National Bank of Ukraine

Banking Sector Review

November 2023

Key trends in the banking sector remained unchanged in Q3 2023. Thus, funding continued to grow, driven by retail deposits and even more so by corporate ones. The share of households' hryvnia term deposits increased, albeit more slowly than in H1. On asset side, investments in domestic government debt securities and NBU certificates of deposit grew the fastest. At the same time, the banks increased their net hryvnia corporate loan portfolio for the first time since Q3 2022. The growth in consumer loans continued for the second straight quarter. Significant interest income drove further growth in the sector's revenues. The banks retained their high operational efficiency and kept their provisioning costs at a minimum. Thanks to the above factors, the sector generated higher profits. The accumulated capital stock will allow the banks to meet all current and planned solvency requirements.

Sector Structure

In Q3 2023, the number of operating banks decreased by 2, to 63 institutions: in August, Concord Bank was removed from the market and its liquidation began due to its systematic violation of anti-money laundering requirements; and in September, Ukrbudinvestbank was classified as insolvent because of its non-compliance with restrictions and failure to meet regulatory requirements. These financial institutions accounted for 0.17% and 0.04% of solvent banks' assets, respectively, so their withdrawal from the market did not affect the banking sector.

In Q3, the share of net assets of state-owned banks increased by 3.2 pp, to 53.3%, taking into account the transfer of systemically important Sense Bank to this category.

Assets

Net assets of solvent banks grew by 3.3% in Q3. The increase was primarily driven by the growth in holdings of three-month NBU certificates of deposit (mainly held by state-owned banks) and domestic government debt securities. The net hryvnia corporate loan portfolio grew in October for the fourth month in a row after a long-lasting slump. Overall, in Q3, the hryvnia corporate loan portfolio increased by 4.8%, while the FX loan portfolio decreased by 1.3% in U.S. dollar terms. Volumes of hryvnia loans to small and medium-sized enterprises (SMEs) grew by 4.3% qoq. The share of SME loans reached 55% of the net hryvnia loan portfolio, but only 14% of net loans were granted to companies outside of business groups. PrivatBank and Ukrainian private banks saw the largest increases in hryvnia corporate loans.

Most of the lending continues to take place under *Affordable Loans 5%–7%–9%* program: the total volume of loans granted under the program increased by 10% qoq. Both in the program and overall, the volume of loans to trading and agricultural companies increased the most. Loans under the program accounted for more than 40% of the gross performing portfolio of hryvnia corporate loans.

The volume of net hryvnia retail loan portfolio continued to grow (by 9.2% in Q3), thanks to the recovery of card lending. The two leading banks in terms of retail portfolios generated ¾ of this increase. Also, in Q3, the volume of net mortgage loans rose by 18.7%, or UAH 2.4 billion, thanks to the issuance of UAH 2.9 billion of loans under *eOselia* program.

For the third quarter in a row, the banks recognized almost no credit losses. On the other hand, the share of non-performing loans (NPLs) decreased by 1.1 pp, to 37.9%, which is 11.3 pp higher than in February 2022. This was mainly driven by write-offs of retail NPLs, which made their share in the respective portfolio decline by 3.3 pp over the quarter. At the same time, the share of corporate NPLs decreased by only 0.3 pp, in particular due to the reclassification of certain large loans as performing.

Funding

Liabilities of solvent banks rose by 1.8% qoq, largely driven by growth in retail and corporate deposits. The key trend remained unchanged for the fourth quarter in a row: the share of customer deposits as the main source of bank funding increased, reaching 92.4% at the end of September. At the same time, the share of NBU refinancing remained unchanged at 0.2%, the level of July 2008. The banks' gross external debt continued to decline – by 4.1% in Q2, to USD 1.8 billion.

Hryvnia retail deposits rose by 4.7% qoq (+21.5% yoy). In general, all of the banks increasingly ramped up their volumes of hryvnia deposits. The still attractive deposit rates helped increase hryvnia retail term deposits further, albeit at a progressively slower pace – by 3.1% (+32.4% yoy). In July, some banks reclassified redeemable deposits from term deposits to demand deposits so as to reflect their nature more accurately. This caused the share of retail term deposits to decline by about 1.4 pp, to 33.8% at the end of July. However, afterward the share of term deposits returned to growth, reaching 34.7% at the end of September. The vast majority of new hryvnia term deposits were made for three to six months.

FX retail deposits increased by 2.1% qoq (+9.4% yoy). Deposits increased across banks of all groups, except at the majority of state-owned banks (excluding PrivatBank and Sense Bank). The leaders were the banks with private capital (+4.1%) and PrivatBank (+3.7%). Volumes of FX retail term deposits decreased by 4% qoq, primarily due to the reclassification of redeemable deposits into demand deposits in July (around +3% qoq, excluding this impact). Institutions with developed online banking were the most active in attracting term deposits in foreign currency.

Volumes of corporate deposits in the national currency increased by 5.5% (+51.9% yoy), driven solely by demand deposits. The increase came from state-owned banks[1] (up by 7.5%) and foreign banks (up by 6.1%), while private banks showed virtually no growth. FX corporate deposits decreased by 4.9% qoq across all groups of banks, with the fastest pace of decline recorded at the end of the quarter.

The level of dollarization of deposits in Q3 decreased by 1.4 pp, to 32.5%, primarily due to a decline in FX corporate deposits. At the same time, volumes of hryvnia deposits of households and businesses increased.

Interest Rates

As inflationary pressures eased, the NBU started a cycle of key policy rate cuts. In July–October, the key policy rate was cut three times, by a total of 9 pp, to 16% per annum, and the rate on overnight certificates of deposit was cut twice, by 4 pp to the same level. At the same time, higher rates on NBU three-month certificates of deposit and tighter reserve requirements for demand deposits continued to motivate the banks to raise retail term deposits. Thus, the decline in deposit rates in response to the key policy rate cut was slow. According to the UIRD, the cost of 12-month hryvnia retail deposits decreased by 0.7 pp, to 14.5% per annum. The rates on corporate deposits declined more significantly, by 1.7 pp, to 12.4% per annum.

During the quarter, interest rates on hryvnia corporate loans decreased by 1.2 pp, to 18.7% per annum. The rates primarily decreased for ultra-short-term (up to one month) loans under credit lines to large foreign-controlled companies, as their cost is sensitive to the key policy rate. Rates on hryvnia retail loans remained slightly above 28% per annum on average.

Financial Results and Capital

In Q3, the sector's profit grew by more than 25% qoq, to UAH 42.2 billion, while PrivatBank's share in it decreased to around one third. Continued growth in net interest income contributed to the increase in profit. At the same time, provisioning expenses remained moderate: in Q3, the banks made provisions of UAH 1.1 billion, including UAH 0.6 billion for loans. Only seven, primarily small, banks came out as loss-making in Q3 (versus 15 in the previous quarter), with a total loss of UAH 0.1 billion.

In the structure of interest income, income from investments in NBU certificates of deposit and domestic government debt securities continued to grow rapidly. Their aggregate share in interest income amounted to 54%. The volume of interest income from lending increased over the quarter. However, the annual growth rate of interest income from corporate lending slowed to 5.9% yoy, and interest income from retail loans continued to decline year-on-year. A gradual increase in the cost of hryvnia funding from individuals pushed up interest expenses. As a result, growth in net interest income slowed to 35.3% yoy over the quarter. Net fee and commission income declined in Q3, by 20.0% yoy and 11.6% qoq. The revaluation gains on domestic government debt securities and an increase in FX transactions profits made operating income rise in quarterly terms.

Operating expenses decreased slightly over the quarter, so the banks maintained high operational efficiency. The ratio of operating expenses to operating income (CIR)[2] amounted to 33.0%, compared to 39.9% in Q2 2023 and 29.3% in the same period last year. In Q3, 10 institutions generated an operating loss.

Prospects and Risks

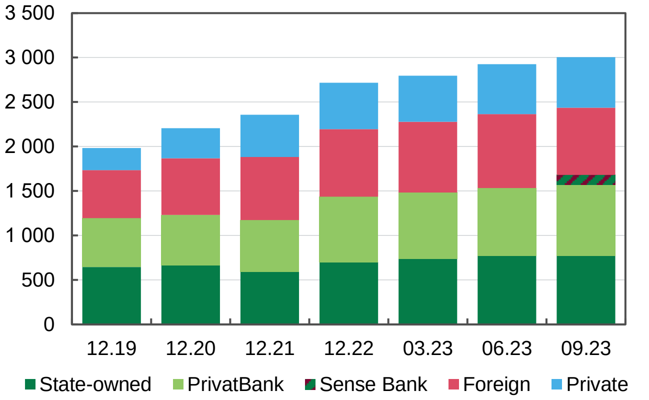
The preliminary results of this year's resilience assessment of the banks are optimistic: only a few institutions may face a moderate need for capital increase. Taking into account this and the current state of the sector, the NBU is restoring previously suspended and introducing new regulatory requirements. In September, the NBU reinstated a number of credit risk assessment requirements and improved approaches for the banks to assess solvency of legal-entity debtors. The banks had to implement them by 1 November 2023. In addition, starting in 2024, the banks will have to restart updating and submitting their business recovery plans to the NBU. From the start of 2024, non-core assets will be deducted from the banks' capital in full, and 100% of operational risk will be taken into account in capital adequacy ratios (currently only 50% is taken into account). Next year, the NBU also plans to introduce a new capital structure and to take market risk into account when assessing capital adequacy. Most banks have sufficient capital to comfortably meet said regulatory requirements, despite the expected imposition of a temporary additional tax on bank profits. To ensure further sustainable development of the sector, the banks need to incorporate in their business strategies the results of the resilience assessment and the planned implementation of regulatory requirements. The banks should also update their business strategies where needed.

[1] Here and below, taking into account Sense Bank as a state-owned bank for the quarter, unless stated otherwise.
[2] Excluding the revaluation of securities, foreign currencies, and derivatives.

Sector Structure

Total assets grew by 2.7% in Q3, the growth being generated mainly by PrivatBank. In Q3, the number of operating banks decreased by two: Ukrbudinvestbank (0.04% of the sector's net assets) and Concord Bank (0.17% of the sector's net assets).

Figure 1. Banks' total assets, UAH billions*



* As of end of quarter, including adjusting entries. Solvent banks were divided into groups according to the classification in the respective reporting period.

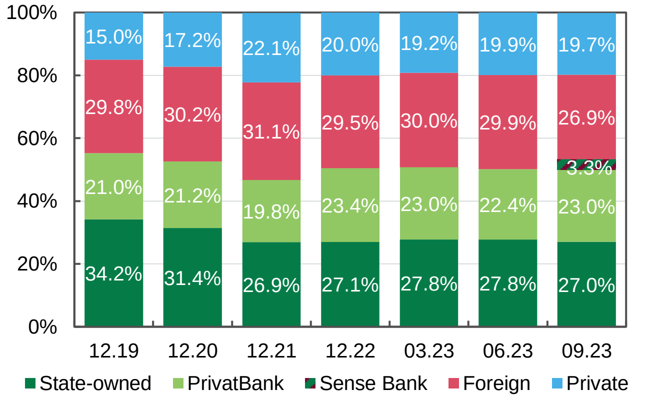
Table 1. Number of banks*

	2019	2020	2021	2022	Q1 23	Q2 23	Q3 23
Solvent	75	73	71	67	65	65	63
Change	-2	-2	-2	-4	-2	0	-2
State-owned, including PrivatBank	5	5	4	4	4	4	5**
Change	0	0	-1	0	0	0	+1
Foreign-owned	20	20	20	16	15	14	14
Change	-1	0	0	-4	-1	0	-1
Private	50	48	47	47	46	46	44
Change	-1	-2	-1	0	-1	0	-2

* As of end of period. ** Sense Bank was reclassified as a state-owned bank in July 2023.

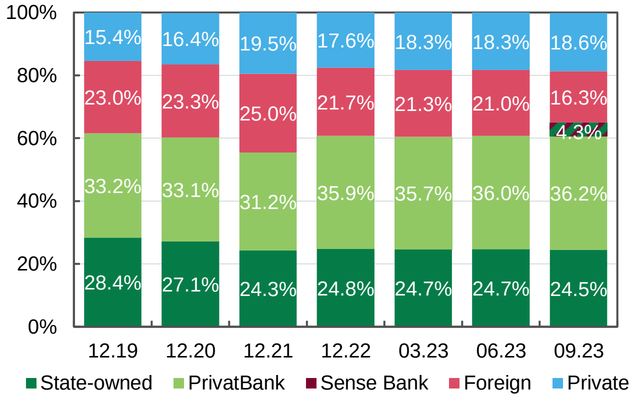
State-owned banks continue to account for more than half of the sector's assets – 53.3% by net assets, and 65% in retail deposits (50% and 60.7%, respectively, excluding Sense Bank).

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



* As of end of quarter, including adjusting entries.

Figure 3. Distribution of retail deposits by group of banks



Compared to Q2, the share of net assets of PrivatBank, the largest bank in the system, increased slightly, as did the level of sector concentration by assets.

Figure 4. Largest banks' share of sector net assets

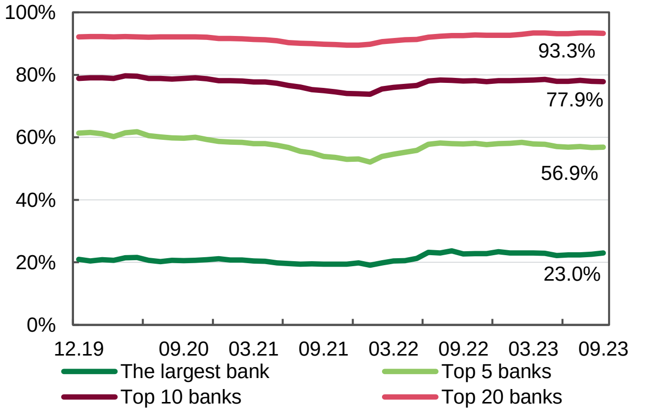
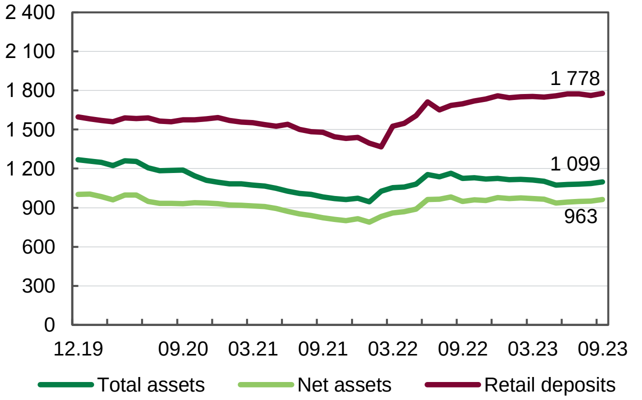


Figure 5. Concentration as measured by the HHI indicator*

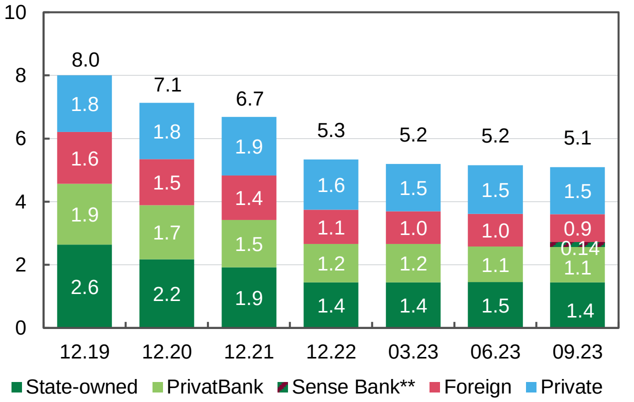


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

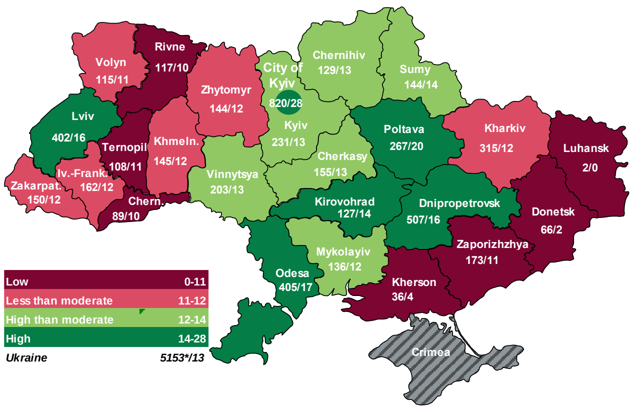
In Q3, the number of bank structural units decreased by 55 due to the exclusion of branches of the banks that left the market. The decrease was most pronounced in Kharkiv and Dnipropetrovsk regions and the city of Kyiv. Among operating banks, Ukrsibbank closed the largest number of branches (-8), while Raiffeisen opened the most branches (+5). Changes by groups of banks were due to the reclassification of Sense Bank.

Figure 6. Number of bank structural units, thousands*



* Standalone structural units and head offices of banks. ** Sense Bank was reclassified as a state-owned bank in July 2023.

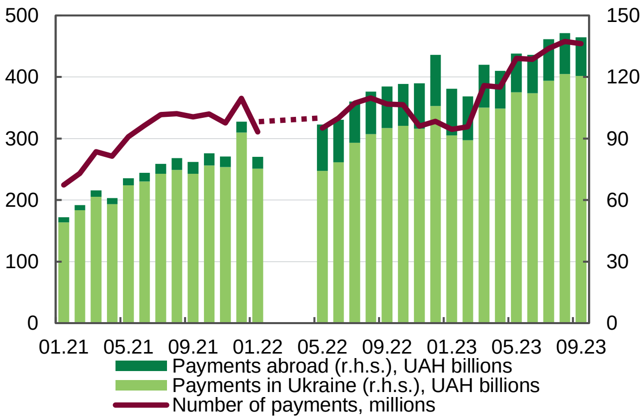
Figure 7. Operating bank structural units in selected regions as of 1 October 2023, structural units per 100,000 individuals



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

The number of card payments at points of sale grew by 9% qoq. Volumes of domestic payments using Ukrainian banks' cards are increasing further, while payments made abroad have been declining for six months.

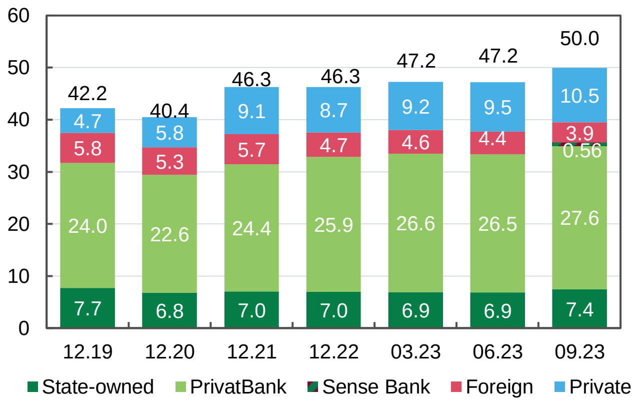
Figure 8. Card payments in the retail network



No data were collected in February–April 2022.

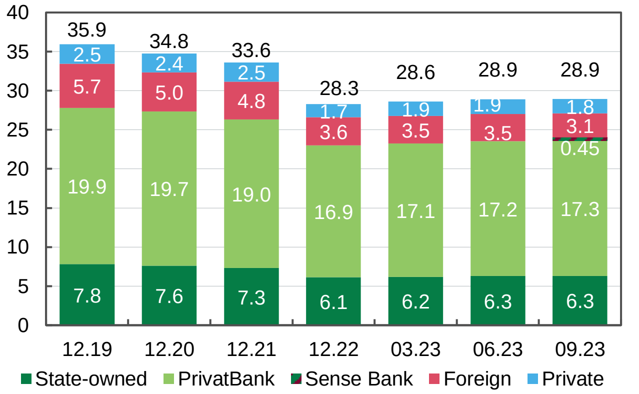
The number of active payment cards increased in Q3 across almost all groups of banks. Only foreign banks recorded a decrease.

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



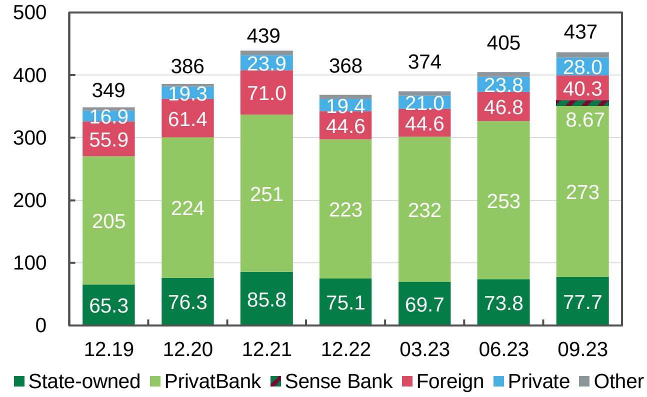
The POS terminal network has been growing for five consecutive quarters. In Q3, state-owned banks were once again the leaders of growth. In addition to Ukrposhta, new payment infrastructure service providers (NovaPay) entered the market and expanded their POS terminal network. The ATM network did not change over the quarter.

Figure 10. Number of ATMs*, thousands



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

Figure 11. Number of POS terminals, thousands

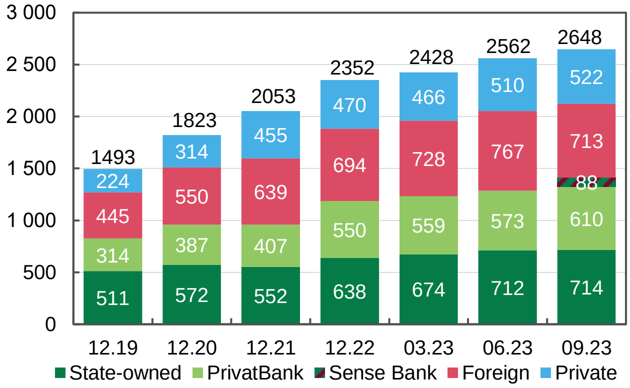


Other POS terminals are Ukrposhta (7,578) and NovaPay (1,106).

Assets

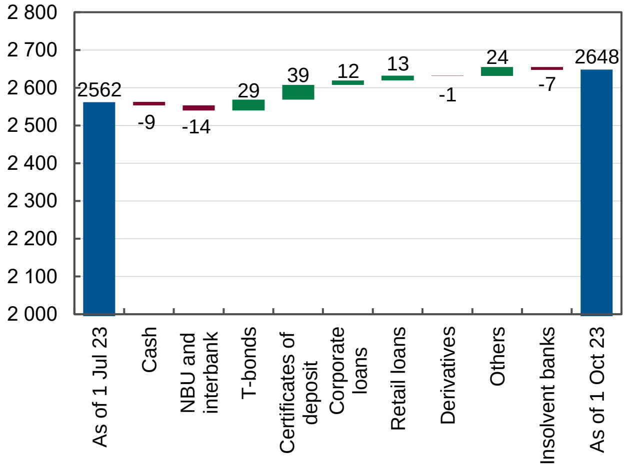
In Q3, net assets increased by 3.3%. Primarily, holdings of NBU certificates of deposit grew by 8.2%, with ¾ of this growth coming from state-owned banks, and domestic government debt securities. Also, due to increased demand, loans to clients grew by 3.9%.

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



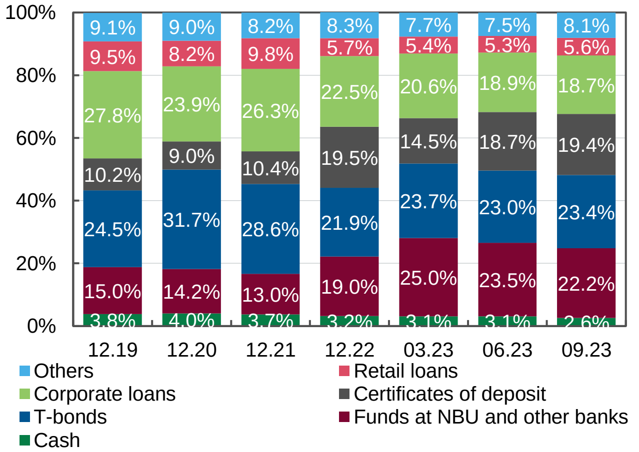
* As of end of quarter, including adjusting entries. ** Sense Bank was reclassified as a state-owned bank in July 2023.

Figure 13. Change in net assets by component in Q3 2023, UAH billions



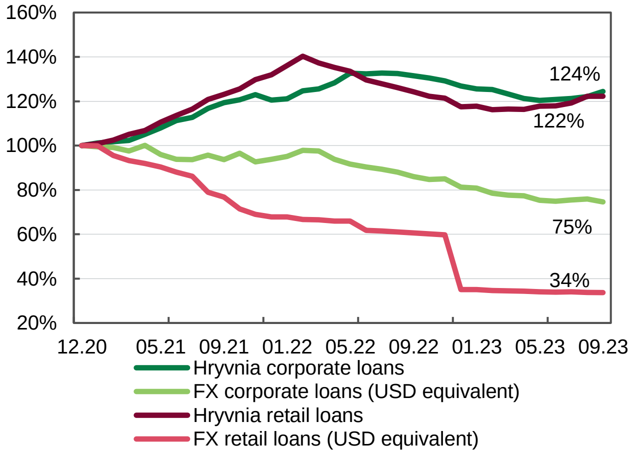
For four months in a row, the portfolio of gross hryvnia corporate loans has been growing, increasing by 3.0% compared to Q2 2023. The recovery of gross hryvnia retail loans accelerated by 3.8% qoq.

Figure 14. Sector net assets by component*



* Adjusted for loan loss provisions of banks. As of end of quarter, including adjusting entries.

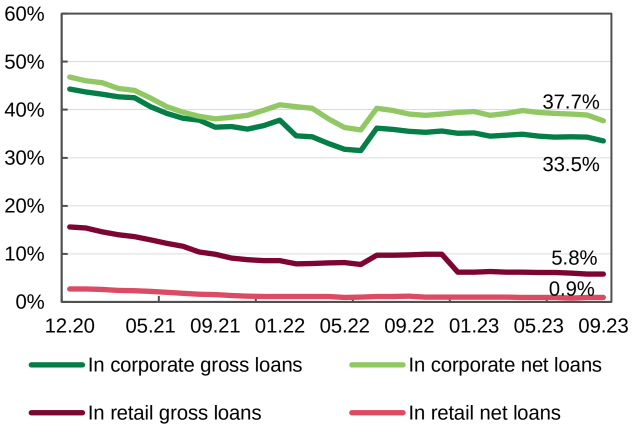
Figure 15. Gross corporate and retail loans, 2020 = 100%



At banks solvent as of 1 October 2023.

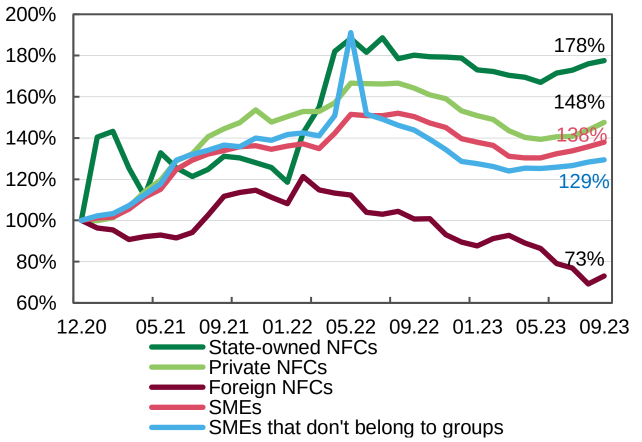
The dollarization of net corporate loans decreased by 1.5 pp in Q3.

Figure 16. Share of FX loans



Loans to foreign-controlled corporations have been declining for the second quarter in a row, by 7.6% qoq. On the other hand, loans to private and state-owned corporations and loans to SMEs grew.

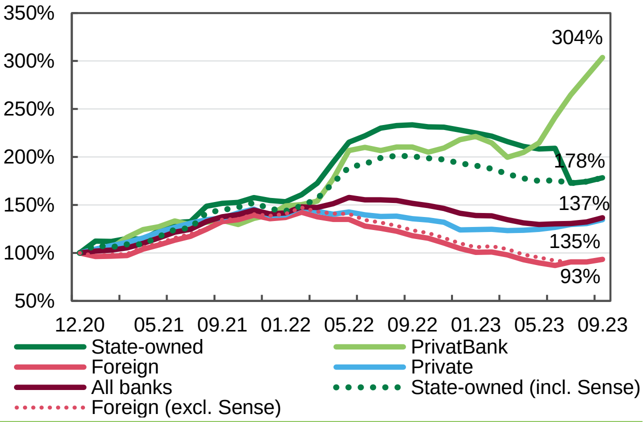
Figure 17. Net hryvnia loans to nonfinancial corporations (NFCs), 2020 = 100%*



* At banks solvent as of 1 October 2023.

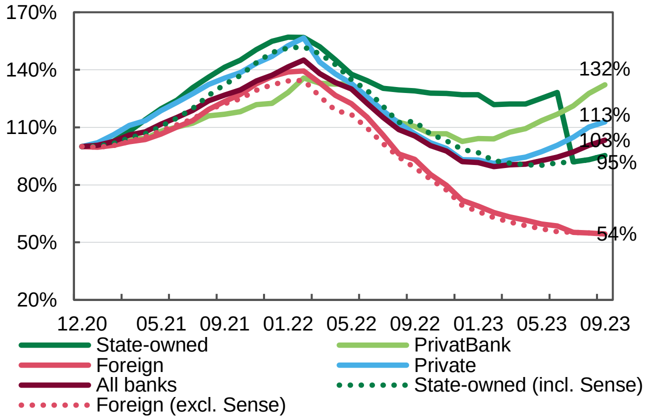
Net hryvnia corporate loans grew by 4.8% qoq in Q3. The largest growth in hryvnia corporate loans was seen in PrivatBank, which increased its portfolio by a quarter (25.9% qoq). Net hryvnia retail loans increased markedly in Q3 – by 9.2% qoq. Such growth was observed across all groups of banks, except for foreign-owned ones.

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



* At banks solvent as of 1 October 2023. Dotted lines show retrospective recalculation of Sense Bank into state-owned category.

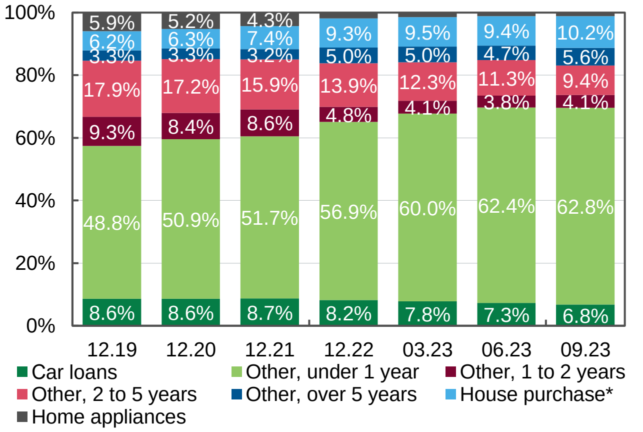
Figure 19. Net hryvnia retail loans, 2020 = 100%*



* At banks solvent as of 1 October 2023. Dotted lines show retrospective recalculation of Sense Bank into state-owned category.

In Q3, the share of long-term loans increased in the structure of retail loans, while the share of medium-term loans (2–5 years) decreased.

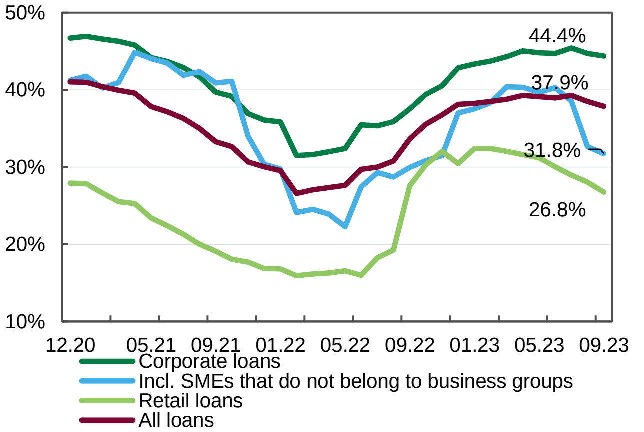
Figure 20. Net hryvnia retail loans by purpose



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

The NPL ratio declined in Q3 by 1.1 pp. The decline in corporate NPLs was minimal – 0.3 pp, whereas retail NPLs fell by 3.3 pp.

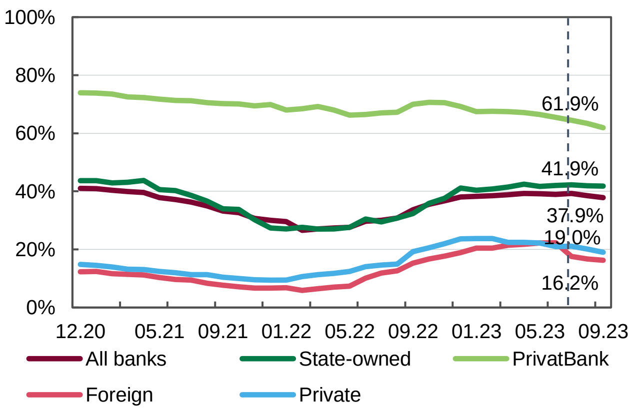
Figure 21. Banks' NPL ratios*



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

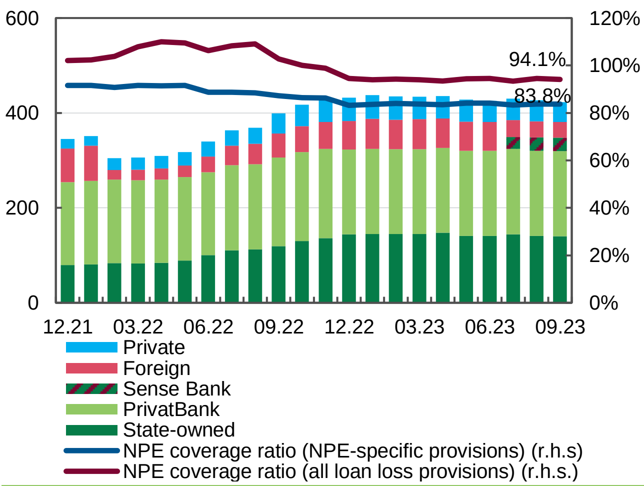
In Q3, the NPL ratio decreased in some private banks: in private banks by 2.1 pp and in PrivatBank by 3.6 pp. At the same time, the share of NPLs in state-owned and foreign banks declined more slowly, by 0.5 pp and 1.1 pp, respectively (excluding the effect of reclassifying Sense Bank as a state-owned bank).

Figure 22. NPL ratio across groups of banks*



* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities. The dashed line shows the date of the Sense Bank nationalization.

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

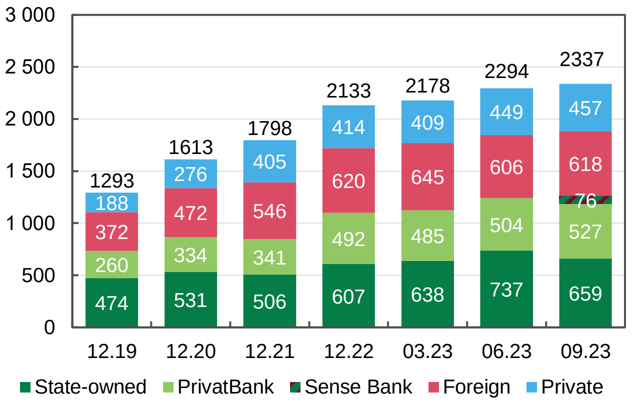


* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities.

Funding

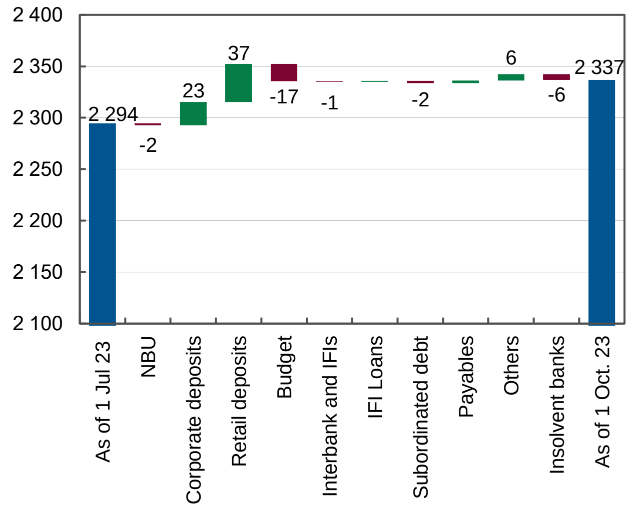
Solvent banks' liabilities rose slightly in Q3 (+1.8%), driven by growth in corporate and retail deposits. The largest growth was recorded by PrivatBank – 4.6%.

Figure 24. Liabilities by group of banks, UAH billions



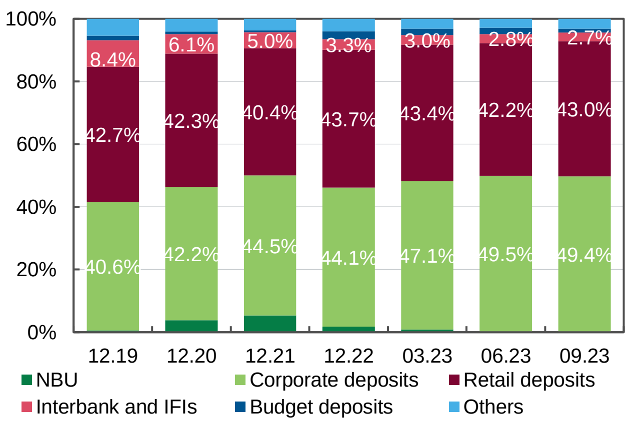
* At banks that were solvent as of each reporting date.

Figure 25. Changes in liabilities in Q3 2023 by component, UAH billions



Client deposits as a share of liabilities increased by 0.7 pp, to 92.4%, mainly due to growth in retail deposits. On the other hand, the share of budget funds shrank by 0.8 pp.

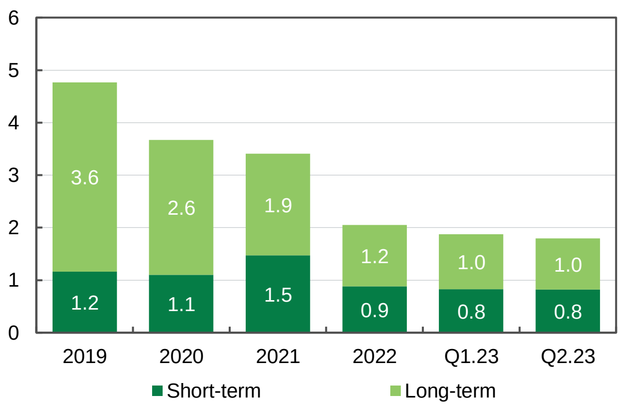
Figure 26. Structure of bank liabilities*



* Including certificates of deposit.

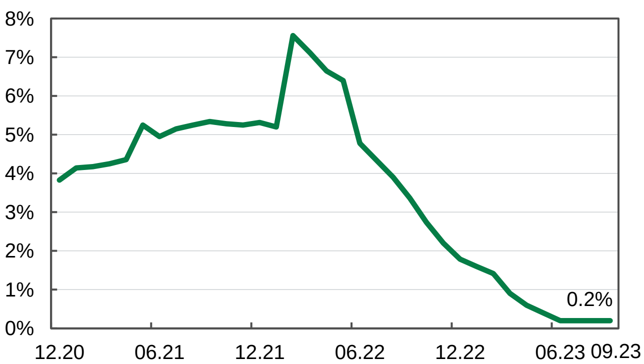
As of the end of Q2, the gross external debt continued to decline more slowly, by 4.1% (-26.4% yoy), to USD 1.8 billion, as liabilities were gradually repaid.

Figure 27. Gross external debt of banks, USD billions



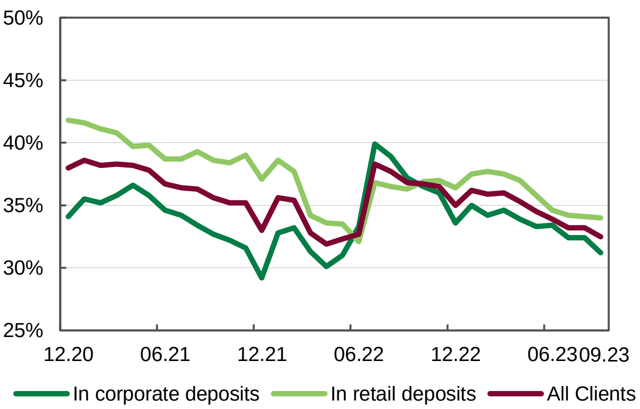
The banks stopped replacing expensive refinancing with client deposits. The share of NBU funds in liabilities remained at 0.2% (the level of July 2008).

Figure 28. Share of NBU funds in bank liabilities



The dollarization level decreased by 1.4 pp, to 32.5%, with the largest decrease in corporate deposits – by 2.2 pp, to 32.1%. The decline was mainly driven by active increases in hryvnia term deposits.

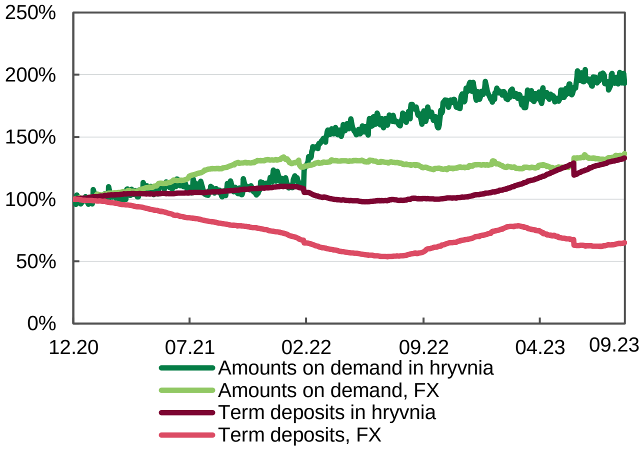
Figure 29. Share of FX deposits*



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

Retail deposits continued to grow in quarterly terms: by 4.7% in hryvnia and by 2.1% in FX. On the other hand, retail term deposits in hryvnia increased by 3.1%, while those in FX decreased by around 4%.

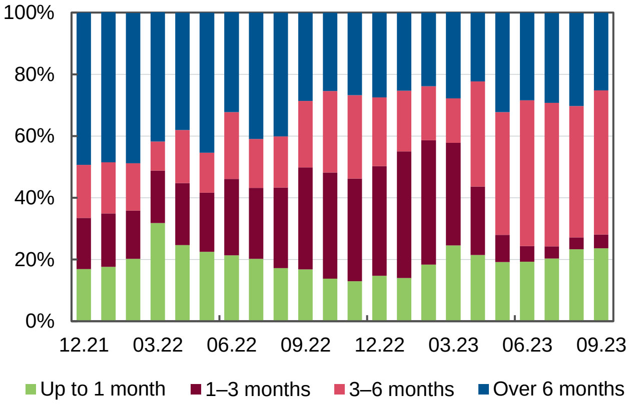
Figure 30. Retail deposits, 2020 = 100%*



* Daily data; at banks solvent as of 1 October 2023. In July, a large bank reclassified redeemable deposits from term deposits to demand deposits.

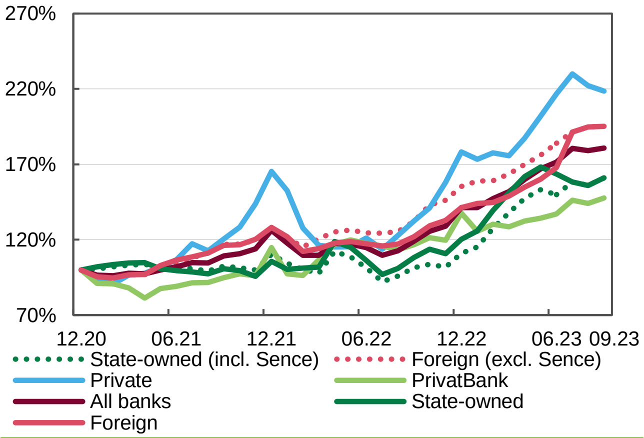
The share of new short-term deposits with maturity of up to one month rose by 4.3 pp over the quarter. The structure of term deposits is dominated by deposits with maturities of 3–6 months (46.7%) and more than 6 months (25.2%).

Figure 31. New retail term deposits by maturity



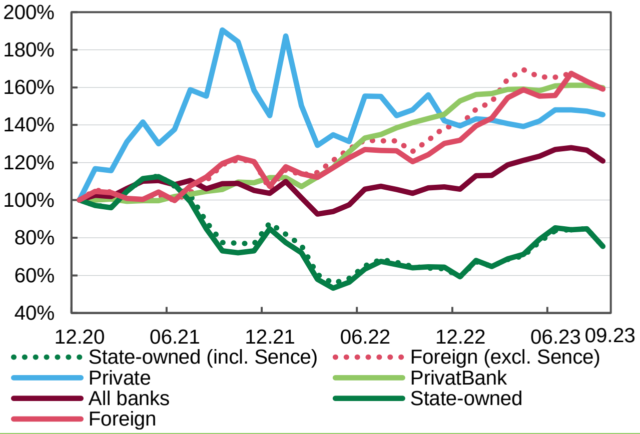
In Q3, hryvnia corporate loans increased by 5.5%, mainly due to a strong growth in July. The highest growth rates of hryvnia corporate deposits were recorded at PrivatBank (7.8%). On the other hand, FX corporate deposits decreased by 4.9%.

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



* At banks solvent as of 1 October 2023. Dotted lines show retrospective recalculation of Sense Bank into state-owned category.

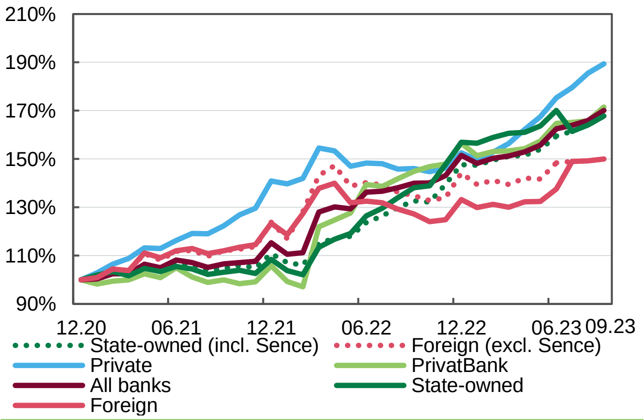
Figure 33. FX corporate deposits (in the U.S. dollar equivalent) by bank groups, 2020 = 100%*



* At banks solvent as of 1 October 2023. Dotted lines show retrospective recalculation of Sense Bank into state-owned category.

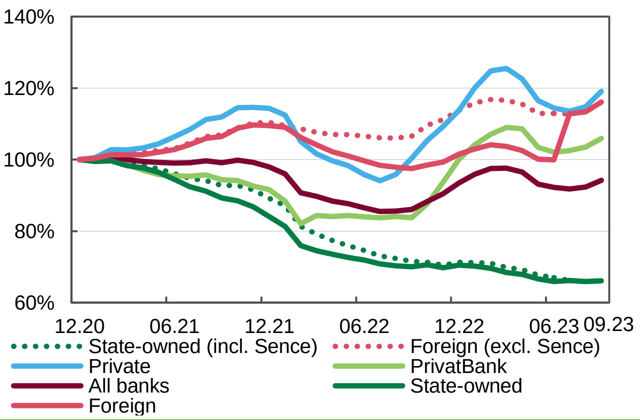
Hryvnia retail deposits grew by 4.7% (+21.5% yoy), on account of both demand and term deposits. All banks increased hryvnia deposits more and more actively each month, but the highest growth rates were observed at private banks (+8.1%). FX deposits increased by 2.1% qoq (+9.4% yoy). The growth accelerated by the end of the quarter, in particular fueled by term deposits.

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



* At banks solvent as of 1 October 2023. Dotted lines show retrospective recalculation of Sense Bank into state-owned category.

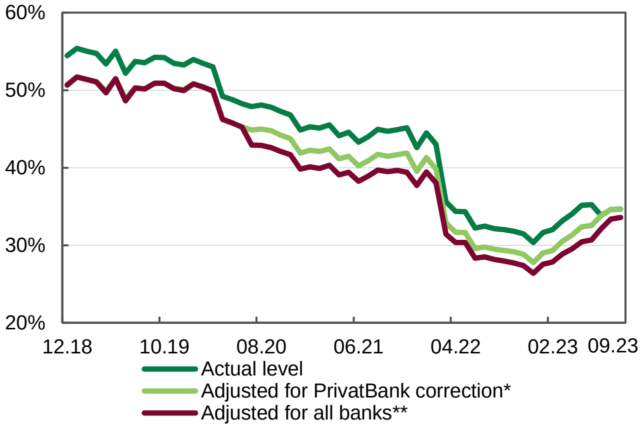
Figure 35. FX retail deposits (in U.S. dollar equivalent) by group of banks, 2020 = 100%*



* At banks solvent as of 1 October 2023. Dotted lines show retrospective recalculation of Sense Bank into state-owned category.

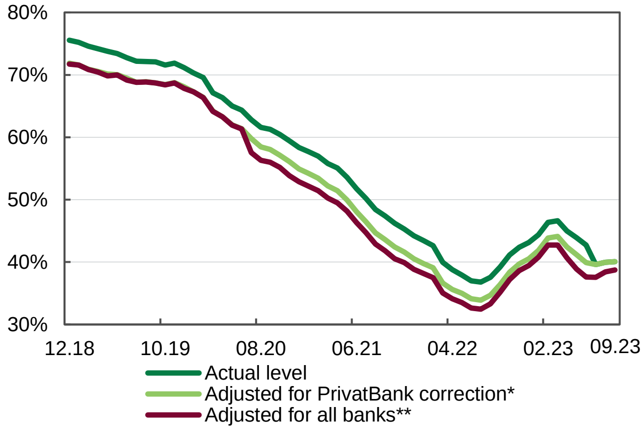
In spring 2023, the NBU updated the rules for reporting redeemable term deposits. In July 2023, PrivatBank reclassified such deposits into demand deposits, which resulted in a decrease in the share of retail term deposits. However, with retrospective adjustments, there is a steady upward trend in the share of hryvnia term deposits in 2023.

Figure 36. Share of hryvnia retail term deposits



* Recalculated with retrospective reclassification of PrivatBank redeemable deposits into demand ones.
** Recalculated with retrospective reclassification of all redeemable deposits into demand ones.

Figure 37. Share of FX retail term deposits

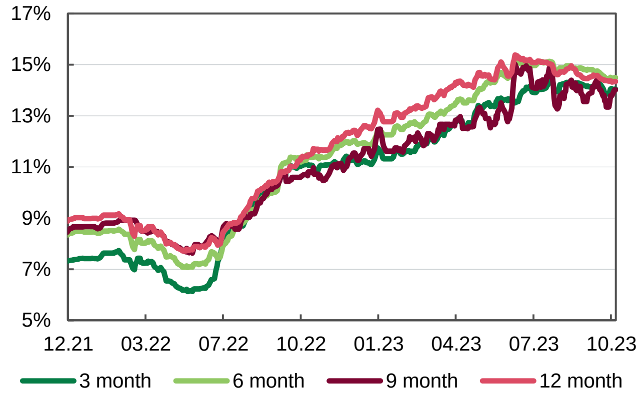


* Recalculated with retrospective reclassification of PrivatBank redeemable deposits into demand ones.
** Recalculated with retrospective reclassification of all redeemable deposits into demand ones.

Interest Rates

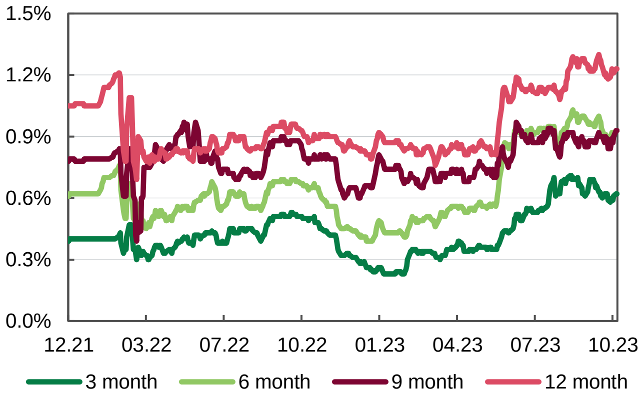
The cost of 12-month hryvnia deposits decreased by 0.7 pp in Q3, to 14.5% per annum. The term premium continued to decline.

Figure 38. Ukrainian Index of Retail Deposit Rates for hryvnia deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

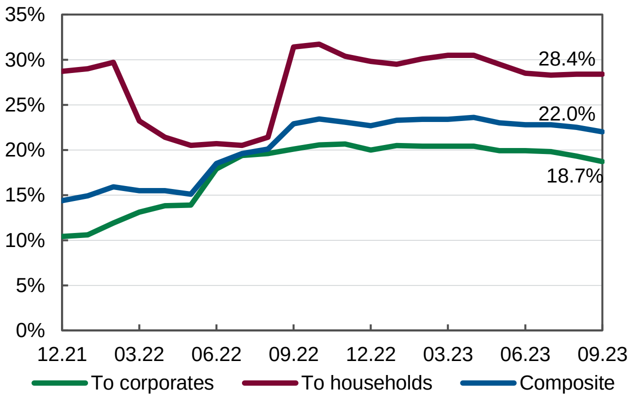
Figure 39. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

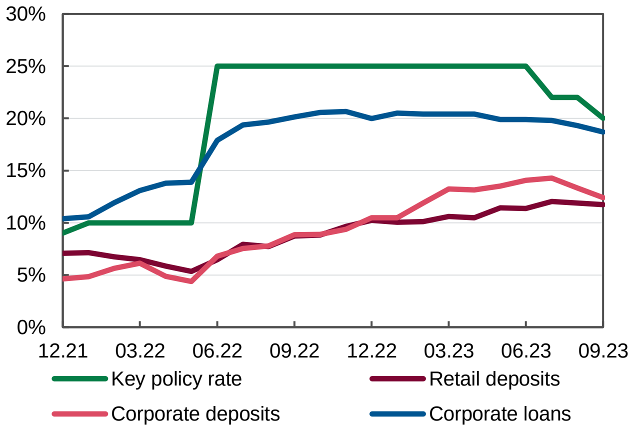
The interest rates on corporate loans decreased by 1.2 pp, to 18.7% per annum, while those on retail loans remained at around 28.5% per annum. The cost of new corporate deposits declined to 12.4% per annum.

Figure 40. Interest rates on new hryvnia loans*, % per annum



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

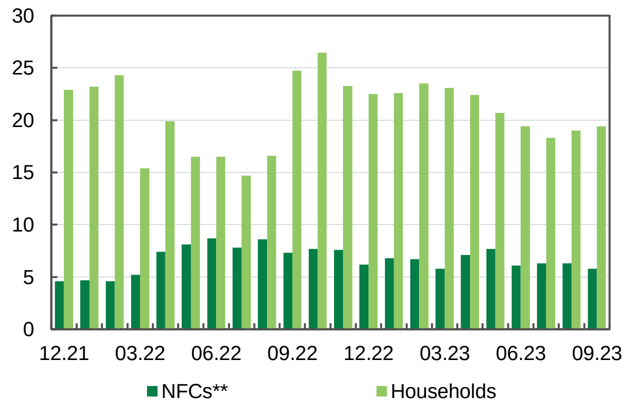
Figure 41. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

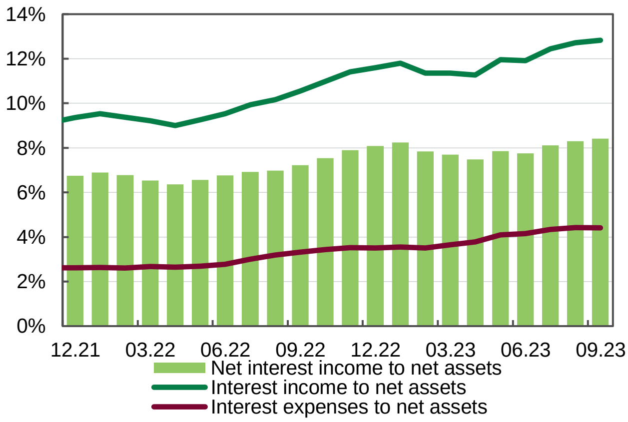
The spread between rates on new corporate loans and deposits narrowed in September as loan rates declined faster than deposit rates. The interest margin is growing again due to the growth in interest income.

Figure 42. Spread between rates on new loans and deposits, pp*



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

Figure 43. Banks' interest margin*

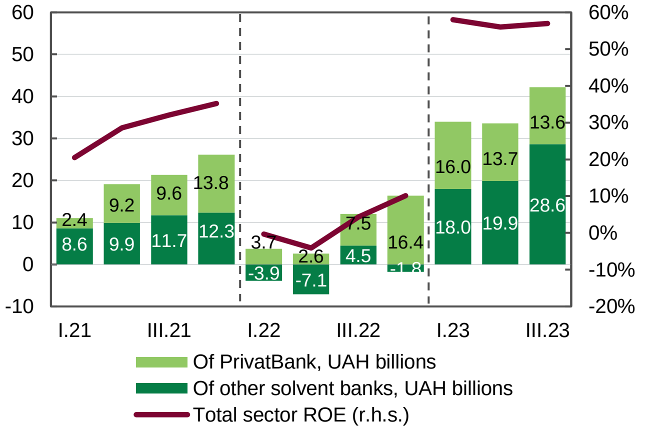


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Results and Capital

In Q3 2023, the sector's profit increased to UAH 42.2 billion, one third of which was generated by PrivatBank.

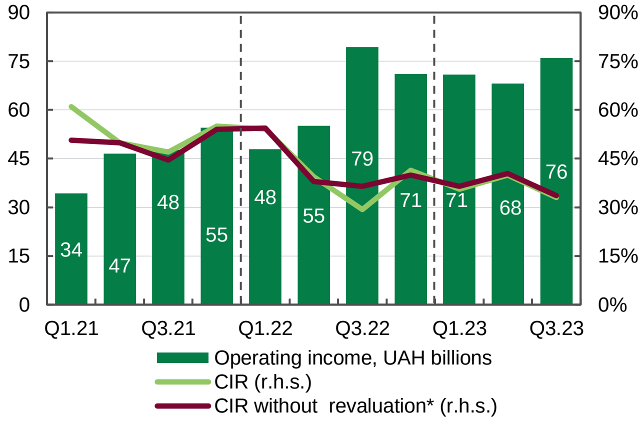
Figure 44. Banks' profit/loss* and return on equity



* Quarterly data; including adjusted entries and excluding several small banks that have not submitted their balance-sheet data with adjusting entries.

The sector's operating efficiency remained high: the CIR amounted to 33.0% (29.3% in Q3 2022).

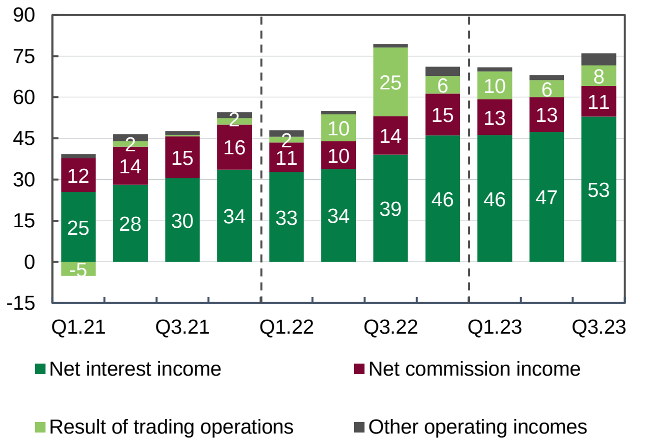
Figure 45. Operating income and operational efficiency of banks



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

The basis of profit is net interest income, which increased by 35.3% yoy. Net fee and commission income decreased by 20.0% yoy.

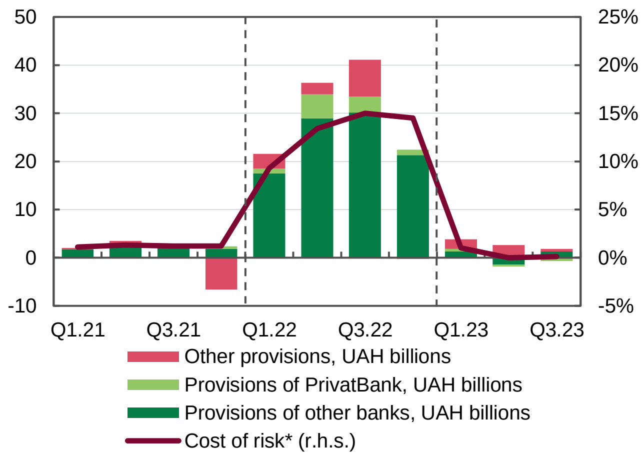
Figure 46. Operating income components for the quarter*, UAH billions



* Including adjusting entries and excluding several small banks that have not submitted their balance-sheet data with adjusting entries.

In Q3, the banks provisioned UAH 0.6 billion for loans and UAH 0.8 billion for other transactions, and released UAH 0.3 billion of provisions for domestic government debt securities and receivables.

Figure 47. Loss provisions, quarterly



* Ratio of annualized provisions for loans since the beginning of a year to net loan portfolio.

Thanks to high profitability of the current year, regulatory capital adequacy continued to grow in Q3, by 1.2 pp over the quarter, and the sector's regulatory capital increased by 6.1%.

Figure 48. Regulatory capital and the regulatory capital adequacy ratio

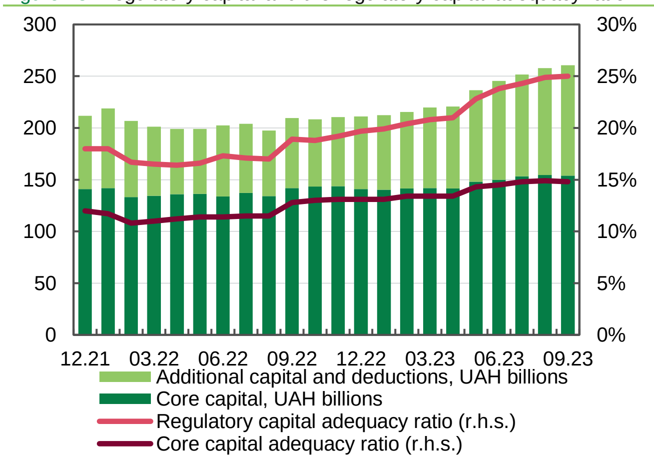
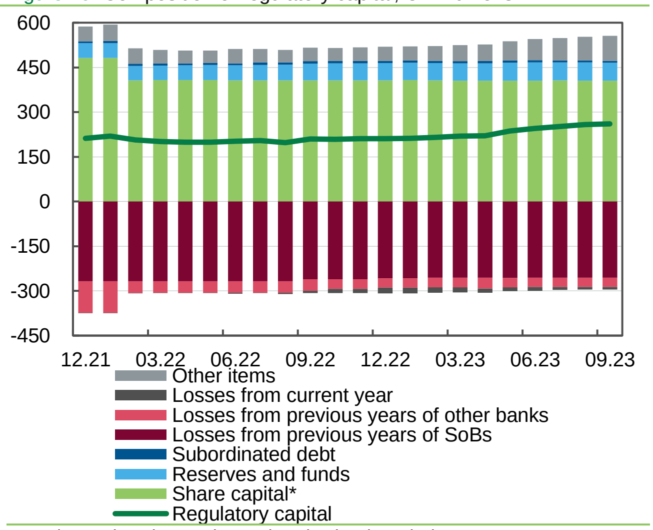


Figure 49. Composition of regulatory capital, UAH billions



* Registered and unregistered authorized capital.

Table 2. Key banking sector indicators[1]

	2017	2018	2019	2020	2021	2022	Q1 23	Q2 23	Q3 23
Number of operating banks	82	77	75	73	71	67	65	65	63
General balance sheet indicators (UAH billions)[2]									
Total assets	1,840	1,911	1,982	2,206	2,358	2,717	2,794	2,925	3,005
of which in foreign currencies:	755	779	718	746	679	820	871	865	850
Net assets	1,334	1,360	1,493	1,823	2,053	2,352	2,428	2,562	2,648
of which in foreign currencies:	507	495	492	585	583	731	784	780	765
Gross corporate loans[3]	864	919	822	749	796	801	773	754	766
of which in foreign currencies:	423	460	381	332	292	281	268	259	257
Net corporate loans[3]	451	472	415	432	540	529	501	484	495
Gross SME loans	373	387	383	416	427	454	442	443	457
of which in foreign currencies:	129	135	122	135	94	100	97	95	98
Net SME loans	305	319	189	219	250	246	233	234	247
of which in foreign currencies:	87	88	80	92	79	70	68	67	70
Net loans to SMEs that do not belong to groups[7]	-	-	56	57	66	61	57	59	63
of which in foreign currencies:	-	-	19	21	16	15	13	14	13
Gross retail loans	171	197	207	200	243	210	206	208	216
of which in foreign currencies:	68	61	38	31	21	13	13	13	13
Net retail loans	92	114	143	149	200	134	130	136	149
Corporate deposits[3]	427	430	525	681	800	943	1,025	1,136	1,155
of which in foreign currencies:	163	150	191	233	233	317	355	379	360
Retail deposits[4]	478	508	552	682	727	933	945	969	1,004
of which in foreign currencies:	244	241	238	285	270	340	355	335	341
Change (yoy, %)									
Total assets	5.9%	3.8%	3.7%	11.3%	6.9%	15.2%	24.0%	24.2%	18.5%
Net assets	6.2%	1.9%	9.8%	22.1%	12.6%	14.5%	23.2%	25.4%	22.1%
Gross corporate loans[3]	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.6%	-5.0%	-8.5%
Gross retail loans	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%	-17.6%	-11.6%	-6.6%
Corporate deposits[3]	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%	43.8%	48.8%	37.9%
Retail deposits[4]	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%	23.0%	23.2%	16.6%
Penetration[5] (%)									
Gross corporate loans[3]/GDP	29.0%	25.8%	20.7%	17.7%	14.6%	15.4%	14.4%	12.8%	12.2%
Net corporate loans[3]/GDP	15.1%	13.3%	10.4%	10.2%	9.9%	10.2%	9.3%	8.2%	7.9%
Gross retail loans/GDP	5.7%	5.5%	5.2%	4.7%	4.5%	4.0%	3.8%	3.5%	3.4%
Net retail loans/GDP	3.1%	3.2%	3.6%	3.5%	3.7%	2.6%	2.4%	2.3%	2.4%
Corporate deposits[3]/GDP	14.3%	12.1%	13.2%	16.1%	14.7%	18.2%	19.1%	19.3%	18.4%
Retail deposits/GDP	16.0%	14.3%	13.9%	16.2%	13.3%	18.0%	17.6%	16.5%	16.0%
Profit or Loss[6] (UAH billions)									
Net interest income	53.0	73.0	78.9	84.8	117.6	151.7	46.2	47.4	52.9
Net fee and commission income	27.5	37.8	44.0	46.5	58.0	50.2	13.0	12.6	11.1
Provisions	49.2	23.8	10.7	31.0	3.4	121.2	4.0	0.6	1.1
Net profit/loss	-26.5	22.3	58.4	39.7	77.4	21.9	34.4	33.3	42.2
Memo items:									
UAH/USD (period average)	26.60	27.20	25.85	26.96	27.29	32.34	36.57	36.57	36.57
UAH/USD (end-of-period)	28.07	27.69	23.69	28.27	27.28	36.57	36.57	36.57	36.57
UAH/EUR (period average)	30.00	32.14	28.95	30.79	32.31	33.98	39.22	39.82	39.83
UAH/EUR (end-of-period)	33.50	31.71	26.42	34.74	30.92	38.95	39.78	40.00	38.55

[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] GDP in 2017–2022 is presented excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and occupied

territories in Donetsk and Luhansk oblasts; data for 2023 are based on GDP estimates from the October 2023 Inflation Report.

[6] Including adjusted entries.

[7] Do not belong to groups of legal entities under common control or groups of related counterparties [in accordance with NBU Board Resolution No. 351 dated 30 June 2016 (as amended) and NBU Board Resolution No. 368 dated 28 August 2001 (as amended)].

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).

In Q3, Sense Bank is considered as part of the group of state-owned banks, unless otherwise indicated.

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
CD	certificates of deposit
NBU	National Bank of Ukraine
NFC	Non-financial corporation
NPL / NPE	Non-performing loans / exposures
T-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
SMEs	Small and medium-sized enterprises (depending on their staff number and annual income from any activity, taking into account the requirements of Article 55 of the Commercial Code of
UIRD	Ukrainian Index of Retail Deposit Rates
pp	Percentage point
UAH	Ukrainian hryvnia
USD	United States dollar
Eq.	Equivalent
Q	Quarter
r.h.s.	Right-hand scale
yoy	Year-on-year
qoq	Quarter-on-quarter