


BANKING SYSTEM OF UKRAINE DURING WAR

KEY REPRESENTATIVE INDICATORS

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An aerial photograph of a seabird colony on a rocky island. The ground is painted in sections of blue and yellow. Numerous birds are visible, many sitting on nests. A central blue box contains white text.

**IT'S BEEN MORE THAN
A YEAR.
KEY FIGURES.**

CURRENT OVERVIEW

THE BANKS WORK

65 banks continue to operate stably.

Before the war 71 bank operating in Ukraine, but at the beginning, we said 'goodbye' to Ukrainian "daughters" of Russian state-owned banks.

POWER BANKING

Mode is currently been introduced by the banks in Ukraine which allowed continuing non-stop operating despite the 20% decrease of the number of branches





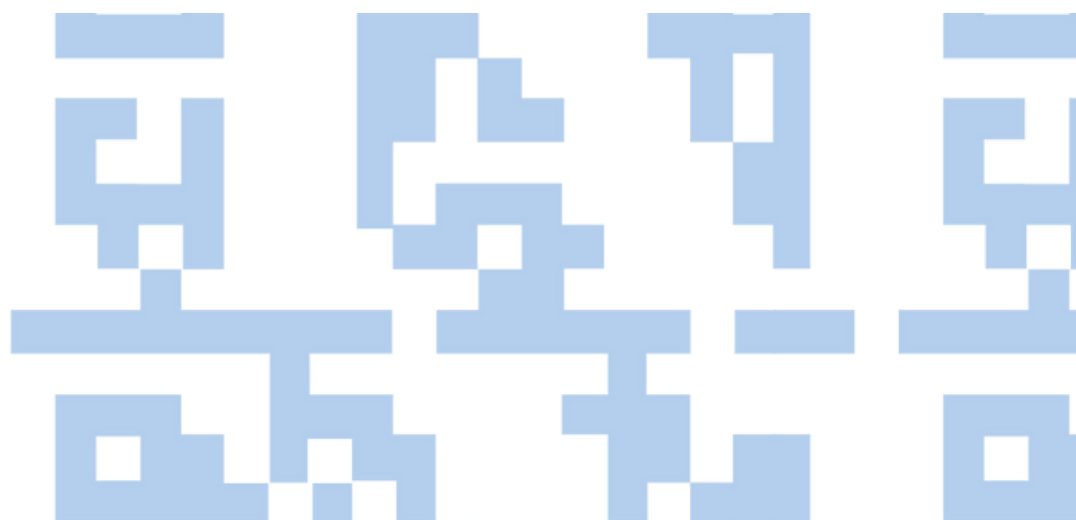
THE AMOUNT OF MONEY IN BANKS IS INCREASING

33.6% increase since Feb, 24 **≈ 3.8 billion EUR**

- The amount of people's money in banks has increased
 - by 33.6% or UAH 147.3 billion (3.8 billion EUR)
 - by 22.5% - since the beginning of 2022
- Since the beginning of the war the volume of UAH on the accounts of legal entities has increased +22.6%



Ukraine faces small outflow of currency, not critical



WE HAVE HIGH LIQUIDITY

599.7

BILLION UAH

or 15 billion EUR - liquidity of the banking system of Ukraine.

To calculate liquidity, balances on correspondent accounts + investments in NBU certificates of deposit are taken into account.

LIQUIDITY DYNAMICS SINCE THE BEGINNING OF WAR:

161.1

billion UAH

599.7

billion UAH

Total increase: 272%

ENOUGH

to service all current liabilities + for a more intensive resumption of lending



WE ARE MOSTLY WELL CAPITALIZED

Capitalization of the banks has decreased due to necessity of forming the reserves, all the systematically important banks support the H2 ratio (capital adequacy) higher than the minimum 10% except for Ukreximbank (9.18%).

The logo for HOIBY, consisting of the letters 'HOIBY' in a white, sans-serif font, centered within a blue circular background.

WE LEND

НОІБУ

Despite the large-scale war and the risks associated with it, banks have not stopped lending.
We see the steps of most of the banks to resume lending in the consumer segment.

>119.5
BILLION UAH

Or 3 billion EUR - the banks issued to farmers for the planting campaign and harvesting

It is impossible to provide a sufficient level of support only at the expense of an internal resource.

Active participation of Ukraine's international financial partners in financing similar programs is important.





WHAT MADE IT POSSIBLE?

Fast, coordinated, smart decisions of the National bank of Ukraine + reaction of the banks

High-quality pre-war reform of the sector

HOBY

EMERGENCY REACTION PACKAGE

НІБУ

24.02.22, 09 am:

The NBU issued a historic Regulation that literally allowed banks to survive (includes administrative restrictions on capital outflows and additional liquidity support tools).

KEY POINTS

- Fixed the UAH exchange rate against the US dollar
- Restricted cross-border transfers and foreign exchange transactions. Permission only for "critical imports" and some important payment categories
- Special refinancing, available to banks in case of an outflow of customer funds gave the market participants confidence in maintaining liquidity

POWER BANKING



One of the newest initiatives of the Regulator (NBU).

Power Banking - joint network of the banks in Ukraine that includes more than 2300 branches - 43% of the total number of operating branches in almost 300 settlements.

Services available in Power Banking network during blackouts for all customers:

- receiving cash (ATMs/cash registers) payments, money transfer (software and
- technical self-service complex/cash register) currency exchange if cash currency is
- available at the cash desk consulting managers on financial issues

It was vital in winter when russians were launching mass missile attacks. In particular, thanks to the Power Banking system the citizens had almost uninterrupted access to banking services.

HOI6Y

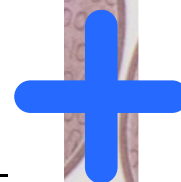
MONEY WITHDRAWAL: CALMING DOWN THE SITUATION

НОБУ

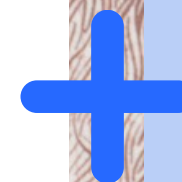
Banks immediately issued funds to anyone who wanted to withdraw them 'right now'



Banks have introduced a regime of maximum assistance for non-cash payments, reduced fees



Adequate withdraw limits: UAH 100,000 (<3000 euro) / day
The limits are reconsidered periodically



100% guarantee of deposits of individuals by the state
(Parliamentary initiative)

LIQUIDITY SUPPORT TOOL BY THE NATIONAL BANK OF UKRAINE

BLANK REFINANCING

Demand for blank refinancing almost disappeared in the second half of 2022. Currently, the NBU has already canceled this program.

Banks are currently decreasing the the debts on refinancing loans (the volume of issued refinancing loans fell to UAH 19.6 billion as of Jan 23, from a peak of UAH 160.6 billion in the beginning of the war).

The logo for HOBY, featuring the word "HOBY" in white, uppercase letters inside a blue circle. The circle is set against a background of light blue geometric shapes, including squares and rectangles, some of which are partially overlapping.



IMPORTANT ASPECTS

PRE-WAR REFORM

Including 'cleansing' of the market

CORONA CRISIS

Effective 'training' for banks

ACTIVE COMMUNIATION WITH THE MARKET

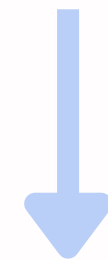
Channel of immediate communication: NBU, NABU, Banks

GLOBAL INDICATORS

MAIN CONCLUSIONS

- In 2022 the GDP has decreased by 29.1% (annual) by the experts analytics.
- Economy damage has showed itself less then assessed.
- Blackouts in the end of the year made the situation much worse, but didn't lead to catastrophic outcomes.
- Ukraine in general + its banking sector show the highest flexibility and strength in facing the challenges.
- ! Unpredictability caused by war is still ongoing: the forecasts of the GDP development for 2023 - from positive to negative (in the range of 2-3%) IMF forecasts -3% to +1%.

29,1%



**reduction of
Ukraine's GDP in
2022 (according to
experts)**

HOBY



WHY SO?

Losses of Ukraine caused by russian barbarians

- To Residential buildings – 53.6 billion US dollars;
- To transport infrastructure (roads) – 36.2 billion US dollars;
- To assets of enterprises – 11.3 billion US dollars;
- **Almost 50% of the energetic infrastructure is destroyed.**

TOTAL AMOUNT OF DIRECT DOCUMENTED INFRASTRUCTURE DAMAGE (WITHOUT AMOUNT FOR ENERGETIC) IS ALMOST 144 BILLIONS OF THE US DOLLARS



Export blockade in the Black Sea is continuing to limit the export potential of Ukraine. The initiative on the "Grain corridor" allowed to significantly soften the restrictions for the agricultural export.



Steel production is 3-4 times lower than before the war. 2 large factories in [Mariupol](#), which accounted for half of the basic metallurgical production were completely shut down.



Millions of Ukrainians are abroad, reducing private consumption (and taxes) in Ukraine.



The economy is forced to move from east to west: relocation of enterprises, millions of internally displaced persons.

UKRAINE RECOVERY: WHEN?

Spoiler: earlier than the Victory

Ukrainian economy can't wait for things to calm down.

Strong economy = ability to fight for the whole world.

We already welcome international investors.

Taking the risks today = fantastic capitalization + helping Ukraine to overcome its challenges.

HOBY



INVESTMENTS

Important background

- Ukraine is extremely interested in attracting international investments and is ready to experiment with investor support tools.
- Even during the war, reforms aimed at ensuring the rule of law, which are key to the investment climate, do not stop.

The war negatively affects the mood of investors:

- the state of active war is perceived as a synonym of absolute uncertainty
- lack of instruments to insure war-related risks

At the same time, a high risk does not equate to a hopeless investment. It is still possible to conduct and develop business in Ukraine today. Most of the territory of Ukraine is far enough from the front, although it can suffer from periodic missile attacks and power outages.

HOI6Y

We have the opportunity to build a better and more powerful country, and we will definitely take it.



**THANK YOU, EUROPE!
THANK YOU, WORLD!**

HOBY