National Bank of Ukraine

Banking Sector Review

August 2023

For the most part, previous banking-sector trends continued into Q2 2023. Funding continued to grow, driven by retail deposits and even more so by corporate ones. The term structure of client deposits improved as deposit rates increased further. Sector net assets increased in volume, primarily due to higher investments in domestic government debt securities and NBU certificates of deposit. Although the net corporate loan portfolio continued to shrink, demand for consumer loans began to recover. Sizeable interest income from high-quality liquid assets and from interest on corporate loans contributed to the further growth in the sector's interest income. The banks' operational efficiency remained high. Due to the economy's gradual recovery, there was almost zero provisioning. Combined, these factors contributed to the sector's considerable profit. In July, the NBU launched a cycle of key policy rate cuts. However, the banks are making sustained interest income and operating at high net interest margins, so risks to profitability are currently low.

Sector Structure

The number of operating banks in Ukraine – 65 – did not change during Q2. In July, however, systemically important Sense Bank (3% of sector assets) was transferred into state ownership under sanctions legislation. Furthermore, Concord, a small bank that persistently violated AML/CFT requirements, saw its license revoked on 1 August and went into liquidation.

In Q2, the share of state-owned banks shrank by 0.7 pp, to 50.2%. However, because the state came into ownership of systemically important Sense Bank, the state-owned group's portion of sector assets exceeded 53% in July.

Assets

Net assets of solvent banks grew by 5.6% qoq in Q2. First of all, the banks continued to build up their volumes of NBU certificates of deposit. A higher-yield three-month certificates of deposit (CDs) that were introduced in April induced the banks to invest in this instrument. By early July, the CDs had accounted for about UAH 162 billion in investment.

The net hryvnia corporate loan portfolio continued to shrink during the first two months of the quarter, but in June it edged higher for the first time in the last 12 months. Overall in Q2, the hryvnia corporate loan portfolio declined by 3.2%, while the FX one fell by 3.7% in dollar terms. At the same time, private banks and PrivatBank posted an increase in their hryvnia corporate loans. Demand for loans remains depressed. However, a Bank Lending Survey in Q2 showed more than half of the banks reporting a strengthening of demand for SME loans. Most of the lending continues to take place under the Affordable Loans 5–7–9% program. The volume of gross loans under the program increased by 8.2% qoq. However, the growth in the hryvnia loan portfolio under this program was further offset by larger repayments of previously disbursed loans, primarily in agriculture and trade. Loans granted within the program continues to make up about one-third of the performing gross portfolio of hryvnia corporate loans.

The net hryvnia retail loan portfolio increased in Q2, for the first time since the full-scale invasion broke out, by 4.5% qoq, thanks to the revival of card-based lending. Growth was observed in all groups of banks, except for foreign-owned ones. In addition, mortgage lending rose by 2.7% or UAH 0.3 billion in Q2, primarily due to the issuing of UAH 1.1 billion in loans under the eOselia program, which exceeded repayments.

Recognition of credit losses by the banks as a result of the war has been suspended. In general, the NPL ratio increased by a marginal 0.1 pp to 38.9% in Q2, and by 12.4 pp since February 2022. The NPL ratio for retail loans fell in Q2 for the first time since martial law was imposed, by 2.0 pp (including due to NPL write-offs). At the same time, business loans grew by 0.4 pp.

Funding

Solvent banks' liabilities increased by 5.3% in Q2 due to the growth in client deposits, mostly corporate ones. The share of the latter in liabilities expanded to 49.5%. In general, client deposits make up almost 92% of bank funding. The banks have no need of raising funds from elsewhere. They continue to repay the NBU's expensive refinancing loans, the share of which fell by almost three-quarters in Q2, to 0.2% (the level of July 2008). Gross external debt declined by 8.8% qoq by the end of Q1, to USD 1.9 billion.

During Q2, retail hryvnia deposits increased by 7.5% qoq. Growth accelerated in June, driven primarily by inflows to current accounts. Hryvnia retail term deposits grew faster, by 14.1% qoq. In response to changes in the NBU's monetary policy, the banks increasingly competed by offering higher rates for longer-term deposits. Private banks led the way in terms of the growth in hryvnia term deposits, which were up 19.5%.

FX retail deposits decreased by 5.5% qoq, while term deposits decreased faster, by 13.5% qoq. FX deposits decreased in all groups of banks except foreign-owned ones, most noticeably in PrivatBank (by 31%) and private banks (by 19.4%). The decline was driven by the strengthening of the hryvnia in the cash market since the beginning of the year, which reduced the profitability of FX deposits and led to a drop in demand thereof. Thus, demand for cashless foreign currency for making deposits dropped by 55.6%, and for making deposits protected against exchange rate fluctuations, fell by 61.2%.

Although the growth in hryvnia corporate deposits decelerated during the quarter, they rose by 12.9% qoq. FX deposits grew more slowly, by 6.8%. A significant increase in corporate FX deposits in state-owned banks, by 24% qoq, was primarily generated by state-owned companies.

The rate of dollarization of client deposits decreased by 2.1 pp qoq, to 36%. For retail deposits, it fell more significantly, to 34.6%, as hryvnia deposits grew and the popularity of FX deposits faded.

Interest Rates

During Q2, the NBU's key policy rate remained at 25% per annum up until the end of July, when it was cut to 22%. On the condition that the banks actively raise hryvnia deposits with maturities of more than three months, the banks were allowed, starting in April, to invest in three-month NBU certificates of deposits. These certificates pay interest that equals the key policy rate, which is higher than the overnight rate. This encouraged the banks to further increase interest rates on term deposits. On average, the cost of three-month deposits rose by 1.6 pp qoq to 14%. The interest-rate spread between three-month and one-year deposits narrowed to 1.2 pp in late Q2. The cost of corporate deposits also increased, to 14.1% per annum. High interest rates for businesses were offered mainly by state-owned (excluding PrivatBank) and private banks.

Over the course of Q2, interest rates on retail loans decreased slightly to 28.5% per annum, while those on business loans fluctuated around 20% per annum.

Financial Performance and Capital

In Q2, the sector made UAH 34 billion in profit, almost the same as in Q1, 40% of it earned by PrivatBank. This was due to the steady growth in net interest income, primarily from highly liquid assets, and almost-zero provisioning. Fifteen small banks were loss-making during the quarter (eight since the start of the year), generating a cumulative loss of UAH 0.01 billion.

The banks' operational efficiency remained high. The year-on-year growth in operating expenses was commensurate with the increase in revenues. This brought the cost-to-income ratio (CIR)[1] to 39.9%, up from 39.4% in the Q2 2022. Overall, 53 institutions posted a positive operating profit in Q2.

The banks' interest income grew by more than 50% yoy. NBU certificates of deposit and domestic government debt securities accounted for most of the interest income earned in Q2: 52%. The growth in interest income from businesses slowed to 19.3% yoy, while interest income from households continued to decline. Interest expenses due to a significant share of low-cost current accounts in the portfolio grew more moderately than income. So, net interest income grew by 40.2% yoy in Q2. Net commission income declined in April–May and recovered to March levels in June. It came out 3% lower on a quarterly basis, but 24.3% higher in annual terms. Its dynamics were largely shaped by the volume of card-based transactions. Profits from FX trading declined, although they remained higher than in 2021.

During Q2, the banks released their provisions against loans and receivables and made UAH 3.4 billion in provisions for domestic government debt securities instead. Total provisioning was only UAH 0.8 billion during the quarter.

Prospects and Risks

The cut to the NBU's key policy rate at the end of July marked the launch of a cycle of monetary policy easing. This will drive down market interest rates. However, the banks have maintained high net interest margins. Risks to their profitability are therefore moderate.

The economic recovery is mitigating credit risk. To assess the volume of losses from credit risk and the probable need for capital, the NBU has been conducting a resilience assessment of the top 20 banks. The preliminary results of this exercise are optimistic: the NBU has found no significant understatements of credit risk. So, capital needs of the sector are unlikely to be significant. Most banks will probably be able to recapitalize using their current earnings. Based on the resilience assessment, the NBU will prioritize the introduction of new capital adequacy requirements, the implementation of deferred measures, and the reimposition of requirements to build capital buffers. Until these requirements are met, restrictions on the distribution of capital by banks will remain in effect.

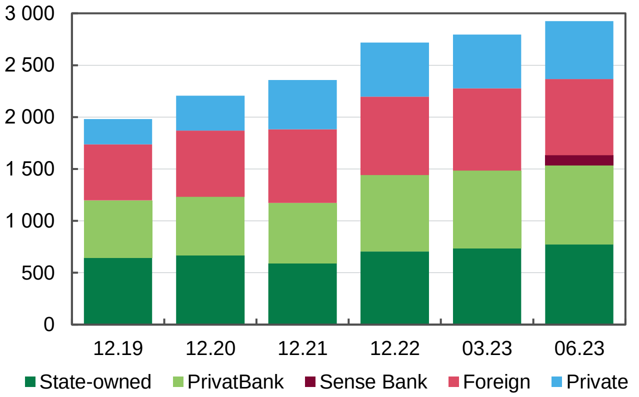
The role and share of state-owned banks is growing. For the sector to operate effectively going forward, despite increased concentration and associated risks, their tasks and strategies must be updated to take into account the protracted uncertainty over security conditions.

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

Sector Structure

In Q2, total assets grew by 4.7%, the growth being generated mainly by private banks. In Q2, the number of operating banks remained unchanged. However, a decision was made in July to resolve systemically important Sense Bank because its owners were sanctioned under the law. On July 22, 100% of the bank's shares became state property. In addition, in August, the license of Concord Bank (0.2% of the sector's assets) was revoked and the bank's liquidation commenced because of persistent violations of AML/CFT requirements.

Figure 1. Banks' total assets, UAH billions*



* Quarterly data, including adjusting entries. Solvent banks were grouped according to the classification in the respective reporting period.

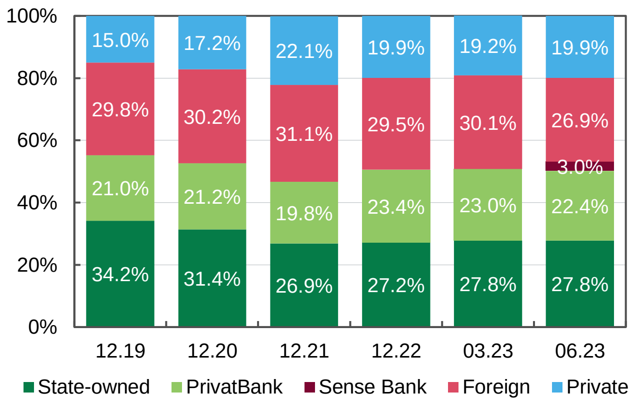
Table 1. Number of banks*

	2019	2020	2021	2022	Q1.23	Q2.23
Solvent	75	73	71	67	65	65
change	-2	-2	-2	-4	-2	0
State-owned, incl. PrivatBank	5	5	4	4	4	4**
change	0	0	-1	0	0	0
Foreign	20	20	20	16	15	14
change	-1	0	0	-4	-1	0**
Private	50	48	47	47	46	46***
change	-1	-2	-1	0	-1	0

* Quantity is as of the end of the relevant period. ** Sense Bank was reclassified from the group of banks with foreign capital to the group of state-owned banks on 22 July. *** On 1 August, the liquidation of private Concord Bank began.

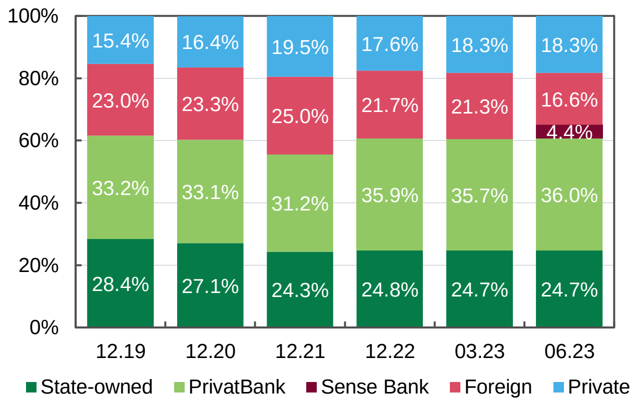
State-owned banks, including PrivatBank, continue to account for more than half of the sector's assets – 50.2% by net assets and 60.7% by retail deposits (53.2% and 65.1%, respectively, after including Sense Bank). The share of private banks in net assets grew slightly, by 0.7 pp.

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



* Quarterly data, including adjusting 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 3.0 pp, while the share of the top 20 banks rose by 2.6 pp. In Q2, however, the share of net assets of PrivatBank, the system's largest bank, edged lower, while its share in retail deposits went slightly up.

Figure 4. Largest banks' share of sector net assets

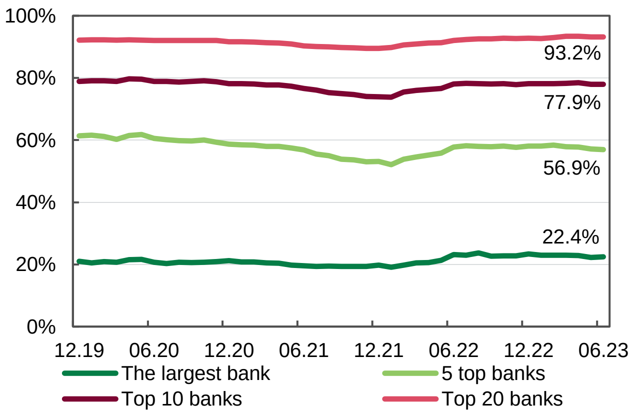
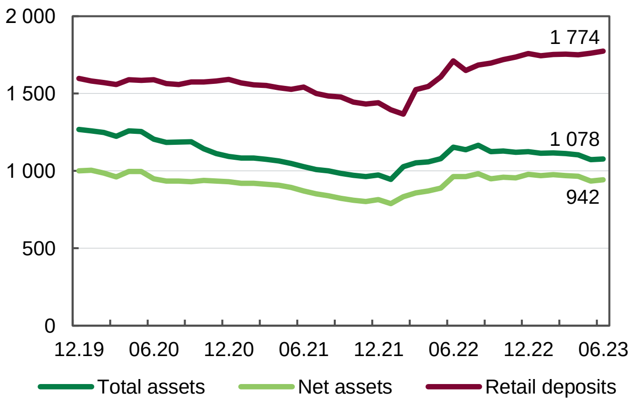


Figure 5. Concentration as defined by the HHI indicator*

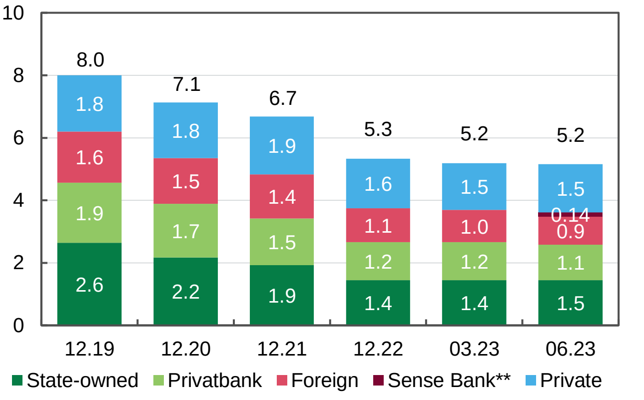


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

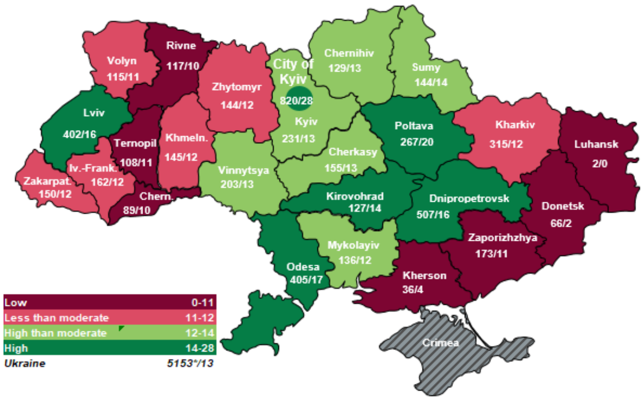
In Q2, the lowest number of banks' structural units was closed since 2015. The number of units fell by 40 over the quarter, most of them in regions where active hostilities were taking place. New branches were primarily opened by foreign banks.

Figure 6. Number of bank structural units*, thousands



* Standalone bank structural units and head offices. ** State-owned since 20 July 2023.

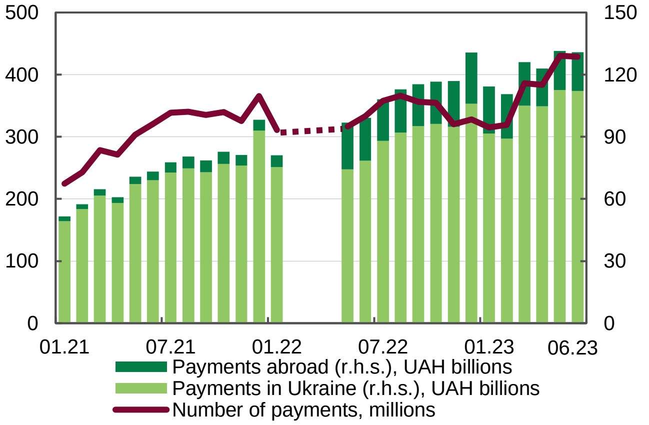
Figure 7. Operating bank structural units by regions as of 1 July 2023, structural units per 100,000 individuals



The calculation based on population data from 1 February 2022. * Excluding five structural units (three of them abroad).

In Q2, retail card-based payments continued to grow, by more than 20% in terms of quantity and by almost 10% in terms of amount, primarily due to transactions made in Ukraine.

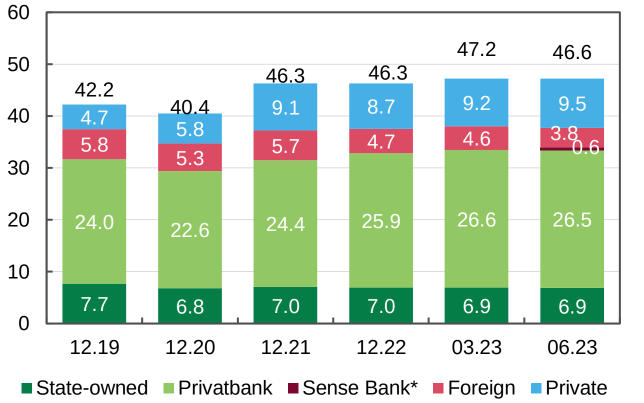
Figure 8. Card-based payments in stores (retail network)



No data were collected in February–April 2022.

The number of active payment cards decreased for the first time since Q2 2022. In the reporting quarter, only private banks recorded an increase in the volume of cards. The biggest reduction occurred in foreign banks.

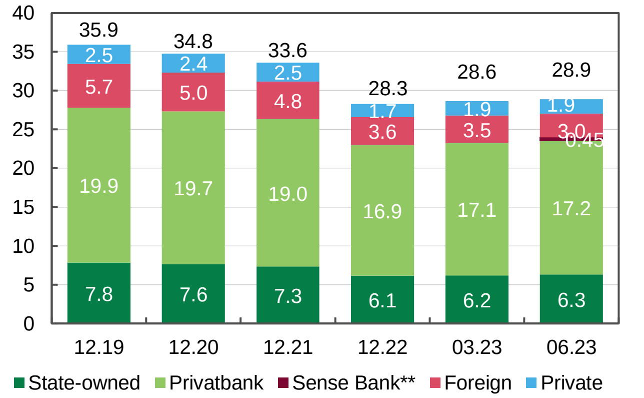
Figure 9. Number of active payment cards by group of banks, millions of units



* State-owned since 20 July 2023.

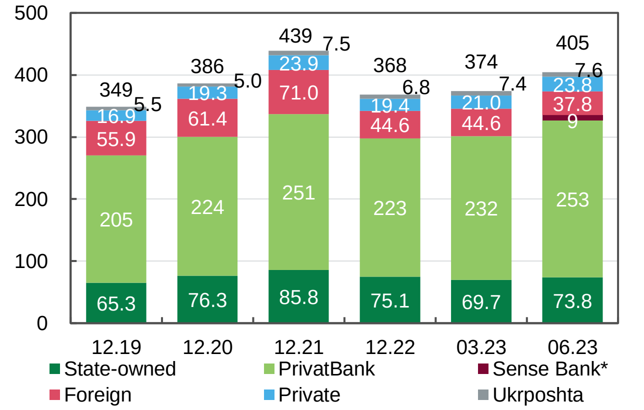
The network of POS terminals has been growing for the past four quarters. In Q2, the largest increase was made by PrivatBank and other state-owned banks (+21,100 and +4,100 terminals, respectively). Foreign-owned banks slightly reduced the number of POS terminals. The ATM network expanded for the second straight quarter. Sense Bank's share in the banks' payment infrastructure (cards, ATMs, POS) is about 1%.

Figure 10. Number of ATMs*, thousands of units



* Number of self-service bank machines (ATMs, cash-in ATMs, and self-service kiosks). ** State-owned since 20 July 2023.

Figure 11. Number of POS terminals, thousands of units

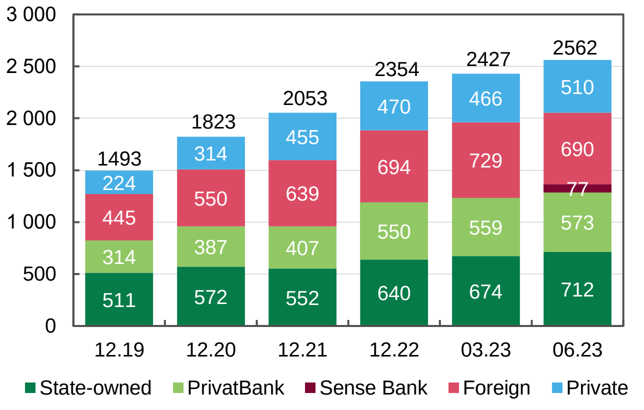


* State-owned since 20 July 2023.

Assets

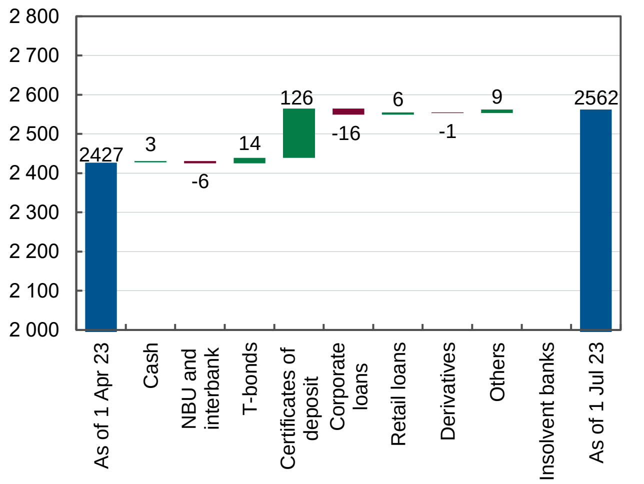
In Q2, the banks' net assets grew by 5.6%, primarily due to a 35.7% increase in NBU certificates of deposit, primarily in private and state-owned banks. The share of NBU certificates of deposit in the structure of net assets increased by 4.2 pp. Simultaneously, the share of corporate loans shrank.

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



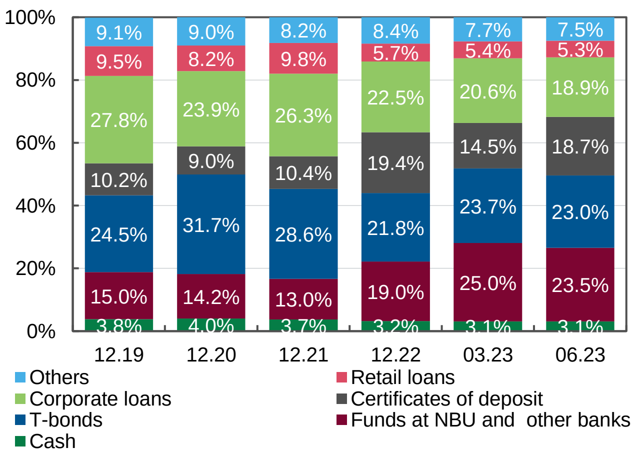
* Adjusted for loan loss provisions of banks. Quarterly data, including adjusting entries.

Figure 13. Change in net assets by component in Q2 2023, UAH billions



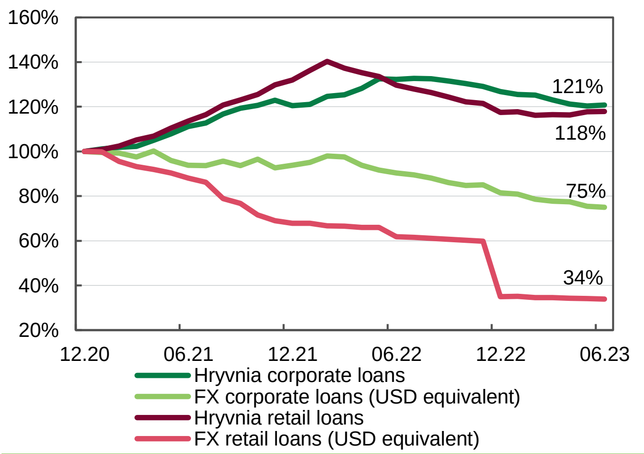
The portfolio of gross hryvnia corporate loans has been shrinking for four quarters running, despite the increase in volumes of loans provided under government programs. In Q2, however, the portfolio's decline slowed, and in June, there was even a certain increase. For the first time since the full-scale war broke out, gross hryvnia retail loans rose by 1.9% qoq.

Figure 14. Sector net assets by component*



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

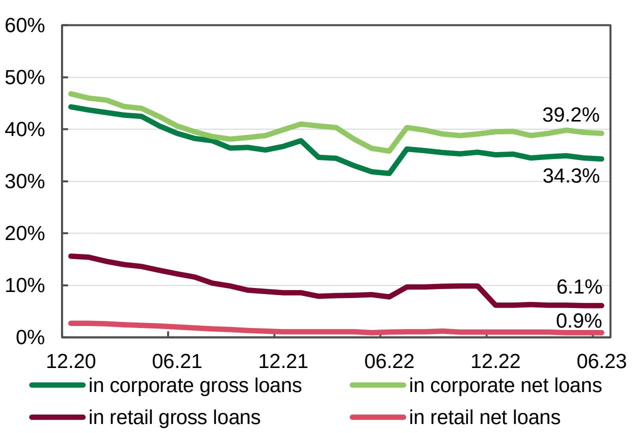
Figure 15.Gross corporate and retail loans, 2020 = 100%



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

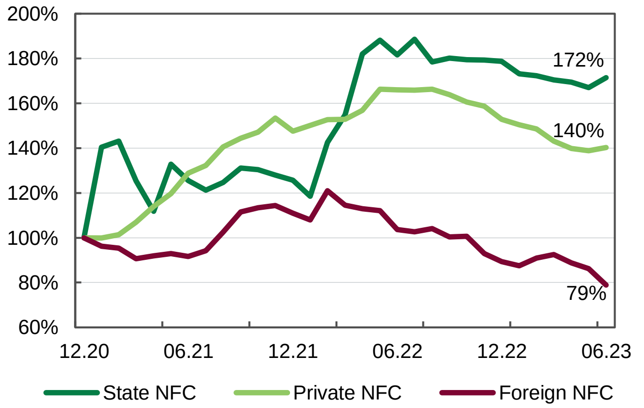
The dollarization of net corporate loans decreased by 0.4 pp in Q2 due to a faster decline in FX loans.

Figure 16. Share of FX loans



Net corporate loans to foreign-controlled corporations decreased the most in Q2, by 14.7%. On the other hand, the volume of loans to state-owned enterprises increased slightly, by 0.7% qoq.

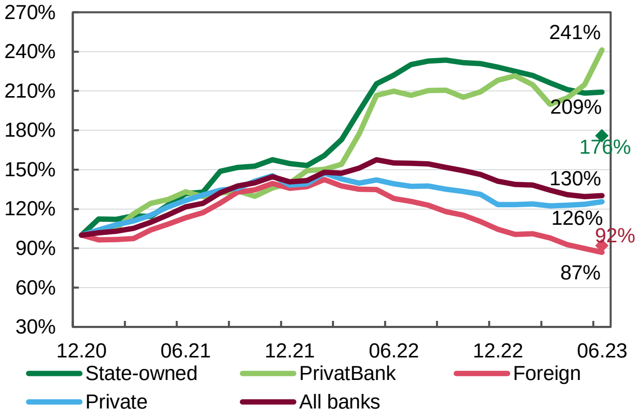
Figure 17.Net hryvnia loans to nonfinancial corporations (NFCs), 2020 = 100%*



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

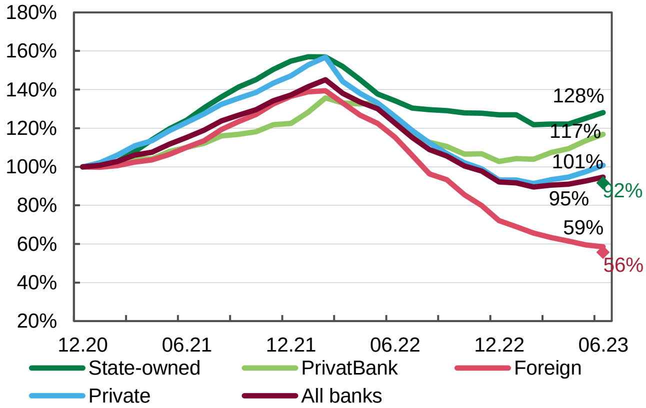
In Q2, the decrease in net hryvnia corporate loans decelerated to 3.2% qoq. The deepest decline in hryvnia corporate lending, by 11.3% qoq, occurred in foreign banks, while such loans increased significantly in PrivatBank, by 20.8%. Net hryvnia retail loans increased by 4.5% qoq in Q2, for the first time since martial law was imposed. Growth was observed in all groups of banks, except for foreign ones.

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



* Issued by banks that were solvent as of 1 July 2023. Markers reflect result of Sense Bank reclassification.

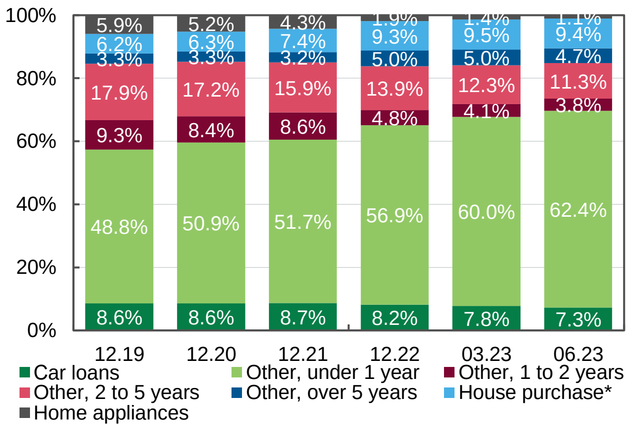
Figure 19.Net hryvnia retail loans, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2023. Markers reflect result of Sense Bank reclassification.

In Q2, the share of consumer loans (for up to one year) in retail loans grew by 2.4 pp on the back of new lending. This trend has continued for six straight quarters.

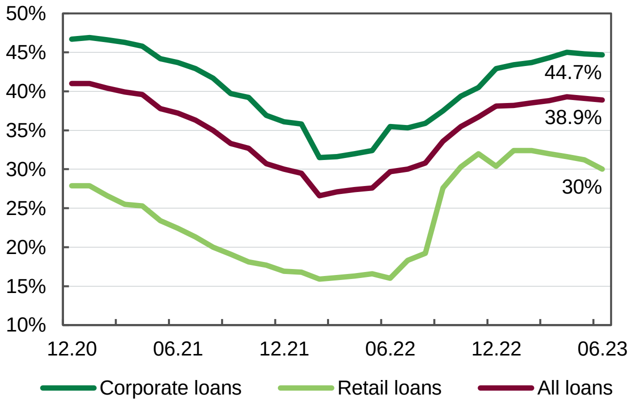
Figure 20.Net hryvnia retail loans by purpose



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

In Q2, the NPL ratio rose by a marginal 0.1 pp. The NPL ratio increased by 0.4 pp. The retail NPL ratio fell by 2 pp.

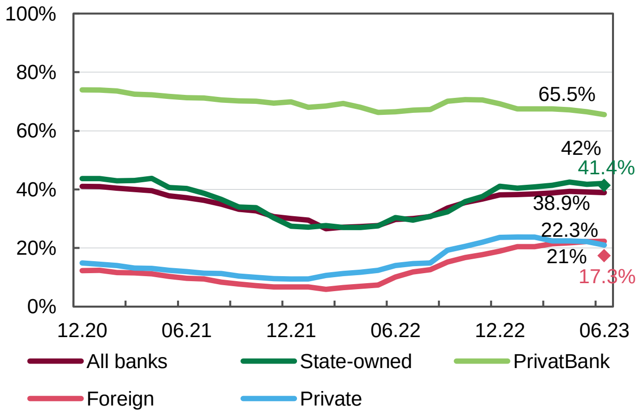
Figure 21.Banks' NPL ratios*



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

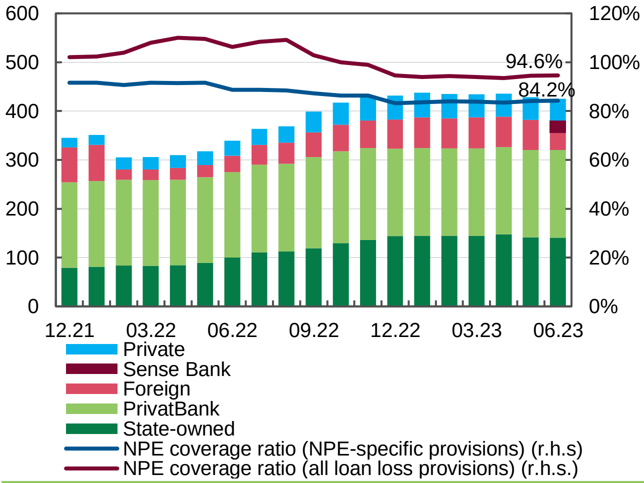
In Q2, the NPL ratio in certain groups of banks decreased due to NPL write-offs by private banks and because of the growth in new loans: in private banks, by 1.4 pp, and in PrivatBank, by 2.0 pp. At the same time, in other state-owned and foreign banks, the NPL ratio edged higher.

Figure 22.NPL ratio across groups of banks*



* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities. Markers reflect Sense Bank reclassification.

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

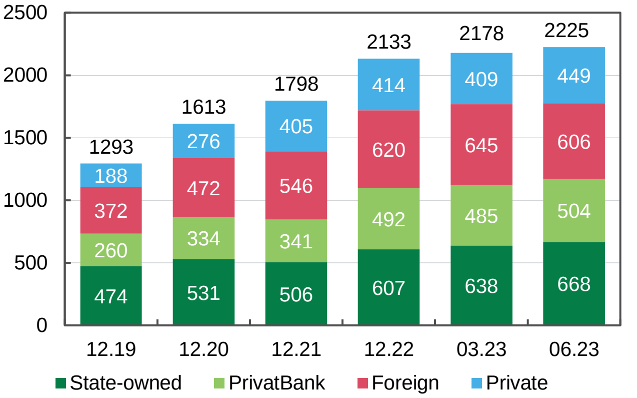


* Including interbank loans; at all banks, including insolvent ones; excluding off-balance sheet liabilities. Quarterly data, including adjusting entries, Q1 excluded.

Funding

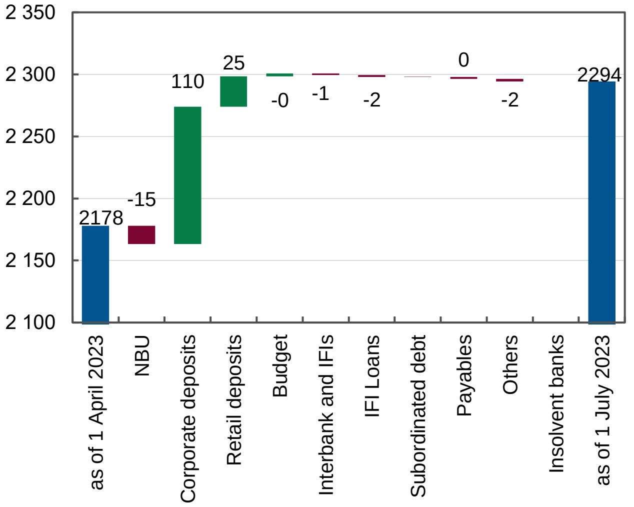
The volume of solvent banks' liabilities rose by 5.3% qoq in Q2, driven by active growth in corporate and retail deposits. Liabilities grew most actively in private (+9.6%) and state-owned (+4.6%) banks.

Figure 24. Liabilities across groups of banks, UAH billions



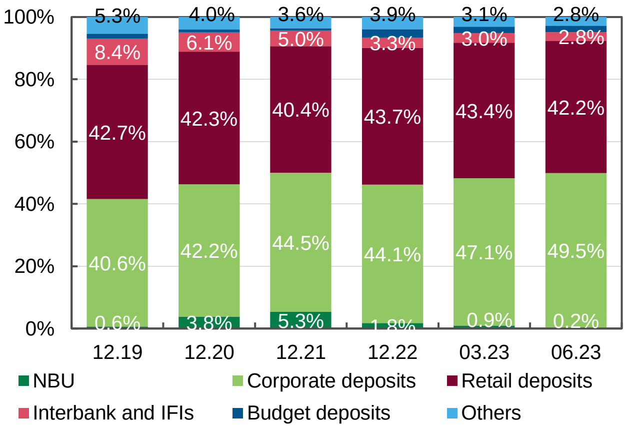
* Issued by banks that were solvent as of 1 July 2023.

Figure 25. Changes in liabilities in Q2 2023 by component, UAH billions



Client deposits as a share of liabilities increased by 1.3 pp, to 91.7%, due to rapid growth in corporate deposits (+2.4 pp). The share of other components shrank on average by 0.5 pp.

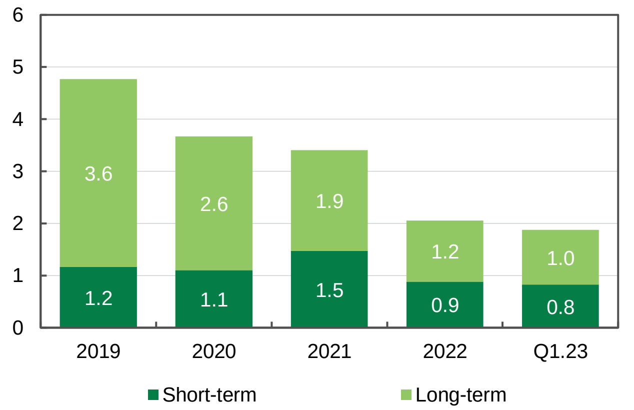
Figure 26. Structure of bank liabilities*



* Including certificates of deposit.

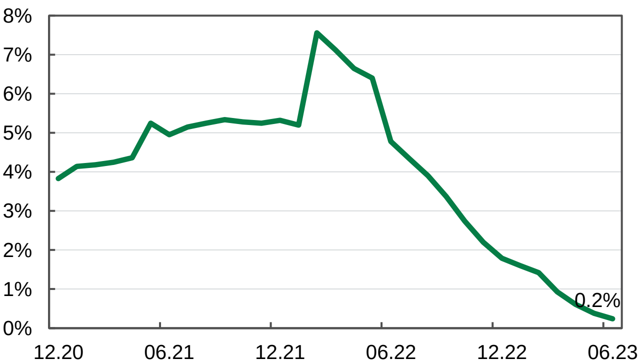
In Q2 2023, the gross external debt of banks declined by 8.8% (28.8% yoy), to USD 1.9 billion, as short-term liabilities were gradually repaid.

Figure 27. Gross external debt of banks, USD billions



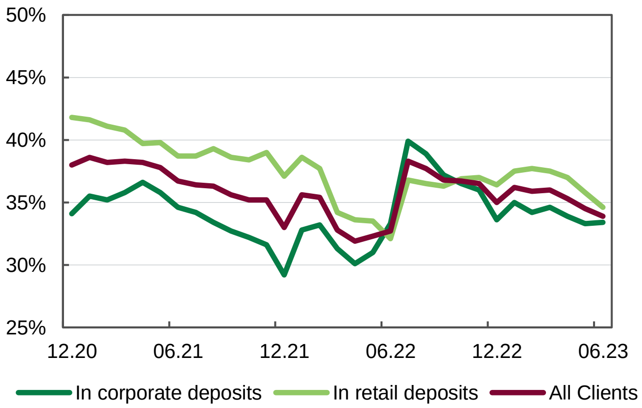
As expensive refinancing loans continued to be replaced with client deposits, the share of NBU funds in the liabilities of the banks contracted by 0.7 pp, to 0.2% (July 2008 level).

Figure 28. Share of NBU funds in bank liabilities



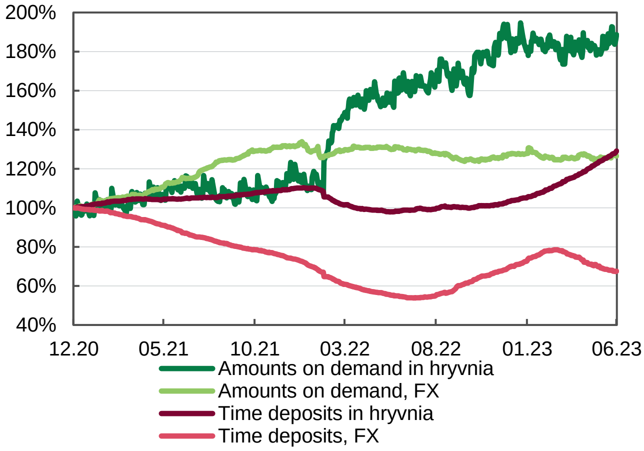
The dollarization of retail deposits decreased by 3 pp, to 34.6%, due to active growth in hryvnia deposits and a gradual reduction in FX term deposits.

Figure 29. Share of FX deposits



Over the quarter, hryvnia retail deposits increased by 7.5%, FX ones fell by 5.5%. Hryvnia retail term deposits grew much more intensively, by 14.1%.

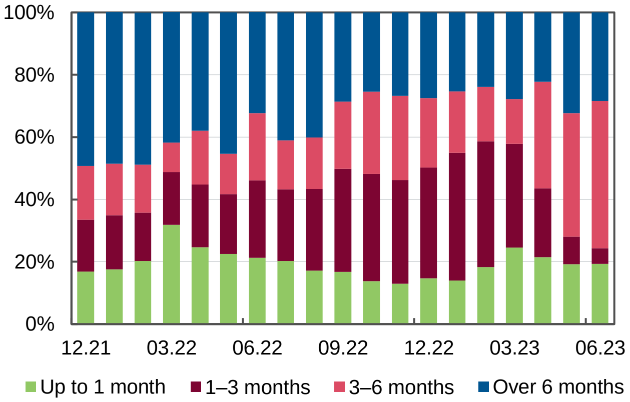
Figure 30. Retail deposits, 2020 = 100%*



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

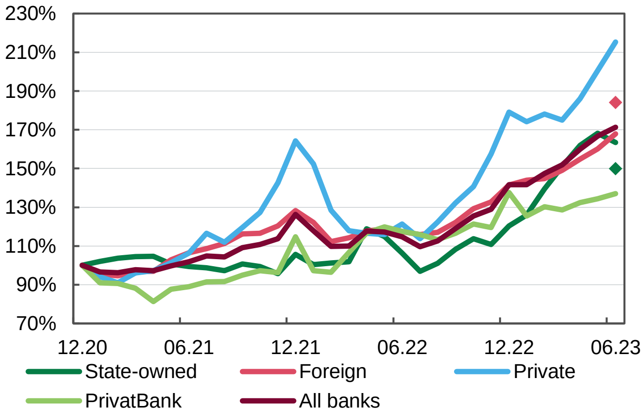
The share of new short-term deposits with maturities of up to one month was almost flat over the quarter. The structure of term deposits is dominated by deposits with maturities of 3–6 months, which make up 47.2%. Over-6-month deposits account for 28.4%.

Figure 31. New retail term deposits by maturity



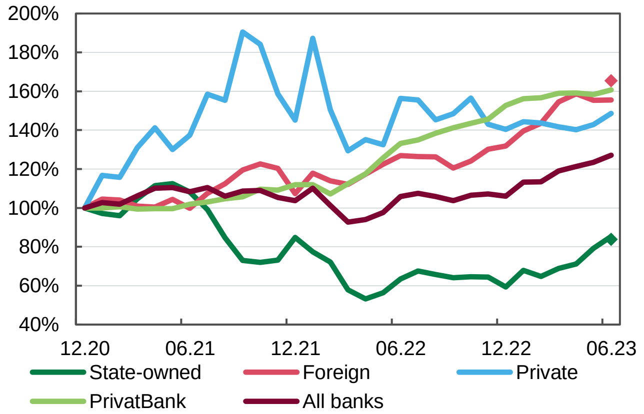
In Q2, hryvnia deposits of corporate clients increased by 12.9%. Although the increase occurred in all groups of banks, private (+23%) and foreign (+12.7%) banks raised the most deposits. On the other hand, FX corporate deposits grew more moderately, by 6.8% (+19.9% yoy). State-owned banks (excluding PrivatBank) increased FX deposits most noticeably, by 24%, due to higher-than-average rates.

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



* Issued by banks that were solvent as of 1 July 2023. Markers reflect Sense Bank reclassification.

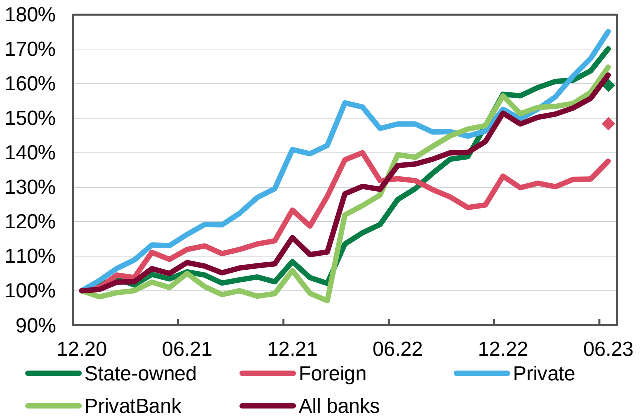
Figure 33. FX corporate deposits (in the US dollar equivalent) by bank groups, 2016 = 100%* FX retail deposits (in U.S. dollar equivalent) by bank groups, 2020 = 100%*



* Issued by banks that were solvent as of 1 July 2023. Markers reflect Sense Bank reclassification.

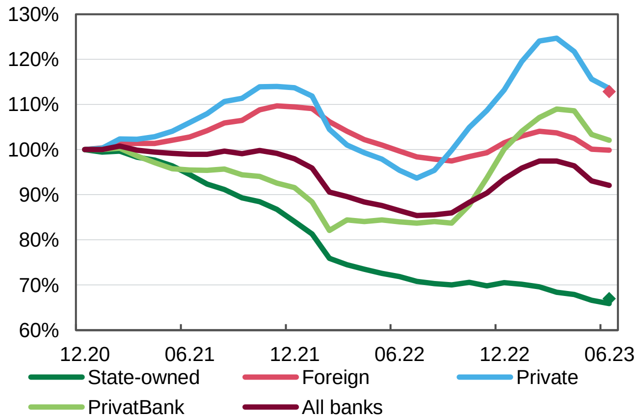
Hryvnia retail deposits increased by 7.5% (+19.2% yoy) due to the growth in both term deposits and current accounts, especially towards the end of the quarter. The highest growth in deposits was in private banks, by 12.1%, and in PrivatBank, by 7.4%. At the same time, FX deposits decreased by 5.5% (+6.5% yoy) primarily due to a reduction in the volume of conversion deposits.

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



* Issued by banks that were solvent as of 1 July 2023. Markers reflect Sense Bank reclassification.

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

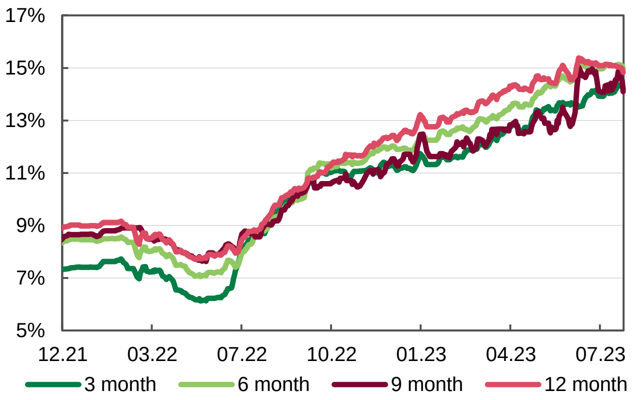


* Issued by banks that were solvent as of 1 July 2023. Markers reflect Sense Bank reclassification.

Interest Rates

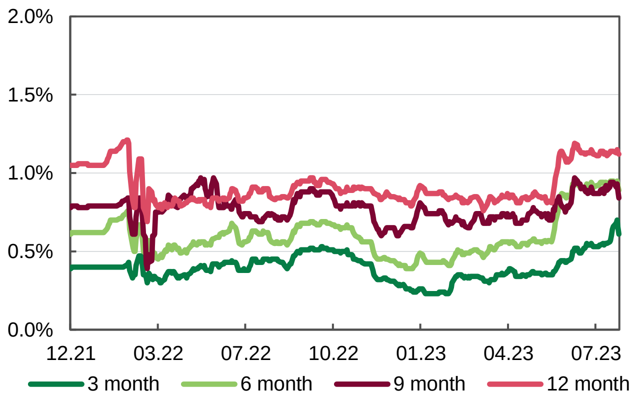
The cost of 12-month hryvnias deposits increased by 1.3 pp qoq in Q2, to 15.2% per annum. The spread between 3-month and 12-month deposits narrowed to 1.2 pp at the end of the quarter and to 1.0 pp in July.

Figure 36. Ukrainian Index of Hryvnia Retail Deposit Rates, % per annum*



* Thomson Reuters data, 5-day moving average.

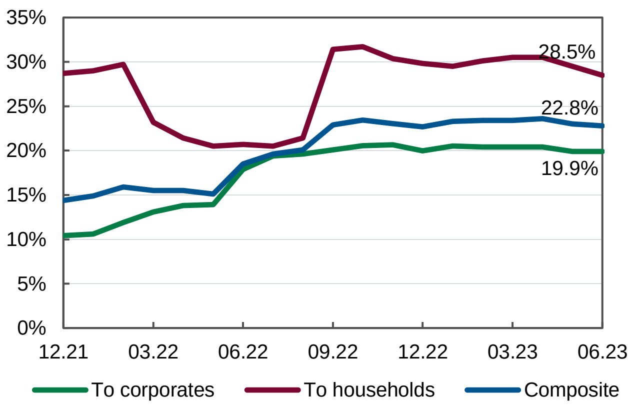
Figure 37. Ukrainian Index of USD Retail Deposit Rates, % per annum*



* Thomson Reuters data, 5-day moving average.

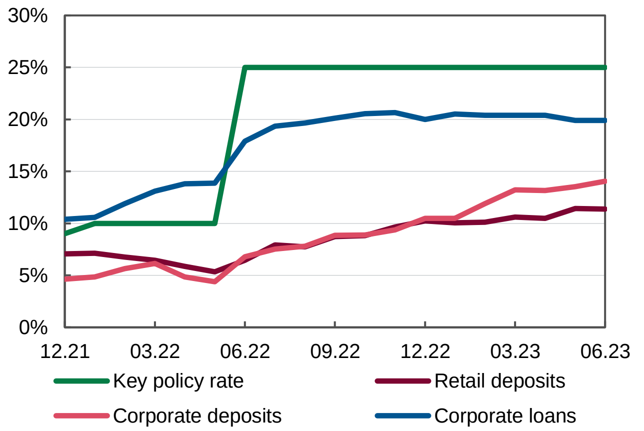
Interest rates on retail loans edged lower, to 28.5% per annum. Those on corporate loans continued to fluctuate around 20% per annum. The cost of corporate deposits increased to 14.1% per annum.

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



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

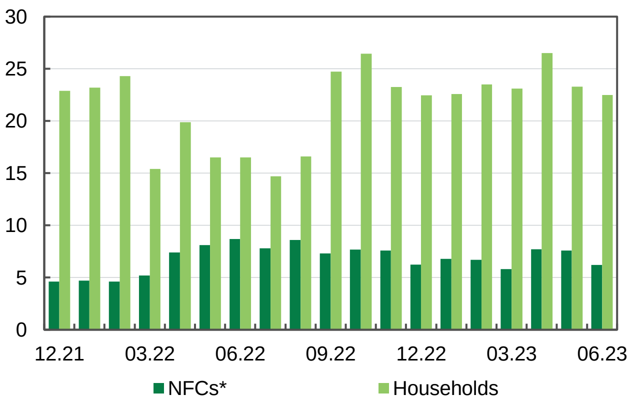
Figure 39. NBU key policy rate and interest rates on new hryvnia deposits and loans*, % per annum



* Daily rates, 5-day moving average.

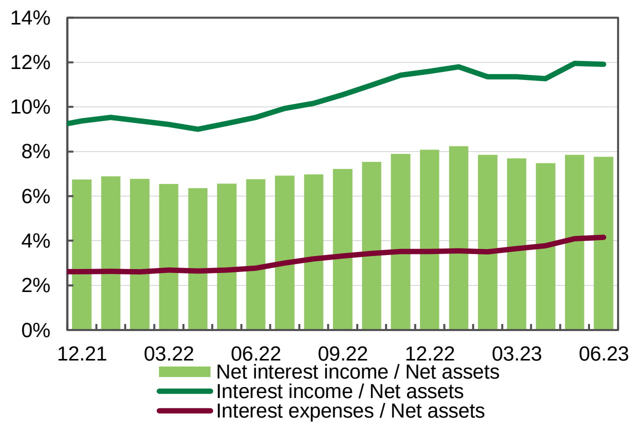
The spread between rates on new corporate loans and deposits narrowed as a result of an increase in deposit rates. In the retail segment, the spread narrowed because loans got cheaper. The interest margin was slightly down from January 2023.

Figure 40. Spread between new loan and deposit rates, pp



Including insolvent banks. New loans and deposits include loans and deposits under primary agreements that were entered into during the reporting period, as well as those under addendum agreements that changed either the amount, interest rate, or both. * Non-financial corporations.

Figure 41. Banks' interest margin*

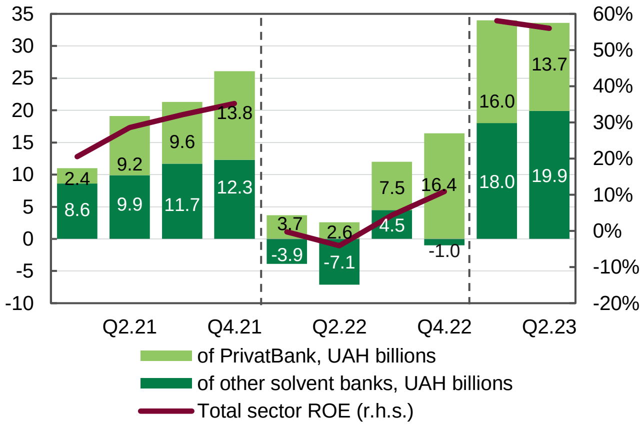


* Net interest income to trailing average of net assets for the reporting month and previous two months. * Including insolvent banks.

Financial Results and Capital

The sector posted UAH 34 billion in profit in Q2 2023, 41% of it generated by PrivatBank.

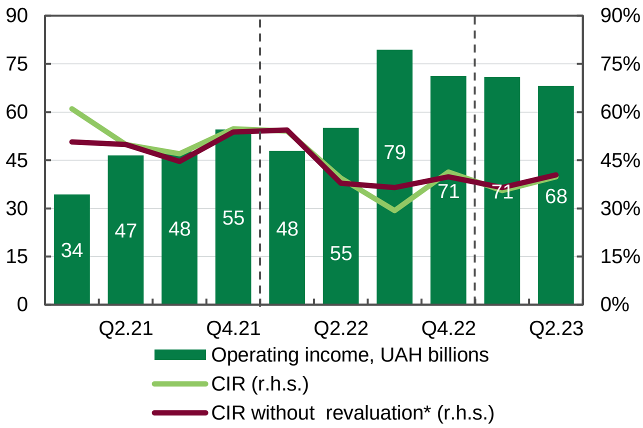
Figure 42. Profit/loss* and return on equity



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

Sector operational efficiency remained high: CIR stood at 39.9%, up from 39.4% in Q2 2022.

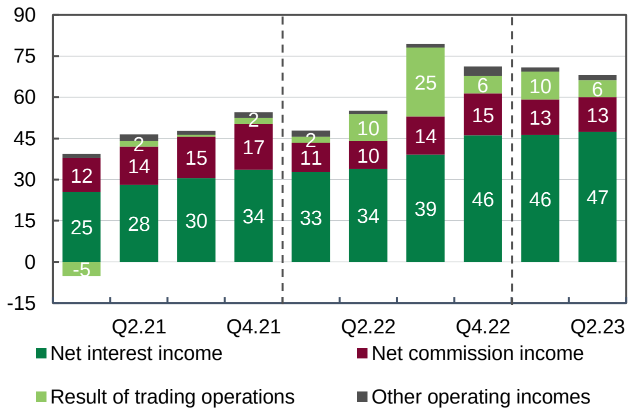
Figure 43. Operating income and operational efficiency of banks



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

Net interest income has remained sustainably high for the third quarter running (+40.2% yoy). Net commission income increased by 24.3% yoy.

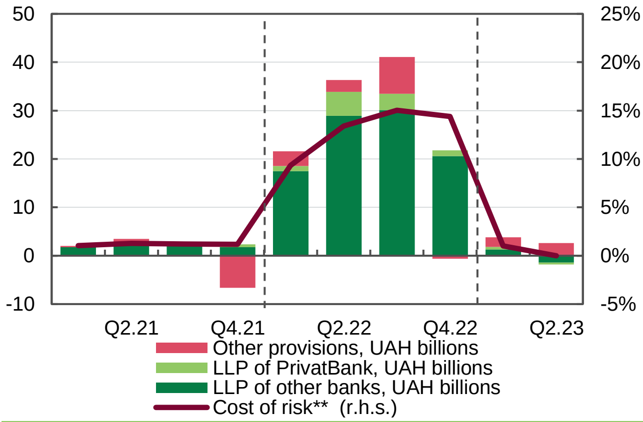
Figure 44. Operating income components for the quarter*, UAH billions



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

In Q2, the banks released UAH 1.8 billion of provisions for loans and UAH 0.7 billion in provisions against receivables, and made UAH 3.4 billion of provisions for securities.

Figure 45. Loan loss provisions (LLP)*, quarterly



** LLP (annualized)/Net loan portfolio.

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

Regulatory capital adequacy ratio increased by 3.0 pp in Q2, while the sector's regulatory capital rose by 11.7%.

Figure 46. Regulatory capital and the regulatory capital adequacy ratio

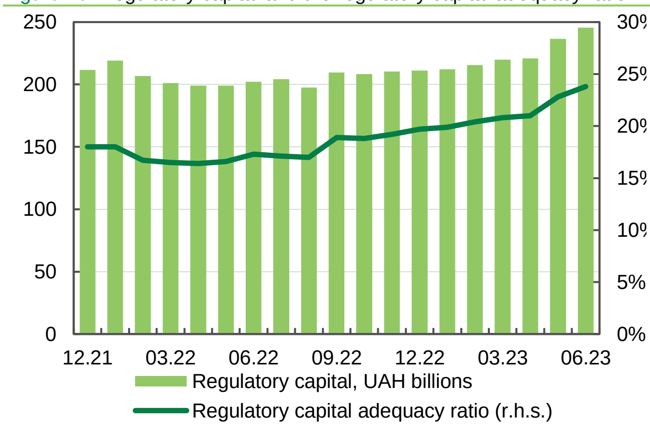
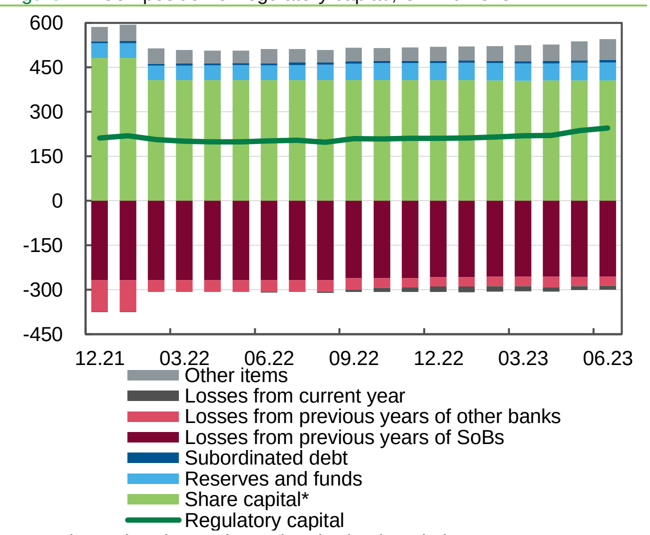


Figure 47. Composition of regulatory capital, UAH billions



* Registered and unregistered authorized capital.

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

	2017	2018	2019	2020	2021	2022	Q1.23	Q2.23
Number of operating banks	82	77	75	73	71	67	65	65
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
of which in foreign currencies:	755	779	718	746	679	820	871	865
Net assets	1 334	1 360	1 493	1 823	2 053	2 352	2 427	2 562
of which in foreign currencies:	507	495	492	585	583	731	785	780
Gross corporate loans[3]	864	919	822	749	796	801	773	754
of which in foreign currencies:	423	460	381	332	292	281	268	259
Net corporate loans[3]	451	472	415	432	540	529	501	484
Gross retail loans	171	197	207	200	243	210	206	208
of which in foreign currencies:	68	61	38	31	21	13	13	13
Net retail loans	92	114	143	149	200	134	130	136
Corporate deposits[3]	427	430	525	681	800	943	1 025	1 136
of which in foreign currencies:	163	150	191	233	233	317	355	379
Retail deposits[4]	478	508	552	682	727	933	945	969
of which in foreign currencies:	244	241	238	285	270	340	355	335
Change (yoy, %)								
Total assets	5.9%	3.8%	3.7%	11.3%	6.9%	15.2%	24.0%	24.2%
Net assets	6.2%	1.9%	9.8%	22.1%	12.6%	14.5%	23.2%	25.4%
Gross corporate loans[3]	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.6%	-5.0%
Gross retail loans	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%	-17.6%	-11.6%
Corporate deposits[3]	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%	43.8%	48.8%
Retail deposits[4]	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%	23.0%	23.2%
Penetration[5] (%)								
Gross corporate loans[3]/GDP	29.0%	25.8%	20.7%	17.7%	14.6%	15.4%	14.4%	12.9%
Net corporate loans[3]/GDP	15.1%	13.3%	10.4%	10.2%	9.9%	10.2%	9.3%	8.3%
Gross retail loans/GDP	5.7%	5.5%	5.2%	4.7%	4.5%	4.0%	3.8%	3.6%
Net retail loans/GDP	3.1%	3.2%	3.6%	3.5%	3.7%	2.6%	2.4%	2.3%
Corporate deposits[3]/GDP	14.3%	12.1%	13.2%	16.1%	14.7%	18.2%	19.1%	19.4%
Retail deposits/GDP	16.0%	14.3%	13.9%	16.2%	13.3%	18.0%	17.6%	16.5%
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
Net fee and commission income	27.5	37.8	44.0	46.5	58.0	50.1	13.0	12.6
Provisions	49.2	23.8	10.7	31.0	3.4	120.2	4.0	0.6
Net profit/loss	-26.5	22.3	58.4	39.7	77.4	22.8	33.9	33.7
Memo items:								
UAH/USD (period average)	26.60	27.20	25.85	26.96	27.29	32.34	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
UAH/EUR (period average)	30.00	32.14	28.95	30.79	32.31	33.98	39.22	39.82
UAH/EUR (end-of-period)	33.50	31.71	26.42	34.74	30.92	38.95	39.78	40.00

[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 2017 through 2022, GDP data excludes observations for the temporarily occupied territory of Crimea, the city of Sevastopol, and the temporarily occupied territories of Donetsk and Luhansk oblasts. 2023 data: GDP estimates from the July 2023 Inflation Report were used.
[6] Including adjusting entries.

Remarks:

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 Q2, Sense Bank is considered as part of the group of banks with foreign capital, 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 those whose qualifying holders are exclusively residents of Ukraine.

The data include accrued interest as of the end of the period (month, quarter, year), unless otherwise specified.

Gross loans are loans not adjusted for provisions against asset-side banking transactions.

Fixed-exchange-rate-based change refers to the foreign-currency sum of an instrument being calculated using the exchange rate at the beginning of the period.

Data on corporate loans and deposits include data on non-bank financial institutions.

Retail deposits include certificates of deposit, unless otherwise specified.

The sum of individual components and the total may differ due to rounding.

Terms and Abbreviations:

ATM	Automated teller machine / cash dispenser
FX	Foreign currency
CIR	Cost-to-Income Ratio
GDP	Gross domestic product
HHI	Herfindahl-Hirschman Index
IFI	International financial institution
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
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