



MINISTRY OF
FINANCE OF
UKRAINE

STATE-OWNED BANKS

NON-PERFORMING LOANS STATUS AND RESOLUTION REPORT

(1 HALF 2022)



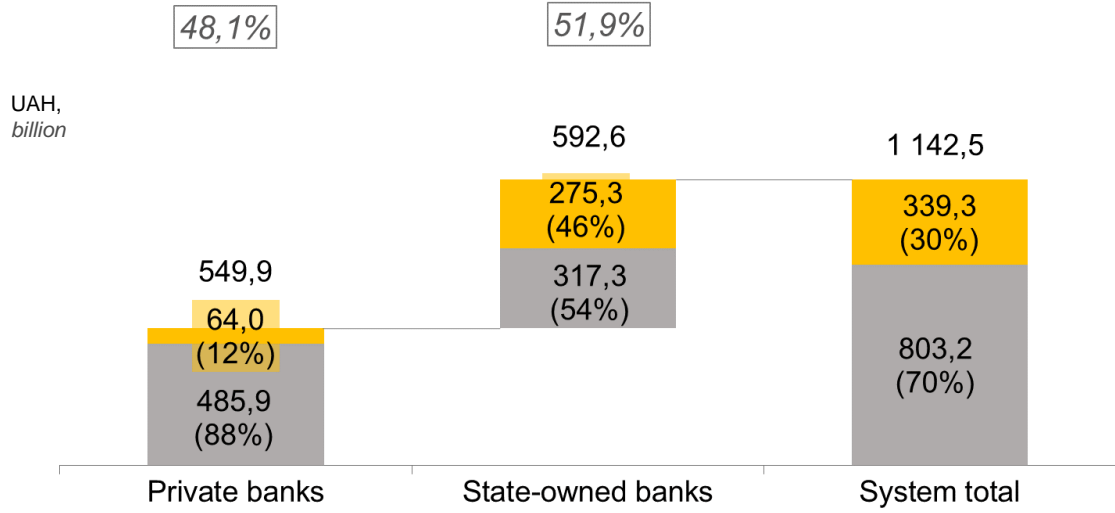
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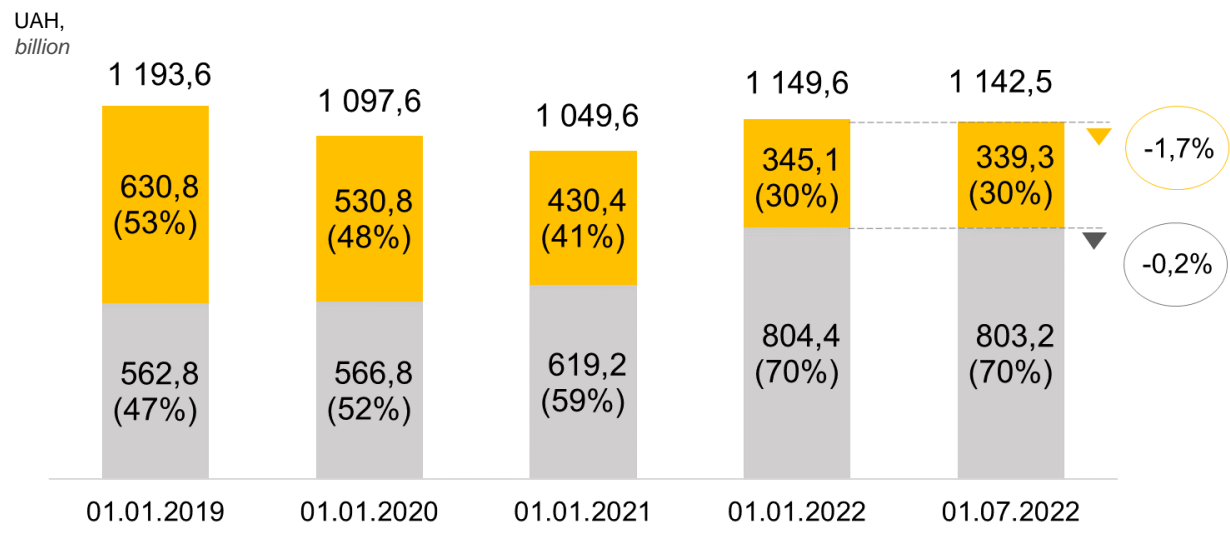
Status of the banking sector loan portfolio

■ Non-performing ■ Performing
xx% – share of the sector in the banking system

Current status



Change



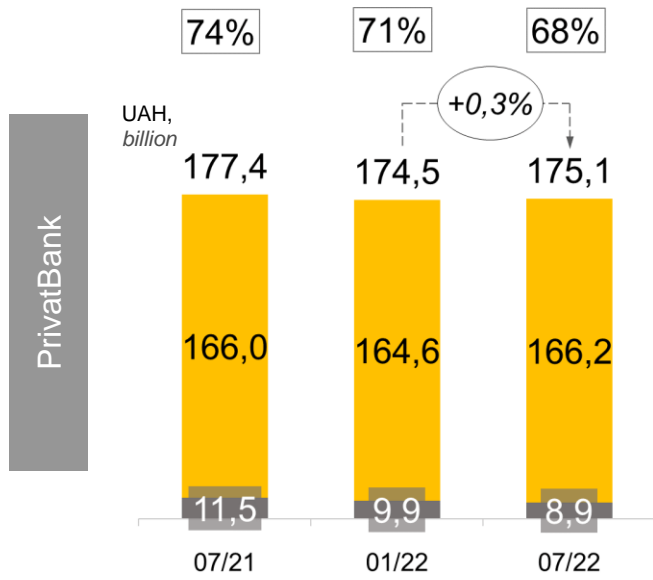
- In the 1st half of 2022 **the banking system total NPL** decreased by 1.6%, or UAH 5.7 billion, and equaled **UAH 339.5 billion** as of July 01, 2022.
 - The share of NPL in total loan portfolio of the Ukrainian banks decreased from 30.0% to **29.7 %** in the reporting period.
 - The decrease in the banking system total NPL in the 1st half of 2022 was caused mainly by the decision to liquidate two banks, the UBOs of which were from the russian federation: PJSC “Prominvestbank” and JSC “MR Bank”. The relevant decision was approved by the National Bank of Ukraine on February 25, 2022 as one of the sanctions measures applied against the russian federation in response to the military aggression against Ukraine.
- As of February 01, 2022 the total loan portfolio of PJSC “Prominvestbank” and JSC “MR Bank” was UAH 56.6 billion, of which UAH 49.9 billion were NPL, which equaled to 16.4% of the total banking system NPL.
- As of July 01, 2022 over 80% (**UAH 275.3 billion**) of the total NPL was accumulated by **public sector banks**.
 - In the reporting period **the NPL portfolio of public sector banks increased by 8.4% or UAH 21.3 billion**.
 - Simultaneously, the performing loans granted by the public sector banks grew by 11.2% or UAH 31.9 billion.
 - This led to the reduction of **the NPL share in the loan portfolio of public sector banks** from 47.1% on January 01, 2022 to **46.5%** on July 01, 2022.

Source: NBU official web site (statistical reporting forms No.600, No.10)

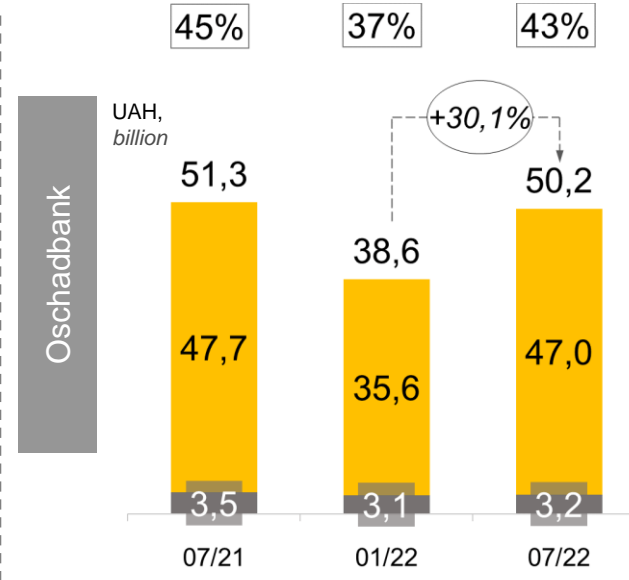


Public sector banks' NPL: current status

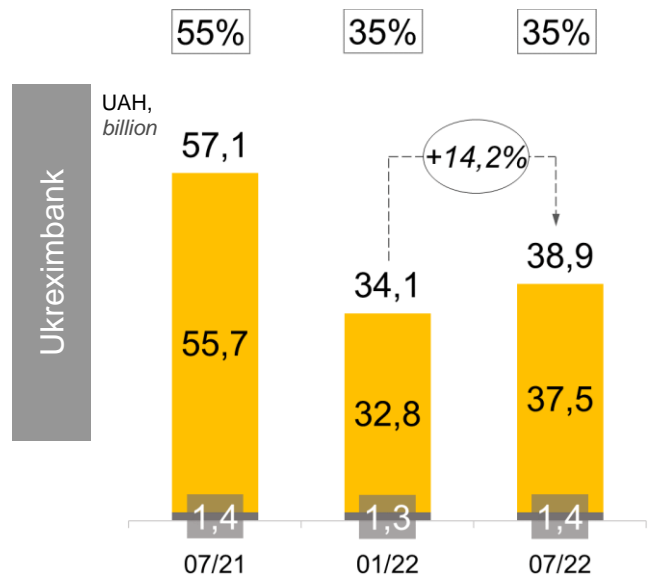
■ Legal entities
 ■ Private individuals
 xx% – share of loan portfolio



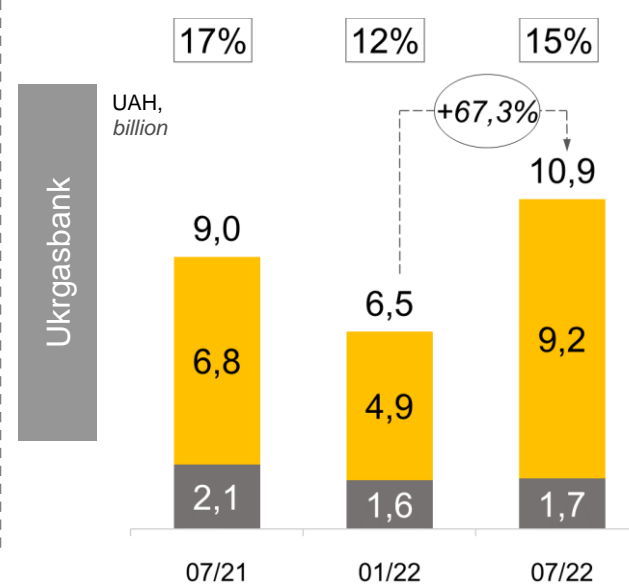
- In the 1st half of 2022 PrivatBank's **NPL** increased by 0.3%, or UAH 0.5 billion, to the total of **UAH 175.1 billion**.
- The bank's NPL level** in the 1st half of the year, alongside the outpacing growth rates of the performing loan portfolio (by 19.0%, or UAH 13.4 billion) decreased by 3.6 percentage points to **67.5%**.
- 95% of the NPL portfolio consists of loans to legal entities.



- In the reporting period the Oschadbank's **NPL** increased by 30.1%, or UAH 11.6 billion, to **UAH 50.2 billion**.
- The bank's NPL level** grew by 6.8 percentage points to **43.4%**.
- NPL are concentrated almost entirely in the corporate loan portfolio.



- In the 1st half of the current year Ukreximbank's **NPL** increased by 14.2%, or UAH 4.8 billion, to **UAH 38.9 billion**.
- The bank's NPL level** in the 1st half of the year increased by 0.2 percentage points to **34.9%**.
- The main component of the NPL portfolio is loans granted to legal entities before 2014 and loans in the Autonomous Republic of Crimea.



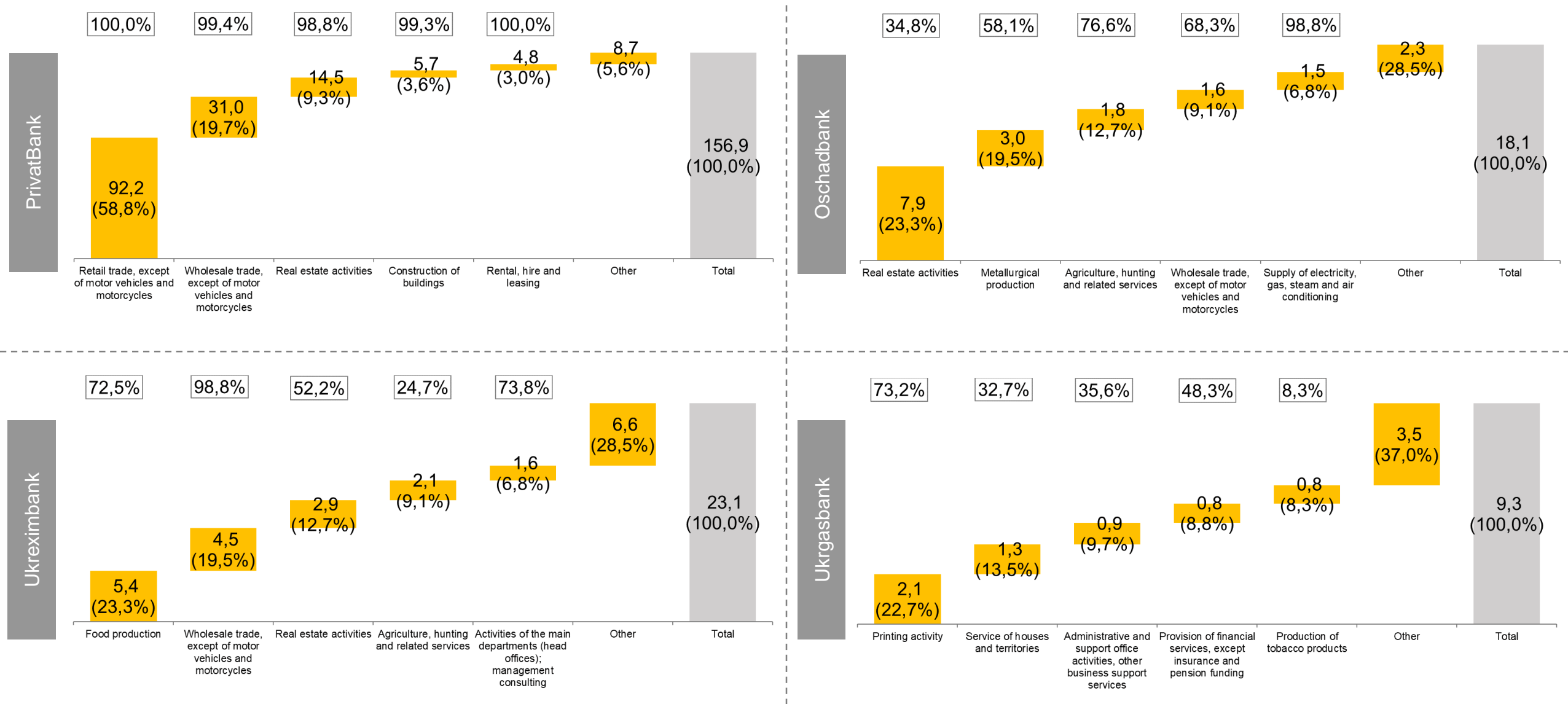
- In the 1st half of 2022 the Ukrgasbank's **NPL** increased by 67.3%, or UAH 4.4 billion, to **UAH 10.9 billion**.
- The bank's NPL level** grew by 3.6 percentage points to **15.3%**.
- The bank has the smallest amount and share of the NPL portfolio among public sector banks.



Corporate NPL by sector of economy

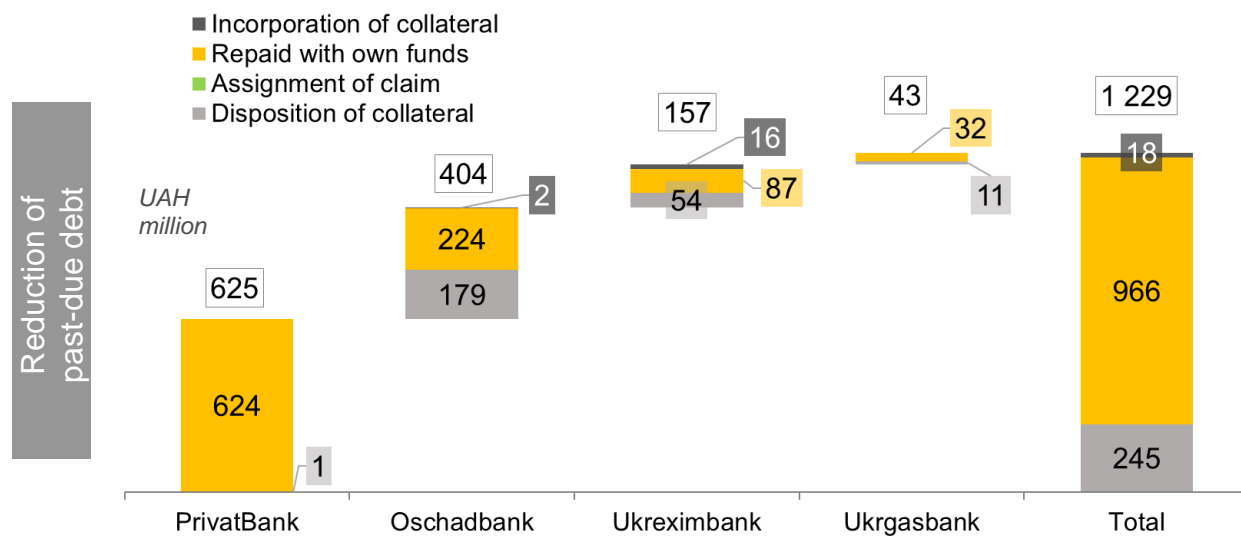
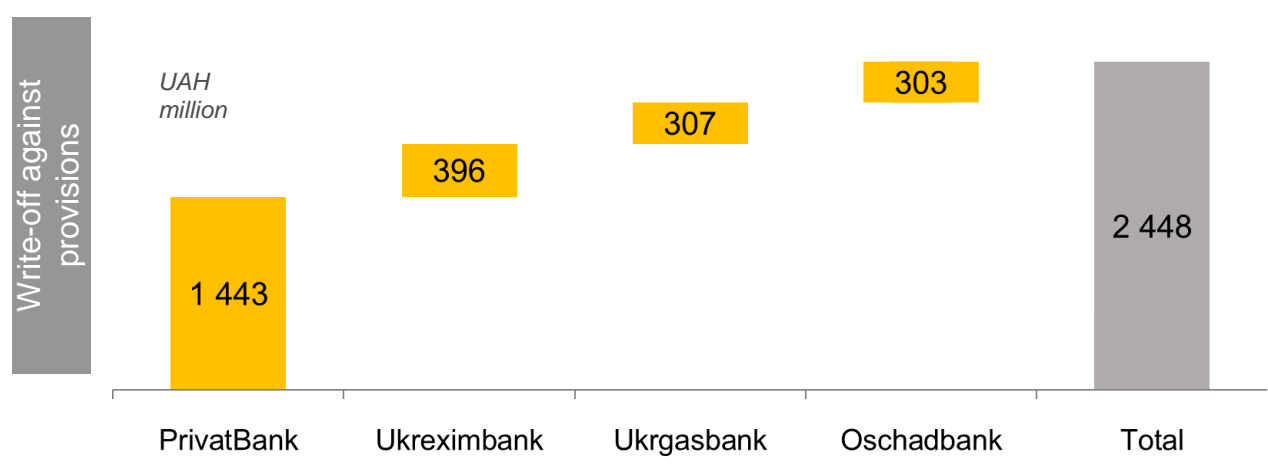
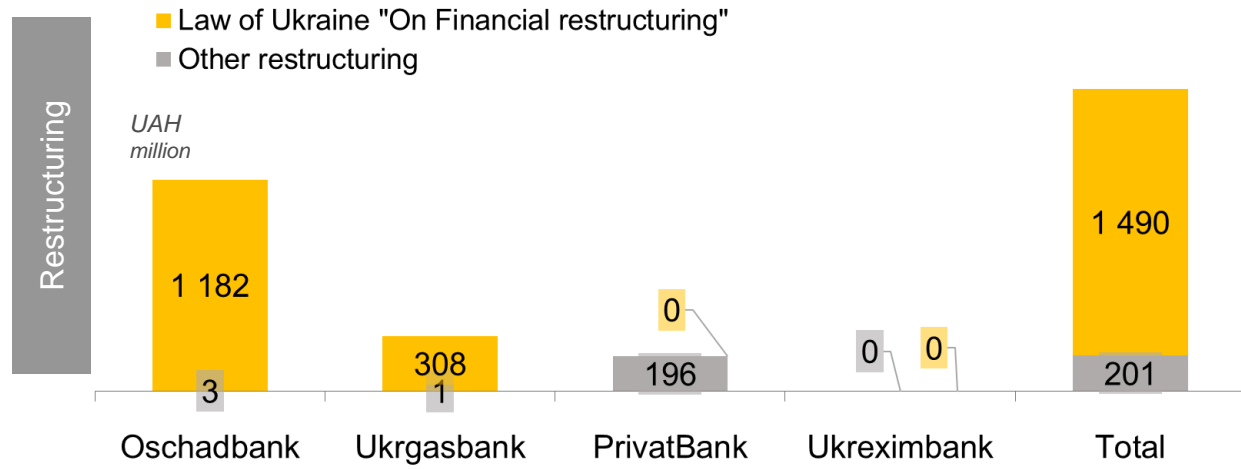
Share of the sector in the corporate NPL portfolio, UAH billion

xx% – provision coverage





Public sector banks' NPL: efforts taken in the 1st half of 2022



Litigation

Banks	New lawsuits filed in the 1 st half of 2022		Got court decisions in the 1 st half of 2022		Enforcement proceedings in the 1 st half of 2022		Lawsuits in courts as of 01.07.2022	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
	PrivatBank	6,1	0,5	8,3	0,4	10,4	8,0	22,7
Oschadbank	0,9	0,0	1,4	0,1	32,9	2,5	4,3	3,6
Ukreximbank	0,0	7,3	0,0	12,4	0,1	6,5	0,5	32,7
Ukrgasbank	1,0	0,9	0,7	0,3	0,4	0,5	2,5	6,6
Total	8,0	8,7	10,4	13,2	43,8	17,5	29,9	45,6

Source: data of Oschadbank, PrivatBank, Ukreximbank, Ukrgasbank



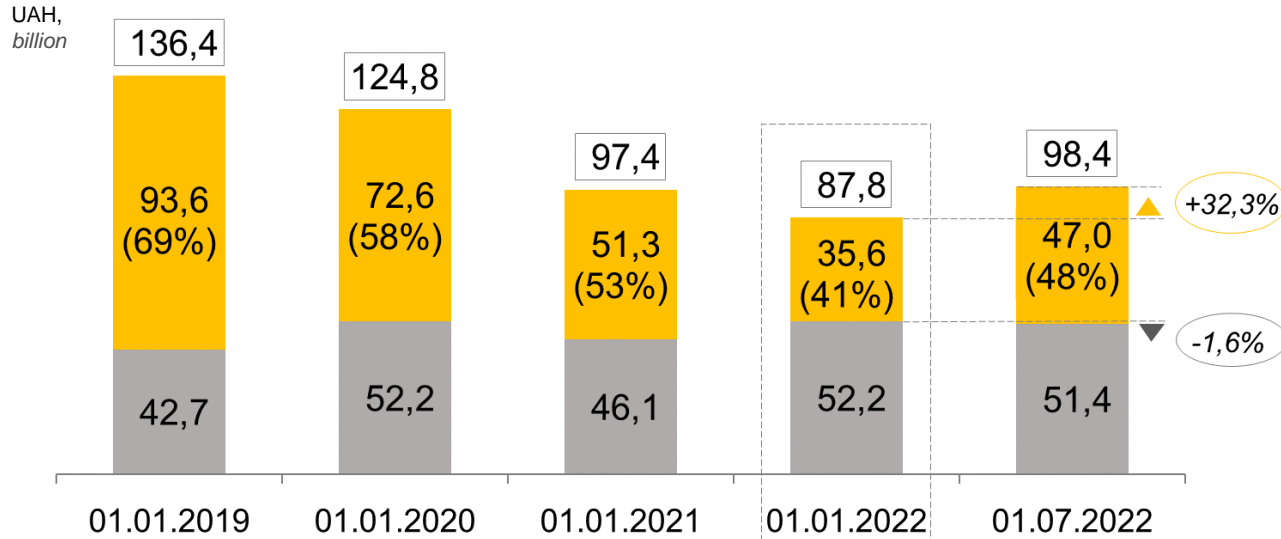
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Oschadbank: corporate loan portfolio

■ Non-performing
 ■ Performing

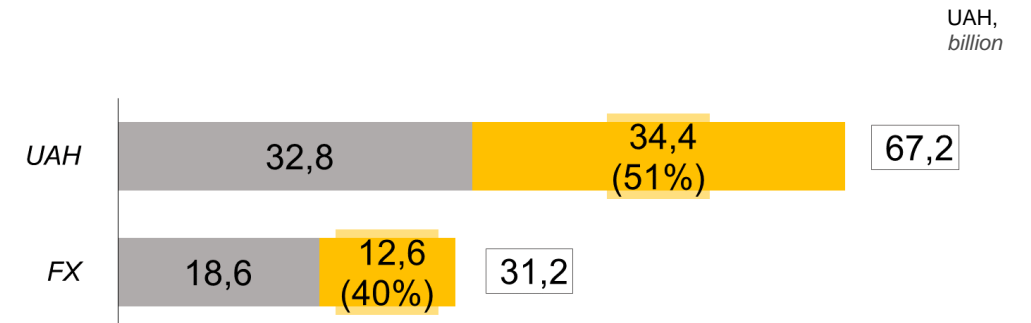
 Base of comparison



- In the 1st half of 2022 the non-performing corporate loan portfolio increased by 32.3%, or UAH 11.5 billion, to **UAH 47.0 billion**.
- NPL share** in the total corporate loan portfolio grew by 7.3 percentage points to **47.8%**.
- Performing corporate loan portfolio** in the 1st half of 2022 decreased by 1.6%, or UAH 0.8 billion, to **UAH 51.4 billion**.
- Credit risk coverage of the non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **81.5%**

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	4,9	2,8	14,4	2,9	4,4	11,6	0,8	0,5	9,1	47,0
Share of the class	5,0%	2,9%	14,6%	2,9%	4,5%	11,7%	0,8%	0,5%	9,3%	47,8%
Credit risk, UAH billion (2)	0,3	0,0	0,2	0,0	0,1	0,4	0,0	0,0	3,2	38,3
Coverage	6,5%	0,4%	1,6%	1,7%	2,2%	3,8%	1,3%	9,4%	35,5%	81,5%

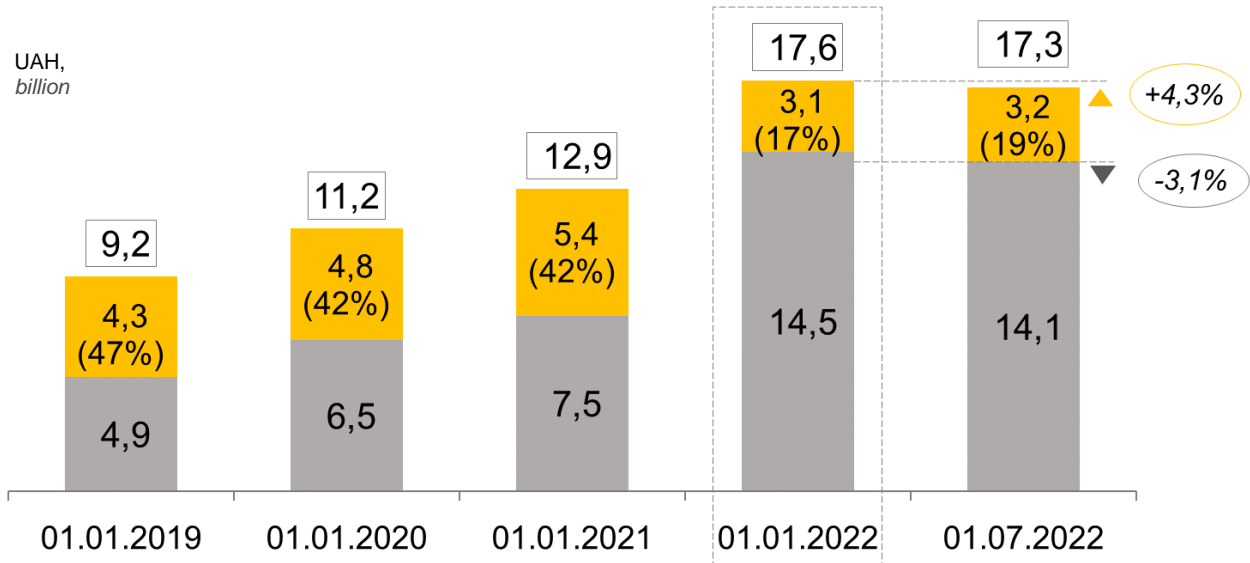
(1) – NPL deemed class 10 loans according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No





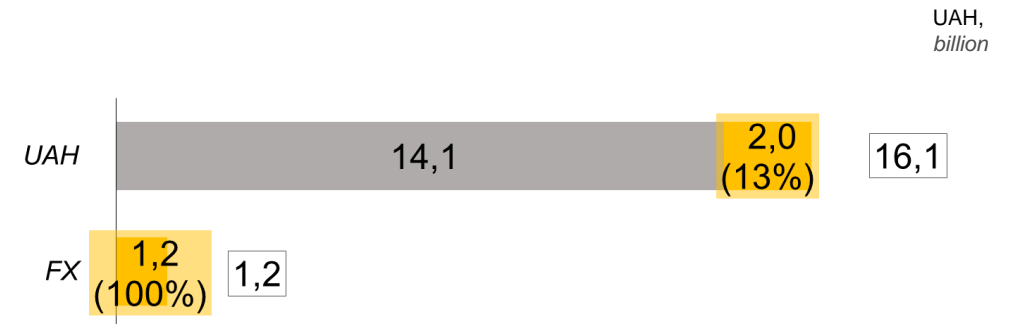
Oschadbank: retail loan portfolio

■ Non-performing ■ Performing
 Base of comparison



- In the 1st half of 2022 **non-performing retail loan portfolio increased** by 4.3%, or UAH 0.1 billion, to **UAH 3.2 billion**.
- In the reporting period the **NPL share in the retail loan portfolio** grew by 1.1 percentage points up to **18.5%**.
- **Performing retail loan portfolio** in the 1st half of 2022 **decreased** by 3.1%, or UAH 0.5 billion, to **UAH 14.1 billion**.
- Credit risk **coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **85.7%**.

Class (1)	1	2	3	4	5
Loan portfolio, UAH billion	13,6	0,3	0,1	0,1	3,2
Share of the class	78,7%	1,8%	0,5%	0,5%	18,5%
Credit risk, UAH billion (2)	1,1	0,0	0,0	0,0	2,7
Coverage	8,1%	8,9%	17,8%	28,7%	85,7%



(1) – NPL deemed class 5 loans according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No.351



Oschadbank: key achievements in restructuring and collection

Implemented

In the 1st half of 2022 **past-due debt decreased by UAH 0.4 billion**, o/w:

- repayment with own funds – UAH 0.2 billion;
- disposition of collateral – UAH 0.2 billion;
- collateral incorporated on the bank's balance sheet – UAH 0.002 billion.

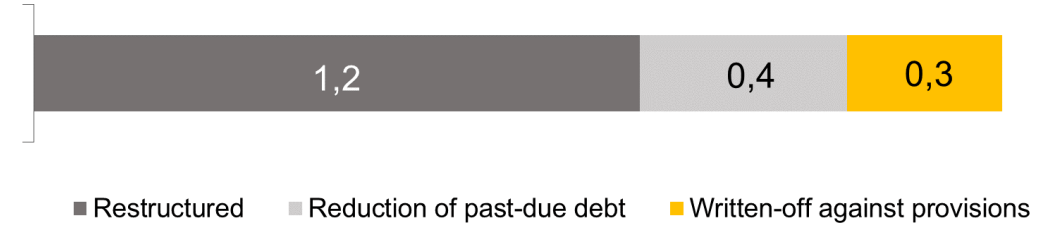
UAH 1.2 billion of problem debt was restructured, almost 100% of which – under the Law of Ukraine “On Financial Restructuring”.

Written-off against provisions– UAH 0.3 billion.

Litigations

	Stage 1		Stage 2		Stage 3	
	<i>Lawsuits filed</i>		<i>Got court decisions</i>		<i>Launched enforcement proceedings</i>	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
During 2021	4,6	0,2	4,5	0,2	45,7	4,5
In the 1 st half of 2022	0,9	0,05	1,4	0,1	32,9	2,5

Achievements in the 1st half of 2022, UAH billion



In the 1st half of 2022 restructured under the Law of Ukraine «On Financial Restructuring»

Debtor companies:

- PJSC “Concern AVEK and Co”.



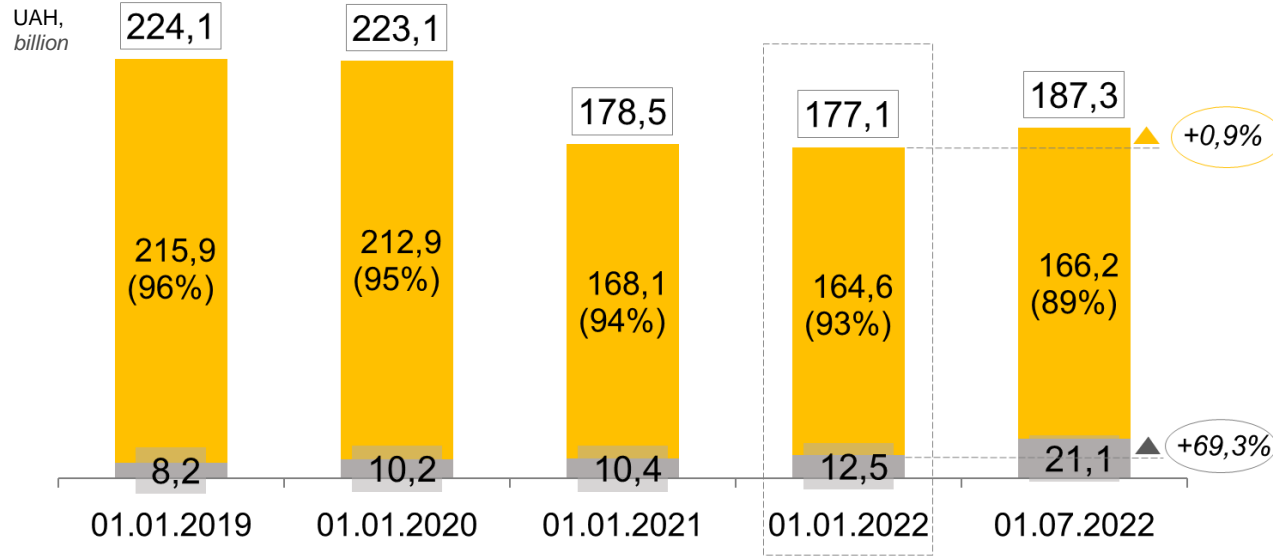
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PrivatBank: corporate loan portfolio

■ Non-performing
 ■ Performing

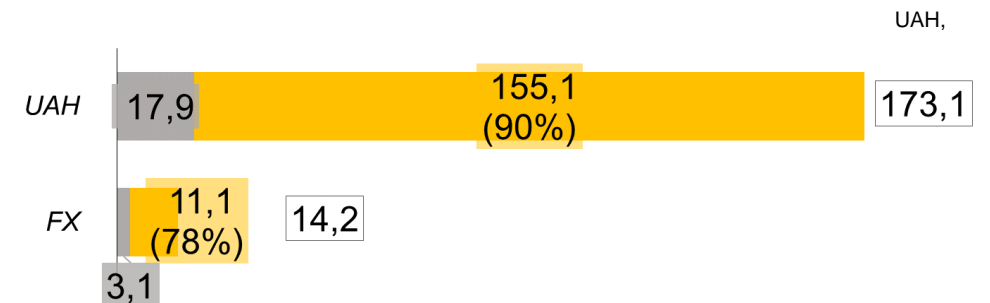
 Base of comparison



- In the 1st half of 2022 the **non-performing corporate loan portfolio increased** by 0.9%, or UAH 1.6 billion, to **UAH 166.2 billion**.
- The **NPL share** in the total corporate loan portfolio decreased by 4.2 percentage points to **88.7%**.
- The reduced NPL share in the bank's corporate loan portfolio facilitated the increase of the volume of **performing loans granted to legal entities** by more than one and a half times, i.e. by 69.3%, or UAH 8.6 billion, to **UAH 21.1 billion**.
- Credit risk coverage of the non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **99.9%**.

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	15,3	0,5	3,8	1,1	0,3	0,0	0,0	0,0	0,0	166,2
Share of the class	8,2%	0,2%	2,0%	0,6%	0,2%	0,0%	0,0%	0,0%	0,0%	88,7%
Credit risk, UAH billion (2)	0,8	0,0	0,2	0,0	0,0	0,0	0,0	0,0	0,0	166,1
Coverage	5,0%	0,9%	5,7%	2,7%	3,5%	-	-	38,0%	21,0%	99,9%

(1) – NPL deemed class 10 loans according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No.351

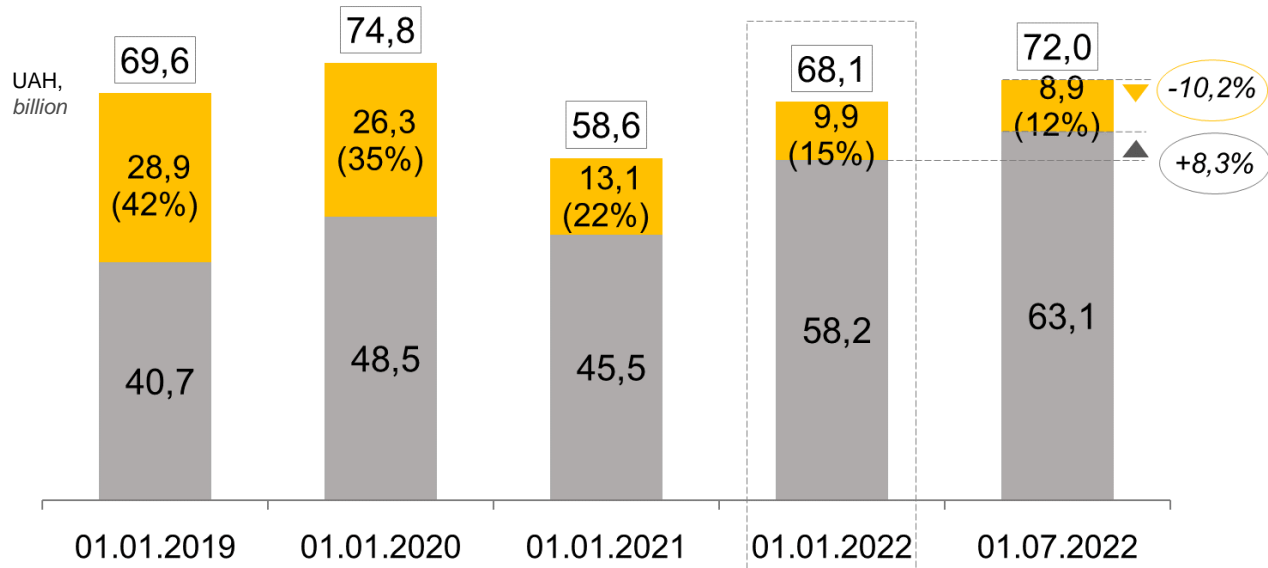




PrivatBank: retail loan portfolio

■ Non-performing
 ■ Performing

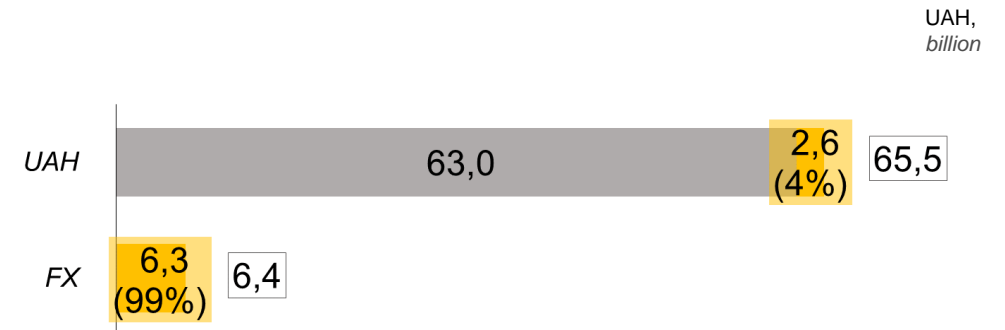
 Base of comparison



- Since the beginning of the current year the non-performing retail loan portfolio decreased by 10.2%, or UAH 1.0 billion, to **UAH 8.9 billion**.
- In the reporting period the share of non-performing loans in the retail loan portfolio decreased by 2.2 percentage points to **12.4%**.
- **Performing retail loan portfolio** in the 1st half of 2022 increased by 8.3%, or UAH 4.8 billion, to **UAH 63.1 billion**.
- **Credit risk coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **97.2%**.

<i>Class (1)</i>	1	2	3	4	5
Loan portfolio, UAH billion	62,5	0,3	0,1	0,1	8,9
Share of the class	86,9%	0,4%	0,2%	0,2%	12,4%
Credit risk, UAH billion (2)	1,2	0,0	0,0	0,1	8,6
Coverage	1,9%	11,5%	30,8%	57,7%	97,2%

(1) – NPL deemed class 10 loans according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No.351





PrivatBank: key achievements in restructuring and collection

Implemented

In the 1st half of 2022 **past-due debt decreased by UAH 0,6 billion**, almost entirely due to repayment with own funds – UAH 0.6 billion.

Also, disposition of collateral amounted to UAH 1.1 million.

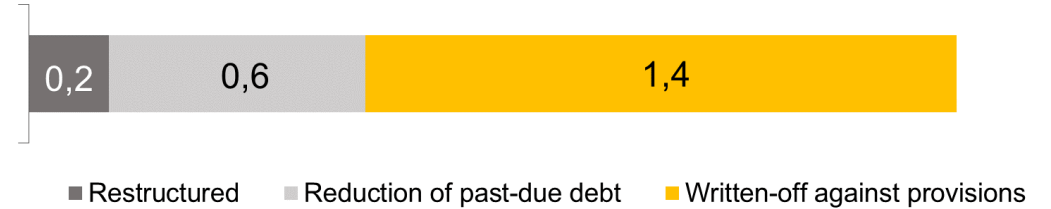
Written-off against provisions – UAH 1.4 billion.

UAH 0.2 billion of problem debt was restructured.

Litigations

	Stage 1		Stage 2		Stage 3	
	<i>Lawsuits filed</i>		<i>Got court decisions</i>		<i>Launched enforcement proceedings</i>	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
During 2021	35,6	2,1	87,2	4,0	68,5	11,3
In the 1 st half of 2022	6,1	0,5	8,3	0,4	10,4	8,0

Achievements in the 1st half of 2022, UAH million





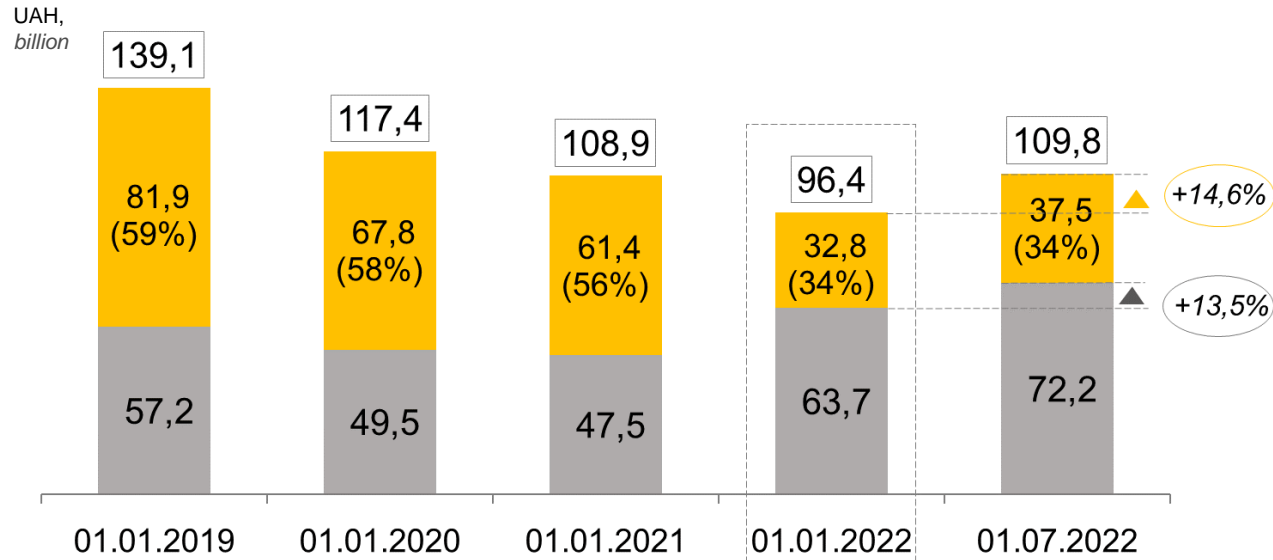
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Ukreximbank: corporate loan portfolio

■ Non-performing
 ■ Performing

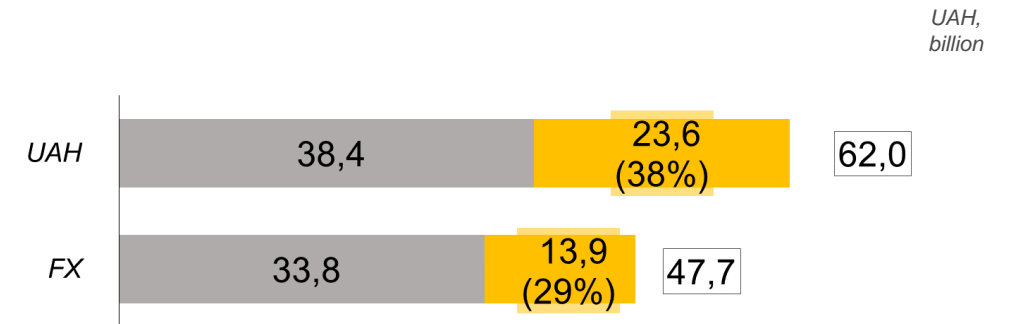
 Base of comparison



- In the 1st half of 2022 the **non-performing corporate loan portfolio increased** by 14.6%, or UAH 4.8 billion, to **UAH 37.5 billion**.
- Simultaneously, the **performing corporate loan portfolio increased** by 13.5%, or UAH 8.6 billion, to **UAH 72.2 billion**.
- This led to an **increase in the share of NPL** in the total corporate loan portfolio only by 0.2 percentage points to **34.2%**.
- Credit risk coverage of non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **87.08%**.

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	2,3	8,3	16,1	6,6	13,0	7,1	2,2	0,1	16,5	37,5
Share of the class	2,1%	7,5%	14,7%	6,0%	11,9%	6,5%	2,0%	0,1%	15,0%	34,2%
Credit risk, UAH billion (2)	0,0	0,1	0,6	0,2	0,6	0,4	0,2	0,0	4,0	33,0
Coverage	0,2%	1,6%	3,5%	2,5%	4,4%	6,2%	9,1%	5,4%	24,6%	87,8%

(1) – NPL deemed class 5 according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No.351

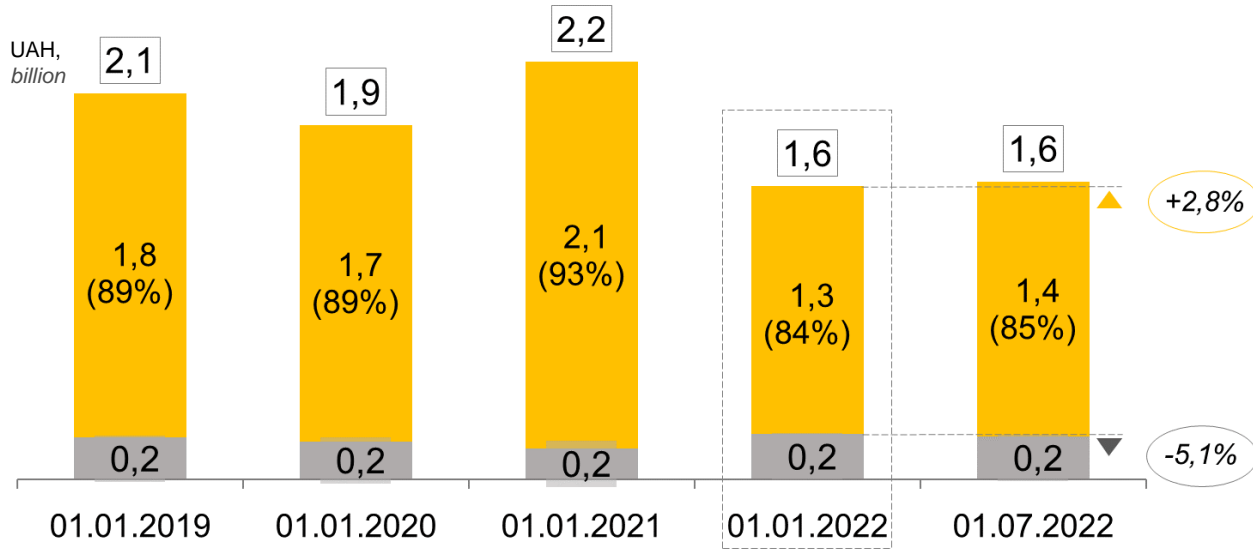




Ukreximbank: retail loan portfolio

■ Non-performing
 ■ Performing

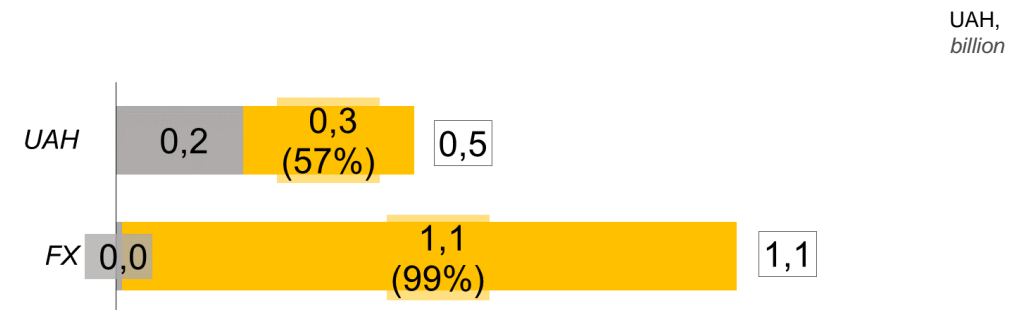
 Base of comparison



- In the 1st half of 2022 the **non-performing retail loan portfolio increased** by 2.8%, or UAH 0.04 billion, to **UAH 1.4 billion**.
- In the reporting period the **NPL share in the retail loan portfolio** increased by 1.0 percentage points to **85.5%**.
- Performing retail loan portfolio** in the 1st half of 2022 decreased by 5.1%, or UAH 0.01 billion, to **UAH 0.2 billion**.
- Credit risk coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **97.5%**.

<i>Class (1)</i>	1	2	3	4	5
Loan portfolio, UAH billion	0,2	0,0	0,0	0,0	1,4
Share of the class	13,3%	1,0%	0,1%	0,1%	85,5%
Credit risk, UAH billion (2)	0,0	0,0	0,0	0,0	1,3
Coverage	11,9%	7,9%	54,3%	89,1%	97,5%

(1)– NPL deemed class 5 according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No.351





Ukreximbank: key achievements in restructuring and collection

Implemented

In the 1st half of 2022 **past-due debt decreased by UAH 0.2 billion**, o/w:

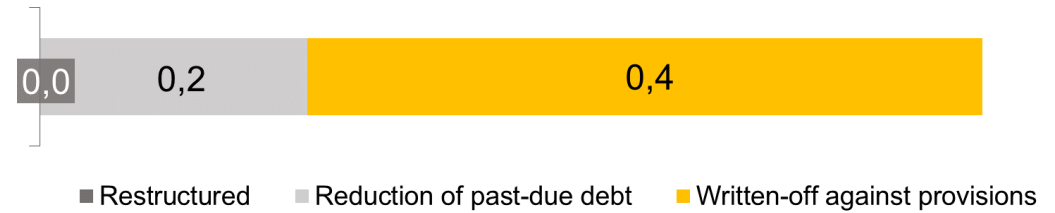
- repayment with own funds – UAH 0.1 billion;
- disposition of collateral – UAH 0.05 billion;
- incorporation of collateral into the bank`s balance sheet – UAH 0.02 billion.

Written-off against provisions – UAH 0.4 billion.

Litigations

	Stage 1		Stage 2		Stage 3	
	<i>Lawsuits filed</i>		<i>Got court decisions</i>		<i>Launched enforcement proceedings</i>	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
During 2021	0,4	23,4	0,4	12,8	1,5	22,6
In the 1 st half of 2022	0,0	7,3	0,0	12,4	0,1	6,5

Achievements in the 1st half of 2022, UAH million



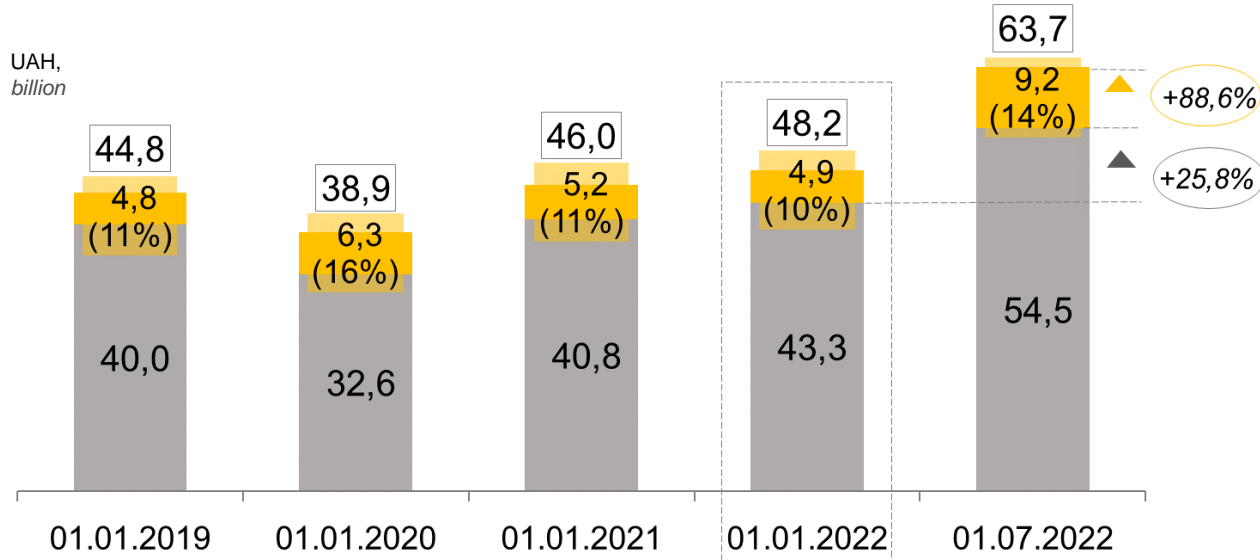


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UkrGasbank: corporate loan portfolio

■ Non-performing
 ■ Performing
 Base of comparison

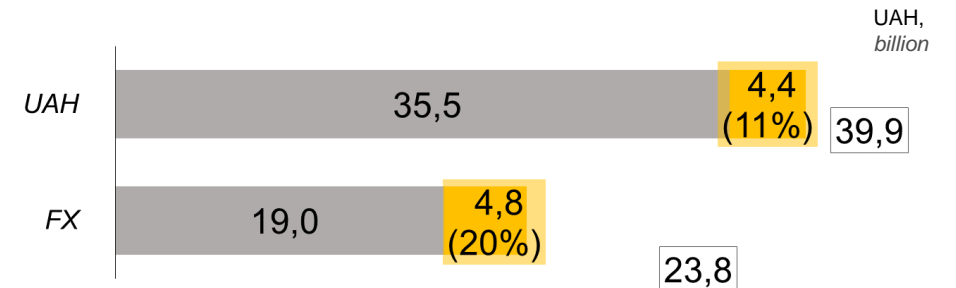


- In the 1st half of 2022 **non-performing corporate loan portfolio increased** almost twice - by 88.6%, or UAH 4.3 billion, to **UAH 9.2 billion**.
- The NPL share** in the total corporate loan portfolio increased by 4.3 percentage points to **14.4%**.
- Performing corporate loan portfolio** in the 1st half of 2022 **increased** by 25.8%, or UAH 11.2 billion, to **UAH 54.5 billion**.
- Credit risk coverage of non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **63.2%**.

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	3,5	2,5	10,9	16,0	11,4	2,2	1,3	0,2	6,5	9,2
Share of the class	5,5%	4,0%	17,1%	25,1%	17,9%	3,4%	2,1%	0,3%	10,1%	14,4%
Credit risk, UAH billion (2)	0,0	0,0	0,2	0,4	0,4	0,1	0,1	0,0	0,5	5,8
Coverage	0,6%	0,4%	1,9%	2,4%	3,2%	2,5%	4,9%	0,5%	8,1%	63,2%

(1) – NPL deemed class 5 according to NBU Resolution No.351

(2) – estimated exposure at risk under NBU Resolution No.351

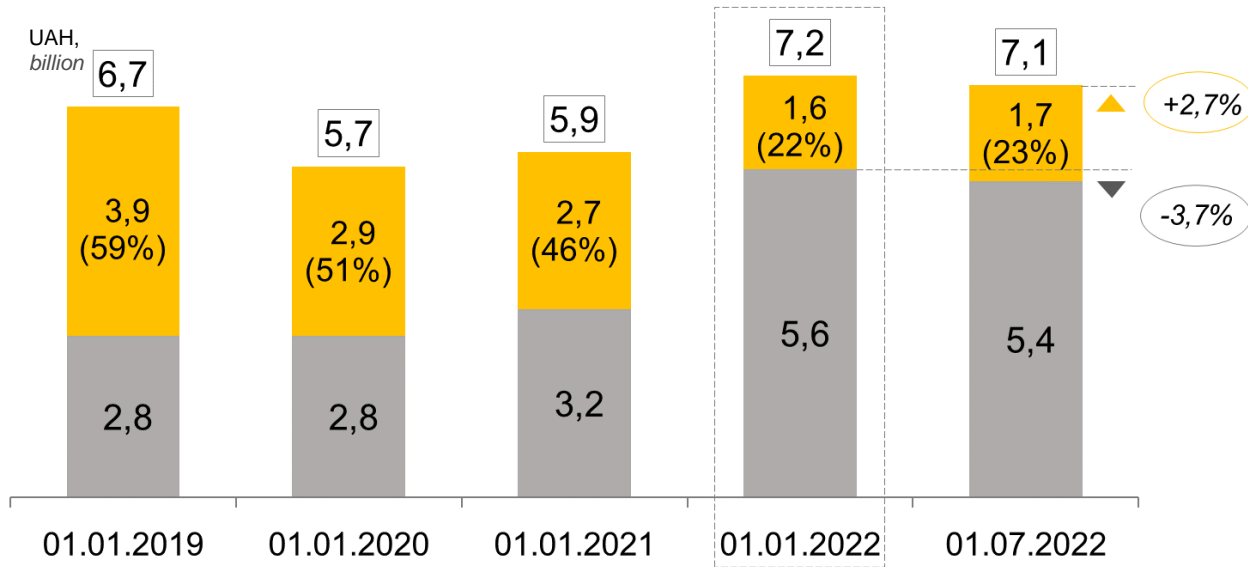




UkrGasbank: retail loan portfolio

■ Non-performing
 ■ Performing

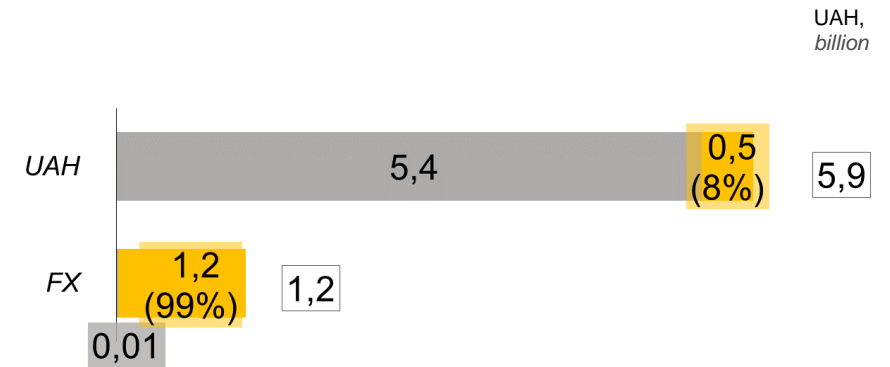
 Base of comparison



- In the 1st half of 2022 **non-performing retail loan portfolio increased** by 2.7%, or UAH 0.04 billion, to **UAH 1.7 billion**.
- In the reporting period **the NPL share in the retail loan portfolio increased** by 1.1 percentage points to 23.3%.
- Performing retail loan portfolio** in the 1st half of 2022 **decreased** by 3.7%, or UAH 0.2 billion, to **UAH 5.4 billion**.
- Credit risk coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **87.7%**.

<i>Class (1)</i>	1	2	3	4	5
Loan portfolio, UAH billion	5,3	0,1	0,0	0,0	1,7
Share of the class	75,2%	1,0%	0,4%	0,1%	23,3%
Credit risk, UAH billion (2)	0,1	0,0	0,0	0,0	1,4
Coverage	1,2%	6,5%	22,8%	46,2%	87,7%

(1) – NPL deemed class 5 according to NBU Resolution No.351
 (2) – estimated exposure at risk under NBU Resolution No.351





UkrGasbank: key achievements in restructuring and collection

Implemented

In the 1st half of 2022 **past-due debt decreased by UAH 0.04 billion**, o/w :

- repayment with own funds – UAH 0.03 billion;
- disposition of collateral – UAH 0.01 billion.

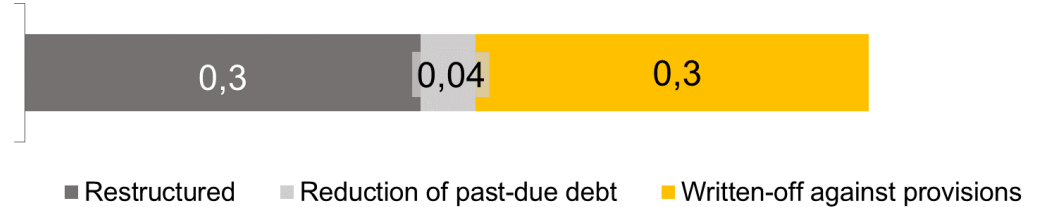
UAH 0.3 billion of problem debt was restructured, almost of it under the Law of Ukraine “On Financial Restructuring”.

Written-off against provisions - UAH 0.3 billion.

Litigations

	Stage 1		Stage 2		Stage 3	
	<i>Lawsuits filed</i>		<i>Got court decisions</i>		<i>Launched enforcement proceedings</i>	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
During 2021	2,6	3,4	2,1	1,7	1,4	2,5
In the 1 st half of 2022	1,0	0,9	0,7	0,3	0,4	0,5

Achievements in the 1st half of 2022, UAH million



In the 1st half of 2022 restructured under the Law of Ukraine “On Financial Restructuring”

Debtor companies:

- “Agrarian Industrial Company “Dom-AGRO” Ltd.;
- PJSC “Concern AVEK and Co”.



Parameters of data presentation on slides 6,7,11,15,19,23

- Information is given on credit transactions with legal entities (except banks) and private individuals
 - Information is given on credit transactions, except for transactions with debt securities
 - “Debt” shall mean principal plus accrued interest
 - “Reduction of past-due debt” includes debt on assets carried on the balance sheet of the bank, and assets written-off to off-balance sheet accounts against provisions (cumulative for the period).
 - “Restructuring” displays the amount of loans restructured in the period. The amount of the restructured asset is reflected as the amount of the asset debt on the date of restructuring
-

- 1. Proceedings during the period.** If a bank sues the asset during the period (Stage 1), and in the same year the case is considered and judgment passed (Stage 2), and the relevant enforcement proceeding is started (Stage 3), then the information about such asset is only displayed in relation to the last stage of the claim, namely, in the "Launched enforcement proceedings " line (Stage 3).
- 2. Number.** If several claims have been filed for recovering the debt on the asset (to the borrower, to the guarantor, with claims for debt recovery/foreclosure of collateral, and the bank’s monetary claims on debtors in bankruptcy cases), then the information about such asset is displayed by each claim, corresponding to the stage of its consideration. That is, the number of claims related to one asset may be more than one. In this case, all submitted claims are displayed in the “Number” columns at their appropriate stages.
- 3. Amount.** If several events (lawsuit/judgment/enforcement proceeding) are associated with an asset being in one stage, then the amounts of each event are not added. To avoid doubling, only the amount due on the asset is displayed. Should the asset be in several stages at a time, the asset amount is displayed for each of those stages respectively, subject to the rules on non-doubling.