National Bank of Ukraine

Bank Funding Survey

Q1 2025

According to the survey, in Q4 2024, bank funding increased overall, while the average cost of funding continued to decline. This trend has persisted since mid-2023. Retail deposits grew at almost all banks, corporate deposits increased significantly at some banks, and only wholesale funding remained unchanged during the quarter. The banks that together hold three-quarters of the banking system's assets reported a decline in funding costs. According to respondents, interest rates on both retail and corporate deposits continued to fall. Interest rates on wholesale funding dropped slightly. However, in the first three months of 2025, the financial institutions expect funding to remain almost unchanged, while funding from businesses will become more expensive. In Q4, the share of FX liabilities decreased, and is expected to decline further at the beginning of the year. The maturity of deposits decreased slightly, but will not change in the next 12 months. According to financial institutions, 75% of the banking system has increased its capital over the past 12 months, and almost all respondents expect it to increase further. The cost of capital has been declining for five quarters in a row, and the banks expect this trend to continue in the future.

Liabilities

Funding generally increased in Q4 2024, the banks said. Almost all financial institutions reported an increase in retail deposits. Some banks noted a significant increase in funding from corporations, the balance of responses (+66%) being the highest over the past year and a half. Wholesale funding was little changed.

The banks said they were motivated to increase retail deposits by changes in regulatory requirements. However, interest rates did not contribute to an increase in retail deposits. Corporate deposits grew primarily due to supply from clients themselves, and the intentions of financial institutions to change their market share.

In Q1, the financial institutions generally do not expect an increase in their liabilities. The balance of responses was the lowest since the beginning of the full-scale invasion. According to the banks, only retail deposits will see a slight increase, while corporate deposits will remain unchanged. Wholesale funding has been declining for three quarters running.

In Q4 2024, 42% of the banks by assets expected to raise wholesale funding in the next 12 months. Some large financial institutions hoped to raise wholesale funding already in Q1. As in previous quarters, the banks were expecting funding for recovery projects to arrive, in particular financing from the EU and IFIs. Respondents planned to raise wholesale funds mainly to match the maturities of assets and liabilities. Regulatory requirements also encouraged the banks to raise such funding.

The average cost of funding has declined overall for six consecutive quarters. However, fewer and fewer respondents have reported a decline in interest rates on corporate and retail deposits over the last two quarters. The cost of wholesale funding, according to the banks, has been declining for three quarter in a row.

In Q1, the banks expect the cost of corporate deposits to rise. The cost of retail deposits and wholesale funding is expected to remain almost unchanged.

In October–December 2024, the share of FX funding decreased in 73% of the banking system by assets. The same percentage of respondents expect a decrease in the share of FX liabilities in Q1 2025.

In Q4, financial institutions said the maturity of funding had decreased slightly for almost half of the banks by assets. Respondents expect no change in deposit maturities over the next 12 months.

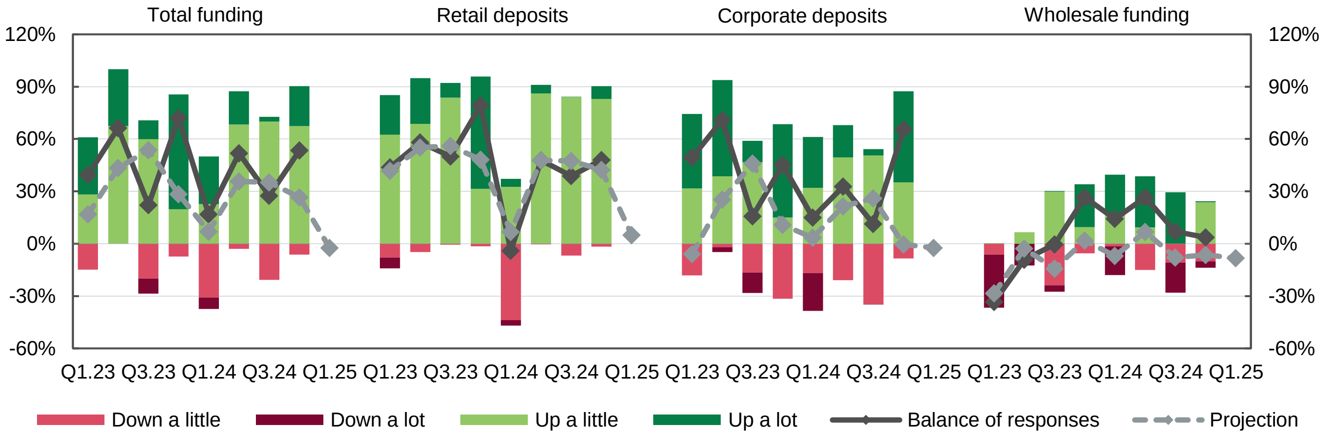
Capital

In Q4 2024, banks that together hold three-quarters of the sector's assets reported that their total capital had increased over the past 12 months. Almost all surveyed banks anticipate the same trend to persist in the next 12 months.

Since Q3 2022, survey participants have been citing profitability as the determining factor that will drive capital up in the future. However, some banks have now reported that capital reductions are possible as a result of changes in regulatory requirements or changes in the bank risk appetites. In Q4, only 7% of the banks reported shareholders' intentions to increase capital in the next 12 months.

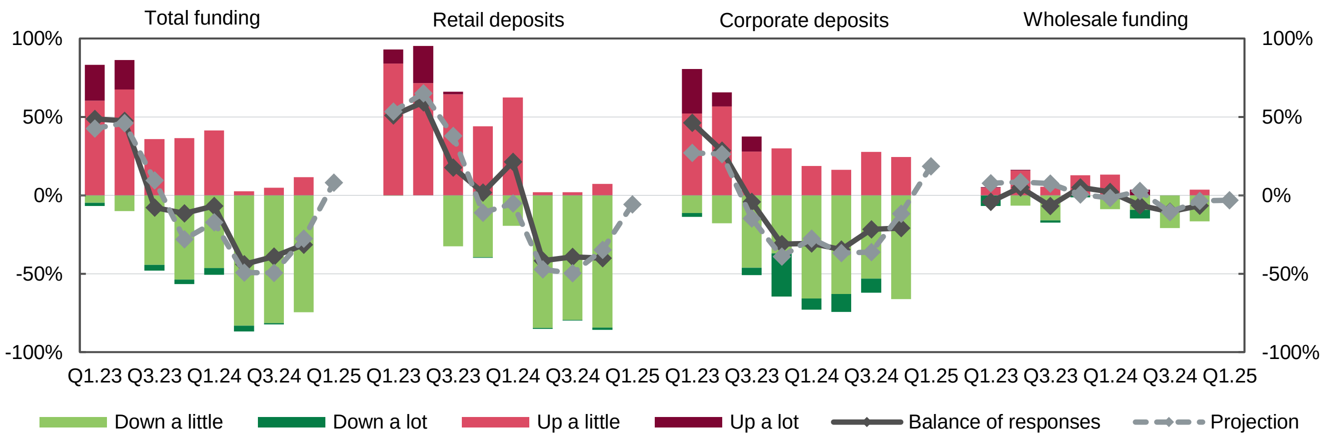
For five consecutive quarters, respondents have reported a slight decrease in the cost of capital over the past 12 months. One third of banks by assets expect this trend to continue in the future.

Figure 1. **Changes in bank funding**



* A positive balance of responses indicates an increase in funding. The procedure for calculating the balance of responses is presented in the Annex. Methodology and Survey Results.

Figure 2. **Changes in the cost of bank funding**



* A positive balance of responses indicates an increase in the cost of funding.

Figure 3. **Impact of factors on changes in the volume of funds raised (balance of responses*)**

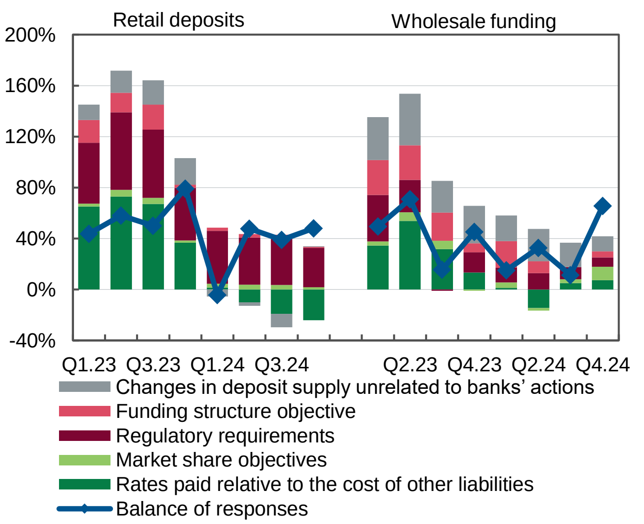
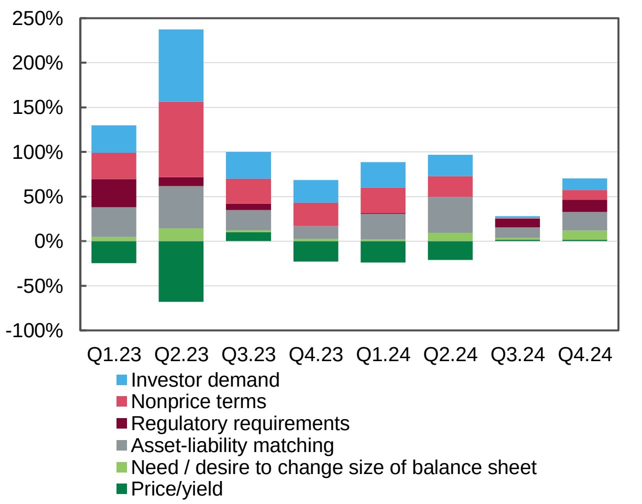


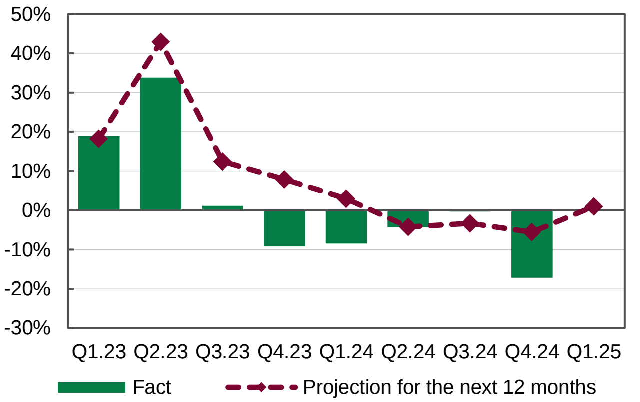
Figure 4. **Impact of factors on changes in the volume of future wholesale funding (balance of responses*)**



* A positive balance of responses indicates a positive impact of the factor on the funding growth.

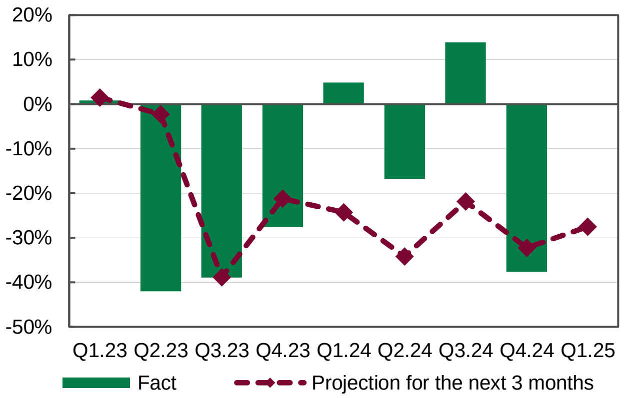
The line in the diagram is the balance of responses about the amount of funds raised. The bars denote the effects of factors on the change in the indicator (the total value of the indicator may not always equal the sum of the contributions of individual factors).

Figure 5. **Change in the maturity of funds raised by banks (balance of responses*)**



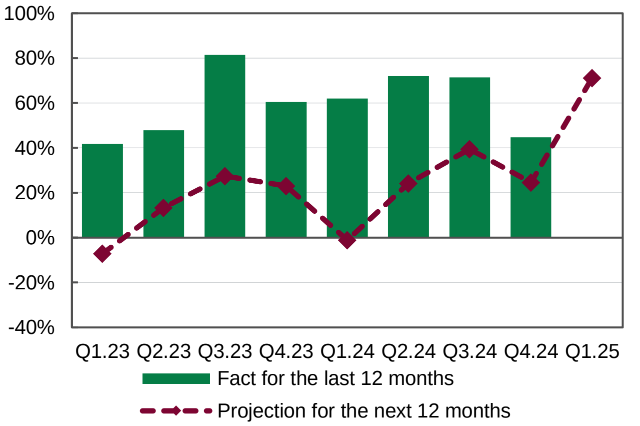
* A positive balance of responses indicates an increase in maturity of funding.

Figure 6. **Change in the share of FX funding (balance of responses*)**



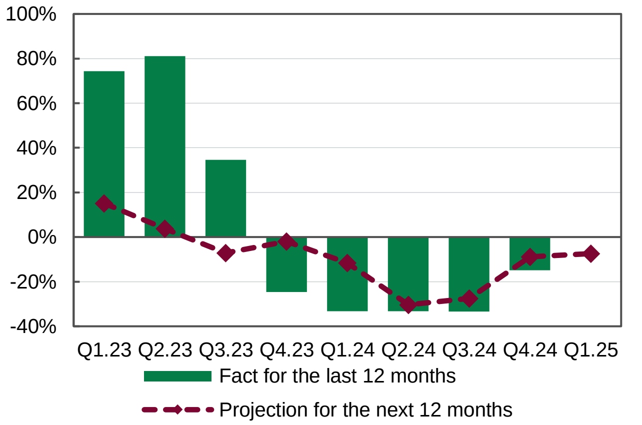
* A positive balance of responses indicates an increase in the share of FX funding.

Figure 7. **Change in banks' total capital (balance of responses*)**



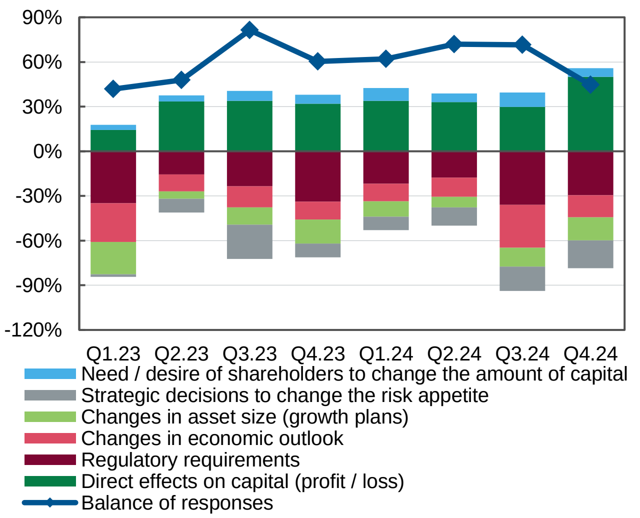
* A positive balance of responses indicates an increase in total capital.

Figure 8. **Change in banks' cost of capital (balance of responses*)**



* A positive balance of responses indicates an increase in cost of capital.

Figure 9. **Impact of factors on changes in banks' capital (balance of responses*)**



* A positive balance of responses indicates a positive impact on changes in banks' capital.

The line in the diagram is the balance of responses about changes in capital. The bars denote the effects of factors on the change in the indicator (the total value of the indicator may not always equal the sum of the contributions of individual factors).

Annex. Methodology and Survey Results

Each responding bank was represented by a liabilities manager who filled out an electronic questionnaire.

For questions where responses were on an ordinal scale (e.g., from “significantly increased” to “significantly decreased”), a balance of responses indicator was calculated.

The questionnaire covers changes in the past three months and expected changes over the quarter that follows the reporting quarter. The questions from the “Capital” section concern changes during the 12 months before the survey and the 12 months after.

To calculate aggregated results for all banks, each response is assigned a score based on the respondent’s answers and their weight in the total sample. The scores are presented on a range from -1 to 1, depending on the direction of change of the indicator. Responses indicating a significant change of the indicator are assigned a higher score than responses reflecting an insignificant change. The response “grew a lot” will have a score of 1, and the response “grew a little” a score of 0.5. Every estimate was assigned the respective respondent’s weight in the sample, which depended on their share in the liabilities or retail/corporate deposits in the sample. The total score for all banks is the balance of responses, which can be interpreted as the difference between the weighted share of respondents reporting an “increase” in a certain index, and the weighted share of respondents reporting a “decrease” in the index. The balance of responses can range between -100% and +100%. A positive balance indicates that respondents generally assess/expect a change in the indicator (the volume and cost of funding/capital, the maturity of borrowings, etc.) towards an increase/strengthening compared with the previous quarter. More information on how to interpret the balance of answers to each question is presented in the notes to the diagrams.

Table. **Survey findings**

Balance of responses	2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	2	3	4	5	6	7	8	9	10	11	12	13
I. Liabilities												
1. How did funding change during the quarter that ended?												
Net change	12%	32%	46%	88%	39%	66%	22%	72%	17%	52%	27%	54%
Retail deposits	58%	14%	54%	84%	44%	58%	50%	79%	-4%	48%	39%	48%
Corporate deposits	-27%	40%	34%	88%	50%	71%	16%	45%	15%	33%	11%	66%
Wholesale funding	-3%	-26%	-11%	-12%	-33%	-9%	0%	27%	14%	27%	7%	4%
2. How will funding change in the next quarter?												
Net change	-21%	2%	43%	17%	43%	54%	28%	7%	36%	35%	27%	-2%
Retail deposits	-8%	11%	51%	42%	55%	56%	48%	7%	48%	47%	42%	5%
Corporate deposits	-43%	5%	20%	-6%	25%	46%	11%	4%	21%	26%	0%	-2%
Wholesale funding	39%	-10%	-13%	-28%	-3%	-14%	2%	-7%	7%	-8%	-6%	-8%
3. How did the average cost of funding change over the quarter that has just ended?												
Net change	15%	31%	39%	44%	49%	48%	-8%	-12%	-7%	-44%	-39%	-31%
Retail deposits	-19%	0%	9%	33%	51%	59%	18%	2%	21%	-42%	-39%	-40%
Corporate deposits	7%	40%	62%	35%	46%	29%	-4%	-31%	-31%	-35%	-22%	-21%
Wholesale funding	30%	47%	16%	21%	-4%	5%	-7%	5%	2%	-6%	-10%	-7%
4. How will the cost of funding change in the next quarter?												
Net change	11%	70%	48%	43%	46%	10%	-28%	-17%	-49%	-49%	-28%	8%
Retail deposits	-17%	62%	50%	53%	65%	38%	-11%	-5%	-47%	-50%	-35%	-6%
Corporate deposits	9%	64%	51%	27%	26%	-15%	-39%	-28%	-37%	-36%	-12%	18%
Wholesale funding	22%	27%	10%	8%	9%	8%	0%	-2%	3%	-11%	-4%	-3%
5. How did these factors affect the amount of funding from households during the quarter that has just ended?												
Banks’ demand factors												
Rates paid relative to the cost of other liabilities	2%	-6%	29%	74%	65%	73%	67%	37%	1%	-10%	-19%	-24%
Market share objectives	3%	3%	10%	12%	2%	5%	5%	2%	3%	4%	4%	2%
Regulatory requirements	44%	37%	47%	39%	48%	61%	54%	41%	41%	37%	36%	31%
Funding structure objective	7%	4%	18%	16%	18%	15%	20%	3%	3%	3%	3%	1%
Depositors’ supply factors												
Changing supply of deposits, unrelated to bank action	29%	12%	-25%	72%	12%	17%	19%	21%	-5%	-3%	-10%	1%

1	2	3	4	5	6	7	8	9	10	11	12	13
6. How did these factors affect the amount of corporate deposits during the quarter that has just ended?												
Banks' demand factors												
Rates paid relative to the cost of other liabilities	15%	8%	43%	38%	34%	54%	32%	13%	1%	-14%	5%	7%
Market share objectives	0%	3%	4%	7%	3%	7%	7%	-1%	4%	-2%	3%	11%
Regulatory requirements	29%	15%	20%	24%	36%	25%	-1%	16%	12%	13%	10%	7%
Funding structure objective	0%	5%	23%	17%	27%	27%	22%	7%	21%	9%	0%	5%
Depositors' supply factors												
Changing supply of deposits, unrelated to bank action	-19%	18%	19%	53%	34%	40%	25%	30%	20%	25%	19%	12%
7. How has the share of FX funding changed in the quarter that has just ended?												
Net change	-29%	-15%	20%	9%	1%	-42%	-39%	-28%	5%	-17%	14%	-38%
8. How will the share of FX funding change in the next quarter?												
Net change	-39%	-33%	-18%	2%	-2%	-39%	-21%	-24%	-34%	-22%	-32%	-28%
9. How did the maturity of the funds raised in the quarter that has just ended change from the previous quarter?												
Net change	-42%	-58%	-13%	-14%	19%	34%	1%	-9%	-8%	-4%	0%	-17%
10. How will the maturity of funding change over the next 12 months?												
Net change	-31%	-35%	-18%	18%	43%	12%	8%	3%	-4%	-3%	-6%	1%
11. What factors have influenced plans to raise wholesale funding going forward?												
Banks' demand factors												
Need / desire to change size of balance sheet	40%	1%	3%	5%	5%	14%	2%	3%	2%	9%	2%	10%
Asset-liability matching	51%	-7%	4%	19%	34%	47%	22%	15%	28%	40%	12%	21%
Price/yield	-11%	-19%	-1%	-26%	-25%	-68%	10%	-23%	-24%	-21%	2%	2%
Nonprice terms	21%	-3%	2%	31%	30%	85%	28%	26%	28%	23%	1%	11%
Regulatory requirements	22%	22%	2%	2%	31%	10%	7%	0%	1%	0%	9%	13%
Depositors' supply factors												
Investor demand	15%	-11%	2%	15%	31%	81%	30%	25%	29%	24%	2%	13%
II. Capital												
12. How has total capital changed over the past 12 months?												
Net change	11%	29%	-4%	6%	42%	48%	81%	60%	62%	72%	71%	45%
13. How will total capital change in the next 12 months?												
Net change	-56%	-32%	-15%	-7%	13%	27%	23%	-1%	24%	39%	25%	71%
14. How has the cost of capital changed over the past 12 months?												
Net change	32%	27%	60%	90%	74%	81%	35%	-25%	-33%	-33%	-33%	-15%
15. How will the cost of capital change in the next 12 months?												
Net change	56%	60%	20%	15%	4%	-7%	-2%	-12%	-30%	-27%	-9%	-7%
16. What factors will affect the change in capital over the next 12 month?												
Direct effects on capital (profit/loss)	-77%	-51%	14%	7%	14%	33%	34%	32%	34%	33%	30%	50%
Regulatory requirements	-31%	4%	-17%	-25%	-35%	-15%	-23%	-34%	-22%	-18%	-36%	-29%
Factors affecting capital demand from banks												
Changes in economic outlook	-70%	-80%	-49%	-22%	-26%	-11%	-14%	-12%	-12%	-13%	-29%	-15%
Strategic decisions to change risk appetite	-18%	-13%	-10%	-3%	-2%	-9%	-23%	-9%	-9%	-12%	-16%	-19%
Changes in asset size (growth plans)	7%	-25%	-29%	-26%	-22%	-5%	-12%	-16%	-10%	-7%	-13%	-15%
Factors affecting capital supply from investors												
Need / desire of shareholders to change the amount of capital	5%	11%	13%	16%	3%	4%	7%	6%	9%	6%	10%	6%

About the survey

The NBU highly appreciates the banks' participation in the survey under conditions of martial law.

In July 2021, the NBU introduced a quarterly bank funding survey. The survey primarily aims to deepen our understanding of the dynamics of the volumes, structure, and costs of banks' liabilities and capital. The report compiles aggregate assessments and expectations of respondents regarding the volumes, costs, and maturities of various types of bank liabilities and capital, as well as the drivers of these indicators.

The report covers assessments of bank funding conditions in Q4 2024 and expectations for Q1 2025. The survey contains generalized estimates of changes in the banks' capital ratios over the past 12 months, and expectations for the next 12 months (Q1–Q4 2025). The survey was carried out from 16 December 2024 through 10 January 2025 among bank liability managers. The answers were provided by 26 financial institutions that jointly hold 96% of the banking system's total assets. The survey's results reflect the views of respondents and are not to be interpreted as assessments or forecasts made by the NBU.

A bank funding survey with the banks' expectations for Q2 2025 will be published in April 2025.