National Bank of Ukraine

Banking Sector Review

August 2024

In Q2 2024, net hryvnia retail and corporate loans growth continued, for more than 12 months in a row. This was facilitated, in part, by a further decline in interest rates on loans to businesses. The banks' investments in domestic government debt securities kept increasing, while investments in NBU certificates of deposit decreased again. The inflow of hryvnia retail and corporate deposits continued, and the share of funding from clients in the banks' liabilities rose once again. At the same time, growth in hryvnia retail term deposits slowed. High operational efficiency and low provisioning resulted in high profitability of the sector, despite a slight narrowing of the margin. Combined with a large capital cushion, this allowed the banks to harmoniously transition to the new European capital structure requirements and cover market risk with capital, while maintaining the potential to expand lending to the economy.

Sector Structure

In Q2 2024, the number of banks operating in Ukraine decreased by one to 62: in June, Alpari Bank surrendered its banking license without closing the legal entity. The bank's exit from the market did not affect the sector, given its negligible share in net assets (less than 0.01%).

The share of state-owned banks in net assets decreased by 0.3 pp in Q2, to 53.3%, primarily due to faster growth in loan portfolios in banks of other groups. On the other hand, the share of state-owned banks in retail deposits increased by 0.3 pp, to 64.1%.

Assets

The net assets of solvent banks increased by 4.7% in Q2, with exchange rate revaluation contributing +1 pp. The fastest growth was in banks' funds at accounts with the NBU (an increase in liabilities requires an increase in required reserves) and correspondent accounts with other banks, as well as in investments in domestic government debt securities. The volume of the banks' investments in NBU certificates of deposit declined for the second quarter in a row, by 7.1% qoq in Q2. At the same time, net loans to clients grew both by volume (by 6.8% qoq) and as a share of assets.

The net hryvnia corporate loan portfolio has been growing for more than 12 months in a row, exceeding the levels observed before the full-scale invasion. In Q2, lending to businesses continued to accelerate, with the net hryvnia loan portfolio increasing by 8.8% qoq and 20.5% yoy. Net hryvnia loans to SMEs grew even faster: by 10.1% in Q2, and by more than a quarter year-on-year. The share of SMEs in the net hryvnia portfolio of corporate loans is already almost 60%, having increased by 0.7 pp in Q2 (by 2.6 pp over the year). Net hryvnia loans grew across all groups of banks, with the largest growth in terms of volume recorded at foreign banks. Net FX corporate loans, on the other hand, decreased by 1.8% qoq and 7.9% yoy in U.S. dollar terms, mainly due to debt repayments.

The growth in the loan portfolio is facilitated by improved lending conditions, in particular, lower interest rates. Therefore, the weight of unsubsidized loans is increasing further. The share of loans granted under the program *Affordable Loans 5–7–9%* in the hryvnia gross performing portfolio dropped by 2 pp, to around 36%.

In Q2, volume of loans increased the most in the agricultural and trade sectors. Loans in the machinery industry and financial sector were issued mainly to state-owned companies. In the meantime, slow economic growth is holding back demand for loans in a number of sectors.

The growth of net hryvnia retail loans slowed slightly in Q2, to 8.9% qoq and 40.1% yoy. Unsecured loans continue to form the bulk of the portfolio, with card lending by the two leading banks further driving its growth. Mortgages have been growing at a consistently fast pace (16.3% in Q2), while the mortgage loan portfolio almost doubled over the year (+98.2%). Mortgages continue to be dominated by the state program *eOselia*, whose gross portfolio increased by UAH 4.5 billion in Q2, to UAH 17.8 billion. The share of real estate loans rose by 0.8 pp, to 13.2% of the net hryvnia retail loan portfolio.

The quality of the loan portfolio improved again. The ratio of non-performing loans (NPLs) shrank to 34.6%, down by 1.5 pp in Q2 and 4.4 pp over the year. The NPL ratio declined across all groups of banks. At private and foreign banks, NPL ratios were close to 13%–15%. The decrease in the NPL ratio was due to the active growth in new loans and write-offs of older NPLs. The share of non-performing retail loans decreased to 19.6%, down by 1.8 pp and 10.4 pp over the quarter and year, respectively. The share of corporate NPLs decreased more slowly: by 1.7 pp and 2.5 pp for the quarter and year, respectively, reaching 42.2%. Only 4.9% of corporate borrowers defaulted on hryvnia loans in the last 12 months through July, down by 0.2 pp from a quarter before.

Funding

In Q2, the banks' liabilities resumed growth, increasing by 4.7% qoq, driven by an increase in client deposits. Their share in the liabilities has already reached 92.4%. The banks raised little funding from other sources. Only four banks still owe UAH 1.6 billion on NBU refinancing loans. In Q1, the trend of a decline in the banks' external debt resumed as it dropped by 5.8% qoq, to USD 1.6 billion.

The volume of hryvnia retail deposits grew by 6.7% qoq (+19.3% yoy), continuing the trend of recent years. The growth rate of hryvnia retail term deposits slowed to 2.5% qoq, with the fastest growth seen at private banks – 7.1% qoq. In June, for the first time since July last year, they declined by 0.3% mom. Retail clients continued to prefer new deposits with maturities of three to six months. Due to the faster growth in current account balances, by 9.0% over the quarter, the share of hryvnia term deposits shrank by 1.4 pp, to 34.6%. FX retail deposits grew by 0.7% qoq (+5.7% yoy) due to an increase in current account balances. At the same time, FX term deposits continued to decline by 1.4% qoq (-9.4% yoy). The dollarization rate of deposits rose by 0.4 pp, to 32.6%, due to the hryvnia depreciation.

The growth rate of hryvnia corporate deposits remained lower than last year's average, but accelerated compared to Q1 – 2.4% qoq (+28.6% yoy). PrivatBank and foreign-owned banks raised such funding the fastest: +5.2% and +2.7%, respectively. FX corporate deposits grew more rapidly compared to hryvnia ones – by 4.9% qoq (+5.8% yoy). The growth was recorded only at foreign-owned and state-owned banks – 9.1% and 5.8%, respectively.

Interest Rates

The downward trend in interest rates continued in Q2. The NBU cut the key policy rate twice – in April and June – by a total of 1.5 pp, to 13.0% per annum. Interest rates on retail deposits responded by accelerated rate decline. The rate on new hryvnia deposits (including demand deposits) decreased by 0.7 pp, to 10.2% per annum. For one-year retail deposits, the Ukrainian Index of Retail Deposit Rates (UIRD) showed a proportional decline in the rate to 13.3% per annum. The spread between deposit rates of different maturities has remained insignificant for three quarters. Rates on corporate deposits declined faster than retail rates – by 1 pp, to 8.5% per annum.

Over the quarter, interest rates on new hryvnia loans to businesses decreased by another 1.4 pp, to 15.2% per annum. This corresponds to the 'pre-war' level of end-2019. In Q2, the interest rate on new retail loans fluctuated slightly above the level of the previous quarter, at around 28% per annum.

Financial Results and Capital

Due to high operational efficiency and low provisioning, the sector generated UAH 39 billion in profit in Q2 under the corporate income tax rate of 25%. This is 2% lower than in Q1 2024, but 17% higher than in the Q2 2023. PrivatBank accounted for 43% of the sector's profit. Eight small banks recorded losses in the quarter with a total loss of UAH 0.1 billion.

The decline in market rates led to a gradual decline in asset yields, most notably on NBU certificates of deposit. For the first time since Q1 2021, the sector's income from them decreased by 9.5% yoy. At the same time, the yield on retail loans increased slightly. Yields on corporate loans and domestic government debt securities remained almost unchanged quarter-on-quarter. The decline in the value of liabilities was insignificant. The net interest margin narrowed, returning to last year's levels of 7.5%.

Growth in net fee and commission income was slow, at 6.8% yoy. The decline in profits from foreign exchange transactions stopped, while the positive result of revaluation of domestic government debt securities supported the growth in operating income. The main components of operating expenses grew over the quarter (in particular personnel costs) by 6.8% qoq and 19.1% yoy. However, operating income grew faster than expenses. Therefore, the growth in net operating profit before provisions accelerated to 28.6% yoy. The ratio of operating expenses to operating income (the cost-to-income ratio, CIR) amounted to 37.1%, compared to 40.1% in Q2 2023. Five small banks made operating losses in the quarter.

The significant profit contributed to the increase in regulatory capital, which grew by 10.6% qoq. The banks met the capital adequacy requirements with a margin, with only Ukreximbank violating the minimum requirements.

Prospects and Risks

Since the start of August, the banks have been taking into account the calculated amount of market risk in their capital adequacy ratios. At the same time, the banks have moved to a new capital structure and capital adequacy ratios. The accumulated capital cushion, current profitability, and a number of transitional provisions made this transition harmonious and even increased the banks' lending potential.

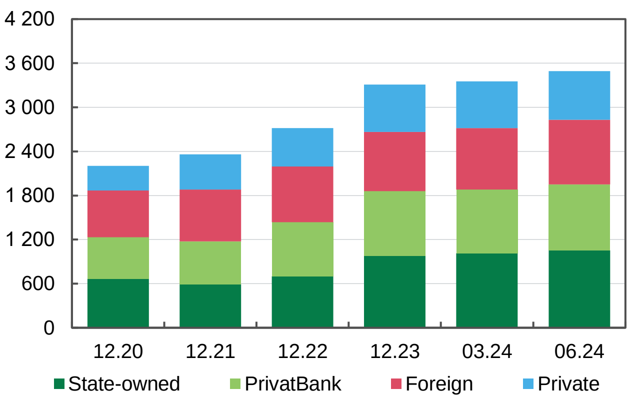
The Lending Development Strategy was approved in June. In order to implement it, the NBU has already introduced increased liquidity ratios for collateral in the form of energy equipment and improved mechanisms for assessing the risks of investment projects. This has already translated in the revival of lending to the energy sector. Further implementation of the strategy will help the banks grow their loan portfolios and eliminate imbalances between loan supply and demand in certain areas.

Next year, the NBU will conduct a traditional assessment of the banking system's resilience, which will include an asset quality review by external auditors and stress testing under both baseline and adverse scenarios.

Sector Structure

Total assets increased by 4.2% in Q2, including by 1 pp due to exchange rate revaluation. The increase was even across all groups of banks. The number of operating financial institutions decreased by one, as Alpari Bank (0.006% of the sector's net assets) left the market on its own initiative.

Figure 1. Banks' total assets, UAH billions



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

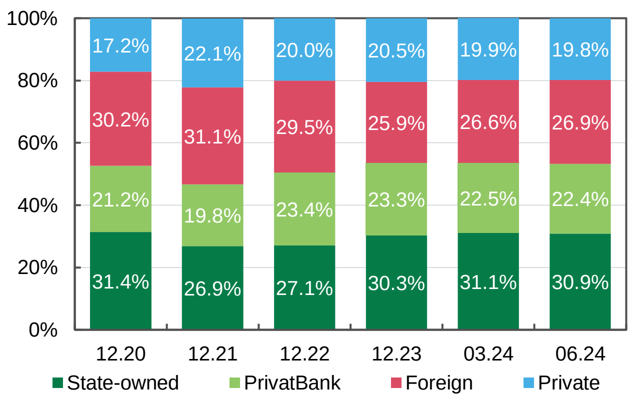
Table 1. Number of banks

	2020	2021	2022	2023	Q1 2024	Q2 2024
Solvent	73	71	67	63	63	62
Change	-2	-2	-4	-4	0	-1
State-owned, including PrivatBank	5	4	4	5	6	6
Change	0	-1	0	+1	+1	0
Foreign-owned	20	20	16	14	14	14
Change	0	0	-4	-2	0	0
Private	48	47	47	44	43	42
Change	-2	-1	0	-3	-1	-1

The number is as of the end of the respective period.

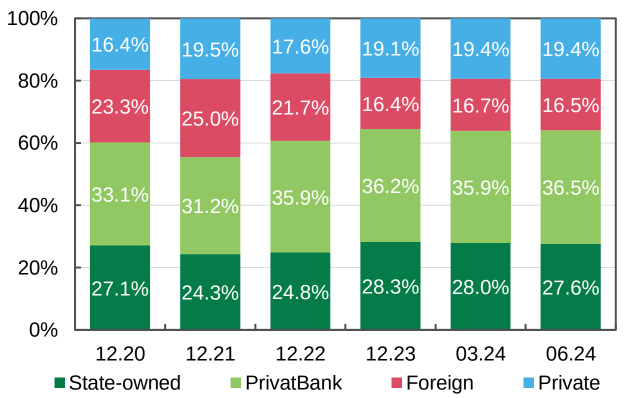
In Q2, the share of state-owned banks in the sector's net assets decreased by 0.3 pp, to 53.3%, driven by faster growth in new loans issued by foreign and private banks. At the same time, the share of state-owned banks in retail deposits rose by 0.3 pp (on account of PrivatBank), to 64.1%.

Figure 2. Distribution of net assets by groups of banks



As of the end of the quarter, including adjusting entries.

Figure 3. Distribution of retail deposits by groups of banks



The share of net assets of the largest banks remained almost unchanged in Q2. At the same time, the sector's concentration by retail deposits increased by 2.4% qoq and 0.8% yoy.

Figure 4. Largest banks' share of sector net assets

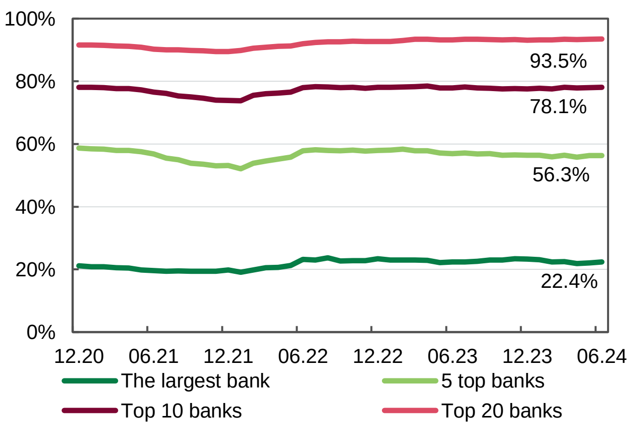
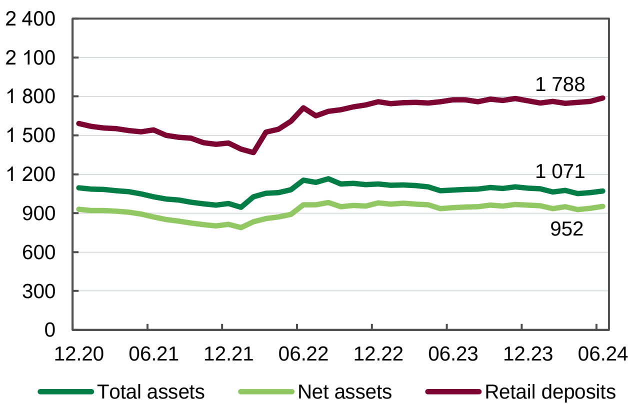


Figure 5. Concentration as measured by the HHI indicator*

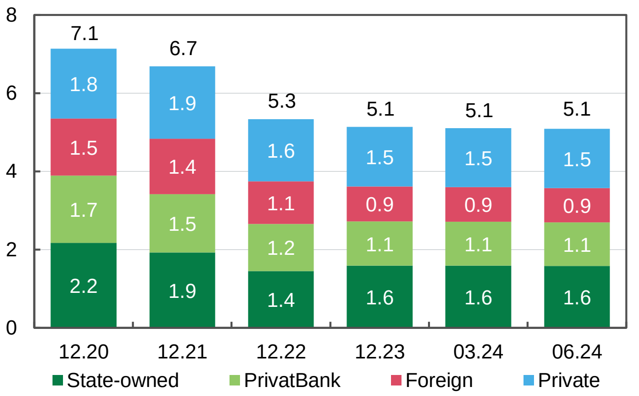


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

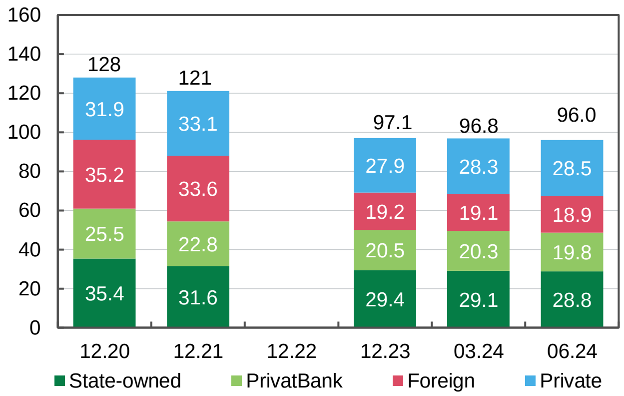
In Q2, the network of bank units shrank by only 23 branches. The reduction occurred at state-owned and foreign banks. The network shrank most noticeably in Kyiv, Zaporizhzhia, and Kharkiv oblasts. During the quarter, the number of full-time employees decreased at state-owned and foreign banks, while increasing slightly at private banks.

Figure 6. Number of banking units*, thousands



* Standalone bank structural units and head offices.

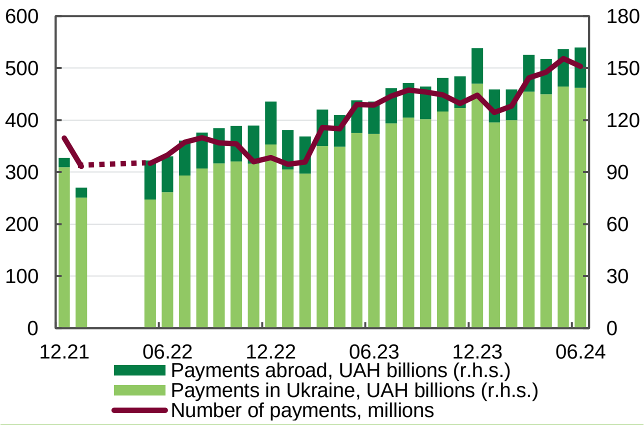
Figure 7. Bank staff headcount*, thousands of employees



* From Q1 2022 through Q3 2023, the statistics were not collected.

The growth in card payments through POS terminals slowed to 17% yoy. Payment volumes were growing at the same pace in Ukraine and abroad – at around 24% per year.

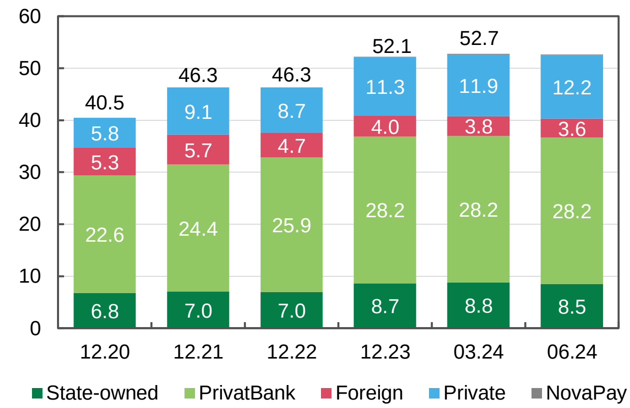
Figure 8. Card-based payments* in the retail network



These statistical data were not collected in February–April 2022.
* Payment cards and other electronic means of payment issued by Ukrainian financial institutions.

In Q2, the number of active payment cards increased only at private banks, while declining somewhat at state-owned and foreign banks. The number of active NovaPay cards continues to rise.

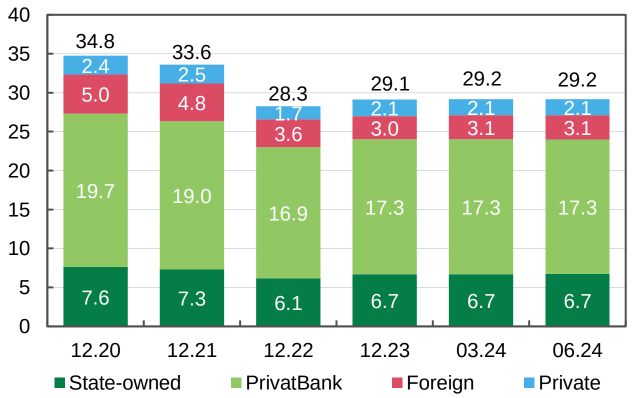
Figure 9. Number of active payment cards by groups of banks*, millions of units



* As of 1 July 2024, NovaPay issued 151,800 active payment cards.

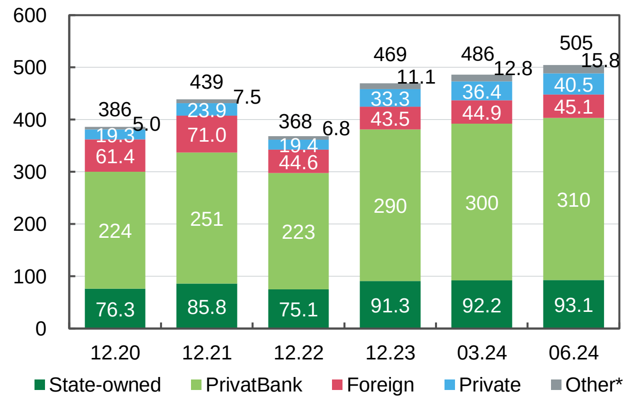
The POS terminal network has resumed growth since Q3 2022. In April–June, PrivatBank and private banks were, as usual, the leaders in terms of growth (+10,100 and +4,100, respectively). The network of foreign banks' payment terminals has been expanding for four consecutive quarters. NovaPay has increased its network of POS terminals by 3,400. The ATM network did not change in Q2.

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

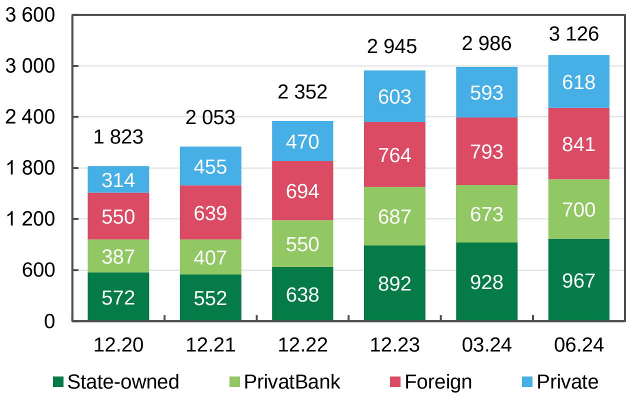


* The data of Ukrposhta is shown up to 1 October 2023; afterwards the data covers Ukrposhta and NovaPay.

Assets

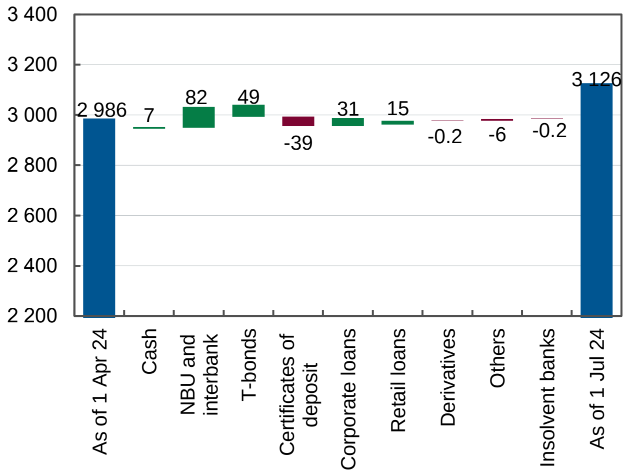
In Q2, the banks' net assets increased by 4.7%, including 1 pp due to exchange rate effects. The growth was primarily seen in the banks' accounts with the NBU and their portfolios of domestic government debt securities. At the same time, the volume of NBU certificates of deposit continued to decline, especially at the largest banks (except for PrivatBank), dropping by 7.1% qoq. The portfolio of loans to clients continued to grow, with its volume increasing by 6.8% qoq (19.1% yoy).

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



As of the end of the quarter, including adjusting entries.

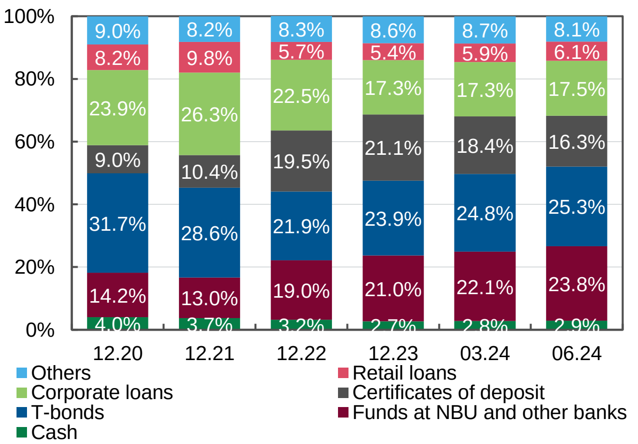
Figure 13. Change in net assets by components in Q2 2024, UAH billions



As of the end of the quarter, including adjusting entries.

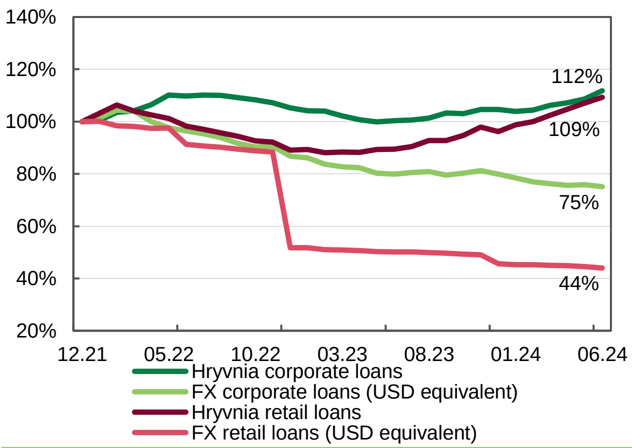
The volume of gross hryvnia loans has been increasing for more than a year. In Q2, the growth rate of corporate loans accelerated to 5.3% qoq. Retail loans also grew somewhat faster, at 6.7% qoq.

Figure 14. Sector net assets by component



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

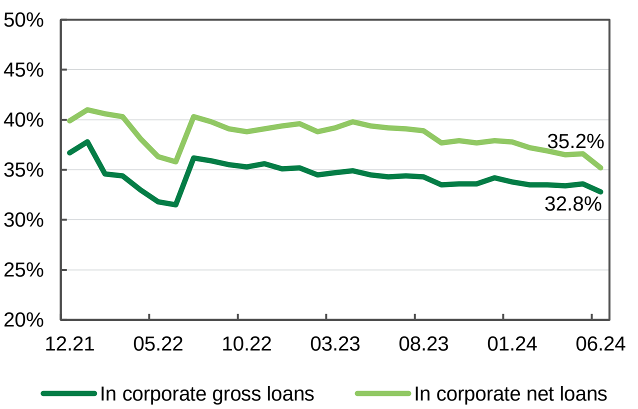
Figure 15. Gross corporate and retail loans, 2021 = 100%



At banks that were solvent as of 1 July 2024.

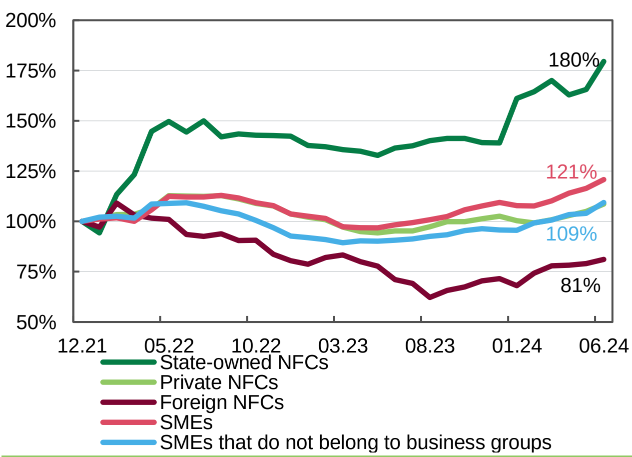
In Q2, the dollarization of net loans to businesses decreased by 1.7% due to an increase in hryvnia corporate loans.

Figure 16. Share of corporate FX loans



In Q2, loan volumes increased across all categories of corporations and SMEs, most significantly loans to private corporations, by 7.6%.

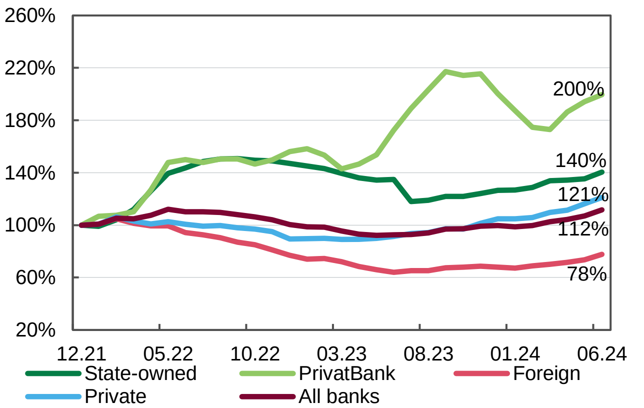
Figure 17. Net hryvnia loans to non-financial corporations (NFCs), 2021 = 100%



At banks that were solvent as of 1 July 2024. At the end of the quarter, including adjusting entries.

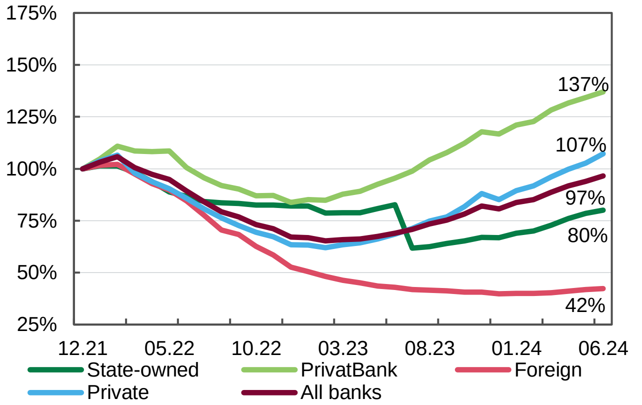
In Q2, net hryvnia corporate loans increased by 8.8% qoq (20.5% yoy). This increase was observed across all groups of banks, with foreign banks showing the largest growth in terms of volume – 10.7% qoq. The trend of growth in net hryvnia retail loans also persisted, with their volumes increasing by 8.9% qoq and 40.1% yoy, mainly on account of private banks and PrivatBank.

Figure 18. Net hryvnia corporate loans, 2021 = 100%



At banks that were solvent as of 1 July 2024.

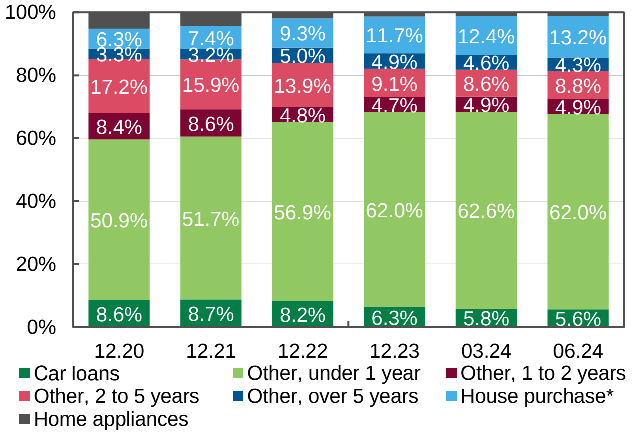
Figure 19. Net hryvnia retail loans, 2021 = 100%



At banks that were solvent as of 1 July 2024.

In Q2, the share of real estate loans in the structure of retail loans increased by 0.8 pp, while consumer loans (up to a year) decreased by 0.6 pp.

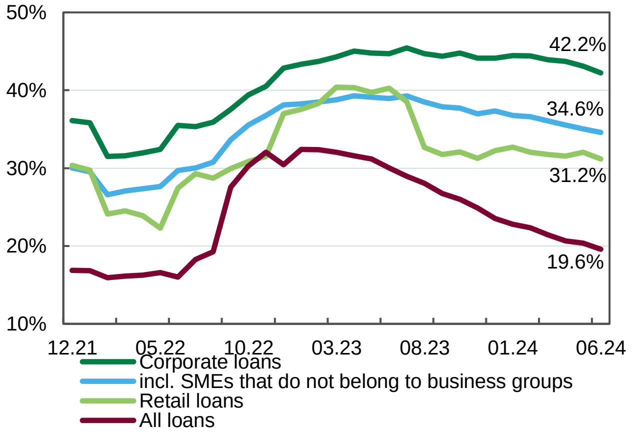
Figure 20. Net hryvnia retail loans by purpose



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

The ratio of non-performing loans (NPLs) decreased by 1.5 pp in Q2 (by 4.4 pp yoy), to 34.6%. The ratio of corporate and retail NPLs decreased by 1.7 pp and 1.8 pp over the quarter (by 2.5 pp and 10.4 pp over the year), respectively.

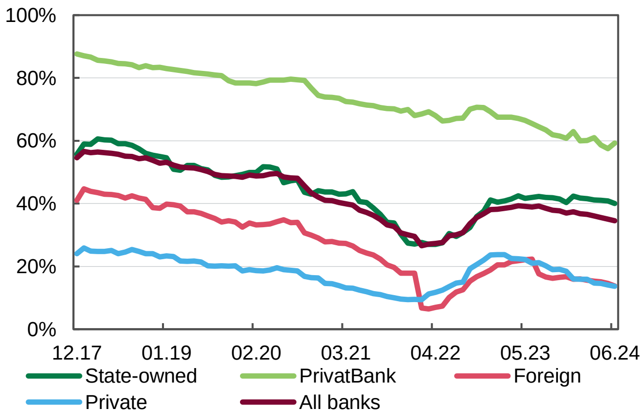
Figure 21. Ratios of NPLs in bank portfolios



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

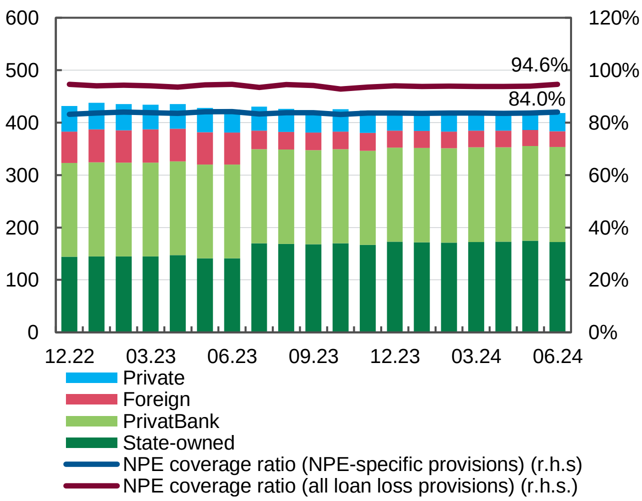
In Q2, the NPL ratio decreased across all groups of banks, most notably at PrivatBank and foreign banks: by 1.8 pp and 1.6 pp, respectively. The decline in the NPL ratio was mainly driven by the active increase in new loans throughout the quarter and NPL write-offs.

Figure 22. NPL ratio across groups of banks



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

Figure 23. Non-performing exposures (NPE, UAH billions) and provision coverage ratio



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

Funding

Liabilities of solvent banks increased by 4.7% in Q2 (+20.8% yoy) on the back of continued growth in client deposits. Liabilities grew across all groups of banks, with foreign banks and PrivatBank increasing their liabilities the most over the quarter – by +5.6% and +6.8%, respectively.

Figure 24. Liabilities by groups of banks, UAH billions

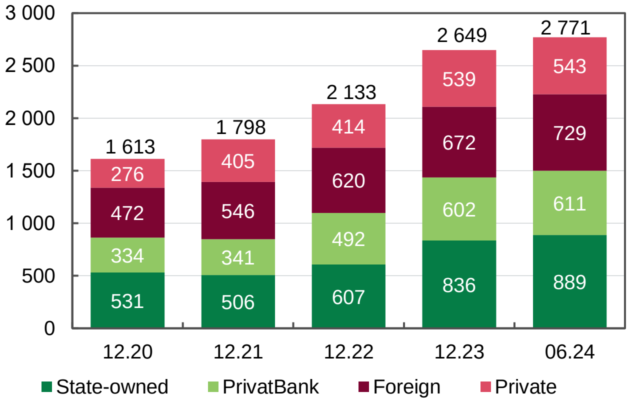
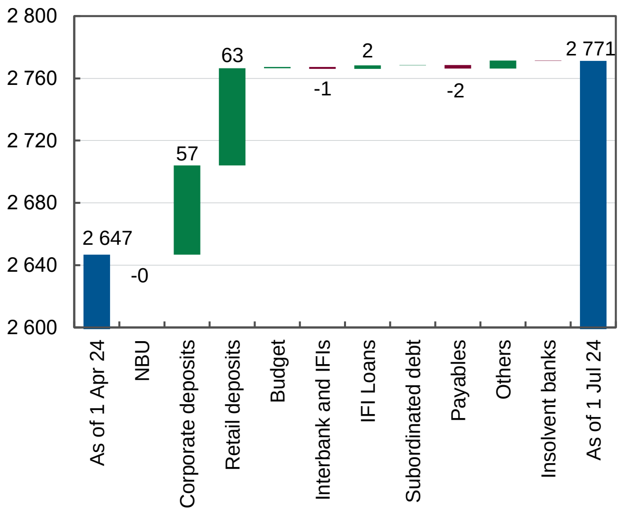


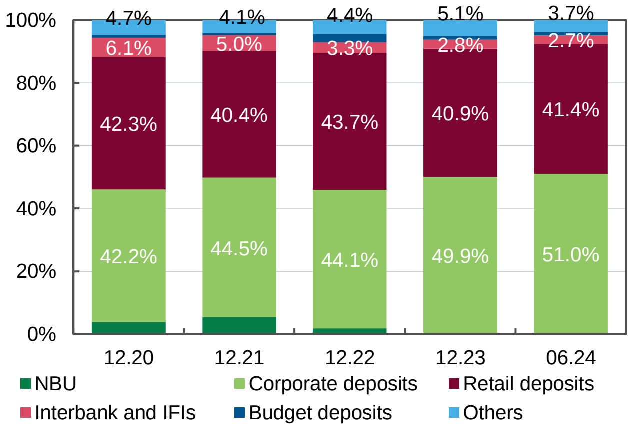
Figure 25. Changes in liabilities in Q2 2024 by component, UAH billions



At banks that were solvent at each reporting date.

The share of client deposits in the structure of liabilities increased over the quarter by 0.2 pp to 92.4%, driven by an increase in retail and corporate deposits.

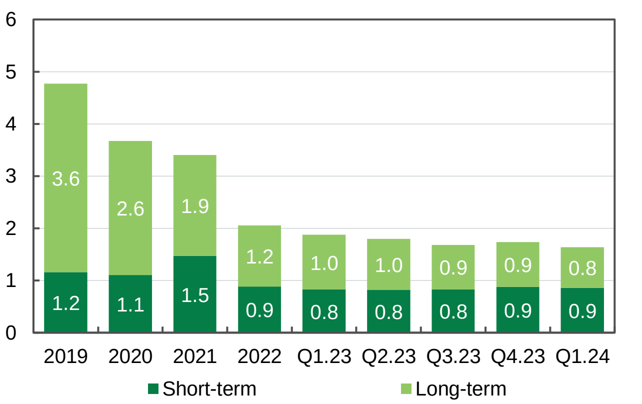
Figure 26. Structure of bank liabilities*



* Including certificates of deposit.

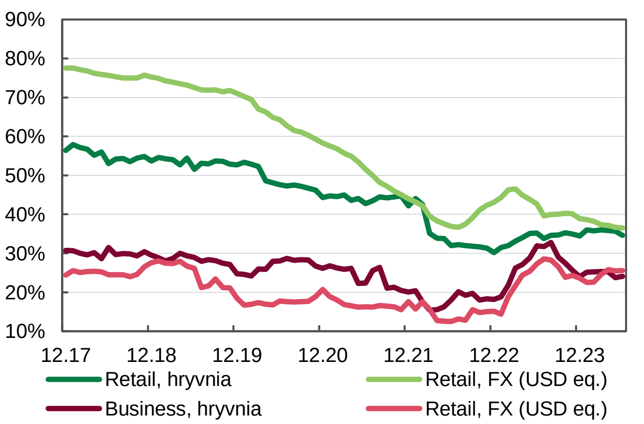
In Q1 2024, gross external debt decreased again, unlike in the previous quarter, by -5.8% (-12.6% yoy), to USD 1.6 billion. This was a new low since the end of 2003.

Figure 27. Gross external debt of banks, USD billions



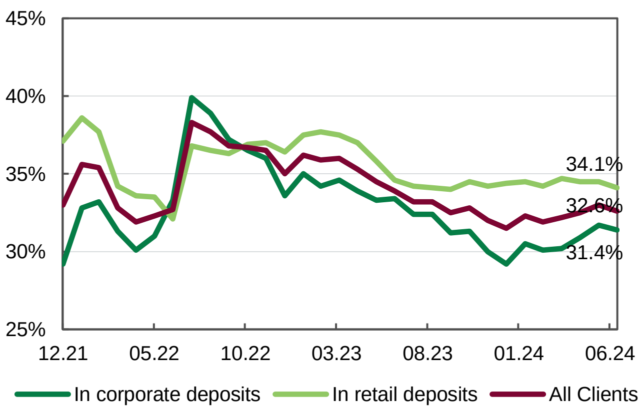
Over the quarter, the share of hryvnia retail term deposits decreased by 1.4 pp, to 34.6%. The share of corporate deposits also dropped, by 1.2 pp, to 24.1%.

Figure 28. Share of term deposits



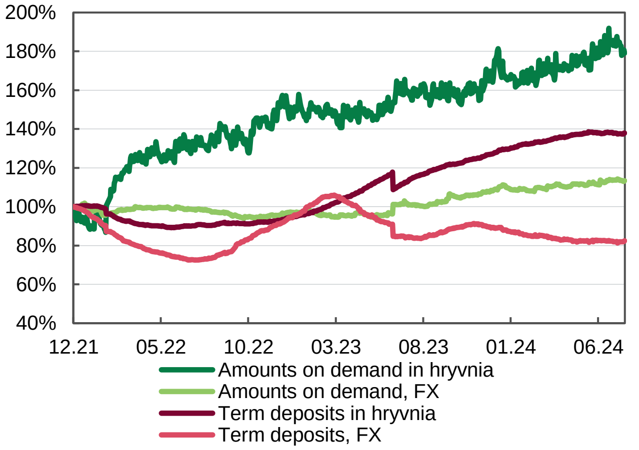
The dollarization of client deposits rose by 0.4 pp, to 32.6%, primarily due to the continued weakening of the hryvnia. The share of FX corporate deposits grew by 1.2 pp, to 31.4%.

Figure 29. Share of FX deposits



In Q2, the volume of retail deposits in the hryvnia increased by 6.7%, and in foreign currency by 0.7%. Both demand and term deposits in the hryvnia grew – by 9% and 2.5%, respectively.

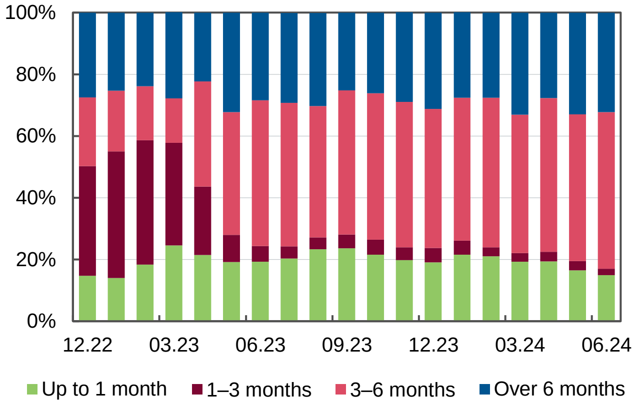
Figure 30. Retail deposits, 2021 = 100%*



* Daily data; at banks that were solvent as of 1 August 2024.

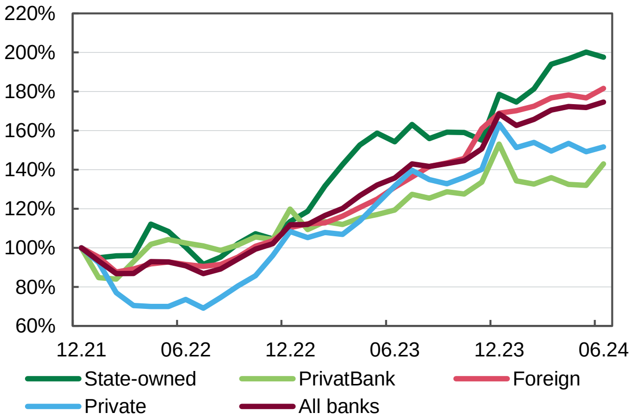
Over the quarter, only the share of deposits with maturities of three to six months grew by 5.9 pp, reaching 50.7% of all new deposits. Overall, the share of new deposits placed for more than three months reached 83%.

Figure 31. New retail term deposits



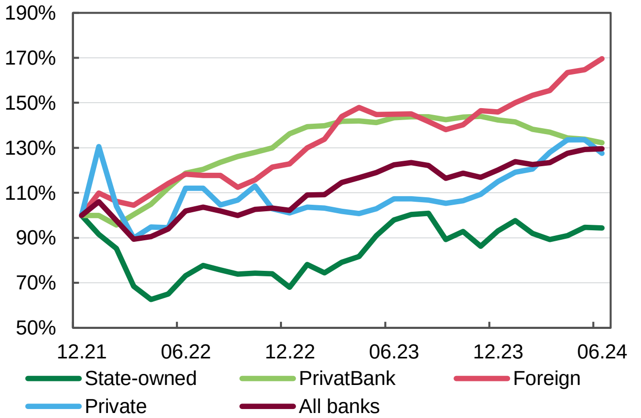
Hryvnia corporate deposits grew by 2.4% qoq. The active growth in deposits continued throughout the quarter. PrivatBank and foreign-owned banks showed the highest growth rates: +5.2% and +2.7%, respectively. FX deposits increased by 4.9%. The most noticeable growth was in FX deposits with foreign banks – 9.1% over the quarter.

Figure 32. Hryvnia corporate deposits by groups of banks, 2021 = 100%



At banks that were solvent as of 1 July 2024.

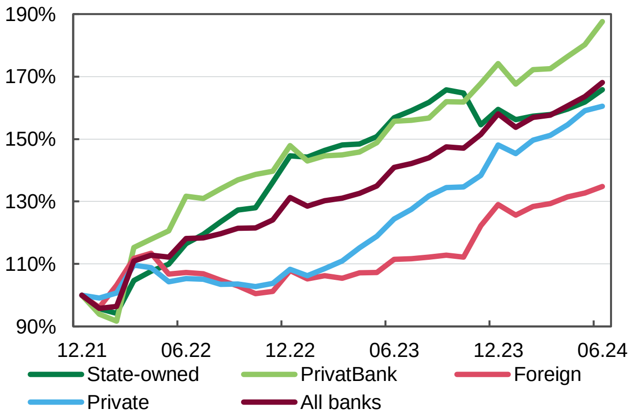
Figure 33. FX corporate deposits (in the U.S. dollar equivalent) by groups of banks, 2021 = 100%



At banks that were solvent as of 1 July 2024.

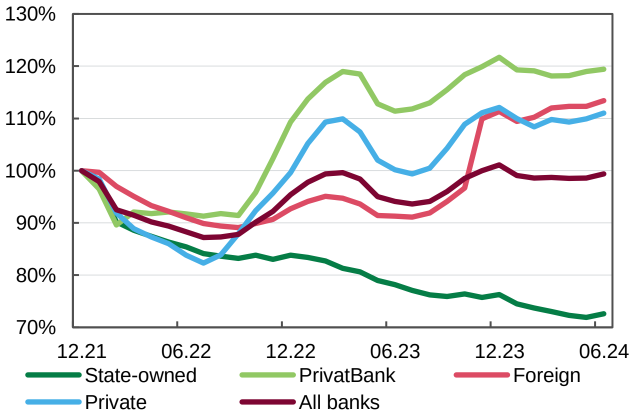
Hryvnia retail deposits increased by 6.7% qoq, continuing the trend that started at the end of Q1. Retail deposit portfolios grew at all banks over the quarter, with the largest growth recorded at PrivatBank – 8.7% qoq. The growth was observed primarily in current account balances. FX deposits increased by 0.7% (+5.7% yoy) also due to the growth in current accounts by 2.0% qoq.

Figure 34. Hryvnia retail deposits by groups of banks, 2021 = 100%



At banks that were solvent as of 1 July 2024.

Figure 35. FX retail deposits (in U.S. dollar equivalent) by groups of banks, 2021 = 100%

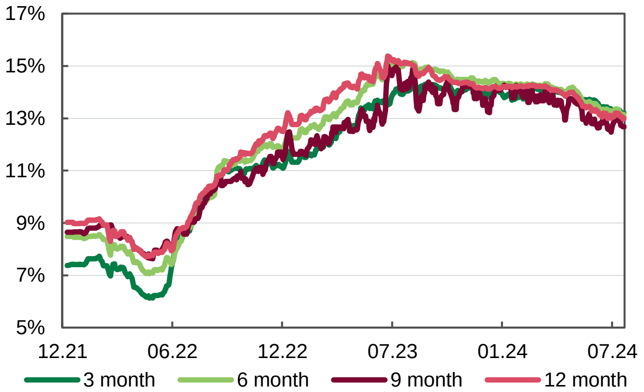


At banks that were solvent as of 1 July 2024.

Interest Rates

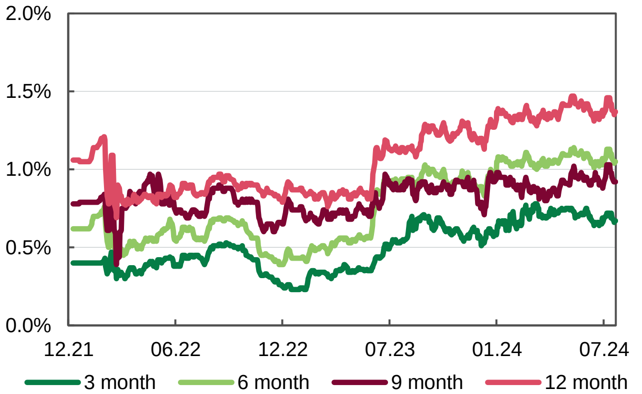
The cost of 12-month hryvnia deposits decreased by 0.7 pp, to 13.3% per annum in Q2. The spread between 3-month and 12-month deposits has been minimal over the past nine months. The cost of term deposits in the U.S. dollar increased by around 0.5 pp over the past year.

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



* According to Thomson Reuters, 5-day moving average.

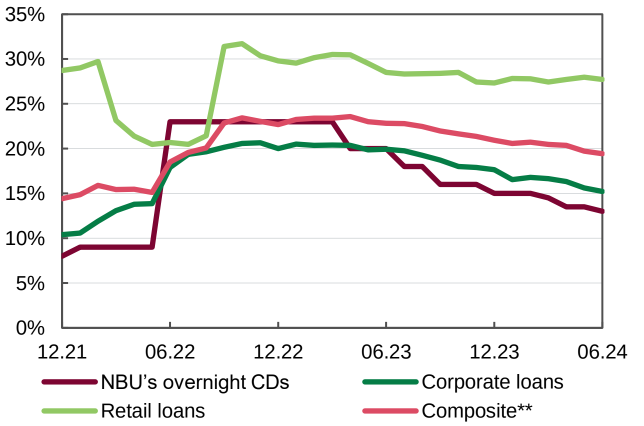
Figure 37. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* According to Thomson Reuters, 5-day moving average.

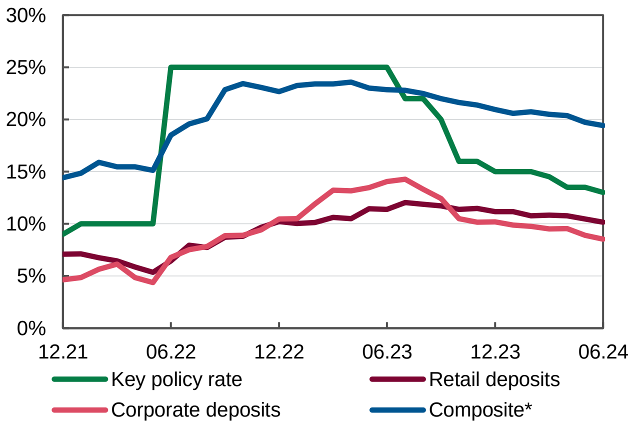
Rates on new hryvnia corporate loans decreased by 1.4 pp qoq, to 15.2% per annum. Rates on new corporate deposits decreased by 1 pp, to 8.5% per annum, which was by 1.6 pp less compared to retail deposit rates.

Figure 38. Interest rates on new hryvnia loans* and NBU certificates of deposit, % per annum



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

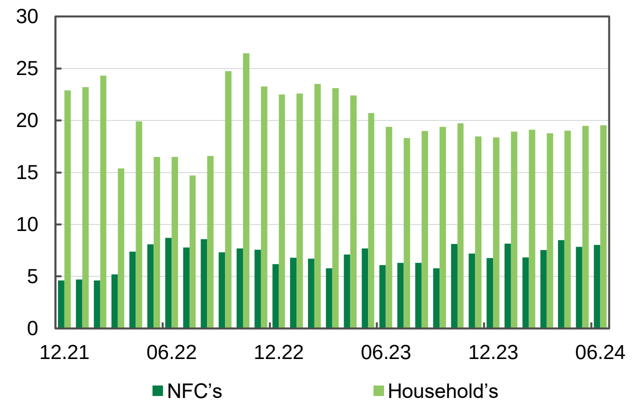
Figure 39. NBU key policy rate and interest rates on new hryvnia loans and deposits, % per annum



* Except government authorities.

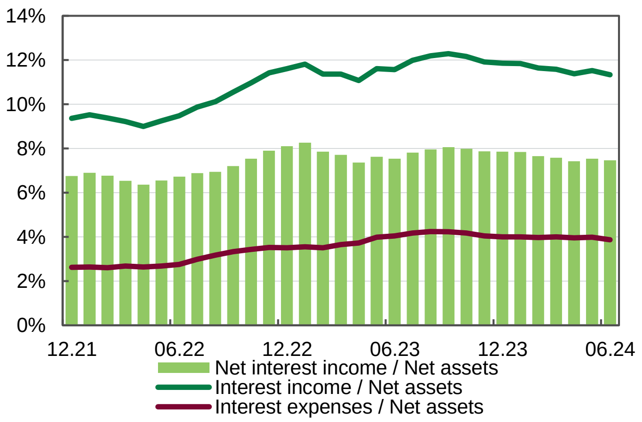
The spread between rates on new loans and deposits widened slightly on average over the quarter compared to the previous quarter. The interest margin decreased slightly quarter-on-quarter due to a faster decline in the value of assets compared to liabilities, and averaged 7.5%.

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*

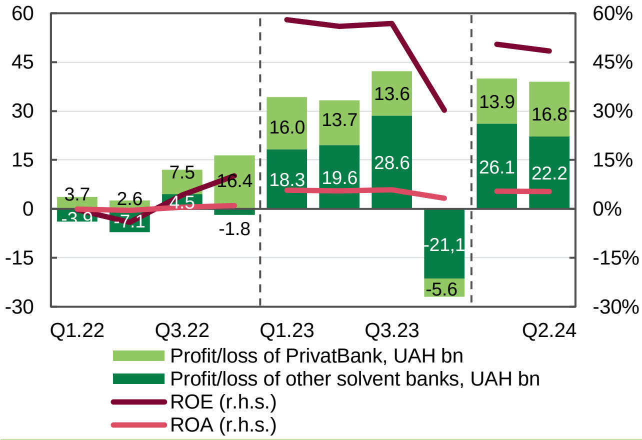


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Performance

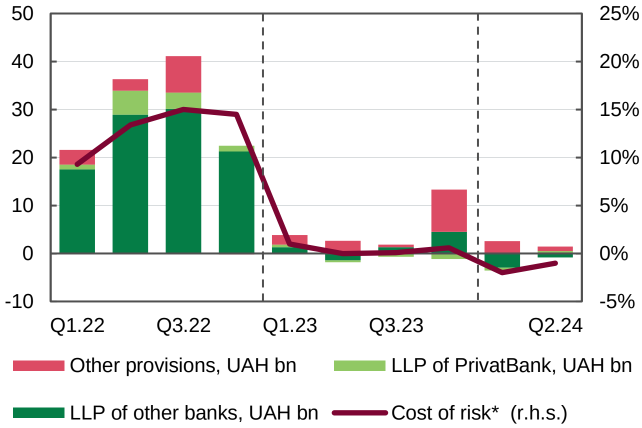
In Q2, the sector's profit was 2.4% less compared to the previous quarter, amounting to UAH 39 billion. PrivatBank accounted for 43% of the profit.

Figure 42. Banks' profit or loss, return on equity, and return on assets



The banks released loan loss provisions (-0.2% of the loan portfolio) and made additional provisions for domestic government debt securities and for other risks in the amount of UAH 1.1 billion over the quarter.

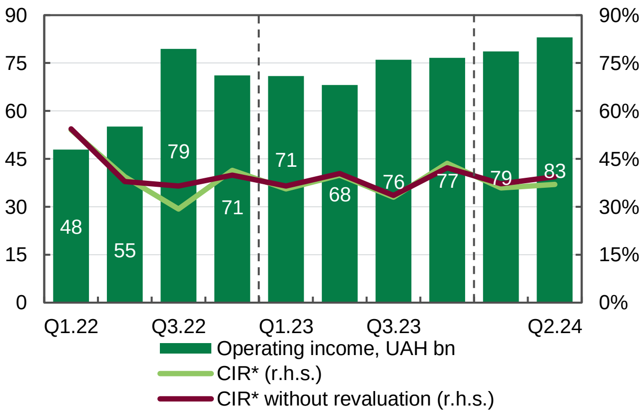
Figure 43. Loss provisions, quarterly



* Ratio of annualized loan loss provisions since the start of the year to the net loan portfolio.

The sector's operational efficiency has been high for the third year in a row. The CIR in Q2 was 37.1%, compared to 40.1% in the corresponding quarter of 2023.

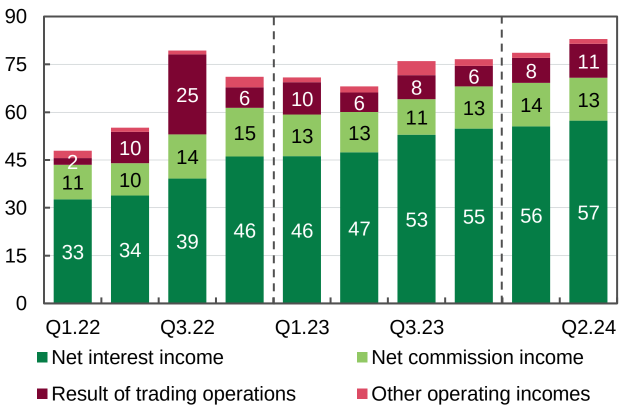
Figure 44. Operating income and operational efficiency of banks



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

Net interest income for the quarter increased by 20.9% yoy, and net fee and commission income rose by 6.8% yoy.

Figure 45. Operating income components for the period, UAH billions



Yields on the NBU's certificates of deposit continued to decline due to the rate cuts. Yields on retail loans rose slightly. The value of liabilities slowly declined in both the corporate and retail segments.

Figure 46. Ratio of interest income components to net assets

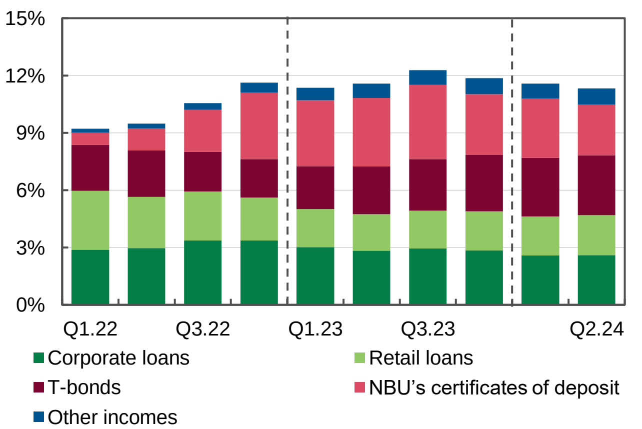
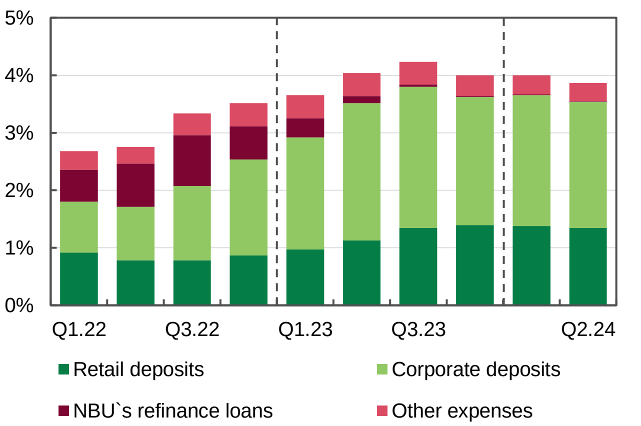


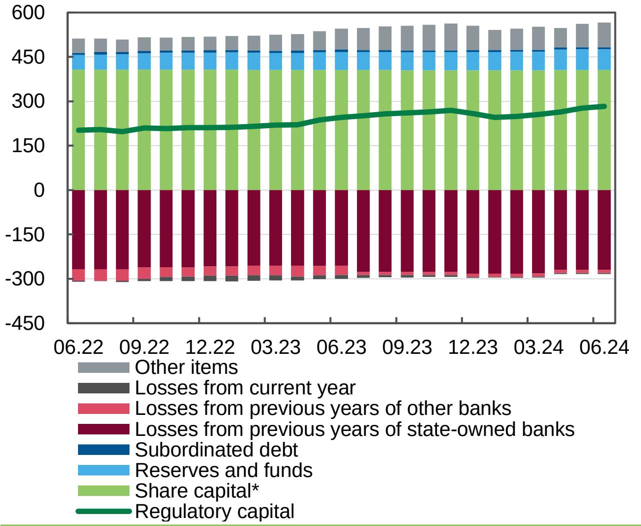
Figure 47. Ratio of interest expenses components to net assets



Capital

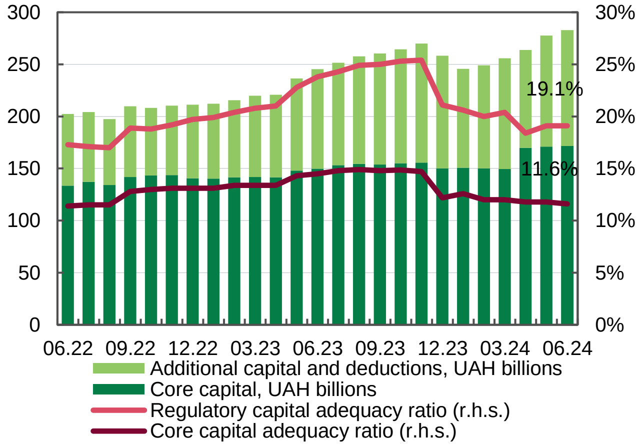
Regulatory capital grew by 10.6% over the quarter, while authorized capital increased by 0.3%. More than 95% of the sector's losses in previous years were generated by state-owned banks. Regulatory capital adequacy remained strong.

Figure 48. Composition of regulatory capital, UAH billions



* Registered and unregistered authorized capital.

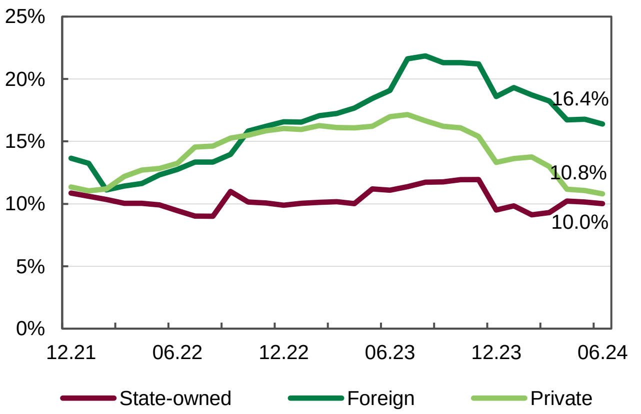
Figure 49. Regulatory capital and the regulatory capital adequacy ratio



Starting from 1 January 2024, 100% of the amount of operational risk is taken into account for the calculation of the capital adequacy ratio.

The adequacy ratios of core and regulatory capital were the lowest at state-owned banks, with one bank not meeting the minimum requirements. It was the highest at foreign banks. The average levels across all groups were above the minimum requirements.

Figure 50. Core capital adequacy ratio by groups of banks



Starting from 1 January 2024, 100% of the amount of operational risk is taken into account for the calculation of the capital adequacy ratio. From 1 May 2024, the calculation was updated based on the latest reporting data.

Figure 51. Regulatory capital adequacy ratio by groups of banks

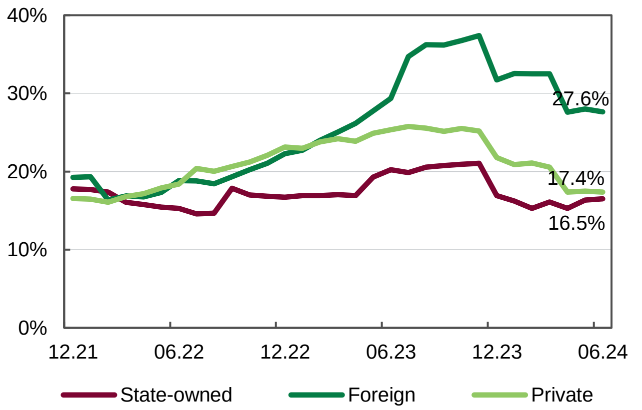


Table 2. **Key banking sector indicators**[1]

	2017	2018	2019	2020	2021	2022	2023	Q1 24	Q2 24
Number of operating banks	82	77	75	73	71	67	63	63	62
General balance sheet indicators (UAH billions)[2]									
Total assets	1,840	1,911	1,982	2,206	2,358	2,717	3,311	3,351	3,491
of which in foreign currencies:	755	779	718	746	679	820	923	946	991
Net assets	1,334	1,360	1,493	1,823	2,053	2,352	2,945	2,986	3,126
of which in foreign currencies:	507	495	492	585	583	731	830	853	896
Gross corporate loans[3]	864	919	822	749	796	801	784	788	820
of which in foreign currencies:	423	460	381	332	292	281	268	264	269
Net corporate loans[3]	451	472	415	432	540	529	511	516	547
Gross SME loans	443	445	432	451	468	455	483	483	501
of which in foreign currencies:	184	180	159	162	127	100	114	110	111
Net SME loans	335	339	205	232	263	246	268	267	286
of which in foreign currencies:	110	102	89	101	87	70	80	76	75
Net loans to SMEs that do not belong to groups[7]	-	-	62	63	71	61	63	67	73
of which in foreign currencies:	-	-	22	24	18	15	13	14	14
Gross retail loans	171	197	207	200	243	210	223	236	252
of which in foreign currencies:	68	61	38	31	21	13	12	12	12
Net retail loans	92	114	143	149	200	134	160	175	190
Corporate deposits[3]	427	430	525	681	800	943	1,322	1,356	1,413
of which in foreign currencies:	163	150	191	233	233	317	386	409	444
Retail deposits[4]	478	508	552	682	727	933	1,084	1,085	1,147
of which in foreign currencies:	244	241	238	285	270	340	373	376	392
Change (yoy, %)									
Total assets	5.9%	3.8%	3.7%	11.3%	6.9%	15.2%	21.9%	19.9%	19.4%
Net assets	6.2%	1.9%	9.8%	22.1%	12.6%	14.5%	25.2%	23.0%	22.0%
Gross corporate loans[3]	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.2%	1.9%	8.8%
Gross retail loans	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%	6.0%	14.6%	20.7%
Corporate deposits[3]	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%	40.2%	32.3%	24.4%
Retail deposits[4]	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%	16.1%	14.8%	18.4%
Penetration[5] (%)									
Gross corporate loans[3]/GDP	29.0%	25.8%	20.7%	17.7%	14.6%	15.3%	12.0%	11.6%	11.7%
Net corporate loans[3]/GDP	15.1%	13.3%	10.4%	10.2%	9.9%	10.1%	7.8%	7.6%	7.8%
Gross retail loans/GDP	5.7%	5.5%	5.2%	4.7%	4.5%	4.0%	3.4%	3.5%	3.6%
Net retail loans/GDP	3.1%	3.2%	3.6%	3.5%	3.7%	2.6%	2.4%	2.6%	2.7%
Corporate deposits[3]/GDP	14.3%	12.1%	13.2%	16.1%	14.7%	18.0%	20.2%	20.0%	20.1%
Retail deposits/GDP	16.0%	14.3%	13.9%	16.2%	13.3%	17.8%	16.6%	16.0%	16.4%
Profit or Loss[6] (UAH billions)									
Net interest income	53.0	73.0	78.9	84.8	117.6	151.7	201.4	55.6	57.3
Net fee and commission income	27.5	37.8	44.0	46.5	58.0	50.2	50.0	13.6	13.5
Provisions	49.2	23.8	10.7	31.0	3.4	121.2	17.8	-1.0	0.6
Net profit/loss	-26.5	22.3	58.4	39.7	77.4	21.9	82.8	40.0	39.0
Memo items:									
UAH/USD (period average)	26.60	27.20	25.85	26.96	27.29	32.34	36.57	38.17	39.85
UAH/USD (end-of-period)	28.07	27.69	23.69	28.27	27.28	36.57	37.98	39.22	40.54
UAH/EUR (period average)	30.00	32.14	28.95	30.79	32.31	33.98	39.56	41.46	42.91
UAH/EUR (end-of-period)	33.50	31.71	26.42	34.74	30.92	38.95	42.21	42.37	43.35

[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 2014–2023 is presented excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, occupied territories in Donetsk and Luhansk oblasts, and other occupied territories; data for 2024 are based on GDP estimates from the July 2024 Inflation Report.

[6] Including adjusting entries.

[7] By belonging 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 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 2022–2023, and H1 2024 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).

Unless otherwise indicated, Sense Bank JSC is considered as part of the group of state-owned banks from Q3 2023 and First Investment Bank JSC (PINbank) from March 2024.

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 Committee on Banking Supervision and Regulation and Oversight of Payment Infrastructure.

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.

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 Ukraine).
UIRD	Ukrainian Index of Retail Deposit Rates
pp	Percentage point
UAH	Ukrainian hryvnia
USD	United States dollar
EUR	Euro
Eq.	Equivalent
H	Half of a year
Q	Quarter
M	Month
r.h.s.	Right-hand scale
yoy	Year-on-year
qoq	Quarter-on-quarter
mom	Month-on-month