it rose by 0.8 pp, to 60.6%.

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



* Quarterly data with adjusting entries, except for Q4 2022.

Figure 3. Distribution of retail deposits by groups of banks



State-owned banks (including PrivatBank) increased their market share the most, in particular on account of inflows of retail deposits. Overall, the share of the net assets of the top five banks rose by 5.0 pp (to 57.9%) in 2022.

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

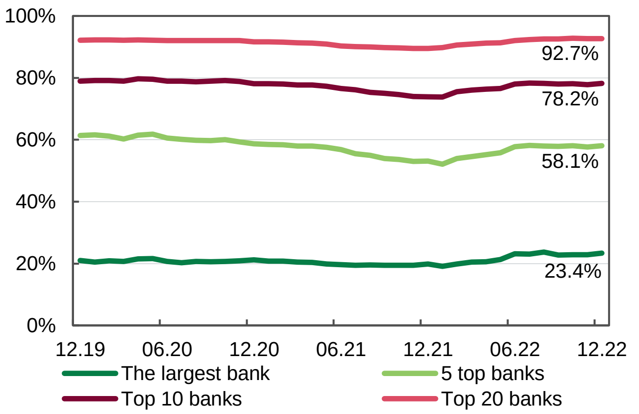
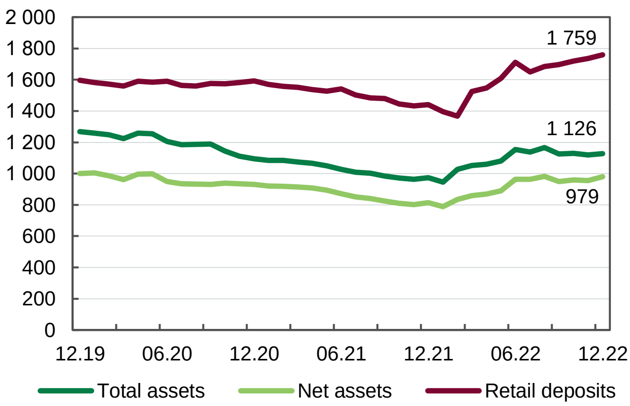


Figure 5. Concentration as defined by the HHI indicator*

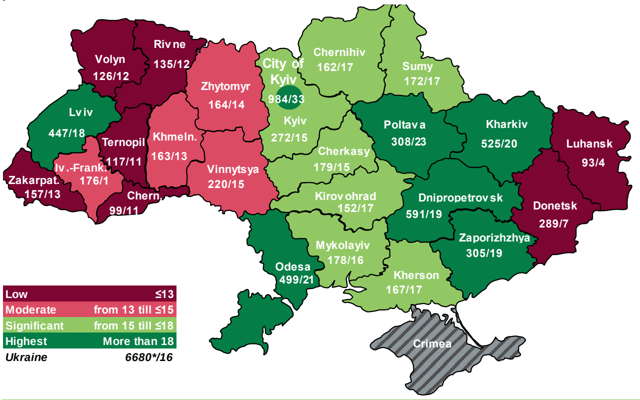


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

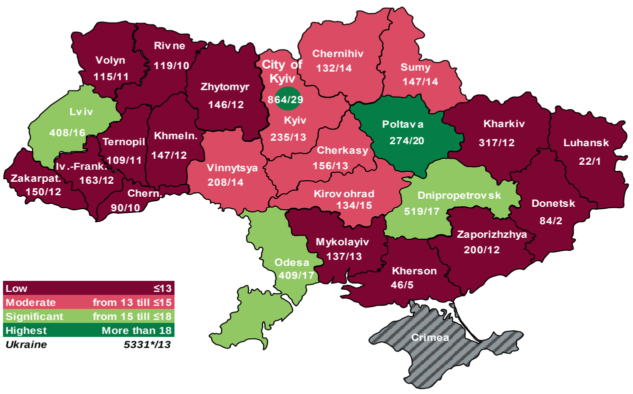
In 2022, the banks closed one in five branches. Branches were closed and staff dismissed mostly in regions previously or currently affected by active hostilities, which led to a decrease in demand for banking services. The largest number of branches were closed in Kharkiv and Donetsk oblasts, Kyiv city, and Kherson oblast. That said, as of now banking services are not provided in all towns and settlements. State-owned banks can ensure inclusion in these communities by deploying mobile branches.

Figure 6. Operating banking units by regions as of 1 January 2022, units per 100,000 individuals



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

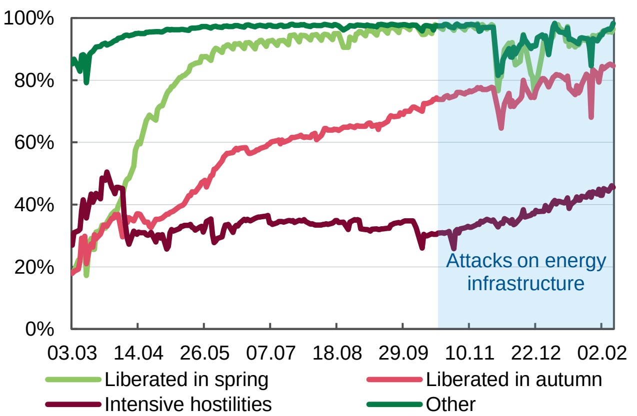
Figure 7. Operating banking units by regions as of 1 January 2023, units per 100,000 individuals



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

Despite energy facilities being bombed, more than two thirds of branches operated without interruptions in Q4. The banks continued to restore network operations in the liberated regions.

Figure 8. Share of working branches of systematically important banks

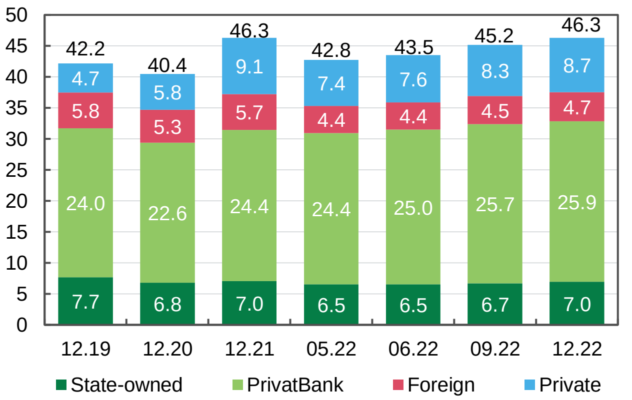


Regions are classified into groups. "Liberated in spring" comprise Kyiv, Sumy, Chernihiv oblasts, and city of Kyiv. "Liberated in autumn" comprise Mykolaiv and Kharkiv oblasts. "Intensive hostilities" comprise Donetsk, Luhansk, Zaporizhzhia, and Khesron oblasts.

Source: NBU, survey of systematically important banks important banks.

The number of active payment cards has been growing gradually for two consecutive quarters. In the last three months of 2022, their number grew across all groups of banks.

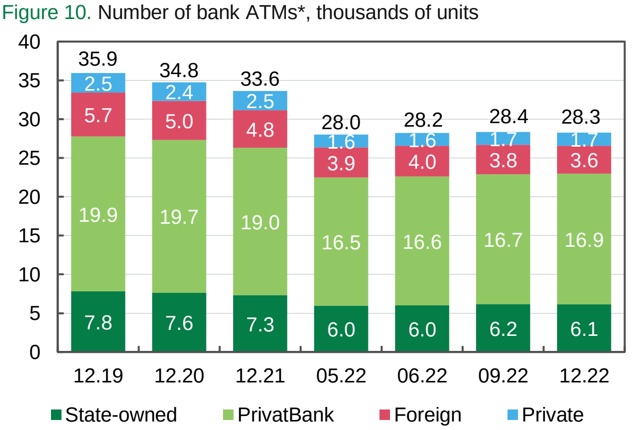
Figure 9. Number of active payment cards by groups of banks, millions of units



Submission of data for figures 9 to 11 resumed on 1 June 2022.

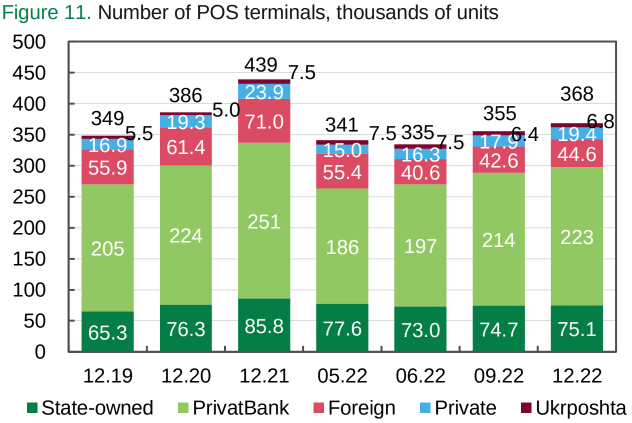
All groups of banks expanded their POS-terminal networks in Q4. The largest increase was made by PrivatBank and foreign banks (+8,800 and +2,100 terminals, respectively). The number of ATMs decreased somewhat in 2022, primarily due to the war. Payment infrastructure (self-service kiosks and payment terminals) shrank by 16%.

Figure 10. Number of bank ATMs*, thousands of units



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

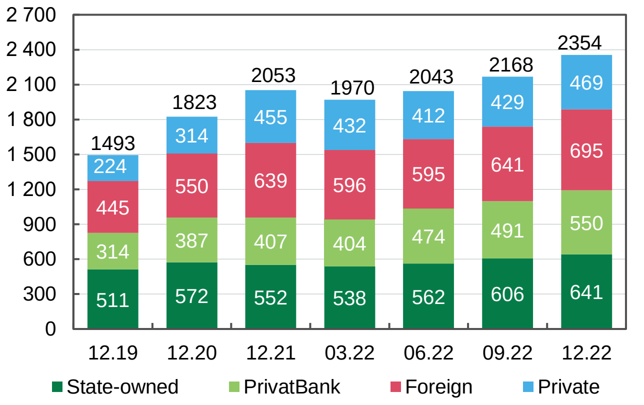
Figure 11. Number of POS terminals, thousands of units



Assets

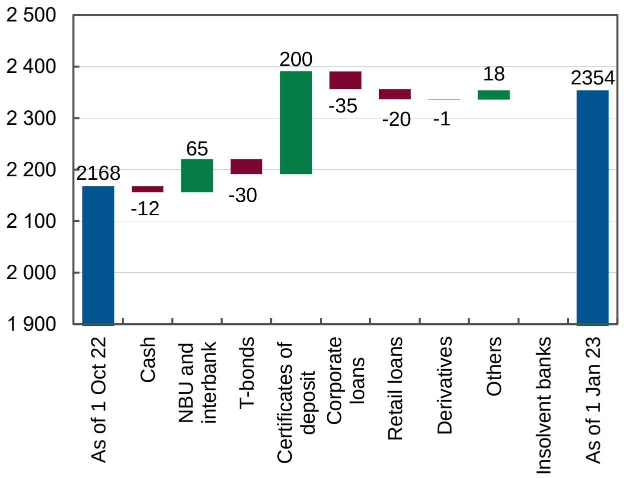
The banks' net assets increased by 8.6% in Q4 and by 7.3% in 2022 as a whole (at the exchange rate fixed at the start of the year). The increase was mainly driven by growth in NBU certificates of deposit and correspondent account balances with other banks.

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



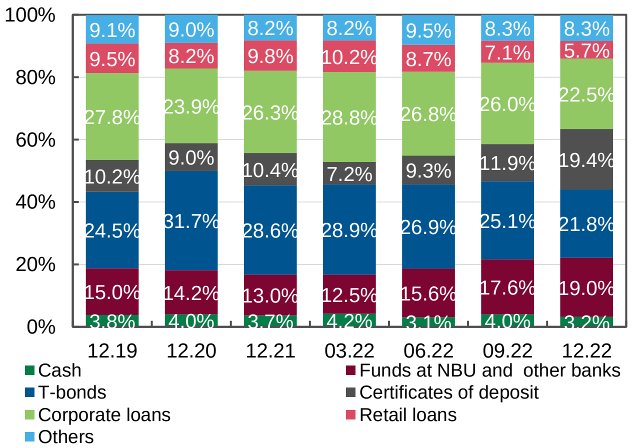
* Adjusted for bank provisions. Quarterly data with adjustment entries, except for Q4 2022.

Figure 13. Change in net assets by component in Q4 2022*, UAH billions



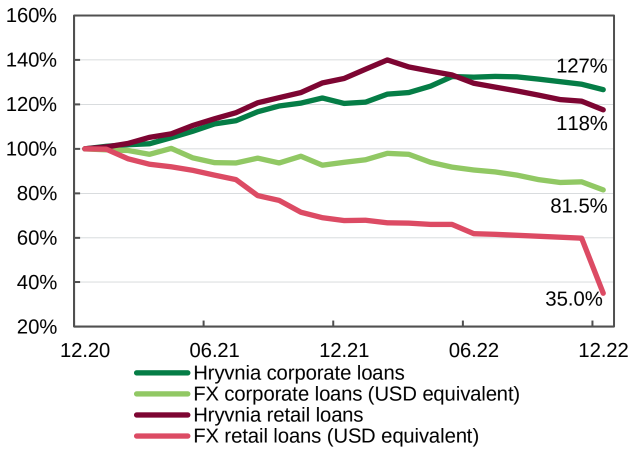
Volumes of gross hryvnia corporate loans has been declining for two quarters running, in particular the banks are turning to state support programs less actively. The volume of gross hryvnia retail loans has also been shrinking. FX retail loans fell by 42% due to a write-off of retail loans by a state-owned bank.

Figure 14. Sector net assets by components*



* Adjusted for bank provisions. Quarterly data with adjusted entries, except for Q4 2022.

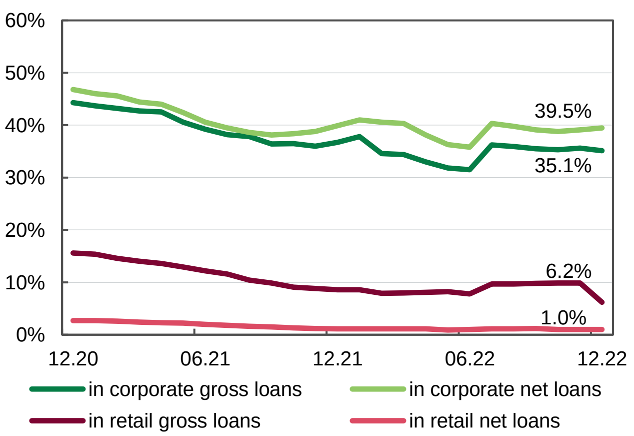
Figure 15. Gross corporate and retail loans, 2020 = 100%



* Issued by banks that were solvent as of 1 January 2023.

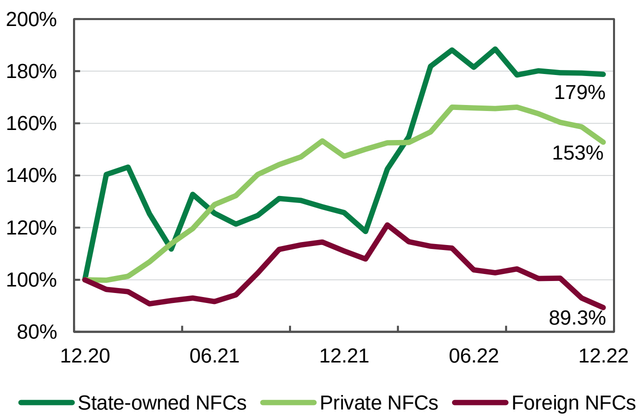
The dollarization of net retail loans decreased by 3.6 pp in Q4 as a result of writing off legacy FX loans.

Figure 16. Share of FX loans



Net corporate loans to foreign-controlled corporations decreased the most in Q4, by 11 pp.

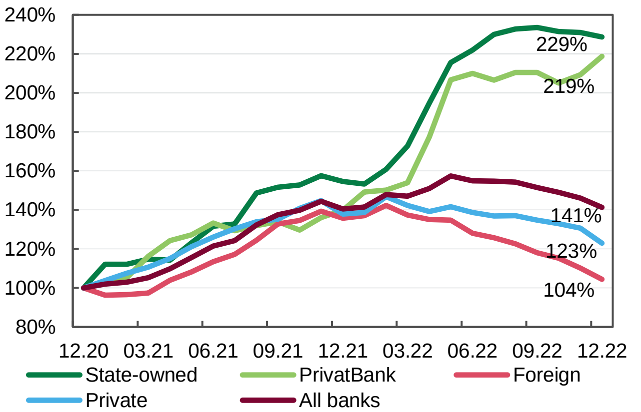
Figure 17. Net hryvnia loans to nonfinancial corporations (NFCs), 2020 = 100%*



* Issued by banks that were solvent as of 1 January 2023.

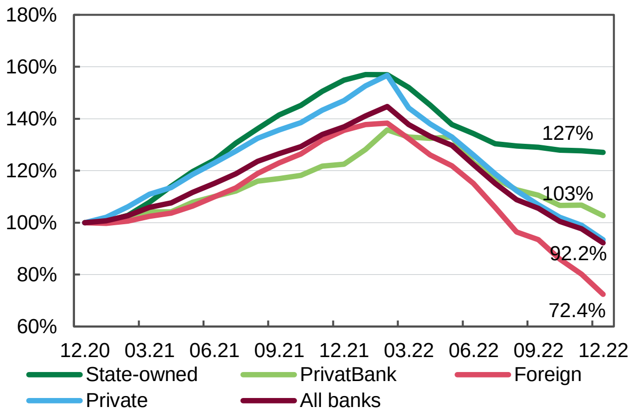
Net hryvnia corporate loans dropped by 6.7% qoq, while they grew by 0.5% yoy. In Q4, hryvnia corporate lending grew only at PrivatBank, by 3.9%. Net hryvnia retail loans fell sharply: by 12.6% in Q4 and by 32.7% over the year.

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



* Issued by banks that were solvent as of 1 January 2023.

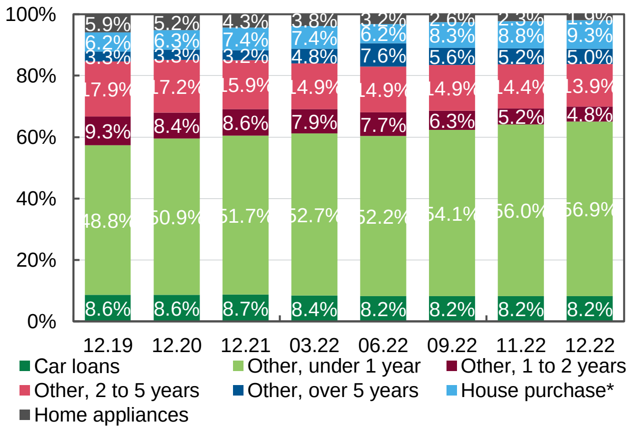
Figure 19. Net hryvnia retail loans, 2020 = 100%*



* Issued by banks that were solvent as of 1 January 2023.

In Q4, the share of consumer loans in retail loans grew by 2.2 pp and the share of loans to purchase, construct, and renovate real estate rose by 1.0 pp.

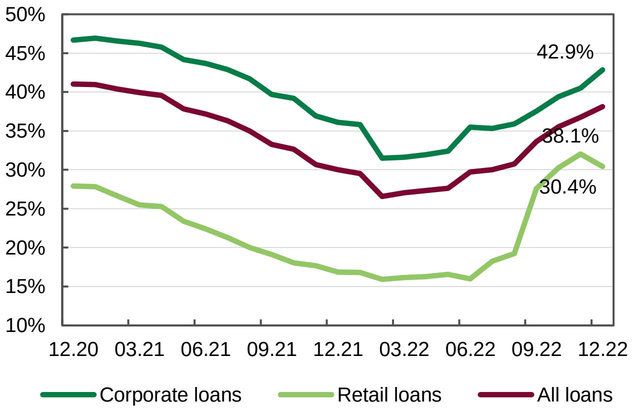
Figure 20. Net hryvnia retail loans by purpose



* For house purchase, construction or reconstruction of real estate.

The NPL ratio in Q4 increased by 4.5 pp, to 38.1%, mainly as the banks recognized corporate NPLs. Over the year, the share of NPLs grew by 8.1 pp, with the growth being larger for retail loans (13.6 pp, to 30.4%) than for corporate loans (6.8 pp, to 42.9%).

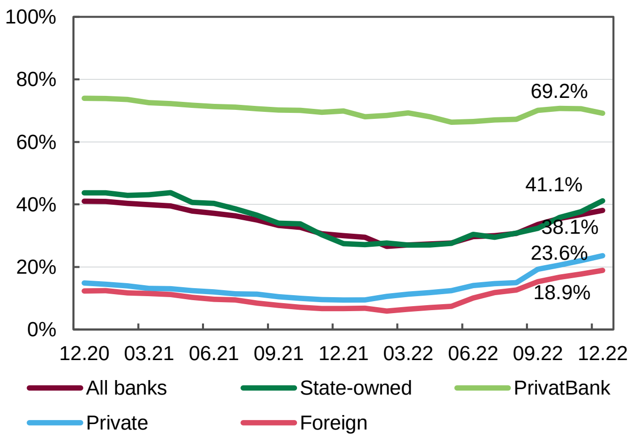
Figure 21. Share of NPLs in bank portfolios*



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

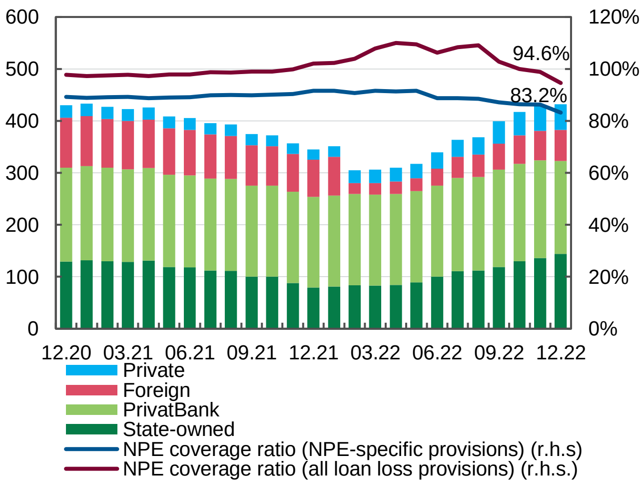
In Q4, the NPL ratio increased more at state-owned banks (excluding PrivatBank), by 8.8 pp, to 41.1%. Over the year, the largest growth in the NPL ratio was seen at state-owned banks (excluding PrivatBank) and foreign-owned banks – 14.2 pp and 13.7 pp respectively. The recognition of new NPLs (in particular, the NPLs with high collateral coverage) reduced the NPL coverage ratio, but this ratio is still very high.

Figure 22. NPL ratio across 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 with adjustment entries, excluding Q4 2022.

Funding

The volume of solvent banks' liabilities rose by 9.2% qoq in Q4, primarily due to the growth in deposits of retail clients and businesses. Over the year, liabilities grew by 18.8%, or by 7.5% at the fixed exchange rate as of the start of 2022.

Figure 24. Liabilities by groups of banks, UAH billions

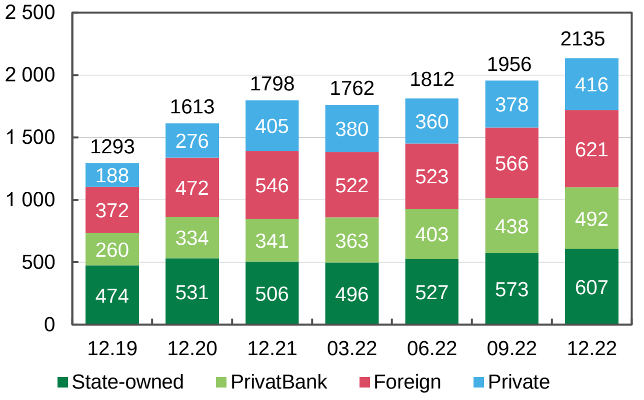
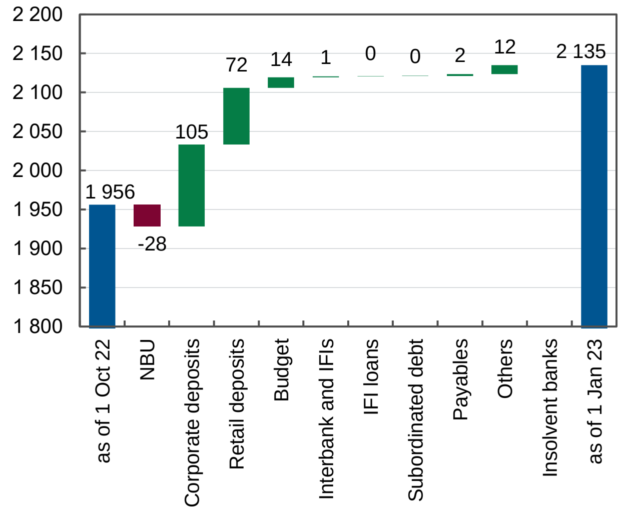
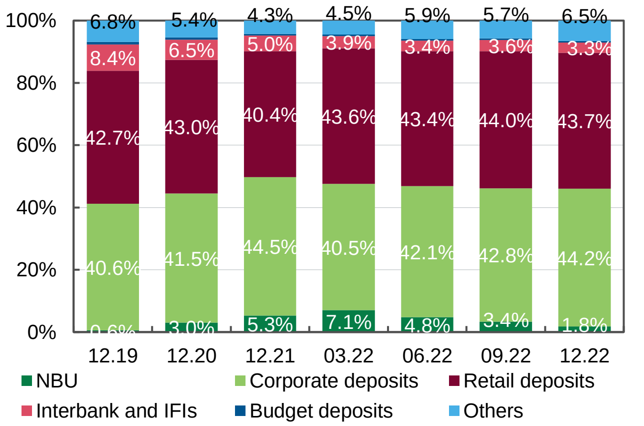


Figure 25. Changes in liabilities in Q4 2022 by component, UAH billions



Client deposits as a share of liabilities increased by 1.1 pp, to 87.9%, due to a decrease in the share of NBU refinancing loans and large inflows of corporate deposits.

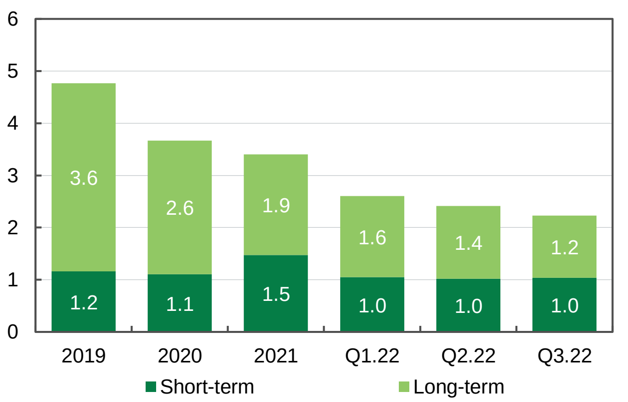
Figure 26. Structure of banks' liabilities*



* Including certificates of deposit.

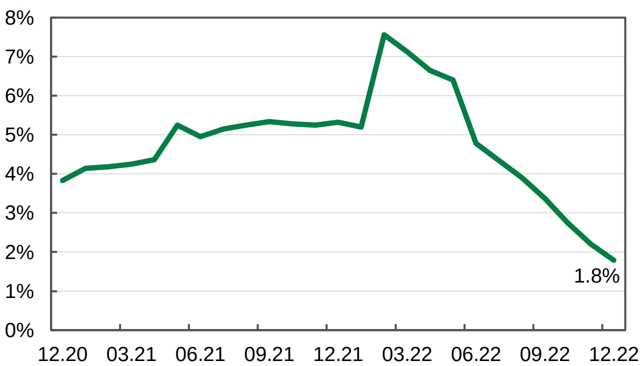
In Q3 2022, the gross external debt of banks declined to USD 2.2 billion as long-term liabilities were gradually repaid.

Figure 27. Banks' gross external debt, USD billions



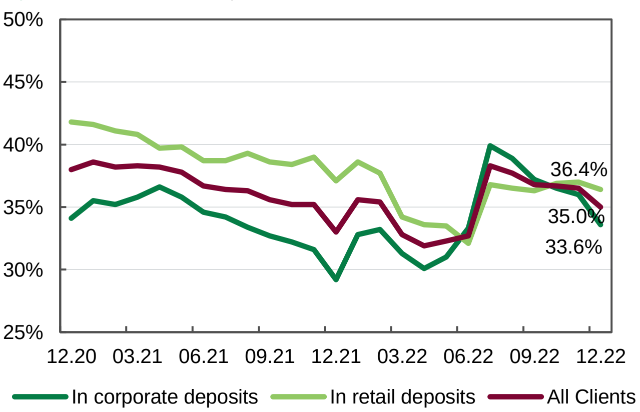
As expensive refinancing loans were replaced with client deposits, the share of NBU funds in the liabilities of the banks contracted by 1.6 pp, to 1.8%, which was the lowest level since September.

Figure 28. Share of NBU funds in banks' liabilities



Due to large inflows of hryvnia deposits, the dollarization of corporate loans dropped by 3.6 pp in Q4. In contrast, the share of FX retail deposits remained almost unchanged. Recalculated based on the exchange rate at the start of the year, the decrease in the dollarization rate was more significant.

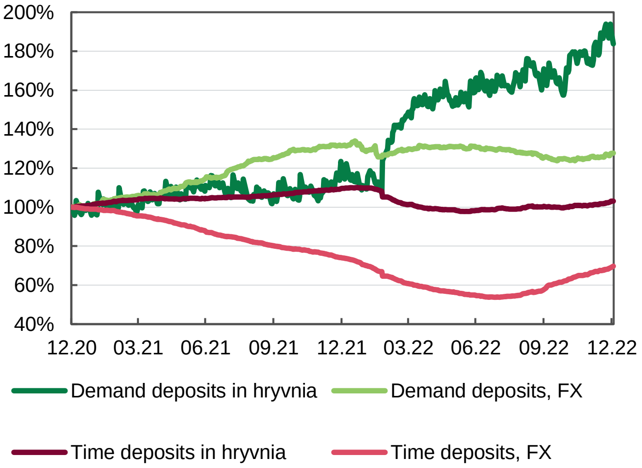
Figure 29. Share of FX deposits*



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

Over the quarter, hryvnia retail deposits increased by 8.3%. FX term deposits grew more rapidly than those in the hryvnia.

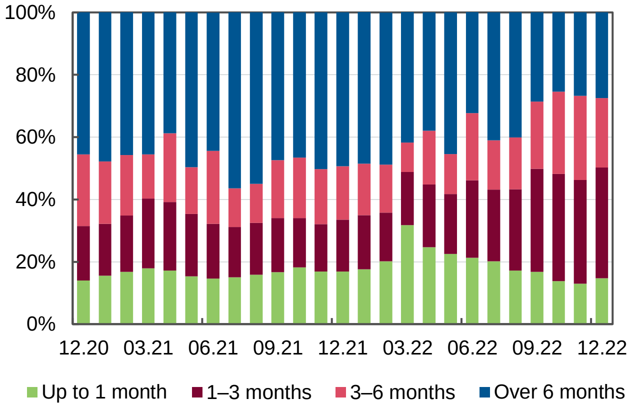
Figure 30. Retail deposits, 2020 = 100%*



* Daily data; at banks that were solvent as of 1 January 2023.

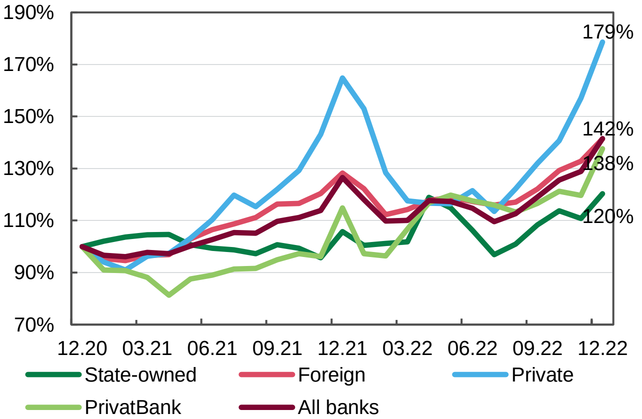
The share of new short-term deposits with maturity of up to one month shrank by 2.1 pp over the quarter. The majority of new deposits (57.8%) were opened for one to six months.

Figure 31. New retail term deposits by maturity



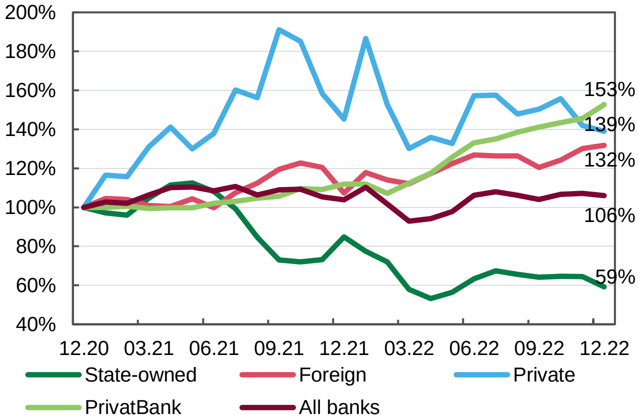
In Q4, volumes of hryvnia corporate deposits increased by 18.9% qoq (11.9% yoy), as they grew by 35.4% at private banks and by 15.8% at foreign-owned banks. FX deposits rose by 1.8% on the back of a sizeable increase in October. FX corporate loans rose the most at foreign-owned banks, by 9.3%, and at PrivatBank, by 8.1%.

Figure 32. Corporate deposits in hryvnia by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 January 2023.

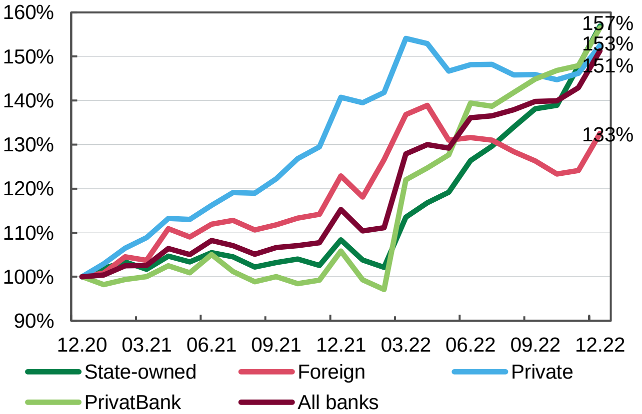
Figure 33. Corporate deposits in FX (in USD equivalent) by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 January 2023.

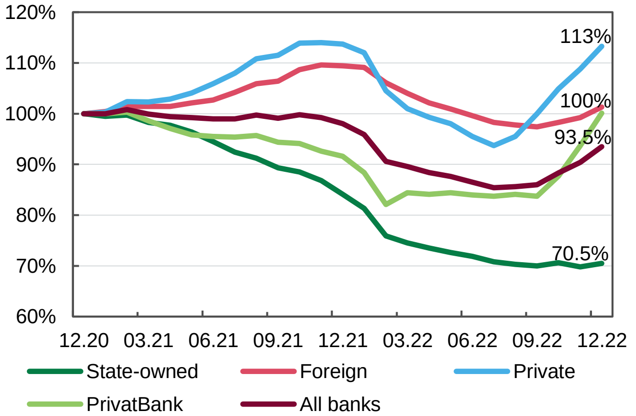
Hryvnia retail deposits grew by 31.2% yoy, mainly due to an increase in government disbursements. In Q4, the largest growth was seen at state-owned banks (including PrivatBank) – 10.1%. At the same time, FX retail deposits rose by 8.7%, with term deposits increasing the most, by 20.8%. Over the year, hryvnia retail deposits increased by almost a third across all groups of banks, with the largest growth recorded at state-owned banks.

Figure 34. Retail deposits in hryvnia by groups of banks, 2020 = 100%*



* Issued by banks that were solvent as of 1 January 2023.

Figure 35. Retail deposits in FX (in USD equivalent) by groups of banks, 2020 = 100%*

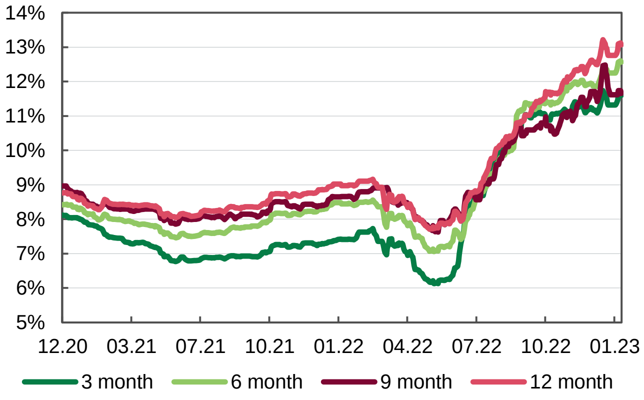


* Issued by banks that were solvent as of 1 January 2023.

Interest Rates

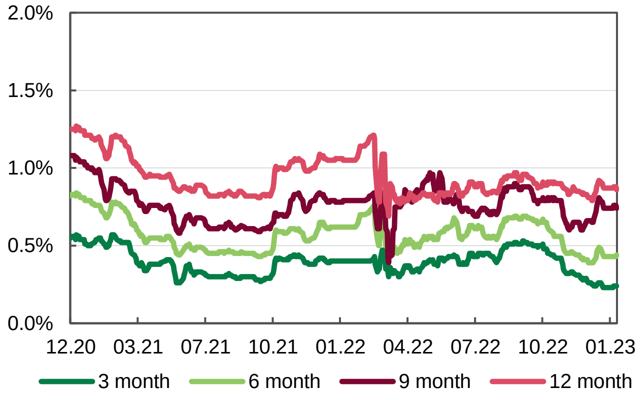
The cost of 12-month hryvnia deposits rose by 1.2 pp, to 12.7% per annum, in Q4 and hovered around this level in January. The spread between interest rates on 3-month and 12-month deposits widened to 1.5 pp.

Figure 36. Ukrainian Index of Retail Deposit Rates for hryvnia deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

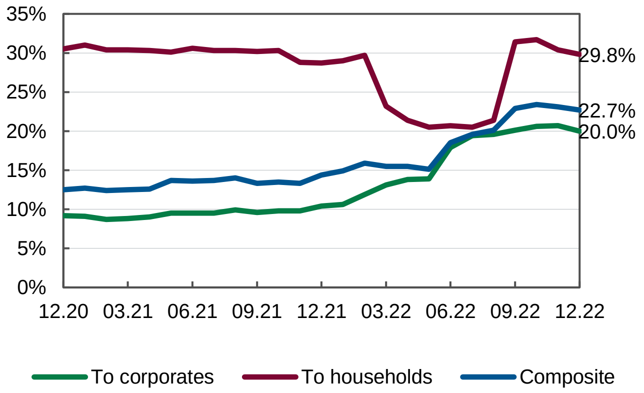
Figure 37. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

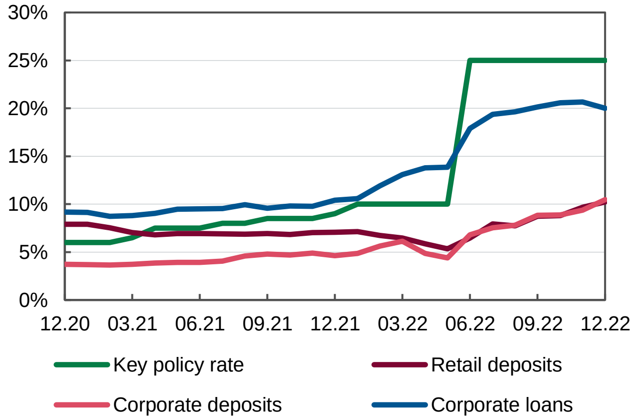
In Q4, rates on retail loans were close to 30% per annum. Corporate loan rates stopped growing and hovered around 20% per annum.

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



* No loan rescheduling or any other amendments to lending terms.

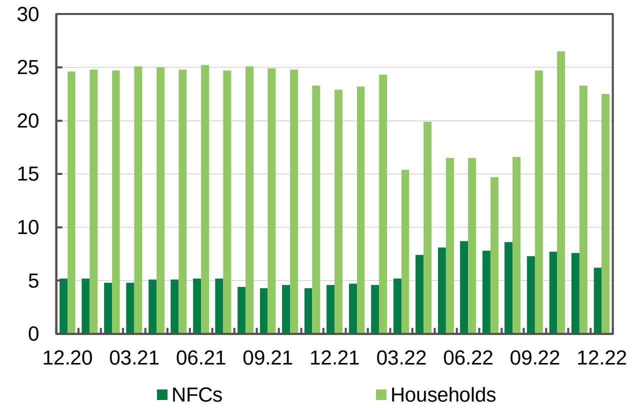
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

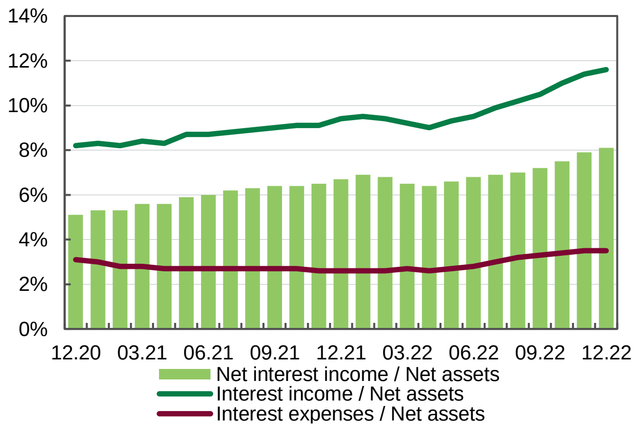
Spreads between interest rates on new loans and deposits narrowed in both the corporate and retail segments. The ratio of interest income to assets grew faster than that of interest expenses to assets. As a result, interest margin continued to rise.

Figure 40. Spread between 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, interest rate, or both.

Figure 41. Banks' interest margin*

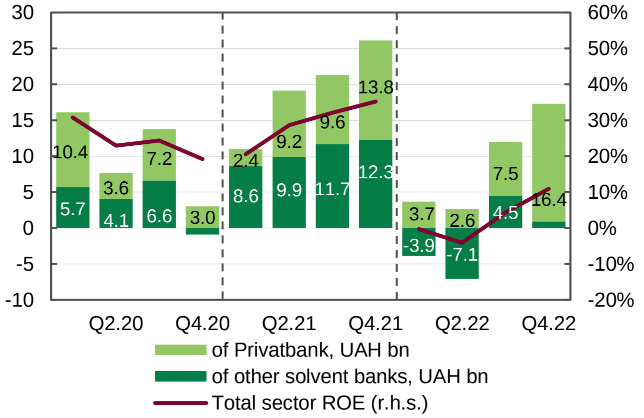


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Results and Capital

In Q4, the sector made a profit of UAH 17.3 billion, of which 95% was generated by PrivatBank. For the full year, the profit was UAH 24.7 billion.

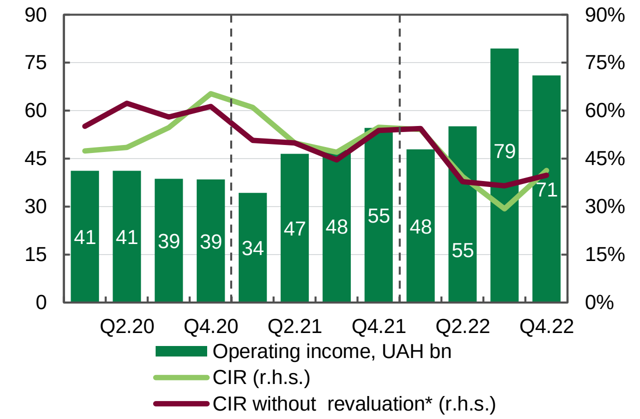
Figure 42. Banks' profit/loss* and return on equity



* Quarterly data, including adjusting entries (except for Q4 2022), excluding two small banks that did not submit balance sheets with adjustment entries.

The sector's operational efficiency remained high: the CIR* excluding the revaluation of securities, foreign currencies, and derivatives was 39.8%, compared to 53.8% in the previous year.

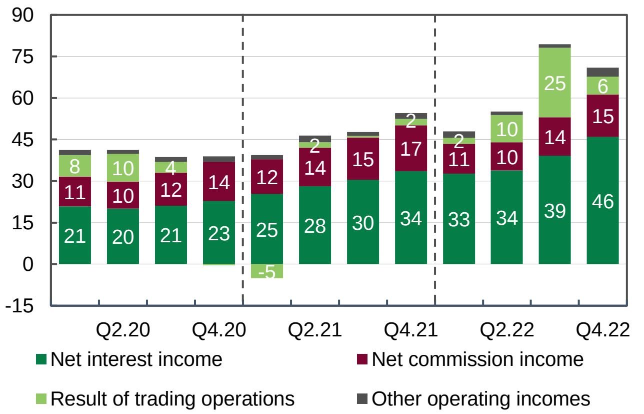
Figure 43. Operating income and operational efficiency of banks



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

Net interest income increased by 36.7% yoy in Q4. Net fee and commission income declined by 7.0% yoy. Income from purchasing and selling foreign currency made 13.4% of operating income.

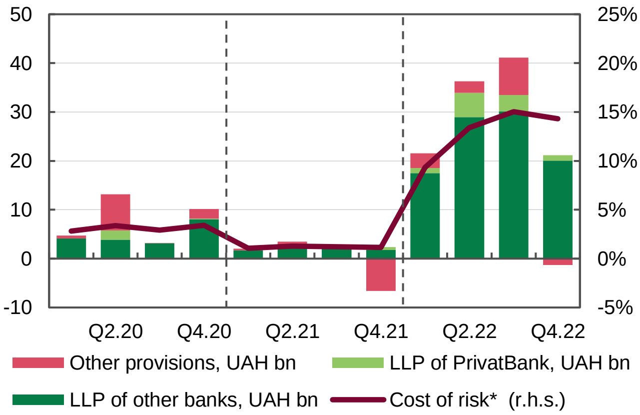
Figure 44. Banks' operating income components for the period*, UAH billions



* Including adjusting entries (except for Q4 2022), excluding two small banks that did not submit balance sheets with adjustment entries.

Loan provisioning in Q4 amounted to UAH 21.1 billion, or 2.8% of the loan portfolio. On the other hand, UAH 2.8 billion of provisions for domestic government debt securities was released.

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



* Annualized loan loss provisions created from the start of the year to the net loan portfolio. ** Including adjusted entries (except Q4 2022), in 2022 – excluding several small banks that have not submitted their balance-sheet data with adjusted entries.

The regulatory capital adequacy ratio rose by 0.8 pp in Q4, and by 1.7 pp from the start of the year. The sector's regulatory capital grew by 0.8% qoq.

Figure 46. Regulatory capital and regulatory capital adequacy ratio

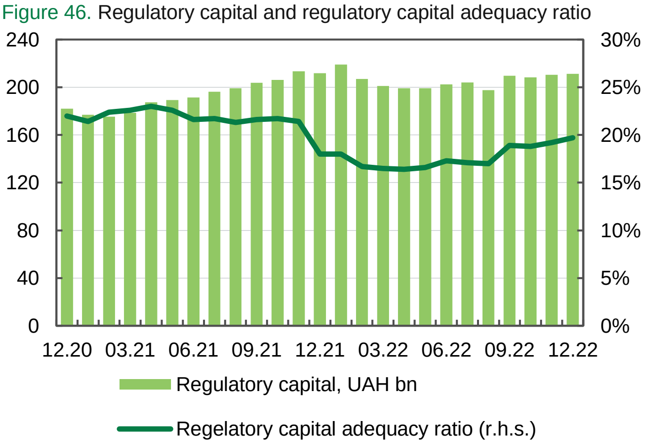
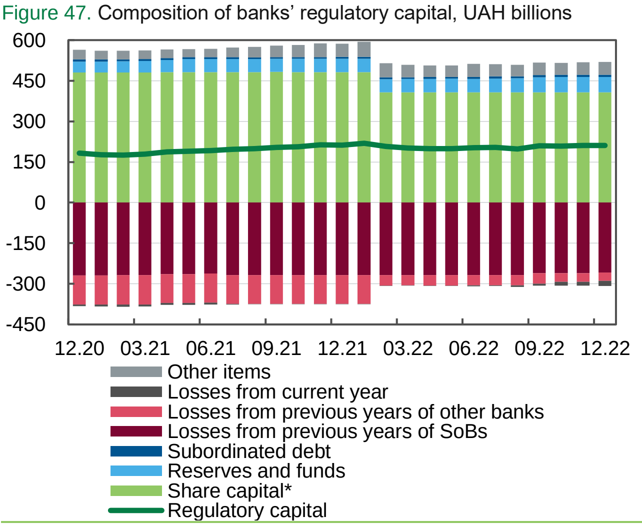


Figure 47. Composition of banks' regulatory capital, UAH billions



* Registered and unregistered authorized capital.

Table 2. Key banking sector indicators[1]

	2015	2016	2017	2018	2019	2020	2021	2022
Number of operating banks	117	96	82	77	75	73	71	67
General balance sheet indicators (UAH billions)[2]								
Total assets	1,571	1,737	1,840	1,911	1,982	2,206	2,358	2,717
of which in foreign currencies:	800	788	755	779	718	746	679	819
Net assets	1,254	1,256	1,334	1,360	1,493	1,823	2,053	2,354
of which in foreign currencies:	582	519	507	495	492	585	583	731
Gross corporate loans[3]	831	847	864	919	822	749	796	801
of which in foreign currencies:	492	437	423	460	381	332	292	281
Net corporate loans[3]	614	477	451	472	415	432	540	529
Gross retail loans	176	157	171	197	207	200	243	210
of which in foreign currencies:	97	83	68	61	38	31	21	13
Net retail loans	96	76	92	114	143	149	200	134
Corporate deposits[3]	349	413	427	430	525	681	800	943
of which in foreign currencies:	141	177	163	150	191	233	233	317
Retail deposits[4]	402	437	478	508	552	682	727	934
of which in foreign currencies:	215	239	244	241	238	285	270	340
Change (yoy, %)								
Total assets	6.4%	10.6%	5.9%	3.8%	3.7%	11.3%	6.9%	15.2%
Net assets	-2.8%	0.2%	6.2%	1.9%	9.8%	22.1%	12.6%	14.6%
Gross corporate loans[3]	1.3%	2.0%	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%
Gross retail loans	-15.7%	-10.4%	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%
Corporate deposits[3]	23.5%	18.2%	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%
Retail deposits[4]	-0.3%	8.7%	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%
Penetration[5] (%)								
Gross corporate loans[3]/GDP	41.8%	35.5%	29.0%	25.8%	20.7%	17.7%	14.6%	16.6%
Net corporate loans[3]/GDP	30.9%	20.0%	15.1%	13.3%	10.4%	10.2%	9.9%	11.0%
Gross retail loans /GDP	8.8%	6.6%	5.7%	5.5%	5.2%	4.7%	4.4%	4.4%
Net retail loans/GDP	4.8%	3.2%	3.1%	3.2%	3.6%	3.5%	3.7%	2.8%
Corporate deposits[3]/GDP	17.6%	17.3%	14.3%	12.1%	13.2%	16.1%	14.7%	19.5%
Retail deposits/GDP	20.2%	18.3%	16.0%	14.3%	13.9%	16.2%	13.3%	19.3%
Profit or Loss[6] (UAH billions)								
Net interest income	39.1	44.2	53.0	73.0	78.9	84.8	117.6	151.6
Net fee and commission income	22.6	24.2	27.5	37.8	44.0	46.5	58.0	50.1
Provisions	114.5	198.3	49.2	23.8	10.7	31.0	3.4	118.8
Net profit/loss	-66.6	-159.4	-26.5	22.3	58.4	39.7	77.4	24.7
Memo items:								
UAH/USD (period average)	21.84	25.55	26.60	27.20	25.85	26.96	27.29	32.34
UAH/USD (end-of-period)	24.00	27.19	28.07	27.69	23.69	28.27	27.28	36.57
UAH/EUR (period average)	24.23	28.29	30.00	32.14	28.95	30.79	32.31	33.98
UAH/EUR (end-of-period)	26.22	28.42	33.50	31.71	26.42	34.74	30.92	38.95

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

[2] Including accrued income/expenses.

[3] Including non-bank financial institutions.

[4] Including certificates of deposit.

[5] From 2014 through 2021, data excludes data for the temporarily occupied Autonomous Republic of Crimea and City of Sevastopol and part of the ATO/JFO zone. Data for 2022 uses GDP estimates from the January 2023 Inflation Report.

[6] Including adjusted entries.

Notes

The source for the data is the National Bank of Ukraine, unless otherwise noted. Data for Q1–Q3 2022 take into account adjusting entries (except for data of small banks that have not submitted their balance-sheet data with adjusting entries as of 1 January, 1 April, and 1 July – these were 1–2 banks depending on the date). Data for Q4 2022 and the whole of 2022 do not contain adjusting entries and may be updated later.

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 the decision 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 in which foreign banks or financial and banking groups have controlling interest.

Private banks are banks those 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 non-bank 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
FX	Foreign currency
CIR	Cost-to-Income Ratio
GDP	Gross domestic product
HHI	Herfindahl-Hirschman Index
IFI	International financial institution
NBU CD	NBU certificate of deposit
NBU	National Bank of Ukraine
NFC	Non-financial corporation
NPL / NPE	Non-performing loans / exposures
T-bills&bonds	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.
POS	Point of sale
ROE	Return on equity
UIRD	Ukrainian Index of Retail Deposit Rates
pp	Percentage point
UAH	Ukrainian hryvnia
USD	United States dollar
Eq.	Equivalent
Q	Quarter
bn	Billion
r.h.s.	Right-hand scale
yoy	Year-on-year
qoq	Quarter-on-quarter