



MINISTRY OF
FINANCE OF
UKRAINE

STATE-OWNED BANKS

NON-PERFORMING LOANS STATUS AND RESOLUTION REPORT

October 2021



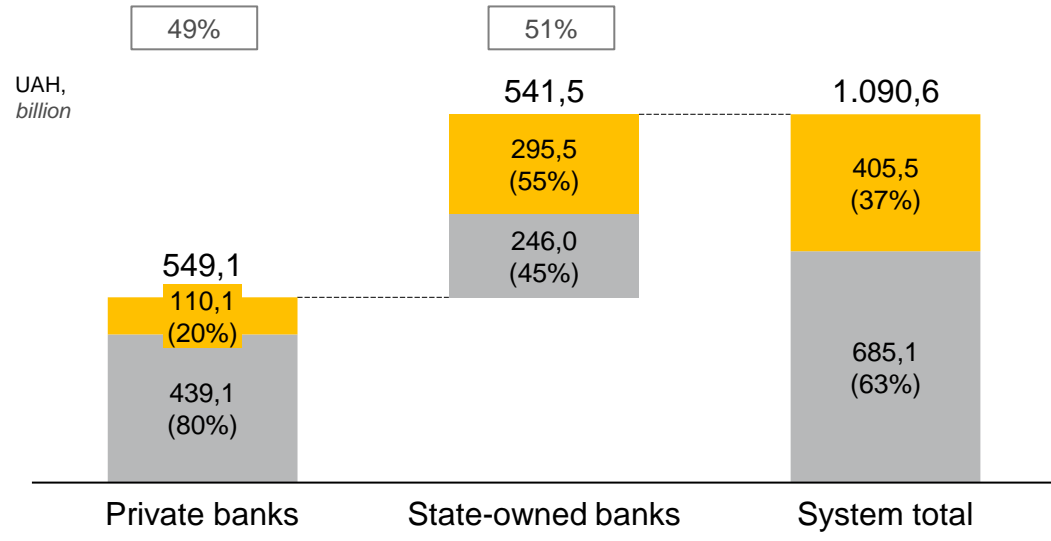
1	General overview	2
2	Oschadbank	7
3	Privatbank	11
4	Ukreximbank	15
5	Ukrgasbank	19



Status of the banking sector loan portfolio

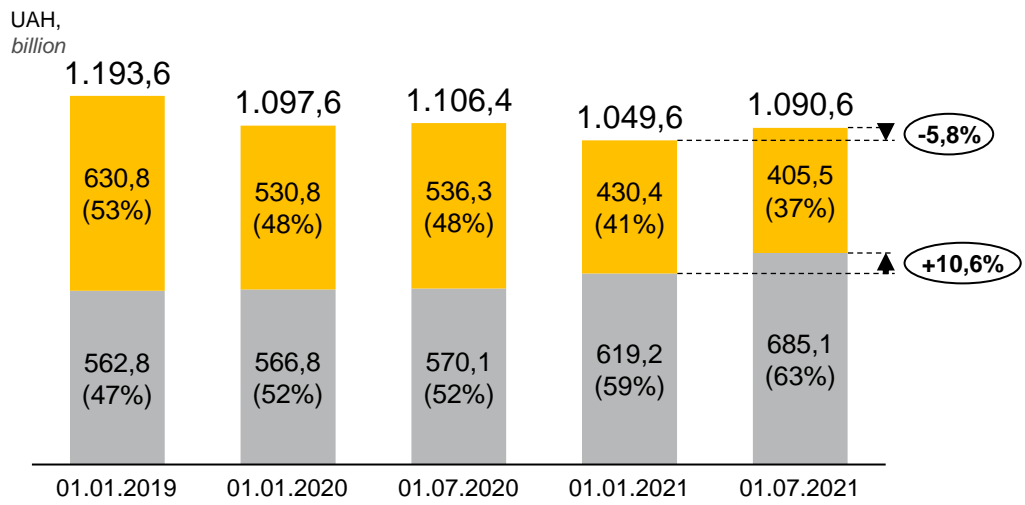
■ Non-performing ■ Performing
XX% – share of the sector in the banking system

Current status



- Despite the reduction, Ukrainian banks' NPL remain significant.
- NPL account for 37% (UAH 405,5 billion) of the total banks' loan portfolio, of which **73%**, or **UAH 295,5 billion** is accumulated in public sector banks.
- Approval of public sector banks' NPL Resolution Strategies and Operational Plans facilitated NPL resolution efforts and the rate of problem assets reduction.

Change



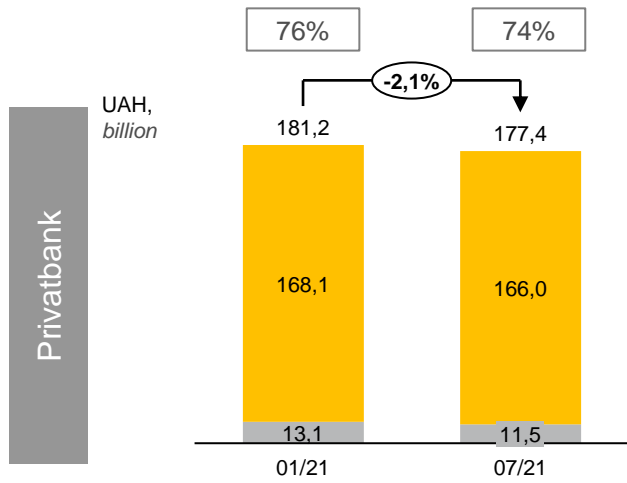
- In the 1st half 2021 the tendency to reduce the volume of non-performing loan portfolio of Ukrainian banks continued, alongside the growth of the performing portfolio.
- Volume of banking system NPL reduced by **6%**, or **UAH 25 billion**.
- Volume of performing portfolio increased by **11%**, or **UAH 66 million**
- In the 1st half 2021 public sector banks reduced their NPL volume by **5%**, or **UAH 15 billion**
- Assets write-off is the main tool that has significantly reduced the level of NPL of state-owned banks.

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

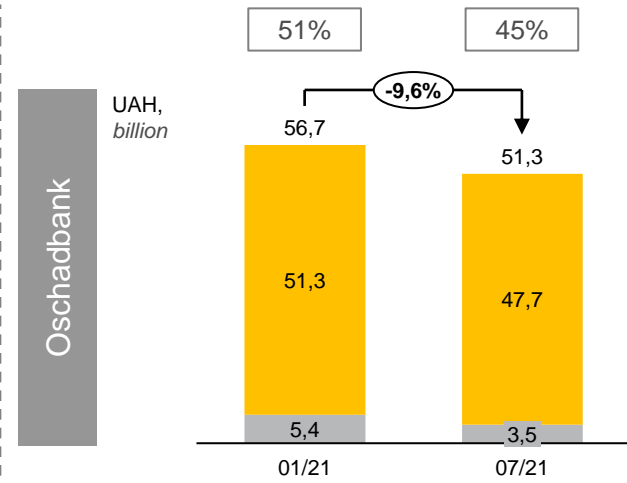


Public sector banks' NPL: current status

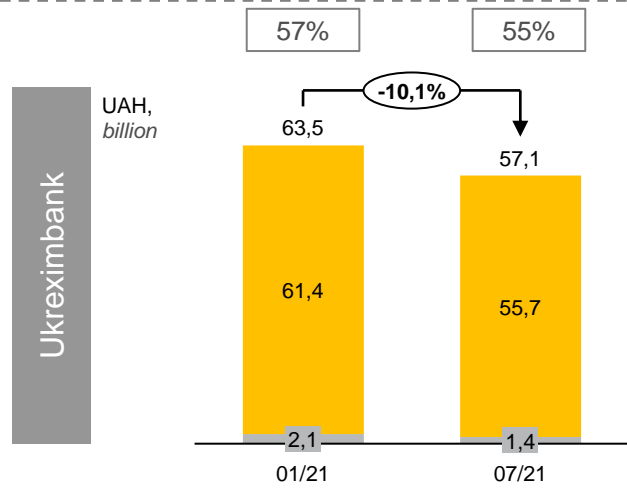
■ Legal entities
■ Private individuals
xx% – share of loan portfolio



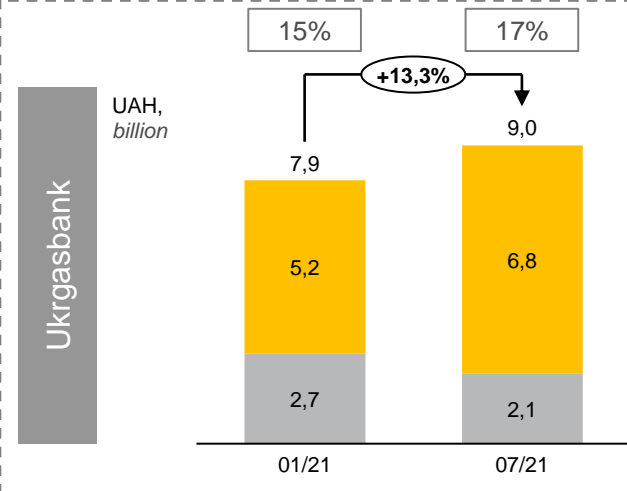
- In the 1st half of 2021 the bank's NPL reduced by 2%, of UAH 4 billion
- NPL constitute 74% of the bank's loan portfolio, which is 2 percentage points less than at the beginning of this year



- In the 1st half of 2021 the bank's NPL reduced by 10%, or UAH 5 bln
- NPL is concentrated in the corporate loan portfolio



- In the 1st half of 2021 the bank's NPL reduced by 10%, or UAH 6 billion
- At present, the bank's loan portfolio is actually composed entirely of corporate loans – 98%
- The main component of the NPL portfolio is loans issued before 2014 and loans in the Autonomous Republic of Crimea



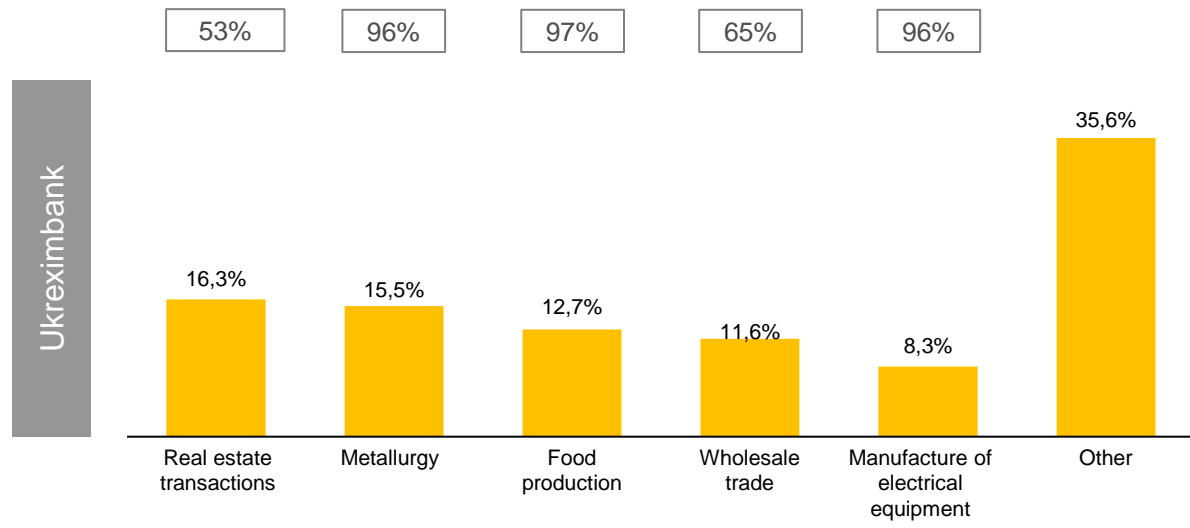
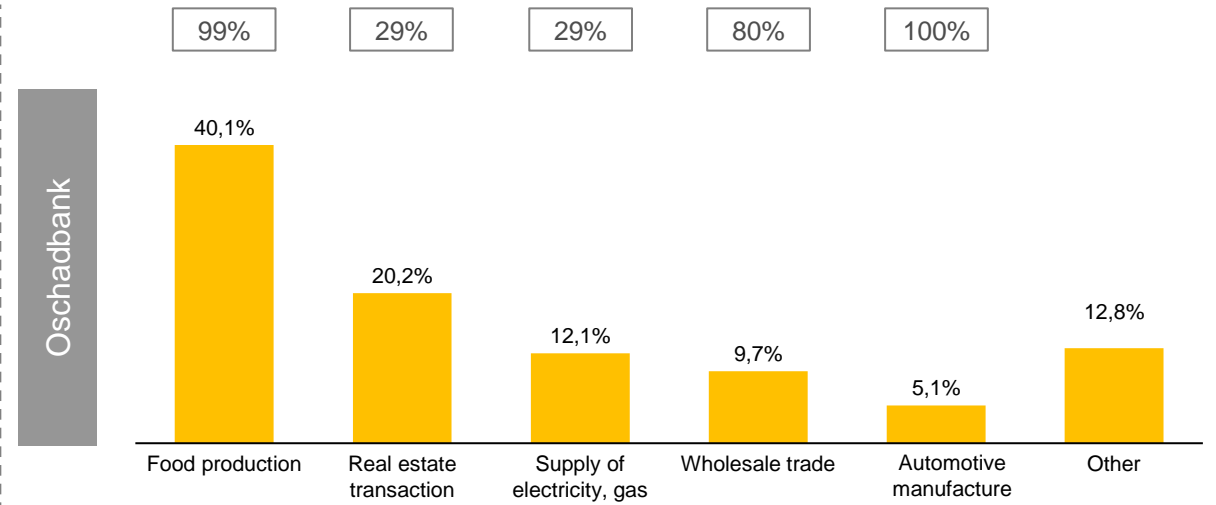
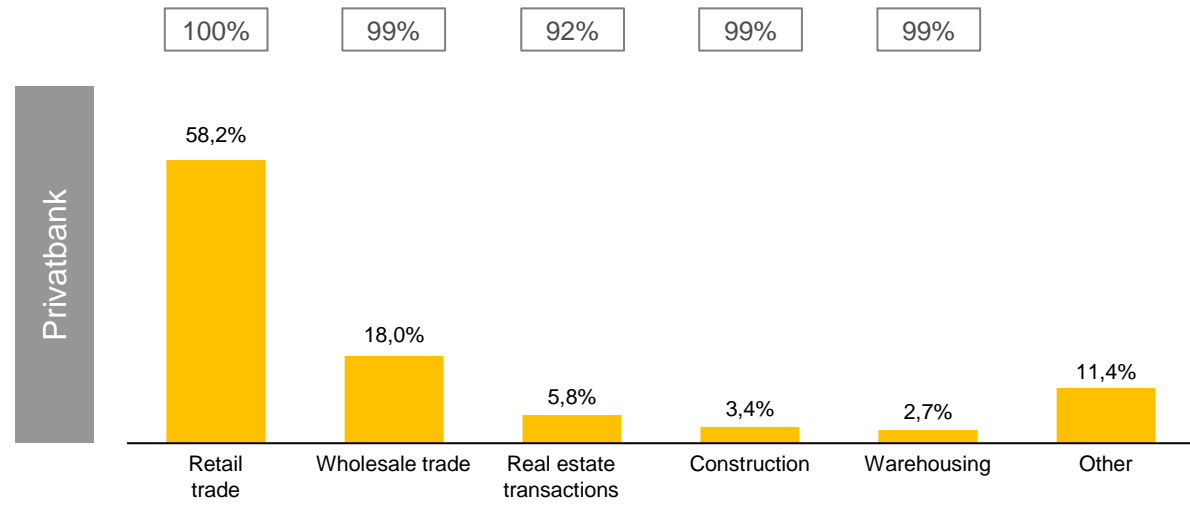
- In the 1st half of 2021 bank's NPL increased by 13%, or UAH 1 billion
- The bank has the smallest amount and share of the NPL portfolio among public sector banks



Corporate NPL by sector of economy

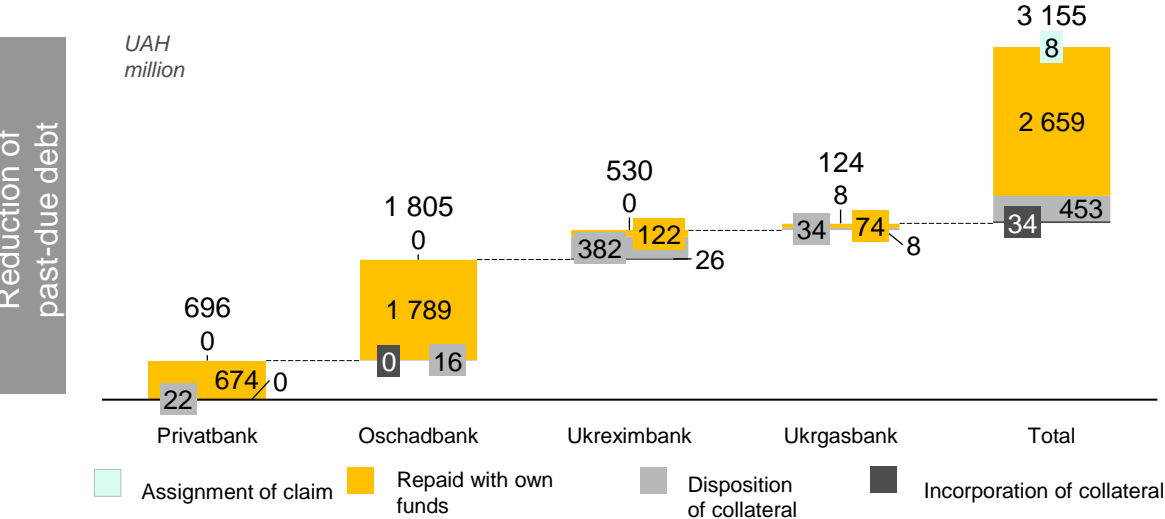
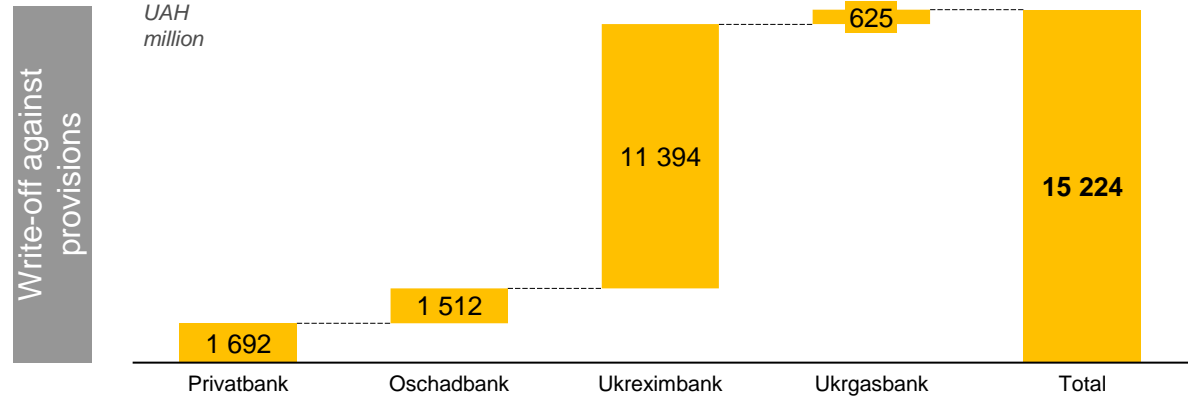
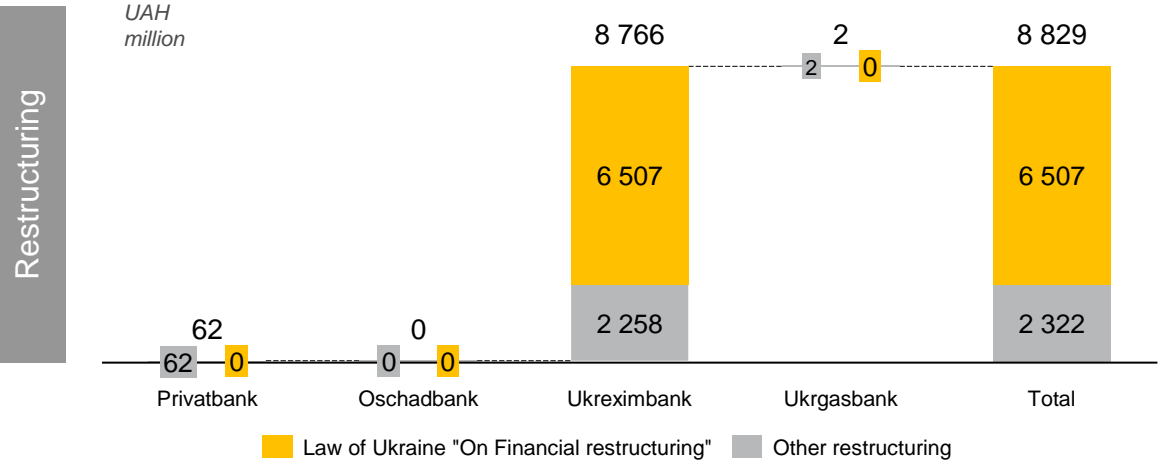
■ Share of the sector in the corporate NPL portfolio

xx% – provision coverage





Public sector banks' NPL: efforts taken in the 1st half of 2021



Litigation

Banks	New lawsuits filed in the 1 st half of 2021		Got court decisions in the 1 st half of 2021		Enforcement proceedings in the 1 st half of 2021		Lawsuits in courts as of 01.07.2021	
	number	UAH, billion	number	UAH, billion	number	UAH, billion	number	UAH, billion
Privatbank	22 343	1,1	44 358	2,1	36 798	4,2	40 171	3,2
Oschadbank	2 275	0,1	2 411	0,1	12 690	1,3	4 923	3,4
Ukreximbank	211	6,1	115	5,4	1 167	21,2	575	24,9
Ukrgasbank	1 191	1,6	829	0,6	739	1,0	2 850	7,7
Total	26 020	8,9	47 713	8,2	51 394	27,7	48 519	39,2

Source: data of Oschadbank, Privatbank, Ukreximbank, Ukrgasbank

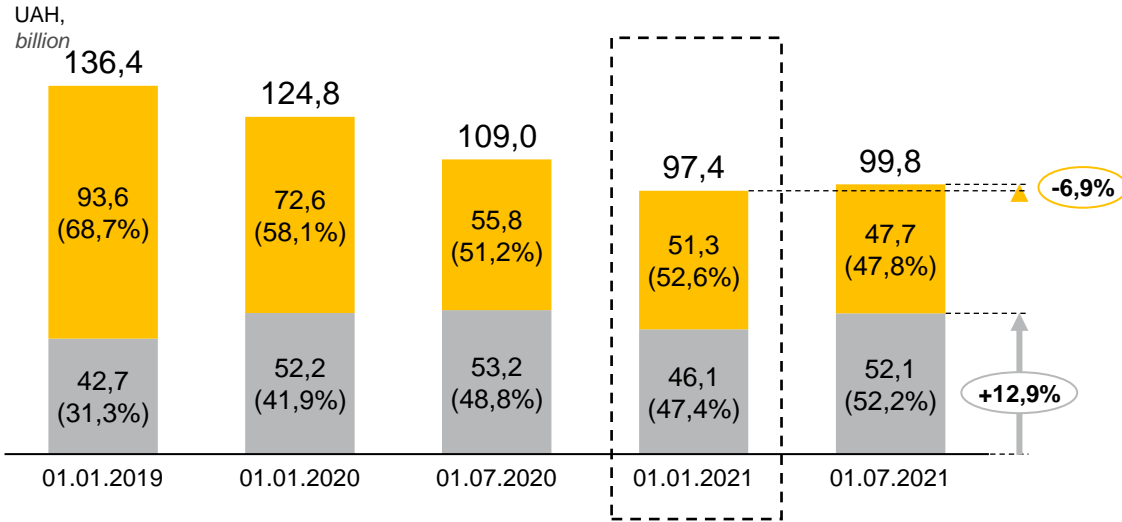


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Oschadbank: corporate loan portfolio

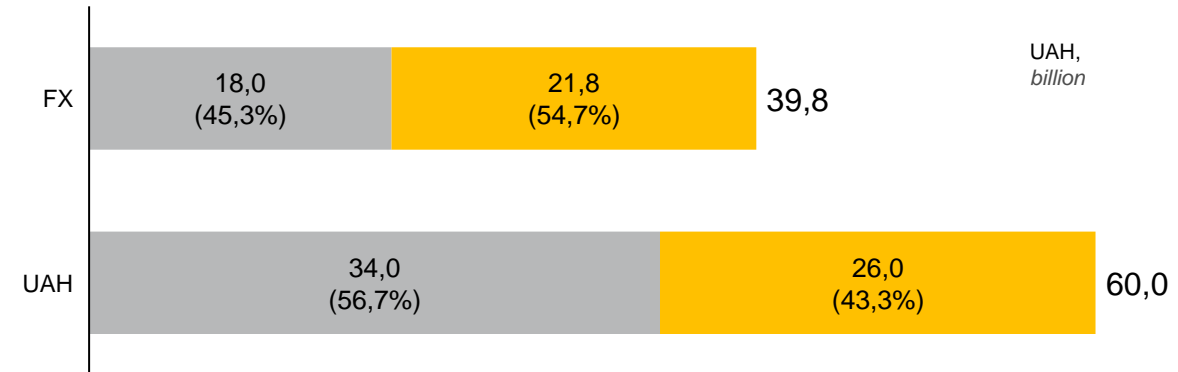
■ Non-performing ■ Performing
 Base of comparison



- As of 01.07.2021 47,8% of the bank's corporate portfolio was non-performing
- In the 1st half of 2021 **the non-performing corporate loan portfolio reduced by 6,9%, or UAH 3,6 billion, to UAH 47,7 billion**
- **Performing corporate loan portfolio increased by 12,9%, or UAH 6,0 billion, to UAH 52,1 billion**
- Credit risk coverage of the non-performing corporate loan portfolio under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **87,7%**

Class ¹ UAH, billion	1	2	3	4	5	6	7	8	9	10
Share of the class	2,6%	1,4%	7,2%	4,8%	1,9%	13,6%	1,7%	2,8%	16,1%	47,8%
Loan portfolio	2,6	1,4	7,2	4,8	1,9	13,5	1,7	2,8	16,1	47,7
Credit risk ²	0,2	0,0	0,1	0,1	0,0	0,5	0,2	0,8	6,9	41,9
Coverage	7,0%	0,5%	1,5%	1,9%	1,2%	3,8%	10,7%	27,7%	42,9%	87,7%

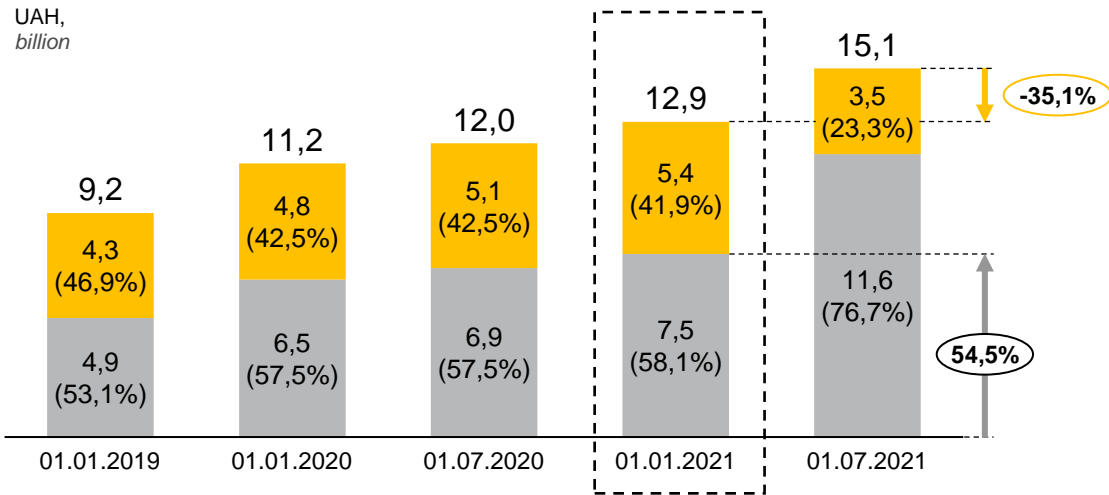
1 – NPL deemed class 10 loans according to NBU Resolution No.351
 2 – estimated exposure at risk under NBU Resolution No





Oschadbank: retail loan portfolio

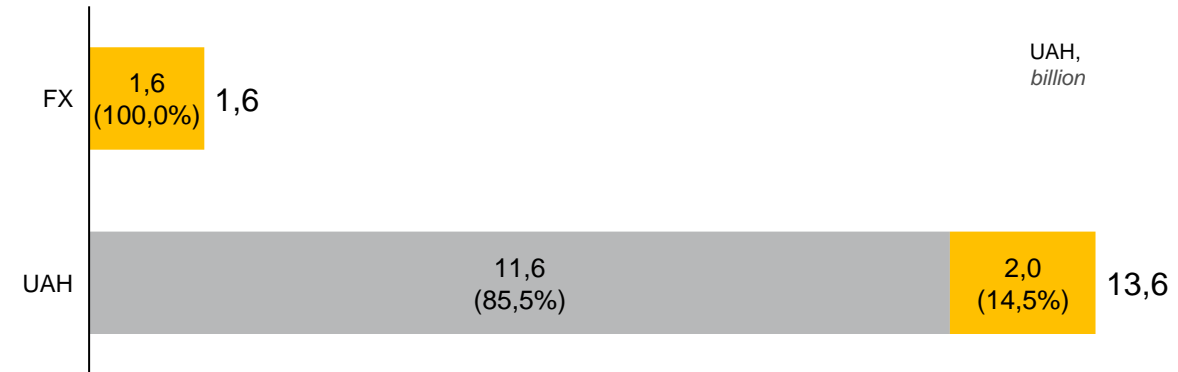
■ Non-performing
 ■ Performing
 Base of comparison



- As of 01.07.2021 the **share of NPL** in the retail loan portfolio made **23,3%**
- In the 1st half of 2021 **non-performing retail loan portfolio reduced by 35,1%**, or **UAH 1,9 billion**, to **UAH 3,5 billion**
- **Performing retail loan portfolio** in the 1st half of 2021 **increased by 54,5%**, or **4,1 billion**, to **UAH 11,6 billion**
- Credit risk **coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) **made 88,5%**

Class ¹ UAH, billion	1	2	3	4	5
Share of the class	73,6%	1,8%	0,7%	0,6%	23,3%
Loan portfolio	11,1	0,3	0,1	0,1	3,5
Credit risk ²	0,9	0,0	0,0	0,0	3,1
Coverage	8,3%	8,6%	33,3%	28,7%	88,5%

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

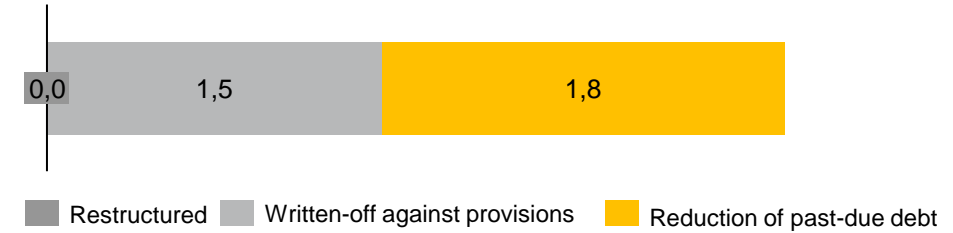
In the 1st half of 2021 past-due debt reduced by **UAH 1,8 billion, o/w:**

- **repayment with own funds – UAH 1,8 billion**
- **disposition of collateral – UAH 15,7 million**

Litigations

	Stage 1		Stage 2		Stage 3	
	Lawsuits filed		Got court decisions		Launched enforcement proceedings	
	number	UAH, billion	number	UAH, billion	number	UAH, billion
2020	7 967	2,7	4 603	3,8	10 897	3,0
1 st half of 2021	2 275	0,1	2 411	0,1	12 690	1,3

Achievements in the 1st half of 2021, UAH billion



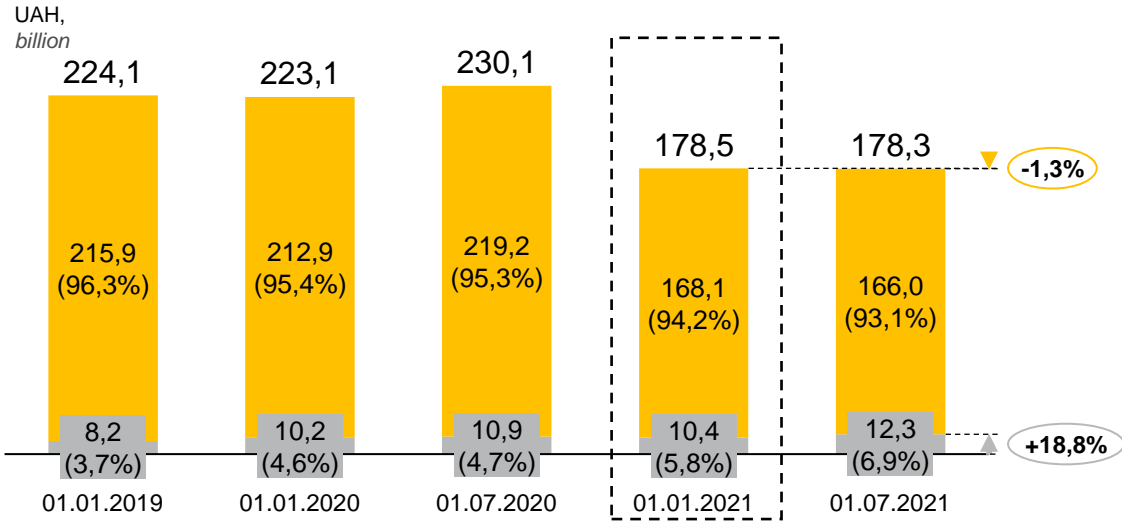


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Privatbank: corporate loan portfolio

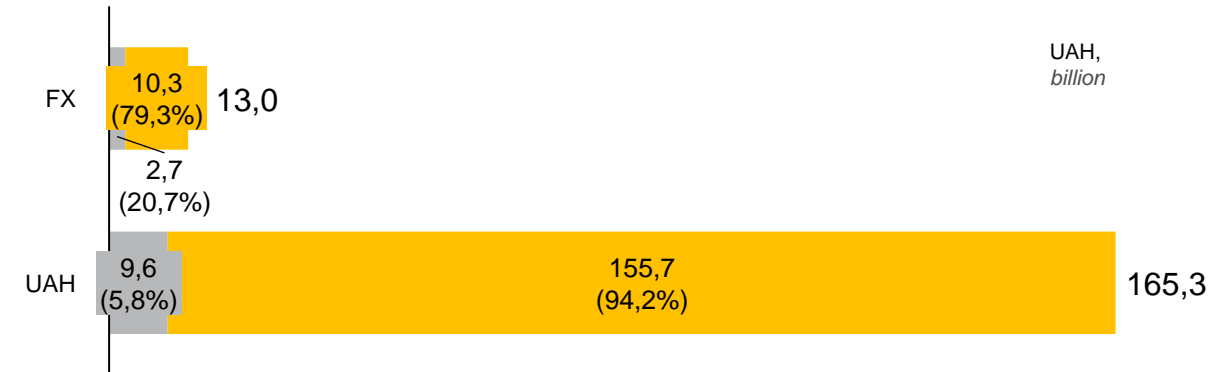
■ Non-performing ■ Performing
 Base of comparison



- **93%**, or **UAH 166 billion** of the corporate loan portfolio is defaulted
- In the 1st half of 2021 **the non-performing corporate loan portfolio reduced by 1,3%**, of UAH 2,1 billion, to **UAH 166,0 billion**
- **Performing corporate loan portfolio** in the 1st half of 2021 **increased by 18,8%**, or UAH 2,0 billion, to **UAH 12,3 billion**
- Credit risk **coverage of the non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **100%**

Class ¹ UAH, billion	1	2	3	4	5	6	7	8	9	10
Share of the class	3,8%	0,7%	1,8%	0,3%	0,1%	0,0%	0,1%	0,0%	0,1%	93,1%
Loan portfolio	6,7	1,2	3,2	0,6	0,2	0,02	0,1	0,01	0,2	166,0
Credit risk ²	0,4	0,01	0,1	0,01	0,004	0,002	0,001	0,003	0,03	165,9
Coverage	5,9%	1,1%	4,6%	1,6%	2,4%	8,4%	0,9%	28,2%	12,4%	100,0%

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

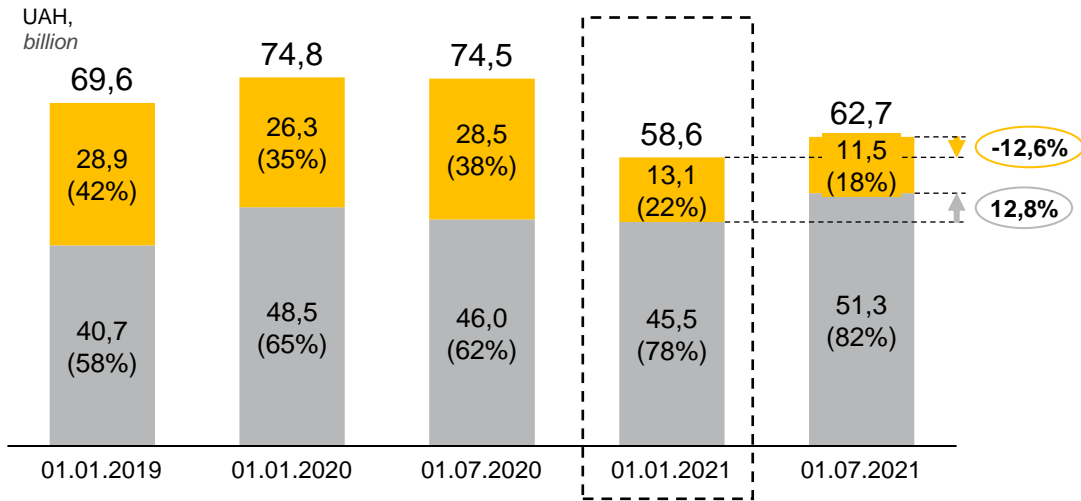




Privatbank: retail loan portfolio

■ Non-performing ■ Performing

□ Base of comparison

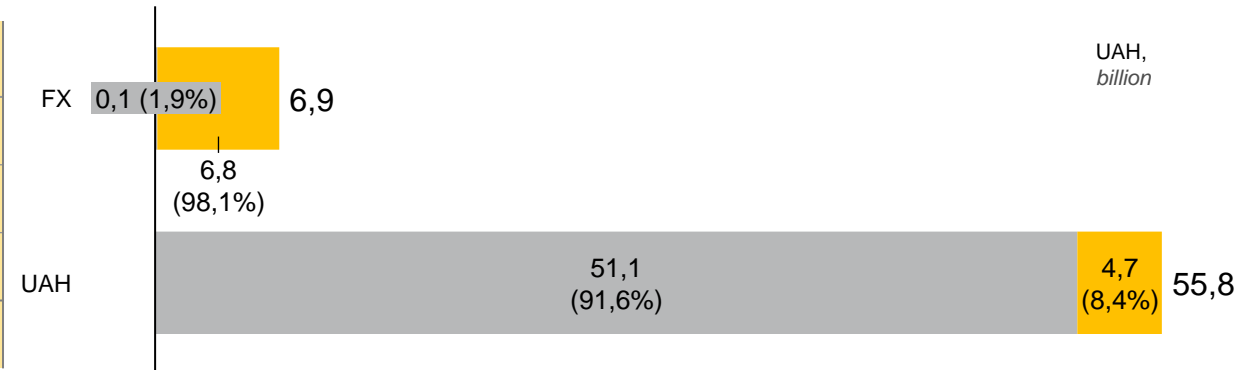


- As of 01.07.2021 the **share of NPL** in the retail loan portfolio made **18%**
- In the 1st half of 2021 **non-performing retail loan portfolio reduced** by 12,6%, or **UAH 1,7 billion**, to **UAH 11,5 billion**
- **Performing retail loan portfolio** in the 1st half of 2021 **increased** by 12,8%, or **UAH 5,8 billion**, to **UAH 51,3 billion**
- Credit risk **coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) **made 97,4%**

Class ¹ UAH,billion	1	2	3	4	5
Share of the class	80,9%	0,6%	0,0%	0,3%	18,3%
Loan portfolio	50,7	0,4	0,02	0,2	11,5
Credit risk ²	0,9	0,04	0,01	0,1	11,2
Coverage	1,8%	12,4%	29,9%	61,0%	97,4%

1 – NPL deemed class 5 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 2021 **past-due debt reduced only** by **UAH 0,7 billion**, o/w :

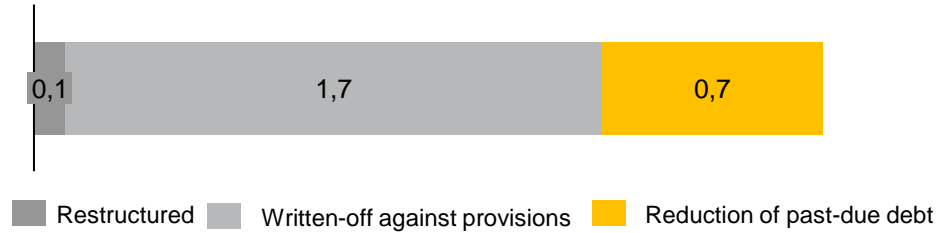
- **repayment with own funds – UAH 0,67 billion**
- **disposition of collateral – UAH– 21,7 billion**

UAH 61,5 million of problem debt was restructured

Litigations

	Stage 1		Stage 2		Stage 3	
	Lawsuits filed		Got court decisions		Launched enforcement proceedings	
	number	UAH, billion	number	UAH, billion	number	UAH, billion
2020	84 206	8,3	93 555	5,6	87 597	27,5
1 st half of 2021	22 343	1,1	44 358	2,1	36 798	4,2

Achievements in the 1st half of 2021, UAH million





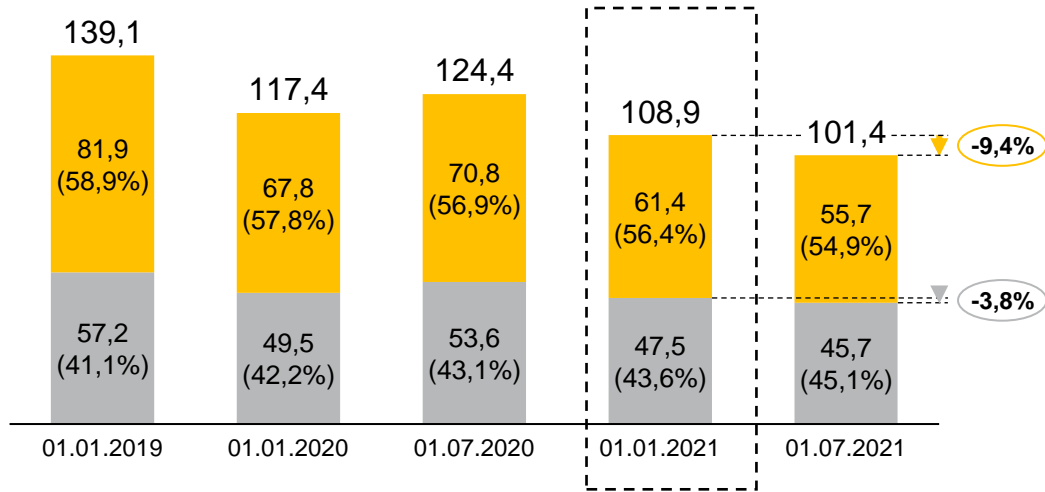
1	General overview	2
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Ukreximbank: corporate loan portfolio

■ Non-performing
 ■ Performing
 Base of comparison

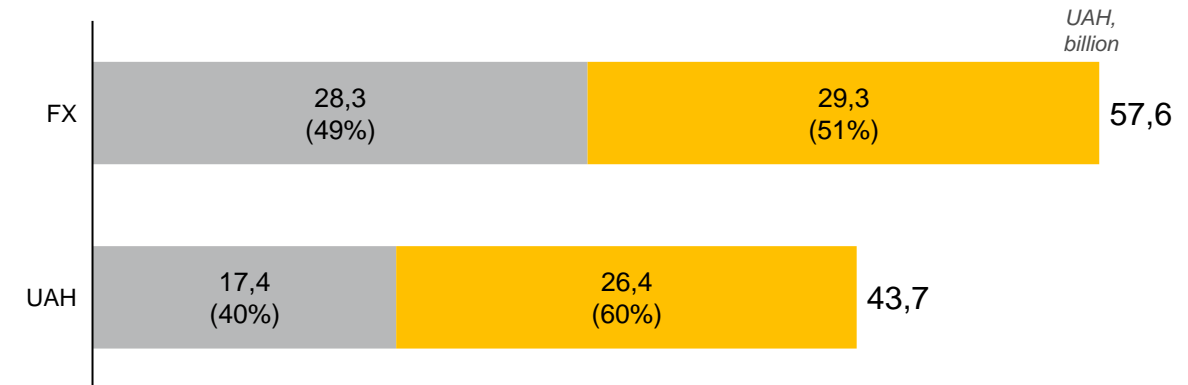
UAH,
billion



- As of July 01, 2021 **54,9%** of corporate loan portfolio consisted of NPL
- In the 1st half of 2021 **the non-performing corporate loan portfolio reduced by 9,4%**, or UAH 5,8 billion, to UAH 55,7 billion
- **Performing corporate loan portfolio reduced by 3,8%**, or UAH 1,8 billion, to UAH 45,7 billion
- Credit risk coverage of non-performing retail loan portfolio under NBU Resolution No.351 (provisions under IFRS + capital coverage) **made 82,5%**

Class ¹ UAH, billion	1	2	3	4	5	6	7	8	9	10
Share of the class	5,2%	3,4%	7,1%	8,0%	2,9%	6,3%	0,1%	0,8%	11,4%	54,9%
Loan portfolio	5,3	3,4	7,2	8,1	3,0	6,4	0,1	0,8	11,5	55,7
Credit risk ²	0,1	0,0	0,1	0,2	0,0	0,0	0,0	0,2	3,7	45,9
Coverage	1,1%	1,2%	1,4%	2,1%	0,6%	0,3%	1,3%	21,6%	31,9%	82,5%

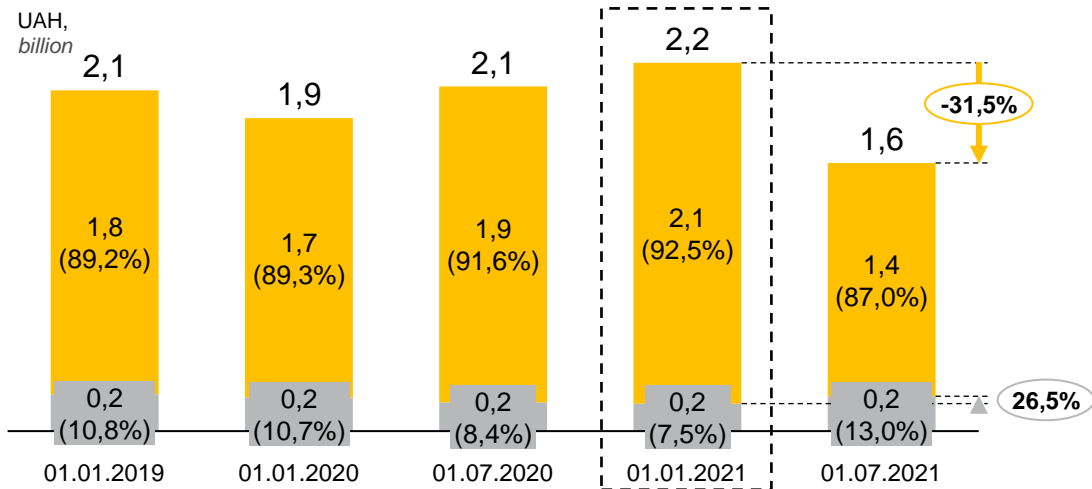
1 – NPL deemed class 5 according to NBU Resolution No.351
 2 – estimated exposure at risk under NBU Resolution No.351





Ukreximbank: retail loan portfolio

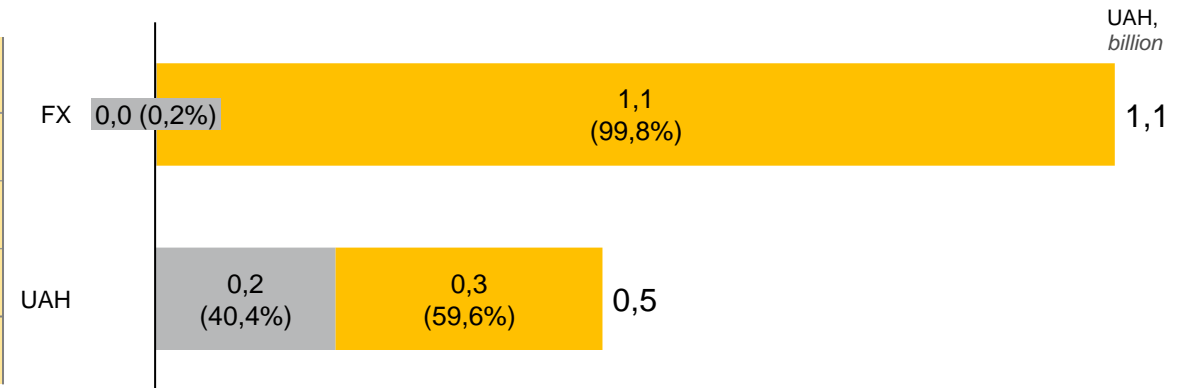
■ Non-performing ■ Performing
 Base of comparison



- As of 01.07.2021 **share of NPL** in the retail loan portfolio made **87,0%**
- In the 1st half of 2021 **non-performing retail loan portfolio** reduced by **31,5%**, or **UAH 0,7 billion**, to **UAH 1,4 billion**
- In the 1st half of 2021 **performing retail loan portfolio** increased by **26,5%**, or **UAH 44 million**, 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 99,9%**

Class ¹	1	2	3	4	5
UAH, billion					
Share of the class	6,4%	4,5%	2,0%	0,1%	87,0%
Loan portfolio	0,1	0,1	0,03	0,0	1,4
Credit risk ²	0,0	0,0	0,0	0,0	1,4
Coverage	13,3%	13,3%	17,0%	40,8%	99,9%

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 2021 **past-due debt reduced by UAH 530 million, o/w:**

- **repayment with own funds – UAH 122 million**
- **disposition of collateral – UAH 382 million**
- **incorporation of collateral into the bank`s balance sheet – UAH 26 million**

UAH 8,8 billion of problem debt was restructured, of which **UAH 6,5 billion** - under the Law of Ukraine "On Financial Restructuring"

Restructured in the 1st half of 2021 under the Law of Ukraine «On Financial Restructuring»

Debtor company:

- «TRADE_AND_PRODUCTION COMPANY «FIRST PRIVATE BREWERY «FOR PEOPLE-AS FOR MYSELF!»» LTD
- PJSC «BEER – NONALCOHOL COMPANY«RADOMYSHL»
- «INTERNATIONAL BUISNESS CENTER» LTD

Achievements in the 1st half of 2021, UAH million



Litigations

	Stage 1		Stage 2		Stage 3	
	Lawsuits filed		Got court decisions		Launched enforcement proceedings	
	number	UAH, billion	number	UAH, billion	number	UAH, billion
2020	593	18,5	417	12,5	952	18,3
1 st half of 2021	211	6,1	115	5,4	1 167	21,2

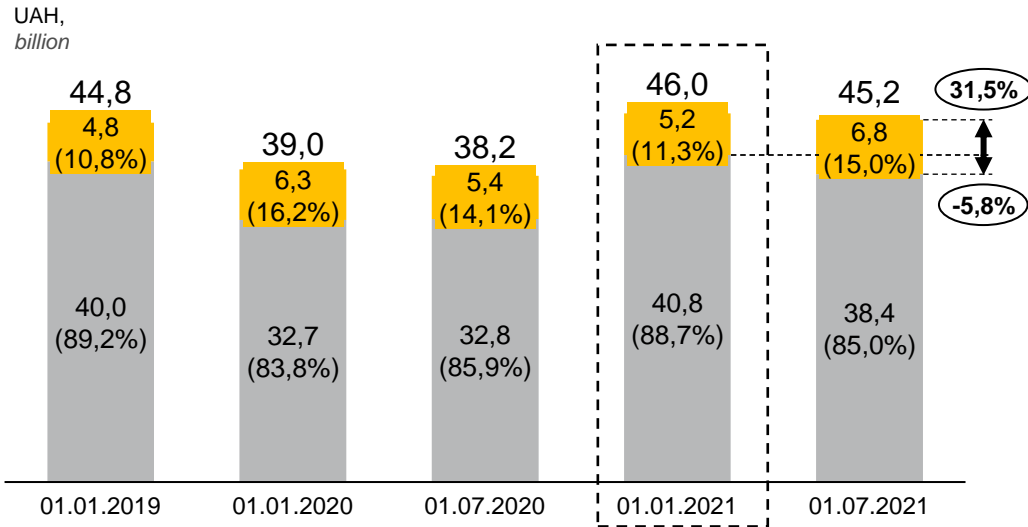


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UkrGasbank: corporate loan portfolio

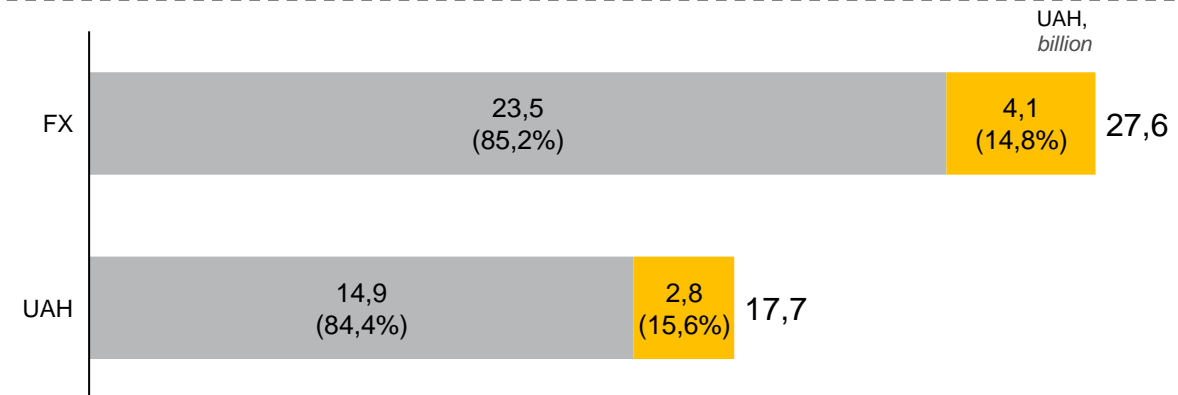
■ Non-performing
 ■ Performing
 Base of comparison



- In the 1st half of 2021 the non-performing corporate loan portfolio increased by 31,5%, or UAH 1,6 billion, to UAH 6,8 billion
- Performing corporate loan portfolio reduced by 5,8%, or UAH 2,4 billion, to UAH 38,4 billion
- Credit risk coverage of non-performing retail loan portfolio under NBU Resolution No.351 (provisions under IFRS + capital coverage) made 57,7%

Class ¹ UAH, billion	1	2	3	4	5	6	7	8	9	10
Share of the class	3,7%	6,2%	12,4%	21,0%	6,0%	12,3%	2,3%	0,2%	20,8%	15,1%
Loan portfolio	1,7	2,8	5,6	9,5	2,7	5,5	1,0	0,1	9,4	6,8
Credit risk ²	0,0	0,0	0,1	0,1	0,1	0,2	0,0	0,0	0,7	3,9
Coverage	1,0%	0,9%	1,6%	1,4%	2,5%	3,1%	0,4%	10,5%	7,3%	57,7%

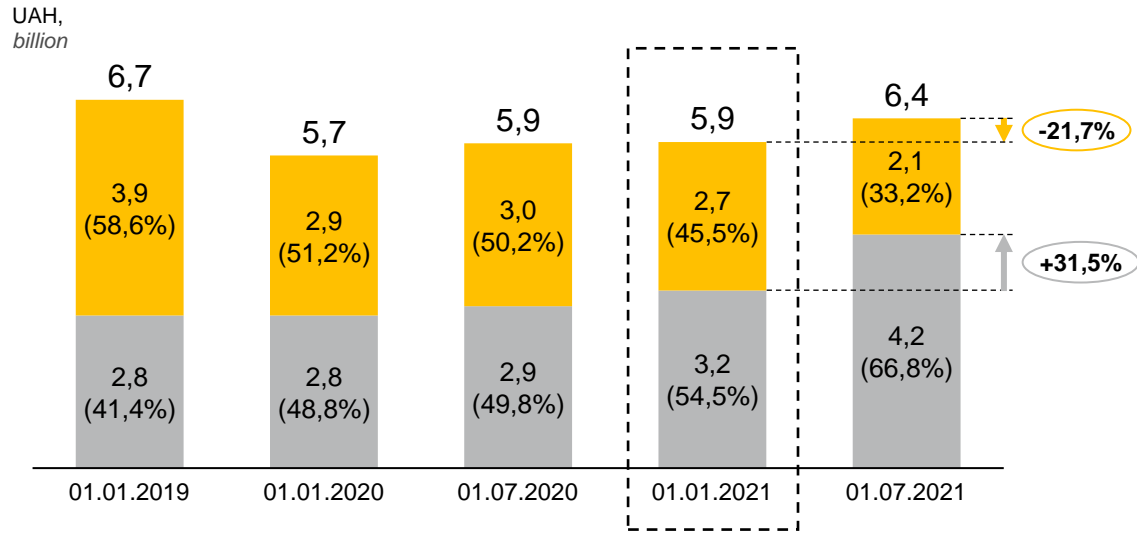
1 – NPL deemed class 5 according to NBU Resolution No.351
 2 – estimated exposure at risk under NBU Resolution No.351





UkrGasbank: retail loan portfolio

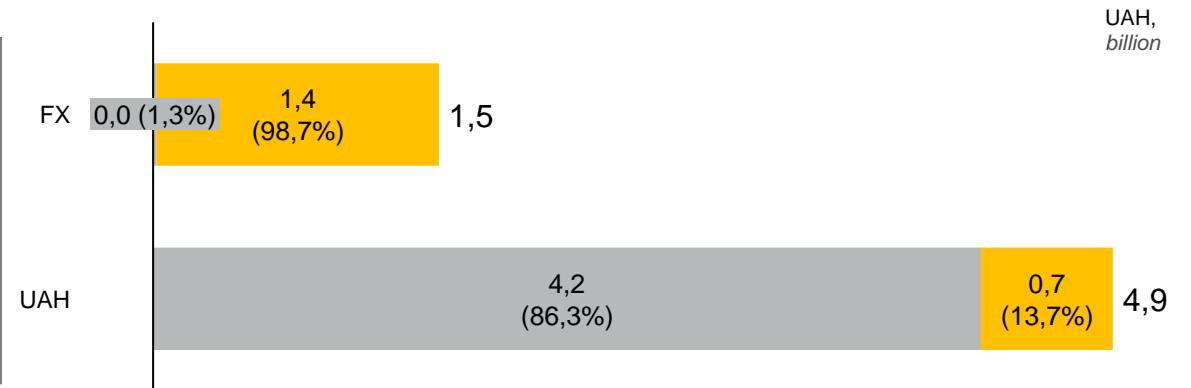
■ Non-performing
 ■ Performing
 Base of comparison



- As of 01.07.2021 the share of NPL in the retail loan portfolio made 33,2%
- In the 1st half of 2021 **the non-performing retail loan portfolio reduced by 21,7%, or UAH 0,6 billion, to UAH 2,1 billion**
- **Performing retail loan portfolio increased by 31,5%, or UAH 1,0 billion, to UAH 4,2 billion**
- Credit risk **coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) **made 86,0%**

Class ¹ UAH, billion	1	2	3	4	5
Share of the class	64,8%	1,1%	0,5%	0,4%	33,2%
Loan portfolio	4,1	0,1	0,0	0,0	2,1
Credit risk ²	0,0	0,0	0,0	0,0	1,8
Coverage	0,7%	4,5%	32,0%	62,6%	86,0%

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

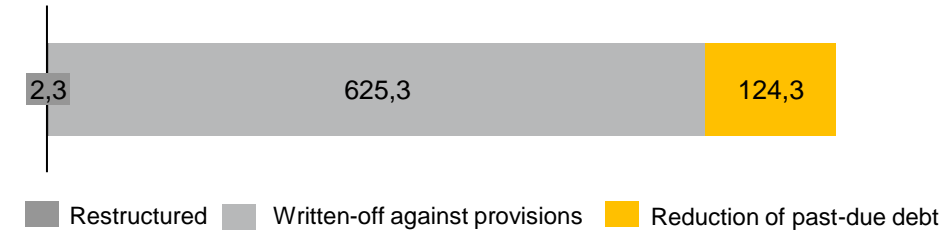
In the 1st half of 2021 **past-due debt reduced by UAH 124 million, o/w :**

- **repayment with own funds – UAH 74 million**
- **disposition of collateral – UAH 34 million**
- **incorporation of collateral into the bank`s balance sheet – UAH 8 million**
- **Assignment of the right of claim - UAH 8 million**

Litigations

	Stage 1		Stage 2		Stage 3	
	Lawsuits filed		Got court decisions		Launched enforcement proceedings	
	number	UAH, billion	number	UAH, billion	number	UAH, billion
2020	1 761	1,3	1 505	1,0	2 019	2,1
1 st half of 2021	1 191	1,6	829	0,6	739	1,0

Achievements in the 1st half of 2021, UAH million





Parameters of data presentation on slides 6,10,14,18,22

- 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

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- 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.