



MINISTRY OF
FINANCE OF
UKRAINE

STATE-OWNED BANKS

NON-PERFORMING LOANS STATUS AND RESOLUTION REPORT

(II HALF 2022)



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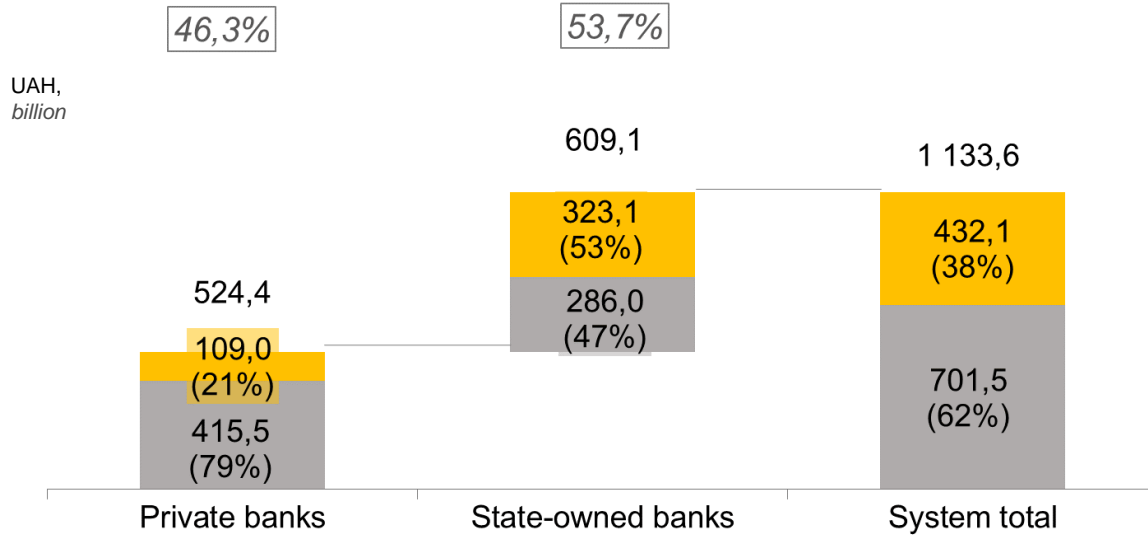


Status of the banking sector loan portfolio

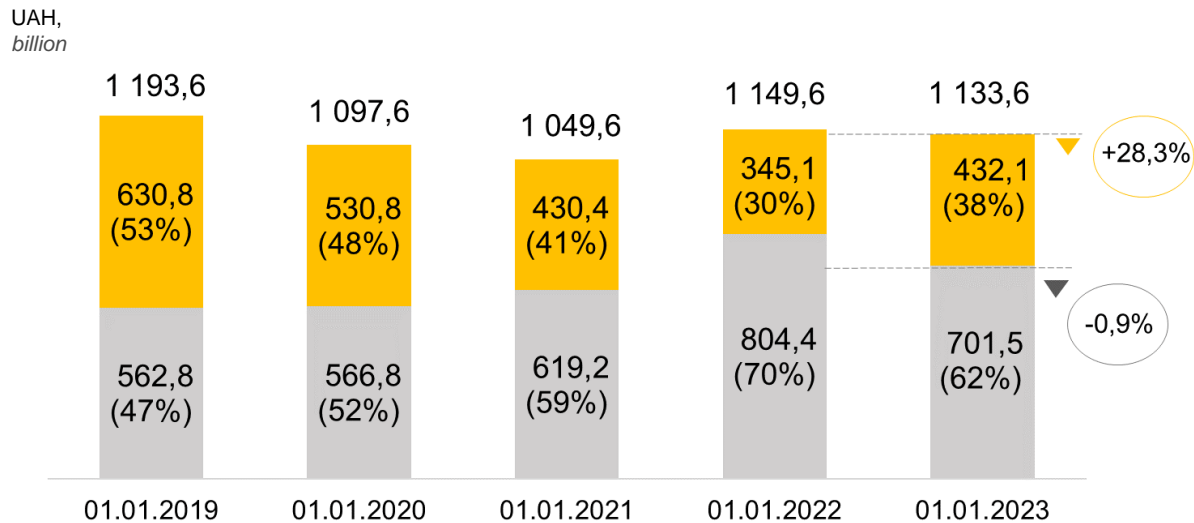
■ Non-performing
 ■ Performing

xx% – share of the sector in the banking system

Current status



Change

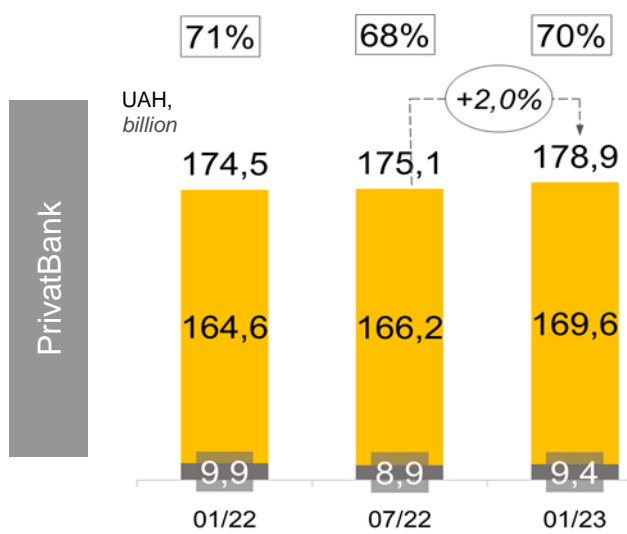


- In the IInd half of 2022 Ukrainian **banking system total NPL** increased by 27.3%, or by UAH 92.6 billion, and equaled **UAH 432.1 billion** as of January 01, 2023.
- The share of NPL in total loan portfolio of the Ukrainian banks increased from 29.7% to **38.1%** during the reporting period.
- As of January 01, 2023 more than 74% (**UAH 323.1 billion**) of the total NPL was accumulated by **public sector banks**.
- In the reporting period **the NPL portfolio of public sector banks increased by 17.4% or UAH 47.8 billion**.
- Simultaneously, the performing loans granted by the public sector banks grew by 9.9% or UAH 31.3 billion.
- This led to the reduction of **the NPL share in the loan portfolio of public sector banks** from 46.5% on July 01, 2022 to **53.0%** on January 01, 2023.

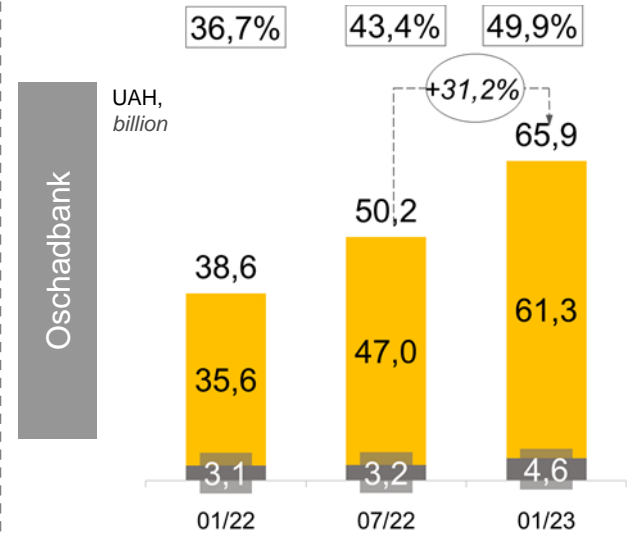


Public sector banks' NPL: current status

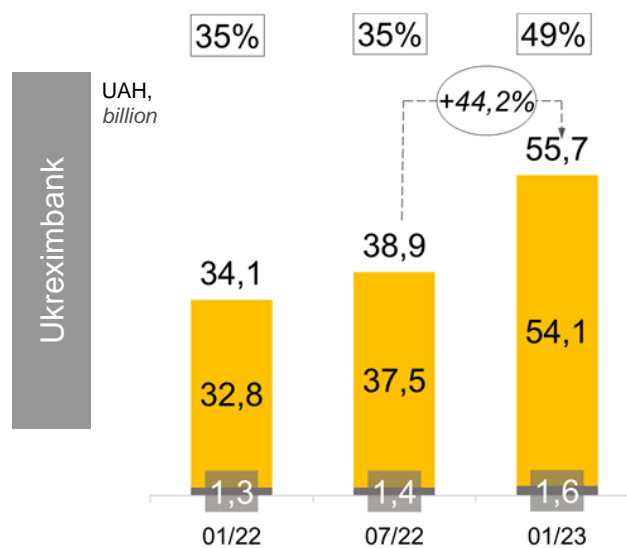
■ Legal entities ■ Private individuals
xx% – share of loan portfolio



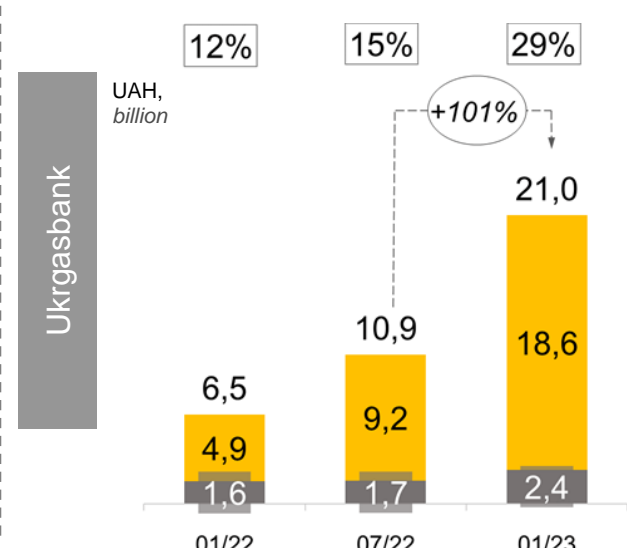
- In the IInd half of 2022 PrivatBank's **NPL** increased by 2.0%, or UAH 3.8 billion, to the total of **UAH 178.9 billion**.
- The bank's NPL level** in the IInd half of the year, alongside the outpacing growth rates of the performing loan portfolio (by 1.9%, or UAH 4.9 billion) increased by 2.8 percentage points to **70.4%**.
- 94% of the NPL portfolio consists of loans to legal entities.



- In the reporting period the Oschadbank's **NPL** increased by 31.2%, or UAH 15.7 billion, to **UAH 65.9 billion**.
- The bank's NPL level** grew by 6.5 percentage points to **49.9%**.
- NPL are concentrated almost entirely in the corporate loan portfolio (93%).



- In the IInd half of the current year Ukreximbank's **NPL** increased by 44.2%, or UAH 16.8 billion, to **UAH 55.7 billion**.
- The bank's NPL level** in the IInd half of the year increased by 13.6 percentage points to **48.6%**.
- The main component of the NPL portfolio is loans granted to legal entities before 2014 and loans in the Autonomous Republic of Crimea (97%).

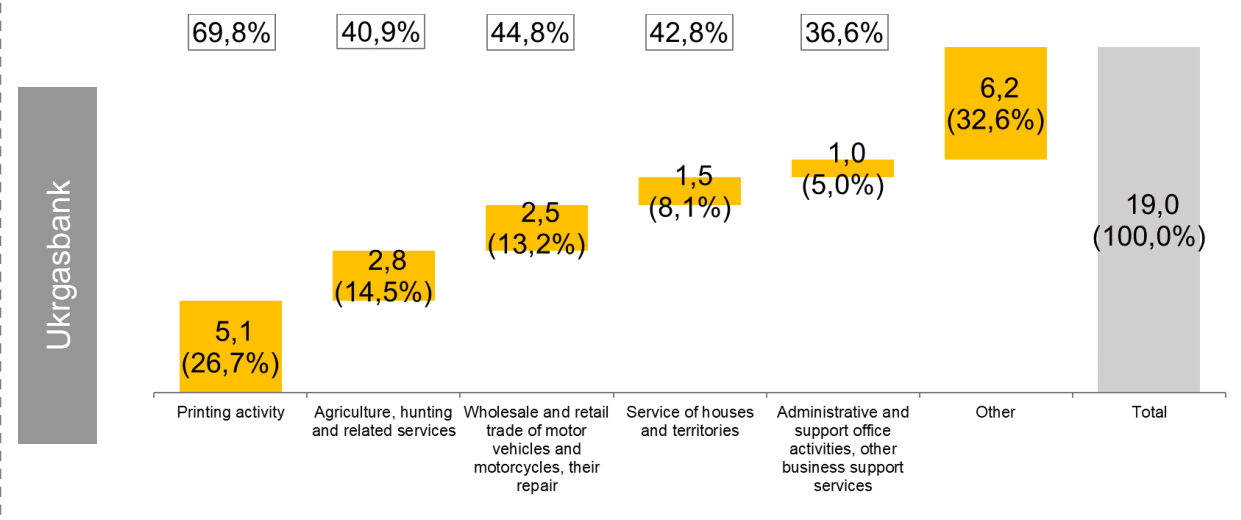
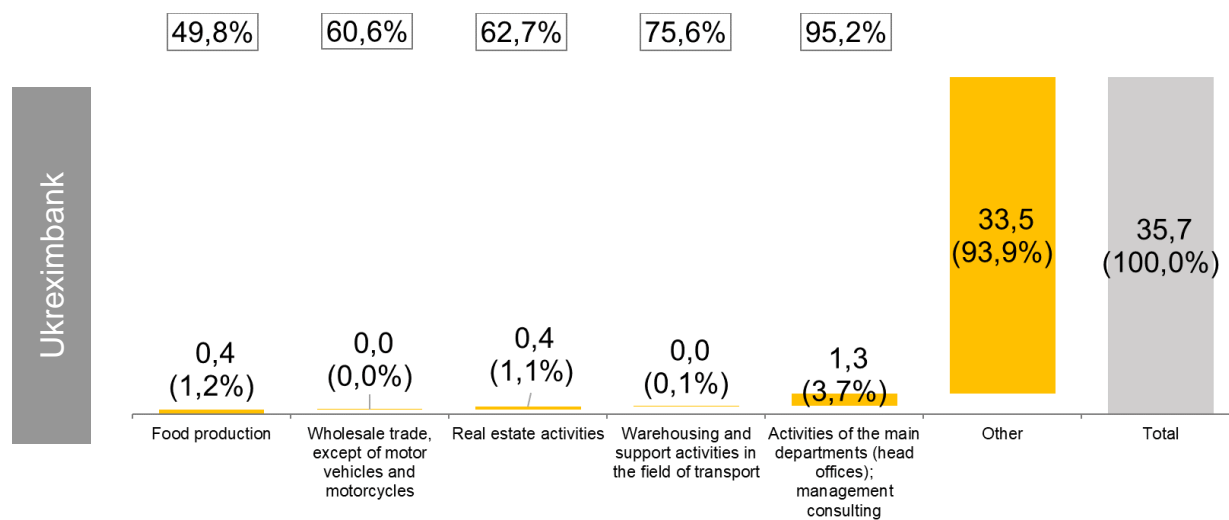
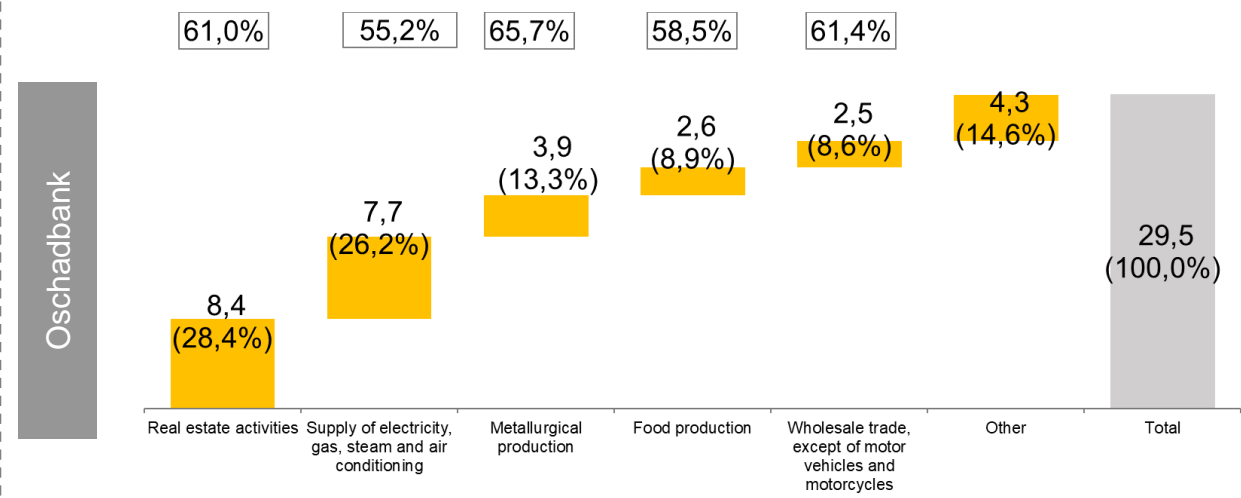
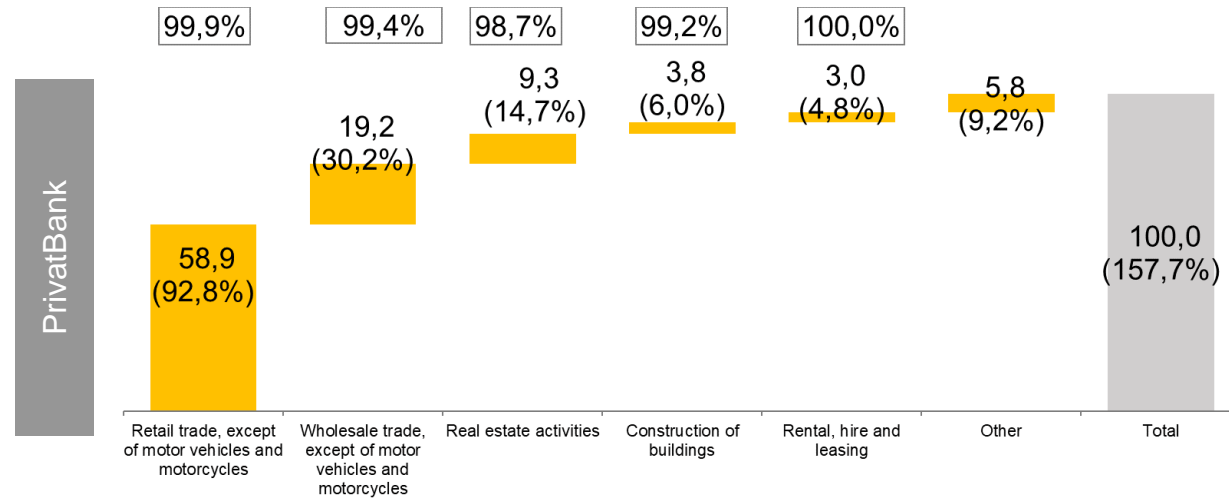


- In the IInd half of 2022 the UkrGasbank's **NPL** increased by 101%, or UAH 10.2 billion, to **UAH 21.0 billion**.
- The bank's NPL level** grew by 13.5 percentage points to **28.9%**.
- The bank has the smallest amount and share of the NPL portfolio among public sector banks.



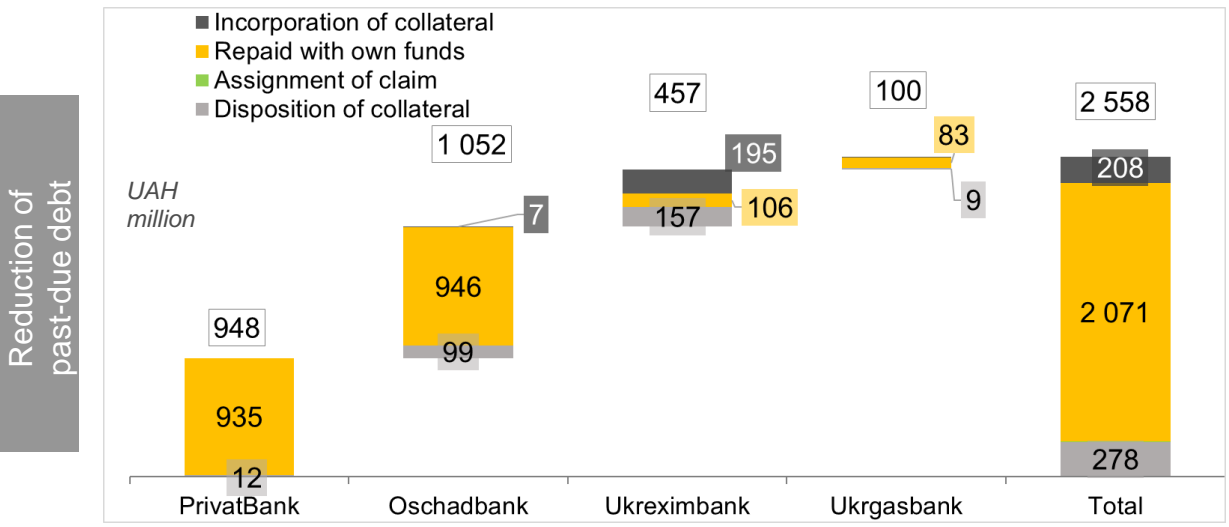
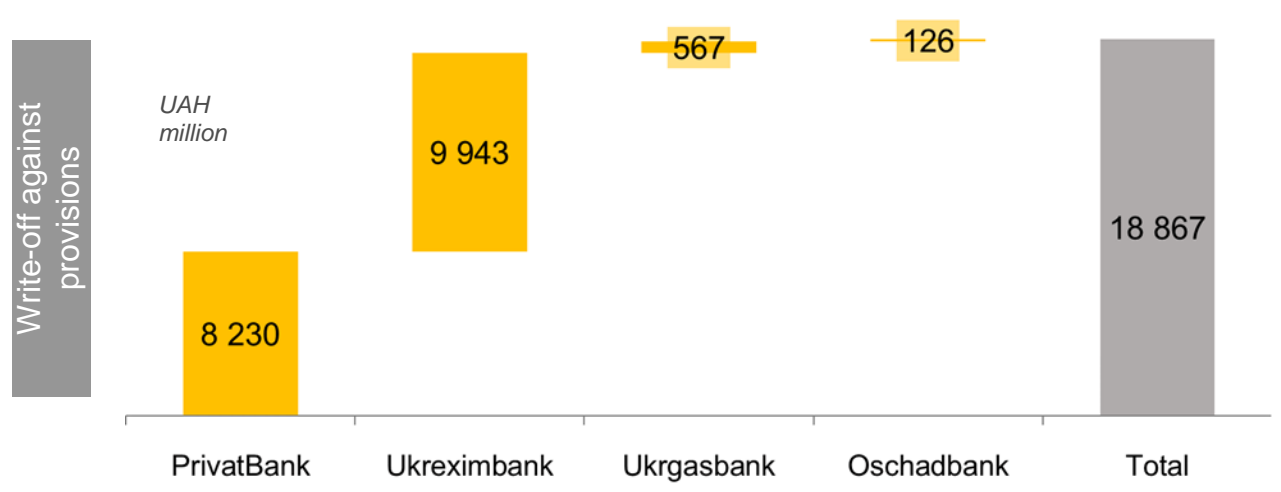
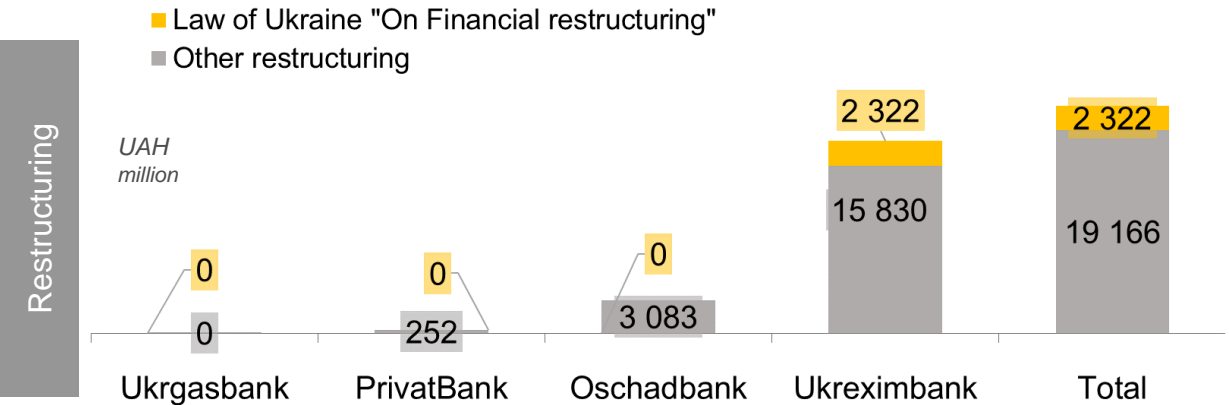
Corporate NPL by sector of economy

Share of the sector in the corporate NPL portfolio, UAH *billion*
 xx% – provision coverage





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



Litigation

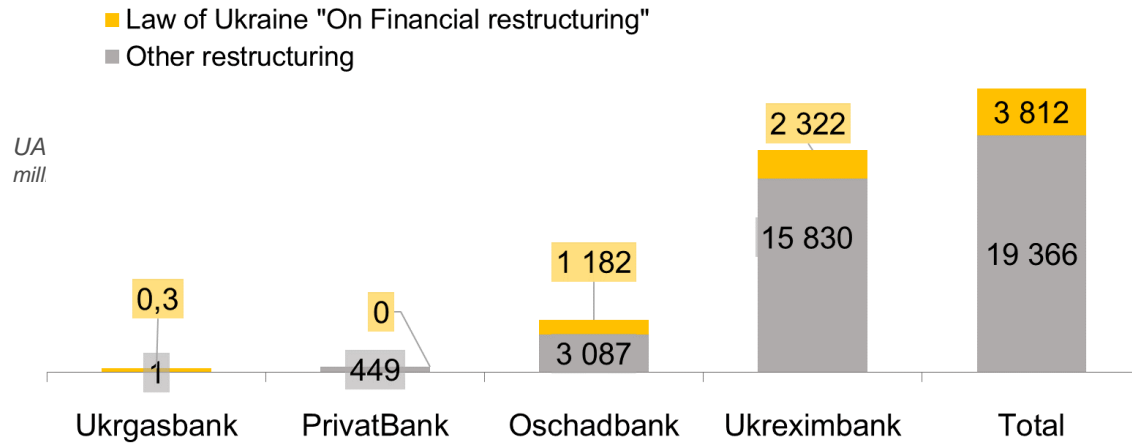
Banks	New lawsuits filed in the I st half of		Got court decisions in the II nd half of 2022		Enforcement proceedings in the II nd half of		Lawsuits in courts as of 01.01.2023	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
PrivatBank	5,1	0,6	8,5	0,6	16,6	4,9	17,7	2,6
Oschadbank	0,8	0,1	1,0	0,0	2,3	0,4	4,1	3,6
Ukreximbank	0,0	4,7	0,0	0,4	0,3	17,7	0,5	37,2
Ukrgasbank	2,0	6,0	0,7	0,9	0,6	0,4	4,5	6,4
Total	7,9	11,3	10,0	1,9	19,8	23,4	26,8	49,7

Source: data of Oschadbank, PrivatBank, Ukreximbank, Ukrgasbank

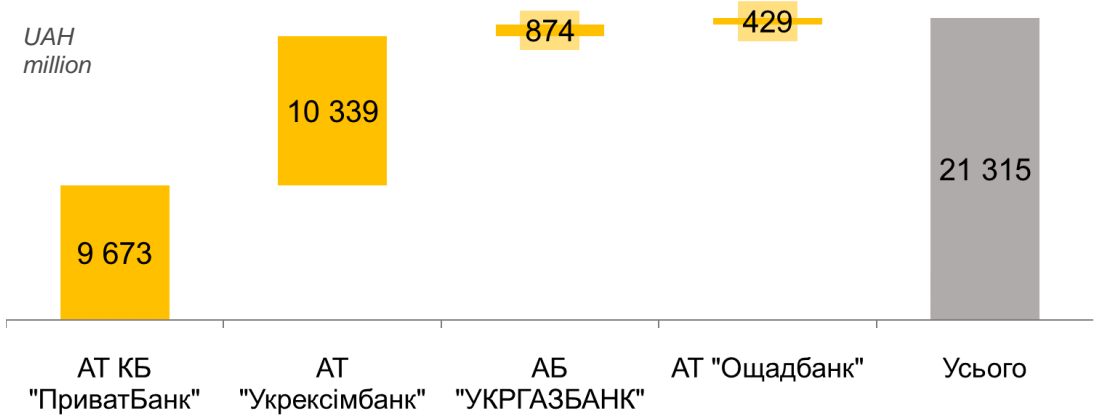


Public sector banks' NPL: total efforts taken total in 2022

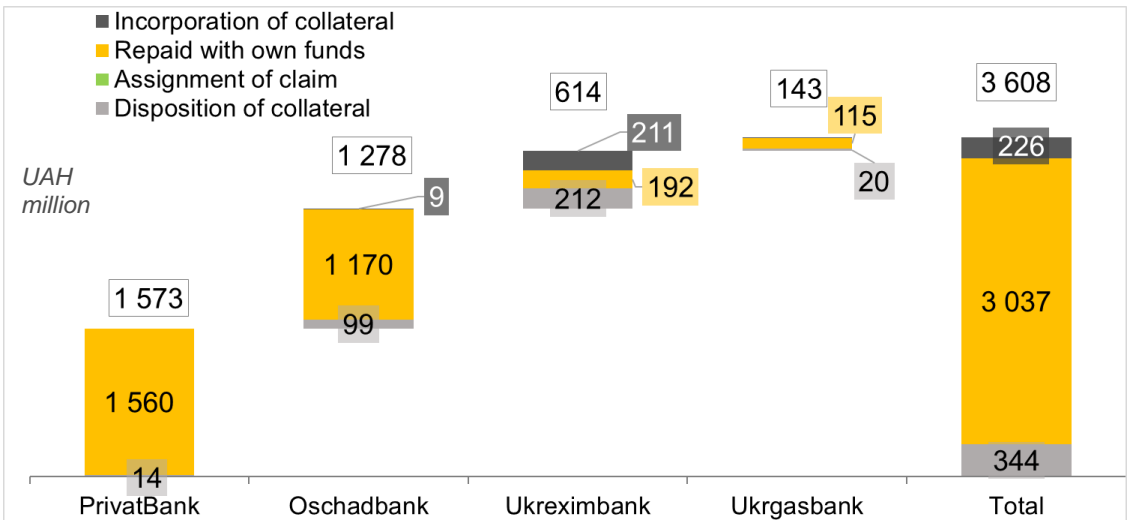
Restructuring



Write-off against provisions



Reduction of past-due debt



Litigation

Banks	New lawsuits filed in the II st half of		Got court decisions in the II st half of 2022		Enforcement proceedings in the II st half of		Lawsuits in courts as of 01.01.2023	
	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion	number, thsd	UAH, billion
PrivatBank	11,2	1,1	16,8	1,0	27,0	12,9	17,7	2,6
Oschadbank	1,6	0,1	2,4	0,2	18,8	2,0	4,1	3,6
Ukreximbank	0,0	4,7	0,0	12,7	0,3	17,7	0,5	37,2
UkrGasbank	0,7	0,2	0,4	0,3	1,4	1,0	2,0	6,4
Total	13,4	6,0	19,7	14,3	47,5	33,5	24,4	49,7

Source: data of Oschadbank, PrivatBank, Ukreximbank, UkrGasbank



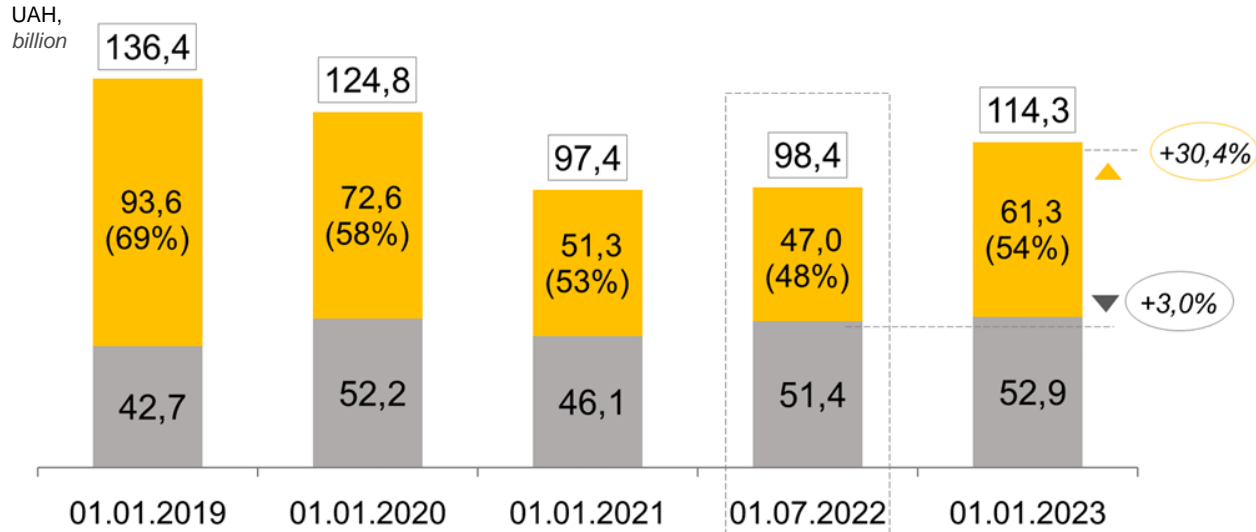
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Oschadbank: corporate loan portfolio

■ Non-performing
 ■ Performing

 Base of comparison

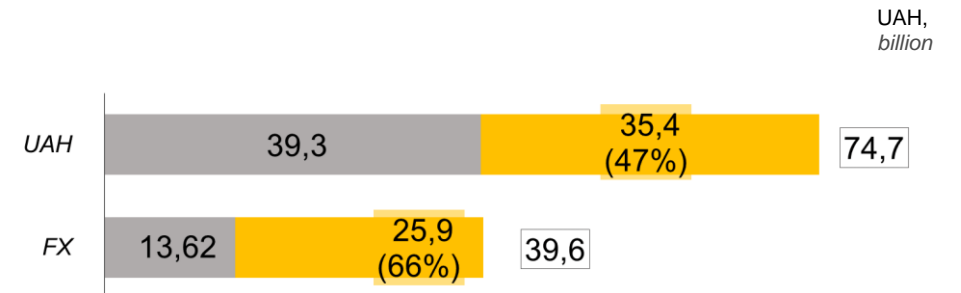


- In the IIst half of 2022 the **non-performing corporate loan portfolio increased** by 30.4%, or UAH 14.3 billion, to **UAH 61.3 billion**.
- **NPL share** in the total corporate loan portfolio grew by 5.9 percentage points to **54%**.
- **Performing corporate loan portfolio** in the Ist half of 2022 **increased** by 3.0%, or UAH 1.5 billion, to **UAH 52.9 billion**.
- **Credit risk coverage of the non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **79.8%**

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	5,2	4,0	4,8	15,5	5,2	6,7	1,1	7,0	3,5	61,3
Share of the class	4,5%	3,5%	4,2%	13,6%	4,6%	5,9%	0,9%	6,1%	3,0%	53,7%
Credit risk, UAH billion (2)	0,3	0,0	0,0	0,4	0,1	0,0	0,1	0,9	1,4	48,9
Coverage	6,7%	0,5%	1,0%	2,5%	2,6%	0,2%	5,0%	13,0%	41,6%	79,8%

(1) – NPL deemed class 10 loans according to NBU Resolution No.351

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

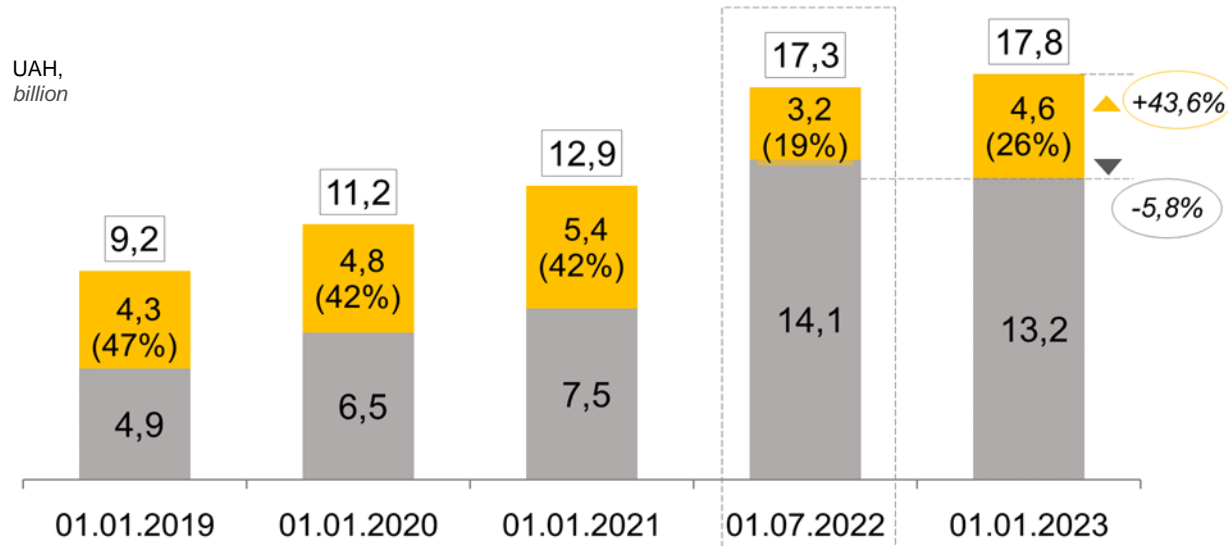




Oschadbank: retail loan portfolio

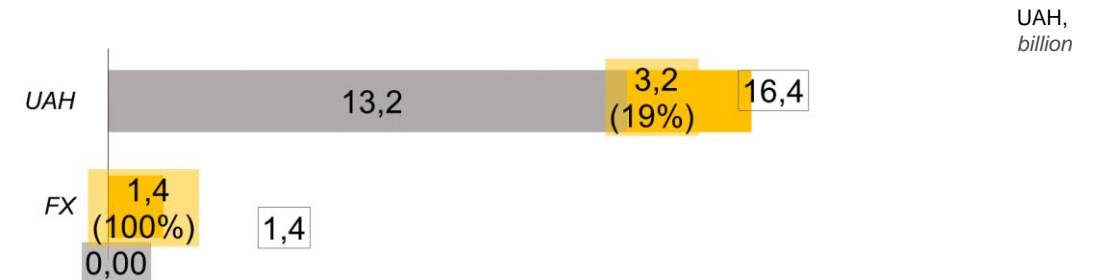
■ Non-performing
 ■ Performing

 Base of comparison



- In the IInd half of 2022 **non-performing retail loan portfolio increased** by 43.6%, or UAH 1.4 billion, to **UAH 4.6 billion**.
- In the reporting period the **NPL share in the retail loan portfolio** grew by 7 percentage points up to **26%**.
- **Performing retail loan portfolio** in the Ist half of 2022 **decreased** by 5.8%, or UAH 0.8 billion, to **UAH 13.2 billion**.
- Credit risk **coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **80.9%**.

<i>Class (1)</i>	1	2	3	4	5
Loan portfolio, UAH billion	11,5	0,8	0,8	0,2	4,6
Share of the class	64,3%	4,2%	4,5%	1,2%	25,7%
Credit risk, UAH billion (2)	0,8	0,1	0,1	0,1	3,7
Coverage	7,1%	19,0%	14,1%	60,6%	80,9%



(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 IIst half of 2022 **past-due debt decreased by UAH 1.0 billion**, o/w:

- repayment with own funds – UAH 0.9 billion;
- disposition of collateral – UAH 0.1 billion;
- collateral incorporated on the bank's balance sheet – UAH 0.007 billion.

UAH 3.1 billion of problem debt was restructured, almost 100% of which – under the Law of Ukraine “On Financial Restructuring”.

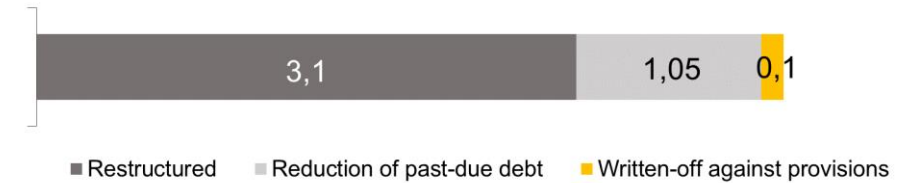
Written-off against provisions– UAH 0.1 billion.

Litigations

	Стадія 1		Стадія 2		Стадія 3	
	тис.шт	млрд грн	тис.шт	млрд грн	тис.шт	млрд грн
					<i>Відкрито виконавчих проваджень на 01.01.2023; на 01.07.2022</i>	
В цілому за 2022	1,6	0,1	2,4	0,2	16,1	1,5
За II півріччя	0,8	0,0	1,0	0,0	18,8	2,0

Source: Oschadbank, Financial Restructuring Secretariat

Achievements in the IInd half of 2022, UAH billion



Achievements in the 2022, UAH billion



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

Debtor companies:

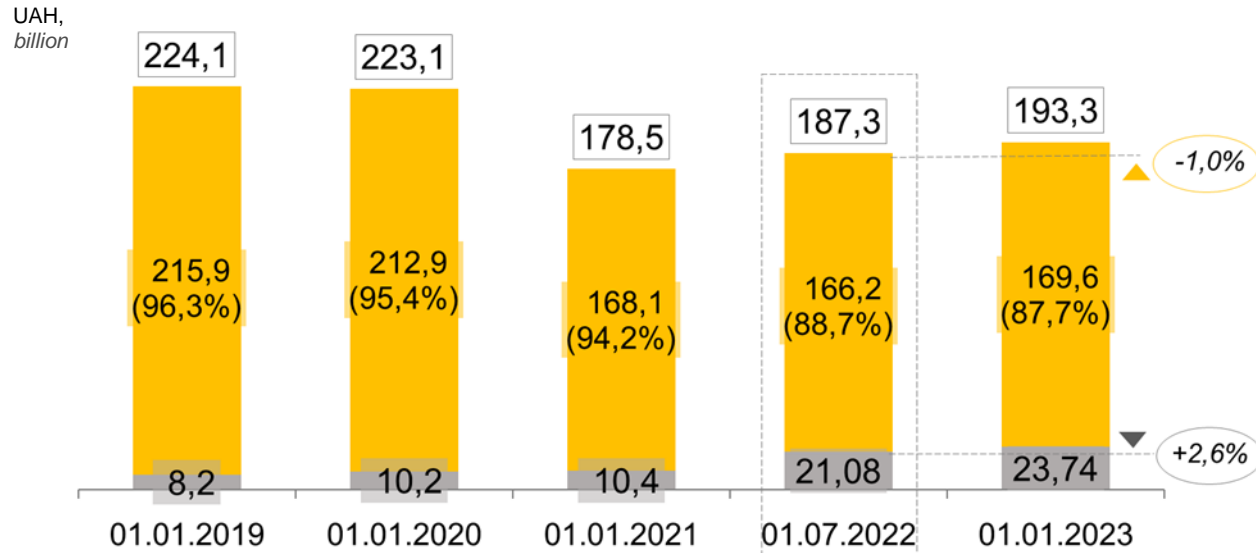
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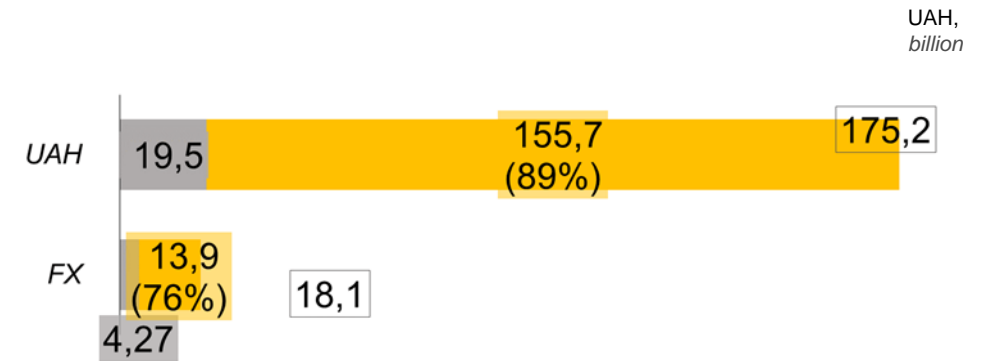
PrivatBank: corporate loan portfolio



- In the IIst half of 2022 the **non-performing corporate loan portfolio increased** by 2.0%, or UAH 3.4 billion, to **UAH 169.6 billion**.
- The **NPL share** in the total corporate loan portfolio decreased by 1.03 percentage points to **87.7%**.
- **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 12.6%, or UAH 2.7 billion, to UAH 23.7 billion.**
- **Credit risk coverage of the non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **99.8%**.

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	16,0	1,0	4,7	1,5	0,3	0,1	0,0	0,1	0,0	169,6
Share of the class	8,3%	0,5%	2,4%	0,8%	0,2%	0,0%	0,0%	0,0%	0,0%	87,7%
Credit risk, UAH billion (2)	0,7	0,0	0,3	0,0	0,0	0,0	0,0	0,0	0,0	169,2
Coverage	4,5%	1,1%	5,7%	3,2%	2,3%	3,6%	3,8%	24,5%	93,3%	99,8%

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

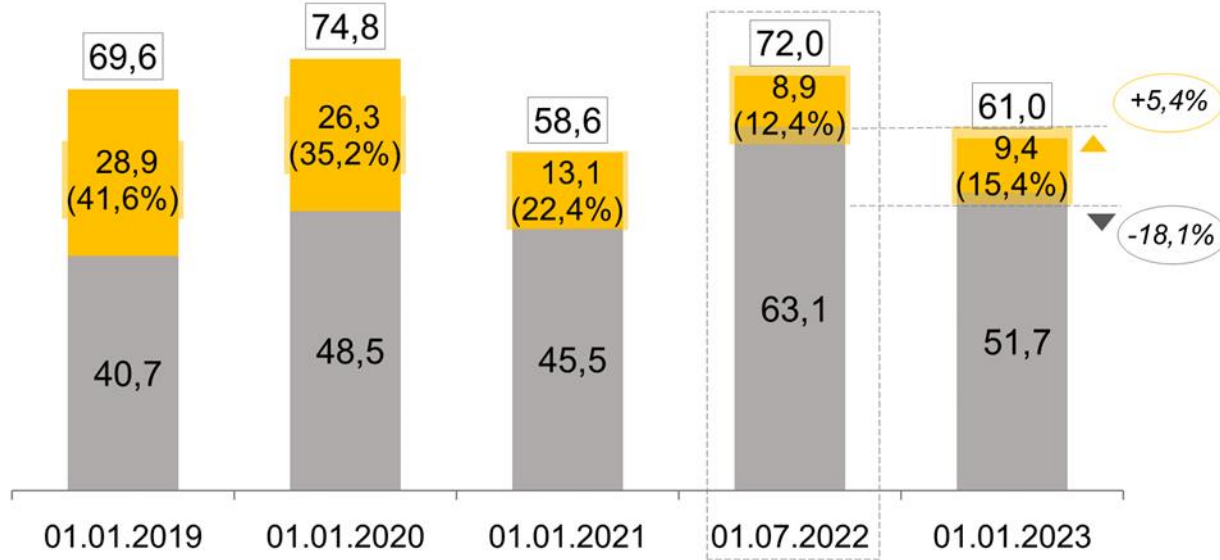




PrivatBank: retail loan portfolio

■ Non-performing
 ■ Performing

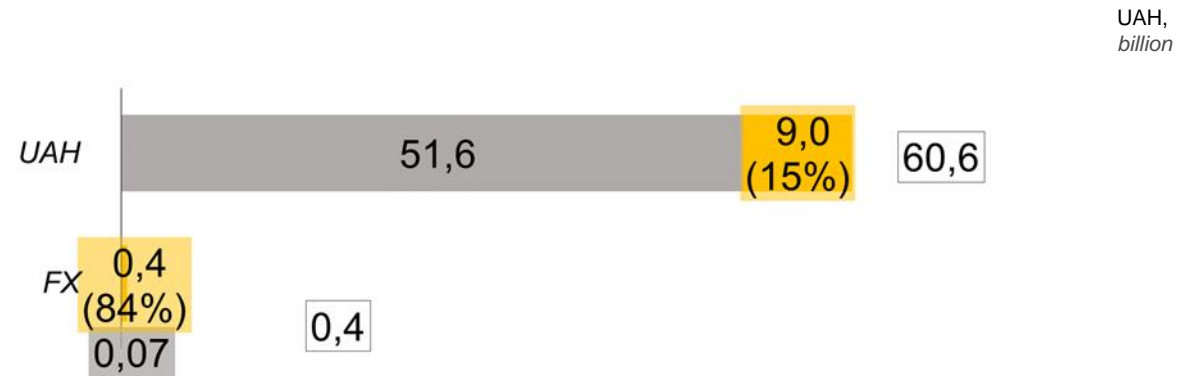
 Base of comparison



- Since the beginning of the current year the non-performing retail loan portfolio increased by 5.4%, or UAH 0.5 billion, to UAH 9.4 billion.
- In the reporting period the share of non-performing loans in the retail loan portfolio increased by 5.4 percentage points to 15.4%.
- Performing retail loan portfolio in the IInd half of 2022 decreased by 18.1%, or UAH 11.4 billion, to UAH 51.7 billion.
- Credit risk coverage of non-performing retail loan portfolio under NBU Resolution No.351 (provisions under IFRS + capital coverage) made 83.1%.

<u>Class (1)</u>	1	2	3	4	5
Loan portfolio, UAH billion	50,6	0,1	0,6	0,4	9,4
Share of the class	82,8%	0,2%	1,0%	0,6%	15,4%
Credit risk, UAH billion (2)	0,9	0,0	0,2	0,2	7,8
Coverage	1,8%	9,5%	32,1%	61,4%	83,1%

(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 2022 **past-due debt decreased by UAH 1,6 billion**, almost entirely due to repayment with own funds – UAH 1.6 billion.

Also, disposition of collateral amounted to UAH 13.5 million.

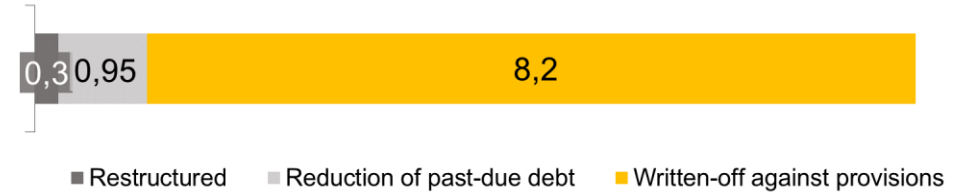
Written-off against provisions – UAH 8.2 billion.

UAH 0.4 billion of problem debt was restructured.

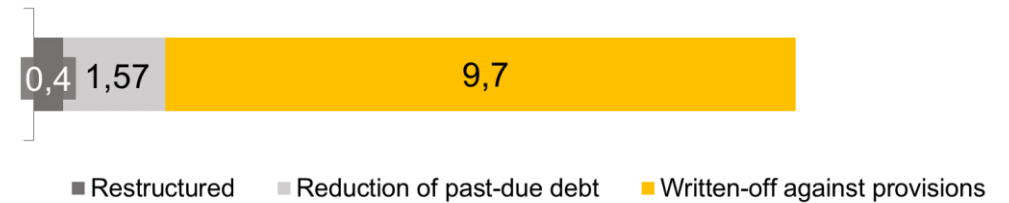
Litigations

	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 2022	16,8	1,1	16,8	1,0	27,0	12,9
In the II st half of	5,1	0,6	8,5	0,6	16,6	4,9

Achievements in the IInd half of 2022, UAH million



Achievements in the 2022, UAH million





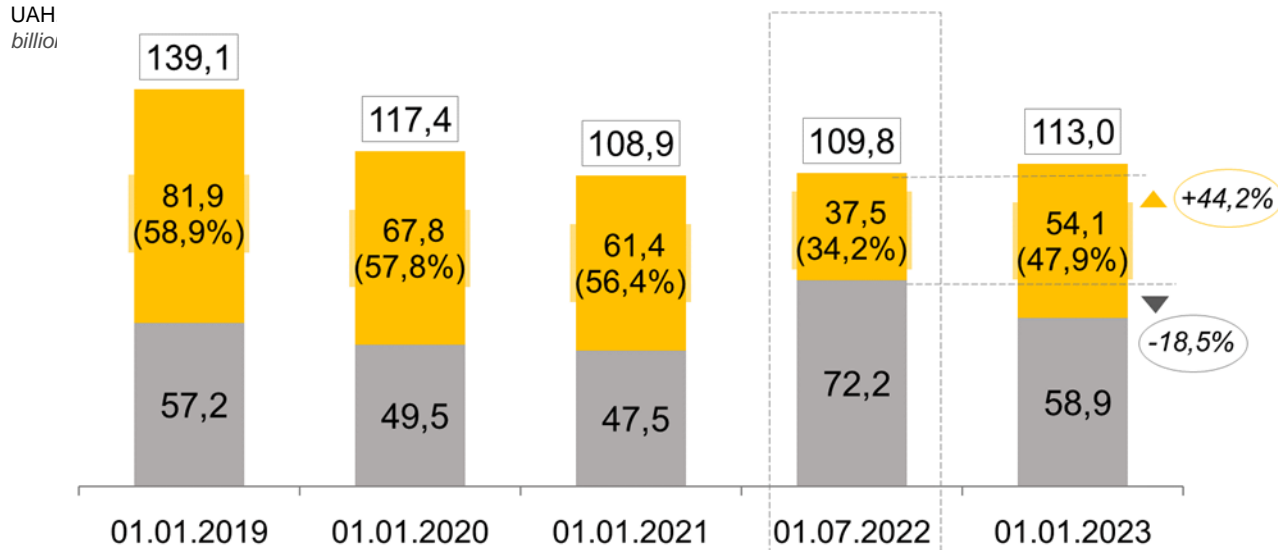
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Ukreximbank: corporate loan portfolio

■ Non-performing
 ■ Performing

 Base of comparison

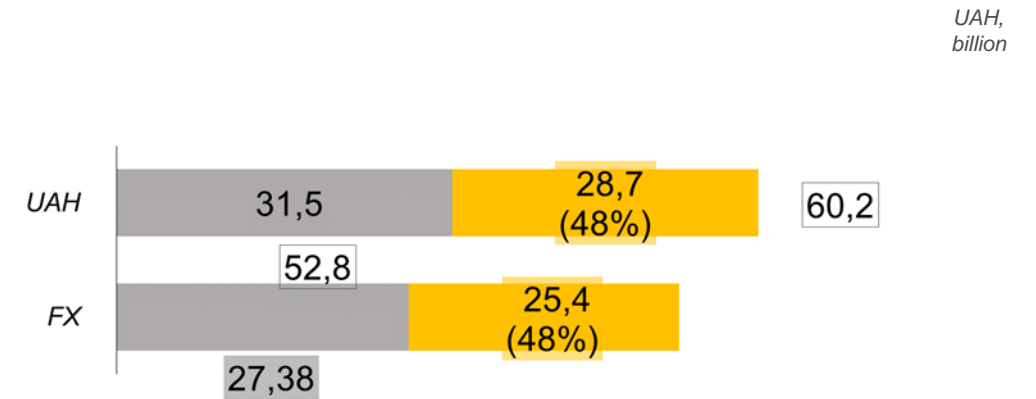


- In the IInd half of 2022 the **non-performing corporate loan portfolio increased** by 44.2%, or UAH 16.6 billion, to **UAH 54.1 billion**.
- Simultaneously, the **performing corporate loan portfolio decreased** by 18.5%, or UAH 13.3 billion, to **UAH 58.9 billion**.
- This led to an **increase in the share of NPL** in the total corporate loan portfolio only by 13,7 percentage points to **47.9%**.
- Credit risk coverage of non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **71.5%**.

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	1,9	5,7	15,6	17,5	6,3	5,4	0,0	0,4	6,2	54,1
Share of the class	1,7%	5,0%	13,8%	15,5%	5,5%	4,8%	0,0%	0,4%	5,5%	47,9%
Credit risk, UAH billion (2)	0,0	0,1	0,4	0,5	0,3	0,0	0,0	0,0	1,1	38,7
Coverage	0,3%	1,4%	2,8%	3,0%	4,7%	0,1%	0,0%	11,3%	17,4%	71,5%

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

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

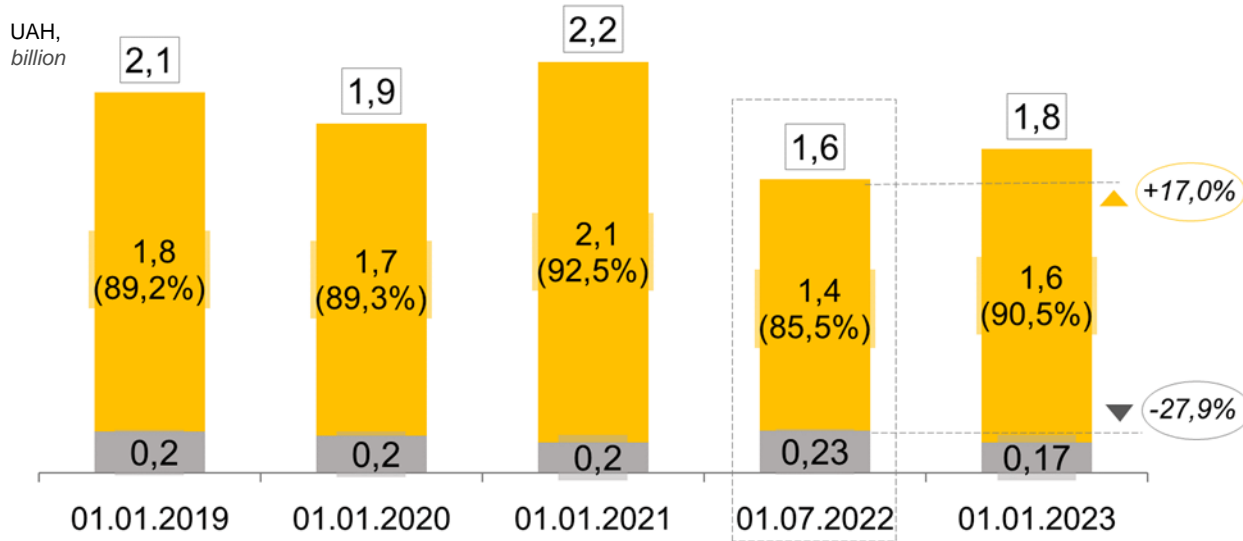




Ukreximbank: retail loan portfolio

■ Non-performing
 ■ Performing

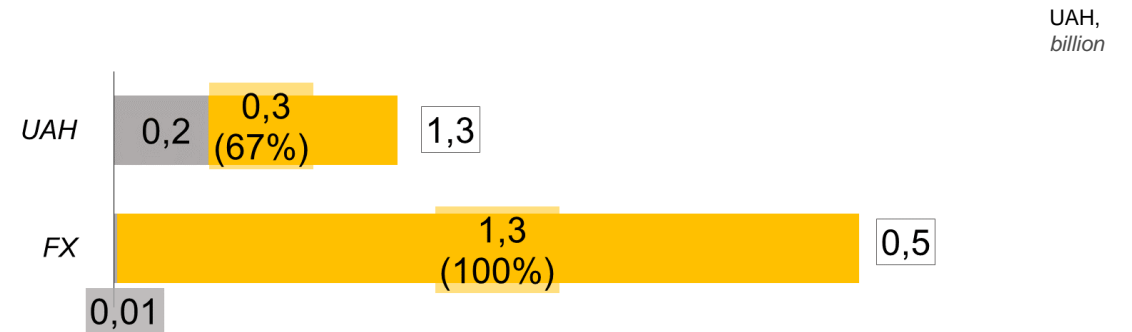
 Base of comparison



- In the IIst half of 2022 the **non-performing retail loan portfolio increased by 17.0%, or by UAH 0.2 billion, to UAH 1.6 billion.**
- In the reporting period the **NPL share in the retail loan portfolio** increased by 1.0 percentage up to 90.5%.
- **Performing retail loan portfolio** in the IIst half of 2022 decreased by 27.9%, or UAH 0.01 billion, to **UAH 0.17 billion.**
- **Credit risk coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **95.1%.**

Class (1)	1	2	3	4	5
Loan portfolio, UAH billion	0,1	0,0	0,0	0,0	1,6
Share of the class	7,3%	1,9%	0,1%	0,1%	90,5%
Credit risk, UAH billion (2)	0,0	0,0	0,0	0,0	1,5
Coverage	12,0%	15,4%	68,4%	85,2%	95,1%

(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 IIst half of 2022 **past-due debt decreased by UAH 0.5 billion**, o/w:

- repayment with own funds – UAH 0.2 billion;
- disposition of collateral – UAH 0.2 billion;
- incorporation of collateral into the bank`s balance sheet – UAH 0.02 billion.

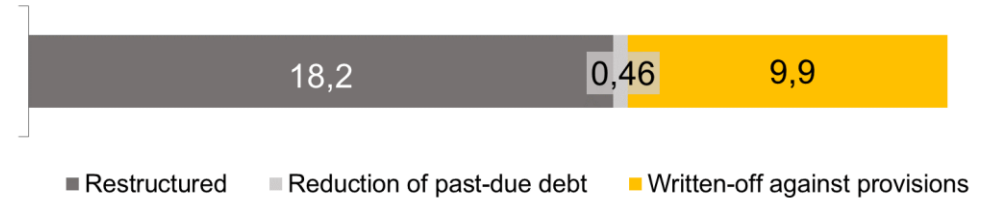
Restructuring of problematic debt in the amount of 18.2 billion hryvnias was carried out.

Written-off against provisions – UAH 9.9 billion.

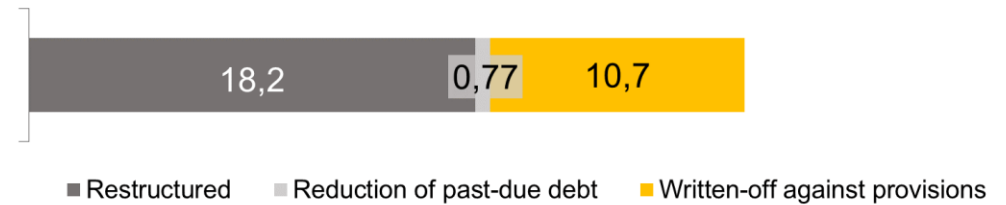
Litigations

	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 2022	0,0	12,0	0,1	25,1	0,3	24,2
In the II st half of	0,0	4,7	0,0	12,7	0,3	17,7

Achievements in the IIst half of 2022, UAH million



Achievements in the 2022, UAH million



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

Debtor companies:

PE "REMMEBLI"

KOMO-EXPORT LLC

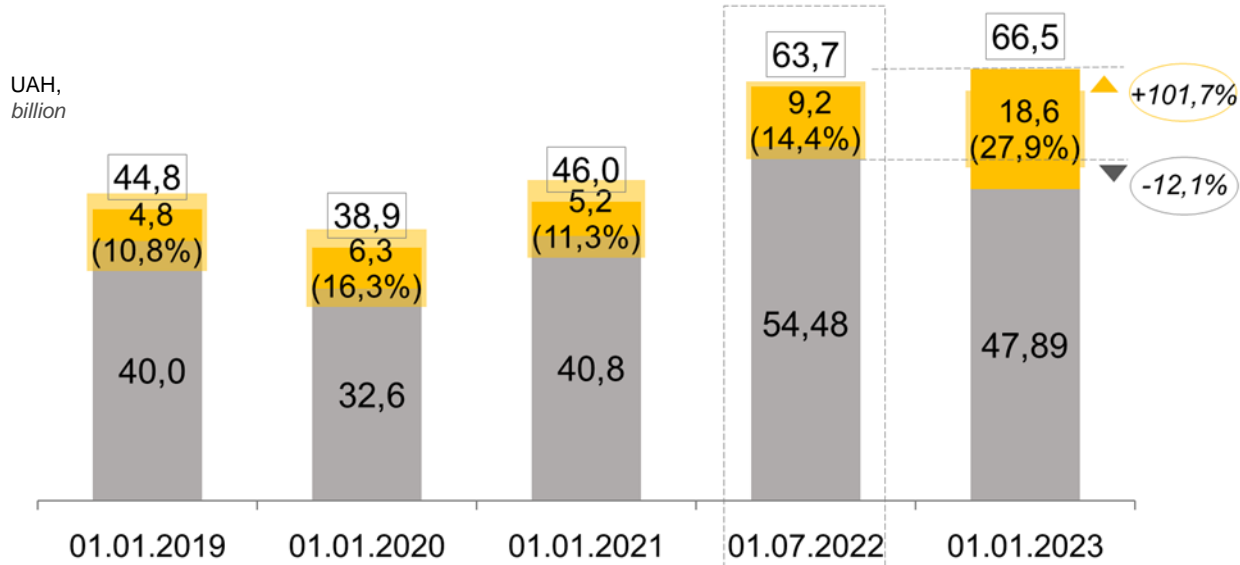
PE "PRODEXPORT"



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UkrGasbank: corporate loan portfolio

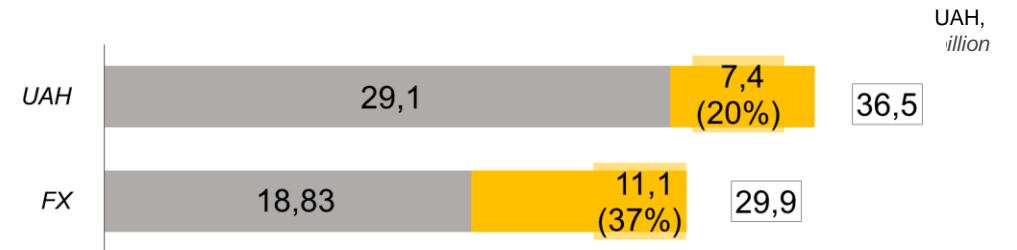


- In the IIst half of 2022 **non-performing corporate loan portfolio increased** almost twice - by 101.7%, or UAH 9.3 billion, to **UAH 18.6 billion**.
- **The NPL share** in the total corporate loan portfolio increased by 13.5 percentage points to **27.9%**.
- **Performing corporate loan portfolio** in the IIst half of 2022 **decreased** by 12.1%, or UAH 6.6 billion, to **UAH 47.9 billion**.
- **Credit risk coverage of non-performing corporate loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **55.4%**.

Class (1)	1	2	3	4	5	6	7	8	9	10
Loan portfolio, UAH billion	2,4	4,2	4,6	15,5	9,1	2,5	3,3	0,3	6,0	18,6
Share of the class	3,6%	6,3%	6,9%	23,4%	13,7%	3,7%	4,9%	0,5%	9,0%	27,9%
Credit risk, UAH billion (2)	0,0	0,0	0,1	0,4	0,2	0,0	0,1	0,0	0,3	10,3
Coverage	0,8%	0,6%	1,3%	2,4%	2,6%	2,0%	2,6%	2,1%	5,3%	55,4%

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

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

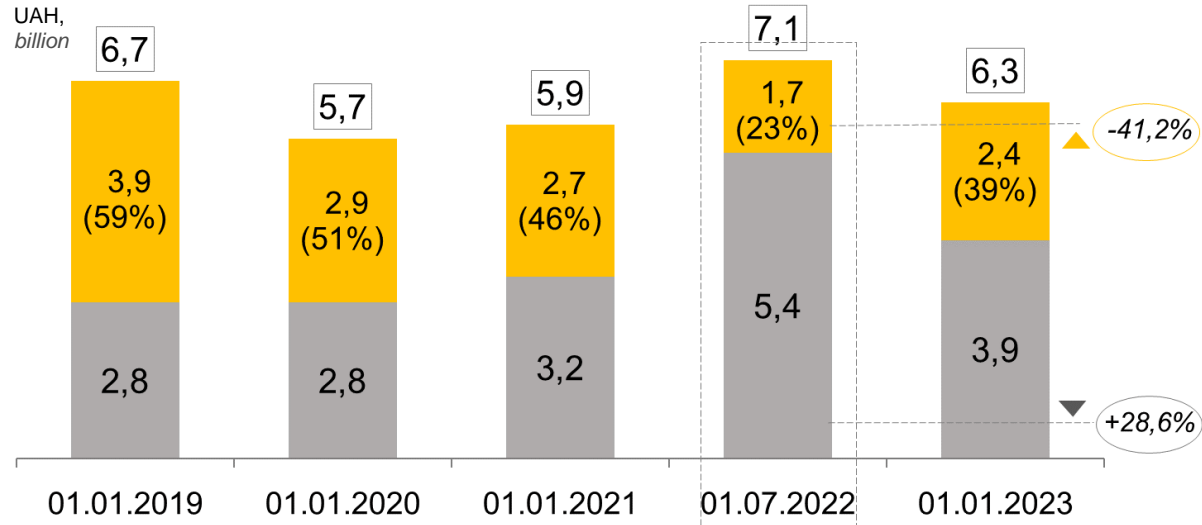




UkrGasbank: retail loan portfolio

■ Non-performing
 ■ Performing

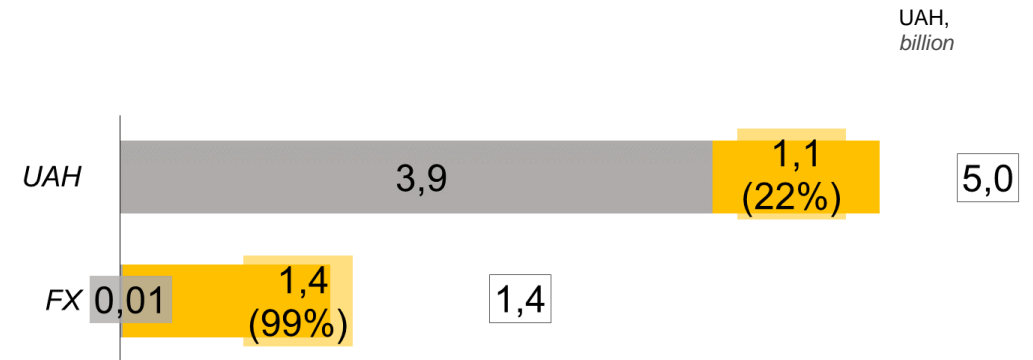
 Base of comparison



- In the IIst half of 2022 **non-performing retail loan portfolio increased** by 41.2%, or UAH 0.8 billion, to **UAH 2.4 billion**.
- In the reporting period **the NPL share in the retail loan portfolio increased** by 15.4 percentage points to 38.7%.
- Performing retail loan portfolio** in the IIst half of 2022 **decreased** by 28.6%, or UAH 1.6 billion, to **UAH 3.9 billion**.
- Credit risk coverage of non-performing retail loan portfolio** under NBU Resolution No.351 (provisions under IFRS + capital coverage) made **79.6%**.

<i>Class (1)</i>	1	2	3	4	5
Loan portfolio, UAH billion	3,7	0,1	0,0	0,0	2,4
Share of the class	59,2%	1,1%	0,7%	0,3%	38,7%
Credit risk, UAH billion (2)	0,0	0,0	0,0	0,0	1,9
Coverage	1,0%	10,2%	25,3%	59,7%	79,6%

(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 IIst half of 2022 **past-due debt decreased by UAH 0.1 billion**, o/w :

- repayment with own funds – UAH 0.08 billion;
- disposition of collateral – UAH 0.009 billion.

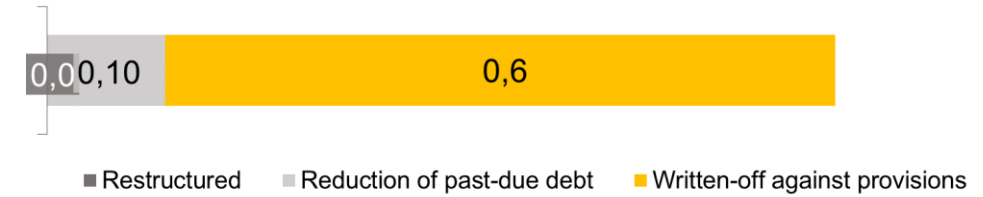
UAH 0.3 billion of problem debt was restructured, almost of it under the Law of Ukraine “On Financial Restructuring”.

Written-off against provisions - UAH 0.6 billion.

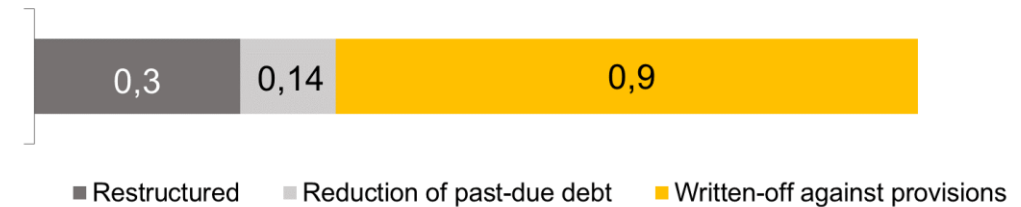
Litigations

	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 2022	2,0	1,2	1,5	1,2	1,4	1,0
In the II st half of	2,0	0,6	0,7	0,9	0,6	0,4

Achievements in the IIst half of 2022, UAH million



Achievements in the 2022, UAH million



In the 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.