National Bank of Ukraine

Results of 2025 Resilience assessment of Ukrainian banks and banking system

September 2025

Summary of the resilience assessment

- The 2025 banks' resilience assessment comprised :
  - Asset quality review (AQR) and collateral eligibility assessment, performed by external auditors for all banks.
  - Extrapolation of AQR results (if needed) and setting required capital ratios for smaller banks.
  - Stress tests and setting required capital ratios for the largest banks.
- Adjustment to war-timed conditions and normalization of banks' functioning allowed for returning to pre-war practice of stress-testing under two macroeconomic scenarios, the baseline and the adverse one.
- Baseline scenario's role is to provide a comparison basis for the adverse scenario, and none of the scenarios is a forecast.
- The NBU stress-tested 21 bank that account combined for over 90% of banking sector assets. The scope covered banks that had the highest average weighted readings of three indicators: risk-weighted assets, retail loans and deposits.
- Resilience assessment results by individual banks will be published by the end of this year.

Approaches to building scenarios

- The **baseline** scenario builds on NBU's public forecast. Exchange rates for the baseline scenario come from the consensus of forecast of the *Focus Economics*.
- The **adverse** scenario assumes a rather deep and protracted crisis, which is realistic, but not a catastrophic one; it should sufficient to ensure bank resilience under a crisis without a need to introduce temporary regulatory relaxations.
- Under the **adverse** scenario ***credit, interest rate, FX, and operational risks*** materialize:
  - ✓ ***Credit risk*** arises from the loan portfolio deterioration. The parameters of the quality deterioration are identified individually for large corporate borrowers and on portfolio basis for the rest of loans.
  - ✓ ***Interest rate risk*** materializes due to unchanged yield on assets and growing cost of liabilities.
  - ✓ ***Currency risk*** materializes through revaluation of open currency position, change in FX risk component of market risk, and, indirectly, through credit and interest rate risks.
  - ✓ ***Operational risk*** materializes because of extra losses from operational risk in year one of the adverse scenario.
- The capital thresholds that banks have to comply with under stress test scenarios, for the first time since the launch of the regular stress testing, equaled minimum regulatory requirement even under the adverse scenario.

Banks’ distribution by the resilience assessment approach

Number at the start of the year

61 bank

Went through the resilience assessment

60 banks

Went through the AQR only

39 banks

Went though both AQR and the stress test

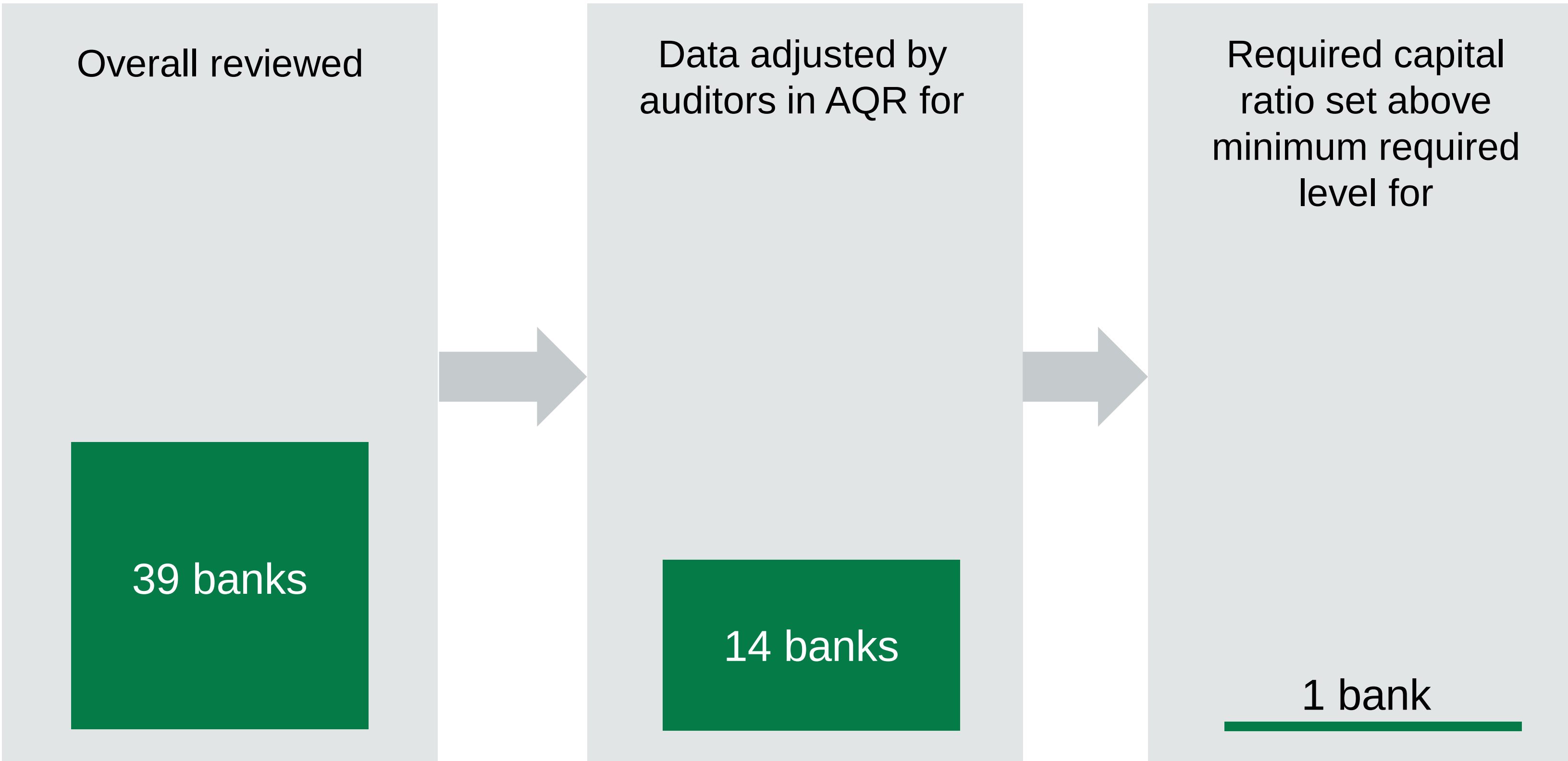
21 bank

Did not take part in the resilience assessment

1 bank*

* Bank “Portal" has surrendered its banking license while remaining a legal entity.

Results of banks that were only reviewed under AQR



- Overall, auditors made minor adjustment to credit risk that did not affect capital adequacy ratios of most of the banks that were reviewed only under the AQR.
- Only one bank had its required capital ratio set above the minimum required level based on two initial stages of the assessment.

Results for stress-tested banks

Overall stress-tested

21 bank

Higher required capital adequacy ratios under the baseline scenario set for

6 banks

Higher required capital adequacy ratios under the adverse scenario set for

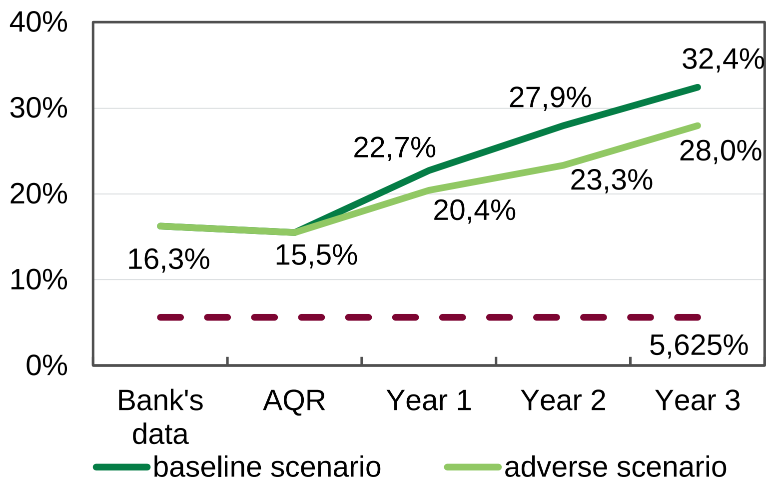
9 banks

- Out of 21 stress-tested banks, 9 had higher required capital adequacy ratio set for them.
- These banks account combined for 18% of sector's assets; however, of those institutions, two state-owned and one private banks with 13% of assets, have the capital need only under the adverse scenario.
- Only banks holding 3% of assets have to raise capital to required levels under the baseline scenario, the rest of them already have sufficient capital ratios.
- All 9 financial institutions have to develop and implement restructuring/recapitalization programs in order to limit vulnerability to risks and enhance their resilience and economy's stability.

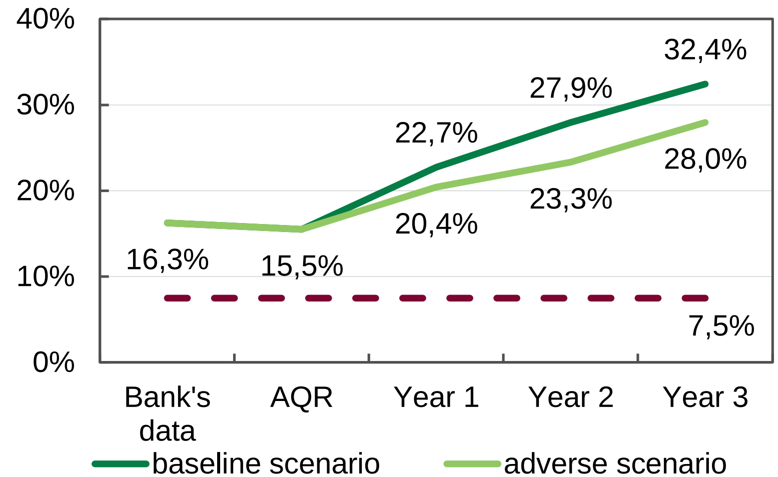
Results of 2025 banks' stress test

Average weighted capital adequacy ratios based on the stress test

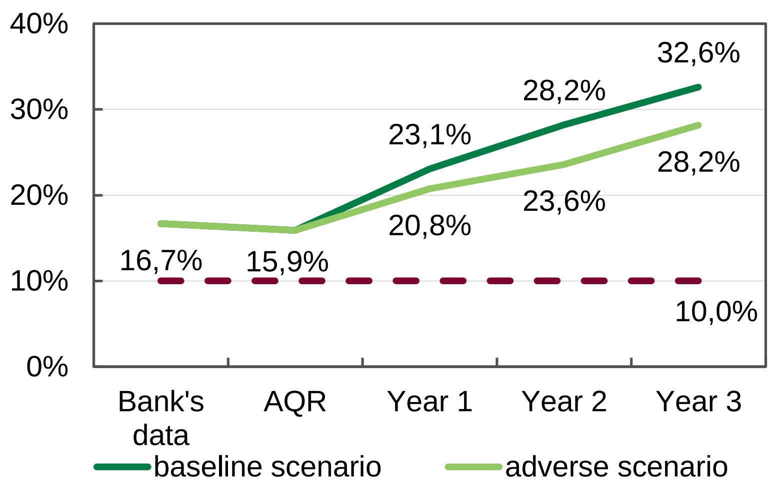
CET 1



Tier 1 capital



Regulatory capital

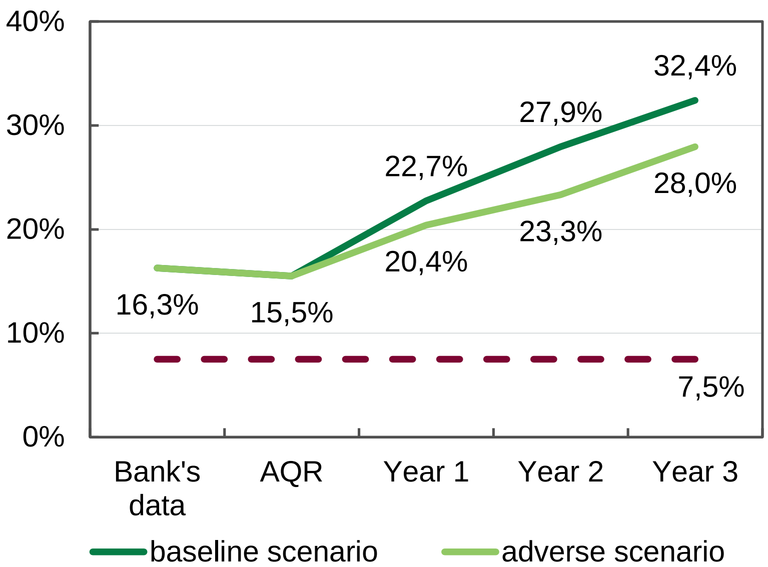


- Banks' capital, based on stress test results, increases both under the baseline and adverse scenarios.
- Capitalization increases due to the underlying assumptions of the stress test: static balance sheet and profit capitalization.
- In practical terms, the results show that the banks will remain capable of increasing transactions even under the crisis.

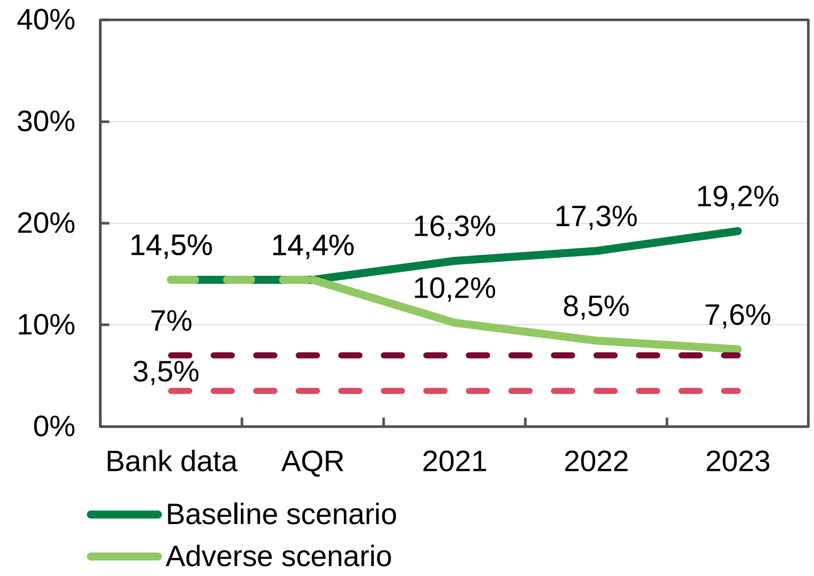
Source: NBU.

Comparison of 2025 and 2021 stress test results

Banks' average weighted Tier 1 capital adequacy ratio based on 2025 stress test results



Banks' average weighted core capital adequacy ratio based on 2021 stress test results



Source: NBU.

- Based on 2025 stress results, unlike in 2021, banks' capitalization rises under both scenarios.
- The number of banks with higher capital ratio required more than halved, from 20 (out of 30 stress tested ones) to 9 banks, and the estimated capital needs fell by almost three times.
- Overall, estimated capital need based on the stress test results stands at around 5% of the total regulatory capital of the banking system as of early 2025.