Banking Sector Review

August 2025

National Bank of Ukraine

In Q2, retail deposit inflows into the banks continued, while corporate deposit inflows resumed. Net hryvnia loans to businesses and households kept growing, bolstering the sector's assets for the second straight quarter. Unsubsidized loans as a share of loans to businesses continued to rise, and loan portfolio quality improved further. Cost of deposits kept rising, as did rates on loans to businesses, albeit more moderately. The sector remains profitable, in part thanks to the sustained high net interest margin and operating efficiency, but profits edged lower from a quarter ago. High profitability has enabled the sector to maintain adequate capital. From September, the banks will also comply with the leverage ratio. The resilience assessment of the banks is being finalized. Based on its results, some of the financial institutions will implement capitalization or restructuring plans.

Sector Structure

During Q2, the number of the banks operating in Ukraine remained unchanged at 60.

Due to the faster growth in net assets of private and foreign banks, the share of state-owned banks shrank for the first time in three quarters: by 1.1 pp over Q2 and 1.2 pp for the year, to 52.2%. Their share in retail deposits continued to contract, by 0.3 pp for the quarter and 1.5 pp over the year, to 62.7%.

Assets

The banks' net assets rose 3.2% qoq in Q2 (+12.1% yoy), making up for the marginal decrease the quarter before. The growth in the banking sector's net assets is primarily driven by the brisk increase in the client loan portfolio, by 7.6% qoq and about 25% yoy. The banks' deposits held in correspondent accounts with other banks also edged higher. By contrast, the domestic government debt securities portfolio was down 1.8% qoq (+16.0% yoy), mainly due to a decrease in the banks' investments in FX domestic government debt securities. Certificates of deposit (CDs) remained almost unchanged in volume over Q2 (up about 0.1% qoq) and gained 6.3% yoy.

Net hryvnia loans to businesses continued to grow at a high pace: by 9.5% qoq and 29.2% yoy. Net hryvnia loans to SMEs added 11.3% in Q2 (+32.8% yoy). Accordingly, their share in the portfolio edged higher from 60.1% to 61.1% as of end-Q2 (up 1.7 pp for the year). Growth in net FX loans was much more subdued, by 3.3% qoq and 5.6% yoy.

All groups of banks were building up their loan portfolios during Q2, state-owned banks being most active at it. PrivatBank led the way in terms of portfolio growth rate. After its loan portfolio contracted slightly the quarter before, PrivatBank boosted it by a record 20.6% qoq in Q2 (21.9% yoy). Other state-owned banks' loan portfolios gained 8.0% qoq and 34.2% yoy.

Businesses continued to show high demand for loans, both short-term and long-term ones, to finance capital investments. However, loans with maturity over three years grew faster than short-term ones, adding 13.5% qoq and 66.9% yoy. The highest second-quarter increases in loan volumes occurred in agriculture, wholesale trade, and financial services. In annual terms, agriculture, wholesale trade, food industry, and machine building were financed more actively.

The role of subsidized lending provided under the Affordable Loans 5–7–9% program continued to decline, primarily due to the affordability of lending beyond the program. Over the quarter, the net hryvnia loans portfolio within the program grew by 6.7% qoq, the one beyond it, by 10.8% qoq. The share of subsidized loans in the corporate hryvnia portfolio was 29.3%, down 3.5 pp from the start of the year.

Growth in net hryvnia loans to households picked up slightly in Q2, to 7.6% qoq and 34.4% yoy. As usual, unsecured loans made up the core of the portfolio. Banks that stay active in the segment were steadily building up retail loan portfolios. Mortgage volumes rose 6.5% qoq for the quarter. In annual terms, however, the growth decelerated to 33%, down 12.3 pp from a quarter ago. As a share of the portfolio, mortgages held almost steady (-0.1 pp over the quarter and the year) at 13.1%, with the *eOselya* state program continuing to dominate the market. Also in Q2, car loan volumes surged 9.1% qoq and 36.6% yoy, accounting for 5.7% of the retail portfolio.

The quality of the corporate loan portfolio has been improving for almost two straight years. The NPL ratio of loans to businesses shrank by 1.6 pp over the quarter (-6.8 pp for the year) to 35.5%. The share of corporate borrowers that were in default on hryvnia loans as of end-Q2 remained at just under 3%, better than the pre-full-scale-war average. At the same time, the NPL ratio of households shrank slowly, by only 0.3 pp for the quarter (-5.6 pp over the year), to 14.0%. Overall, the NPL ratio preliminary shed 1.6 pp over the quarter (7.6 pp for the year), to 27.0%. Excluding bad legacy debts of state-owned banks and those of PrivatBank's former owners, the system's NPL ratio declined to 16.1%. The decrease in the NPL ratio continued to be driven by the brisk increase in the volume of new high-quality loans. Meanwhile, for foreign banks, the shrinking of the NPL ratio is also attributable to NPL write-offs.

Funding

In Q2, bank liabilities rose 3.5% qoq (11.7% yoy). Year to date, they have gained 1.6%. The main drivers of liabilities growth were increases in households' and businesses' deposits – the funding base. Outstanding NBU refinancing loans declined by UAH 0.3 billion, to UAH 1.4 billion, and the number of banks using such funding shrank to three. In Q1 2025, the sector's external borrowings rose 1.7% qoq to about USD 1.6 billion, which still makes up about 2% of liabilities.

The volume of hryvnia retail deposits has been growing every quarter for a year now, in Q2 – by 7.3% qoq (+13.1% yoy). In Q2, the rate of growth of bank retail term deposits accelerated to 6.3% qoq and 11.2% yoy. Quarterly growth rates of term deposits are the highest since early 2024. However, the growth in demand deposits was even faster, so, the share of term deposits shrank by 0.3 pp, to 34.0%, over the quarter. FX retail deposits grew 3.4% (+11.4% yoy), primarily due to demand deposit inflows. FX term deposits rose 0.2% qoq and 0.4% yoy in Q2. The dollarization rate of household deposits was down 0.7 pp, to 34.4%, as the hryvnia deposits grew faster.

Hryvnia corporate deposits gained 0.7% qoq (+14.7% yoy), nearly offsetting the seasonal decline of a quarter ago, a pattern that overall repeats the trend seen in previous years. Deposits grew during the quarter in all groups of banks except state-owned ones. Corporate FX deposits rose 1.2% qoq (-5.3% yoy). This increase also occurred in all banks but the state-owned.

Interest Rates

Throughout Q2, the NBU held its key policy rate steady at 15.5% per annum. Rates on NBU CDs also remained where they were at Q1's end. Meantime, deposit rates kept rising as the banks competed for term deposits. By UIRD, average rates were higher than the quarter before, in particular, average 12-month hryvnia deposit rates were up 0.5 pp. The yield curve remained inverted in Q2. Only in late July did the rate on one-year deposits barely exceeded the cost of three-month deposits. The rate on new hryvnia retail deposits (including demand ones) rose 0.7 pp over Q2, to 10.5% per annum, and that on corporate deposits was up 0.8 pp, to 10% per annum.

Rates on hryvnia loans to businesses also grew during Q2, by 0.2 pp, to 15.7% per annum, more slowly than on deposits. The growth in rates on new loans to large enterprises, to an average of 13.5%, occurred at foreign and Ukrainian private banks. Rates on loans to SMEs rose in state-owned and private banks, to 17.3% on average. The lowest average rate, 14.1%, was charged by foreign banks. Rates on loans to households edged lower during the quarter by 0.4 pp, to 28.6%.

Financial Performance and Capital

In Q2 2025, the sector made profits of UAH 38.6 billion, down 2.1% from Q1. PrivatBank's contribution to this total rose to 47% from 43%. Nine small banks were loss-making, with a combined loss of just UAH 0.1 billion. A high net interest margin amid little provisioning was the key driver of profitability. The CoR for the quarter was 0.5%.

Total return on net assets rose 0.4 pp. First of all, loan yields increased. The cost of funding rose more moderately, with corporate deposits accounting for most of the increase, in the same way that they did a quarter ago. This nudged the net interest margin higher in Q2, to 7.5%. Further growth in net interest income (up 4% qoq and 14.7% yoy) supported the fairly high operating efficiency.

Net commission income continued to grow, by 10.3% qoq and 16.3% yoy. The sector's net commission income from the servicing of payment transactions grew 10% qoq and 18.3% yoy. Profit from FX transactions decreased relative to the previous quarter, but remained slightly higher than a year ago. In contrast, gains from the revaluation of domestic government debt securities were up incrementally.

The main components of operating expenses increased, which made the operating efficiency slightly weaker. The CIR deteriorated to 40.9% compared to 39.4% in Q1. Ten banks took operating losses over the quarter.

In July, the sector successfully met the regulatory capital ratio of 10%, with only one small bank breaching the capital adequacy ratio.

Prospects and Risks

Starting in September, the banks will have to maintain a leverage ratio of at least 3%. Test calculations are showing that only one small bank is at risk of violating this ratio. Based on the results of the resilience assessment, some of the financial institutions will have to implement capitalization or restructuring programs to boost their resilience to possible crises. Preliminary results of the assessment indicate that the system as a whole is resilient.

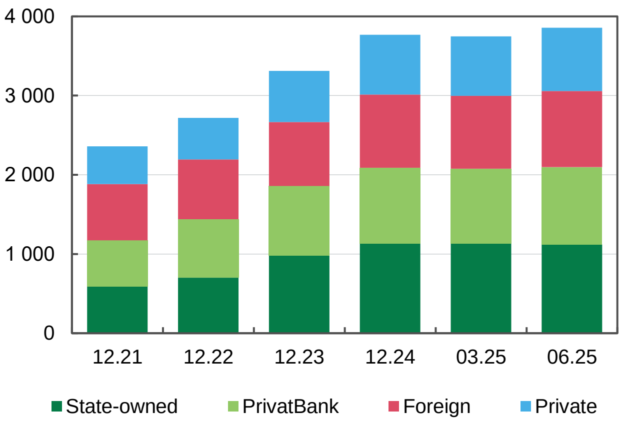
Implementation of the Mortgage Lending Development Strategy has begun. Its goals include strengthening the protection of creditors' rights, mitigating risks to mortgage lending, and reforming state support for mortgages.

The banks should further develop their environmental and social management systems (ESMS) because by the end of the year, requirements for their introduction are to apply to participants in all areas covered by *the Affordable Loans 5–7–9%* program.

Sector Structure

In Q2, the banks' total assets rose 3.0% (10.5% yoy). The brisk buildup of total assets by private and foreign banks reduced the share of all state-owned banks in the asset breakdown. The number of operating banks did not change.

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.

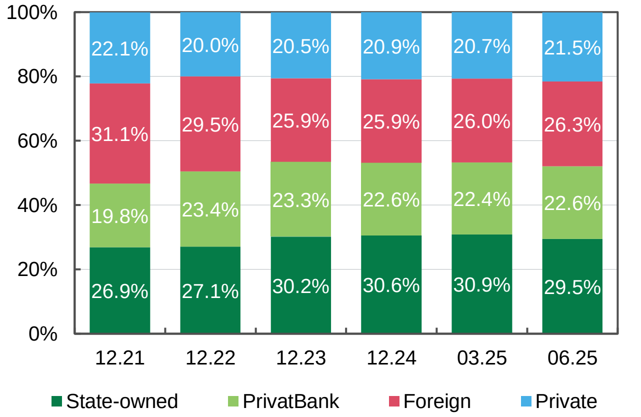
Table 1. Number of banks

	2021	2022	2023	2024	Q1.25	Q2.25
Solvent	71	67	63	61	60	60
Change	-2	-4	-4	-2	-1	0
State-owned, incl. PrivatBank	4	4	5	7	7	7
Change	-1	0	+1	+2	0	0
Foreign	20	16	14	14	14	14
Change	0	-4	-2	0	0	0
Private	47	47	44	40	39	39
Change	-1	0	-3	-4	-1	0

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

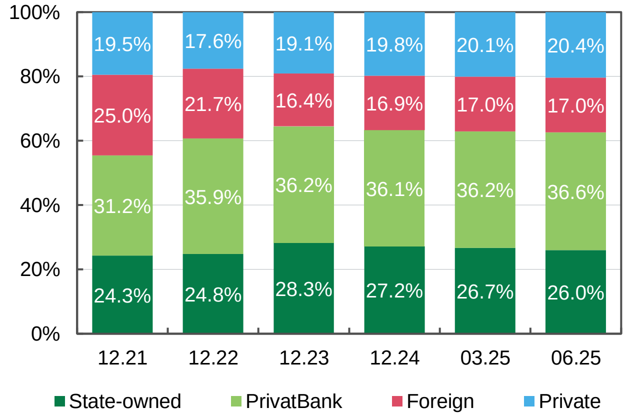
In Q2, the share of state-owned banks (including PrivatBank) in the sector's net assets decreased for the first time in three quarters: by 1.1 pp for the quarter and by 1.2 pp over the year. Their share in retail deposits was 62.7%, down 0.3 pp over the quarter (-1.5 pp for the year).

Figure 2. Distribution of net assets by bank group



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

Figure 3. Distribution of retail deposits by group of banks



In Q2, changes in the largest banks' share of net assets were a mirror image of the changes it underwent the quarter before: for the top 20 banks, the share shrank by 0.2 pp (flat year-on-year), while for the largest bank, it rose 0.2 pp over the quarter and the year. By total assets, the sector's concentration decreased by another 0.4 pp in Q2 (-2.7 pp for the year), but edged higher in terms of retail deposits.

Figure 4. Largest banks' share of sector net assets

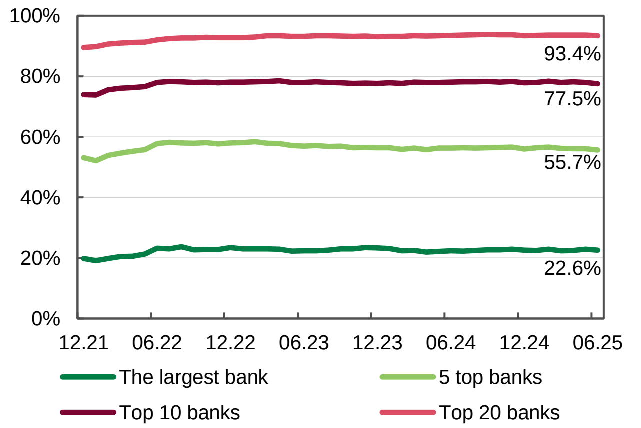
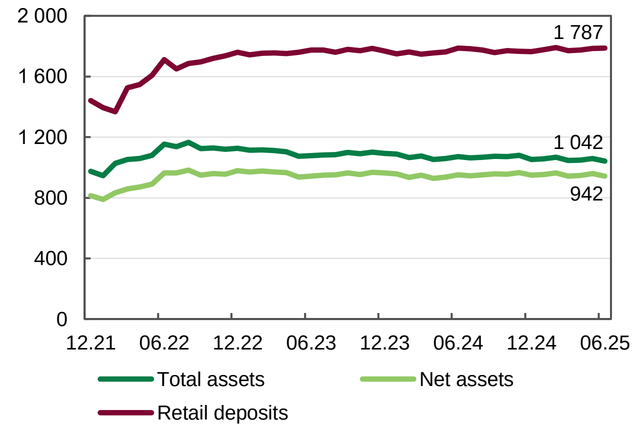


Figure 5. Concentration as measured by the HHI indicator*

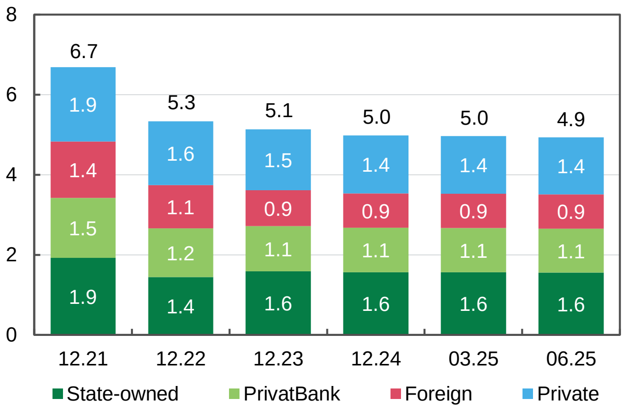


The Herfindahl-Hirschman Index (HHI) is an indicator of banking sector concentration. It is calculated by summing the squared market shares of some of the banks. The index ranges from 0 to 10,000, with values below 1,000 indicating low market concentration. Retail deposits include certificates of deposit.

Banking Infrastructure and Payment Transactions

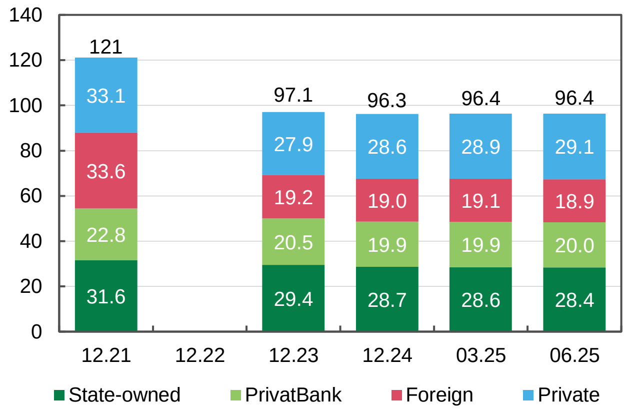
In Q2, the banks' network of structural units contracted. The number of branches was reduced across all groups of banks, with most closures happening in private and state-owned institutions. The largest number of units were closed in the city of Kyiv and Lviv oblast. The number of full-time employees held steady, though private banks hired new employees while state-owned and foreign banks laid off staff.

Figure 6. Number of banking units*, thousands



* Standalone bank structural units and head offices.

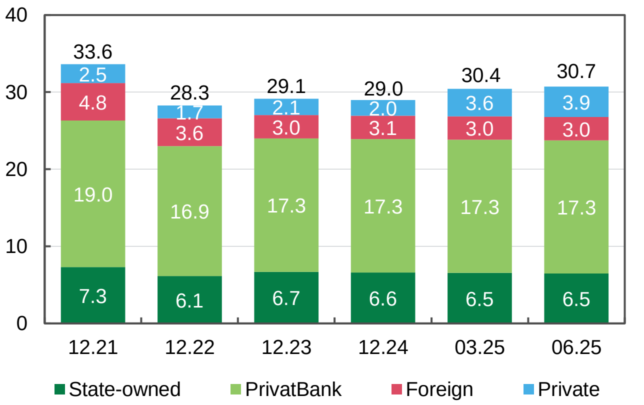
Figure 7. Bank staff headcount*, thousands of employees



* No data was collected between Q1 2022 and Q3 2023.

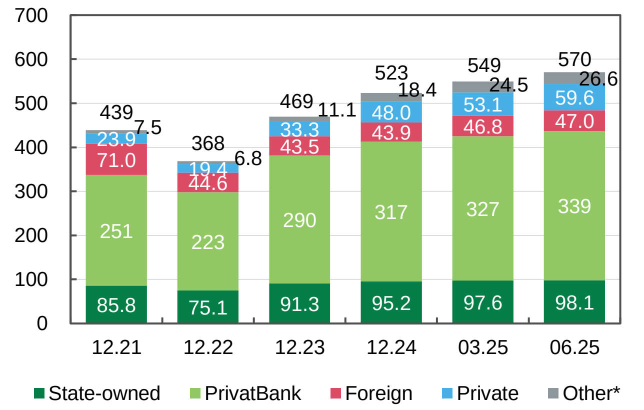
The POS network continued an increase that began in mid-2022. In Q2, PrivatBank and private banks led the growth in POS units (+11,500 and +6,500, respectively). NovaPay's POS network has also expanded significantly. In Q2, market participants added a total of 20,800 terminals to the network. The ATM network continued to grow in Q2 due to an increase in the number of self-service kiosks at some of the private banks.

Figure 8. Number of bank ATMs*, thousands of units



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

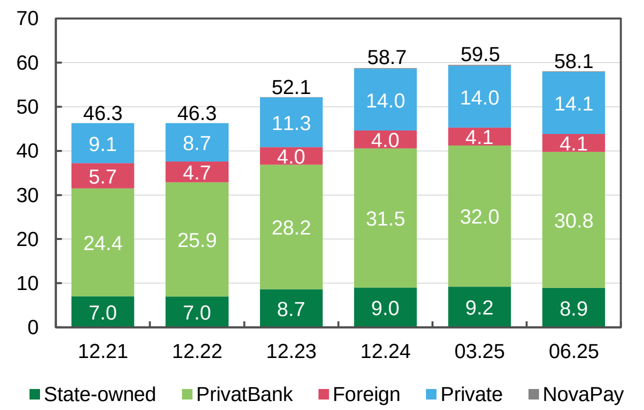
Figure 9. Number of POS terminals, thousands of units



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

Over Q2, the number of active payment cards fell the most since Q2 2022. The most notable decrease – 1.2 million cards – occurred at PrivatBank. Other state-owned banks experienced a similar downtrend.

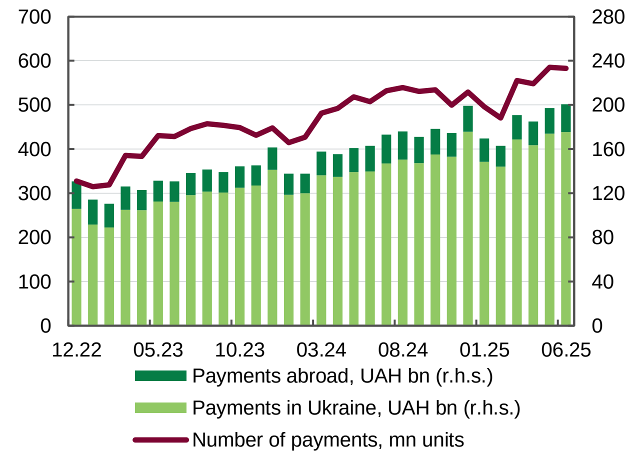
Figure 10. Number of active payment cards by groups of financial institutions*, million units



* As of 1 July 2025, NovaPay issued 169,300 active payment cards.

Card payments in stores are steadily rising. The volume of POS-based payments accelerated to 25% yoy in Ukraine.

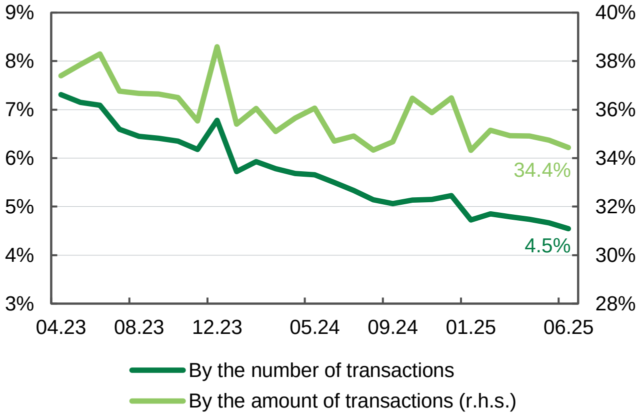
Figure 11. Card-based payments* in the retail network



* Electronic means of payment issued by Ukrainian financial institutions.

The share of card-based cash transactions had been shrinking since early 2025, to 4.5% by number of transactions.

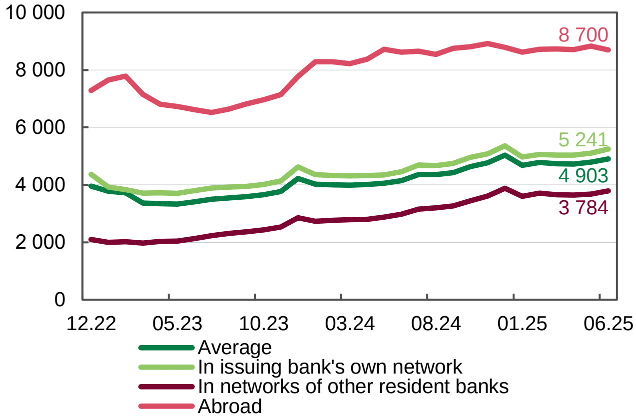
Figure 12. Share of cash-based withdrawals in card transactions*



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

In Q2 2025, the average cash withdrawal rose 19.9% yoy. For transactions made abroad, this indicator stopped growing.

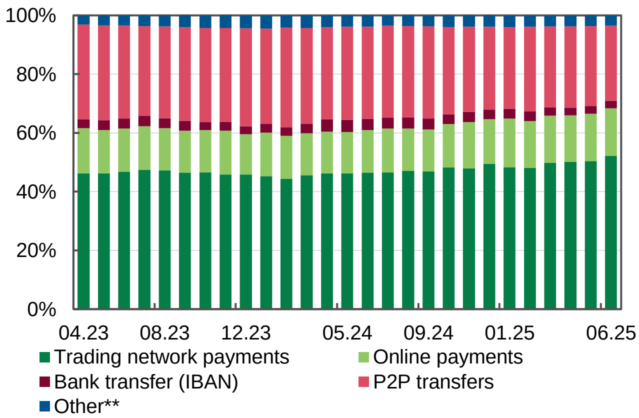
Figure 13. Average amount of one cash withdrawal from ATMs, UAH*



* For electronic payment instruments issued in Ukraine.

In Q2 2025, the share of cashless card-based transactions through POS terminals topped 50%, while P2P payments were down substantially.

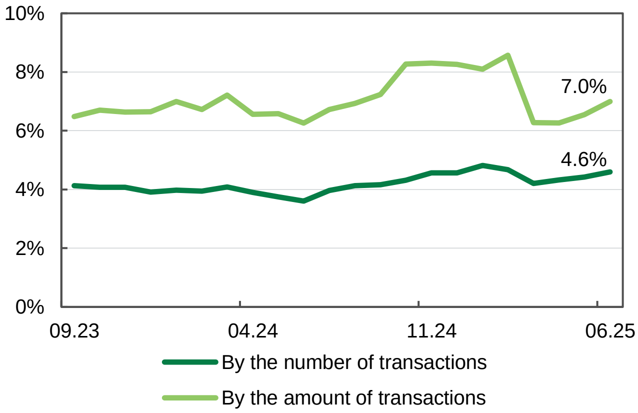
Figure 14. Structure of cashless transactions with payment cards*



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

In Q2 2025, the share of transfers between one person's cards issued by the same bank resumed growing in both volume and number.

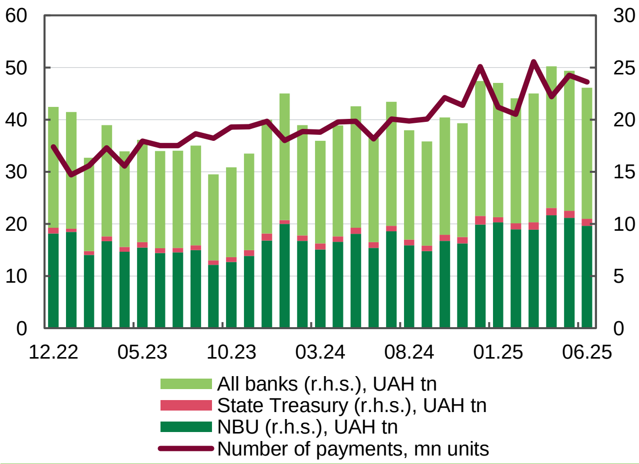
Figure 15. Share of transfers between own cards in one financial institution in the total value of P2P*



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.

Payments between banking institutions will continue to dominate the NBU's System of Electronic Payments.

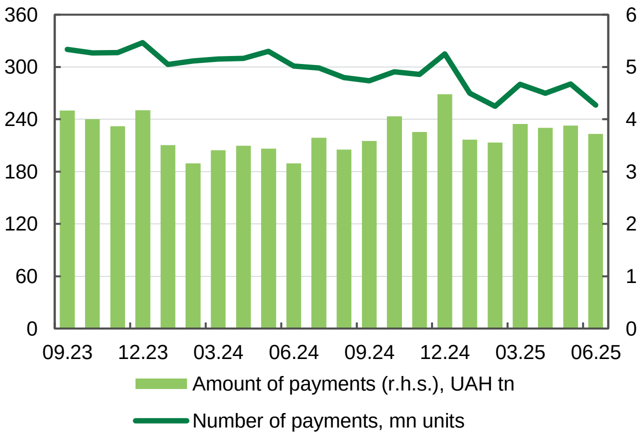
Figure 16. Payment volumes within the System of Electronic Payments of the NBU



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

The volumes of banks' payment transactions based on credit transfer* held steady. However, the number of such payments is declining, thus raising the average "IBAN payment" to UAH 14,500 in June from UAH 13,400 at the start of the year.

Figure 17. Payment transactions within Ukraine initiated using credit transfer

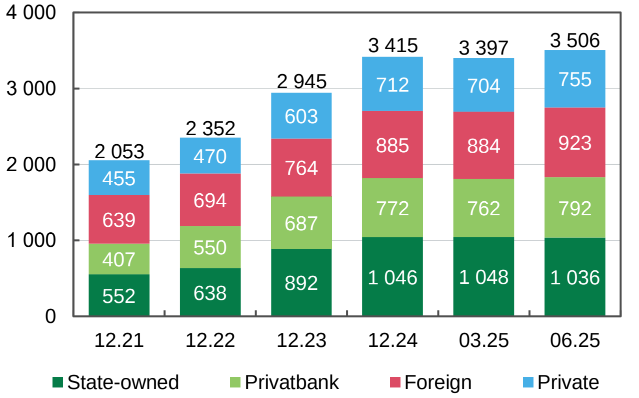


Statistical data collection started in mid-2023.
Client payments from the payer's account number, with payment details indicating the recipient's IBAN.

Assets

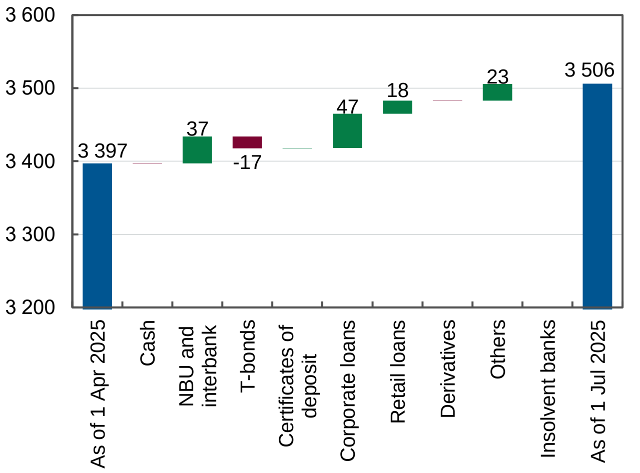
The volume of the banks' net assets rose 3.2% in Q2 (up 12.1% yoy). As a quarter ago, the banks were primarily building up their own loan portfolio: its volumes were up 7.6% qoq and 25% yoy. The banks' deposits at other banks edged higher. By contrast, the portfolio of domestic government debt securities shrank 1.8% qoq (+16.0% yoy) mainly due to a decrease in the banks' investments in FX domestic government debt securities. The volume of NBU CDs in the banks' portfolios remained almost flat for the quarter (+0.1%), and added 6.3% over the year.

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



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

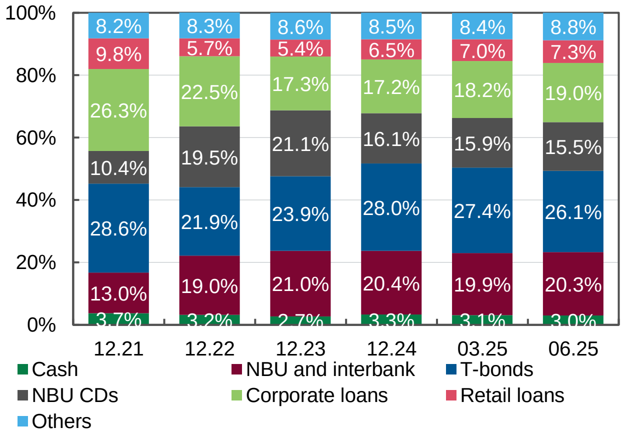
Figure 19. Change in net assets by component in Q2 2025, UAH billions



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

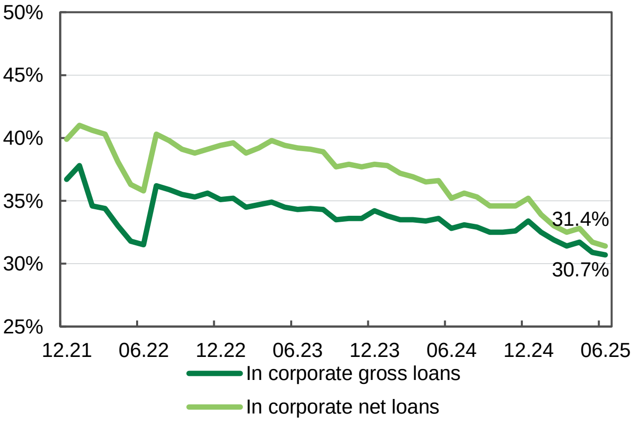
Dollarization of net loans to businesses decreased 1.1 pp during Q2 (down 3.8 pp over the year) due to brisker growth in the banks' hryvnia loan portfolio.

Figure 20. Sector net assets by component



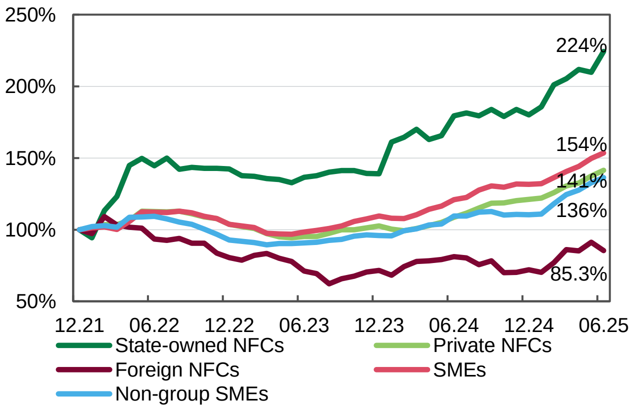
Adjusted for loan loss provisions of the banks. As of the end of the quarter, including adjusting entries.

Figure 21. Share of FX corporate loans



Loans to public and private businesses rose in Q2. The latter gained the most volume: +8.4% qoq (+30.1% yoy). Loans to foreign companies shed 1.0% qoq (+5.2 yoy).

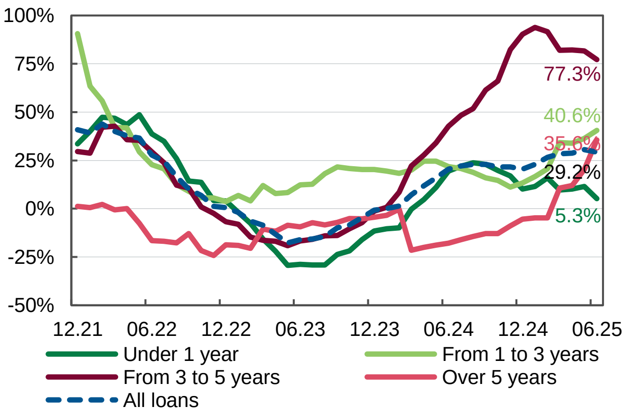
Figure 22. Net hryvnia loans to non-financial corporations (NFCs), 2021 = 100%



At banks that were solvent as of 1 July 2025. As of the end of the quarter, including adjusting entries.

Net hryvnia loans to businesses with longer maturities continued to outpace the growth in short-term loans in Q2. Specifically, for loans over three years, the gain was 13.5% qoq (66.9% yoy).

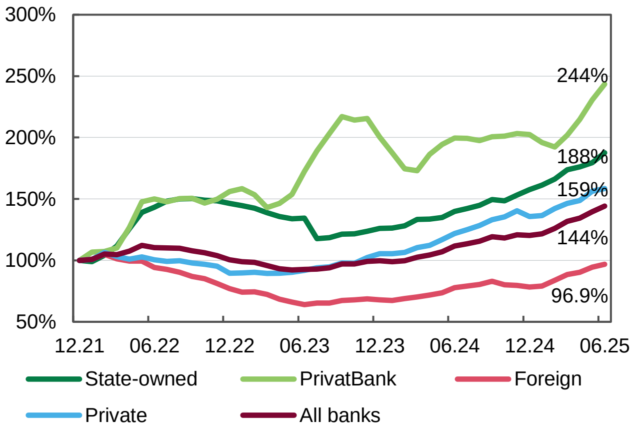
Figure 23. Net hryvnia corporate loans, yoy



At banks that were solvent as of 1 July 2025.

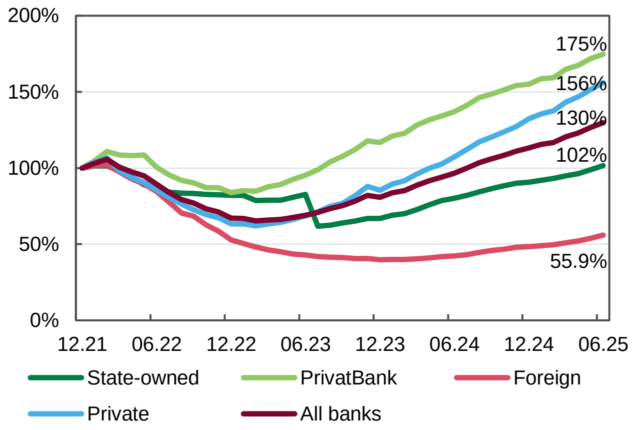
During Q2, the volume of net hryvnia loans to businesses grew at the same pace as in Q1: by 9.5% qoq and 29.2% yoy. The loan portfolio increased in all groups of banks. It rose the fastest at PrivatBank, by 20.6% qoq (21.9% yoy). In terms of volume, the largest increase, of 8.0% (+34.2% yoy), occurred in other state-owned banks. The growth in net hryvnia loans to households, +7.6% qoq and +34.4% yoy, continued to be primarily driven by two leading banks.

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



At banks that were solvent as of 1 July 2025.

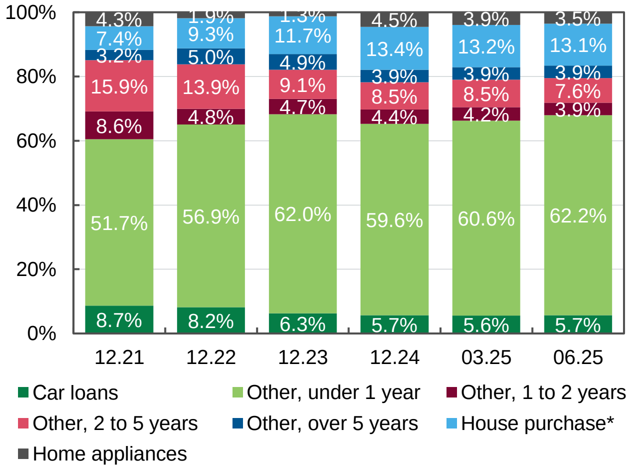
Figure 25. Net hryvnia retail loans, 2021 = 100%



At banks that were solvent as of 1 July 2025.

Short-term non-targeted loans as a share of retail loans continued to grow in Q2. However, the share of other types of loans shrank slightly, except car loans.

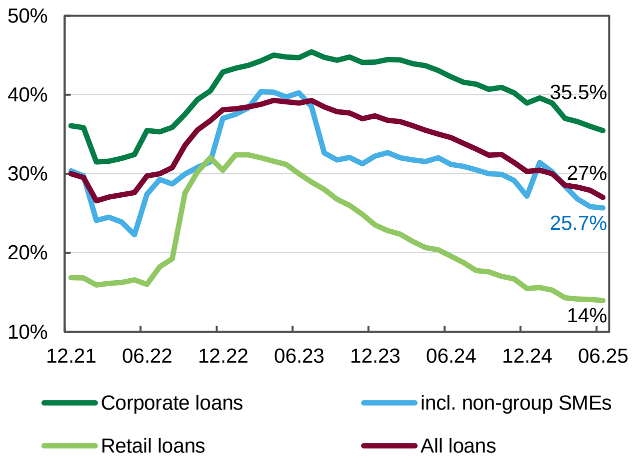
Figure 26. Net hryvnia retail loans by purpose



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

In Q2, the NPL ratio shed 1.6 pp, to 27.0%. For businesses, the share of NPLs decreased by 1.6 pp, same as for the entire portfolio. For households, the reduction was only 0.3 pp.

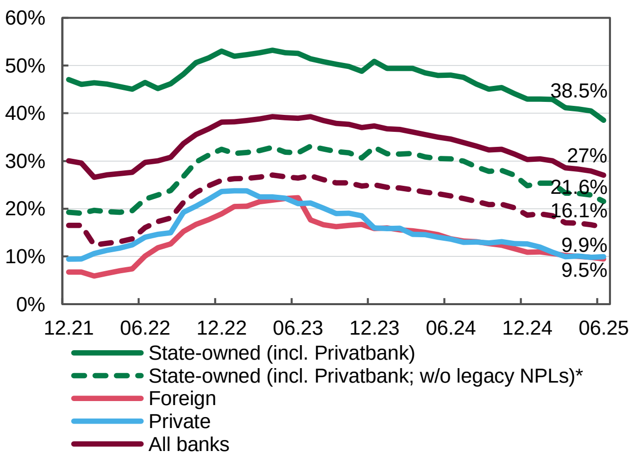
Figure 27. NPL ratios in bank portfolios



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

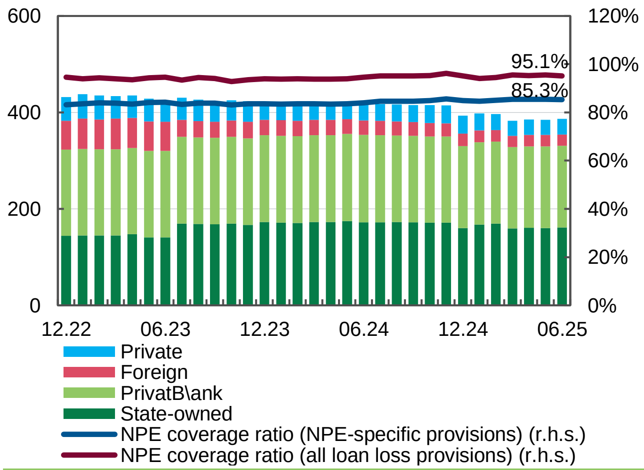
During Q2, the NPL ratio of state-owned banks (including PrivatBank) fell significantly: by 2.6 pp for all state-owned banks and by 5.5 pp for PrivatBank. For other groups of banks, the NPL ratio's decline was slower (less than 1 pp over the quarter). The growing volume of new loans and NPL write-offs remains the main driver of the drop in the NPL ratio.

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

Liabilities of solvent banks increased by 3.5% in Q2 (+11.7% yoy) due to growth in both retail and corporate deposits. Overall, client deposits have continued to grow relatively steadily in recent years, providing a funding base for the banks. Liabilities rose in all groups of banks, except state-owned ones. Liabilities of private banks and PrivatBank increased the most during the quarter, by 7.4% and 6.6%, respectively.

Figure 30. Liabilities by groups of banks, UAH billions

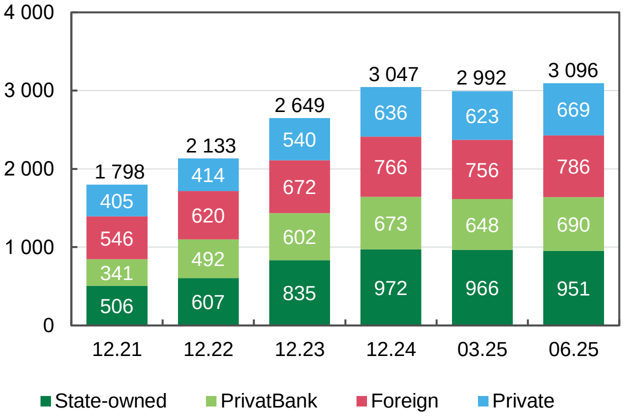
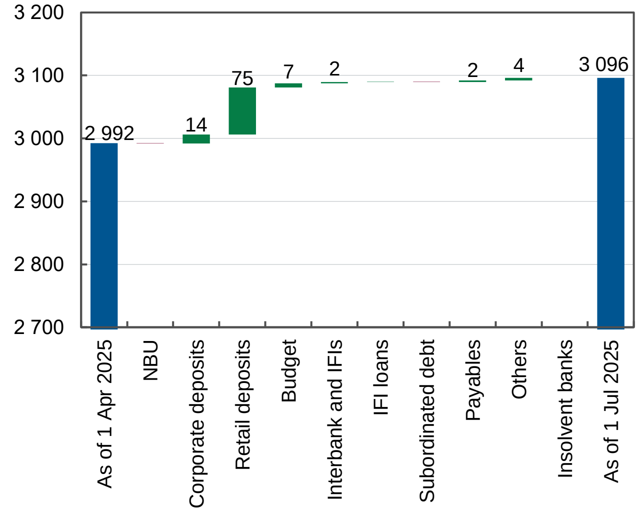


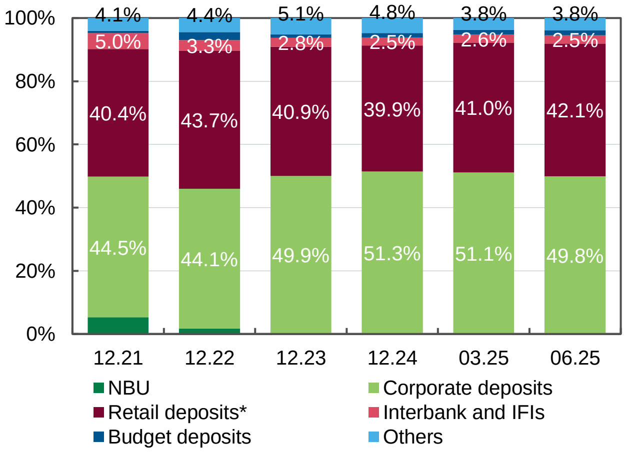
Figure 31. Changes in liabilities in Q2 2025 by component, UAH billions



At banks that were solvent at each reporting date.

The share of client deposits in liabilities remained practically unchanged for the quarter, at 91.9%. The breakdown of liabilities remains stable and almost unchanged over a long period of time.

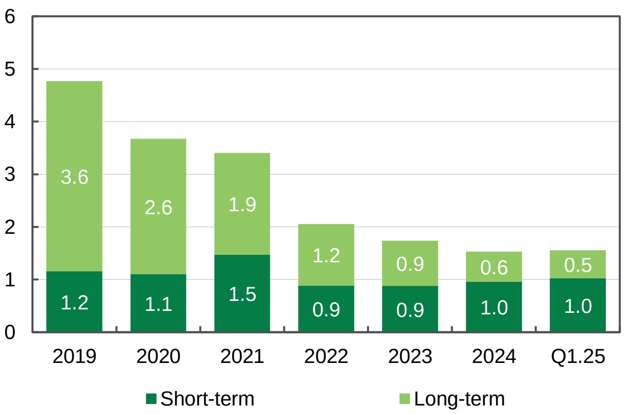
Figure 32. Breakdown of banks' liabilities



* Including certificates of deposit.

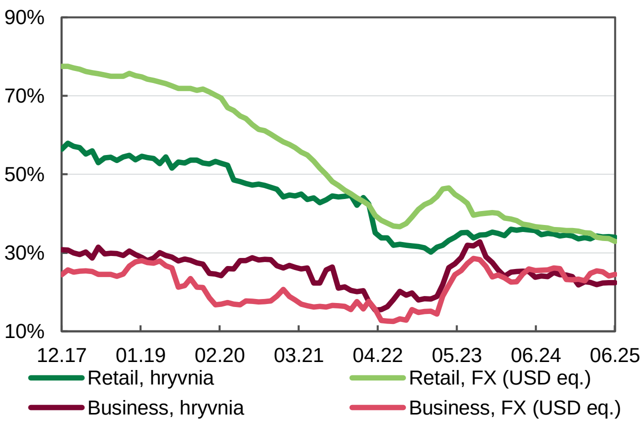
In Q1 2025, gross external debt was up 1.7% qoq (down 4.9% yoy) as short-term borrowing edged higher to about USD 1.6 billion.

Figure 33. Gross external debt of banks, USD billions



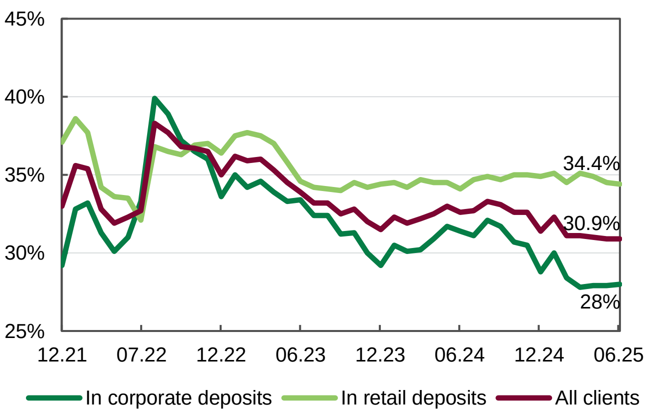
The share of hryvnia retail term deposits edged lower by 0.3 pp to 34.0% for the quarter (-0.6 pp over the year) due to demand deposits growing faster. The share of hryvnia corporate deposits grew 0.5 pp, to 22.4%.

Figure 34. Share of term deposits



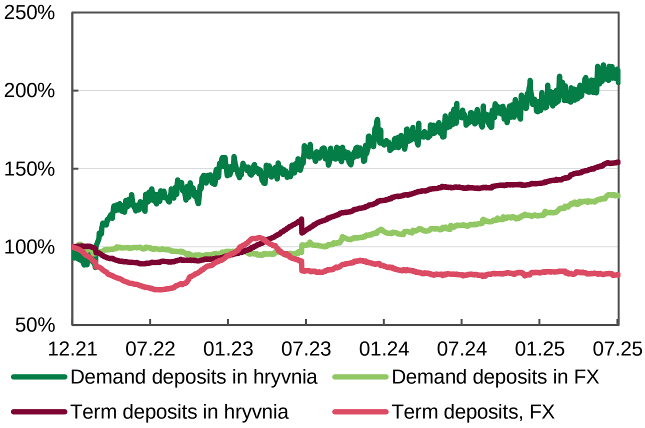
The dollarization rate of client deposits was down 0.2 pp for the quarter and 1.7 pp over the year, to 30.9%, primarily due to faster growth in hryvnia deposits over the quarter. The share of FX retail deposits decreased 0.7 pp (+0.3 pp over the year) to 34.4%.

Figure 35. Share of FX deposits



In Q2, hryvnia retail deposits rose 7.3% (13.1% yoy), and FX ones were up 3.4% (11.4% yoy). Hryvnia term deposits added 6.3% during the quarter, while demand deposits rose 7.8%.

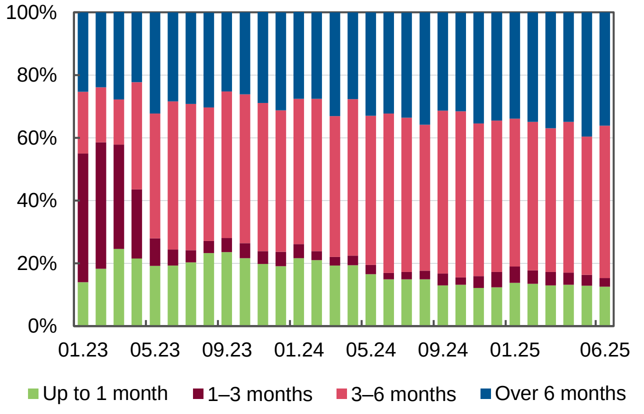
Figure 36. Retail deposits, 2021 = 100%*



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

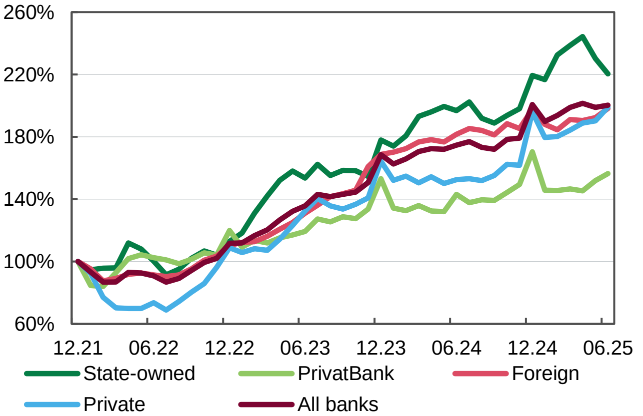
The share of longer instruments in the new deposits continues to grow. The share of deposits maturing in three to six months rose about 2.9 pp, while that of deposits with maturity of up to six months shrank 1.0 pp. Overall, the share of new deposits with maturities of more than three months was 84.7%.

Figure 37. New retail term deposits by maturity



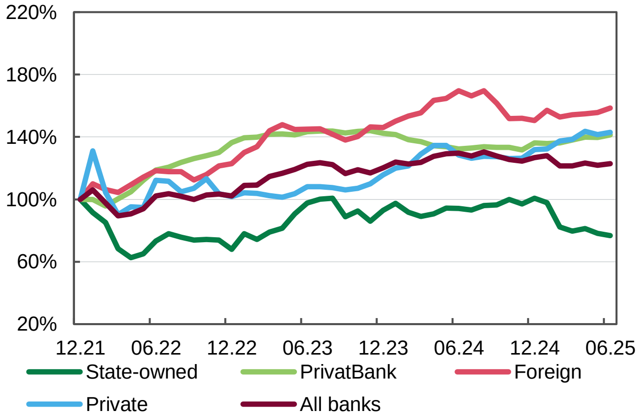
Hryvnia corporate deposits grew 0.9% over the quarter (+14.7% yoy). The increase occurred in all groups of banks, except for state-owned ones, where such deposits shed 7.6%. The highest increase in these deposits was seen in private banks, up 7.9%. FX deposits also rose, by 1.2% qoq, for the first time since Q2 2024. Growth occurred in all banks except state-owned ones, where FX deposits decreased 3.7%. The largest gains in deposits were seen in private and foreign banks, by 3.3% and 2.8%, respectively.

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



At banks that were solvent as of 1 July 2025.

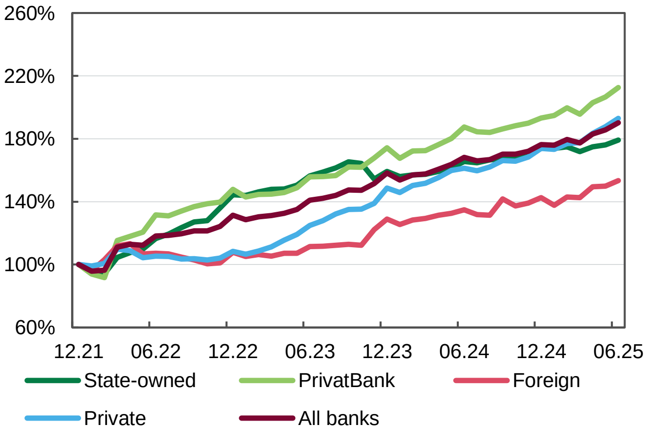
Figure 39. FX corporate deposits (in the US dollar equivalent) by bank groups, 2021 = 100%*



At banks that were solvent as of 1 July 2025.

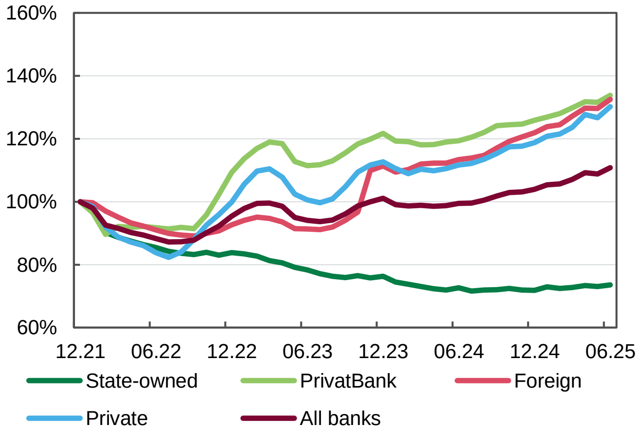
Hryvnia retail deposits were up 7.3% qoq and 13.1% yoy in Q2 2025, extending the uptrend of the last four quarters. All groups of banks posted gains in retail deposits over the quarter. Deposits at private banks and PrivatBank grew the most, by a respective 8.7% qoq and 8.6% qoq. Both demand and term deposits grew during the quarter. FX deposits rose 3.4% qoq (+11.4% yoy). The increase occurred in both demand and term FX deposits, and the same is true for hryvnia deposits.

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



At banks that were solvent as of 1 July 2025.

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

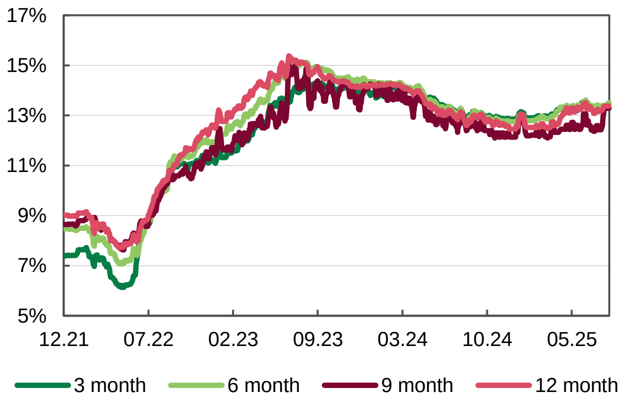


At banks that were solvent as of 1 July 2025.

Interest Rates

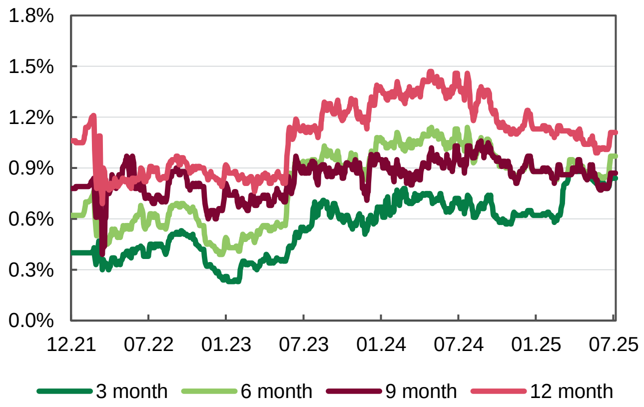
The cost of 12-month hryvnia deposits hovered around 13.3% per annum over the quarter (up 0.5 pp from a quarter ago), but by quarter's end it had gone back to 13.1% per annum, the end-March level. Rates on three-month deposits remained incrementally higher than those on one-year deposits, for most of the quarter.

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



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

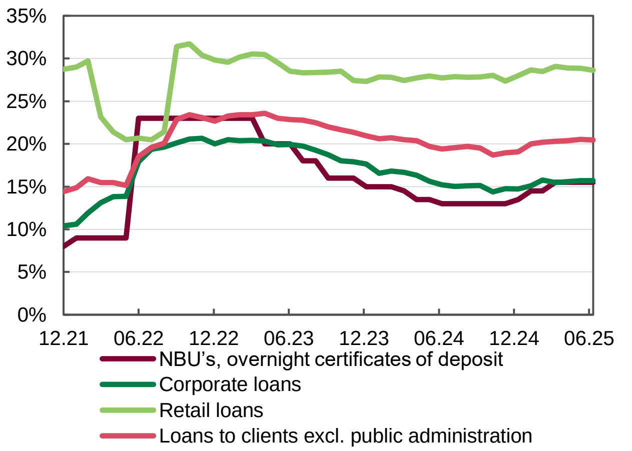
Figure 43. Ukrainian Index of Retail Deposit Rates for U.S. dollar deposits, % per annum*



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

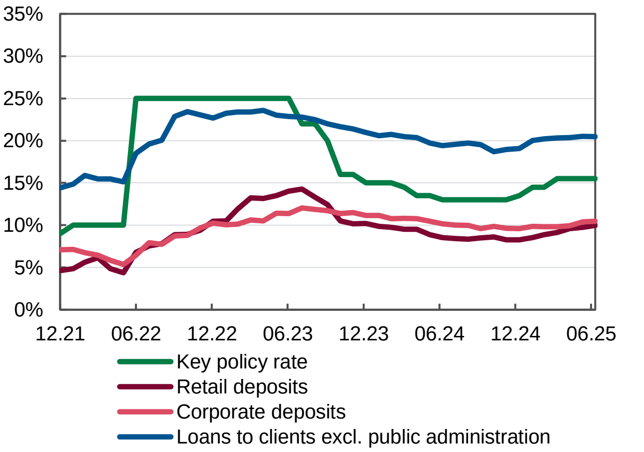
Rates on new hryvnia loans to businesses rose 0.2 pp, to 15.7% per annum. For households, these rates decreased 0.4 pp, to 28.6% per annum. For new retail deposits, the gain in rates was 0.7 pp, to 10.5% per annum. For corporate deposits, it was 0.8 pp, to 10% per annum.

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



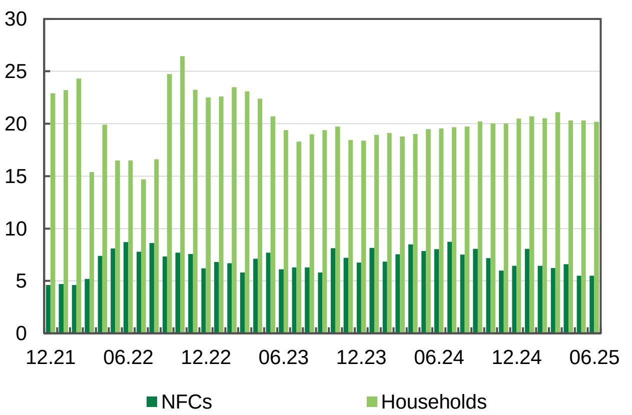
* No loan rescheduling or any other amendments to lending terms.

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



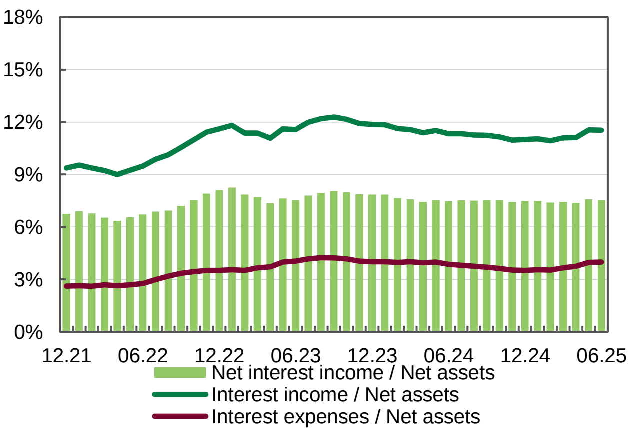
Spreads between interest rates on new loans and deposits narrowed in both the corporate and retail segments. The interest margin rose 0.1 pp, to 7.5%, due to a slightly faster increase in the return on assets compared to the cost of liabilities.

Figure 46. Spread between interest 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*

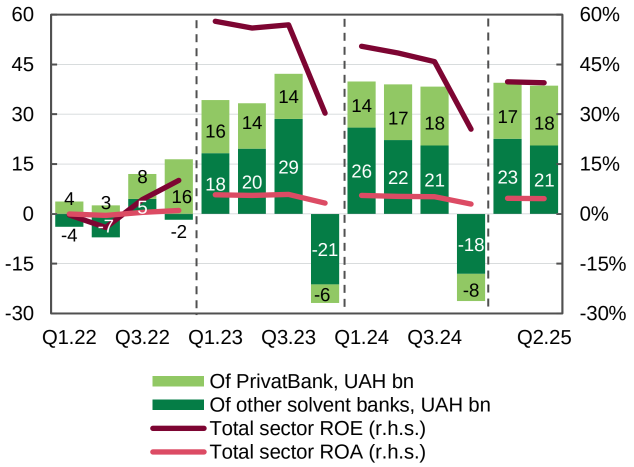


Including insolvent banks.
* The ratio of net interest income to trailing average of net assets for the reporting month and previous two months.

Financial Performance

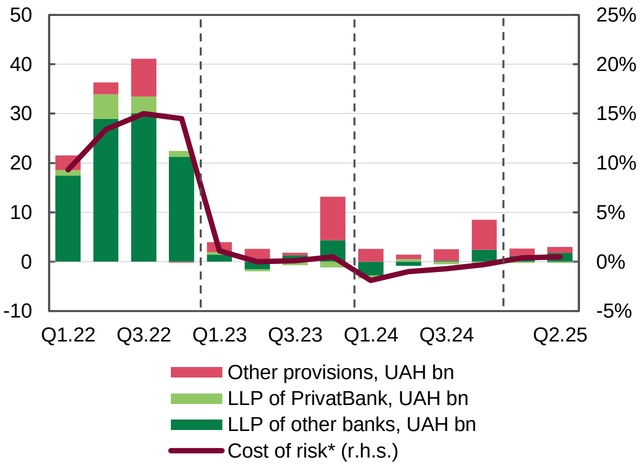
Q2 2025 saw a profit of UAH 38.6 billion, 47% of it coming from PrivatBank alone. This is 2.1% less than in the previous quarter and 1.1% less than a year ago.

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



In Q2, there was UAH 1.5 billion in provisioning for loans (with CoR at 0.5%), UAH 0.9 billion for domestic government debt securities, and UAH 2.7 billion for assets in total.

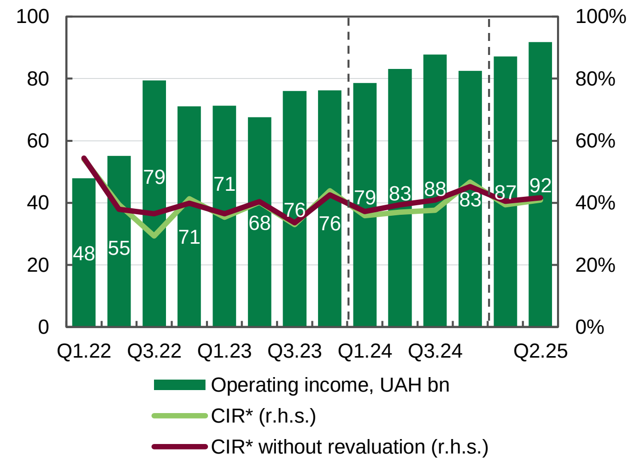
Figure 49. Loan loss provisions (LLP), quarterly



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

The sector's operational efficiency weakened slightly: to 40.9% from 39.4% the quarter before.

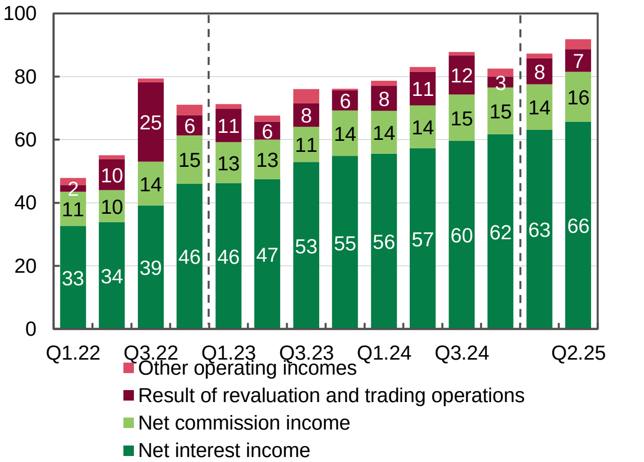
Figure 50. Operating income and operational efficiency of banks



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

Over the quarter, net interest income rose by 14.7% yoy, and net fee and commission income by 16.3% yoy.

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



During the quarter, the yield on loans and NBU CDs rose, while that on domestic government debt securities edged lower. The cost of liabilities in the corporate segment increased by more than in the retail one.

Figure 52. Ratio of interest income components to net assets

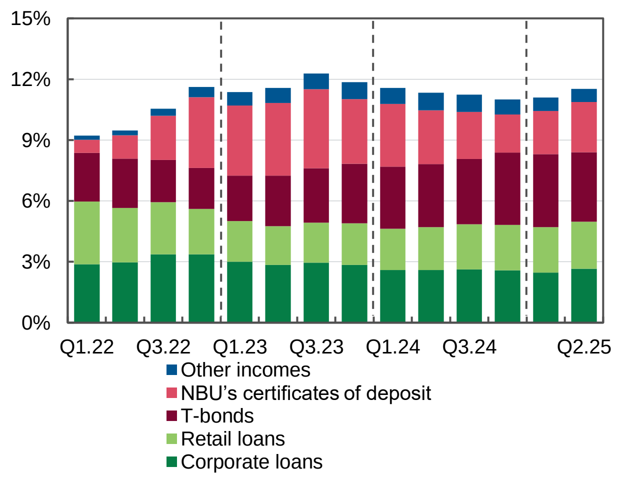
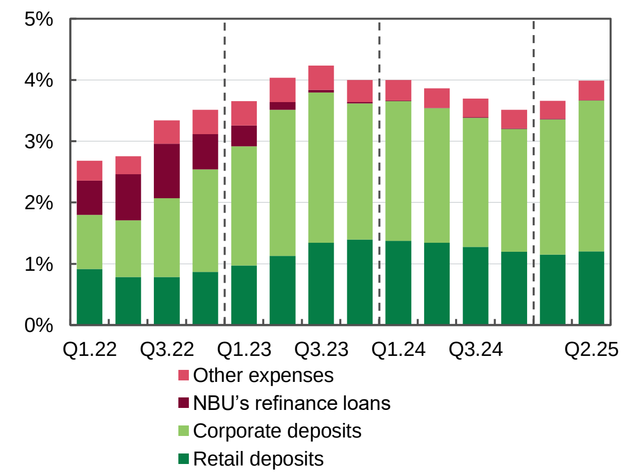


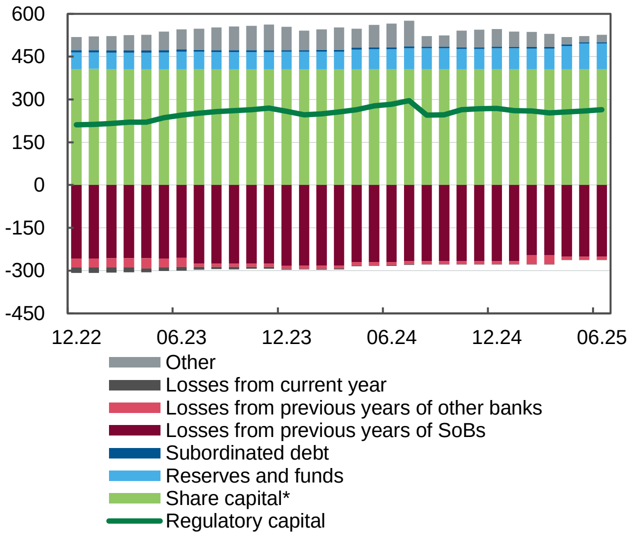
Figure 53. Ratio of interest expenses components to net assets



Capital

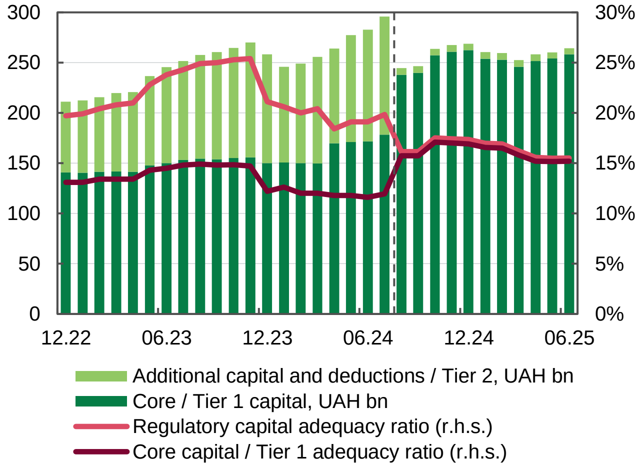
The banks' regulatory capital adequacy ratio was 15.5% as of 1 July 2025. The Tier 1 capital and CET 1 capital adequacy ratio was about 15.2%. Regulatory capital grew 4.7% qoq, while authorized capital increased 0.1% qoq.

Figure 54. Banks' regulatory capital, UAH billions



* Includes registered and unregistered authorized capital.

Figure 56. 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 23%). The average ratios across all groups were above the minimum requirements.

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

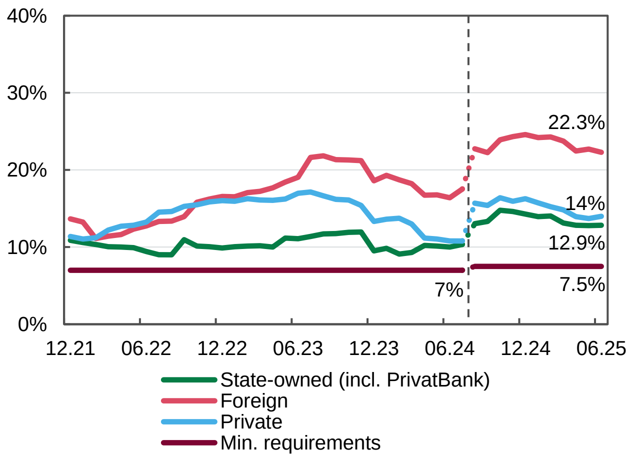
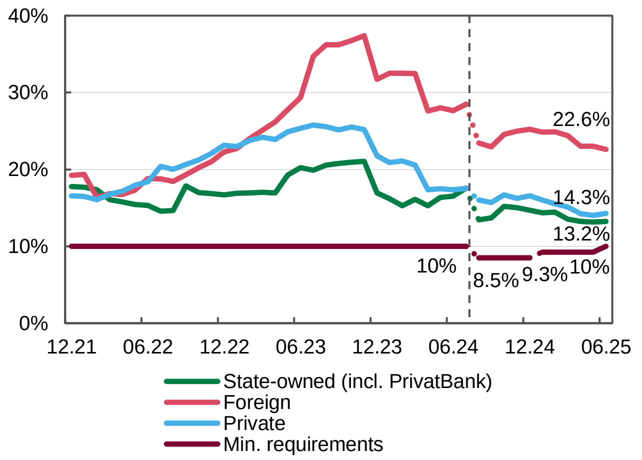


Figure 58. Regulatory capital adequacy ratio by groups of banks



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

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

	2018	2019	2020	2021	2022	2023	2024	Q1.25	Q2.25
Number of operating banks	77	75	73	71	67	63	61	60	60
General balance sheet indicators (UAH billion)[2]									
Total assets	1 911	1 982	2 206	2 358	2 717	3 311	3 767	3 746	3 857
of which in foreign currencies:	779	718	746	679	820	923	1 055	1 032	1 051
Net assets	1 360	1 493	1 823	2 053	2 352	2 945	3 415	3 397	3 506
of which in foreign currencies:	495	492	585	583	731	830	960	942	962
Gross corporate loans[3]	919	822	749	796	801	784	851	877	925
of which in foreign currencies:	460	381	332	292	281	268	284	275	284
Net corporate loans[3]	472	415	432	540	529	511	589	619	666
Gross SME loans	445	432	451	468	455	483	509	532	562
of which in foreign currencies:	180	159	162	127	100	114	111	113	115
Net SME loans	339	205	232	263	246	268	306	332	363
of which in foreign currencies:	102	89	101	87	70	80	77	81	83
Net loans to SMEs that do not belong to groups[7]	-	62	63	71	61	63	74	82	89
of which in foreign currencies:	-	22	24	18	15	13	13	13	13
Gross retail loans	197	207	200	243	210	223	274	289	308
of which in foreign currencies:	61	38	31	21	13	12	11	10	10
Net retail loans	114	143	149	200	134	160	222	237	255
Corporate deposits[3]	430	525	681	800	943	1 322	1 564	1 529	1 543
of which in foreign currencies:	150	191	233	233	317	386	450	425	432
Retail deposits[4]	508	552	682	727	933	1 084	1 216	1 228	1 303
of which in foreign currencies:	241	238	285	270	340	373	424	432	448
Change (yoy, %)									
Total assets	3.8%	3.7%	11.3%	6.9%	15.2%	21.9%	13.8%	11.8%	10.5%
Net assets	1.9%	9.8%	22.1%	12.6%	14.5%	25.2%	16.0%	13.8%	12.2%
Gross corporate loans[3]	6.3%	-10.6%	-8.8%	6.2%	0.7%	-2.2%	8.5%	11.4%	12.8%
Net corporate loans[3]	4.7%	-12.1%	4.2%	24.8%	-1.9%	-3.6%	15.3%	20.0%	21.7%
Gross retail loans	15.3%	5.0%	-3.5%	21.6%	-13.5%	6.0%	23.2%	22.0%	22.4%
Net retail loans	24.6%	24.6%	4.2%	34.7%	-32.9%	18.8%	39.3%	35.5%	34.0%
Corporate deposits[3]	0.8%	22.1%	29.7%	17.4%	17.9%	40.2%	18.3%	12.8%	9.2%
Retail deposits[4]	6.3%	8.6%	23.5%	6.6%	28.4%	16.1%	12.2%	13.2%	13.6%
Penetration[5] (%)									
Gross corporate loans[3]/GDP	25.8%	20.7%	17.7%	14.6%	15.3%	11.8%	11.1%	11.0%	11.3%
Net corporate loans[3]/GDP	13.3%	10.4%	10.2%	9.9%	10.1%	7.7%	7.7%	7.8%	8.1%
Gross retail loans/GDP	5.5%	5.2%	4.7%	4.5%	4.0%	3.4%	3.6%	3.6%	3.7%
Net retail loans/GDP	3.2%	3.6%	3.5%	3.7%	2.6%	2.4%	2.9%	3.0%	3.1%
Corporate deposits[3]/GDP	12.1%	13.2%	16.1%	14.7%	18.0%	19.9%	20.4%	19.2%	18.8%
Retail deposits/GDP	14.3%	13.9%	16.2%	13.3%	17.8%	16.4%	15.9%	15.4%	15.8%
Profit or Loss[6] (UAH billion)									
Net interest income	73.0	78.9	84.8	117.6	151.7	201.4	234.3	63.2	65.7
Net fee and commission income	37.8	44.0	46.5	58.0	50.2	51.1	56.5	14.3	15.8
Provisions	23.8	10.7	31.0	3.4	121.2	17.7	9.6	2.4	2.7
Net profit/loss	22.3	58.4	39.7	77.4	21.9	83.0	90.9	39.5	38.6
Memo items:									
UAH/USD (period average)	27.20	25.85	26.96	27.29	32.34	36.57	40.15	41.75	41.51
UAH/USD (end-of-period)	27.69	23.69	28.27	27.28	36.57	37.98	42.04	41.48	41.64
UAH/EUR (period average)	32.14	28.95	30.79	32.31	33.98	39.56	43.45	43.87	47.04
UAH/EUR (end-of-period)	31.71	26.42	34.74	30.92	38.95	42.21	43.93	44.75	48.78

[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 July 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 H1 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
H	Half of a year
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