

# STRATEGIC DEVELOPMENT PLAN

UKRAINIAN FINANCIAL  
HOUSING COMPANY PJSC  
FOR 2025 – 2029





# Current situation in Ukraine

Ukraine is facing the largest housing deficit in its history.  
Recovery requires not only financing but also a comprehensive reconstruction strategy.

**600 million sq. m.**  
Total housing needs

**450 million sq. m.**  
Before war

deficit due to aging housing stock  
and limited availability of housing  
for socially vulnerable groups and  
young families

**+150 million sq. m.**  
During full-scale invasion

losses due to destroyed  
and damaged buildings



According to World Bank estimates, over 13%  
of housing stock was destroyed or damaged.  
Total losses amount to \$58.9 billion.



With an average cost of UAH 38,000 per square  
meter, **total potential demand for housing**  
amounts to UAH 22.8 trillion.

# Tools to solve housing shortage

## Compensation for losses

State compensation program for damaged or destroyed housing

**Target groups:**  
war-affected citizens

## Social rent

Providing housing for long-term rental on favorable terms

**Target groups:**  
socially vulnerable categories (low-income, IDPs, veterans, etc.)

## Mortgage

Affordable housing loans with government support

**Target groups:**  
employed citizens, young families, military personnel

## Rent-to-Own

A mechanism for gradual home ownership through monthly payments

**Target groups:**  
citizens with stable income who lack sufficient initial capital



Дія

yeVidnovlennia



yeOselia



UFHC

# UFHC: Mission, vision, purpose

## MISSION:



We make everyone's dream of owning safe and comfortable housing in Ukraine come true!

## VISION:



We are building an innovative financial company – a leader and driver of the mortgage market, integrated into international financial markets and implementing state housing policy.

## Purpose and tasks of UFHC's establishment:



### Financial and institutional goal:

To establish an effective national mortgage refinancing institution to provide long-term housing financing in partnership with banks.



### Social goal:

To ensure access to homeownership for groups of citizens who are unable to purchase housing under market conditions, including young people, vulnerable populations, military personnel, IDPs, and critical infrastructure workers.



### Macroeconomic goal:

To stimulate economic development by revitalizing the construction industry and related sectors, attracting private and international capital, and supporting post-war reconstruction and demographic stabilization.

# yeOSELIA – results

as of May 9th, 2025

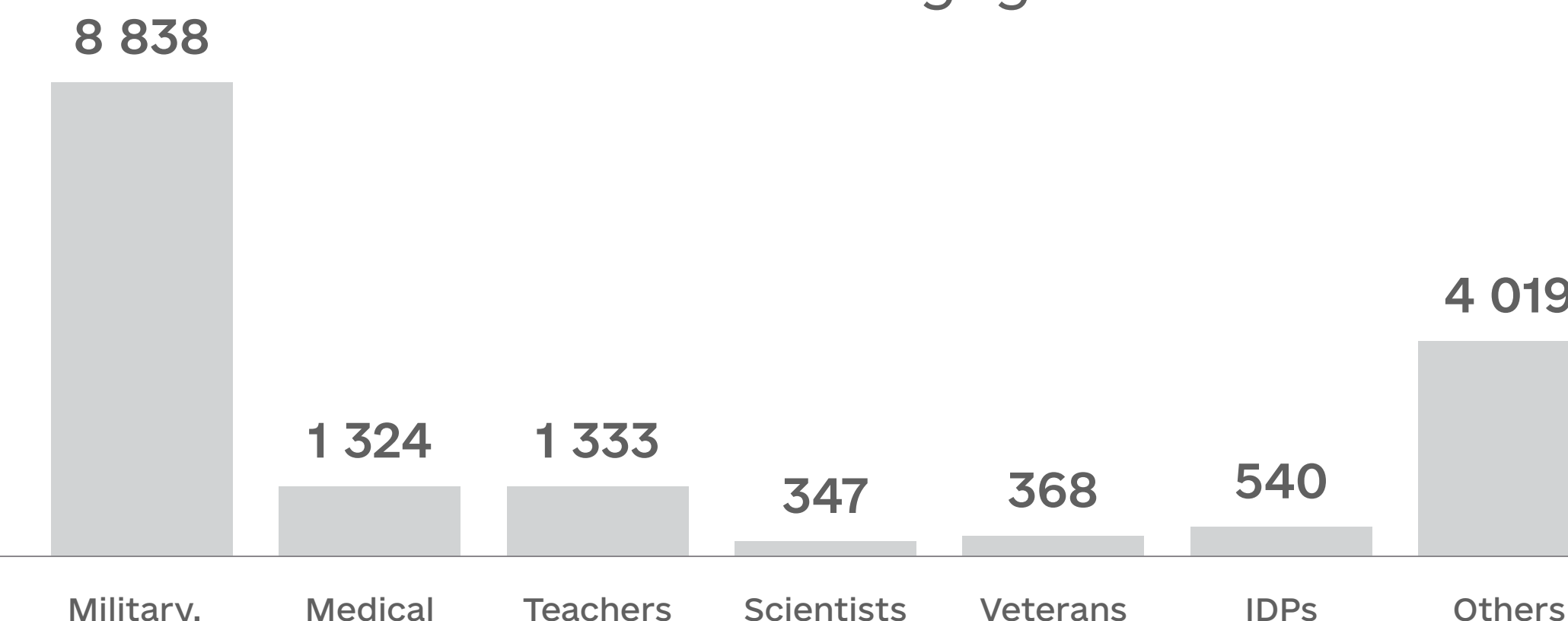
**NPL=0%**

**Issued**  
**16 769**  
 mortgages

**total amount**  
**UAH 27 616**  
 millions


**credited**  
**1 000 000**  
 sq. m.


## Issued mortgages

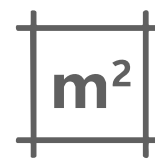



## Property categories




**10 495**  
 children in program


**35 years**  
 borrower's average age


**~29,1 sq. m.**  
 total area per 1 family member


**UAH 40 000**  
 borrower's average monthly income



# SWOT-analysis

## Strengths

- 100% of Company's shares are owned by the state;
- Company's capital is formed by government bonds, generating stable cash flows;
- Transparent mortgage lending mechanisms in line with the government program's terms;
- **Company's activities have a significant social impact;**
- **Company is a driver of mortgage market under martial law and sets a growing trend;**
- **Positive impact on the development of construction sector and economy as a whole;**
- Fostering and supporting a competitive environment among financial institutions.

## Weaknesses

- Program's dependence on volume and quality of government bonds held in Company's assets;
- **A shortage of long-term liquidity in domestic financial market;**
- Additional financial costs due to the mismatch between the main coupon income and the standard terms of government bonds issuance;
- **Lack of a dedicated dividend and tax policy regarding Company's operations;**
- Lengthy procedures for approving financing and other requests by central executive authorities;
- Low multiplier effect of state funds in the current financial model;
- Significant potential increase in Company's liabilities following the merger with the State Mortgage Institution (SMI).

## Opportunities

- **Opportunity to transform construction market in line with modern requirements and technologies;**
- **Attraction of investments from international financial institutions;**
- Diversification of funding sources;
- Consolidation of state housing programs under yeOselia program will enhance the efficiency of fund allocation;
- **Digitalization of decision-making process.**

## Threats

- Inability to forecast economic changes until the end of war;
- **Need to cover war-related risks for mortgage loans;**
- Risk of project suspension due to lack of liquidity or recapitalization;
- Risks associated with a systemic crisis in the banking sector;
- Shortage of energy capacity and skilled labor in the construction industry;
- **Demographic crisis in the country.**



# yeOSELIA: recalibration of the program

## Stage 0

‘Current terms’

### Current terms:

3%

7%

### Frequency of rate reviews:

3% - 6%

7% - 10%

### Categories:

3% - security and defense sector, medical workers, teachers, scientists  
7% - IDPs, veterans, mobilized, military personnel

### Requirements for existing housing:

52.2 sq m. per household per 1 person +21 sq m. of living space per additional family member

### Norm of the area of the mortgaged property:

52.2 sq m. per 1 person  
+21 sq m. of living space per additional family member (size of the minimum area is unlimited)

### Downpayment:

from 20% - for all

from 10% - for young people (18-25 years)

### Financial model:

Current

## Stage I

‘Fast solution’

### Key changes:

Reducing the cost of subsidies

### Frequency of rate reviews:

3% - 6%

7% - 10%

### Expanding category ‘3%’:

Adding mobilized military personnel

### Stricter requirements for existing housing:

>52.2 sq m. per household (1-2 persons)  
+21 sq m. of living space per additional family member

### Reducing norm of the area of the mortgaged property:

52.2 sq m. per 1-2 persons  
+21 sq m. of living space per additional family member (size of area 115 sq m. max)

### Downpayment:

from 10% - for young people (18-25 years)

### Financial model:

Current + hybrid

**Launching a product with compensation for certain categories of customers:** interest rate - 7-10%, compensation period 5-10 years, final terms of product and categories to be determined jointly with product partner

## Stage II

Calibration – efficiency and social focus

### Key changes:

Differentiated approach to determining the level of interest rate compensation based on household income.

Households with high incomes will not be able to use the yeOselia program (does not apply to privileged categories)

### Financial model:

Combination of hybrid and compensation financing models

## Stage III

Market-based operating model

### Key changes:

Transition to market lending terms while maintaining favorable terms for vulnerable categories. Compensation payments are discontinued once the borrower's income exceeds a defined threshold.

### Financial model:

Market instruments, payment of compensation from income from loans on the Company's balance sheet, issuance of own debt securities.

# Recalibrating financial models

Current



Hybrid




Compensation








Product proposal


(considering the discussion with the Ministry of Economy)


- 


TARGET AUDIENCE
- 


HOUSING
- 


DOWN PAYMENT
- 

INTEREST RATE
- 

ADDITIONAL REQUIREMENTS
- 

STANDARDIZED COST OF 1 SQ M OF HOUSING
- 

MAX. PROPERTY VALUE
- 

STANDARD AREA
- 

INCOME

3%	yeOselia	7%	COMPENSATION MODEL	
Military & Law Enforcement, + mobilized Doctors, Teachers, Scientists		Other citizens	For IDPs, veterans	For all categories
New buildings up to 3 years old			Housing up to 10 years old for Kyiv and regional centers. Housing no limit for all other cities.	
≥10% for young people under 25 y.o. ≥20% for other categories			≥7%	≥20%
first 10 years – 3% from 11th year – 6%		first 10 years – 7% from 11th year – 10%	Floating -UIRD 12m + margin 4% Compensation up to 7% for the first 10 years	Compensation up to 10% for the first 5 years
Regarding the disposal and use of the property prior to the end of the loan term: (1) Mandatory residence of the borrower in the property; (2) Prohibition on use of the property not aligned with its intended purpose, including renting, leasing, or other similar arrangements.				
Standardized cost of 1 sqm of housing is determined by the Ministry for Development of Communities and Territories of Ukraine on a quarterly basis and increased by a coefficient (x1.75; x2) specified in Resolution No. 856 of the Cabinet of Ministers of Ukraine (maximum property value – see the next slide).				
The max. property value = (standardized area *Indirect cost of 1sq m) + 10%. Within the max. property value, the following exceeding is allowed: over the standardized area –up to 10%,over the max. cost of 1 sq m –up to 20%				
52,5 sq m for 1-2 persons + 21sq m for each additional family member; max. area - 115,5sq m/125,5sq m (apartment/house respectively)				
No limitations		The limitations are currently under development and will be introduced during the second stage of the reforms		

# Expected loan volumes, pcs

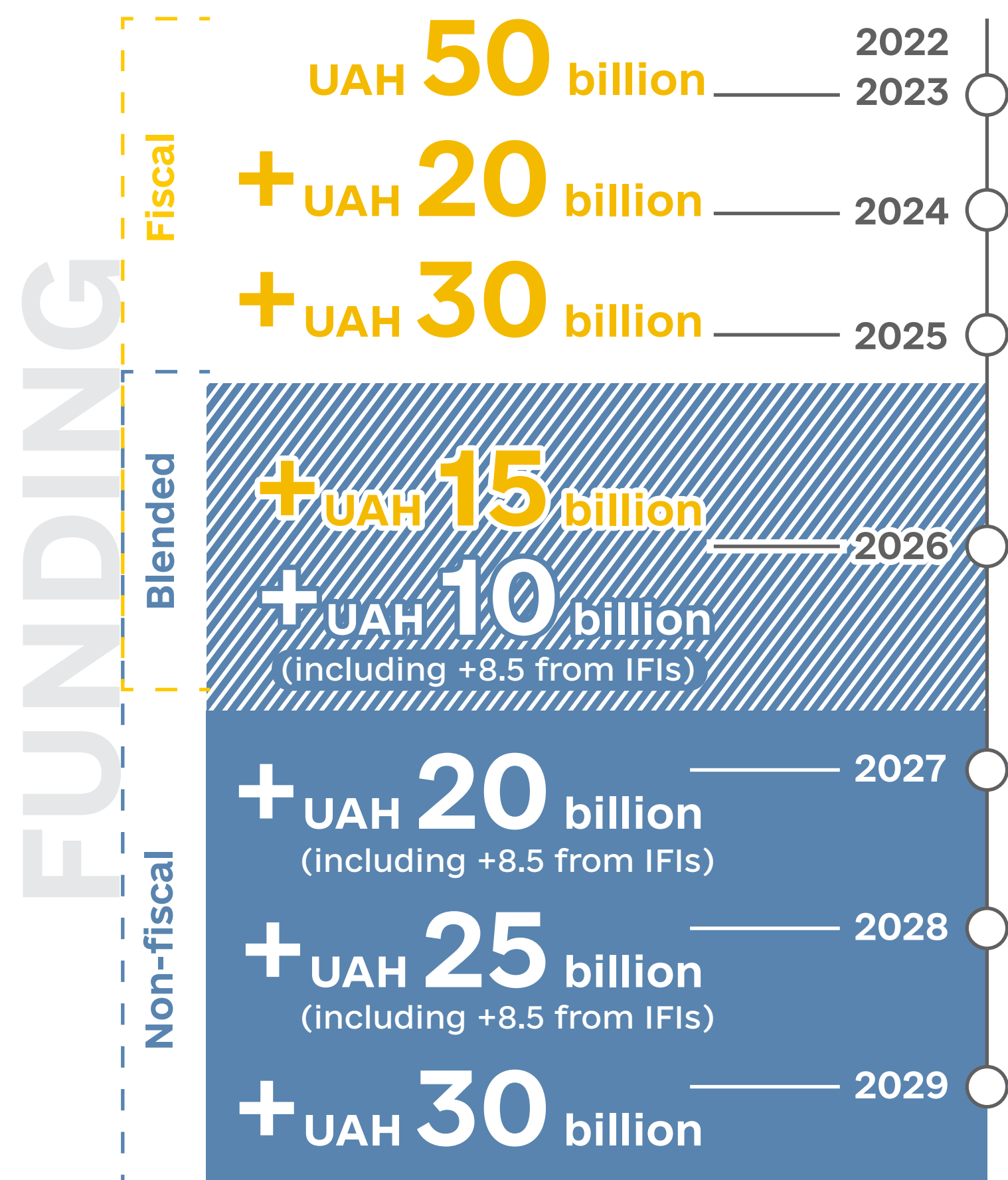
Type of financial model	2025	2026	2027	2028	2029	Total
Current financial model	10 000	10 000	15 000	15 000	20 000	70 000
Compensation financial model	5 000	5 000–15 000	15 000–30 000	25 000–50 000	–	50 000–100 000

## Key parameters of the compensation model and multiplier estimation:

Total compensation:	UAH 41 157-82 314 millions
Total compensation:	<b>USD 990-1 980 millions</b>
NPV:	UAH 17 946-35 893 millions
Maximum portfolio size:	UAH 86 895-173 790 millions

Multiplier (Maximum portfolio size/ NPV) x4,8

# Funding Strategy



The current financial model includes raising funds by UFHC, secured by government bonds (so-named OVDPs, provided by the government), and transferring these funds to partner banks for mortgage loan issuance. As of the beginning of 2024, UFHC's authorized capital amounted to UAH 50 billion.

At the end of 2024, UFHC's authorized capital was increased to UAH 70 billion.

Gradual transition to blended funding (fiscal and non-fiscal sources). Non-fiscal sources are grants/loans/guarantees from development banks (DFIs)/international financial institutions (IFIs) such as DFC, EBRD, AFD, EIB, CEB, JICA, NEXI, WB, being either secured by the mortgage portfolio or non-secured.

Updated UFHC Strategy provides that if security risks are significantly reduced, fundraising from non-fiscal sources will increase from UAH 10 billion in 2026, and to UAH 75 billion in 2027-2029.

Implementing a compensation financial model of mortgage lending in cooperation with IFIs to scale up mortgage lending significantly and achieve a high funding multiplier.

Increased level of borrowings from non-fiscal sources, gradual transition to market funding through the issuance of UFHC's covered bonds, mortgage-backed securities and securitization.



Non-fiscal funding from DFIs/IFIs may also be obtained through special budgetary programmes.

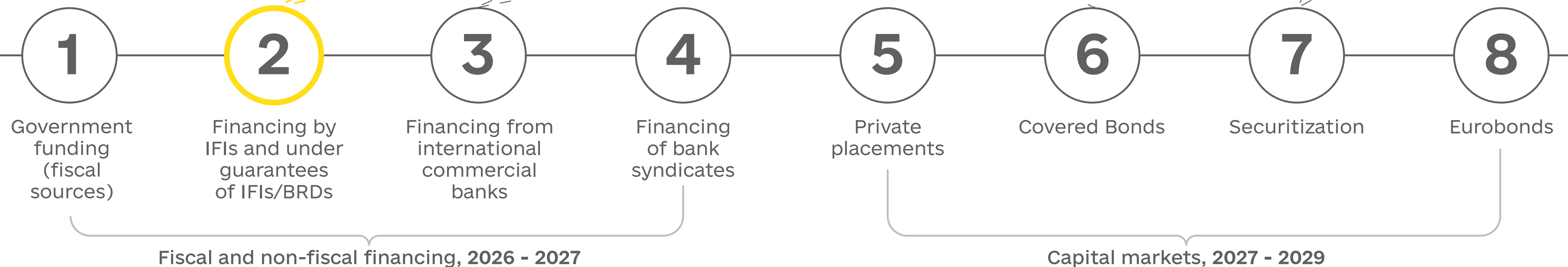


# Roadmap for financing

**Financing from IFIs** to launch a compensatory financial model of mortgage lending and attract guarantees of up to USD 1 billion to finance yeOselia by banks with foreign capital.

**Financing from banks with foreign capital** – bilateral hryvnia loans to finance yeOselia, secured by guarantees from the BRD/IFIs.

**Securitization** – after increasing the mortgage portfolio to the target level (UAH 100 billion) and introducing the necessary amendments to the legislation, start the process of securitization.



Demand for affordable mortgages in Ukraine is huge, and thus the need for funding for the UFHC to continue issuing mortgages, especially for vulnerable categories of citizens, is growing. Gradual diversification of funding sources will ensure the sustainability of the concessional mortgage lending program along with the growth of the mortgage portfolio.

**Capital market financing** – as soon as the mortgage portfolio of the UFHC reaches the target size and its parameters are close to market parameters, the UFHC will have access to capital market financing, which will ensure independence from government funding or reaching self-sufficiency. Achievement of this is one of the main long-term goals of the company.

# Necessary Legislative Amendments

## Law of Ukraine ‘On Financial and Credit Mechanisms for Providing Housing to Ukrainian Citizens by the State’

### Objective:

To create a unified legislative framework for implementing the state housing policy using modern financial and credit instruments, particularly through collaboration with UFHC.

### Why it is necessary:

- Unification of state support mechanisms
- Establishing clear rules on interest rate compensation, selection of participants, and the procedure for providing state aid.
- Regulatory consolidation of UFHC role
- Defining UFHC as the national mortgage refinancing institution and operator of government programs.
- Transparency and accountability
- Setting standards for digital services, monitoring, reporting and anti-corruption safeguards.
- Guarantees of sustainable financing.
- Creating conditions for attracting non-fiscal funds.

### Separate taxation procedure for UFHC

#### Tax privileges for operating activities:

Exemption from income tax of a portion of income allocated to:

- mortgage refinancing;
- interest rate compensation;
- creation of special reserves (related to military risks);
- digitalization of services.

### Separate dividend policy for UFHC:

- Setting a zero dividend rate.
- Instead of paying dividends, reinvest profits in affordable housing programs

### FORMULATING THE PURPOSE OF THE UFHC'S ACTIVITIES NOT AS PROFIT MAKING, BUT AS ACHIEVING A SOCIO-ECONOMIC EFFECT

Law of Ukraine ‘On Financial and Credit Mechanisms for Providing Housing to Ukrainian Citizens by the State’ or a separate law on the protection of investors’ rights should provide for:

- protection of the rights of construction investors and transparency of the model of raising funds using escrow accounts or other mechanisms for the targeted use of funds;
- reduction to 2-3 transparent models of construction financing.

## Law of Ukraine ‘On Securitization’

### Objective:

Creating a legal framework for converting mortgage assets into liquid securities, which would allow scaling up housing lending without additional budgetary burden.

### Why it is necessary:

- No legislation on securitization
- There are no definitions, participants, procedures, asset requirements, or terms of securities issuance.
- Attracting private and international capital
- The law will allow the UFHC to issue mortgage-backed securities and sell them to investors.
- Strengthening bank liquidity. Banks will receive a resource for new mortgages by selling the assets of the UFHC.
- Reducing dependence on the state budget.

### LAUNCHING SECURITIZATION IS THE KEY TO ABANDONING BUDGET FINANCING

**Additionally, in the Law of Ukraine ‘On Financial and Credit Mechanisms for Providing Housing to Ukrainian Citizens by the State’ or in a separate law on the protection of investors’ rights, to provide:**

- Ensuring the protection of construction investors’ rights and enhancing transparency in the fundraising model, including the use of escrow accounts and other mechanisms for the targeted allocation of funds.
- Reducing to 2-3 transparent models of construction financing, as there are still a significant number of ‘gray’ investment models on the market (preliminary agreements, direct transfers of funds, etc.) and participants are not protected from fund managers and developers due to the relatedness of persons.

# Digitalization of mortgage ecosystem: current status and strategic steps

## Implemented at the strategic level:

- User-friendly and fast application process via Diia (credit decision provided within 2 - 3 minutes).
- Digital transformation and automation of internal processes, including implementation of an accounting system (loan and leasing management, reporting, IFRS 9 compliance).
- Structured system of cooperation with banks to support loans under yeOselia program (web platform for banks/API integration).
- Multi-layered IT infrastructure protection system against cyber threats.
- Analytical monitoring system based on Power BI.
- Electronic document flow system and electronic archive of client records for yeOselia program.

## Needs to be implemented:

- Development of a unified 'Mobile Mortgage' ecosystem to ensure speed, transparency, simplicity, and openness of the process - a single mobile application for borrowers.
- Creation of a unified digital platform for housing programs – fast search and easy selection.
- Integration with state registers, e-Notary services, and payment systems - speed and convenience, including access to any certificate through mobile app.
- Automation of property appraisal, insurance, and inspection – fast and simple.
- Establishment of a single electronic queue for state programs – transparency for citizens and easy access to statistics for the government.
- Digitalization of financial leasing programs.



# 2029 year

- 1** Specialized second-tier mortgage institution
- 2** The sole operator of state housing programs in Ukraine
- 3** Company capitalization amounts to UAH 200 billion
- 4** No funding from the state budget (UAH 0)
- 5** UAH 190–270 billion loan portfolio
- 6** 120 – 170 thousand loans (70,000 under current + hybrid financial models, from 50,000 to 100,000 under the compensation-based model)
- 7** Corporate governance in line with international best practices
- 8** Full digitalization of the mortgage issuance process
- 9** MBS issuance
- 10** Company conducts test purchases of mortgage portfolios generated by banks (without direct mortgage financing)

