National Bank of Ukraine

Bank Funding Survey

Q2 2025

The survey exposed a reversal of previous trends in Q1 2025. In particular, the banks reported a marginal outflow of corporate deposits, while retail deposits increased. The volume of wholesale funding did not change. The cost of funding was up due to an increase in the rates on client deposits – primarily businesses – the respondents estimated. The cost of wholesale funding hardly changed at all. In April–June, the banks anticipate an inflow of client deposits and a further increase in the cost of liabilities. In Q1, the share of FX funding held steady. The respondents expect it to shrink over the next quarter. Although the overall maturity of deposits was declining, the banks believe it will rise in the next 12 months. The total amount of capital has increased over the last 12 months and will extend its growth into the future. Financial institutions noted a rise in the cost of capital and expect this uptrend to continue throughout the year.

Liabilities

In Q1, the respondents pointed to a slight decrease in funding overall, for the first time since July 2021. The banks indicated an outflow of corporate deposits and an inflow from households. The volume of wholesale funding did not change.

According to the banks, the decrease in corporate deposits was due to a shrinking supply from clients themselves. The financial institutions' plans to change their market share increased the banks' demand for corporate deposits to an extent, as did the attractive cost of funding. Changes in regulatory requirements contributed to the growth in retail deposits. Interest rates were holding back the growth in funding from households, some of the banks pointed out.

In Q2, the financial institutions expect the volume of client deposits to rise. Most of that growth will be in retail deposits, the respondents said. The volume of wholesale funding will not change.

In Q1, the banks with 42% of assets expected to raise wholesale funding in the next 12 months. Some of the large financial institutions were hoping to raise wholesale funding in Q2 already. As before, the banks were counting on funds for reconstruction projects to arrive from the EU and IFIs, among others. The respondents planned to raise wholesale funding to address the maturity mismatch and boost balance sheets. Regulatory requirements and non-price factors further fueled demand for wholesale funding. The banks also mentioned growing interest from investors.

In Q1, the average cost of funding increased overall, the survey showed. The vast majority of banks reported growth in the cost of client deposits, most notably from businesses. The cost of wholesale funding remained unchanged.

In Q2, the cost of liabilities will increase. Almost all of the banks expect the cost of both corporate and retail deposits to rise.

In January–March, there was no change in the share of FX-denominated funding, the banks estimated. In Q2, banks that hold 41% of the system's assets anticipate a decrease in the share of FX liabilities.

The current survey revealed a reduction in funding maturity, although fewer financial institutions reported this than a quarter ago. Over the quarter, the share of respondents that expect funding maturity to rise in the next 12 months increased materially, to a half.

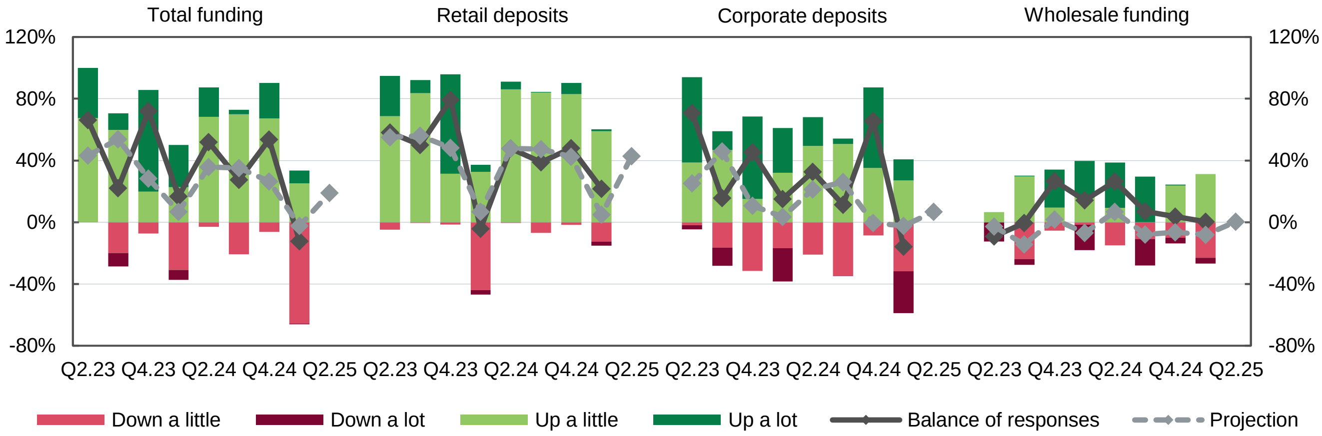
Capital

In Q1, the vast majority of the respondents said that the total volume of capital had risen over the past 12 months. Most financial institutions anticipate that this uptrend will continue in the 12 months ahead.

The respondents once again cited profitability as a key driver of capital growth in the near future. However, several banks reported that capital reductions are possible as a result of changes in regulatory requirements, macroeconomic conditions, or the banks' risk appetites. In Q1, the banks that own some 12% of the assets mentioned shareholders' plans to ramp up capital in the next 12 months.

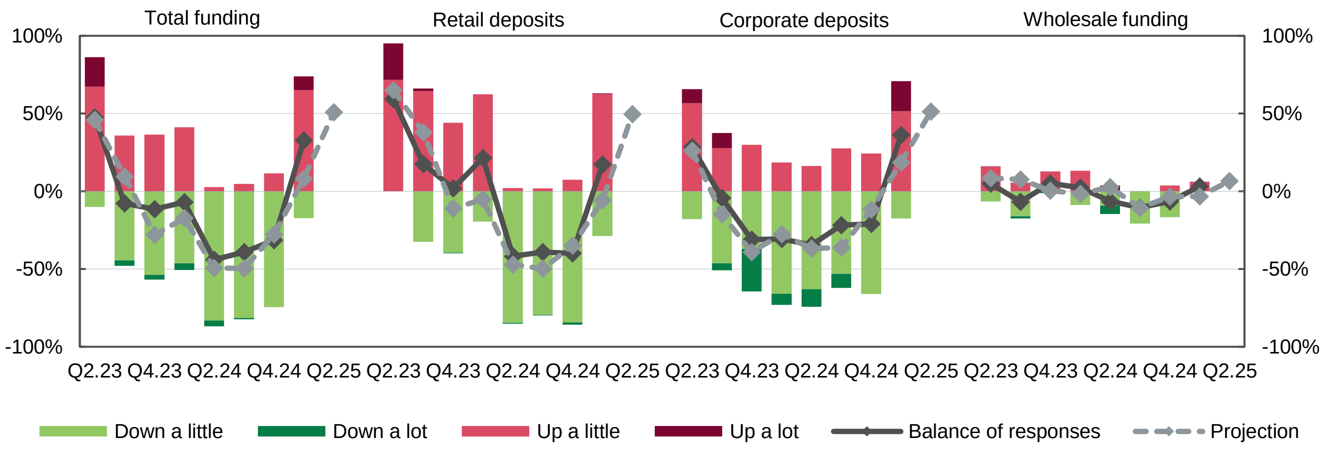
In Q1, for the first time since mid-2022, the respondents pointed out that the cost of capital had risen over the past 12 months. Most of the banks expect the cost of capital to increase going forward.

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*)**

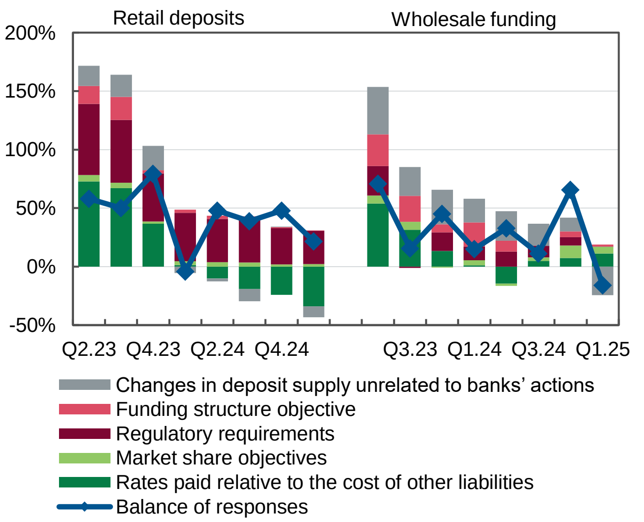
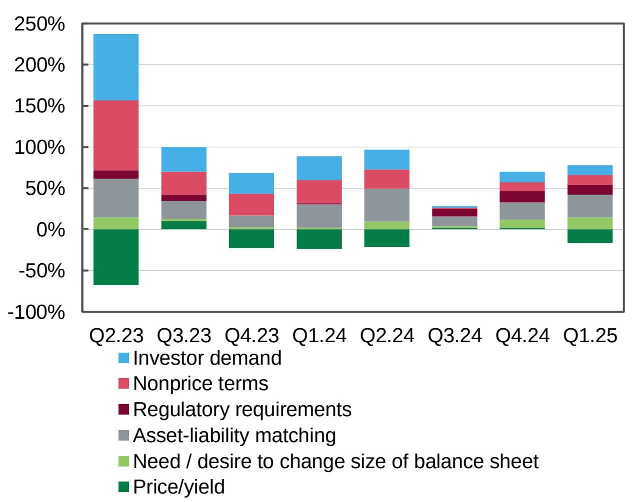


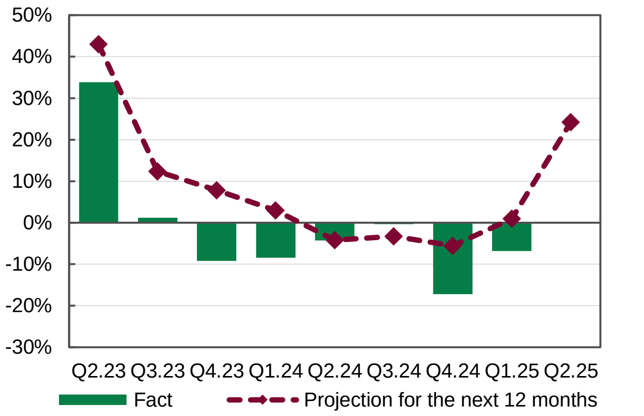
Figure 4. **Impact of factors on changes in the volume of future wholesale funding (balance of responses*)**



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

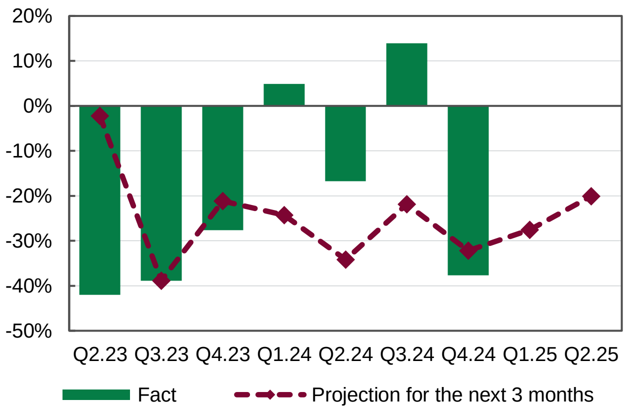
The line in the diagram is the balance of responses about the amount of funds raised. The bars denote the effects of factors on the change in the indicator (the total value of the indicator may not always equal the sum of the contributions of individual factors).

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



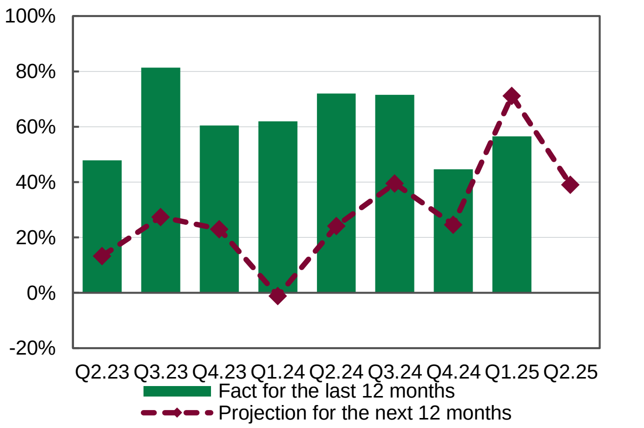
* A positive balance of responses indicates an increase in maturity of funding.

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



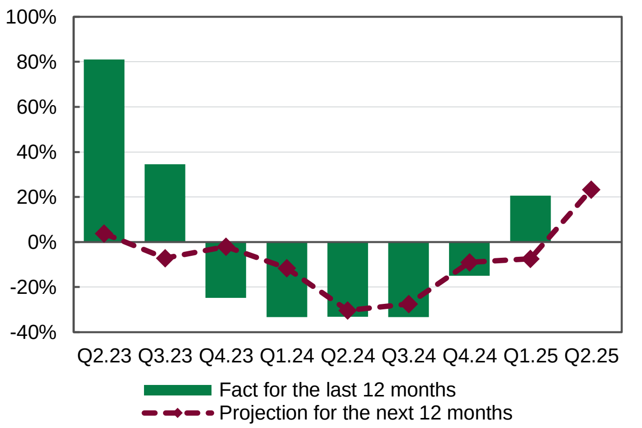
* A positive balance of responses indicates an increase in the share of FX funding.

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



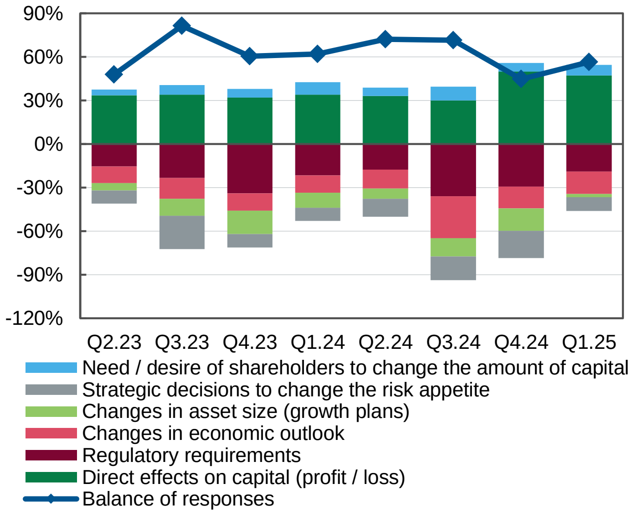
* A positive balance of responses indicates an increase in total capital.

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				2025
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
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	32%	46%	88%	39%	66%	22%	72%	17%	52%	27%	54%	-12%
Retail deposits	14%	54%	84%	44%	58%	50%	79%	-4%	48%	39%	48%	22%
Corporate deposits	40%	34%	88%	50%	71%	16%	45%	15%	33%	11%	66%	-16%
Wholesale funding	-26%	-11%	-12%	-33%	-9%	0%	27%	14%	27%	7%	4%	0%
2. How will funding change in the next quarter?												
Net change	2%	43%	17%	43%	54%	28%	7%	36%	35%	27%	-2%	19%
Retail deposits	11%	51%	42%	55%	56%	48%	7%	48%	47%	42%	5%	43%
Corporate deposits	5%	20%	-6%	25%	46%	11%	4%	21%	26%	0%	-2%	7%
Wholesale funding	-10%	-13%	-28%	-3%	-14%	2%	-7%	7%	-8%	-6%	-8%	0%
3. How did the average cost of funding change over the quarter that has just ended?												
Net change	31%	39%	44%	49%	48%	-8%	-12%	-7%	-44%	-39%	-31%	33%
Retail deposits	0%	9%	33%	51%	59%	18%	2%	21%	-42%	-39%	-40%	17%
Corporate deposits	40%	62%	35%	46%	29%	-4%	-31%	-31%	-35%	-22%	-21%	36%
Wholesale funding	47%	16%	21%	-4%	5%	-7%	5%	2%	-6%	-10%	-7%	3%
4. How will the cost of funding change in the next quarter?												
Net change	70%	48%	43%	46%	10%	-28%	-17%	-49%	-49%	-28%	8%	51%
Retail deposits	62%	50%	53%	65%	38%	-11%	-5%	-47%	-50%	-35%	-6%	50%
Corporate deposits	64%	51%	27%	26%	-15%	-39%	-28%	-37%	-36%	-12%	18%	51%
Wholesale funding	27%	10%	8%	9%	8%	0%	-2%	3%	-11%	-4%	-3%	7%
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	-6%	29%	74%	65%	73%	67%	37%	1%	-10%	-19%	-24%	-34%
Market share objectives	3%	10%	12%	2%	5%	5%	2%	3%	4%	4%	2%	2%
Regulatory requirements	37%	47%	39%	48%	61%	54%	41%	41%	37%	36%	31%	28%
Funding structure objective	4%	18%	16%	18%	15%	20%	3%	3%	3%	3%	1%	0%
Depositors’ supply factors												
Changing supply of deposits, unrelated to bank action	12%	-25%	72%	12%	17%	19%	21%	-5%	-3%	-10%	1%	-9%

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	8%	43%	38%	34%	54%	32%	13%	1%	-14%	5%	7%	11%
Market share objectives	3%	4%	7%	3%	7%	7%	-1%	4%	-2%	3%	11%	6%
Regulatory requirements	15%	20%	24%	36%	25%	-1%	16%	12%	13%	10%	7%	0%
Funding structure objective	5%	23%	17%	27%	27%	22%	7%	21%	9%	0%	5%	2%
Depositors' supply factors												
Changing supply of deposits, unrelated to bank action	18%	19%	53%	34%	40%	25%	30%	20%	25%	19%	12%	-24%
7. How has the share of FX funding changed in the quarter that has just ended?												
Net change	-15%	20%	9%	1%	-42%	-39%	-28%	5%	-17%	14%	-38%	0%
8. How will the share of FX funding change in the next quarter?												
Net change	-33%	-18%	2%	-2%	-39%	-21%	-24%	-34%	-22%	-32%	-28%	-20%
9. How did the maturity of the funds raised in the quarter that has just ended change from the previous quarter?												
Net change	-58%	-13%	-14%	19%	34%	1%	-9%	-8%	-4%	0%	-17%	-7%
10. How will the maturity of funding change over the next 12 months?												
Net change	-35%	-18%	18%	43%	12%	8%	3%	-4%	-3%	-6%	1%	24%
11. What factors have influenced plans to raise wholesale funding going forward?												
Banks' demand factors												
Need / desire to change size of balance sheet	1%	3%	5%	5%	14%	2%	3%	2%	9%	2%	10%	15%
Asset-liability matching	-7%	4%	19%	34%	47%	22%	15%	28%	40%	12%	21%	28%
Price/yield	-19%	-1%	-26%	-25%	-68%	10%	-23%	-24%	-21%	2%	2%	-16%
Nonprice terms	-3%	2%	31%	30%	85%	28%	26%	28%	23%	1%	11%	12%
Regulatory requirements	22%	2%	2%	31%	10%	7%	0%	1%	0%	9%	13%	12%
Depositors' supply factors												
Investor demand	-11%	2%	15%	31%	81%	30%	25%	29%	24%	2%	13%	12%
II. Capital												
12. How has total capital changed over the past 12 months?												
Net change	29%	-4%	6%	42%	48%	81%	60%	62%	72%	71%	45%	57%
13. How will total capital change in the next 12 months?												
Net change	-32%	-15%	-7%	13%	27%	23%	-1%	24%	39%	25%	71%	39%
14. How has the cost of capital changed over the past 12 months?												
Net change	27%	60%	90%	74%	81%	35%	-25%	-33%	-33%	-33%	-15%	21%
15. How will the cost of capital change in the next 12 months?												
Net change	60%	20%	15%	4%	-7%	-2%	-12%	-30%	-27%	-9%	-7%	23%
16. What factors will affect the change in capital over the next 12 month?												
Direct effects on capital (profit/loss)	-51%	14%	7%	14%	33%	34%	32%	34%	33%	30%	50%	47%
Regulatory requirements	4%	-17%	-25%	-35%	-15%	-23%	-34%	-22%	-18%	-36%	-29%	-19%
Factors affecting capital demand from banks												
Changes in economic outlook	-80%	-49%	-22%	-26%	-11%	-14%	-12%	-12%	-13%	-29%	-15%	-15%
Strategic decisions to change risk appetite	-13%	-10%	-3%	-2%	-9%	-23%	-9%	-9%	-12%	-16%	-19%	-9%
Changes in asset size (growth plans)	-25%	-29%	-26%	-22%	-5%	-12%	-16%	-10%	-7%	-13%	-15%	-2%
Factors affecting capital supply from investors												
Need / desire of shareholders to change the amount of capital	11%	13%	16%	3%	4%	7%	6%	9%	6%	10%	6%	7%

About the survey

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

The NBU introduced the quarterly Bank Funding Survey in July 2021. The survey is primarily intended to deepen our understanding of developments in the volumes, structure, and costs of banks' liabilities and capital. The report compiles the 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 Q1 and expectations for Q2 2025. The survey contains generalized estimates of changes in the banks' capital ratios over the past 12 months, and outlook for the next 12 months, i.e. Q2 2025 through Q1 2026. This survey was carried out from 18 March through 7 April 2025 among bank managers in charge of liabilities management. The answers were provided by 26 financial institutions, which together held 96% of the banking system's total assets. The survey's results reflect the views of the respondents and are not assessments or forecasts by the NBU.

The next Bank Funding Survey, featuring expectations for Q3, will be published in July 2025.