National Bank of Ukraine

Banking Sector Review

May 2023

In Q1 2023, the banking sector continued to withstand the crisis, maintained high liquidity, and generated profits. Funding rose on account of corporate deposits, while volumes of hryvnia retail deposits were little changed. However, retail term deposits in the hryvnia started to trend up. The sector's net assets continued to grow. However, the net loan portfolio continued to shrink, primarily due to weak demand for loans. At the same time, the banks' holdings of domestic government debt securities and NBU certificates of deposit increased. Sizeable interest income from high-quality liquid assets and sustained proceeds from corporate loans contributed to the growth in the sector's interest income. Interest expenses grew more slowly, thus improving the banks' operational efficiency. Thanks to more favorable economic environment, the growth in the share of nonperforming loans (NPLs) and provisioning expenses were insignificant. These factors contributed to the sector's profit. Risks, especially credit risks, remained high. In order to assess the actual quality of the portfolio and capital needs, the NBU started a resilience assessment of the sector.

Sector Structure

In Q1 2023, the number of operating banks decreased by 2, to 65: in February, Forward Bank was declared insolvent; in March, the banking license of Ibox Bank was revoked and the liquidation procedure was initiated due to the bank's systematic violation of anti-money laundering requirements. Each of these financial institutions accounted for 0.1% of solvent banks' total assets, so their withdrawal from the market will not affect the stability of the Ukrainian banking sector.

In Q1, the share of state-owned banks increased by another 0.3 pp, reaching 50.9%. The sector's concentration increased due to faster growth in net assets of larger banks.

Assets

In Q1, net assets of solvent banks grew by 3.2% qoq. The growth primarily occurred in funds with the NBU in response to the stepwise increase in required reserve ratios for client deposits. Holdings of domestic government debt securities rose as well. Demand for government bonds was partly boosted by the permission for the banks to cover part of their total required reserves with benchmark government debt securities.

The net hryvnia corporate loan portfolio continued to decline, having peaked in June 2022. In particular, in Q1, its volume decreased by 4.8% for hryvnia loans and by 5.5% for foreign currency loans in U.S. dollar terms. The decrease in the net hryvnia corporate loan portfolio occurred across all groups of banks. Demand for loans remained subdued. Lending continued mainly under *Affordable Loans 5-7-9%* program, which was redesigned in March 2023. Borrowers' outstanding debt under the program increased by 10.4% qoq. However, the growth in the hryvnia loan portfolio under *Affordable Loans 5-7-9%* program was offset by larger repayments of previously disbursed loans, primarily in agriculture and trade. The loans granted within the program accounted for about one-third of the banks' performing gross hryvnia corporate loan portfolio.

The decline in the net hryvnia retail loan portfolio slowed to 1.9% qoq in Q1, primarily due to the growth in PrivatBank's portfolio. The overall decline was mainly driven by sluggish new lending, which did not compensate for the repayment of previously issued loans. In particular, although mortgages increased in Q1 by UAH 0.6 billion under *eOselia* program offered at the interest rate of 3%, the net hryvnia mortgage portfolio still shrank by 0.8% qoq.

The banks became slower in recognizing war-related loan losses. Overall, the share of NPLs grew by 0.7 pp over the quarter, to 38.8%, and by 12.2 pp since February 2022. The NPL ratio in the retail segment has been rising more rapidly in the first three months of 2023 – by 1.6 pp.

Funding

Liabilities of solvent banks grew by 2.1% in Q1 as businesses and households were actively increasing their deposits. Client deposits accounted for more than 90% of the banks' funding. The share of expensive NBU refinancing in the structure of liabilities halved, reaching 0.9% (the level of mid-2020). As of the end of 2022, the banks' gross external debt fell by 39.7%, to USD 2.1 billion (the level of 2004).

The volume of hryvnia retail deposits decreased in January, but did not change significantly over the quarter (-0.2%). The growth in retail term deposits in the hryvnia accelerated to 9.6% qoq. The growth in term deposits was even across all groups of banks (12%–13%), except for PrivatBank (+2.8%). About half of new hryvnia term deposits were made for one to six months. At the same time, the supply of deposits for up to three months has been declining, with their interest rates being significantly lower than on longer-term deposits.

FX retail deposits increased by 4.3% qoq on the back of active growth in term deposits (up by 13%). Such dynamics were driven by clients purchasing foreign currency in order to make deposits. This instrument accounted for around a third of new deposits. The growth in deposits was most intensive in January–February. Then the trend slowed, and reversed in April.

Hryvnia corporate deposits increased by 7.2%. The increase was primarily driven by state-owned banks, which added 25.6% to the growth. FX corporate deposits grew across all groups of banks, by 12.2% qoq.

The dollarization rate of client deposits rose by 1 pp, to 36%, due to faster growth in FX term deposits compared to those in the hryvnia.

Interest Rates

The NBU's key policy rate remained at 25% per annum. However, changes in the required reserve requirements encouraged the banks to extend the maturity of funding received from their clients. Therefore, the banks continued to compete for client deposits by raising deposit rates for both individuals and businesses. On average, interest rates on 12-month retail deposits rose by 1.2 pp over the quarter, to 13.9% per annum, and rates on three-month deposits increased to 12.4% per annum. The interest rate spread between three-month and one-year deposits hovered above 1.5 pp during the quarter. Corporate loan rates increased to 13.2% per annum. State-owned (except for PrivatBank) and Ukrainian private banks offered high rates on corporate deposits, in particular to state-owned enterprises for a period of more than one month.

Loan rates almost stabilized: during the quarter, interest rates on retail consumer loans fluctuated around 30% per annum on average, and rates on corporate loans were close to 20% per annum. Interest rates were slightly higher for loans to large companies, as they generate a higher concentration risk for the banks and are not subject to the limits under *Affordable Loans 5-7-9%* program.

Financial Results and Capital

In Q1, the sector posted a very high profit of UAH 34 billion. About half of it came from PrivatBank. However, even without the country's largest bank, the sector's ROE was high, at 42.5%. This was primarily due to a significant increase in interest income, especially from securities, against the backdrop of low provisioning. Received profits should help the sector to rebuild its capital and then play an active role in financing the economic recovery. Only five small banks were loss-making in Q1, generating a cumulative loss of UAH 0.04 billion.

Interest income grew more significantly than expenses, mainly due to the investment of spare liquidity in NBU certificates of deposit and domestic government debt securities. The decrease in income from retail lending was offset by an increase in income from corporate lending. The banks' interest expenses rose markedly due to higher deposit rates – primarily interest expenses on corporate deposits, which exceeded the expenses on retail deposits twofold. The increase was partially offset by a decrease in the cost of servicing refinancing loans. Over the quarter, net interest income rose by 41.4% yoy.

The shelling of energy infrastructure at the start of the year and the seasonal factor had a moderate impact on the dynamics of net fee and commission income. In Q1, it decreased by 15% qoq, but grew by 20.4% yoy. An increase in operating income was further supported by profit from foreign exchange transactions, which grew by 2.3 times year-on-year. The high year-on-year growth rates of key indicators were also driven by the low base effect.

The banks' operational efficiency remained high. Operating expenses declined, whereas income grew. The cost-to-income ratio (CIR) was 35.6%, down from 54.1% in Q1 2022. At the end of the quarter, 57 institutions received operating profit.

Improved economic conditions, restructuring carried out during martial law, and access to lending under government programs mitigated the risk for the banks. Some of them, including three state-owned banks, even released a part of their provisions. Cumulatively net loan loss provisions were as low as UAH 1.8 billion (-90.2% yoy), with another UAH 2 billion of provisions made for other assets.

Prospects and Risks

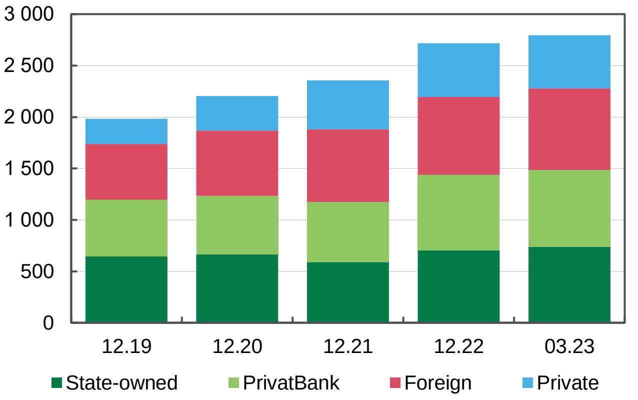
As credit risk remains key for banks, the NBU has launched a resilience assessment of the banks and banking sector to determine the actual quality of the loan portfolio and to assess the potential capital needs. This year, 20 largest banks will undergo the assessment. At the start of 2024, the banks with identified needs for a capital increase will draw up action plans for capital recovery. Given the sector's current performance, the primary action should be to ensure operating profitability.

The role of state-owned banks continues to strengthen, posing elevated concentration risks and potentially complicating the further privatization of these banks. To mitigate these risks, the strategy on reduction of the state's share in the sector should be implemented, in line with Ukraine's arrangements with the IMF. One of the preconditions for this is further access to government lending support programs for banks of all groups.

Sector Structure

Total assets grew by 2.9% in Q1, the growth being generated mainly by state-owned banks. In Q1, the number of operating banks decreased by two: Forward Bank (0.1% of the sector's net assets) was declared insolvent, and the procedure to liquidate the bank was initiated due to its failure to bring its activities in line with the Ukrainian law; Ibox Bank (0.1% of the sector's net assets) had its banking license revoked, and liquidation procedure was initiated due to the bank's violation of the legislation on anti-money laundering and countering the financing of terrorism.

Figure 1. Banks' total assets, UAH billions*



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

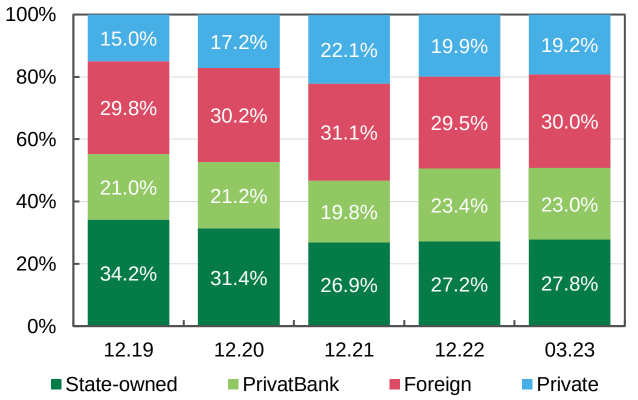
Table 1. Number of banks*

	2019	2020	2021	2022	Q1.23
Solvent	75	73	71	67	65
Change	-2	-2	-2	-4	-2
State-owned, incl. PrivatBank	5	5	4	4	4
Change	0	0	-1	0	0
Foreign-owned	20	20	20	16	15
Change	-1	0	0	-4**	-1
Private	50	48	47	47	46
Change	-1	-2	-1	0**	-1

* As of end of period.
** Two foreign-owned banks were moved to the group of private banks. Two other private banks were liquidated in 2022.

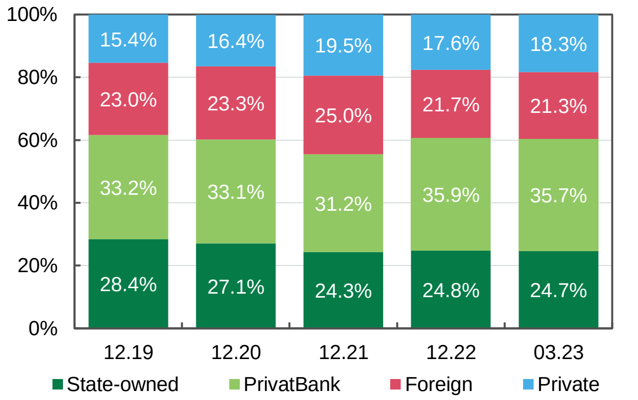
State-owned banks, including PrivatBank, continue to account for more than a half of the sector's assets – 50.9% by net assets and 60.4% by retail deposits. The share of private banks in retail deposits grew somewhat, by 0.7 pp.

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



* Quarterly data, including adjustment entries.

Figure 3. Distribution of retail deposits by group of banks



From the start of the full-scale war, the share of the top 5 banks in net assets grew by 3.3 pp, while the share of the top 20 banks rose by 2.5 pp. In particular, in Q1, the concentration in the sector's net assets increased somewhat for state-owned banks and some foreign-owned banks.

Figure 4. Largest banks' share of sector net assets

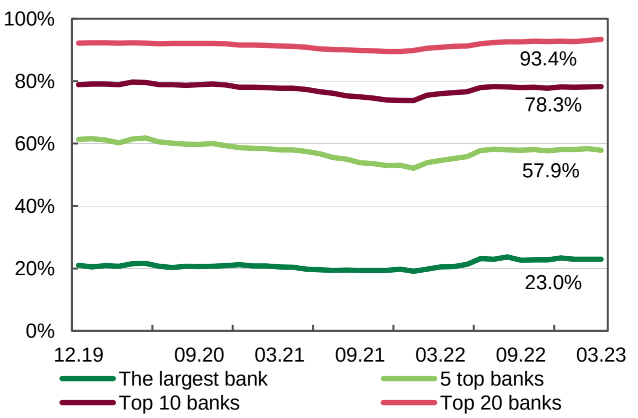
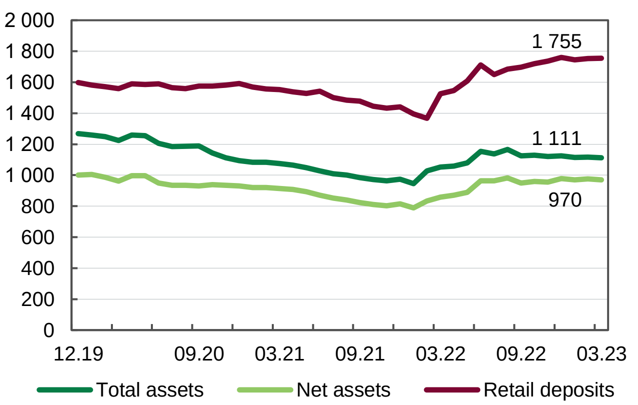


Figure 5. Sector concentration as defined by the HHI*

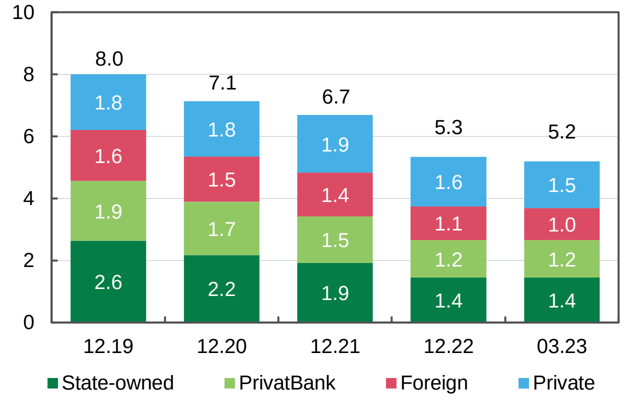


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

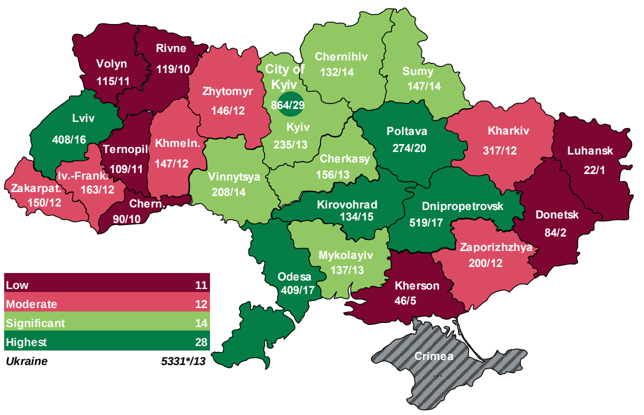
The number of bank structural units decreased slightly in Q1. State-owned banks and foreign-owned banks closed the largest number of branches. New branches were opened primarily by private banks. Overall, the number of structural units declined by 144 in Q1, with the largest cuts in Kyiv.

Figure 6. Number of bank structural units*, thousands



* Standalone bank structural units and head offices.

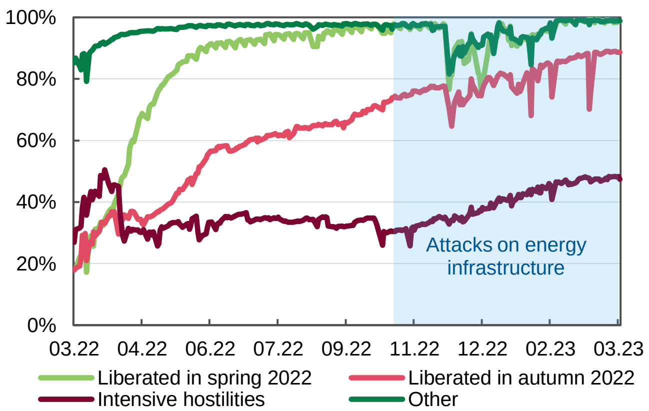
Figure 7. Operating bank structural units by region as of 1 April 2023, structural units per 100,000 individuals*



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

Attacks on energy infrastructure continued in Q1, but the banks maintained stable functioning of branches and resumed operations in regions de-occupied earlier.

Figure 8. Share of operating branches of systemically important banks

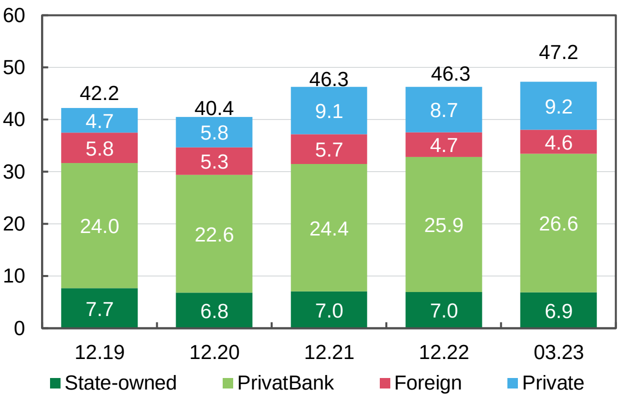


Regions are classified into three groups: "Liberated in spring 2022" – Kyiv city and Kyiv, Sumy, and Chernihiv oblasts; "Liberated in autumn 2022" – Kharkiv and Mykolaiv oblasts; "Intensive hostilities" – Donetsk, Luhansk, Zaporizhzhia, and Kherson oblasts.

Source: a survey of systemically important banks.

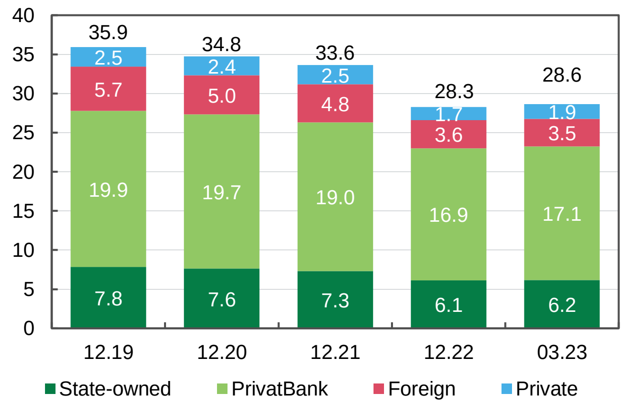
The number of active payment cards continued to increase. In Q1, PrivatBank and privately-owned banks were leading in terms of growth in the number of active payment cards.

Figure 9. Number of active payment cards by bank group, millions of pieces



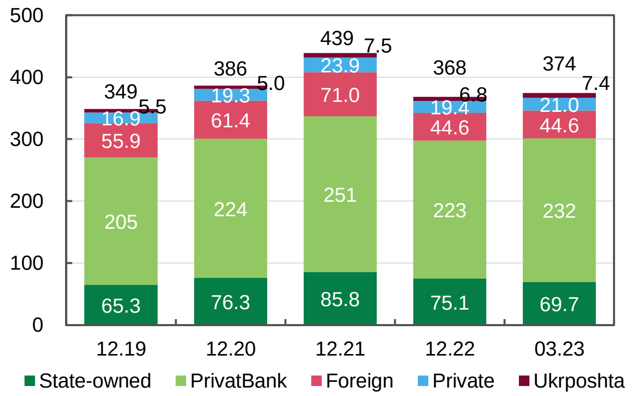
The network of POS terminals has been recovering for three quarters running. In Q1, the largest increase was made by PrivatBank and foreign-owned banks (+9,100 and +1,600 terminals, respectively). State-owned banks somewhat reduced the number of POS terminals. The ATM network slightly grew.

Figure 10. Number of banks' ATMs*, thousands of units



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

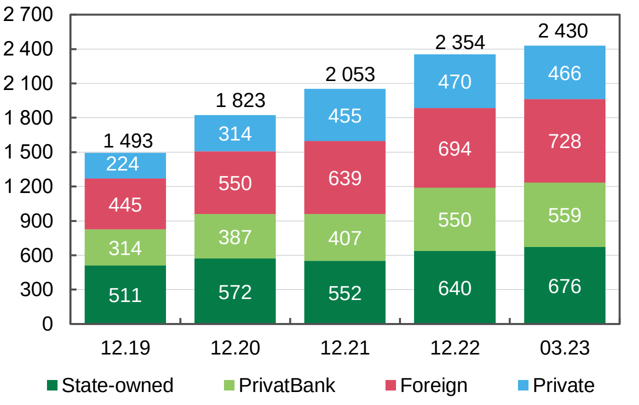
Figure 11. Number of POS terminals, thousands of units



Assets

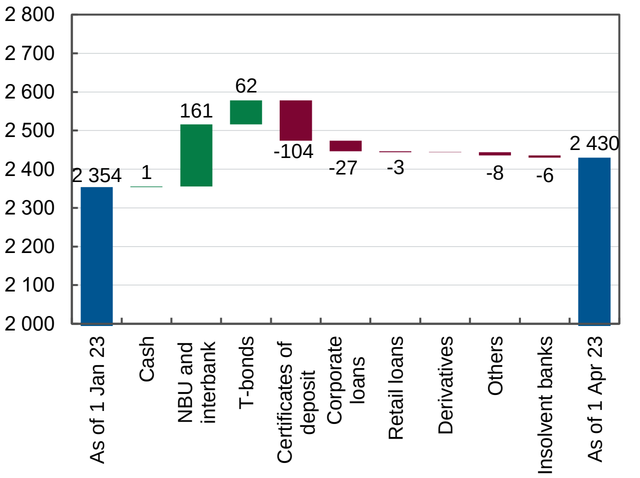
The banks' net assets increased by 3.2% in Q1. Funds with the NBU grew the most on the back of an increase in bank required reserve ratios for retail and corporate demand deposits and current accounts and an increase in the portfolio of domestic government debt securities as the banks were allowed to cover up to 50% of their total required reserves with benchmark domestic government debt securities.

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



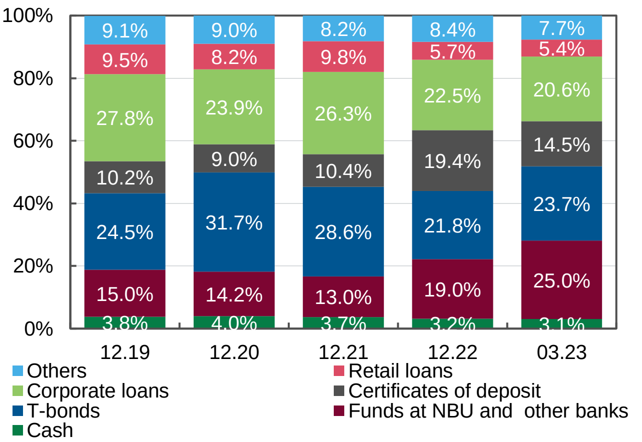
* Adjusted for loan loss provisions of banks. Quarterly data, including adjustment entries.

Figure 13. Change in net assets by component in Q1 2023, UAH billions



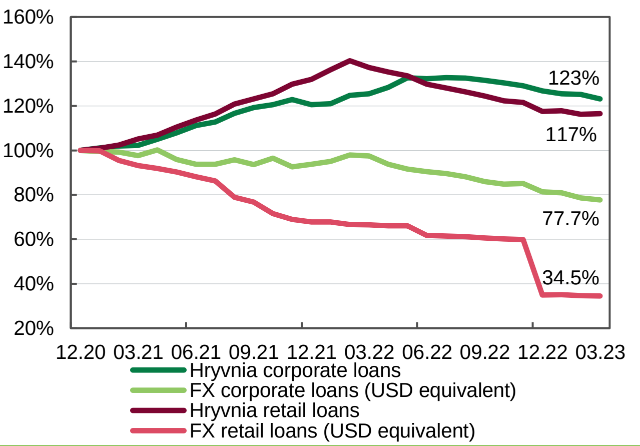
Gross hryvnia corporate loans have been declining for three quarters running, despite the increase in volumes of support provided under government programs. The decline in gross hryvnia retail loans slowed. On the other hand, the share of funds with the NBU and other banks and holdings of domestic government debt securities grew by 7.9 pp, while the share of NBU certificates of deposit shrank to 4.9 pp.

Figure 14. Sector net assets by component*



* Adjusted for loan loss provisions of banks. Quarterly data, including adjustment entries.

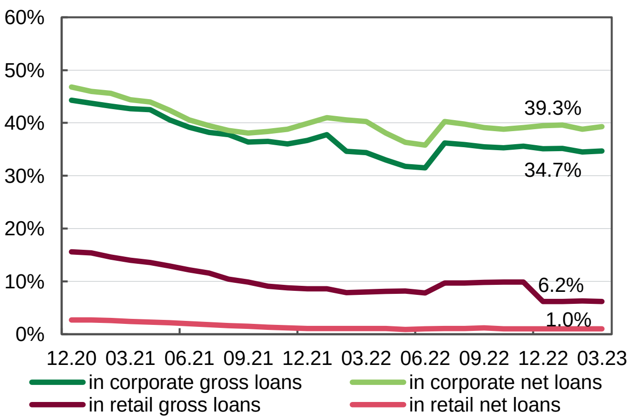
Figure 15. Gross corporate and retail loans, 2020 = 100%



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

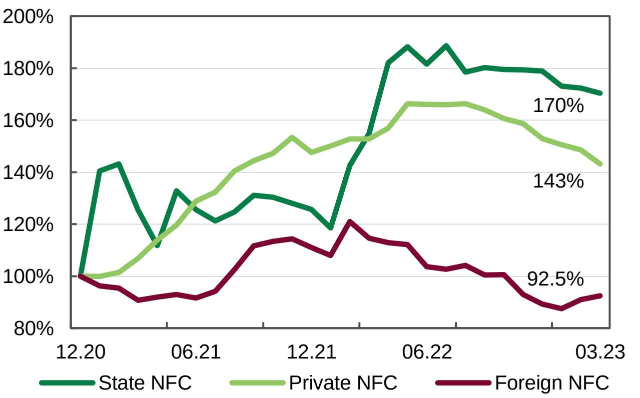
The dollarization of net corporate loans decreased by 0.4 pp in Q1 due to a faster decline in FX loans.

Figure 16. Share of FX loans



Net loans to private corporations decreased the most in Q1, by 10 pp. At the same time, net loans to foreign-controlled corporations were on the rise.

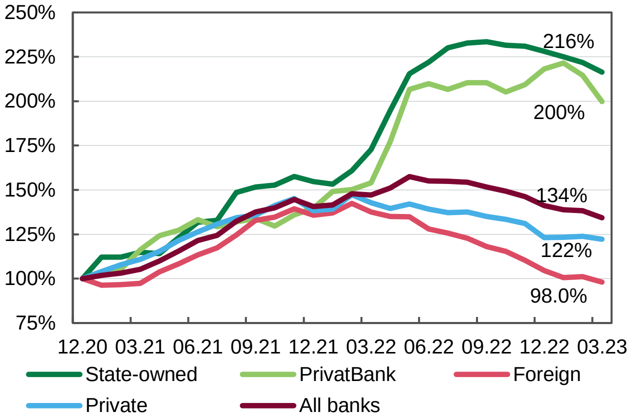
Figure 17. Net hryvnia loans to nonfinancial corporations (NFCs), 2020 = 100%*



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

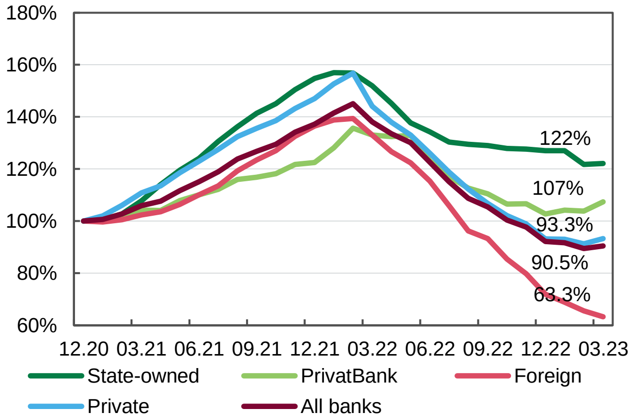
Net hryvnia corporate loans dropped by 4.8% in Q1. The largest decreases in hryvnia corporate lending were reported by PrivatBank and foreign-owned banks – 8.4% and 6.2%, respectively. The decline in net hryvnia retail loans slowed to 1.9% in Q1. In particular, the growth in lending at PrivatBank was 4.6%.

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



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

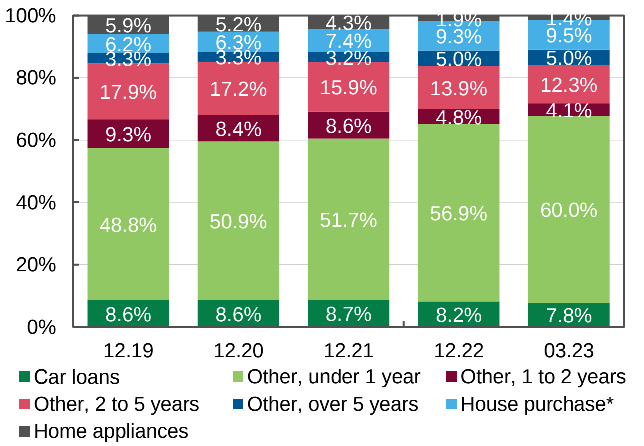
Figure 19. Net hryvnia retail loans, 2020 = 100%*



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

In Q1, the share of consumer loans (for up to one year) in retail loans grew by 3.1 pp on the back of new lending. Volumes of loans for other purposes decreased.

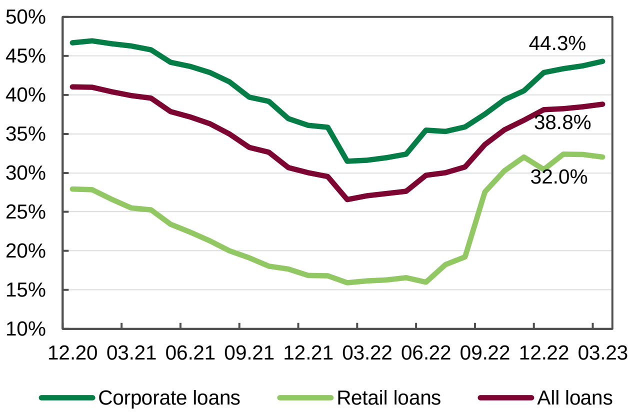
Figure 20. Net hryvnia retail loans by purpose



* For the purchase, construction, and renovation of real estate.

The NPL ratio in Q1 rose by 0.7 pp, to 38.8%.

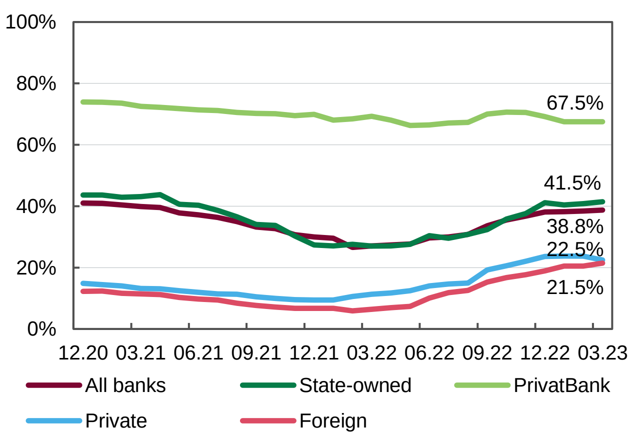
Figure 21. Banks' NPL ratios*



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

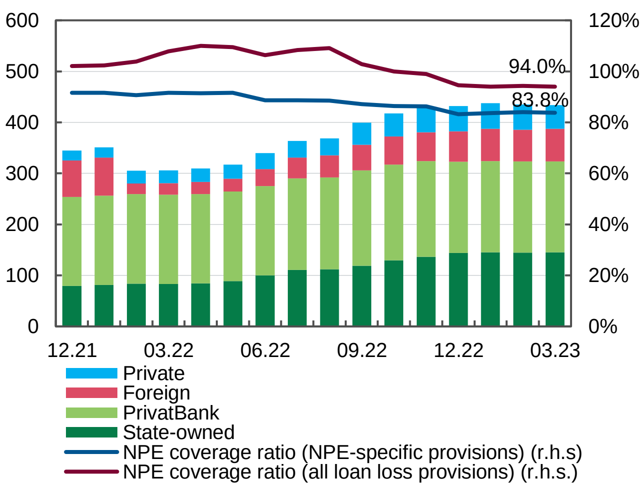
In Q1, the NPL ratio rose the most at foreign-owned banks by 2.6 pp, to 21.5%. At the same time, PrivatBank's NPL ratio declined somewhat due to new loans issued to retail clients.

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 (in UAH billions) and provisions*



* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities. Quarterly data, including adjustment entries, Q1 excluded.

Funding

The volume of solvent banks' liabilities rose by 2.1% qoq in Q1, primarily due to the sizeable growth in deposits of retail clients and businesses. Liabilities grew the fastest at state-owned and foreign-owned banks.

Figure 24. Liabilities across groups of banks, UAH billions

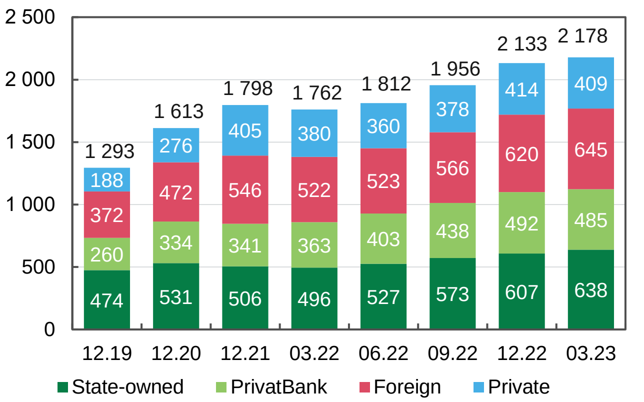
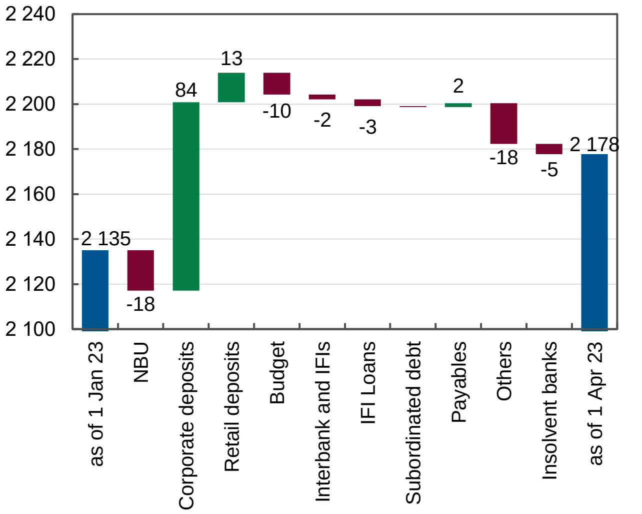
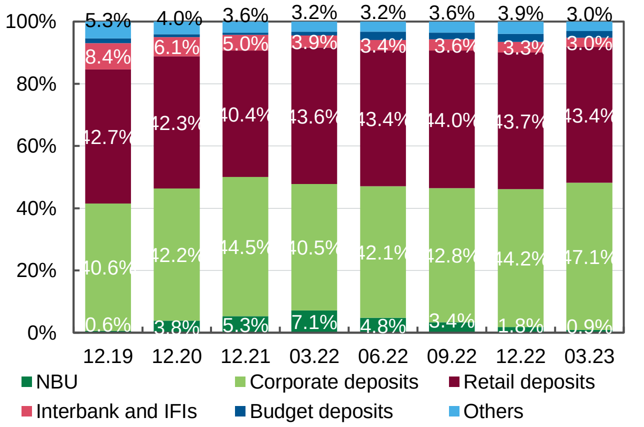


Figure 25. Changes in liabilities in Q1 2023 by component, UAH billions



Client deposits as a share of liabilities increased by 2.6 pp, to 90.4%, due to rapid growth in corporate deposits and further decreasing share of NBU refinancing loans.

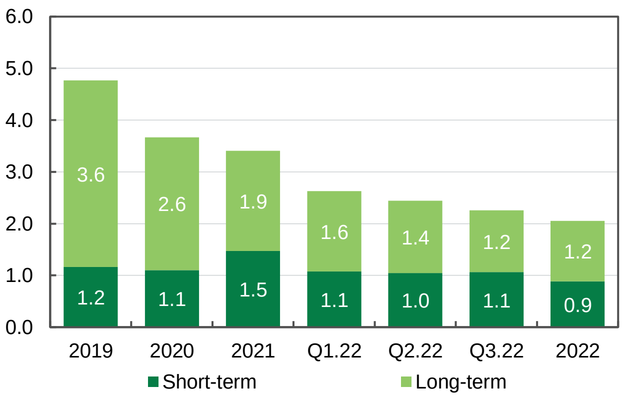
Figure 26. Structure of bank liabilities*



* Including certificates of deposit.

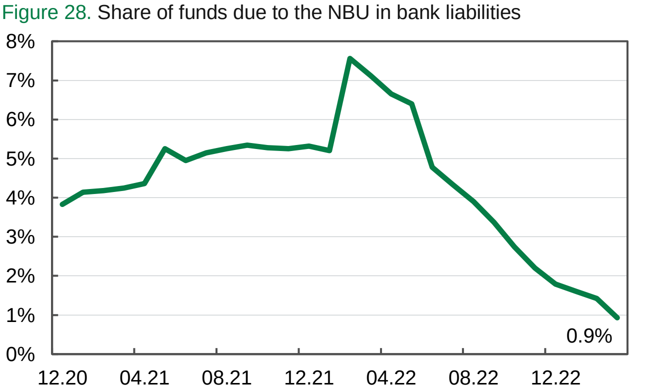
In Q4 2022, the gross external debt of banks declined by 8.9% (-39.7% yoy), to USD 2.1 billion, as short-term liabilities were gradually repaid.

Figure 27. Gross external debt of banks, USD billions



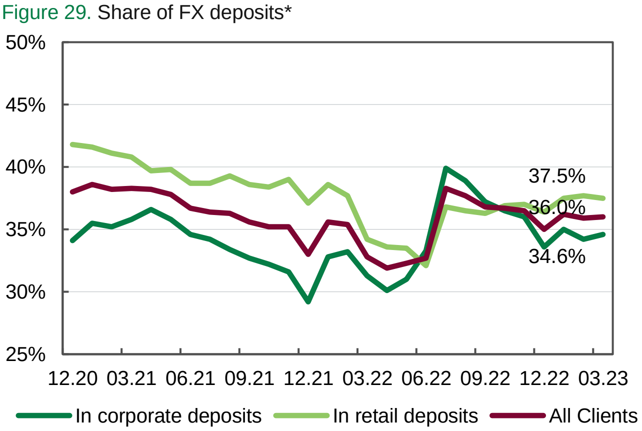
As expensive refinancing loans continued to be replaced with client deposits, the share of NBU funds in the liabilities of the banks contracted by 0.9 pp, to 0.9%, the lowest level since July 2020.

Figure 28. Share of funds due to the NBU in bank liabilities



The dollarization rate of client deposits rose slightly (+1 pp) due to rapid growth in FX term deposits and a decrease in the share of hryvnia current accounts.

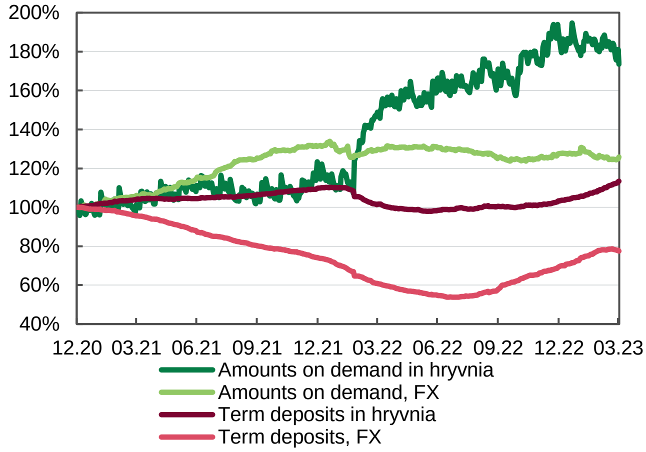
Figure 29. Share of FX deposits*



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

Over the quarter, hryvnia retail deposits remained almost unchanged (-0.2%), and FX retail deposits rose by 4.3%. On the other hand, term deposits grew actively across all currencies – by 9.6% in hryvnia and by 13% in foreign currencies.

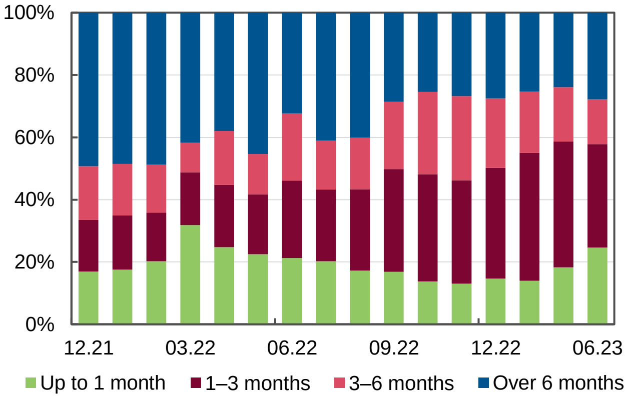
Figure 30. Retail deposits, 2020 = 100%*



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

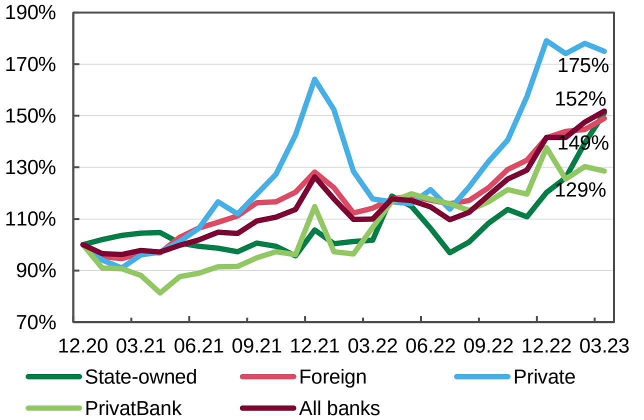
The share of new short-term deposits with maturity of up to one month increased by 9.9 pp over the quarter. After a short period of growth, the share of deposits for 1–3 months was again a third.

Figure 31. New retail term deposits by maturity



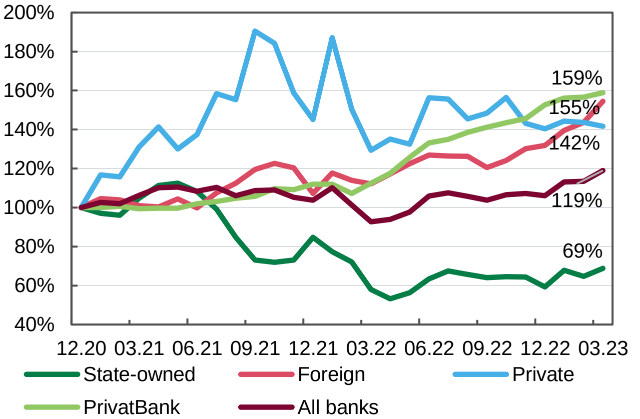
In Q1, hryvnia deposits of corporate clients increased by 7.2%, as they grew rapidly at state-owned banks (by 25.6%) and at foreign-owned banks (by 5.4%). The rise in FX corporate deposits was larger (up by 12.2%). FX corporate deposits grew the most at foreign-owned banks, by 17.2%, and at state-owned banks, by 16.1%.

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



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

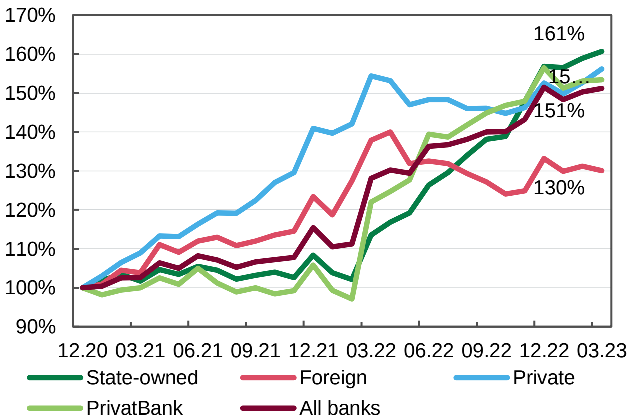
Figure 33. FX corporate deposit (in U.S. dollar equivalent) by group of banks, 2020 = 100%*



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

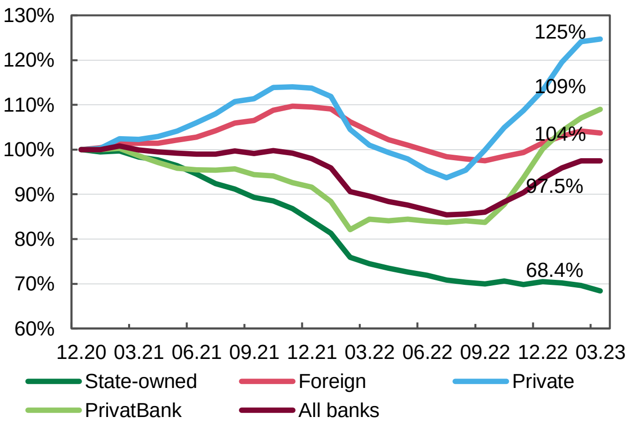
Overall, hryvnia retail deposits remained almost unchanged over the quarter (-0.2%). That said, the banks actively increased volumes of retail term deposits in the hryvnia – by 9.6% qoq. This was driven by the NBU's new reserve requirements. Volumes of FX retail deposits rose by 4.3% at all banks except for state-owned ones. The largest inflows of FX deposits were seen at privately-owned banks (+10.2%) and PrivatBank (8.9%).

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



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

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

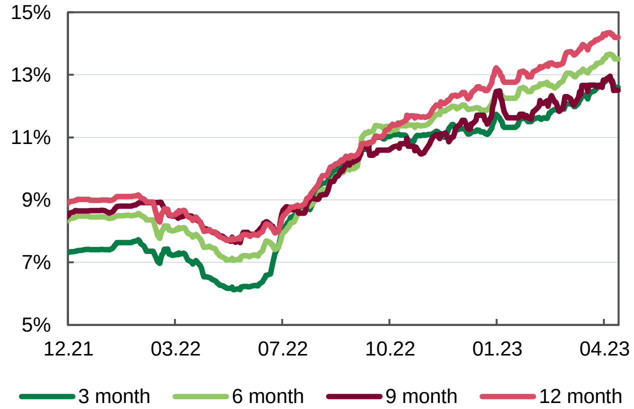


* Issued by banks that were solvent as of 1 April 2023.

Interest Rates

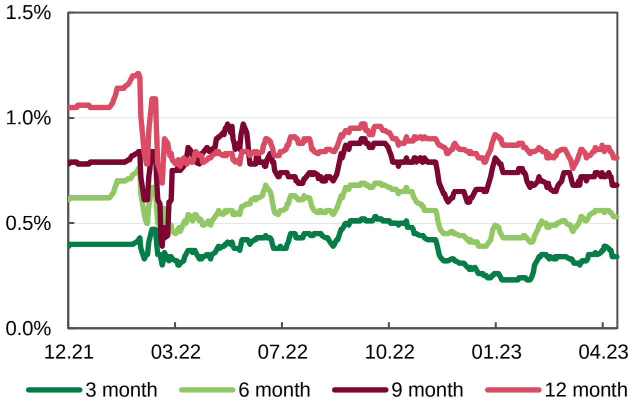
Interest rates on 12-month hryvnia deposits increased by 1.2 pp in Q1, to 13.9% per annum, while that on 3-month hryvnia deposits was up to 12.4% per annum. The rates grew by another 0.3 pp in April. The spread between interest rates on 3-month and 12-month deposits hovered above 1.5 pp.

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



* Thomson Reuters data, 5-day moving average.

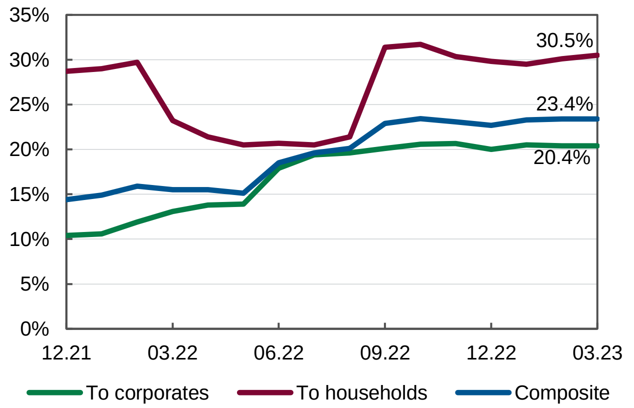
Figure 37. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

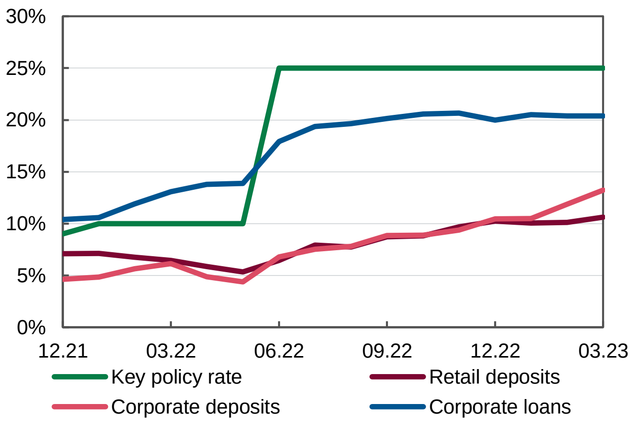
In Q1, interest rates fluctuated around 30% per annum for retail loans and around 20% per annum for corporate loans. The cost of corporate deposits increased to 13.2% per annum. Despite the growth in rates on term deposits, the average cost of retail deposits remained almost unchanged due to the rising share of cheaper deposits under a month.

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



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

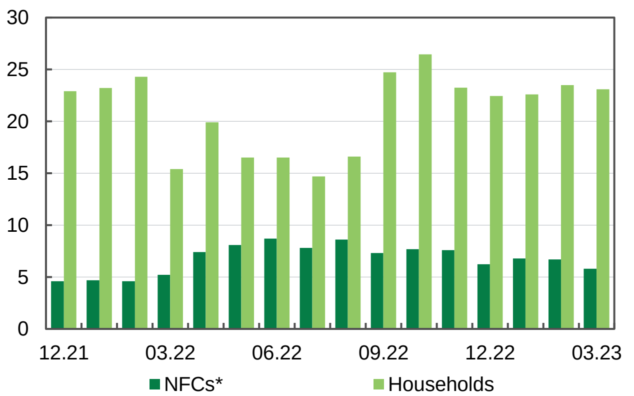
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

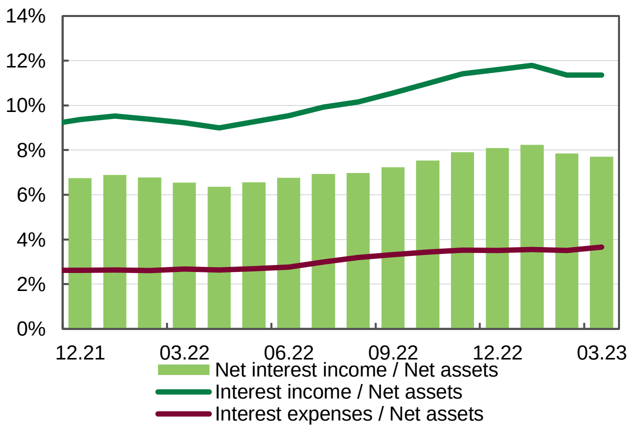
The spread between rates on new corporate loans and deposits narrowed as a result of an increase in deposit rates. In the retail segment, the spread exceeded 20 pp. Interest margin started to shrink mostly due to a decline in the ratio of interest income to assets.

Figure 40. Spread between 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.

Figure 41. Banks' interest margin*

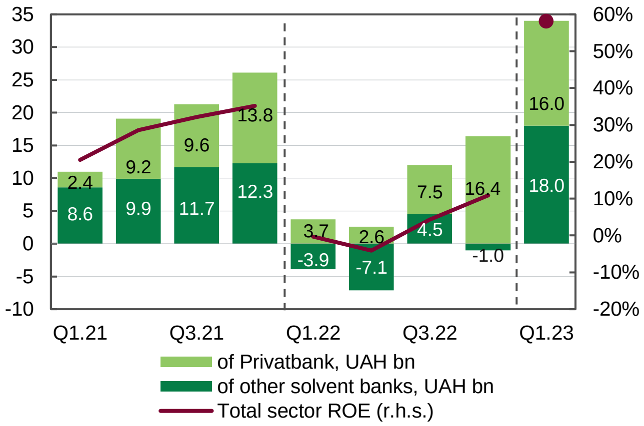


* Net interest income to trailing average of net assets for the reporting month and previous two months. * Including insolvent banks.

Financial Results and Capital

The sector received UAH 34 billion in profits in Q1 2023, with almost a half of this amount generated by PrivatBank.

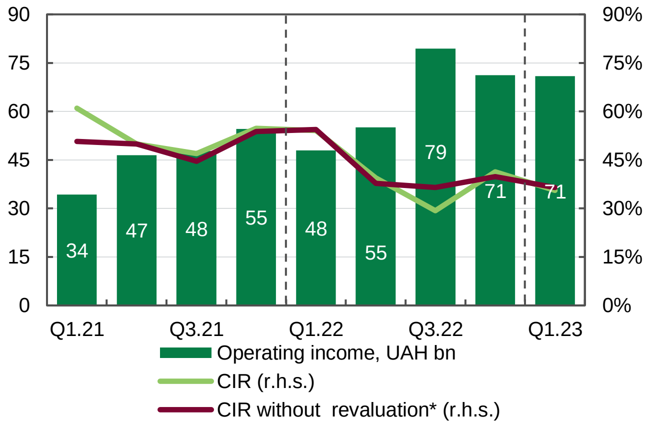
Figure 42. Profit/loss* and return on equity of banks



* Quarterly data, including adjustment entries.

The sector's operational efficiency remained high: the CIR* was 35.6%, compared to 54.1% last year.

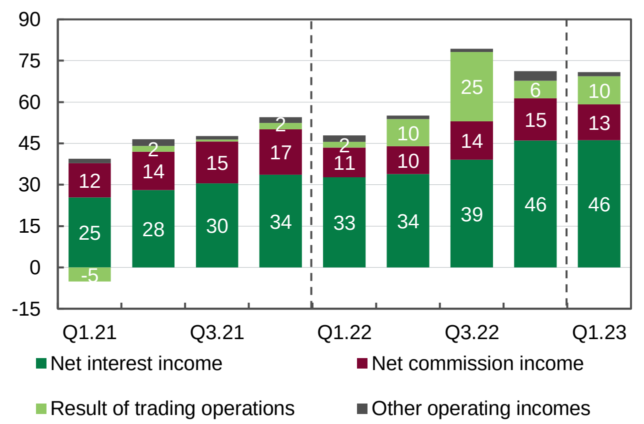
Figure 43. Operating income and operational efficiency of banks



* Foreign currencies, securities, and derivatives. CIR (Cost-to-Income Ratio) is the ratio of operating expenses to operating income.

Net interest income increased by 41.4% yoy in Q1. Net fee and commission income rose by 20.4% yoy. Income from purchasing and selling foreign currency was also significant.

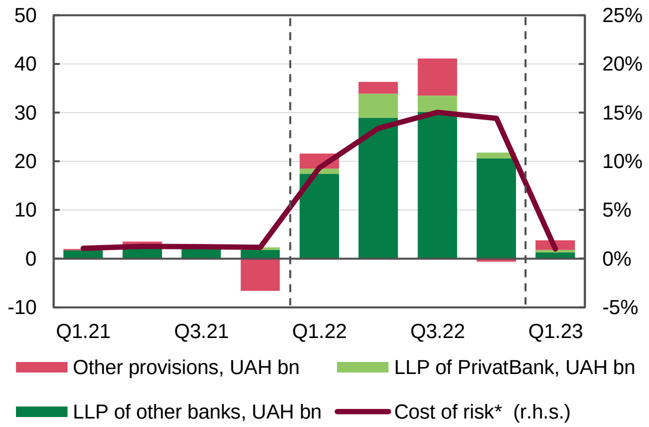
Figure 44. The banks' operating income components for the period*, UAH billions



* Quarterly data, including adjustment entries.

Loan loss provisions in Q1 were as low as UAH 1.8 billion, or 1% of the loan portfolio. Another UAH 1.5 billion was allocated as provisions for domestic government debt securities.

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



* Annualized loan loss provisions created from the start of the year to the net loan portfolio.
** Quarterly data, including adjustment entries.

Regulatory capital adequacy ratio increased by 1.1 pp in Q1, while the sector's regulatory capital rose by 4.1% due to this year's higher estimated profits.

Figure 46. Regulatory capital and the regulatory capital adequacy ratio

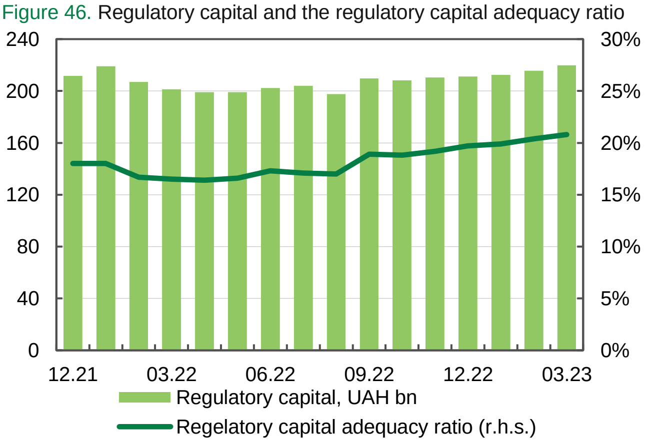
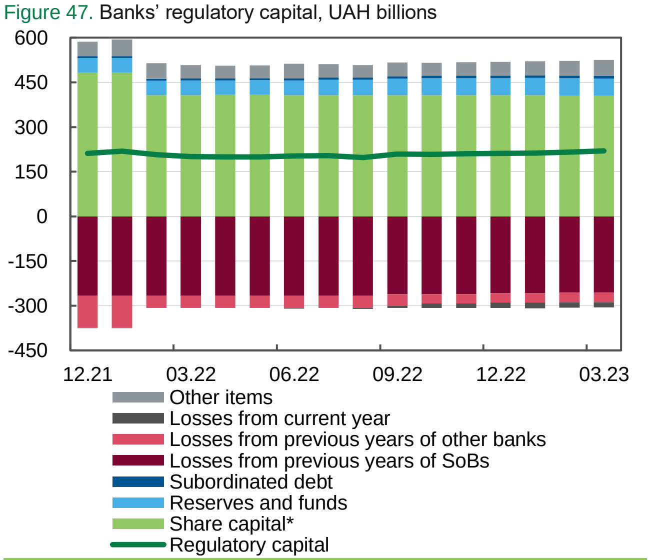


Figure 47. Banks' regulatory capital, UAH billions



* Registered and unregistered authorized capital.

Table 2. Key banking sector indicators[1]

	2016	2017	2018	2019	2020	2021	2022	Q1.23
Number of operating banks	96	82	77	75	73	71	67	65
General balance sheet indicators (UAH billions)[2]								
Total assets	1,737	1,840	1,911	1,982	2,206	2,358	2,718	2,796
of which in foreign currencies:	788	755	779	718	746	679	820	871
Net assets	1,256	1,334	1,360	1,493	1,823	2,053	2,354	2,430
of which in foreign currencies:	519	507	495	492	585	583	732	785
Gross corporate loans[3]	847	864	919	822	749	796	801	773
of which in foreign currencies:	437	423	460	381	332	292	281	268
Net corporate loans[3]	477	451	472	415	432	540	529	501
Gross retail loans	157	171	197	207	200	243	210	206
of which in foreign currencies:	83	68	61	38	31	21	13	13
Net retail loans	76	92	114	143	149	200	134	130
Corporate deposits[3]	413	427	430	525	681	800	943	1,025
of which in foreign currencies:	177	163	150	191	233	233	317	355
Retail deposits[4]	437	478	508	552	682	727	933	945
of which in foreign currencies:	239	244	241	238	285	270	340	355
Change (yoy, %)								
Total assets	10.6%	5.9%	3.8%	3.7%	11.3%	6.9%	15.3%	24.1%
Net assets	0.2%	6.2%	1.9%	9.8%	22.1%	12.6%	14.6%	23.3%
Gross corporate loans[3]	2.0%	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.6%
Gross retail loans	-10.4%	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%	-17.6%
Corporate deposits[3]	18.2%	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%	43.8%
Retail deposits[4]	8.7%	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%	23.0%
Penetration[5] (%)								
Gross corporate loans[3]/GDP	35.5%	29.0%	25.8%	20.7%	17.7%	14.6%	15.4%	14.5%
Net corporate loans[3]/GDP	20.0%	15.1%	13.3%	10.4%	10.2%	9.9%	10.2%	9.4%
Gross retail loans/GDP	6.6%	5.7%	5.5%	5.2%	4.7%	4.5%	4.0%	3.9%
Net retail loans/GDP	3.2%	3.1%	3.2%	3.6%	3.5%	3.7%	2.6%	2.4%
Corporate deposits[3]/GDP	17.3%	14.3%	12.1%	13.2%	16.1%	14.7%	18.2%	19.2%
Retail deposits/GDP	18.3%	16.0%	14.3%	13.9%	16.2%	13.3%	18.0%	17.7%
Profit or Loss[6] (UAH billions)								
Net interest income	44.2	53.0	73.0	78.9	84.8	117.6	151.7	46.2
Net fee and commission income	24.2	27.5	37.8	44.0	46.5	58.0	50.1	13.0
Provisions	198.3	49.2	23.8	10.7	31.0	3.4	120.2	3.8
Net profit/loss	-159.4	-26.5	22.3	58.4	39.7	77.4	22.8	34.1
Memo items:								
UAH/USD (period average)	25.55	26.60	27.20	25.85	26.96	27.29	32.34	36.57
UAH/USD (end-of-period)	27.19	28.07	27.69	23.69	28.27	27.28	36.57	36.57
UAH/EUR (period average)	28.29	30.00	32.14	28.95	30.79	32.31	33.98	39.22
UAH/EUR (end-of-period)	28.42	33.50	31.71	26.42	34.74	30.92	38.95	39.78

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

[2] Including accrued income/expenses.

[3] Including nonbank financial institutions.

[4] Including certificates of deposit.

[5] From 2014 through 2022, GDP data excludes data for the temporarily occupied territory of Crimea, the city of Sevastopol, and the temporarily occupied territories of Donetsk and Luhansk oblasts;

data for 2023 uses GDP estimates from the April 2023 Inflation Report.

[6] Including adjustment entries.

Notes

The source for the data is the National Bank of Ukraine, unless otherwise noted. Data for 2022 and 2023 take into account adjusting entries (except for data of one or two small banks that have not submitted their balance-sheet data with adjusting entries, depending on the date).

The sample 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 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