Banking Sector Review

May 2025

National Bank of Ukraine

In Q1, the banks kept client funding volumes almost unchanged, despite certain seasonal fluctuations in deposits. The increase in net hryvnia loans to businesses picked up, and the growth in loans to households remained high, with the uptrend in the portfolio lasting since mid-2023. Growth in loans to clients was the main factor underpinning the sector's assets, while investments in securities and certificates of deposit declined. The share of unsubsidized loans to businesses in issued loans is rising. The increase in the cost of deposits, primarily corporate ones, reflected the hike of the key policy rate. Loan rates also rose moderately. The sector remains profitable, in part due to high operating efficiency. The banks are accumulating capital for future lending.

Sector Structure

In March, Bank Portal willingly gave up its banking license, reducing the number banks operating in Ukraine to 60. Bank Portal held a negligible 0.01% of the sector's net assets, and so its exit from the market had no tangible impact on the banking sector.

In Q1, the share of net assets held by state-owned banks remained at 53.3% (-0.3 pp over the year) for almost three straight quarters. By contrast, state-owned banks' share of retail deposits is slowly shrinking, down 0.4 pp in Q1 and 1.0 pp over the year, to 62.9%.

Assets

In Q3, the banks' net assets shrank 0.5% (+13.8% yoy). This was mainly due to a revaluation of dollar-denominated assets as the hryvnia strengthened against the dollar. At the exchange rate held fixed as of the start of the year, net assets shed only 0.1% in Q1 and grew 11.9% yoy. Meanwhile, a 5.6% rise in the loan portfolio in Q1 (+24.1% yoy) supported the assets' level. In Q1, investments in domestic government debt securities were down 2.5% (+25.9% yoy) due to redemptions of these bonds amid their limited supply from the government. Certificates of deposit (CDs) also slightly decreased in volume (by 1.3%), primarily due to tax payments.

Growth in the net hryvnia corporate loan portfolio picked up to 9.5% in Q1 (to 28.4% yoy) after a seasonal slowdown a quarter ago. Net hryvnia loans to SMEs grew broadly in line with this uptrend, up 9.2% in Q1 and 31.4% yoy. SME loans accounted for 60.1% of the portfolio.

In Q1, the banks in all groups briskly ramped up loan volumes. PrivatBank was the only bank to cut its loan portfolio, by 0.2% (+16.8% yoy). The largest portfolio gains were made by foreign and state-owned banks (except PrivatBank), up 12.8% (25.8% yoy) and 10.3% (30.3% yoy), respectively. During Q1, the volume of loans to farmers, wholesale traders, construction companies, and machine-building enterprises traditionally increased. In annual terms, loans to farmers, food producers, and wholesale traders rose the most.

The role of subsidized business lending under the state-funded Affordable Loans 5–7–9% program extended its decline. The reasons included sustained favorable lending conditions beyond the program and steady demand for unsubsidized loans. Last year's reform of the program also made its mark. The portfolio of net hryvnia loans issued as part of Affordable Loans 5–7–9% was up only 1.5% in Q1, and the one outside the program was up 13.6%. The share of subsidized loans in the total net performing portfolio shrank to 31.2%, down 2.5 pp from a quarter earlier. In particular, the volume of preferential working-capital loans to farmers is declining, while the share of investment loans is expanding. Despite the developments noted above, the debt on interest compensation to the banks persists, and the program requires further focusing.

Demand from businesses for capital investment is still there. The volume of loans maturing in over three years rose 8.5% in Q1. Medium-term loans with one-to-three-year maturity grew faster, by 21.6% in Q1 and by over 34% yoy. In the meantime, the volume of up-to-one-year short-term loans almost held steady.

Net hryvnia loans to households continue to grow briskly: up 6.7% in Q1 (35.9% yoy). As usual, unsecured loans dominate the portfolio. Unlike the previous two quarters, the share of the top two banks in the segment edged higher (to 54.8%). The rise in the mortgage portfolio had been slowing for the third straight quarter, to 5.4% in Q1 and 45.3% yoy. The share of mortgages in the net hryvnia retail loan portfolio shrank to 13.2% in Q1. This is due to the further restructuring and a respective slowdown in *eOselia*, a state program that continues to dominate mortgage lending.

Loan portfolio quality has been improving for a year and a half running. In January 2025, the NBU fully aligned its definition of non-performing loan (NPL) with EU standards. The revised NPL definition under the updated methodology has had only a marginal impact on the NPL ratio (up about 1.0 pp in January). The NPL ratio shrank 1.7 pp in Q1 (7.5 pp over the year) to 28.6%. The decrease occurred for both corporate and retail loans across all groups of banks. The growing volume of new high-quality loans and NPL write-offs remain the main factors that are squeezing the NPL ratio. Excluding bad legacy debts of state-owned banks and the debt of PrivatBank's former owners, the NPL ratio is 17.1%. The share of corporate borrowers' defaults on hryvnia loans in Q1 fell to about 3%, better than the pre-full-scale-war average.

Funding

Bank liabilities decreased UAH 55 billion or 1.8% in Q1. Overall, this was a repeat of Q1 2024 dynamics. Its main drivers were corporate deposit outflows following a December 2024 increase, and the repayment of income tax arrears by the banks. The outstanding NBU refinancing loans fell UAH 0.2 billion, to UAH 1.7 billion. Five small private banks are using this funding. In Q4 2024, the sector's external debt shrank 3.8% qoq, to about USD 1.5 billion, which still accounts for about 2% of liabilities.

The volume of hryvnia retail deposits at the banks rose 0.5% for the quarter (+12.5% yoy). The slight seasonal decline in January was offset in the following months. Hryvnia retail term deposits grew 2.8% qoq and 7.2% yoy, faster than demand deposits. This drove the share of term deposits up 0.8 pp over the quarter, to 34.3%. FX retail deposits also grew 3.2% in Q1 (+8.5% yoy), primarily due to demand deposit inflows. FX term deposits decreased 1.3% in Q1 and 1.2% yoy. The dollarization rate of client deposits declined 0.3 pp, to 31.1%, as the hryvnia exchange rate appreciated.

Hryvnia corporate deposits decreased after a significant increase at the end of last year. The overall decline was 0.9% for the quarter (+16.7% yoy) and affected all groups of banks, except state-owned ones. The volume of FX corporate deposits decreased in Q1 due to outflows of deposits from state-owned banks.

Interest Rates

The NBU extended the cycle of key policy rate hikes in Q1, raising the rate by a total of 2 pp, to 15.5% per annum. The rate on NBU-issued three-month CDs rose to 19% per annum, while that on overnight CDs was the same as the key policy rate. Rates on retail deposits reacted slowly to the hike in the key policy rate. The rate on new hryvnia transactions (including demand deposits) rose 0.2 pp, to 9.8% per annum. The yield curve remained inverted, with the rate on three-month deposits being slightly above one-year-deposit rates. Rates on corporate deposits were more sensitive to changes in monetary policy, gaining 0.9 pp, to 9.1% per annum, in March.

Market rates on hryvnia loans to businesses also grew during the quarter, reflecting the uptrend in the cost of this funding. Currently, these rates are averaging 15.5% per annum, comparable to May 2024. The increase in rates occurred for both new loans to large firms and loans to SMEs. Foreign banks offered the lowest rate of 13.6% per annum. Rates on loans to households rose to 29.1% per annum, up more than 1 pp from the beginning of the year and from March 2024.

Financial Performance and Capital

In Q1 2025, the sector landed UAH 40 billion in profit, 65.7% of it made by state-owned banks, including PrivatBank. Ten small banks were loss-making, with a combined loss of just UAH 0.4 billion. High operating efficiency and low provisioning were at the core of profitability. CoR was 0.4% for the quarter. The sector's pre-tax profitability is gradually normalizing back to pre-war levels.

Net interest income grew 13.7% yoy (+2.3% qoq) over the quarter, driven primarily by stepped-up operations. The return on assets edged higher, mainly due to the growth in the yield on NBU CDs fueled by higher rates. However, the yield on domestic government debt securities and loans remained almost flat from a quarter ago. The cost of liabilities rose the most in the corporate segment, exerting pressure on the interest margin. The margin therefore narrowed somewhat through the quarter, to 7.4%.

Net fee and commission income continued to grow, up 1.5% qoq and 10.4% yoy. Specifically, the sector's net fee and commission income from payment transactions increased 3% from the quarter before, but stopped shy of pre-war levels. Although profit from FX-trading deals slipped a bit, it remained higher than a year ago. The gain from a revaluation of domestic government debt securities also bolstered the sector's operating profitability.

Relative to the previous quarter, all major components of operating expenses contracted, propelling the growth in operating efficiency. Compared to Q1 2024, however, operating expenses were up 21.8%, including personnel costs, which rose 26.6%. The cost-to-income ratio (CIR) was 39.1%, down from 46.4% a quarter earlier. For 11 banks, the quarter ended in operating losses.

Capital adequacy crept lower during Q1, to about 16% for all capital levels as of 1 April, after the banks reflected a hike in the income tax. Only one small bank was violating the regulatory capital adequacy ratio on and off during the first quarter.

Prospects and Risks

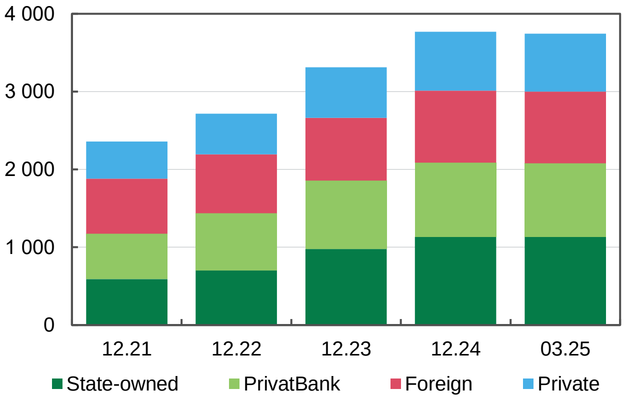
The stress-testing methodology for the 21 largest banks was published in May. A stress testing of the banks will kick off in June. Banks that are assigned higher capital adequacy ratios based on the assessment results will have to submit capitalization programs. Such banks will have to implement their programs by the end of 2025. By accumulating capital, the banks will not only implement the programs that resulted from the resilience assessment, but also meet new requirements aligned with EU acquis and bring lending development plans to life. Meantime, uncertainty over future tax policies is holding back the banks' investment plans.

The NBU continues to gradually introduce European prudential requirements. In the near future, when the test mode period ends, the NBU will require the banks to comply with a leverage ratio that is in line with EU standards.

Sector Structure

In Q1, the banks' total assets shed 0.6%, in part due to FX revaluation. At the exchange rate held fixed at beginning-of-year level, volumes of the assets were down 0.2% in Q1 (up 10% yoy). All groups of banks went through similar changes. The number of operating banks decreased by one in Q1 after Bank Portal (0.01% of sector assets) exited the market of its own will.

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.

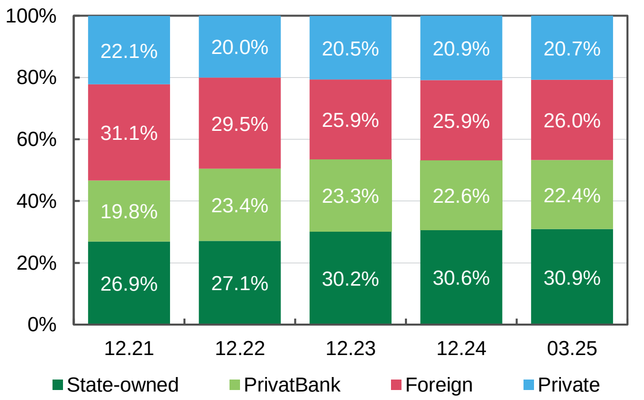
Table 1. Number of banks

	2021	2022	2023	2024	Q1.25
Solvent	71	67	63	61	60
Change	-2	-4	-4	-2	-1
State-owned, incl. PrivatBank	4	4	5	7	7
Change	-1	0	+1	+2	0
Foreign	20	16	14	14	14
Change	0	-4	-2	0	0
Private	47	47	44	40	39
Change	-1	0	-3	-4	-1

As of the end of the respective period.

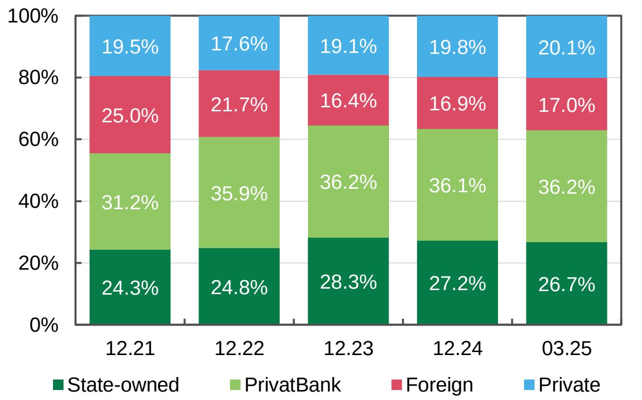
State-owned banks, including PrivatBank, had accounted for 53.3% of the sector's net assets for the third straight quarter (-0.3 pp from March 2024). These banks' share in retail deposits was down to 62.9% (-0.4 pp in Q1 and -1.0 pp over the year) as foreign and private banks ramped up their volumes of such deposits more actively.

Figure 2. Distribution of net assets by group of banks



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

Figure 3. Distribution of retail deposits by group of banks



The share of the 20 largest banks in the sector's net assets added 0.2 pp in quarterly and annual terms, although for the biggest bank it was down 0.2 pp. But the sector's concentration by total assets shrank 0.6 pp in Q1 (down 2.7 pp over the year).

Figure 4. Largest banks' share of sector net assets

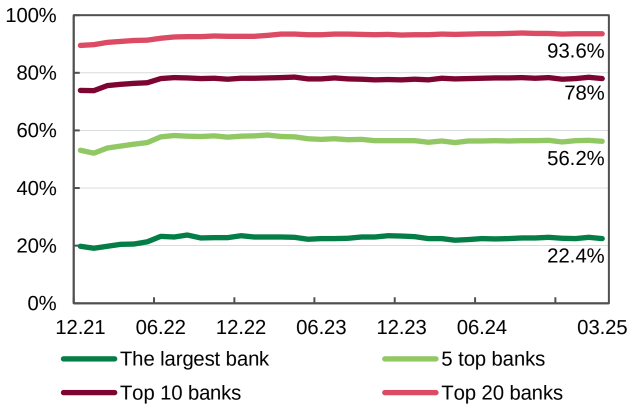
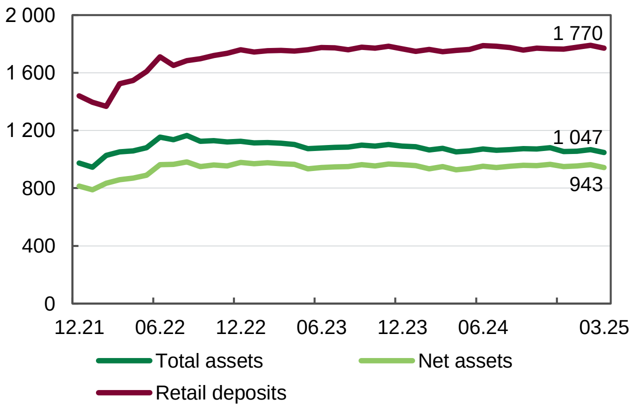


Figure 5. Concentration as measured by the HHI indicator*

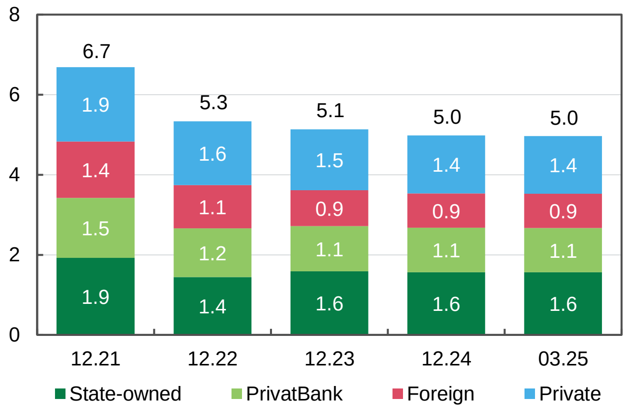


The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of some of the banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure and Payment Transactions

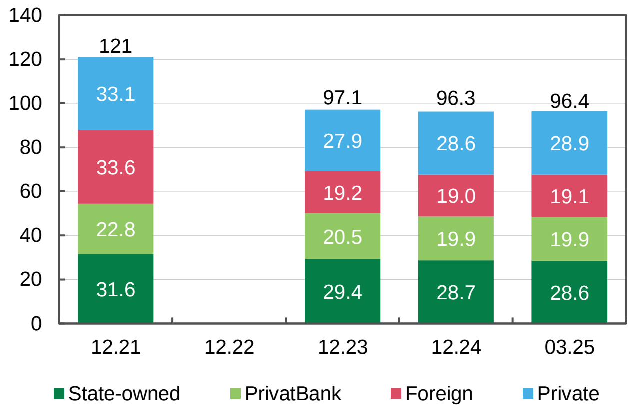
In Q1, the number of bank branches decreased by only 16. The network of state-owned banks (PrivatBank included) was down seven branches, as was the private-bank network. Most of the closed branches were in Kyiv. Overall, this is the smallest reduction in the network since the banking reform started. Full-time employee numbers grew for the third quarter in a row.

Figure 6. Number of bank structural units, thousands*



* Standalone bank structural units and head offices.

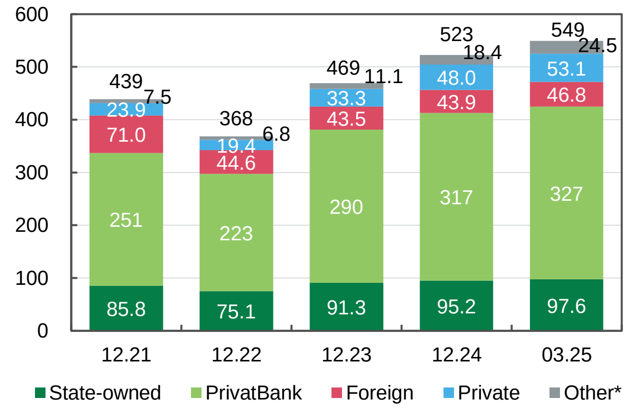
Figure 7. Bank staff headcount*, thousands of employees



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

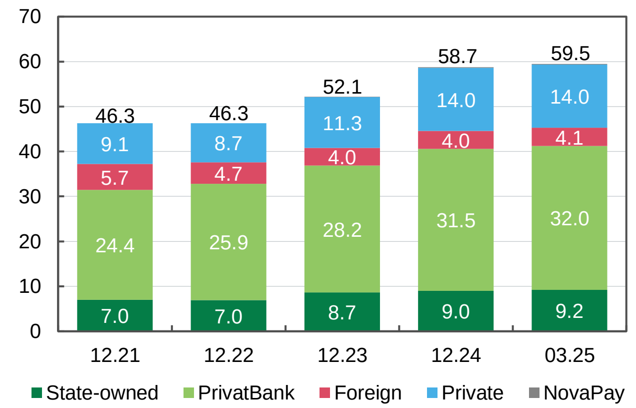
The POS terminal network has expanded rapidly since mid-2022. In this regard, PrivatBank and NovaPay led the way in Q1 (+10,000 and +6,200 units, respectively). The network of private banks has also grown significantly. In total, market participants scaled up the network by 26,500 terminals in Q1, the highest gain since Q4 2023. The ATM network increased in Q1 due to a noticeable increase in self-service kiosks at some of the private banks.

Figure 8. Number of banks' ATMs*, thousands of units



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

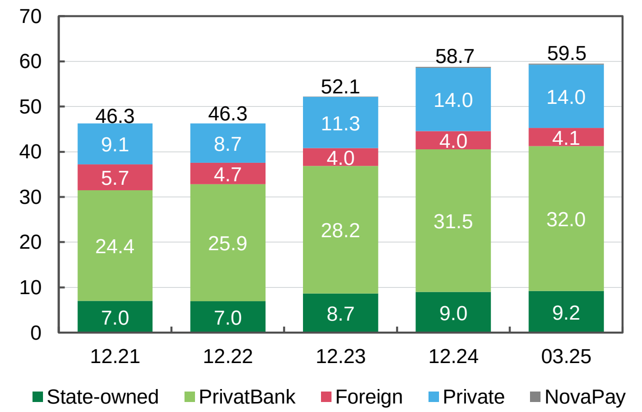
Figure 9. Number of POS terminals, thousands of units



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

In Q1, the number of active payment cards tangibly rose only at state-owned banks. The highest increase occurred in PrivatBank. The number of active cards issued by NovaPay, the sole non-bank issuer, went slightly up.

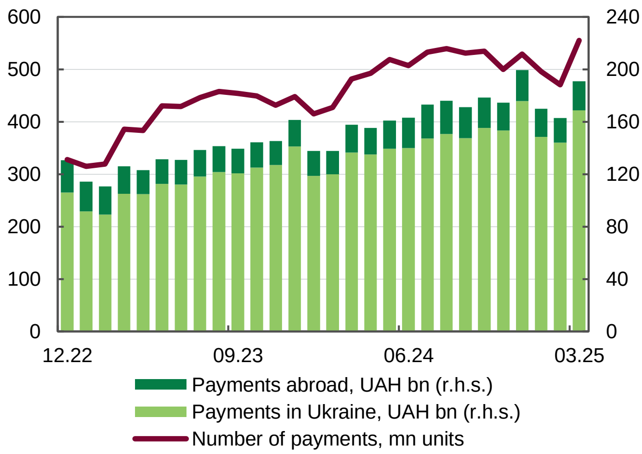
Figure 10. Number of active payment cards by groups of financial institutions*, million units



* As of 1 April 2025, NovaPay issued 162,900 active payment cards.

The number of card payments made in stores continued to grow, exceeding 550 million in March. The volume of such payments is growing 24% yoy in Ukraine, and 5% yoy abroad.

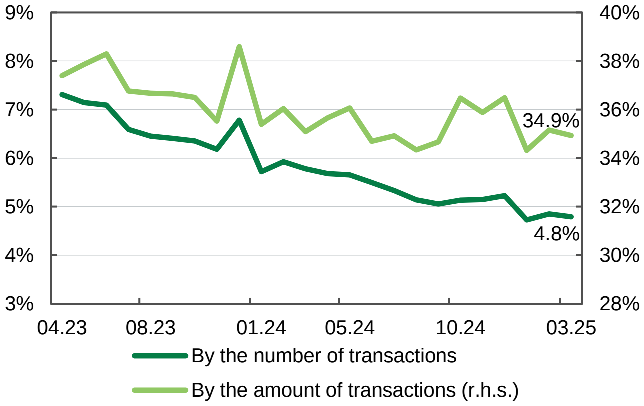
Figure 11. Card-based payments* in the retail network



* Electronic means of payment issued by Ukrainian financial institutions.

At the beginning of 2025, the share of card-based cash transactions was less than 5% by number of transactions and started shrinking again.

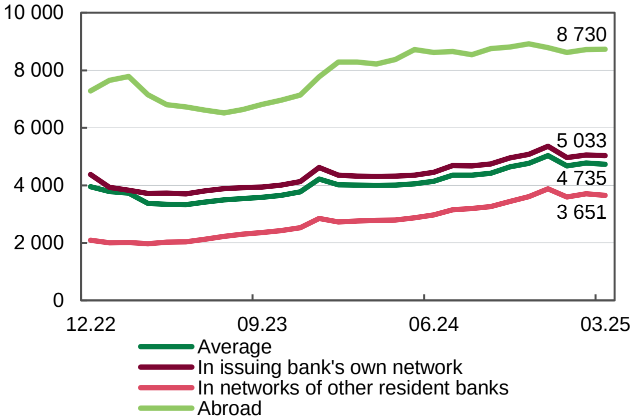
Figure 12. Share of cash-based withdrawals in card transactions*



In April 2023, some payment service providers revised their monthly reporting indicators, which significantly changed the distribution of payment transaction data.
* For electronic payment instruments issued in Ukraine.

In Q1 2025, the average size of a cash withdrawal rose 18% yoy. Abroad, it is twice as large as in Ukraine.

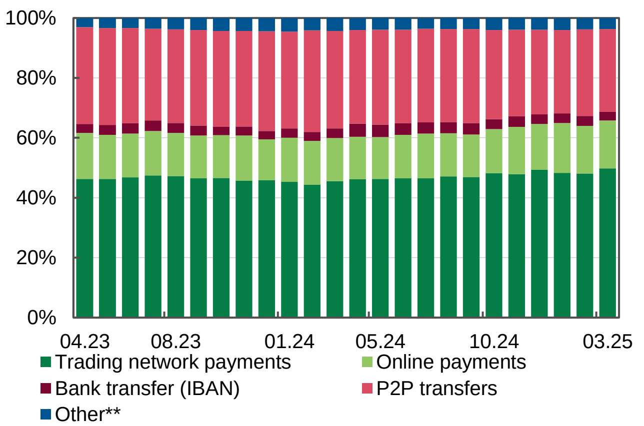
Figure 13. Average amount of one cash withdrawal from ATMs, UAH*



* For electronic payment instruments issued in Ukraine.

In March 2025, the share of cashless card-based transactions made through POS terminals reached a record 49.8%.

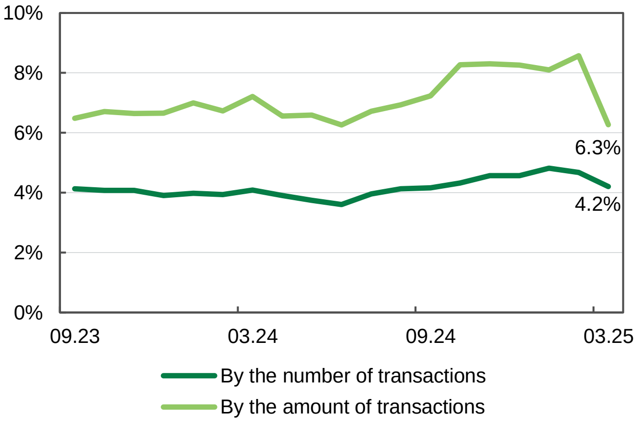
Figure 14. Structure of cashless transactions with payment cards*



* For acquiring of electronic payment instruments issued in Ukraine. ** Transfers in ATMs/self-service kiosks, quasi-cash.

The same month, the proportion of transfers between the cards* of the same financial institution fell significantly, to 6.3% by amount.

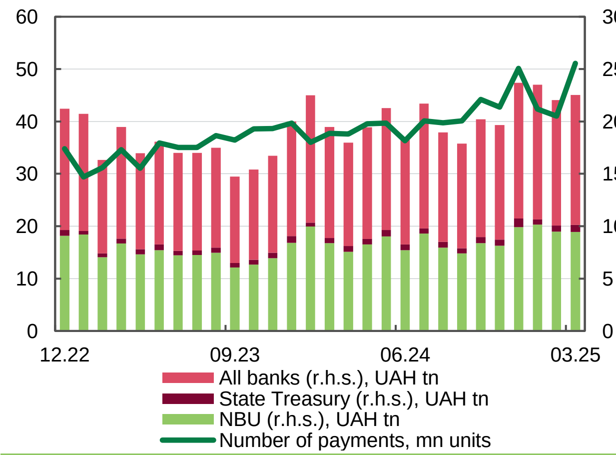
Figure 15. The share of transfers between own cards in one financial institution in the total value of P2P**



Statistical data collection started in mid-2023.
* For electronic payment instruments issued in Ukraine.
** Peer-to-peer is a technology for online card-to-card money transfers.

In March, the number of SEP transactions was up considerably as clients made payments through the banks.

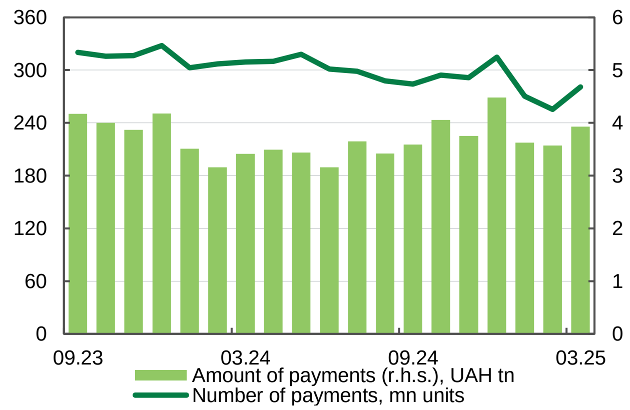
Figure 16. Payment volumes in the System of Electronic Payments of the NBU



As from 1 April 2023, new-generation SEP-4 (24/7) was launched in operation based on ISO20022 international standard.

The volume of credit transfers* by the banks held steady. The average size of an IBAN payment edged higher, to UAH 13,800 in Q1 2025.

Figure 17. Payment transactions within Ukraine initiated using credit transfer

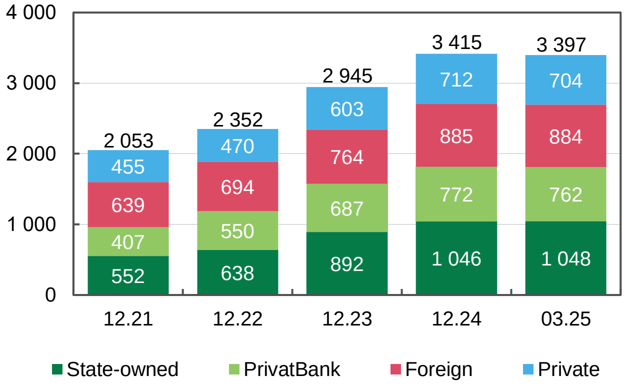


Statistical data collection started in mid-2023.
* Client payments from the payer's account number, with payment details indicating the recipient's IBAN.

Assets

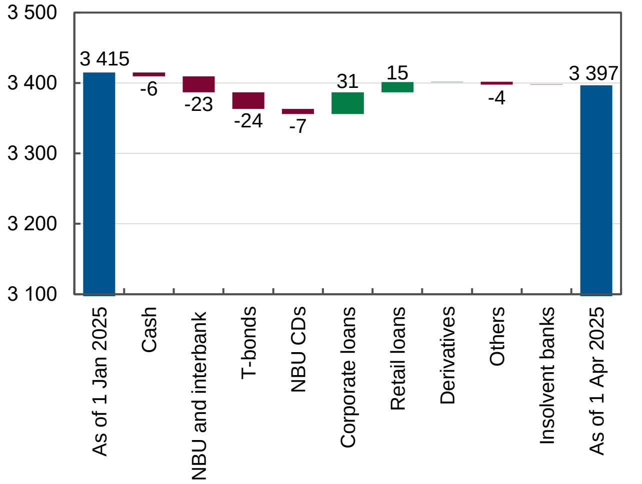
In Q1, the banks' net assets decreased 0.5% (+13.8% yoy) in part due to FX revaluation: at the exchange rate held fixed at start-of-year level, the volume of assets shed only 0.1% qoq and was up 11.9% yoy. Loans to clients were the only asset component that extended its growth: +5.6% in Q1 and +24.1 yoy. In contrast, for the first time in two years, the portfolio of domestic government debt securities decreased 2.5% qoq (+25.9% yoy). The volume of NBU CDs was down 1.3% both in Q1 and in annual terms, a consequence of tax payments.

Figure 18. Net assets by groups of banks, UAH billions



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

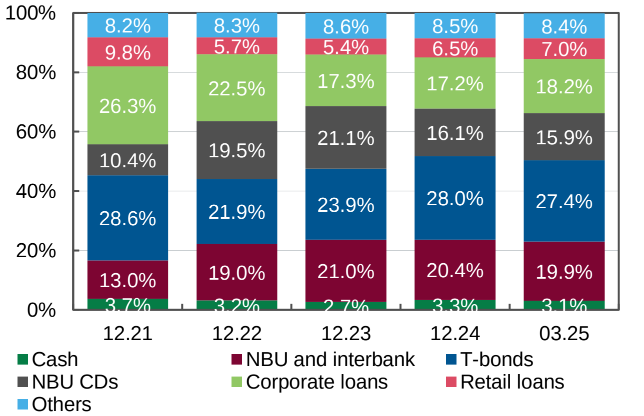
Figure 19. Change in net assets by component in Q1 2025, UAH billions



As of the end of the quarter, including adjusting entries. ISB refers to insolvent banks.

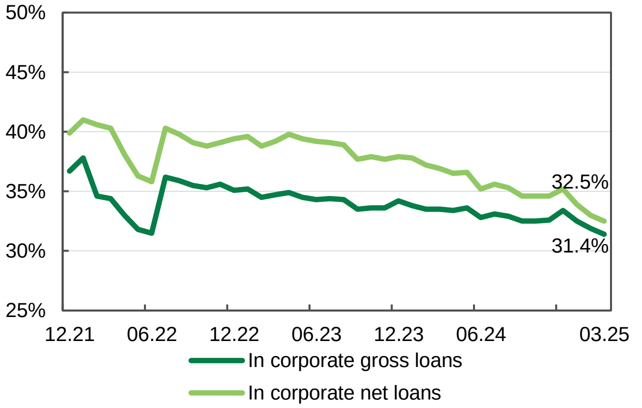
The dollarization of net loans to businesses decreased 2.7 pp in Q1 (-4.4 pp over the year) as the exchange rate weakened and the banks built up hryvnia loan portfolios.

Figure 20. Sector's net assets by component



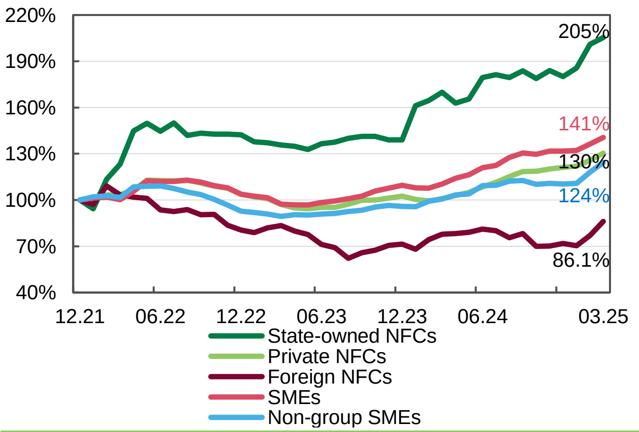
Adjusted for loan loss provisions of the banks. As of the end of the quarter, including adjusting entries.

Figure 21. Share of FX corporate loans



In Q1, loans grew for all types of businesses, most significantly those issued to foreign companies: up 19.8% qoq (10.5% yoy).

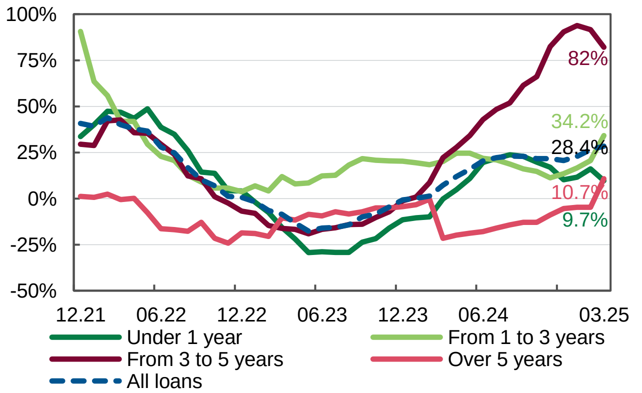
Figure 22. Net hryvnia loans to non-financial corporations (NFCs), 2021 = 100%



* At banks solvent as of 1 April 2025. As of the end of the quarter, including adjusting entries.

The entire portfolio of net hryvnia loans to businesses rose during Q1, with medium-term loans of one-to-three-year maturity growing the fastest.

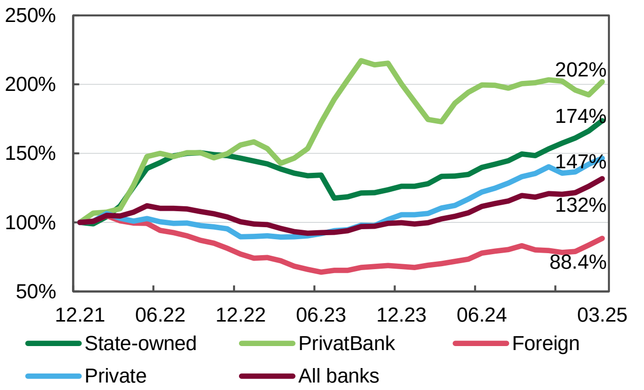
Figure 23. Net hryvnia corporate loans by maturity, yoy



* At banks solvent as of 1 April 2025.

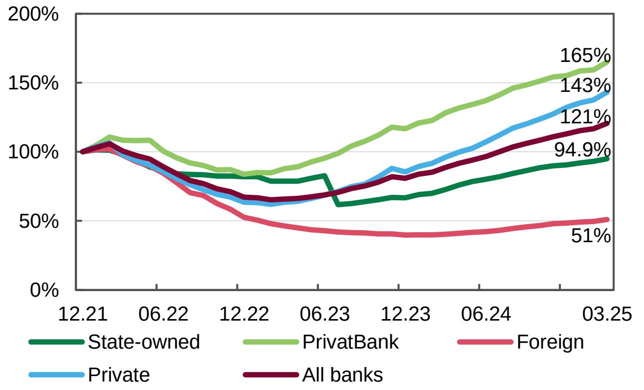
Net hryvnia loans to businesses had been rising for two straight years, accelerating to 9.5% in Q1 (to 28.4% yoy). Among groups of banks, PrivatBank was the only one to cut its loan portfolio by 0.2% in Q1 (+16.8% yoy). Other groups of banks ramped up loan volumes, most notably foreign and state-owned banks: +12.8% and +10.3% (+25.8% and +30.3% yoy), respectively. PrivatBank and private banks continue to drive most of the growth in hryvnia loans to households: +6.7% qoq and 35.9% yoy.

Figure 24. Net hryvnia corporate loans, 2021 = 100%



* At banks solvent as of 1 April 2025.

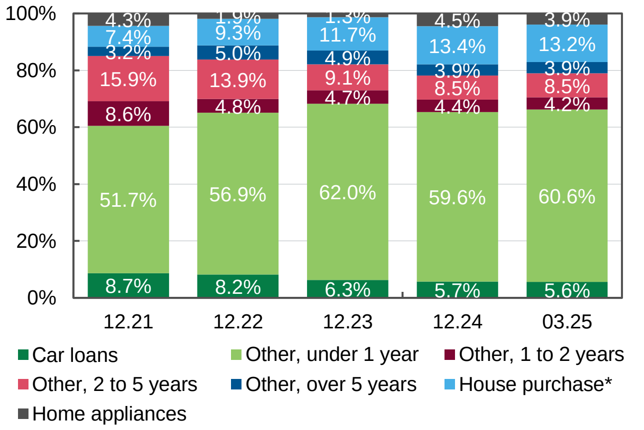
Figure 25. Net hryvnia retail loans, 2021 = 100%



* At banks solvent as of 1 April 2025.

Short-term non-targeted loans as a share of retail loans grew in Q1. The shares of loans to buy household appliances and real estate shrank.

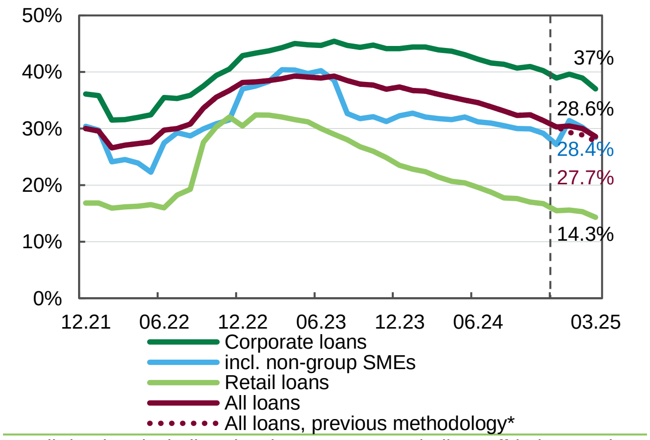
Figure 26. Net hryvnia retail loans by purpose



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

The update of the methodology that identifies NPLs had no tangible impact on their share in the portfolio (+1 pp or so). This ratio shrank 1.7 pp in Q1, to 28.6% (27.7% under old methodology). For businesses, the NPL share fell 1.9 pp. For households, it was down 1.2 pp.

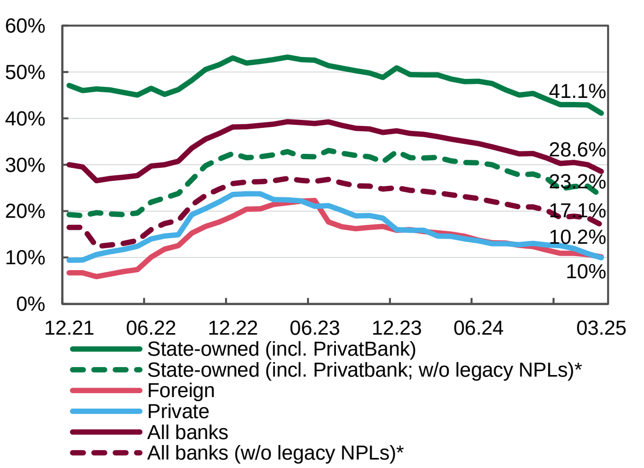
Figure 27. NPL ratios in bank portfolios



At all banks, including insolvent ones; excluding off-balance sheet liabilities. Individuals, including sole proprietors. * Effective 1 January 2025, NPLs are identified as per the updated requirements of NBU Board Resolution No. 52 dated 2 May 2024.

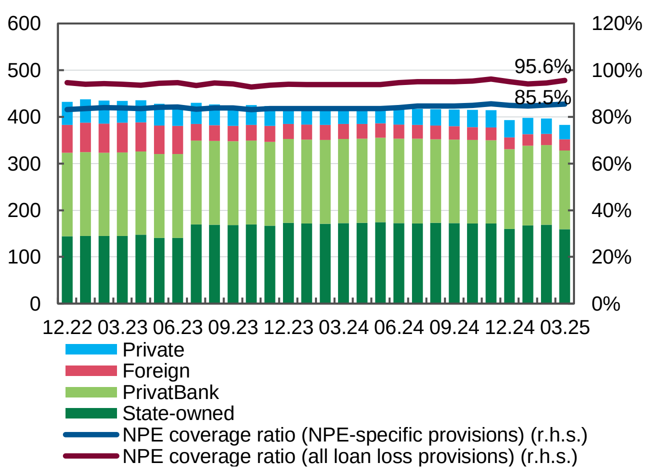
During Q1, the NPL ratios decreased for all groups of banks, more significantly so among private and state-owned banks (including PrivatBank): -2.6 pp and -1.8 pp, respectively. For 12 straight months, the main driver of the NPL ratio decrease has been the growth in new loans and NPL write-offs, which the methodology update accelerated in Q1 for business NPLs.

Figure 28. NPL ratio of loan portfolios across groups of banks



Including interbank loans; excluding off-balance-sheet liabilities. At all banks, including insolvent ones.
* Excluding debts of the former owners of PrivatBank and legacy debts that arose before the crisis of 2014–2016.

Figure 29. Non-performing exposures (NPE, UAH billions) and provision coverage ratio



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

Funding

Solvent banks' liabilities were down 1.8% in Q4 (+13.0% yoy) as corporate deposits decreased and the banks repaid their income tax arrears. Overall, this downtrend matches the situation of a year ago, when deposits underwent a correction in Q1 following large inflows in Q4. Also, upon retroactive imposition of the higher income tax at the end of the year, the banks paid it in early 2025. Liabilities were declining across all groups of banks. Liabilities at PrivatBank and private banks fell the most during the quarter, down 3.7% and 2.1%, respectively.

Figure 30. Liabilities structure by groups of banks, UAH billions

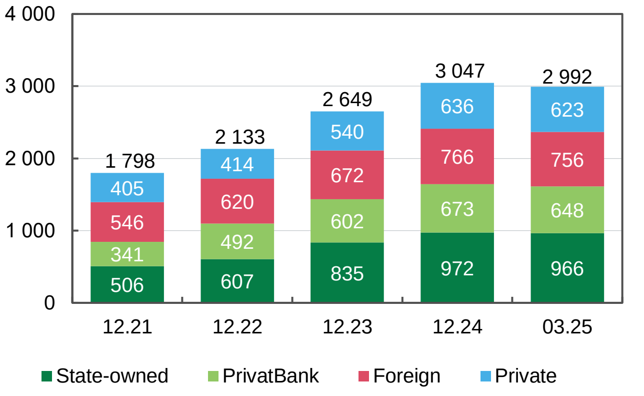
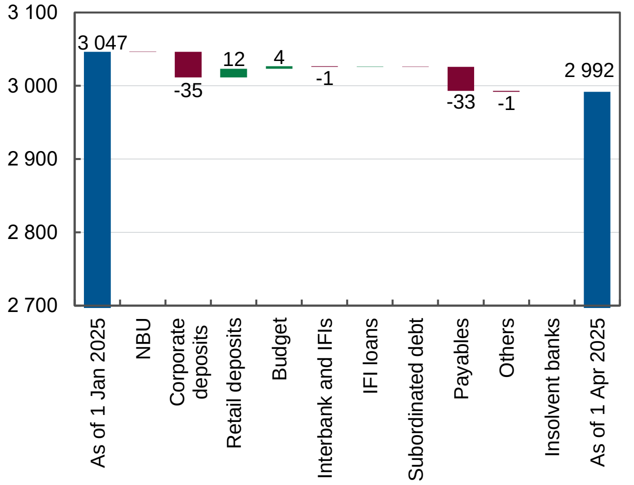


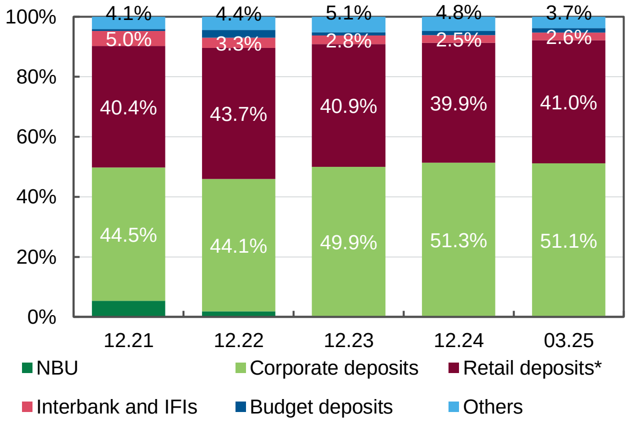
Figure 31. Changes in liabilities in Q1 2025 by component, UAH billions



At banks that were solvent at each reporting date.

Client deposits as a share of liabilities gained 0.9 pp in Q1, to 92.2%. Overall, the same changes in the breakdown of liabilities occurred in 2024, after the banks paid their income tax.

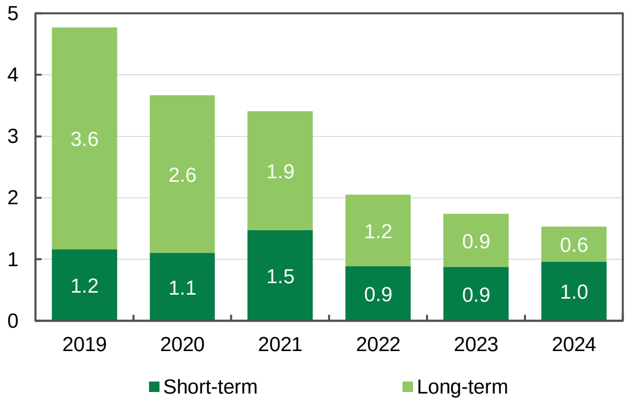
Figure 32. Breakdown of banks' liabilities



* Including certificates of deposit.

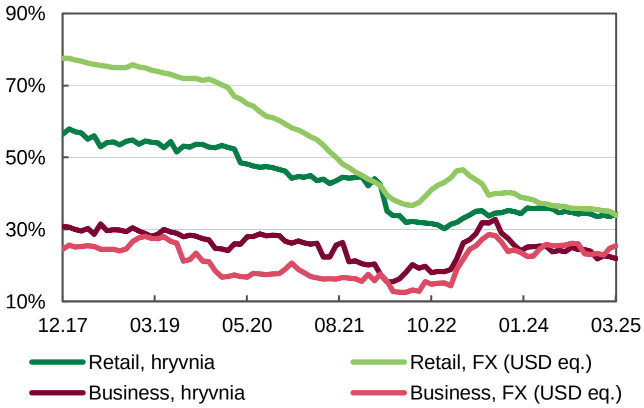
In Q4 2024, gross external debt shrank 4% qoq (12% yoy) to about USD 1.5 billion as long-term borrowing declined slightly.

Figure 33. Gross external debt of banks, USD billions



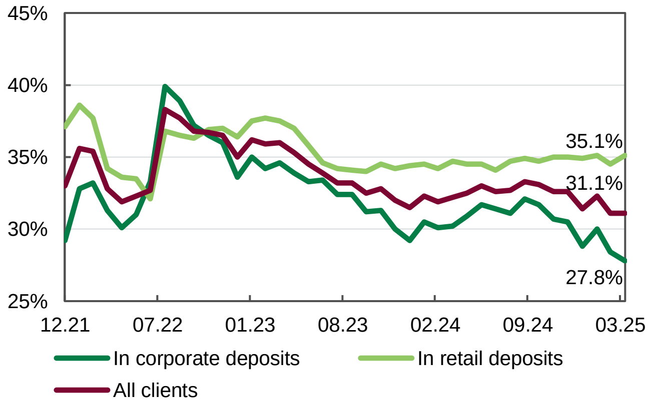
The share of hryvnia retail term deposits rose 0.8 pp to 34.3% in Q1 (-1.7 pp over the year) due to term deposits growing faster than demand deposits. The share of hryvnia corporate deposits grew a marginal 0.1 pp, to 21.9%.

Figure 34. Share of term deposits



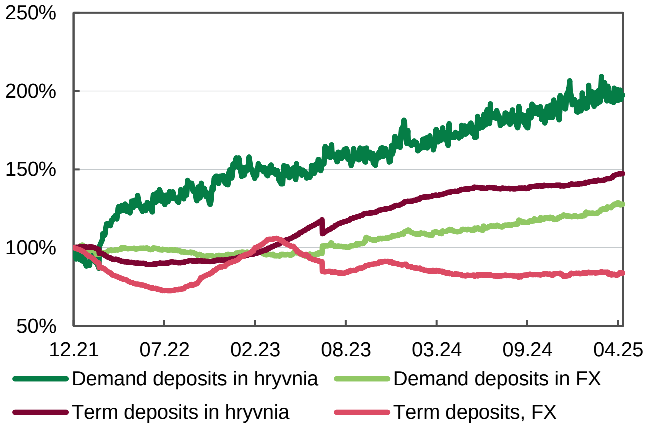
The dollarization rate of client deposits was down 0.3 pp in Q1 and 1.1 pp over the year, to 31.1%, primarily due to the hryvnia's appreciation against the U.S. dollar in early 2025. The share of FX retail deposits expanded slightly by 0.2 pp (+0.4 pp over the year) to 35.1%.

Figure 35. Share of FX deposits



In Q1, hryvnia retail deposits rose 0.5% (12.5% yoy), and FX ones were up 3.2% (8.5% yoy). Hryvnia term deposits added 2.8% during the quarter, while demand deposits declined 0.6%.

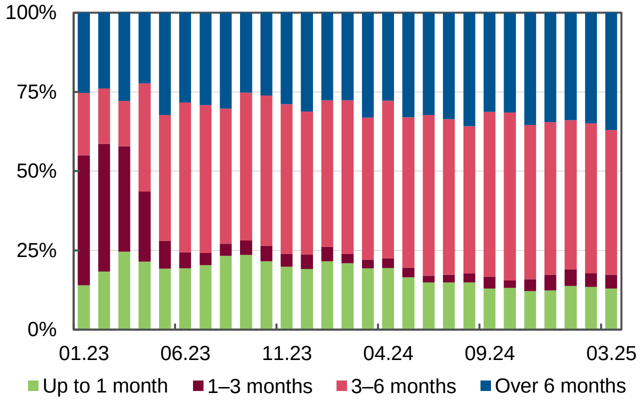
Figure 36. Retail deposits, 2021 = 100%*



* Daily data of banks solvent as of 1 April 2025.

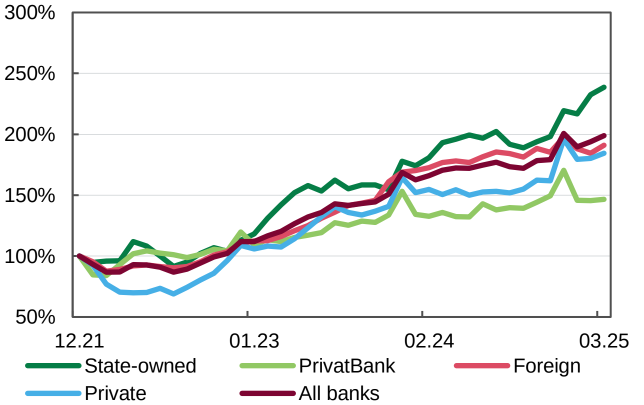
The breakdown of new deposits remained almost unchanged in Q1. The share of deposits maturing in at least six months rose about 2.6 pp, while that of deposits with three-to-six-month maturity shrank 2.5 pp. Overall, the share of new deposits with maturities of more than three months was 82.8%.

Figure 37. New retail term deposits by maturity



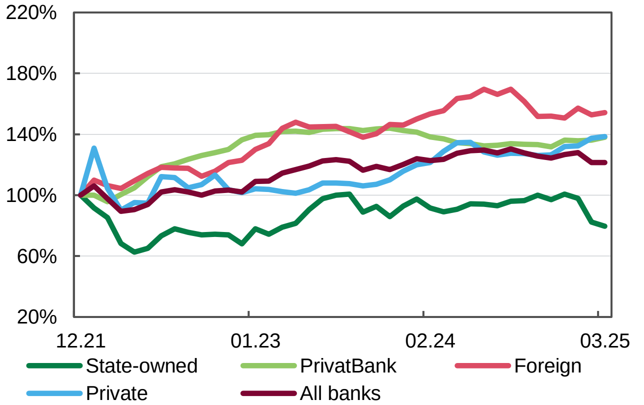
Hryvnia corporate deposits were down 0.9% (+16.7% yoy) over the quarter. The decrease occurred in all groups of banks, except for state-owned ones, where such deposits increased 8.7%. The deposits declined in January and recovered in February and March, generally reflecting the seasonality that typically occurs early in the year. FX deposits fell 4.3% in Q1, extending the downtrend of the previous two quarters, but the decrease – by a significant 20.9% qoq – occurred only at state-owned banks. FX deposits in other groups of banks also increased somewhat, but this gain stopped short of offsetting the drop at state-owned banks.

Figure 38. Hryvnia corporate deposits by groups of banks, 2021 = 100%



* At banks solvent as of 1 April 2025.

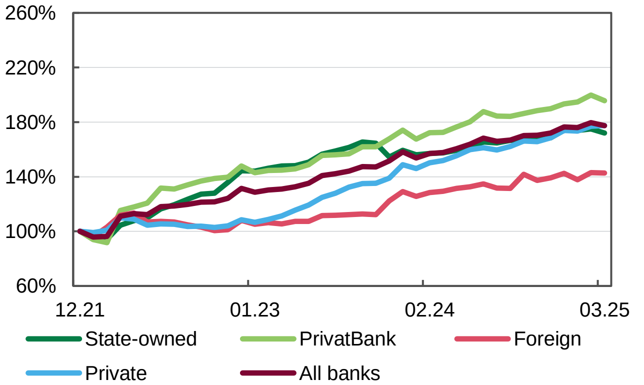
Figure 39. FX corporate deposits (in the US dollar equivalent) by bank groups, 2016 = 100%*



* At banks solvent as of 1 April 2025.

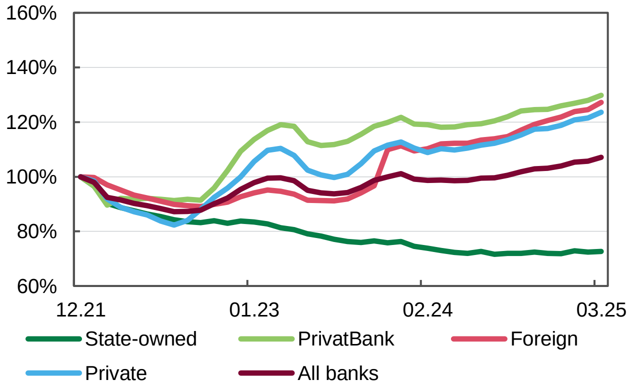
Hryvnia retail deposits were up 0.5% qoq and 12.5% yoy in Q1 2025, extending the uptrend of the last three quarters. All groups of banks but state-owned ones posted increases in retail deposits over the quarter. Deposits at private banks and PrivatBank grew the most, by a respective 2.1% and 1.2% for the quarter. Unlike the quarter before, term deposits were up, while demand deposits declined. FX deposits rose 3.2% (+8.5% yoy), but unlike with hryvnia deposits, the increase was driven by the growth in demand deposits by 5.6% over the quarter.

Figure 40. Hryvnia retail deposits by groups of banks, 2021 = 100%



* At banks solvent as of 1 April 2025.

Figure 41. FX retail deposits (in U.S. dollar equivalent) by groups of banks, 2021 = 100%

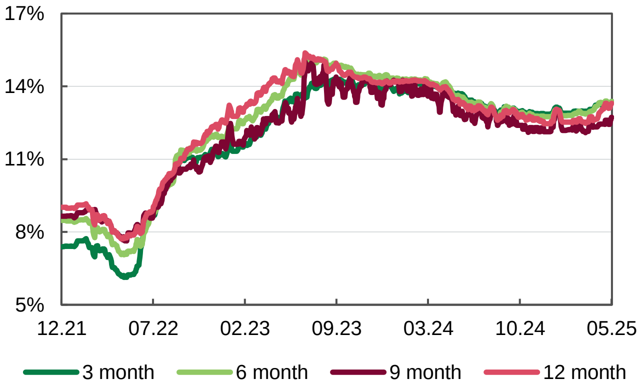


* At banks solvent as of 1 April 2025.

Interest Rates

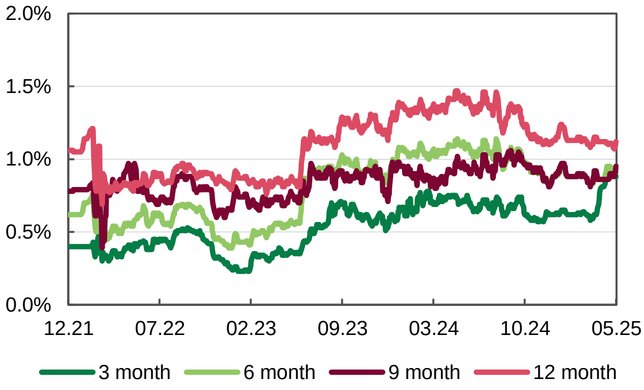
Rates on 12-month hryvnia deposits were slightly down in January and then gradually increased, by 0.2 pp over the quarter, to 13.2% per annum. Rates on three-month deposits remained incrementally higher than those on one-year deposits.

Figure 42. Ukrainian Index of Retail Deposit Rates for hryvnia deposits, % per annum*



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

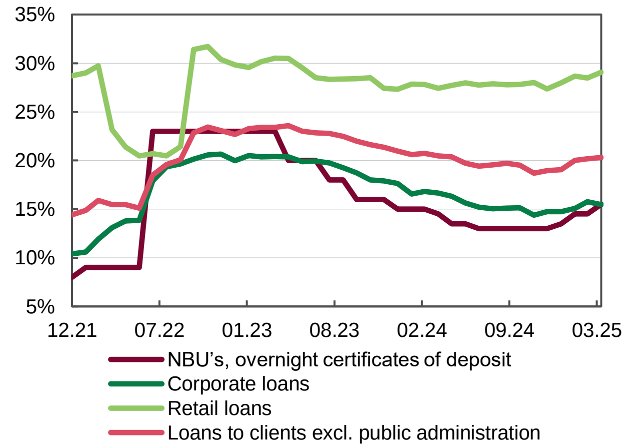
Figure 43. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



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

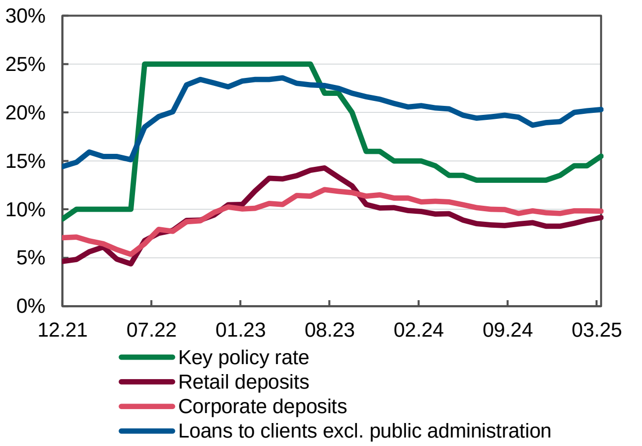
Rates on new hryvnia loans to businesses rose 0.7 pp, to 15.5% per annum. For households, the increase was by 1.1 pp to 29.1% per annum. Rates on new retail deposits were up 0.2 pp, to 9.8% per annum, while those on new corporate deposits gained 0.9 pp to 9.1% per annum.

Figure 44. Interest rates on new hryvnia loans* and NBU certificates of deposit, % per annum



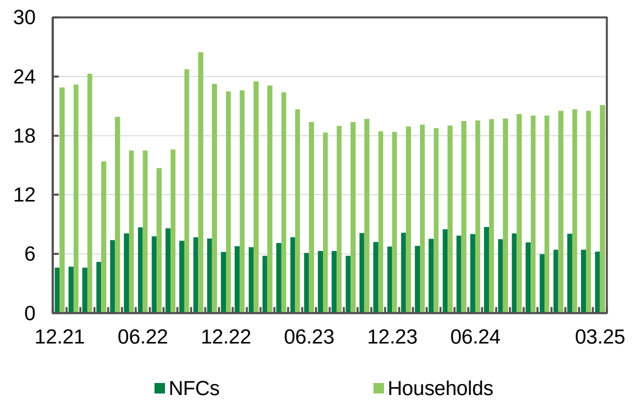
* No loan rescheduling or any other amendments to lending terms.

Figure 45. NBU key policy rate and interest rates on new hryvnia loans and deposits, % per annum



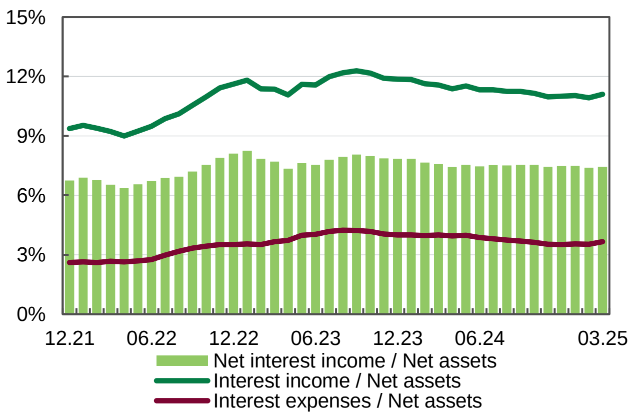
The spread between rates on new corporate loans and deposits widened in January and narrowed afterwards. In the retail segment, the spread hovered above 20 pp. The cost of liabilities and the return on assets fluctuated almost in sync. The interest margin edged lower by 0.1 pp, to 7.4%.

Figure 46. 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 or interest rate.

Figure 47. Banks' interest margin*

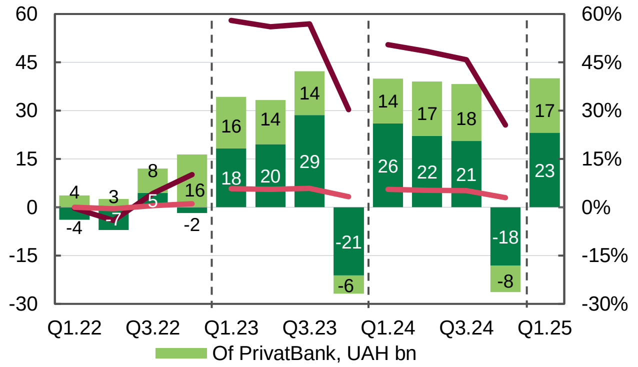


* Net interest income to trailing average of net assets for the reporting month and previous two months. Including insolvent banks.

Financial Performance

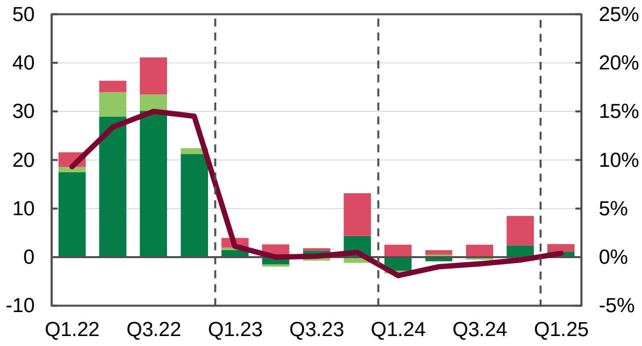
According to revised data for 2024, the sector made UAH 90.9 billion in profits. Over Q1 2025, it turned a profit of UAH 40 billion, 42% of it coming from PrivatBank alone.

Figure 48. Banks' profit or loss, return on equity, and return on assets



In Q1, the banks provisioned UAH 0.9 billion for loans (with CoR at 0.4%), and about as much for receivables, bringing total provisioning for assets to UAH 2.4 billion.

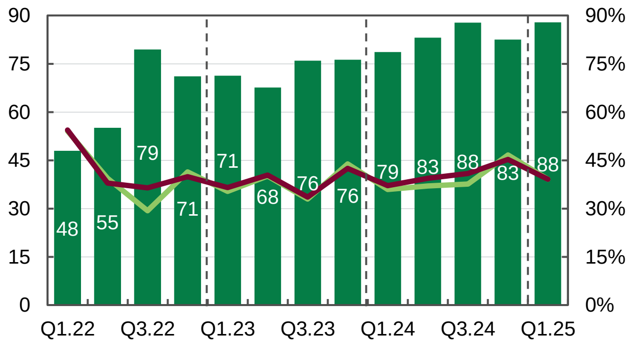
Figure 49. Loan loss provisions, quarterly



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

The sector's operational efficiency remains high, at 39.1%, down from 46.4% a quarter earlier, but up from 35.9% in Q1 2024.

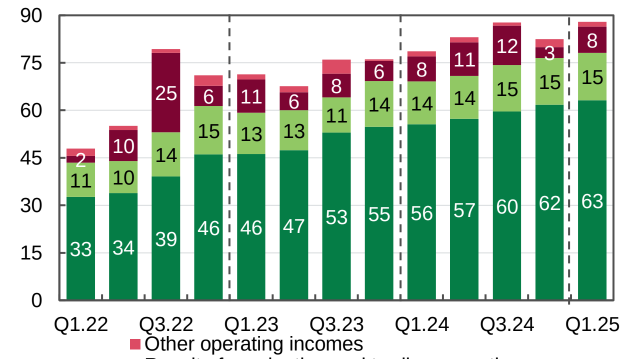
Figure 50. Operating income and operational efficiency of banks



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

Over the quarter, net interest income rose by 13.7% yoy, and net fee and commission income by 10.4% yoy.

Figure 51. Operating income components for the period, UAH billions



Although the return on NBU CDs was still lower than in Q1 2024, it increased due to the key policy rate hike. The yield on government bonds rose over the year, but remained flat from the quarter before, and there were no significant changes in the return on loans. The cost of liabilities in the corporate segment increased over the quarter due deposit rates being higher.

Figure 52. Ratio of interest income components to net assets

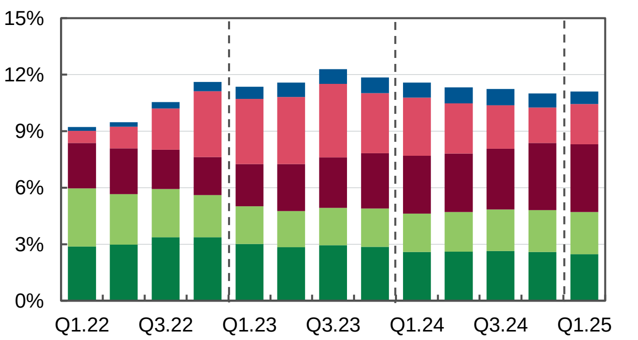
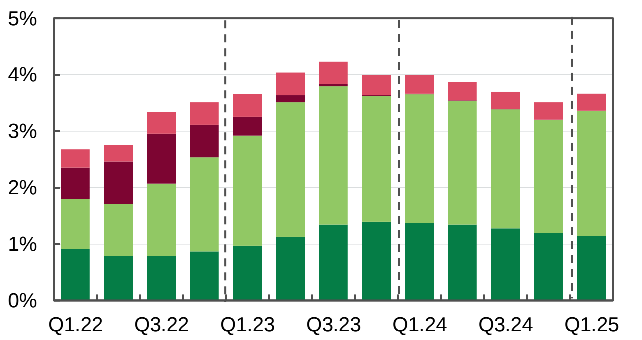


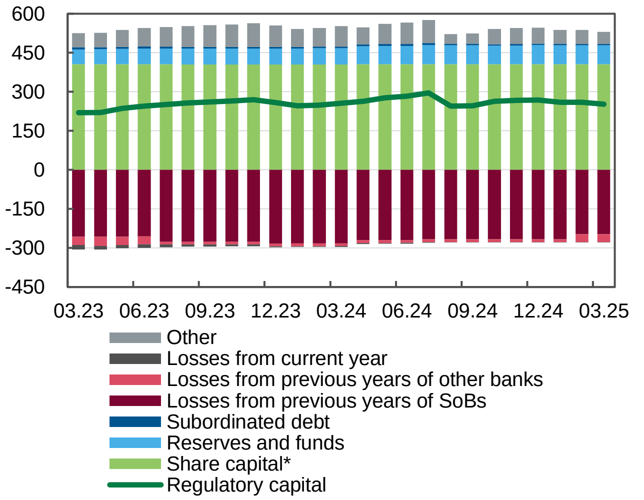
Figure 53. Ratio of interest expenses components to net assets



Capital

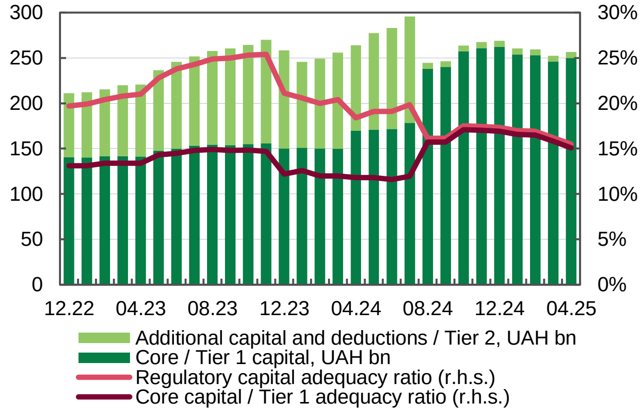
The banks' regulatory capital adequacy ratio was 16.2% in early April. The Tier 1 capital and CET 1 capital adequacy ratio was about 15.8%. Regulatory capital shrank 6.1% from the previous quarter, including due to some banks using adjusting entries to reflect the hike in the income tax. Authorized capital was down 0.1%.

Figure 54. Composition of regulatory capital, UAH billions



* Includes registered and unregistered authorized capital.

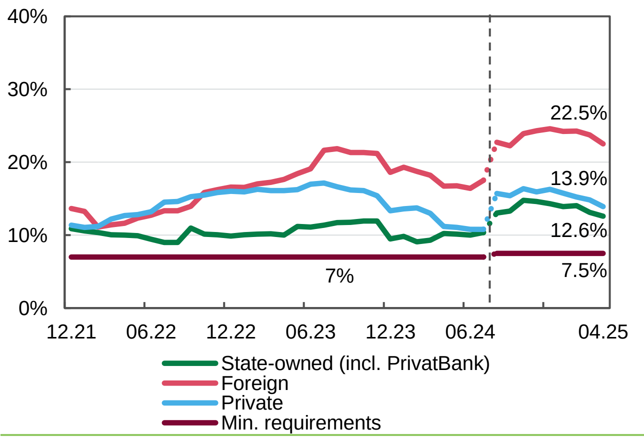
Figure 55. Regulatory capital and the regulatory capital adequacy ratio



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 Tier 1 capital and regulatory capital adequacy ratio remained the lowest at state-owned banks (about 13%), and the highest at foreign banks (some 24%). The averages in all groups were significantly higher than the minimum required ratios.

Figure 56. Core / Tier 1 capital adequacy ratios 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 57. Regulatory capital adequacy ratio by groups of banks

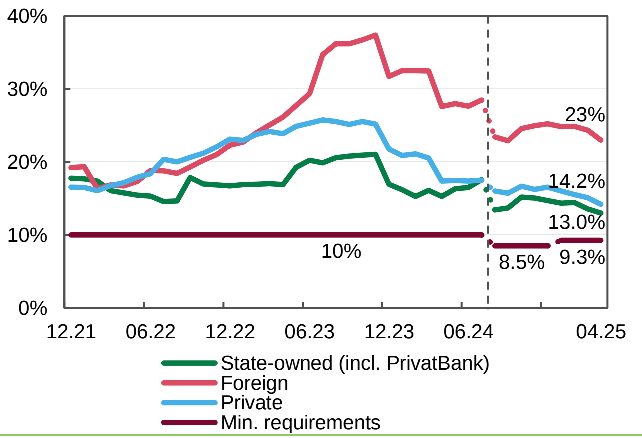


Table 2. **Key banking sector indicators[1]**

	2017	2018	2019	2020	2021	2022	2023	2024	Q1.25
Number of operating banks	82	77	75	73	71	67	63	61	60
General balance sheet indicators (UAH billion)[2]									
Total assets	1 840	1 911	1 982	2 206	2 358	2 717	3 311	3 767	3 746
of which in foreign currencies:	755	779	718	746	679	820	923	1 055	1 032
Net assets	1 334	1 360	1 493	1 823	2 053	2 352	2 945	3 415	3 397
of which in foreign currencies:	507	495	492	585	583	731	830	960	942
Gross corporate loans[3]	864	919	822	749	796	801	784	851	877
of which in foreign currencies:	423	460	381	332	292	281	268	284	275
Net corporate loans[3]	451	472	415	432	540	529	511	589	619
Gross SME loans	443	445	432	451	468	455	483	509	532
of which in foreign currencies:	184	180	159	162	127	100	114	111	113
Net SME loans	335	339	205	232	263	246	268	306	332
of which in foreign currencies:	110	102	89	101	87	70	80	77	81
Net loans to SMEs that do not belong to groups[7]	-	-	62	63	71	61	63	74	82
of which in foreign currencies:	-	-	22	24	18	15	13	13	13
Gross retail loans	171	197	207	200	243	210	223	274	289
of which in foreign currencies:	68	61	38	31	21	13	12	11	10
Net retail loans	92	114	143	149	200	134	160	222	237
Corporate deposits[3]	427	430	525	681	800	943	1 322	1 564	1 529
of which in foreign currencies:	163	150	191	233	233	317	386	450	425
Retail deposits[4]	478	508	552	682	727	933	1 084	1 216	1 228
of which in foreign currencies:	244	241	238	285	270	340	373	424	432
Change (yoy, %)									
Total assets	5.9%	3.8%	3.7%	11.3%	6.9%	15.2%	21.9%	13.8%	11.8%
Net assets	6.2%	1.9%	9.8%	22.1%	12.6%	14.5%	25.2%	16.0%	13.8%
Gross corporate loans[3]	2.0%	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.2%	8.5%	11.4%
Net corporate loans[3]	-5.5%	4.7%	-12.1%	4.2%	24.8%	-1.9%	-3.6%	15.3%	20.0%
Gross retail loans	8.5%	15.3%	5.0%	-3.5%	21.6%	-13.5%	6.0%	23.2%	22.0%
Net retail loans	20.3%	24.6%	24.6%	4.2%	34.7%	-32.9%	18.8%	39.3%	35.5%
Corporate deposits[3]	3.4%	0.8%	22.1%	29.7%	17.4%	17.9%	40.2%	18.3%	12.8%
Retail deposits[4]	9.4%	6.3%	8.6%	23.5%	6.6%	28.4%	16.1%	12.2%	13.2%
Penetration[5] (%)									
Gross corporate loans[3]/GDP	29.0%	25.8%	20.7%	17.7%	14.6%	15.3%	11.8%	11.1%	11.1%
Net corporate loans[3]/GDP	15.1%	13.3%	10.4%	10.2%	9.9%	10.1%	7.7%	7.7%	7.8%
Gross retail loans/GDP	5.7%	5.5%	5.2%	4.7%	4.5%	4.0%	3.4%	3.6%	3.6%
Net retail loans/GDP	3.1%	3.2%	3.6%	3.5%	3.7%	2.6%	2.4%	2.9%	3.0%
Corporate deposits[3]/GDP	14.3%	12.1%	13.2%	16.1%	14.7%	18.0%	19.9%	20.4%	19.3%
Retail deposits/GDP	16.0%	14.3%	13.9%	16.2%	13.3%	17.8%	16.4%	15.9%	15.5%
Profit or Loss[6] (UAH billion)									
Net interest income	53.0	73.0	78.9	84.8	117.6	151.7	201.4	234.3	63.2
Net fee and commission income	27.5	37.8	44.0	46.5	58.0	50.2	51.1	56.5	15.0
Provisions	49.2	23.8	10.7	31.0	3.4	121.2	17.7	9.6	2.4
Net profit/loss	-26.5	22.3	58.4	39.7	77.4	21.9	83.0	90.9	40.0
Memo items:									
UAH/USD (period average)	26.60	27.20	25.85	26.96	27.29	32.34	36.57	40.15	41.75
UAH/USD (end-of-period)	28.07	27.69	23.69	28.27	27.28	36.57	37.98	42.04	41.48
UAH/EUR (period average)	30.00	32.14	28.95	30.79	32.31	33.98	39.56	43.45	43.87
UAH/EUR (end-of-period)	33.50	31.71	26.42	34.74	30.92	38.95	42.21	43.93	44.75

[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 2014–2024 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 2025 are based on GDP estimates from the April 2025 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 NBU Board Resolution No. 368 dated 28 August 2001 (as amended)).

Notes

The source for the data is the National Bank of Ukraine, unless otherwise noted. Data for 2022–2024 and Q1 2025 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, First Investment Bank JSC (PINbank) from March 2024, and MOTOR-BANK JSC from September 2024.

The sample includes banks that are solvent as of every reporting date, unless otherwise indicated. The sample of banks that were solvent as of the last reporting date includes banks that merged with other banks using a simplified procedure.

The 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
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
ROA	Return on assets
ROE	Return on equity
SMEs	Micro-, 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
Q	Quarter
M	Month
mn	Million
bn	Billion
trn	Trillion
r.h.s.	Right-hand scale
yoy	Year-on-year
qoq	Quarter-on-quarter
mom	Month-on-month