National Bank of Ukraine

Banking Sector Review

February 2024

In Q4 2023, the development of the banking sector continued to be determined by the trends of previous periods. Hryvnia funding from households and businesses grew rapidly, and inflows of foreign currency deposits continued. Retail term deposits increased further, although at a slower pace than demand deposits. The banks' holdings of domestic government debt securities and NBU certificates of deposit (CDs) continued to increase dynamically. At the same time, hryvnia portfolios of net corporate and retail loans continued to grow. The gradual decline in interest rates contributed to higher demand for loans and cheaper funding. The banks retained their high operational efficiency and kept their provisioning costs at a minimum. Despite a significant increase in the tax rate, the sector remained highly profitable, which ensures its sustainability. Profitability and capital cushion enable the banks to meet new regulatory requirements.

Sector Structure

In Q4 2023, as in the previous year, 63 banks operated in the sector. In total, four banks were liquidated during the year: Forward, IBOX, Concord, and Ukrbudinvestbank. The total share of these financial institutions was less than 1% of solvent banks' assets, so their withdrawal from the market did not affect the operation of the banking sector.

In Q4, the share of net assets of state-owned banks increased by 0.3 pp, to 53.6%. Over the year, it increased by 3.1 pp, primarily due to the reclassification of Sense Bank into this category.

Assets

The net assets of solvent banks increased significantly: by 11.1% in Q4 and by a quarter in 2023. Holdings of NBU CDs, including three-month NBU CDs introduced in April, and domestic government debt securities grew the most during the year. Over 2023, the banks' funds on accounts with the NBU also have grown markedly due to a gradual increase in reserve requirements for client deposits.

The net hryvnia corporate loan portfolio grew over the past two quarters, fueled by increased demand. In Q4, the volume of loans grew by 2.7%. Thus, the growth in the second half of the year almost offset the decline recorded at the start of the year: (-0.7%) for the year. The fastest growth was seen in hryvnia loans to small and medium-sized enterprises (SMEs): +6.8% qoq and +12.4% yoy. Currently, SME loans account for 57% of the net hryvnia portfolio of business loans. A quarter of SME loans were granted to companies that do not belong to business groups. In Q4, the growth in hryvnia corporate loans primarily occurred at Ukrainian private banks, while PrivatBank's portfolio decreased. The net corporate loan portfolio in foreign currency remained almost unchanged over the last quarter (+0.1% in U.S. dollar terms), but declined by 9.8% over the year.

As before, hryvnia loans were mostly issued under the program *Affordable Loans 5–7–9%*: the total volume of loans granted under this program increased by 2% qoq and 34% yoy. Loans to the trade and energy sectors grew the most during the year. In Q4, large growth was also recorded in loans to the logistics sector and the food industry. At the same time, the agricultural loan portfolio shrank significantly last quarter.

The volume of net hryvnia portfolio of retail loans increased for the third consecutive quarter: by 7.4% in Q4 and by 20.3% in 2023 as a whole. The growth was mainly driven by strong card lending by two leading banks. Net mortgage loans grew at a record pace: by 23.2%, or UAH 3.5 billion, in Q4 and by almost 50%, or UAH 6 billion, over the year. This was driven by UAH 4.3 billion in loans issued under the eOselia program in Q4 and UAH 8.9 billion over the whole year.

Portfolio quality normalized over the year, with default rates declining across all segments. At the end of the year, the share of non-performing loans (NPLs) decreased to 37.4%: by 0.5 pp in Q4 and by 0.8 pp in 2023. This was mainly driven by write-offs of retail clients' NPLs, which led to a decrease in their share in the retail portfolio by 3.2 pp in Q4 and by 6.9 pp over the year. The share of non-performing corporate loans rose by 0.3 pp over the quarter and by 1.3 pp over the year.

Funding

Liabilities of solvent banks increased by 13.2% in Q4 and exceeded the level of 2022 by 24.1%. Client deposits continued to grow throughout the year – by 28.4% (+11.5% in Q4). The share of client deposits in total liabilities remained at record highs, at around 91%. At the same time, the share of NBU refinancing fell to its lowest level since 2006, to 0.1%. The banks' gross external debt also declined: by 6.5%, to USD 1.7 billion at the end of Q3.

Hryvnia retail deposits increased by 7.3% in Q4 and by 20.5% over the year. The growth accelerated during the quarter, most notably in December, due to seasonal inflows of wages and bonuses. Retail deposits grew almost evenly across all groups of banks, with the fastest growth recorded at private banks (10.1%). Although the beginning of 2024 was marked by traditional seasonal outflows from retail accounts, this does not pose a threat to the stability of the banks' funding. The volume of hryvnia term deposits grew by 6.4% over the quarter. The annual growth rate of retail term deposits in hryvnia hit a record high for more than a decade, reaching 37.2%. New hryvnia deposits continue to be dominated by deposits with maturities of three to six months.

In Q4, households' FX deposits at banks grew by 5.3% (+6% yoy), with similar growth rates being observed across all groups of banks. FX term deposits grew by 2.2% qoq (-4.3% yoy): some currency restrictions being lifted at the end of the year led to a decrease in demand for purchasing foreign currency for placing on term deposits. Volumes of FX term deposits grew across all groups of banks, most actively at foreign banks, by 7.7% qoq and by 2.3 times since the start of the year.

Hryvnia corporate deposits increased by 17.8% in Q4 (50.8% over the year as a whole). Deposits grew the most at state-owned and private banks – by more than 20% qoq. FX corporate deposits grew more slowly, by 3.2% qoq, with growth being recorded only at state-owned and private banks – by 11.2% and 9.1%, respectively.

The dollarization rate of deposits declined for the sixth consecutive quarter – to 31.5%.

Interest Rates

In Q4, the NBU cut the key policy rate twice, by a total of 5 pp, partly due to a change in the monetary policy design. In 2023, the key policy rate decreased by 10 pp, to 15% per annum. The rate on overnight NBU CDs was cut by 8 pp during the year and equaled the key policy rate since October. Interest rates on hryvnia corporate deposits were the quickest to respond to the key policy rate cut. From their peak in July, they declined by 4.1 pp, and by 2.2 pp over Q4, reaching 10.2% per annum. In the meantime, the decline in interest rates on retail term deposits was slow during the quarter. The UIRD for 12-month hryvnia deposits decreased by only 0.3 pp over the quarter, to 14.2% per annum. Therefore, corporate funding again became cheaper than retail funding.

During the quarter, market rates on hryvnia corporate loans decreased by another 1.0 pp, to 17.7% per annum. In 2023 as a whole, the rates fell by 2.3 pp. In Q4, interest rates on SME loans declined most markedly. Similar dynamics were observed for retail loans, with the rates under new agreements dropping by 2.5 pp yoy and by 1.1 pp qoq, to 27.3% per annum. Among other things, this was due to the effect of changes in the lending structure, as the share of subsidized mortgages increased.

Financial Results

With still-high interest rates, strong operational efficiency, and moderate provisioning, the sector generated UAH 86.5 billion of net profit in 2023. This result already takes into account the increase in the corporate tax rate to 50%. Only seven mostly small banks were unprofitable last year, posting a loss of UAH 0.2 billion.

The strong profit in 2023 was driven by net interest income, which grew by almost a third. At the same time, its growth slowed at the end of the year due to lower rates, primarily on NBU CDs: in Q4, net interest income was 19.2% higher than in the same period last year. Income from CDs was only 12.2% higher compared to Q4 2022, solely due to their higher volumes. Meanwhile, income from domestic government debt securities grew by 79.1% yoy. Interest income from lending also increased. In particular, for the first time since the onset of the full-scale war, income from retail lending rose in annual terms, by 12.5% yoy. In Q4, the role of interest income from domestic government debt securities and lending increased, while the share of interest income from CDs decreased. Lower interest rates on corporate deposits reduced expenses for this segment in Q4. Retail funding costs remained higher than a year ago. As expenses declined slower than income, the banks' interest margins narrowed.

Despite the fluctuations during the year in income from payment transactions, including those involving cards abroad, net fee and commission income remained almost unchanged in 2023. Net fee and commission income increased in Q4 due to the seasonal factor, but decreased by 20.4% compared to Q4 2022.

Operating expenses increased by 10% in 2023. At the same time, operating income grew at a faster pace. Therefore, the banks' operational efficiency remained high. The ratio of operating expenses to operating income (CIR) was 42.9% in Q4 and 37.8% on average for the year. Operating loss was recorded by fourteen banks over the quarter, and by nine institutions over the whole year.

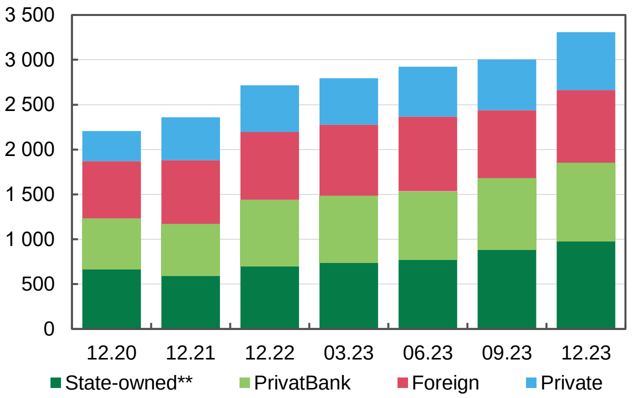
Prospects and Risks

The results of last year's resilience assessment revealed sufficient capital and a substantial margin of safety in the system as a whole. This creates the preconditions for further restoring and tightening of capital requirements. Starting in May, the banks will update their operational risk calculations based on their latest financial statements (the calculations have not been updated since February 2022). Starting in August, the banks must comply with the updated capital structure requirements. After a test calculation, the banks will include market risk in their calculations of capital adequacy ratios. Also, this year the NBU plans to set a schedule for introducing capital conservation and systemic importance buffers. Accumulated profits will enable the sector to meet these requirements, after which restrictions on dividend payments may be eased.

Sector Structure

In Q4, total assets increased by 10.1% across all groups of banks. The number of operating banks remained unchanged over the quarter.

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. ** Hereinafter, Sense Bank is reclassified as a state-owned bank since July 2023.

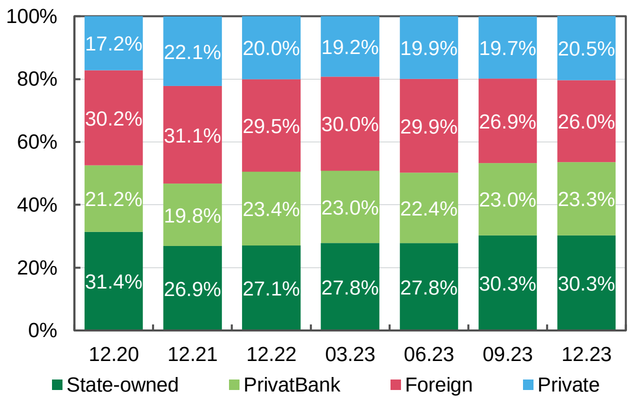
Table 1. Number of banks*

	2020	2021	2022	2023
Solvent	73	71	67	63
Change	-2	-2	-4	-4
State-owned, incl. PrivatBank	5	4	4	5
Change	0	-1	0	+1**
Foreign-owned	20	20	16	14
Change	0	0	-4	-2**
Private	48	47	47	44
Change	-2	-1	0	-3

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

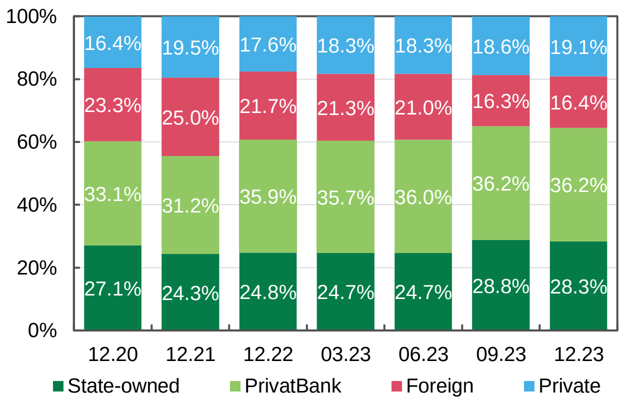
State-owned banks, including PrivatBank and Sense Bank, hold 53.6% of the sector's net assets and 64.5% of retail deposits.

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



* As of end of quarter, including adjusting entries.

Figure 3. Distribution of retail deposits by groups of banks



In Q4, the share of net assets held by the system's largest banks, as well as sector concentration by assets, remained almost unchanged. Over the year, these indicators decreased by 1.7% and 1.8%, respectively.

Figure 4. Largest banks' share of sector net assets

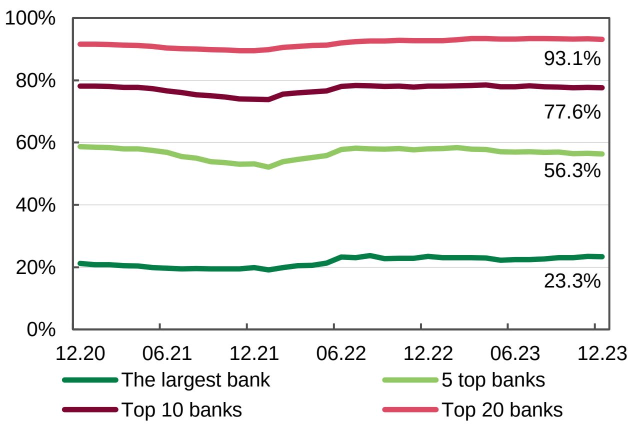
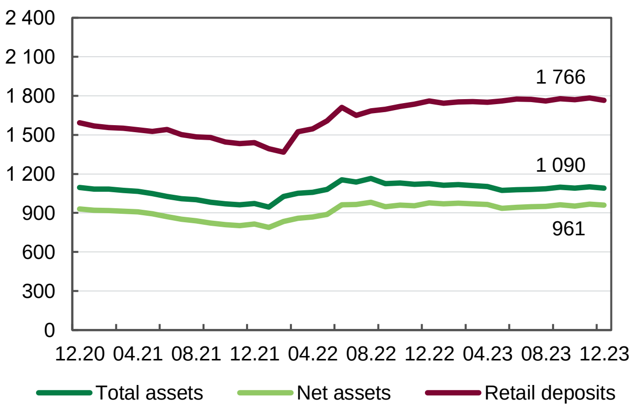


Figure 5. Concentration as measured by the HHI indicator*

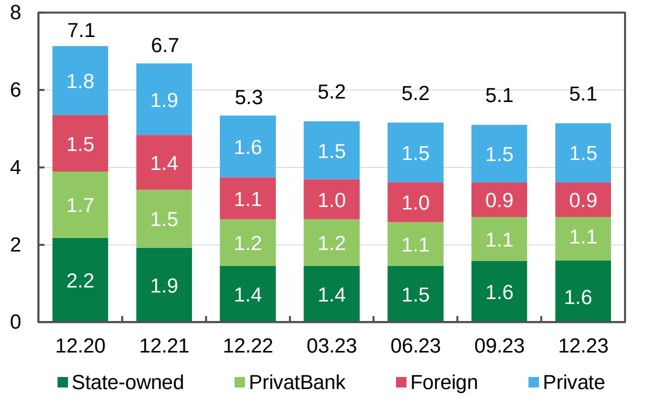


* The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of individual banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure

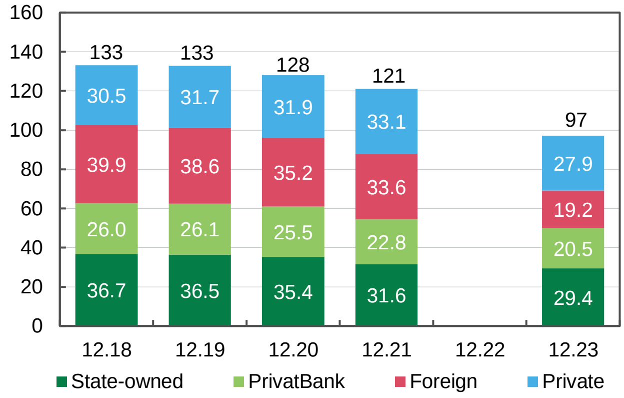
In Q4, for the first time since the 2014–2015 crisis, the number of banking units increased by 40 branches (in 2023 as a whole, 198 branches were closed, of which more than a quarter were branches of liquidated banks). Growth was recorded across all groups of banks, with private banks opening the largest number of branches. The network grew most noticeably in Kyiv and Ivano-Frankivsk oblasts. For the first time since the onset of the full-scale invasion, the banks reported on their staff numbers: as expected, headcount declined in all groups of banks.

Figure 6. Number of banking units*, thousands



* Standalone bank structural units and head offices.

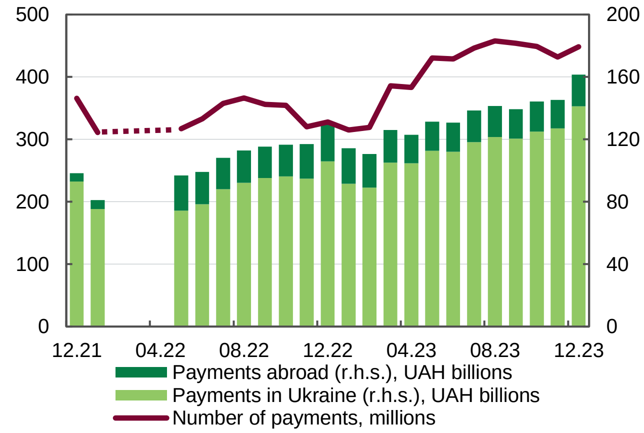
Figure 7. Bank staff headcount, thousands of employees



* Statistical data was not collected from Q1 2022 through Q3 2023.

The amount of card payments at retail outlets in Ukraine grew rapidly (by 33% yoy in December 2023). Card payments abroad were declining throughout 2023.

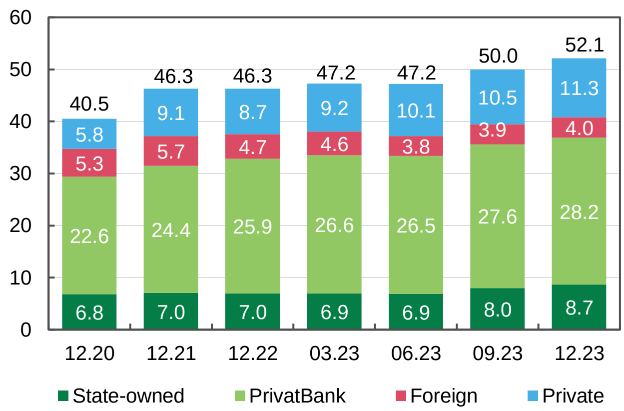
Figure 8. Card-based payments in the retail network



No statistical data were collected in February–April 2022.

The number of active payment cards increased across all groups of banks in Q4. Private and state-owned banks recorded the largest growth in the number of cards. In 2023, the number of active payment cards rose in all groups of banks, except at foreign-owned ones.

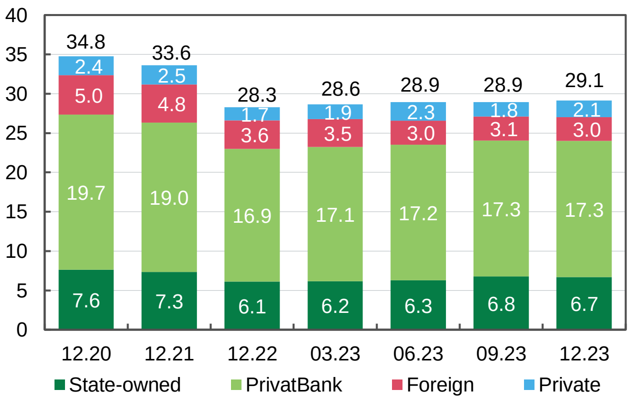
Figure 9. Number of active payment cards by groups of banks*, million units



* NovaPay also issued 8,232 active payment cards.

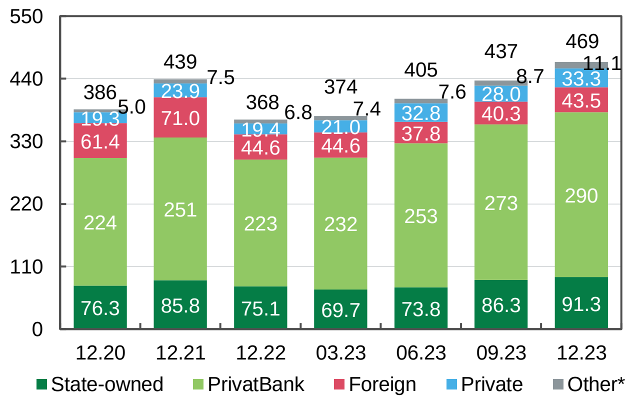
The POS terminal network has been growing for a year and a half. In Q4, the highest growth was registered at PrivatBank and privately-owned banks (+16,800 and +5,400, respectively). For the second quarter in a row, foreign banks have been expanding their networks. Ukrposhta and NovaPay also widened their POS terminal networks. In total, market participants expanded their networks by a total of 100,000 terminals in 2023. The ATM network grew throughout the year. In Q4, it also increased, most notably at private banks.

Figure 10. Number of ATMs*, thousands units



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

Figure 11. Number of POS terminals, thousands units

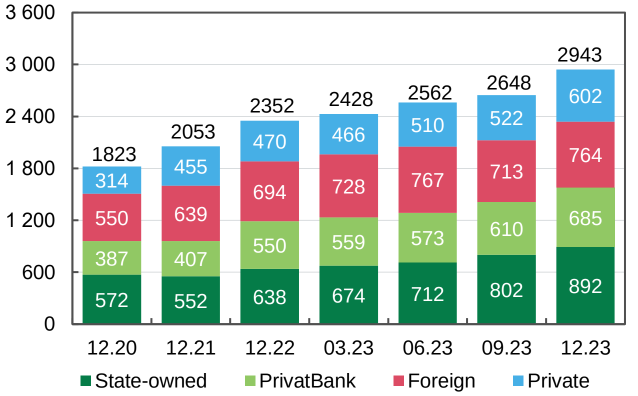


* Until 1 October 2023, Ukrposhta data; afterwards the data covers Ukrposhta and NovaPay.

Assets

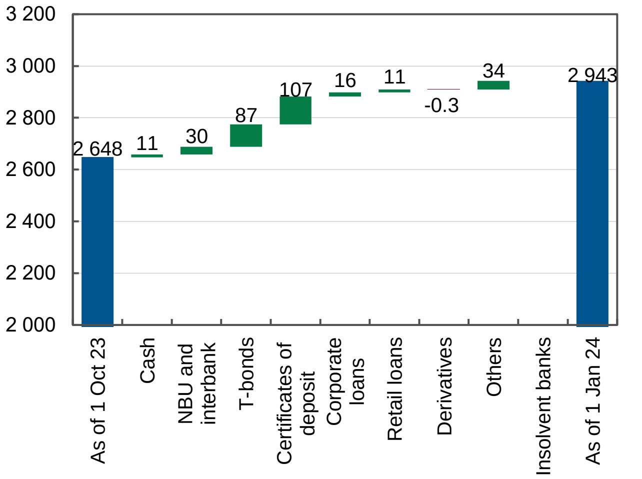
Net assets increased significantly both in Q4 and in 2023 as a whole, by 11.1% and 25.1%, respectively. Almost all components of net assets grew in Q4, but two-thirds of the total growth came from NBU CDs and government debt securities. Also, due to the recovery in clients' demand for loans, loans grew by 4.2% qoq (1.4% yoy).

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



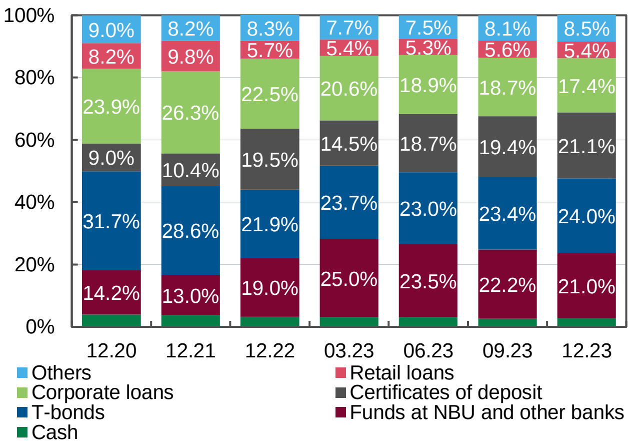
* As of end of quarter, including adjusting entries.

Figure 13. Change in net assets by component in Q4 2023, UAH billions



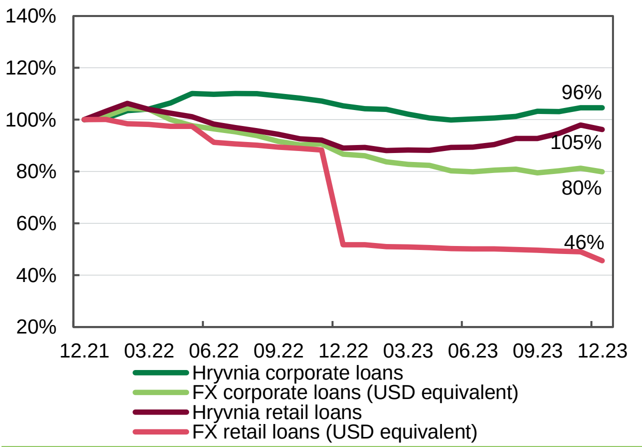
The growth of the portfolio of gross hryvnia loans to bank clients continued for two consecutive quarters. In particular, corporate loans increased by 1.3% qoq and retail loans by 3.8% qoq in Q4 2023. In December, the portfolio of retail and corporate loans slightly decreased.

Figure 14. Sector net assets by component*



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

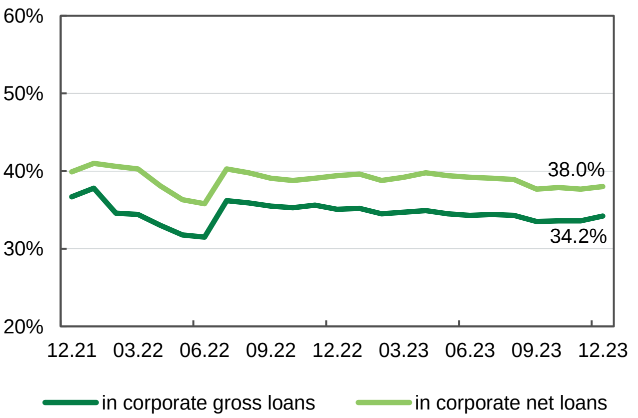
Figure 15. Gross corporate and retail loans, 2021 = 100%*



* At banks solvent as of 1 February 2024.

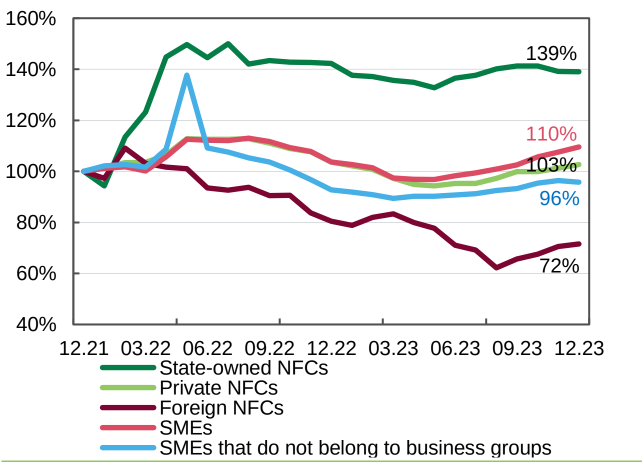
The dollarization rate of net corporate loans increased slightly in Q4, by 0.3 pp, due to the exchange rate factor.

Figure 16. Share of FX corporate loans



In Q4, loans to foreign corporations grew significantly, by 8.8%, after declining in the previous two quarters. At the same time, loans to state-owned corporations decreased by 1.6%.

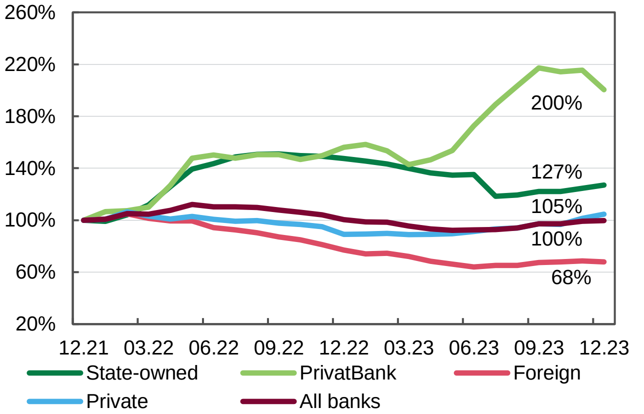
Figure 17. Net hryvnia loans to non-financial corporations (NFCs), 2021 = 100%*



* At banks solvent as of 1 February 2024.

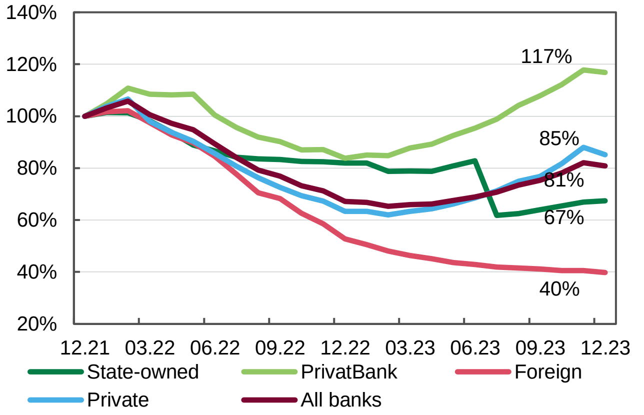
Net hryvnia corporate loans grew for seven consecutive months. In particular, in Q4, they grew by 2.7% (but decreased by 0.7% in 2023 as a whole). In Q4, net hryvnia corporate loans grew the most at private banks – by 7.7%, while PrivatBank saw a decrease of 7.7%. Net hryvnia retail loans rose for the third consecutive quarter, by 7.4% qoq and 20.3% yoy. The growth was observed across all groups of banks, except for foreign-owned ones.

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



* At banks solvent as of 1 February 2024.

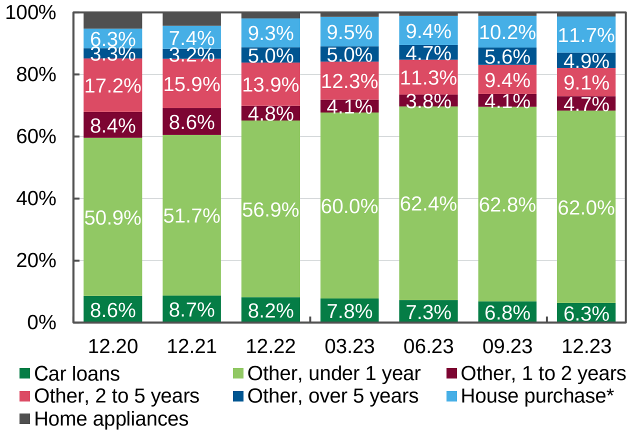
Figure 19. Net hryvnia retail loans, 2021 = 100%*



* At banks solvent as of 1 February 2024.

In Q4, the share of housing loans in the structure of retail loans increased by 1.5 pp. At the same time, short-term loans (up to one year) decreased by 0.8 pp.

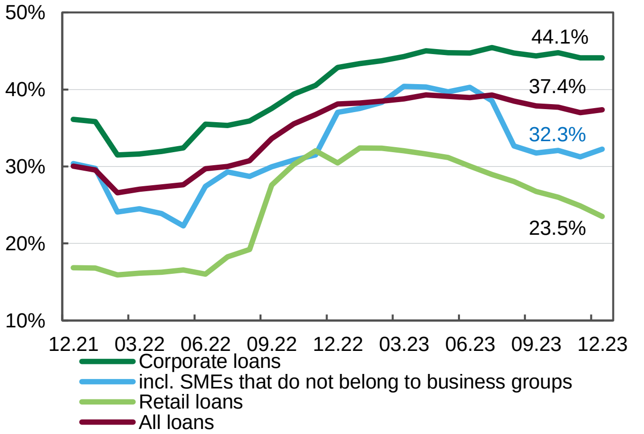
Figure 20. Net hryvnia retail loans by purpose



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

The NPL ratio is declining, by 0.5 pp in Q4 and by 0.8 pp in 2023. Over the quarter, the NPL ratio decreased more rapidly in the retail segment than in the corporate one – by 3.2 pp and 0.3 pp, respectively.

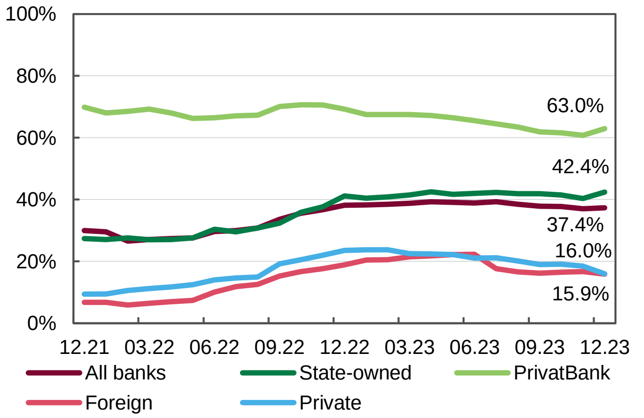
Figure 21. Ratios of NPLs in bank portfolios*



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

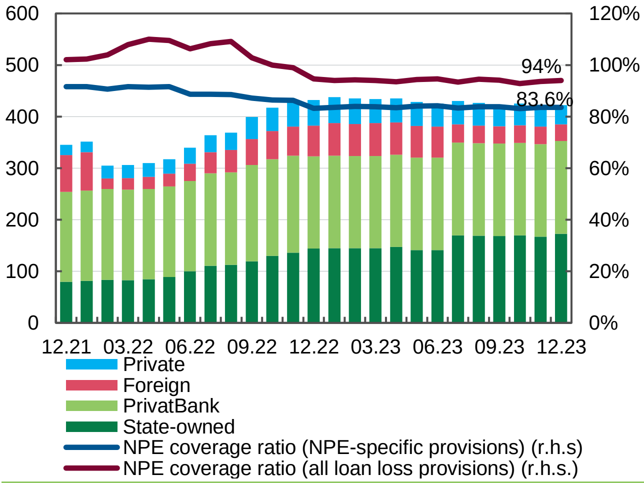
In Q4, the NPL ratio decreased at private and foreign banks – by 3.0 pp and 0.4 pp, respectively. At state-owned banks and PrivatBank it increased by 0.5 pp and 1.0 pp, respectively. In 2023 as a whole, the NPL ratio decreased the most at private banks and PrivatBank – by 7.6 pp and 6.3 pp, respectively.

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 provisioning coverage ratio*



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

Funding

The volume of solvent banks' liabilities increased significantly in Q4, by 13.2% (+24.1% in 2023), primarily due to an increase in retail and corporate deposits. Liabilities rose the most actively over the quarter at private banks, by 18%, and at PrivatBank, by 14.2%.

Figure 24. Liabilities by groups of banks, UAH billions

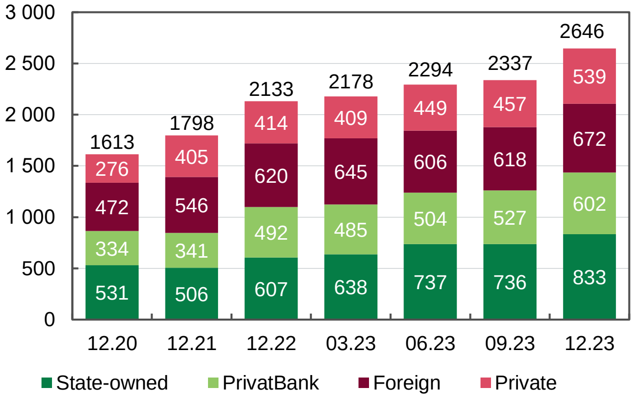
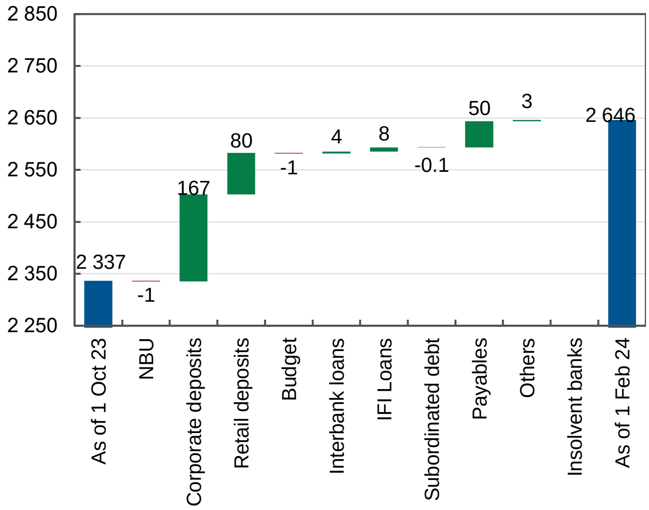
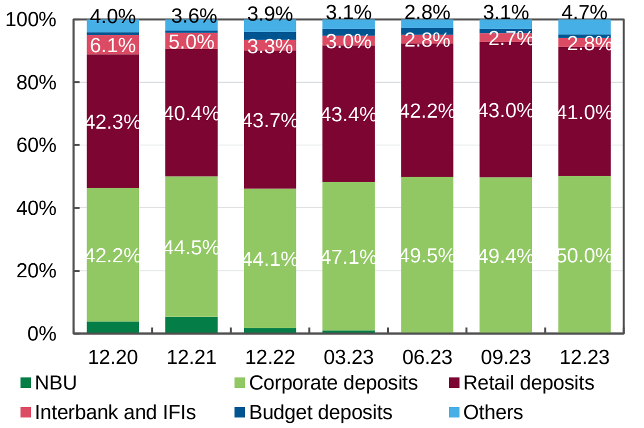


Figure 25. Changes in liabilities in Q4 2023 by component, UAH billions



The share of client deposits in the structure of liabilities decreased by 1.4 pp, to 90.9%, over the quarter, due to an increase in income tax liabilities and financing of recovery programs.

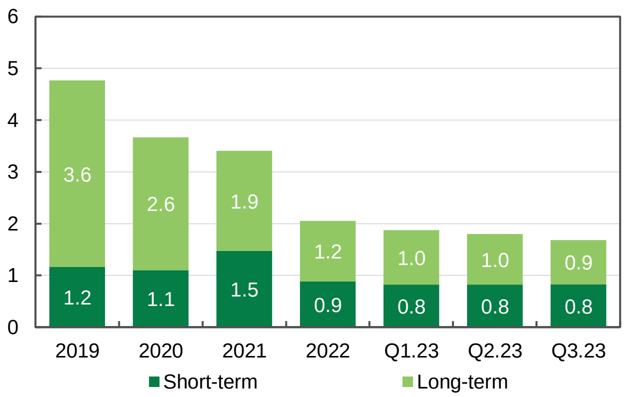
Figure 26. Structure of bank liabilities*



* Including certificates of deposit.

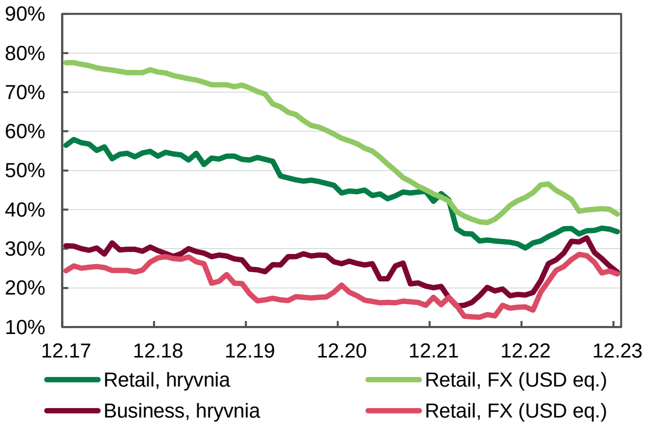
In Q3 2023, gross external debt continued to decline, by 6.5% (25.5% yoy), to USD 1.7 billion. This was driven by the gradual repayment of long-term liabilities.

Figure 27. Banks' gross external debt, USD billions



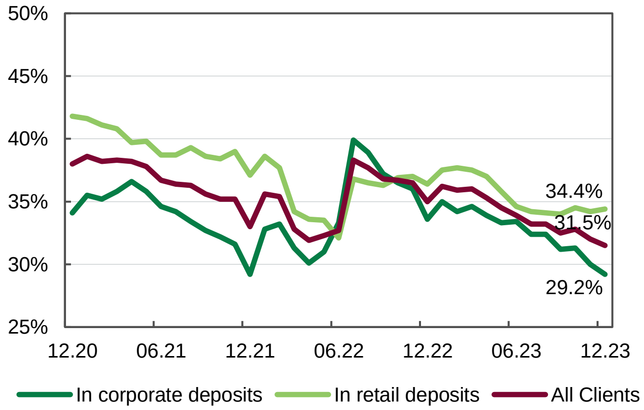
The percentage of term deposits decreased over the quarter, in particular due to seasonal inflows to current accounts in December. The share of corporate deposits in hryvnia declined the most – by 5 pp, to 24%.

Figure 28. Percentage of term deposits



The percentage of FX deposits shrank by 0.9 pp, to 31.5%, due to active growth in hryvnia deposits. The share of retail deposits decreased only slightly, while the share of corporate deposits dropped to 29.2%.

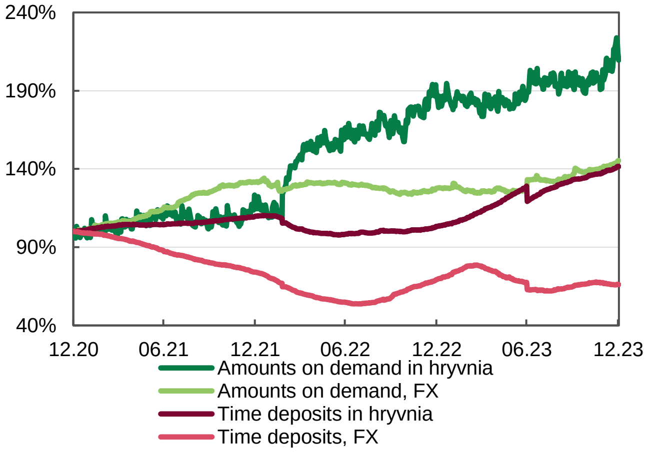
Figure 29. Share of FX deposits



At banks solvent as of 1 February 2024.

Over the quarter, retail deposits continued to grow: by 7.3% (+20.5% yoy) in hryvnia and by 5.3% (+6% yoy) in foreign currency. Due to seasonal fluctuations, demand deposits grew faster than term ones.

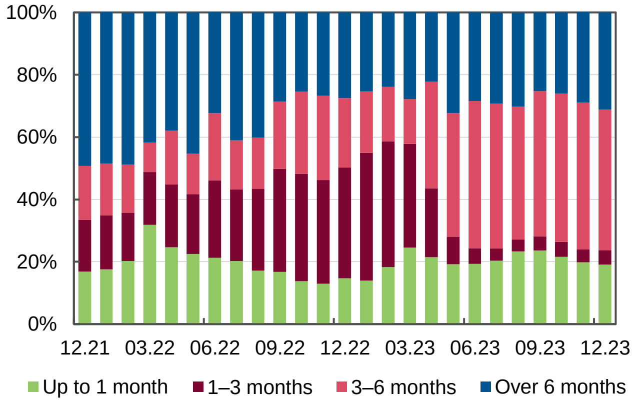
Figure 30. Retail deposits, 2020 = 100%*



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

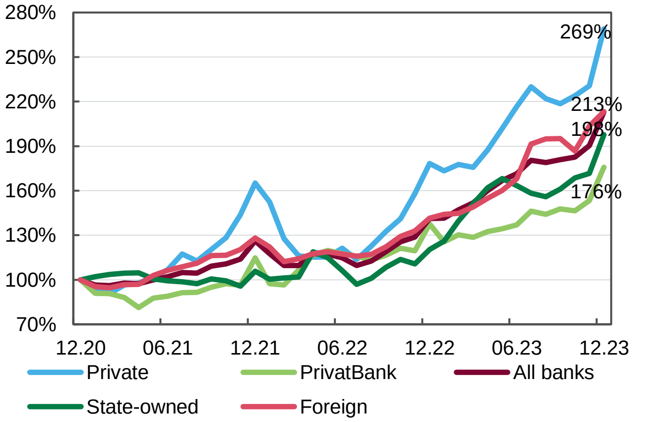
The share of new deposits with a maturity of up to one month continued to decline – by 4.5 pp over the quarter. Medium-term deposits with a maturity of 3–6 months prevailed in the structure of term deposits, accounting for more than 76%.

Figure 31. New retail term deposits by maturity



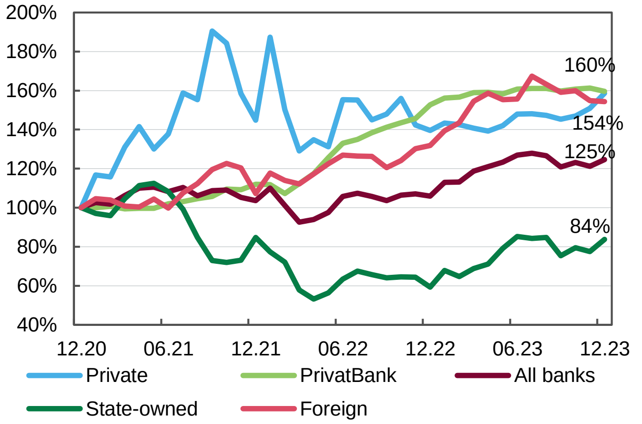
Hryvnia corporate deposits surged by 17.8% qoq (+50.8% in 2023). The growth was uneven, with a seasonal increase of almost 12% mom in December. The highest growth rates were recorded at state-owned and private banks – more than 20%. By contrast, FX deposits rose more slowly, by 3.2%, and the trend was mixed. Deposits increased the most at state-owned and private banks, by 11.2% and 9.1%, respectively.

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



* At banks solvent as of 1 February 2024.

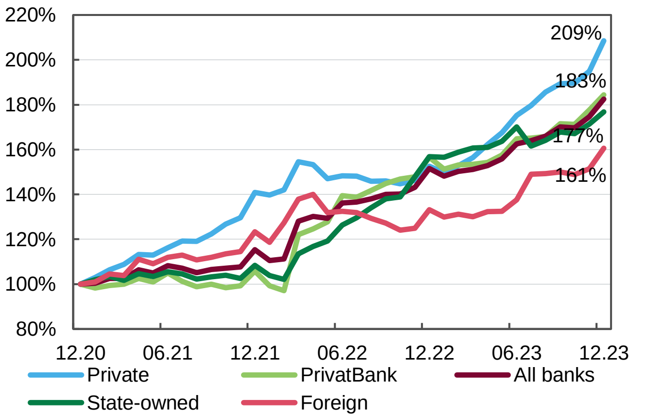
Figure 33. FX corporate deposits (in the U.S. dollar equivalent) by groups of banks, 2020 = 100%*



* At banks solvent as of 1 February 2024.

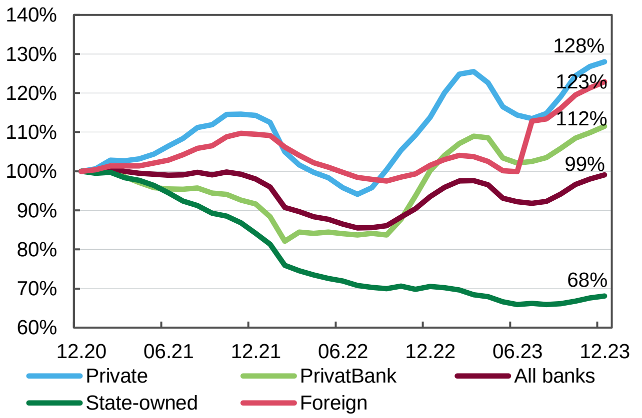
Hryvnia retail deposits grew by 7.3% (+20.5% in 2023) due to inflows of salaries and other payments at the end of December. Growth in hryvnia deposits accelerated during the quarter, with private banks showing the highest growth rates – 10.1% qoq. FX deposits increased more moderately, by 5.3% (+6% yoy). The increase was driven mainly by demand deposits, while FX term deposits rose by 2.2%.

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



* At banks solvent as of 1 February 2024.

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

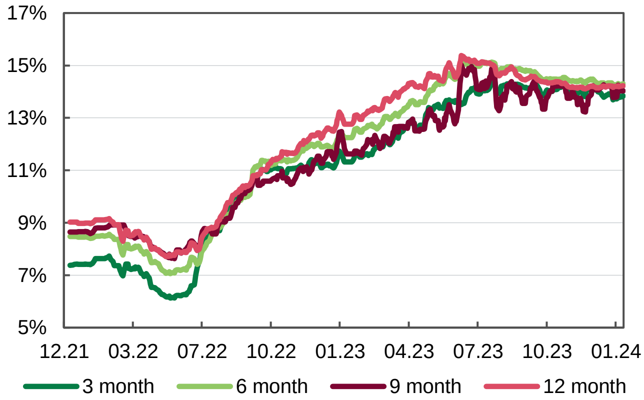


* At banks solvent as of 1 February 2024.

Interest Rates

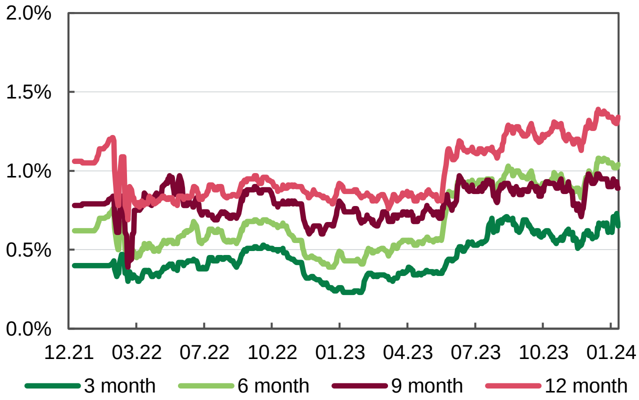
The cost of 12-month hryvnia deposits decreased by 0.3 pp in Q4 to 14.2% per annum, which was 1.5 pp higher than at the end of 2022. The spread between rates on 3-month and 12-month hryvnia deposits was negligible.

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



* Thomson Reuters data, 5-day moving average.

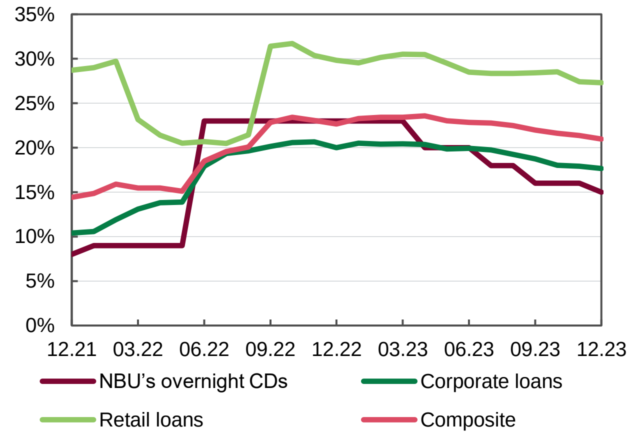
Figure 37. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



* Thomson Reuters data, 5-day moving average.

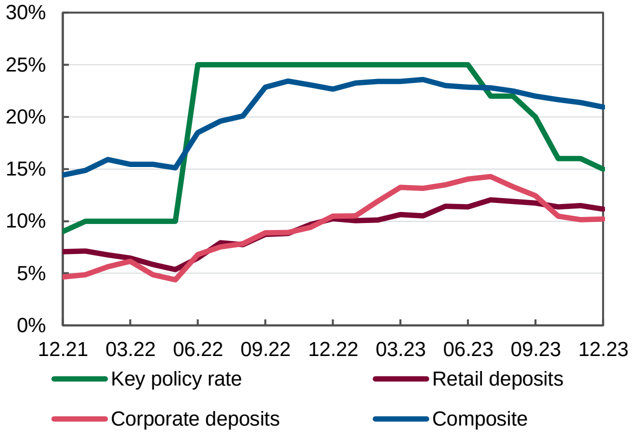
New hryvnia retail and corporate loans decreased by 1 pp, to 17.7% per annum and 27.3% per annum, respectively. The cost of new corporate deposits was again lower compared to retail ones – 10.2% per annum.

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



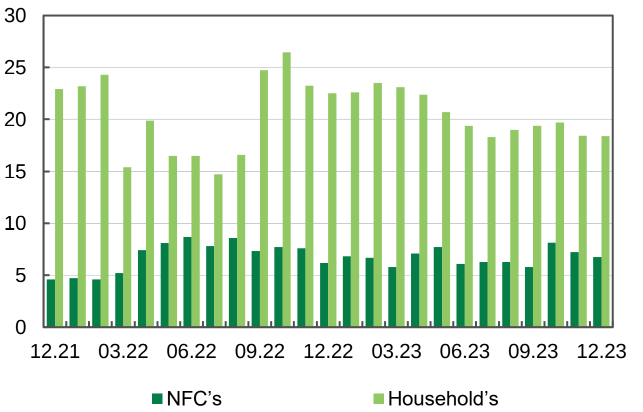
* Without loan rescheduling or any other changes in lending terms.

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



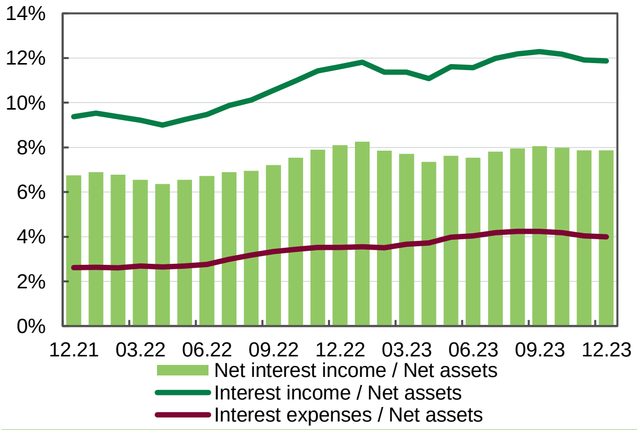
The spread between rates on new corporate loans and deposits was on average higher than in the previous quarter. The interest margin narrowed due to a faster decline in income compared to expenses, primarily on risk-free assets.

Figure 40. Spread between interest rates on new** loans and deposits, pp*



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

Figure 41. Banks' interest margin*

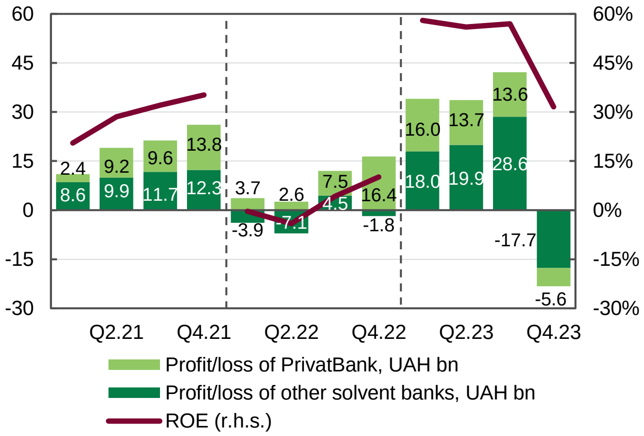


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Results

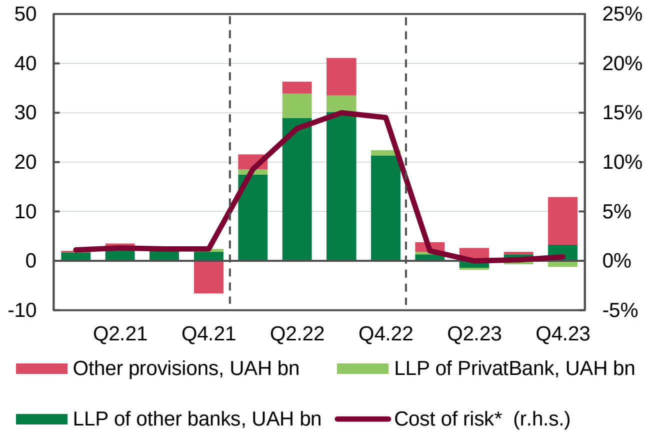
In 2023, the sector earned UAH 86.5 billion in profit. The increase in the corporate income tax rate in December resulted in UAH 23.3 billion of losses in Q4.

Figure 42. Banks' profit/loss and return on equity



The CoR* was low throughout the year. In Q4, it was 1.2% – about half of the pre-war level. Provisions for domestic government debt securities were higher than for loans, accounting for 83% of total provisions for the year and for the quarter.

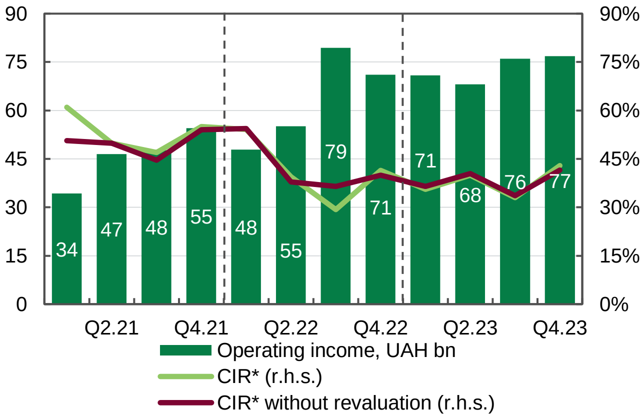
Figure 43. Loss provisions, quarterly



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

The sector's operational efficiency remained high for the second year in a row. The CIR in Q4 was 42.9%, compared to 41.4% in the same quarter of 2022.

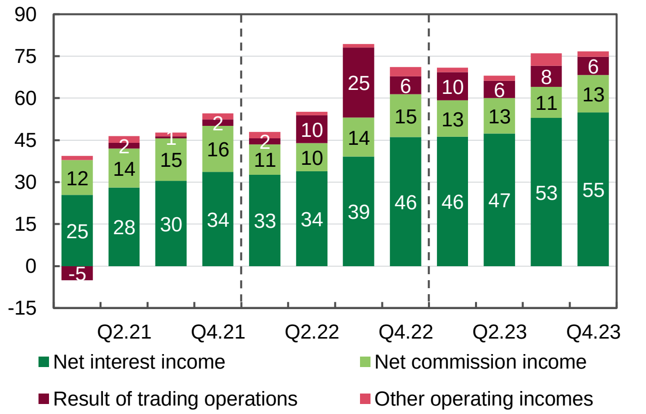
Figure 44. Operating income and operational efficiency of banks



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

Over the quarter, net interest income increased by 19.2% yoy, while net fee and commission income decreased by 12.5% yoy.

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



In Q4, interest income from NBU CDs decreased by 13.1% qoq (+12.2% yoy), while interest income from domestic government debt securities rose by 16.4% (+79.1% yoy). Interest income from retail and corporate loans increased over the quarter, by 7.3% yoy. Interest expenses on corporate funding decreased by 3.9% compared to Q3, while interest expenses on retail funding increased by 10.4%.

Figure 46. Ratio of interest income components to net assets

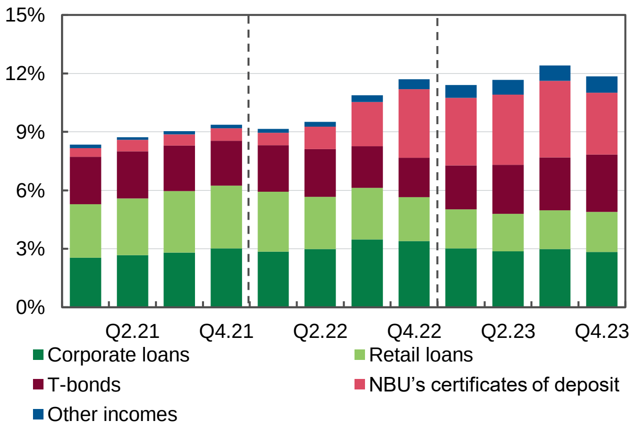
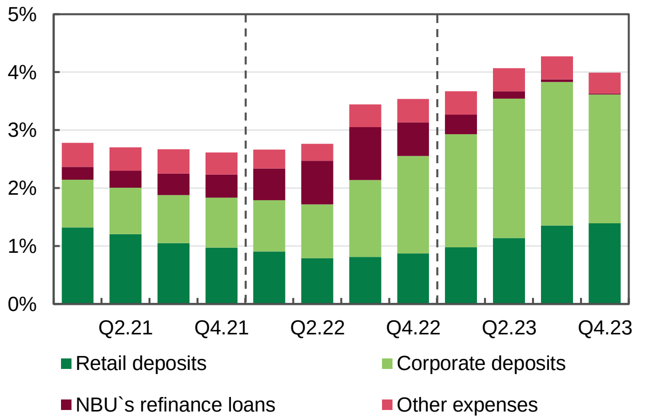


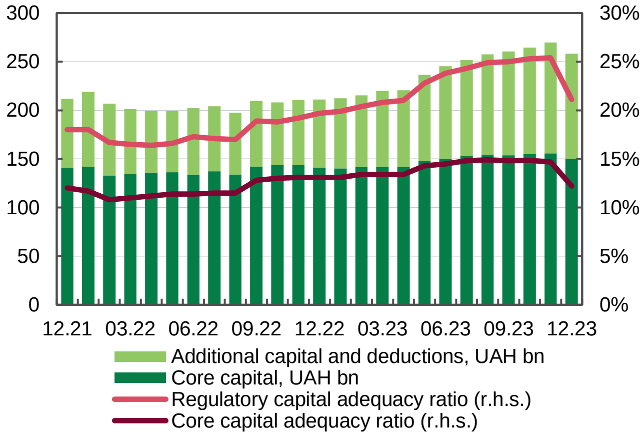
Figure 47. Ratio of interest expenses components to net assets



Capital

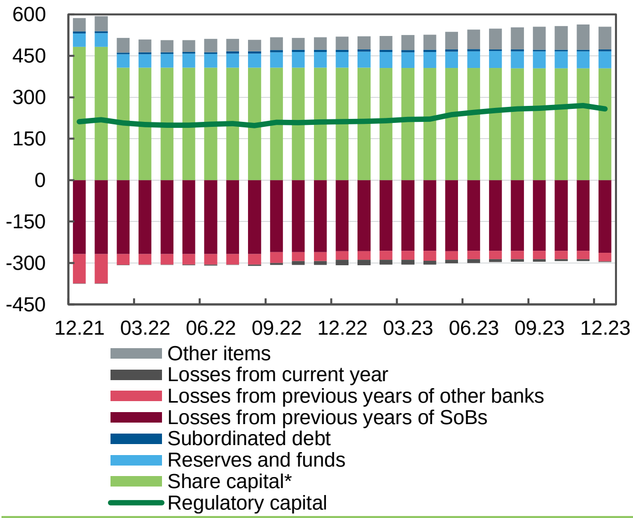
Regulatory capital increased in October–November and decreased in December due to the adjustment of annual net profit due to the tax. Over the year, the sector's regulatory capital increased by 22.3%, and in Q4 it decreased by 0.8%. The regulatory capital adequacy ratio remained above 20%.

Figure 48. 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.

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	2023
Number of operating banks	82	77	75	73	71	67	63
General balance sheet indicators (UAH billions)[2]							
Total assets	1,840	1,911	1,982	2,206	2,358	2,717	3,309
of which in foreign currencies:	755	779	718	746	679	820	923
Net assets	1,334	1,360	1,493	1,823	2,053	2,352	2,943
of which in foreign currencies:	507	495	492	585	583	731	831
Gross corporate loans[3]	864	919	822	749	796	801	784
of which in foreign currencies:	423	460	381	332	292	281	268
Net corporate loans[3]	451	472	415	432	540	529	511
Gross SME loans	443	445	432	451	468	455	483
of which in foreign currencies:	184	180	159	162	127	100	114
Net SME loans	335	339	205	232	263	246	268
of which in foreign currencies:	110	102	89	101	87	70	80
Net loans to SMEs that do not belong to groups[7]	-	-	62	63	71	61	63
of which in foreign currencies:	-	-	22	24	18	15	13
Gross retail loans	171	197	207	200	243	210	223
of which in foreign currencies:	68	61	38	31	21	13	12
Net retail loans	92	114	143	149	200	134	160
Corporate deposits[3]	427	430	525	681	800	943	1,322
of which in foreign currencies:	163	150	191	233	233	317	386
Retail deposits[4]	478	508	552	682	727	933	1,084
of which in foreign currencies:	244	241	238	285	270	340	373
Change (yoy, %)							
Total assets	5.9%	3.8%	3.7%	11.3%	6.9%	15.2%	21.8%
Net assets	6.2%	1.9%	9.8%	22.1%	12.6%	14.5%	25.1%
Gross corporate loans[3]	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.2%
Gross retail loans	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%	6.0%
Corporate deposits[3]	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%	40.2%
Retail deposits[4]	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%	16.2%
Penetration[5] (%)							
Gross corporate loans[3]/GDP	29.0%	25.8%	20.7%	17.7%	14.6%	15.3%	12.0%
Net corporate loans[3]/GDP	15.1%	13.3%	10.4%	10.2%	9.9%	10.1%	7.8%
Gross retail loans/GDP	5.7%	5.5%	5.2%	4.7%	4.5%	4.0%	3.4%
Net retail loans/GDP	3.1%	3.2%	3.6%	3.5%	3.7%	2.6%	2.5%
Corporate deposits[3]/GDP	14.3%	12.1%	13.2%	16.1%	14.7%	18.0%	20.3%
Retail deposits/GDP	16.0%	14.3%	13.9%	16.2%	13.3%	17.8%	16.7%
Profit or Loss[6] (UAH billions)							
Net interest income	53.0	73.0	78.9	84.8	117.6	151.7	201.5
Net fee and commission income	27.5	37.8	44.0	46.5	58.0	50.2	50.1
Provisions	49.2	23.8	10.7	31.0	3.4	121.2	17.4
Net profit/loss	-26.5	22.3	58.4	39.7	77.4	21.9	86.5
Memo items:							
UAH/USD (period average)	26.60	27.20	25.85	26.96	27.29	32.34	36.57
UAH/USD (end-of-period)	28.07	27.69	23.69	28.27	27.28	36.57	37.98
UAH/EUR (period average)	30.00	32.14	28.95	30.79	32.31	33.98	39.56
UAH/EUR (end-of-period)	33.50	31.71	26.42	34.74	30.92	38.95	42.21

[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] From 2014 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. The data for 2023 are based on GDP estimates from the January 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 and the first three quarters of 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).

From Q3, Sense Bank JSC 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 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.

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 Ukraine).
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
mom	Month-on-month