

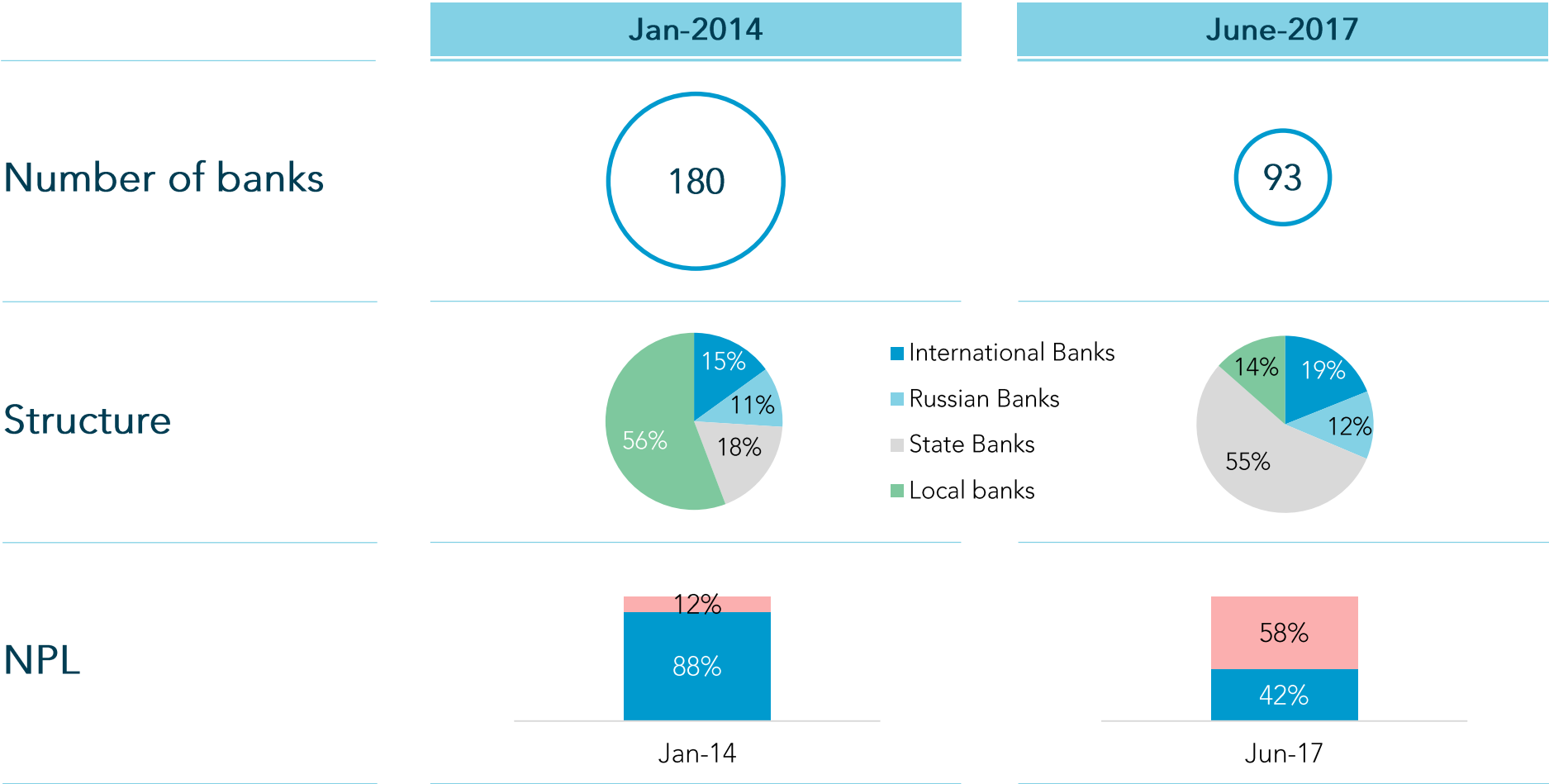
Ukrainian Financial Forum 2017

Panel 4. Bad assets and non-performing loans

22 September 2017
Odesa

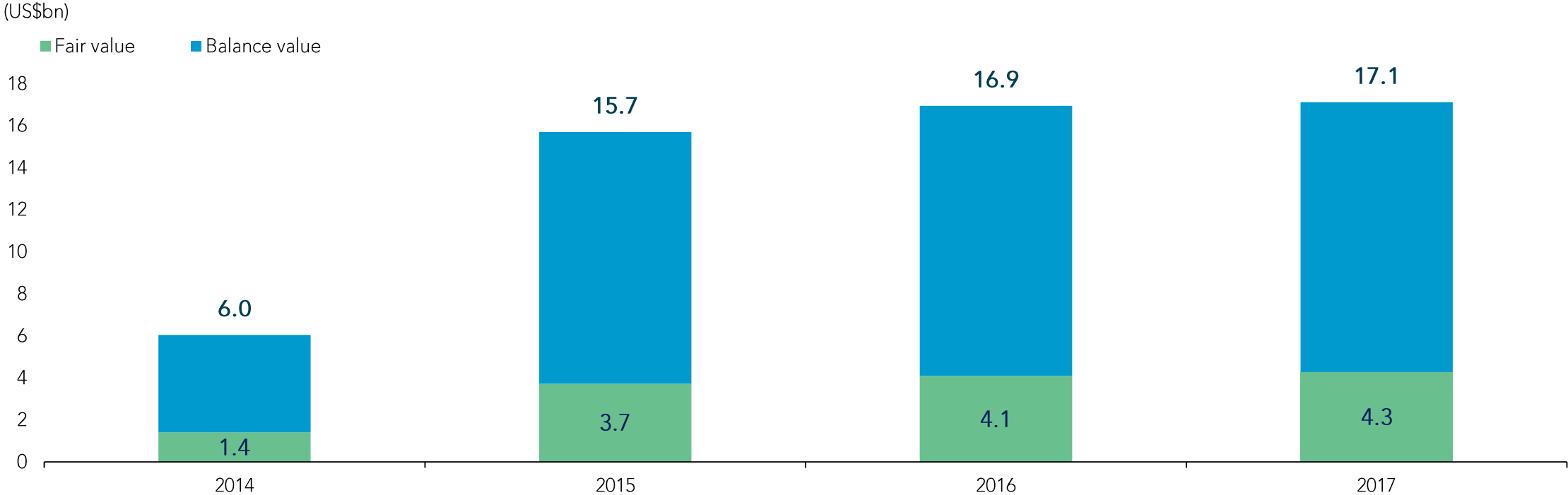


Banking sector before and after shake-up



\$17bn of failed banks assets have been accumulated in DGF

Deposit Guarantee Fund is the Ukrainian government agency responsible for winding down insolvent banks via asset auctions



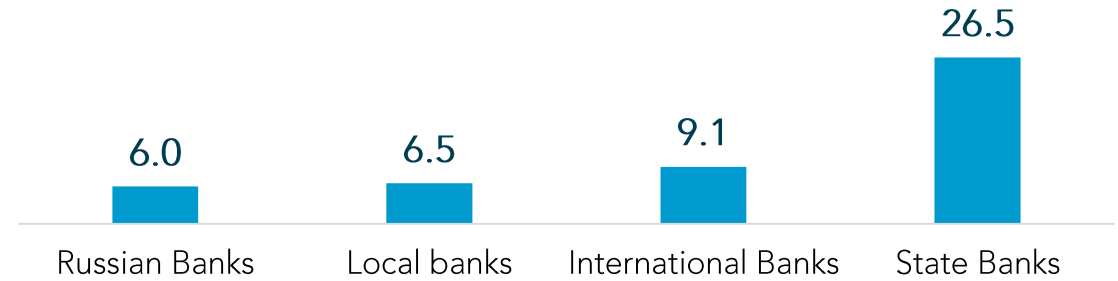
Assumptions:

- 1. Bank's assets are equally split between UAH and FX. Value of UAH assets is expressed in dollars @ 25UAH/US\$. FX assets are calculated in US\$ using the exchange rate at the day of assessment
- 2. Discount rate of 75% is used to assess the FV of assets of banks that have not yet finished the assessment. Usually it takes around 200 days between the insolvency and assets stock count & valuation

\$25bn of corporate NPLs are still in the system

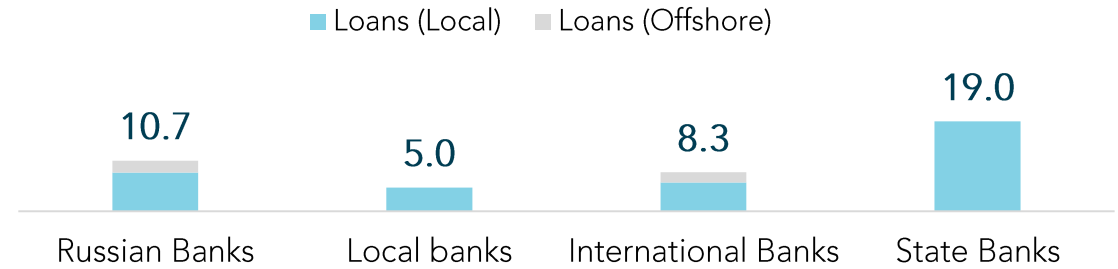
Assets

\$48bn



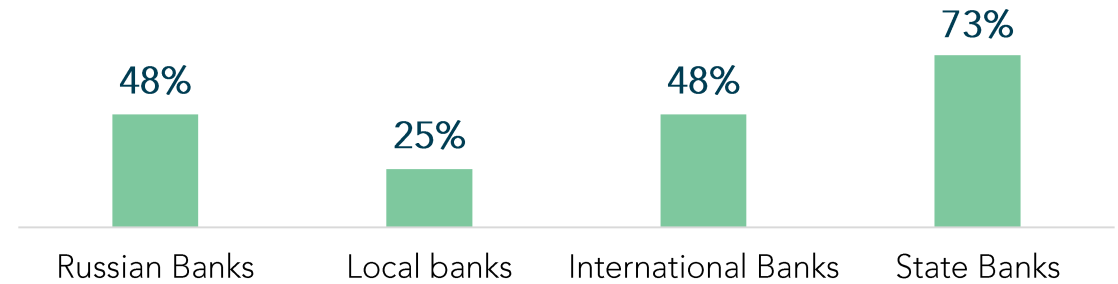
Loans
(local + offshore)

\$38+\$5m



NPL

58%



Source: National Bank of Ukraine, ICU estimate. Data presented as of 30 June 2017

Total Ukrainian NPL market size

