

JSC “PRAVEX BANK”

The interim financial statements

for the period ended 31 March 2022

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(in thousands of Ukrainian hryvnias)			
Item	Notes	31/03/2022	31/12/2021
1	2	3	4
ASSETS			
Cash and cash equivalents	6	1,703,978	937,739
Loans and advances to customers	7	4,535,833	4,768,272
Investments in securities	8	2,409,973	3,185,489
Investment property		12,777	12,777
Current income tax receivable		29	29
Intangible assets other than goodwill		140,632	151,398
Fixed assets		309,995	318,004
Other financial assets	9	51,692	22,199
Other non-financial assets	10	56,126	16,215
Total assets		9,221,035	9,412,122
EQUITY AND LIABILITIES			
LIABILITIES			
Due to banks	11	800,000	-
Due to customers	12	6,326,902	7,285,788
Derivative financial liabilities		-	76
Debt securities issued by the Bank		1	1
Other borrowed funds	13	367,652	343,999
Provisions			
Provisions for credit related commitments and financial guarantees	14	10,615	9,421
Other provisions		94,168	88,585
Total provisions		104,783	98,006
Other financial liabilities	15	106,728	125,833
Other non-financial liabilities	16	85,289	70,569
Deferred income tax liabilities		8,033	9,237
Total liabilities		7,799,388	7,933,509
EQUITY			
Share capital	17	1,048,726	1,048,726
Retained earnings		(4,456,111)	(4,402,783)
Share premium	17	4,600,754	4,600,754
Reserves and other funds		1,332	1,332
Other reserves	18	226,946	230,584
Total equity		1,421,647	1,478,613
Total liabilities and equity		9,221,035	9,412,122

Authorised for issue and signed by

Pro tempore Chairman of the Board
JSC "PRAVEX BANK"

Acting Chief accountant
JSC "PRAVEX BANK"

DATE: 20 May 2022



S.Z. Babaiev

G.V. Yurchenko

(in thousands of Ukrainian hryvnias)			
Item	Notes	31/03/2022	31/03/2021
1	2	3	4
Interest income, including	20	167,522	118,292
Interest income calculated using the effective interest rate method	20	167,522	118,292
Fee and commission income	21	37,002	38,032
Fee and commission expenses	21	(17,319)	(13,142)
Other income	22	1,370	3,412
Interest expenses	20	(62,866)	(38,558)
Net gain (loss) from foreign exchange operations		13,545	22,831
Net gain (loss) arising from foreign currency translation		(2,921)	(18,155)
Gains (losses) from initial recognition of financial liabilities at interest rates higher or lower than market rates		(12)	18
Impairment gains (losses) determined in accordance with IFRS 9	7, 9, 14	(77)	3,143
Other gains (losses)		490	2
Personnel expense		(83,053)	(73,219)
Depreciation and amortization expenses		(24,785)	(23,464)
Other administrative and operating expenses	23	(82,224)	(75,206)
Profit (loss) before tax		(53,328)	(56,014)
Expenses for tax payment (income from tax refund)		-	-
Profit (loss)		(53,328)	(56,014)
Profit per share			
Basic profit (loss) per share from continuing operations (in hryvnias)	24	(0.03)	(0.03)
Total basic profit (loss) per share (in hryvnias)	24	(0.03)	(0.03)

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(in thousands of Ukrainian hryvnias)			
Item	Notes	31/03/2022	31/03/2021
1	2	3	4
Statement of comprehensive income			
Profit (loss)		(53,328)	(56,014)
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss before tax			
Other comprehensive income, before tax, gains (losses) from revaluation (revaluation of fixed assets)	18	-	-
The total amount of other comprehensive income that will not be reclassified to profit or loss before tax		-	-
Components of other comprehensive income that will be reclassified to profit or loss before tax			
Gains (losses) on financial assets at FVTOCI, before tax	18	(4,841)	6,668
The total amount of other comprehensive income that will be reclassified to profit or loss, before tax		(4,841)	6,668
Total other comprehensive income, before tax		(4,841)	6,668
Total comprehensive income, before tax		(58,169)	(49,346)
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss			
Income tax related of other comprehensive income gains (losses) from revaluation (revaluation of fixed assets)	18	-	272
Total of income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		-	272
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss			
Income tax related of gains (losses) on financial assets at FVTOCI	18	1,203	(705)
Total of income tax related to components of other comprehensive income that will be reclassified to profit or loss		1,203	(705)
Total other comprehensive income, after tax		(3,638)	6,235
Total comprehensive income, after tax		(56,966)	(49,779)

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(in thousands of Ukrainian hryvnias)			
Item	Notes	31/03/2022	31/03/2021
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income received		149,620	150,124
Interest expenses paid		(53,766)	(36,311)
Fee and commission income received		37,249	38,044
Fee and commission expenses paid		(17,319)	(13,142)
Results of foreign currency transactions		13,545	22,831
Other income received		514	1,905
Personnel costs paid		(82,859)	(61,877)
Other administrative and operating expenses, paid		(80,808)	(71,810)
<i>Cash used in operating activities before changes in operating assets and liabilities</i>		(33,824)	29,764
Net decrease/(increase) in loans and advances to banks		-	282,679
Net decrease/(increase) in loans and advances to customers		350,003	416,270
Net decrease/(increase) in other financial assets		(28,647)	(2,747)
Net decrease/(increase) in other non-financial assets		(39,834)	(2,500)
Net increase/(decrease) in amounts due to banks		800,000	(214)
Net increase/(decrease) in amounts due to customers		(1,103,895)	(58,950)
Net increase/(decrease) in debt securities issued by the Bank		-	-
Net increase/(decrease) in other financial liabilities		(19,876)	(45,092)
Net increase/(decrease) in other non-financial liabilities		14,297	(299,952)
Net cash flows from operating activities		(61,776)	319,257
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of securities		(45,149,211)	(40,007,756)
Proceeds from the sale of investments in securities		45,922,365	40,148,309
Acquisition of property, plant and equipment		(8,155)	280
Proceeds from the sale of property, plant and equipment		-	1,385
Acquisition of intangible assets		(957)	(1,189)
Net cash from investing activities		(764,042)	141,029

(in thousands of Ukrainian hryvnias)			
Item	Notes	31/03/2022	31/03/2021
1	2	3	4
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in cash and cash equivalents		702,266	460,286
Effect of the NBU exchange rate fluctuations on cash and cash equivalents		63,973	(46,651)
Cash and cash equivalents at the beginning of the period	6	937,739	1,005,572
Cash and cash equivalents at the end of the period	6	1,703,978	1,419,207

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(in thousands of Ukrainian hryvnias)

Item	Notes	Attributable to shareholders						Total equity attributable to shareholders
		share capital	share premium and other additional capital	reserves and other funds	other reserves	retained earnings	total	
1	2	3	4	5	6	7	8	9
Balance as at 1 January 2021	17	1,048,726	4,600,754	1,332	210,916	(4,142,030)	1,719,698	1,719,698
Total comprehensive income		-	-	-	6,235	(56,014)	(49,779)	(49,779)
Profit (loss) for 3 month 2021		-	-	-	-	(56,014)	(56,014)	(56,014)
other comprehensive income		-	-	-	6,235	-	6,235	6,235
Amortisation of property, plant and equipment revaluation reserve	18	-	-	-	(2,842)	2,842	-	-
Transactions with shareholders	18	-	-	-	(94)	133	39	39
Closing balance as at 31 March 2021 (balance as at 1 April 2021)	17	1,048,726	4,600,754	1,332	214,215	(4,195,069)	1,669,958	1,669,958

(in thousands of Ukrainian hryvnias)

Item	Notes	Attributable to shareholders						Total equity attributable to shareholders
		share capital	share premium and other additional capital	reserves and other funds	other reserves	retained earnings	total	
1	2	3	4	5	6	7	8	9
Closing balance as at 31 December 2021 (balance as at 1 January 2022)	17	1,048,726	4,600,754	1,332	230,584	(4,402,783)	1,478,613	1,478,613
Total comprehensive income		-	-	-	(3,638)	(53,328)	(56,966)	(56,966)
Profit (loss) for 3 months 2022		-	-	-	-	(53,328)	(53,328)	(53,328)
other comprehensive income		-	-	-	(3,638)	-	(3,638)	(3,638)
Amortisation of property, plant and equipment revaluation reserve	18	-	-	-	-	-	-	-
Transactions with shareholders	18	-	-	-	-	-	-	-
Closing balance as at 31 March 2022 (balance as at 1 April 2022)	17	1,048,726	4,600,754	1,332	226,946	(4,456,111)	1,421,647	1,421,647

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Note 1. Information about the Bank

Full name of the Bank	Joint-Stock Company "PRAVEX BANK"
Short name of the Bank	JSC "PRAVEX BANK"
Location	9/2 Klovskyi Uzviz, Kyiv 01021, Ukraine
Country of registration	Ukraine
Form of incorporation	Private Joint-Stock Company
Name and location of the parent company	Intesa Sanpaolo S.p.A. 10121 Italy, Turin, Piazza San Carlo, 156
Management shareholding	0%
Foreign investor shareholding	INTESA SANPAOLO S.p.A. (Italy) owns 100% of the Bank's share capital
Reporting period	From 1 January to 31 March 2022
Reporting currency and measurement unit	UAH '000

The strategic goal of the activity and development of JSC "PRAVEX BANK" (hereinafter - the Bank) is to create a universal Bank that provides a full range of banking services to legal entities and individuals.

The Bank operated in the context of a full-scale war between Russia and Ukraine, which was accompanied by active hostilities in many regions of the country, which destroyed infrastructure and production facilities, disrupted logistics between regions, and large civilian casualties. At the same time, further growth of energy prices on world markets, growth of hryvnia devaluation, significant increase in forced migration, problems of timely sowing campaign, all this was directly reflected in the financial results as of March 31, 2022.

Taking into account the above factors, the Bank was forced to make efforts to maintain the status of a reliable and solvent bank, and took the following measures:

- focused on liquidity management;
- monitored the outflow of clients' funds;
- placed free funds in the certificates of deposit of the National Bank of Ukraine (hereinafter – NBU) in order to avoid liquidity risks and at the same time provide risk-free interest income;
- conducted restrained lending to corporate and retail segments with strict credit risk control;
- suspended the work of branches in the territories where the fighting is taking place and revised the work schedule of working branches;
- revised and canceled tariffs for some banking products / services;
- expanded the capabilities of banking products through the on-line application, which were urgent after the imposition of martial law;
- actively worked to reduce operating and administrative costs;
- implemented a grace period for loans (the ability to pay the debt in accordance with the terms specified in the loan agreement, during a certain grace period (without changing the repayment schedule fixed by the loan agreement). In the absence of funds on the accounts for repayment, the payment is not considered overdue until the expiration of the grace period).

Note 2. Economic and operational environment of the Bank operates

The Bank operates in Ukraine, whose economy belongs to the category of developing countries.

At the end of February 2022, Russia launched a full-scale attack on Ukraine, accompanied by active hostilities in many regions of the country. As a result of the war, the assets of many enterprises were physically destroyed, supply chains and production processes were disrupted, transport infrastructure was destroyed, which ensured even distribution of supply by region, and business costs increased. At the same time, the country has faced significant population losses and a significant increase in forced migration. A full-fledged sowing campaign has been disrupted due to reduced sown areas and the inability to carry out efficient agricultural work due to hostilities, the blockade of seaports, and problems with fuel and fertilizer supplies.

However, after the shock of the first weeks of Russia's full-scale war, economic activity in relatively calm regions began to revive. The business is gradually resuming its activities, overcoming the challenges of wartime.

During martial law, the Government and the National Bank of Ukraine took the following measures to minimize inflation:

- temporary fixation of the hryvnia exchange rate, which will restrain the probable deterioration of expectations and the rise in prices of imported goods;
- reduction of taxes, including indirect taxation of imports;
- fixing prices for housing and communal services;
- administrative regulation of prices for a number of food and fuel.

Fixing the exchange rate and maintaining administrative restrictions on foreign exchange transactions will remain an important prerequisite for maintaining macroeconomic stability in Ukraine.

Under martial law, the banking system remained stable and liquid. The discount rate remained unchanged at 10%.

The net profit of the banking system in February 2022 amounted of 9.9 UAH billion and increased by 53% compared to last year due to the growth of operating income, which offset the increase in deductions to reserves. Net interest and net commission income increased due to cheaper resources, the resumption of mortgage lending and the growth of non-cash transactions with households. Also, operating income increased due to the positive revaluation of government securities due to changes in quotations, due to improved macroeconomic indicators.

During the 1st quarter of 2022, international rating agencies downgraded the long-term default rating of the issuer of Ukraine in foreign currency in connection with the start of the war with Russia, namely:

- Fitch Ratings downgraded the long-term default rating of the issuer of Ukraine in foreign currency from "B" to "CCC";
- Standard and Pools lowered the long-term default rating of the issuer of Ukraine in foreign currency from "B" to "B-";
- Moodys downgrades Ukraine's long-term foreign currency default rating from "B3" to "Caa2"

as a result of Russian military intervention in Ukraine, which continues to pose significant risks to the country's economic growth, financial stability, external position and public finances.

These financial statements reflect the current assessment of management about the impact of operating conditions in Ukraine on the Bank's operations and financial condition. Future operating conditions may differ from those of management.

Note 3. Basis for preparation

These financial statements were prepared in accordance with the International Financial Reporting Standards (hereinafter - "IFRS") and requirements of the Law of Ukraine "On Accounting and Financial Statements in Ukraine" №996-XIV of June 16, 1999 on the preparation of financial statements (with amendments) (hereinafter referred to as the Law on Financial Statements).

These financial statements have been prepared under the historical cost convention, except for the initial recognition of financial instruments based on fair value, the subsequent appraisal of buildings at revalued cost and derivative financial instruments, financial assets at fair value through other comprehensive income at fair value.

Estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the management to develop judgements, estimates and assumptions that affect the application of accounting policies. Actual results may differ from those estimates.

The estimates and related assumptions are reviewed on an ongoing basis. Changes to the estimates are recognised in the period in which the estimates are revised and in all subsequent periods. Further information on estimates is disclosed in Note 4.2 Critical Accounting Judgements and Estimates.

Imposition of martial law in Ukraine

In connection with the military aggression of the Russian Federation against Ukraine and the imposition of martial law in Ukraine in accordance with the Decree of the President of Ukraine of February 24, 2022 # 64/2022 "On martial law in Ukraine", approved by the Law of Ukraine of February 24, 2022 # 2102 -IX, the senior management of the Bank has taken all necessary measures to ensure the continued operation of the Bank.

Uncertainty of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies. Actual results may differ from these estimates.

Estimates and associated assumptions are reviewed on an ongoing basis. Changes in estimates are recognized in the period in which the estimates are revised and in all subsequent periods.

Imposition of martial law in Ukraine

In connection with the military aggression of the Russian Federation against Ukraine and the imposition of martial law in Ukraine in accordance with the Decree of the President of Ukraine of February 24, 2022 # 64/2022 "On martial law in Ukraine", approved by the Law of Ukraine of February 24, 2022 # 2102 -IX, the senior management of the Bank has taken all necessary measures to ensure the continued operation of the Bank.

Uncertainty about potential future economic scenarios under martial law and its impact on credit losses require additional economic scenarios to be considered when calculating expected credit losses. In accordance with paragraph 5.5.17 of IFRS 9 "Financial Instruments", the assessment of expected credit losses is based on reasonably necessary and verifiable information about past events, current conditions and forecasts of future economic conditions, which can be obtained without excessive costs or effort as of the reporting date it is impossible to provide in the conditions of active military operations in the country.

During the martial law in Ukraine, banks have the opportunity to consider the introduction of "credit holidays" (deferral of payments on the principal amount of the loan and / or interest thereon). The introduction of "credit vacations" does not lead to banks recognizing overdue payments (principal and /

or interest). That is, the reflection in the accounting and financial statements of overdue debt on interest and / or part of the principal amount of the loan outstanding within the period specified in the original terms of the loan agreement will not be carried out.

The Bank informs customers about the use of "credit vacation" during martial law by publishing information on the official website of the Bank or in any other way that does not involve the physical presence of customers in the Bank or its branches.

In conditions of active hostilities on the territory of Ukraine there is a significant risk of physical damage to assets or lack of access to them, as well as the risk of depreciation of assets due to a reduction in the amount of expected compensation. In accordance with IAS 36 «Impairment of Assets», all assets for which potential impairment is possible should be tested. The relevant procedure is possible after the end of martial law.

During martial law, it is difficult to properly measure the fair value of assets and liabilities in accordance with the requirements of IFRS 13 «Fair Value Measurement». Fair value measurement requires an analysis of normal market transactions based on available sound evidence from all confirmed sources and significant relevant factors.

As the hostilities in Ukraine are currently in the active phase, there are significant uncertainties regarding the assessment of the impact of military aggression on the Bank's activities and, accordingly, the financial reporting indicators.

Impact of the COVID-19 pandemic

In March 2020, the rapid spread of the coronavirus pandemic and restrictions imposed to combat it shaped the global commodity and financial markets. The deterioration of the situation on the global financial and commodity markets coupled with growing uncertainty on the domestic market led to increased turbulence on the currency market of Ukraine and its partner countries. The Ukrainian government introduced restrictions on business and social activities in March 2020. The situation with the pandemic has also had a negative impact on Ukraine's foreign trade, making it difficult to obtain funding and leading to further devaluation of the national currency against major currencies.

The pandemic had an impact on the country's economy in the early first quarter of 2022. Since Russia's invasion of Ukraine on February 24, 2022, military action and the consequences of the aggressor's invasion have had more influential effects on the country's economic situation.

The specific impact of the pandemic on the financial statements is disclosed in the notes 7.1 and 21 to these financial statements.

Note 4. Significant accounting policies

From the date of preparation of the annual financial statements for 2021 The accounting policy has not changed.

Note 5. New and revised standards

The following are new standards/amendment and interpretations that have been issued but not yet effective as of the date of publication of the Bank's financial statements. The Bank plans to apply these new standards, amendments and interpretations, if applicable, after their entry into force.

Amendments to IAS 1 - Presentation of Financial Statements are a classification of current and long-term liabilities, including:

- it is clarified that a liability is classified as long-term if the organization has the right to defer settlement of the liability for at least 12 months - this right must exist on the date of the end of the reporting period;
- classification depends only on the existence of such a right and does not depend on the probability that the company plans to exercise this right;
- the procedure for assessing restrictive conditions (covenants) is described in more detail.

These changes are effective for annual periods beginning on or after 1 January 2023 and are applied retrospectively. The Bank is currently analyzing the possible impact of these changes on the current classification of liabilities and the need to revise the terms of existing loan agreements.

Amendments to IAS 1 and Practical Guideline 2 on the application of IFRS - Accounting Disclosures.

In February 2021, the IFRS Board amended IAS 1 and Practical Guidelines 2 on the application of IFRS “Formation of Materiality Judgments”, which provide guidance and examples to help organizations apply materiality considerations when disclosing accounting policies. The changes should help organizations disclose more useful accounting policies by replacing the requirement for organizations to disclose “significant provisions” in accounting policies with the requirement to disclose “significant information” about accounting policies, and by adding guidance on how organizations should apply concepts. materiality in making disclosure decisions about accounting policies.

The amendments to IFRS 1 are effective for annual periods beginning on or after 1 January 2023, with the possibility of early application. As the amendments to Practical Guidance Note 2 on the application of IFRSs contain optional guidance on the application of materiality to accounting policy information, there is no mandatory effective date for these amendments.

The Bank is currently assessing the impact of these changes on the disclosure of the Bank's accounting policies.

Amendments to IFRS 3 - Reference to Conceptual Framework.

In May 2020, the IFRS Board issued amendments to IFRS 3 Business Combinations - References to Conceptual Frameworks. The purpose of these changes is to replace the reference to the Concept of Preparation and Presentation of Financial Statements, issued in 1989, with the reference to the Conceptual Basis of Presentation of Financial Statements, issued in March 2018, without significant changes to the standard.

The Board also added an exception to the recognition principle in IFRS 3 to avoid potential gains or losses on Day 2 for liabilities and contingent liabilities that would fall within the scope of IAS 37 or the Interpretation IFRIC 21 “Mandatory Payments” if they arose within individual transactions.

At the same time, the Board decided to clarify the existing requirements of IFRS 3 for contingent assets, which will not be affected by the replacement of references to the “Financial Reporting Preparation Concept”.

These amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied prospectively. It is expected that these changes will not have a significant impact on the Bank.

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the IFRS Board amended IAS 8, which introduces the definition of "accounting estimates". The changes explain the difference between changes in accounting estimates and changes in accounting policies, and the correction of errors. In addition, the document explains how organizations use measurement methods and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after 1 January 2023 and are subject to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed subject to disclosure. It is expected that these changes will not have a significant impact on the Bank.

IFRS 9 Financial Instruments - Commission Fees for the 10% Test for Derecognition of Financial Liabilities

As part of the process of annual improvements to IFRSs for the period 2018-2020, the IFRS Board has issued an amendment to IFRS 9, which specifies the composition of commissions that the organization considers when assessing whether the conditions of a new or modified financial liabilities that are significantly different from the terms of the original financial liability. Such amounts include only those commissions paid or received between the creditor and the borrower, including commissions paid or received by the creditor or borrower on behalf of the other party. An entity shall apply those amendments to financial liabilities that have been modified or replaced at the date (or later) of the annual reporting period in which the entity first applies this amendment.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early use is allowed. The Bank shall apply this amendment to financial liabilities that have been modified or replaced at the date (or after) of the annual reporting period in which it first applies the amendment. It is expected that this change will not have a material impact on the Bank's financial statements.

Amendments to IAS 16 - Property, Plant and Equipment: Intended Use

In May 2020, the IASB issued a document "Fixed assets: receipts for their intended use", which prohibits organizations to deduct from the original value of fixed assets any proceeds from the sale of products manufactured in the process of delivery of the object to the place locating and bringing it to the condition required for its operation in accordance with the intentions of management. Instead, the organization recognizes the proceeds from the sale of such products, as well as the cost of production of these products as part of profit or loss.

These amendments are effective for annual periods beginning on or after 1 January 2022 and are to apply retrospectively to those items of property, plant and equipment that are available for use at the date of commencement (or after) the earlier of those presented in financial statements for the period in which the organization first applies these amendments.

These amendments do not apply to the Bank's financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IFRS Board issued IFRS 17 Insurance Contracts, a new financial reporting standard for insurance contracts that addresses the recognition and measurement, presentation and disclosure of information. When IFRS 17 becomes effective, it will replace IFRS 4 Insurance Contracts, issued in 2005. IFRS 17 applies to all types of insurance contracts (ie life and non-life insurance, direct insurance and reinsurance) regardless of the type of organization issuing them, as well as to certain guarantees and financial instruments with discretionary participation. There are some exceptions to the scope of the standard. IFRS 17 introduces new accounting requirements for banking products with the characteristics

of insurance contracts, which may affect the determination of which instruments or components will fall within the scope of IFRS 9 or IFRS 17.

Credit cards and similar insurance products: Most issuers of such products will be able to continue to use existing accounting policies and account for them as financial instruments in accordance with IFRS 9. IFRS 17 excludes credit card agreements from its scope or similar agreements establishing credit agreements or payment service agreements) that meet the definition of an insurance contract, if and only if the organization does not reflect the assessment of insurance risk associated with an individual client, when determining the contract price with that client.

When insurance coverage is provided within the terms of the credit card, the issuer must:

- separate the component of insurance coverage and apply IFRS 17 to it;
- apply other standards (eg IFRS 9, IFRS 15 Revenue from Contracts with Customers or IAS 37 (Valuation, Contingent Liabilities and Contingent Assets) to other components.

The Bank is currently assessing the impact of the application of IFRS 17 on its financial statements.

Amendments to IAS 37 - "Burdensome Contracts - Contractual Expenses"

In May 2020, the IFRS Board issued amendments to IFRS 37, which clarify what costs an organization should consider when assessing whether a contract is onerous or unprofitable.

The amendments provide for an approach based on "costs directly related to the contract". Costs directly related to the contract for the provision of goods or services include both additional costs for the performance of this contract and allocated costs directly related to the performance of the contract. General and administrative expenses are not directly related to the contract and are excluded, except when they are clearly reimbursable by the contractor under the contract.

These amendments are effective for annual periods beginning on or after 1 January 2022. The Bank will apply these amendments to agreements under which it has not yet performed all its obligations at the date of the beginning of the annual reporting period in which it first applies these amendments.

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Cash	234,285	257,770
2	Balances with the National Bank of Ukraine	224,398	86,790
3	Correspondent accounts with:	1,245,418	593,218
3.1	domestic banks	10,865	5,731
3.2	foreign banks	1,234,553	587,487
4	Provisions for cash on correspondent accounts with other banks	(123)	(39)
5	Total cash and cash equivalents	1,703,978	937,739

Line 5 in Table 6.1 corresponds to account "Cash and cash equivalents" in the statement of financial position.

As at 31 March 2022, the Bank placed funds on a correspondent account with Intesa Sanpaolo S.p.A. in the amount of UAH 681,641 thousand (2021: Intesa Sanpaolo S.p.A. in the amount of UAH 450,146 thousand), which represents a significant concentration.

As at 31 March 2022 and 31 December 2021, balances on correspondent accounts were not overdue.

Table 6.2. Movements in provisions for cash on correspondent accounts with other banks as at 31 March 2022 and for the 3 months then ended

(in thousands of Ukrainian hryvnias)			
Line	Movements in provisions	Provisions for cash on correspondent accounts with other banks	Total
1	2	3	4
1	Balance at the beginning of the year	(39)	(39)
2	(Increase) in provision for impairment during the period	(32)	(32)
3	Foreign exchange differences	(52)	(52)
4	Balance at the end of the period	(123)	(123)

Table 6.3. Movements in provisions for cash on correspondent accounts with other banks as at 31 December 2021 and for the year then ended

(in thousands of Ukrainian hryvnias)			
Line	Movements in provisions	Provisions for cash on correspondent accounts with other banks	Total
1	2	3	4
1	Balance at the beginning of the year	(43)	(43)
2	(Increase) in provision for impairment during the year	-	-
3	Foreign exchange differences	4	4
4	Balance at the end of the period	(39)	(39)

Table 6.4. Credit quality analysis of cash and cash equivalents as at 31 March 2022

(in thousands of Ukrainian hryvnias)					
Line	Item	Balances on correspondent accounts with other banks by impairment stage	Cash	Balances with the National Bank of Ukraine	Total
1	2	3	4	5	6
1	Impairment Stage 1:	1,245,418	234,285	224,398	1,704,101
1.1	Not overdue	1,245,418	234,285	224,398	1,704,101
2	Impairment Stage 3:	-	1,500	-	1,500
2.1	More than 90 days	-	1,500	-	1,500
3	Provision for cash impairment	(123)	(1,500)	-	(1,623)
4	Total cash and cash equivalents	1,245,295	234,285	224,398	1,703,978

Table 6.5. Credit quality analysis of cash and cash equivalents as at 31 December 2021

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Balances on correspondent accounts with other banks by impairment stage	Cash	Balances with the National Bank of Ukraine	Total
1	2	3	4	5	6
1	Impairment Stage 1:	593,218	257,770	86,790	937,778
1.1	Not overdue	593,218	257,770	86,790	937,778
2	Impairment Stage 3:	-	1,477	-	1,477
2.1	More than 90 days	-	1,477	-	1,477
3	Provision for cash impairment	(39)	(1,477)	-	(1,516)
4	Total cash and cash equivalents	593,179	257,770	86,790	937,739

Note 7. Loans and advances to customers

Table 7.1. Loans and advances to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Corporate loans	2,885,660	3,184,830
2	Retail mortgage loans	997,883	927,270
3	Loans to individual entrepreneurs	234	3
4	Retail consumer loans	703,306	705,217
5	Other retail loans	214	7
6	Provision for impairment of loans	(51,464)	(49,055)
7	Total loans less provisions	4,535,833	4,768,272

Line 7 in Table 7.1 corresponds to account “Loans and advances to customers” in the statement of financial position.

Changes in collection estimates can affect the impairment losses recognised. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the loan impairment as at 31 March 2022 would be UAH 45,358 thousand lower/higher (31 December 2021: UAH 47,682 thousand).

As a result of hostilities on the territory of Ukraine in accordance with the requirements of Resolution #23 of the NBU of February 25, 2022, the Banks stop counting down the time to determine the number of calendar days of overdue debt repayment. Banks continue to count the number of calendar days in arrears starting from 31 calendar days from the date of termination or cancellation of martial law, taking into account the number of calendar days as of February 24, 2022, unless otherwise recommended by the NBU.

The Bank conducted an analysis of the quality of debt repayment for customers in March 2022. Among retail lending, the following distribution of repayments: 58% of customers - full repayment of current debt, 16% - partial repayment of current debt; 26% - no repayments. Corporate lending: 4.4% of clients - full repayment of current debt, 44.1% - partial repayment of current debt; 22.1% - no repayments; 29.4% - repayment of the entire amount of debt. Some corporate clients took the opportunity to defer payment of credit debt due to the following factors: the presence of a legal entity in the occupied territory / in the

war zone, military influence on operational activities (partial change of orientation to meet the needs of servicemen).

Due to the spread of the coronavirus pandemic, at the request of individual customers affected by the economic consequences of quarantine and restrictive measures, the Bank renegotiated the repayment dates of loans and accrued interest. As of the end of the year, the carrying amount of loan agreements which the terms were renegotiated is UAH 10,374 thousand. Recognized losses from the modification of such financial assets amounted to UAH 110 thousand.

Line 7 in Table 7.1 discloses information about loans recognised at amortised cost.

Concentration of loans to customers

The Bank believes that potential concentration risk per customer may arise when at least 10% of net loan portfolio is attributable to a limited number of borrowers. As at 31 March 2022 and 31 December 2021, loans per 3 and 3 customers account for 14% and 15%, respectively (UAH 648,974 thousand and UAH 751,373 thousand, respectively).

Table 7.2. Analysis of the gross carrying value of loans and advances to customers for 3 months of 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the period	4,779,215	24,773	13,339	4,817,327
2	Increase in balance during the period	1,050,611	17,491	7,342	1,075,444
2.1	Increase in balance due to new loans	515,757	4,500	-	520,257
2.2	Decrease (increase) in balance of current outstanding portfolio	416,029	2,946	369	419,344
2.3	Transfers from Stage 1	-	8,579	-	8,579
2.4	Transfers from Stage 2	1,206	-	3,062	4,268
2.5	Transfers from Stage 3	332	-	3,673	4,005
2.6	Foreign exchange differences	117,287	1,466	238	118,991
3	Decrease in balance during the period	(1,287,119)	(11,791)	(6,564)	(1,305,474)
3.1	Decrease in balance due to full repayment of loans	(338,391)	(2)	(117)	(338,510)
3.2	Decrease in the balance of the current portfolio	(933,096)	(7,145)	(2,430)	(942,671)
3.3	Transfers from Stage 1	-	(1,207)	(332)	(1,539)
3.4	Transfers from Stage 2	(8,579)	-	-	(8,579)
3.5	Transfers from Stage 3	-	(3,062)	(3,673)	(6,735)
3.6	Foreign exchange differences	(7,053)	(375)	(12)	(7,440)
4	Balance at the end of the period	4,542,707	30,473	14,117	4,587,297

Table 7.3. Analysis of provisions on loans and advances to customers for 3 months of 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the period	(32,276)	(4,973)	(11,806)	(49,055)
2	Increase in the amount of loan provisions for the period	(10,318)	(2,766)	(3,039)	(16,123)
2.1	Provision for new loans	(1,121)	-	-	(1,121)
2.2	Provision for increase in carrying amount	(8,202)	(1,398)	(704)	(10,304)
2.3	Increasing the provision from the transfers between stages	(336)	(1,108)	(989)	(2,433)
2.4	Transfers from Stage 1	-	(456)	-	(456)
2.5	Transfers from Stage 2	(13)	-	(1,745)	(1,758)
2.6	Transfers from Stage 3	(4)	-	(3,590)	(3,594)
2.7	Interest accrued on impaired loans	-	-	(166)	(166)
2.8	Foreign exchange differences	(659)	(260)	(1,180)	(2,099)
3	Decrease in the amount of loan provisions for the period	9,253	2,446	2,015	13,714
3.1	Decrease of provision as a result of repayments	949	-	69	1,018
3.2	Decrease in provision due to decrease in the carrying amounts	8,233	2,155	830	11,218
3.3	Decrease in provisions because of transfers between stages	16	226	194	436
3.4	Transfers from Stage 1	-	13	4	17
3.5	Transfers from Stage 2	456	-	-	456
3.6	Transfers from Stage 3	-	1,745	3,590	5,335
3.7	Interest accrued on impaired loans	-	-	870	870
3.8	Foreign exchange differences	55	65	52	172
4	Balance at the end of the period	(33,341)	(5,293)	(12,830)	(51,464)

Table 7.4. Analysis of the book value of loans and advances to customers for 2021

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the year	3,129,490	3,186	11,289	3,143,965
2	Increase in balance during the year	8,795,739	33,416	14,934	8,844,089
2.1	Increase in balance due to new loans	8,639,853	-	-	8,639,853
2.2	Decrease (increase) in balance of current outstanding portfolio	106,019	2,160	1,053	109,232
2.3	Transfers from Stage 1	-	30,960	36	30,996
2.4	Transfers from Stage 2	4,480	-	6,457	10,937
2.5	Transfers from Stage 3	1,970	-	6,945	8,915
2.6	Foreign exchange differences	43,417	296	443	44,156
3	Decrease in balance during the year	(7,146,012)	(11,830)	(12,885)	(7,170,727)

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3.1	Increase in balance due to full repayment of loans	(1,891,145)	(189)	(1,346)	(1,892,680)
3.2	Decrease in the balance of the current portfolio	(5,135,531)	(620)	(2,232)	(5,138,383)
3.3	Bad debt write-offs against the provision	-	-	(76)	(76)
3.4	Transfers from Stage 1	-	(4,480)	(1,970)	(6,450)
3.5	Transfers from Stage 2	(30,960)	-	-	(30,960)
3.6	Transfers from Stage 3	(36)	(6,457)	(6,945)	(13,438)
3.7	Foreign exchange differences	(88,340)	(84)	(316)	(88,740)
4	Balance at the end of the year	4,779,217	24,772	13,338	4,817,327

Table 7.5. Analysis of reserves for loans and advances to customers for 2021

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the year	35,589	735	9,326	45,650
2	Increase in the amount of loan provisions for the period	64,164	8,602	4,818	77,584
2.1	Provision for new loans	53,371	-	-	53,371
2.2	Provision for increase in carrying amount	10,287	3,563	1,055	14,905
2.3	Increasing the provision from the transfers between stages	-	4,908	2,886	7,794
2.4	Transfers from Stage 1	-	1,102	-	1,102
2.5	Transfers from Stage 2	109	-	3,581	3,690
2.6	Transfers from Stage 3	24	-	6,420	6,444
2.7	Interest accrued on impaired loans	-	-	500	500
2.8	Foreign exchange differences	506	131	377	1,014
3	Decrease in the amount of loan provisions for the period	(67,476)	(4,365)	(2,338)	(74,179)
3.1	Decrease of provision as a result of repayments	(8,603)	(102)	(861)	(9,566)
3.2	Decrease in provision due to decrease in the carrying amounts	(57,393)	(2,882)	(784)	(61,059)
3.3	Decrease in provisions because of transfers between stages	(2)	(1,251)	(75)	(1,328)
3.4	Bad debt write-offs against the provision	-	-	(76)	(76)
3.5	Recovery of loans written off against provisions in prior periods	-	-	(1,544)	(1,544)
3.6	Transfers of the rights to receive cash flows from loans	-	-	-	-
3.7	Transfers from Stage 1	-	(109)	(24)	(133)
3.8	Transfers from Stage 2	(1,102)	-	-	(1,102)
3.9	Transfers from Stage 3	-	(3,581)	(6,420)	(10,001)
3.10	Interest accrued on impaired loans	-	-	-	-

(in thousands of Ukrainian hryvnias)					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3.11	Foreign exchange differences	(1,478)	(130)	(542)	(2,150)
4	Balance at the end of the period	32,277	4,972	11,806	49,055

Table 7.6. Loan structure by types of economic activity

(in thousands of Ukrainian hryvnias)					
Line	Economic activity	31/03/2022		31/12/2021	
1	2	3	4	5	6
1	Transactions with real estate, leasing, engineering and servicing	327,144	7.13%	377,616	7.84%
2	Trade, repair of vehicles, household equipment and items of personal use	1,119,182	24.40%	1,439,627	29.88%
3	Agriculture, hunting, forestry	329,523	7.18%	321,697	6.68%
4	Processing industry	936,915	20.42%	881,452	18.30%
5	Retail	1,701,403	37.09%	1,632,493	33.89%
6	Other	173,130	3.78%	164,442	3.41%
7	Total loans and advances to customers less provisions	4,587,297	100.00%	4,817,327	100.00%

Table 7.7. Information about loans by collateral type of as at 31 March 2022

(in thousands of Ukrainian hryvnias)							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Unsecured loans	717,740	598	234	651,088	214	1,369,874
2	Loans secured by:	883,773	997,285	-	17,142	-	1,898,200
2.1	cash	4,591	-	-	409	-	5,000
2.2	real estate	879,182	997,285	-	16,733	-	1,893,200
2.2.1	residential mortgage	5,061	996,323	-	8,544	-	1,009,928
2.2.2	non-residential mortgage	874,121	-	-	8,189	-	882,310
2.2.3	land	-	962	-	-	-	962
3	Other assets	1,284,147	-	-	35,076	-	1,319,223
3.1	equipment	499,961	-	-	-	-	499,961
3.2	goods in turnover	473,656	-	-	-	-	473,656
3.3	vehicles	310,530	-	-	35,076	-	345,606
4	Total loans and advances to customers, gross of provision charges	2,885,660	997,883	234	703,306	214	4,587,297

Table 7.8. Information about loans by collateral type of as at 31 December 2021

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Unsecured loans	899,469	161	3	651,821	7	1,551,461
2	Loans secured by:	855,734	927,109	-	17,085	-	1,799,928
2.1	cash	27,658	-	-	454	-	28,112
2.2	real estate	828,076	927,109	-	16,631	-	1,771,816
2.2.1	residential mortgage	5,054	925,528	-	8,666	-	939,248
2.2.2	non-residential mortgage	823,022	-	-	7,965	-	830,987
2.2.3	land	-	1,581	-	-	-	1,581
3	Other assets	1,429,627	-	-	36,311	-	1,465,938
3.1	equipment	396,687	-	-	-	-	396,687
3.2	goods in turnover	730,668	-	-	-	-	730,668
3.3	vehicles	302,272	-	-	36,311	-	338,583
4	Total loans and advances to customers, gross of provision charges	3,184,830	927,270	3	705,217	7	4,817,327

Table 7.9. Credit quality analysis as at 31 March 2022

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	2,864,654	991,305	233	686,302	214	4,542,708
1.1	Not overdue	2,864,654	991,304	233	686,301	214	4,542,706
1.2	Less than 30 days	-	1	-	1	-	2
2	Impairment Stage 2:	21,007	1,428	-	8,037	-	30,472
2.1	Not overdue	21,007	328	-	280	-	21,615
2.2	31 - 60 days	-	929	-	7,224	-	8,153
2.3	61 - 90 days	-	171	-	533	-	704
3	Impairment Stage 3:	-	5,150	-	8,967	-	14,117
3.1	Not overdue	-	707	-	916	-	1,623
3.2	31 - 60 days	-	556	-	97	-	653
3.3	61 - 90 days	-	-	-	90	-	90
3.4	91 - 180 days	-	481	-	2,620	-	3,101
3.5	181 - 270 days	-	-	-	2,348	-	2,348
3.6	More than 270 days	-	3,406	-	2,896	-	6,302
4	Total loans, gross of provision charges	2,885,661	997,883	233	703,306	214	4,587,297
5	Provision for loan impairment	(22,671)	(11,440)	(1)	(17,351)	(1)	(51,464)

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
6	Total loans less provisions	2,862,990	986,443	232	685,955	213	4,535,833

Table 7.10. Credit quality analysis as at 31 December 2021

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	3,165,195	919,861	3	694,151	7	4,779,217
1.1	Not overdue	3,165,195	918,967	3	689,613	7	4,773,785
1.2	Less than 30 days	-	894	-	4,538	-	5,432
2	Impairment Stage 2:	19,635	784	-	4,353	-	24,772
2.1	Not overdue	19,635	318	-	503	-	20,456
2.2	31 - 60 days	-	466	-	1,826	-	2,292
2.3	61 - 90 days	-	-	-	2,024	-	2,024
3	Impairment Stage 3:	-	6,625	-	6,713	-	13,338
3.1	Not overdue	-	365	-	460	-	825
3.2	Less than 30 days	-	83	-	356	-	439
3.3	31 - 60 days	-	-	-	87	-	87
3.4	61 - 90 days	-	-	-	275	-	275
3.5	91 - 180 days	-	322	-	2,401	-	2,723
3.6	181 - 270 days	-	-	-	1,328	-	1,328
3.7	More than 270 days	-	5,855	-	1,806	-	7,661
4	Total loans, gross of provision charges	3,184,830	927,270	3	705,217	7	4,817,327
5	Provision for loan impairment	(21,733)	(12,128)	-	(15,193)	(1)	(49,055)
6	Total loans less provisions	3,163,097	915,142	3	690,024	6	4,768,272

As at 31 March 2022 and 31 December 2021, the majority of loans provided to corporate borrowers are short-term and are granted to borrowers with a minimal credit risk according to the Bank's assessment.

Note 8. Investments in securities

Table 8.1. Investments in securities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Debt securities at AC	1,500,370	1,750,635
1.1	certificates of deposit of the National Bank of Ukraine	1,500,370	1,750,635
2	Debt securities at FVTOCI	909,600	1,434,851
2.1	domestic government bonds, that are refinanced by the NBU	909,600	1,434,851
3	Shares of enterprises and other variable-income securities that are not traded on stock exchanges and are recognised at FVTOCI	34	34
4	Provision for impairment of securities	(31)	(31)
5	Total investments in securities less provisions	2,409 973	3,185,489

Line 5 in Table 8.1 corresponds to account “Investments in securities” in the statement of financial position.

Table 8.2. Credit quality analysis of debt securities carried at amortised cost as at 31 March 2022

(in thousands of Ukrainian hryvnias)			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	1,500,370	1,500,370
1.1	Not overdue	1,500,370	1,500,370
2	Provision for impairment of securities	-	-
3	Total investments in securities at AC	1,500,370	1,500,370

Table 8.3. Credit quality of debt securities carried at fair value through other comprehensive income as at 31 March 2022

(in thousands of Ukrainian hryvnias)			
Line	Item	Domestic government loan bonds	Total
1	2	3	4
1	Impairment Stage 1	909,600	909,600
1.1	Not overdue	909,600	909,600
2	Provision for impairment of securities	-	-
3	Total investments in securities at FVTOCI	909,600	909,600

Table 8.4. Credit quality analysis of debt securities carried at amortised cost as at 31 December 2021

(in thousands of Ukrainian hryvnias)			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	1,750,635	1,750,635
1.1	Not overdue	1,750,635	1,750,635
2	Provision for impairment of securities	-	-
3	Total investments in securities at AC	1,750,635	1,750,635

Table 8.5. Credit quality of debt securities carried at fair value through other comprehensive income as at 31 December 2021

(in thousands of Ukrainian hryvnias)			
Line	Item	Domestic government loan bonds	Total
1	2	3	4
1	Impairment Stage 1	1,434,902	1,434,902
1.1	Not overdue	1,434,902	1,434,902
2	Provision for impairment of securities	(51)	(51)
3	Total investments in securities at FVTOCI	1,434,851	1,434,851

Table 8.6. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as at 31 March 2022 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Domestic government loan bonds	Corporate shares	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(51)	(31)	(82)
2	Decrease in provision for impairment during the year	51	-	51
3	Balance as at 31 March 2022	-	(31)	(31)

Table 8.7. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as at 31 December 2021 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Domestic government loan bonds	Corporate shares	Total
1	2	3	4	5
1	Balance as at 1 January 2021	-	(31)	(31)
2	Increase in provision for impairment during the year	(51)	-	(51)
3	Balance as at 31 December 2021	(51)	(31)	(82)

Table 8.8. Investments in shares and other securities carried at fair value through other comprehensive income

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Name	Activity	Country of registration	Measured at cost (fair value cannot be reliably measured)	
				31/03/2022	31/12/2021
1	2	3	4	5	6
1	CJSC Crimean Stock Exchange	Financial market management	Ukraine	11	11
2	CJSC Ukrainian Inter-Bank Currency Exchange	Financial market management	Ukraine	2	2
3	Crimean Inter-Bank Currency Exchange	Financial market management	Ukraine	20	20
4	UCE "UICE Contracting House"	Financial market management	Ukraine	1	1
5	Total			34	34

Note 9. Other financial assets

Table 9.1. Other financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Accounts receivable from transactions with customers	11,840	14,455
2	Amounts due on accrued income from cash and settlement services and other accrued income	2,954	2,318
3	Accounts receivable from transactions with payment cards	16,743	15,588
4	Accounts receivable with bank employees	30,317	-
5	Other assets	38	20
6	Provision for impairment	(10,200)	(10,182)
7	Total other financial assets less provisions	51,692	22,199

Line 7 in Table 9.1 corresponds to account “Other financial assets” in the statement of financial position.

Table 9.2. Analysis of changes in provision for impairment of other financial assets for 31 March 2022

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Accounts receivable from transactions with customers	Amounts due on overdue accrued income from cash and settlement services, and other accrued income	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(9,704)	(478)	(10,182)
2	(Increase)/decrease in provision for impairment during the period	75	(26)	49
3	Foreign exchange differences on provisions	(67)	-	(67)
4	Closing balance as at 31 March 2022	(9,696)	(504)	(10,200)

Table 9.3. Analysis of changes in provision for impairment of other financial assets for 2021

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Accounts receivable from transactions with customers	Amounts due on overdue accrued income from cash and settlement services, and other accrued income	Total
1	2	3	4	5
1	Balance as at 1 January 2021	(9,812)	(701)	(10,513)
2	(Increase)/decrease in provision for impairment during the year	(24)	(9)	(33)
3	Bad debt written off	83	231	314
4	Foreign exchange differences on provisions	49	1	50
5	Closing balance as at 31 December 2021	(9,704)	(478)	(10,182)

Table 9.4. Credit quality analysis of other financial assets as at 31 March 2022

<i>(in thousands of Ukrainian hryvnias)</i>							
Li- ne	Item	Accounts receivable from transactions with customers	Amounts due on accrued income from cash and settlement services and other accrued income	Accounts receivable from transactions with payment cards	Accounts receivable with the bank's employees	Other assets	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	2,171	2,481	16,743	30,317	38	51,750
1.1	Not overdue	2,118	2,416	16,743	30,317	38	51,632
1.2	Less than 30 days	11	11	-	-	-	22
1.3	31 - 60 days	42	37	-	-	-	79
1.4	61 - 90 days	-	17	-	-	-	17
2	Impairment Stage 3:	9,669	473	-	-	-	10,142
2.1	31 - 60 days	-	4	-	-	-	4
2.2	61 - 90 days	-	2	-	-	-	2
2.3	91 - 180 days	-	29	-	-	-	29
2.4	181 - 270 days	-	23	-	-	-	23
2.5	More than 270 days	9,669	415	-	-	-	10,084
3	Total other financial assets	11,840	2,954	16,743	30,317	38	61,892
4	Provision for impairment of other assets	(9,696)	(504)	-	-	-	(10,200)
5	Total other financial assets less provisions	2,144	2,450	16,743	30,317	38	51,692

Table 9.5. Credit quality analysis of other financial assets as at 31 December 2021

<i>(in thousands of Ukrainian hryvnias)</i>						
Line	Item	Accounts receivable from transactions with customers	Amounts due on accrued income from cash and settlement services and other accrued income	Accounts receivable from transactions with payment cards	Other assets	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	4,844	1,874	15,588	20	22,326
1.1	Not overdue	4,379	1,746	15,588	20	21,733
1.2	Less than 30 days	465	128	-	-	593
2	Impairment Stage 3:	9,611	444	-	-	10,055
2.1	Less than 30 days	-	3	-	-	3
2.2	31 - 60 days	-	1	-	-	1
2.3	61 - 90 days	-	1	-	-	1
2.4	91 - 180 days	-	29	-	-	29
2.5	181 - 270 days	-	19	-	-	19
2.6	More than 270 days	9,611	391	-	-	10,002
3	Total other financial assets	14,455	2,318	15,588	20	32,381
4	Provision for impairment of other assets	(9,704)	(478)	-	-	(10,182)
5	Total other financial assets less provisions	4,751	1,840	15,588	20	22,199

Note 10. Other non-financial assets

Table 10.1. Other non-financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Accounts receivable for the acquisition of assets	94	-
2	Prepaid services	28,995	12,896
3	Precious metals	1,388	1,330
4	Accounts receivable from taxes and mandatory payments other than income tax	23,790	187
5	Other assets	2,463	2,335
6	Provision for other non-financial assets	(604)	(533)
7	Total other non-financial assets less provisions	56,126	16,215

Line 7 in Table 10.1 corresponds to account “Other non-financial assets” in the statement of financial position.

Table 10.2. Movements in provision for impairment of other non-financial assets as at 31 March 2022 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Prepaid services	Precious metals	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(66)	(467)	(533)
2	Foreign exchange differences on provisions	-	(71)	(71)
3	Balance at 31 March 2022	(66)	(538)	(604)

Table 10.3. Movements in provision for impairment of other non-financial assets as at 31 December 2021 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Prepaid services	Precious metals	Total
1	2	3	4	5
1	Balance as at 1 January 2021	(203)	(516)	(719)
2	Decrease in provision for impairment during the year	39	-	39
3	Bad debt written off	98	-	98
4	Foreign exchange differences on provisions	-	49	49
5	Balance at 31 December 2021	(66)	(467)	(533)

Table 10.4. Credit quality analysis of other non-financial assets as at 31 March 2022 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>							
<i>Accounts receivable without significant financing component</i>							
Line	Movements in provisions	Accounts receivable from the acquisition of assets	Prepaid services	Precious metals	Accounts receivable for taxes and mandatory payments, except income tax	Other assets	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	94	28,929	1,388	23,790	2,463	56,664
1.1	Not overdue	94	28,929	1,388	23,790	2,463	56,664
2	Impairment Stage 3:		66	-	-	-	66
2.1	91 - 180 days	-	3	-	-	-	3
2.2	181 - 270 days	-	51	-	-	-	51
2.3	more than 270 days	-	12	-	-	-	12
3	Total other non-financial assets	94	28,995	1,388	23,790	2,463	56,730
4	Provision for impairment of other non-financial assets	-	(66)	(538)	-	-	(604)
5	Total other non-financial assets less provisions	94	28,929	850	23,790	2 463	56,126

Table 10.5. Credit quality analysis of other non-financial assets as at 31 December 2021 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>						
<i>Accounts receivable without significant financing component</i>						
Line	Movements in provisions	Prepaid services	Precious metals	Accounts receivable for taxes and mandatory payments, except income tax	Other assets	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	12,830	1,330	187	2,335	16,682
1.1	Not overdue	12,830	1,330	187	2,335	16,682
2	Impairment Stage 3:	66	-	-	-	66
2.1	31 - 60 days	1	-	-	-	1
2.2	61 - 90 days	4	-	-	-	4
2.3	91 - 180 days	25	-	-	-	25
2.4	181 - 270 days	36	-	-	-	36
3	Total other non-financial assets	12,896	1,330	187	2,335	16,748
4	Provision for impairment of other non-financial assets	(66)	(467)	-	-	(533)
5	Total other non-financial assets less provisions	12,830	863	187	2,335	16,215

Note 11. Due to banks

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Loans received from other banks	800,000	-
2	Total due to banks	800,000	-

Note 12. Due to customers

Table 12.1. Breakdown of amounts due to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Government and public organisations:	18,765	15,330
1.1	Current accounts	18,765	14,271
1.2	Term deposits	-	1,059
2	Other legal entities:	3,492,324	4,685,290
2.1	Current accounts	2,599,936	3,255,174
2.2	Term deposits	892,388	1,430,116
3	Individuals:	2,815,813	2,585,168
3.1	Current accounts	2,398,239	2,002,190
3.2	Term deposits	417,574	582,978
4	Total amounts due to customers	6,326,902	7,285,788

Line 4 in Table 12.1 corresponds to account “Due to customers” in the statement of financial position.

The Bank believes that a potential concentration risk may arise when at least 10% of deposits from customers (excluding subordinated debt and loans from international financial institutions) are attracted

from a limited number of creditors. As at 31 March 2022 and 31 December 2021, deposits of the 4 and 3 customers of the Bank amounted to UAH 664,359 thousand and UAH 840,023 thousand, respectively, representing 10.50% and 11.53% of total due to customers as at the reporting dates.

Table 12.2. Breakdown of amounts due to customers by types of economic activity

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	31/03/2022		31/12/2021	
		amount	%	amount	%
1	2	3	4	5	6
1	State authorities	8	0.01	8	0.01
2	Production and distribution of electricity, natural gas and water	22,468	0.36	20,693	0.28
3	Transactions with real estate, leasing, engineering and servicing	329,570	5.21	384,559	5.28
4	Trade, repair of vehicles, household equipment and items of personal use	464,867	7.35	1,051,007	14.43
5	Agriculture, hunting, forestry	23,686	0.37	29,293	0.40
6	Retail	2,815,814	44.51	2,585,168	35.48
7	Processing industry	782,940	12.36	647,896	8.89
8	Financial and insurance services	1,235,677	19.53	1,364,548	18.72
9	Construction	188,204	2.97	275,100	3.78
10	Information and telecommunications	320,099	5.06	628,936	8.63
11	Other	143,569	2.27	298,580	4.10
12	Total amounts due to customers	6,326,902	100.00	7,285,788	100.00

Note 13. Other borrowed funds

Table 13.1. Other borrowed funds as at 31 March 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Loans from international and other financial organizations	367,652	343,999
2	Total	367,652	343,999

Line 2 in Note 13 corresponds to account “Other borrowed funds” in the statement of financial position.

In December 2021, the Bank signed an agreement with EUROPEAN INVESTMENT BANK for a loan totaling in amount of EUR 30,000,000, to finance and support small and medium-sized businesses in the context of the Covid-19 pandemic.

The loan is provided in the form of tranches each with a minimum amount of at least EUR 5,000,000.

In December 2021, the Bank received the first two tranches on the following terms:

1st tranche – EUR 7 million (for a period of 7 years, at 2.315% per annum);

2nd tranche – EUR 5 million (for a period of 7 years, at 0.785% per annum).

Note 14. Provisions for credit related commitments and financial guarantees

Table 14.1. Changes in provisions for credit commitments and financial guarantee contracts as at 31 March 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Credit-related commitments	Total
1	2	3	4
1	Balance at the beginning of the year	9,421	9,421
2	Increase (decrease) in provision for impairment during the period	801	801
3	Foreign exchange differences on provisions	393	393
4	Balance at 31 March 2022	10,615	10,615

Line 4 in Table 14.1 corresponds to account “Provisions for credit related commitments and financial guarantees” in the statement of financial position. The change in provisions for impairment and lending liabilities on stages disclosed in Note 25.

Table 14.2. Changes in provisions for credit commitments and financial guarantee contracts as at 31 December 2021

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Credit-related commitments	Total
1	2	3	4
1	Balance at the beginning of the year	15,944	15,944
2	Increase in provision for impairment during the year	(5,103)	(5,103)
3	Foreign exchange differences on provisions	(1,420)	(1,420)
4	Balance at 31 December 2021	9,421	9,421

Line 4 in Table 14.2 corresponds to account “Provisions behind loan commitments and financial guarantee contracts” in the statement of financial position.

Table 14.3. Changes in other provisions as at 31 March 2022 and for the 3 months then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Litigation contingencies	Total
1	2	3	4
1	Balance at the beginning of the year	88,585	88,585
2	Increase in provision for impairment during the period	-	-
3	Debt repayment	5,583	5,583
4	Balance at 31 March 2022	94,168	94,168

Line 4 in Table 14.3 corresponds to account “Provisions behind loan commitments and financial guarantee contracts” in the statement of financial position.

As of March 31, 2022, disputes over UAH 14 581 thousand (2021: UAH 14 581 thousand) took place in administrative courts and courts of general jurisdiction, the probability of risk of outflow of resources for which the Bank estimates as probable. Taking into account the Bank's assessments of the prospects for resolving disputes, no provisions were created for these risks.

Table 14.4. Changes in other provisions as at 31 December 2021 and for the year then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Litigation contingencies	Total
1	2	3	4
1	Balance at the beginning of the year	1,930	1,930
2	Increase in provision for impairment during the year	88,116	88,116
3	Debt repayment	(1,461)	(1,461)
4	Balance at 31 December 2021	88,585	88,585

Line 4 in Table 14.4 corresponds to account “Other provisions” in the statement of financial position.

Note 15 Other financial liabilities

Table 15.1. Other financial liabilities as at 31 March 2022

2			
Line	Item	31/03/2021	31/12/2021
1	2	3	4
1	Balances on the investment account of Intesa Sanpaolo S.p.A.	4,001	4,011
2	Accounts payable on transactions with customers	10,983	14,648
3	Settlements on debit and credit cards	19,081	34,233
4	Foreign exchange transactions and settlements	261	18
5	Accruals related to other payments to employees	16,513	15,267
6	Lease liabilities	53,283	55,281
7	Other debt	2,606	2,375
8	Total other financial liabilities	106,728	125,833

Line 8 in Note 15 corresponds to account “Other financial liabilities” in the statement of financial position.

Note 16. Other non-financial liabilities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Accounts payable on taxes other than income tax	19,064	12,063
2	Accounts payable on settlements with the Bank’s employees	10,934	6,250
3	Accounts payable on asset acquisitions	916	8,938
4	Deferred income	9,212	10,708
5	Accounts payable on management and internal specialists services	28,264	18,951
6	Accounts payable on technical support and software maintenance services	1,197	766
7	Accounts payable on services and security	7,829	5,272
8	Accounts payable on services related to bad debt recovery	109	61
9	Settlements via payment systems and Ukrainian Processing Center	7,689	7,469
10	Other	75	91
11	Total other non-financial liabilities	85,289	70,569

Line 11 in Note 16 corresponds to account “Other non-financial liabilities” in the statement of financial position.

Note 17. Share capital

<i>(in thousands of Ukrainian hryvnias)</i>						
Line	Item	Number of shares in issue (in thousands)	Ordinary shares	Share premium	Preference shares	Total
1	2	3	4	5	6	7
1	Balance at 1 January 2021	1,688,085	1,047,856	4,600,754	870	5,649,480
2	Contributions for newly issued shares	-	-	-	-	-
3	Balance at 31 December 2021 (balance at 1 January 2022)	1,688,085	1,047,856	4,600,754	870	5,649,480
4	Contributions for newly issued shares	-	-	-	-	-
5	Balance at 31 March 2022	1,688,085	1,047,856	4,600,754	870	5,649,480

As at 31 March 2022 and 31 December 2021, preference shares outstanding amount to 1,500 shares in total.

As at 31 March 2022 and 31 December 2021, the nominal value of the shares is UAH 0.58 per share.

Holders of preference shares have the right to:

- participate in profit distribution and receive dividends in the amount stipulated by their preference shares, notwithstanding the amount of the Bank's net profit earned in the respective year;
- preferences stipulated by the terms of preference share issue are as follows: holders of registered preference shares are entitled to dividends of 18% per annum, notwithstanding the amount of Bank's net profit earned in the respective year.

In accordance with the Ukrainian legislation, distributable reserves are restricted by retained earnings in accordance with laws and regulations.

Note 18. Revaluation reserves (components of other comprehensive income)

Table 18.1. Securities revaluation reserves

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1.	Balance at 1 January	926	(2,753)
2	Changes in gains/losses arising from revaluation of securities at FVTOCI:	(4,841)	3,632
2.1	changes in revaluation to fair value	(4,841)	3,632
3	Income tax related to change in reserve for investments in securities	1,203	47
4	Total revaluation reserves less income tax	(2,712)	926

Table 18.2. Movements in revaluation reserve for property, plant and equipment

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Balance at 1 January	229,658	213,575
2	Revaluation of PP&E	-	20,141
2.1	changes in fair value	-	25,503
2.2	amortisation to retained earnings	-	(5,362)
3	Income tax related to revaluation of property, plant and equipment	-	(4,058)
4	Total revaluation reserves less income tax	229,658	229,658

Table 18.3. Results of adjusting the value of financial instruments in transactions with shareholders

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1.	Balance at 1 January	-	94
2	Results of adjusting the value of financial instruments in transactions with shareholders	-	(115)
2.1	Gain recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders	-	63
2.2	(Loss) recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders	-	(44)
2.3.	(Loss) recognised on initial recognition and attributed to retained earnings on disposal of the financial instrument in transactions with the Bank's shareholders	-	(134)
3	Income tax related to changes in the adjustment of the value of financial instruments in transactions with the Bank's shareholders	-	21
4	Total adjustments of the value of financial instruments, net of income tax	-	-

Note 19. Analysis of contractual maturities of assets and liabilities

(in thousands of Ukrainian hryvnias)								
Line	Item	Notes	31 March 2022			31 December 2021		
			less than 12 months	more than 12 months	total	less than 12 months	more than 12 months	total
1	2	3	4	5	6	7	8	9
ASSETS								
1	Cash and cash equivalents	6	1,703,978	-	1,703,978	937,739	-	937,739
2	Loans and advances to customers	7	2,392,923	2,142,910	4,535,833	2,772,505	1,995,767	4,768,272
3	Investments in securities	8	2,409,973	-	2,409,973	3,185,489	-	3,185,489
4	Investment property		-	12,777	12,777	-	12,777	12,777
5	Current income tax receivable		29	-	29	29	-	29
6	Intangible assets other than goodwill		-	140,632	140,632	-	151,398	151,398
7	Fixed assets		26,026	283,969	309,995	26,704	291,300	318,004
8	Other financial assets	9	51,692	-	51,692	22,199	-	22,199
9	Other non-financial assets	10	56,126	-	56,126	16,215	-	16,215
10	Total assets		6,640,747	2,580,288	9,221,035	6 960 880	2 451 242	9,412,122
LIABILITIES								
11	Due to banks	11	800,000	-	800,000	-	-	-
12	Due to customers	12	6,325,753	1,149	6,326,902	7,273,591	12,197	7,285,788
13	Derivative financial liabilities		-	-	-	76	-	76
14	Debt securities issued by the Bank		1	-	1	1	-	1
15	Other borrowed funds	13	1,672	365,980	367,652	-	343,999	343,999
	Provisions							
16	Provisions for credit related commitments and financial guarantees	14	5,175	5,440	10,615	3,807	5,614	9,421
17	Other provisions	14	94,168	-	94,168	88,585	-	88,585
18	Total provisions		99,343	5,440	104,783	92,392	5,614	98,006
19	Other financial liabilities	15	83,677	23,051	106,728	101,981	23,852	125,833
20	Other non-financial liabilities	16	84,859	430	85,289	70,565	4	70,569
21	Deferred tax liabilities		8,033	-	8,033	9,237	-	9,237
22	Total liabilities		7,403,338	396,050	7,799,388	7,547,843	385,666	7,933,509

Note 20. Interest income and expense

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/03/2021
1	2	3	4
Interest income			
1	Interest income on loans and advances to banks	114	35
2	Interest income on loans and advances to customers	110,885	71,453
3	Interest income on investments in securities at AC	21,861	17,956
4	Interest income on investments in securities at FV	33,419	28,848
5	Interest income on debt securities refinanced by the National Bank of Ukraine at AC	1,243	-
6	Total interest income	167,522	118,292
Interest expense:			
7	Interest expenses on term deposits of corporate customers	(18,453)	(5,045)
8	Interest income on term deposits of individuals	(2,918)	(4,389)
9	Interest income on overnight loans from other banks	(16)	-
10	Interest expenses on other loans received from the National Bank of Ukraine through refinancing	(8,017)	(986)
11	Interest expenses on current accounts	(29,947)	(26,267)
12	Interest expenses on loans received from international and other organizations	(1,594)	-
13	Interest expense on lease liabilities	(1,921)	(1,871)
14	Total interest expenses	(62,866)	(38,558)
15	Net interest income	104,656	79,734

Line 6 and line 14 in Note 20 corresponds to account “Interest income” and “Interest expense” in the statement of profit or loss.

Note 21. Commission income and expenses

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/03/2021
1	2	3	4
COMMISSION INCOME:			
1	Cash and settlement services	23,962	26,132
2	Bank commission for the lease of safe deposit boxes	3,790	3,276
3	Commission for insurance broker services	338	471
4	Commission for TaxFree check payments	277	79
5	Transactions with securities	158	188
6	Interbank transactions with plastic cards	6,115	6,198
7	Guarantees issued	2,360	1,679
8	Other	2	9
9	Total fee and commission income	37,002	38,032
COMMISSION EXPENSE:			
10	Cash and settlement services	(14,020)	(10,452)
11	Commission for services and other commissions	(14)	(16)
12	Guarantee expenses	(40)	(48)
13	Services provided by payment systems and transactions with plastic cards	(3,245)	(2,626)
14	Total fee and commission expense	(17,319)	(13,142)
15	Net fee and commission income	19,683	24,890

Line 9 and Line 14 in Note 21 correspond to accounts “Commission income” and “Commission expense” in the statement of profit or loss.

Note 22. Other income

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/03/2021
1	2	3	4
1	Operating lease income	15	15
2	Penalties and fines received	54	102
3	Undrawn funds upon expiration of limitation period	738	1,113
4	The result of the disposal of fixed assets	-	1,385
5	Gains from recovering an advance payment for enforcement proceedings, court fees and other related costs	139	422
6	Income from the provision of a discount for the quarantine period for the lease of the premises	261	217
7	Result from modification of financial assets	157	156
8	Other	6	2
9	Total operating income	1,370	3,412

Line 9 in Note 22 corresponds to account “Other income” in the statement of profit or loss.

Note 23. Other administrative and operating expenses

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/03/2021
1	2	3	4
1	Business trips	103	93
2	Recruitment services	8,347	6,524
3	Maintenance of property, plant and equipment and intangible assets, telecommunication and other operation services	52,374	47,098
4	Operating lease expenses	577	578
5	Cash collection and transportation	246	347
6	Services provided by payment systems on payment cards	2,902	2,196
7	Legal services on litigations and payments to collectors	791	973
8	Professional services	4,229	4,328
9	Marketing and advertising expenses	636	925
10	Security expenses	2,348	1,198
11	Taxes other than income tax	9,649	8,654
12	Net increase in provisions for impairment of other non-financial assets	-	1,673
13	Other	22	619
14	Total other administrative and operating expenses	82,224	75,206

Line 14 in Note 23 corresponds to account “Other administrative and operating expenses” in the statement of profit or loss.

Note 24. (Loss)/gain per ordinary share and preference share

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/03/2021
1	2	3	4
1	Loss attributable to holders of ordinary shares	(53,328)	(56,014)
2	Profit attributable to holders of preference shares	157	157
3	Loss for the year	(53,328)	(56,014)
4	Annual average number of ordinary shares outstanding (in thousands of shares)	1,686,586	1,686,586
5	Annual average number of preference shares outstanding (in thousands of shares)	1,500	1,500
6	Basic and diluted (loss) per ordinary share (in UAH)	(0.03)	(0.03)

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/03/2021
1	2	3	4
7	Basic and diluted gain per preference share (in UAH)	0.10	0.10

Note 25. Contingent liabilities

Capital investment commitments

As at 31 March 2022, JSC “PRAVEX BANK” assumed contractual obligations to purchase property, plant and equipment and intangible assets in the amount of UAH 2,893 thousand (31 December 2021: UAH 3,851 thousand) in accordance with the contracts concluded. Contingent liabilities for litigations are disclosed in Note 14.

Table 25.1. Structure of credit-related commitments

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Unused credit lines	2,361,591	2,320,892
2	Export letters of credit	391,868	385,259
3	Guarantees issued	91,093	9,546
4	Provision for credit-related commitments	(10,615)	(9,421)
5	Total credit-related commitments less provisions	2,833,937	2,706,276

Table 25.2. Changes in credit-related commitments for 3 months 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Commitments at the beginning of the period	2,715,562	129	6	2,715,697
2	Increase in the amount of commitments for the period	1,393,347	13	19	1,393,379
2.1	New commitments	266,272	-	-	266,272
2.2	Increase in the amount of current commitments	979,190	-	14	979,204
2.3	Transfers between stages	3	9	5	17
2.4	Exchange rate differences	147,882	4	-	147,886
3	Decrease in the amount of commitments for the period	(1,264,370)	(137)	(17)	(1,264,524)
3.1	Extinguished commitments	(562,977)	(129)	(17)	(563,123)
3.2	Commitments that have expired	(655,146)	-	-	(655,146)
3.3	Transfers between stages	(9)	(8)	-	(17)
3.4	Exchange rate differences	(46,238)	-	-	(46,238)
4	Commitments at the end of the period	2,844,539	5	8	2,844,552

The Bank has outstanding loan commitments. These liabilities are represented by approved loans and credit card limits on overdraft terms and credit lines. The total amount of outstanding loan commitments does not necessarily reflect future cash requirements, as such commitments may expire or be canceled without requiring funds.

Table 25.3. Changes in provisions for credit related commitments and contracts of financial guarantee as of 31.03.2022 and for the 3 month ended on that date

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Provisions for credit related commitments as of the beginning of the period	(9,417)	(3)	(1)	(9,421)
2	Increase in the amount of commitments for the period	(6,326)	-	(3)	(6,329)
2.1	Provision for new commitments	(1,842)	-	-	(1,842)
2.2	Provision for increase in commitments	(3,901)	-	(1)	(3,902)
2.3	Increasing of provision transfers between stages	(1)	-	(1)	(2)
2.4	Transfers between stages	-	-	(1)	(1)
2.5	Exchange rate differences	(582)	-	-	(582)
3	Decrease in the amount of commitments for the period	5,129	3	3	5,135
3.1	Decrease in the provision for extinguished commitments	1,162	-	-	1,162
3.2	Decrease of the provision for decrease of commitments	3,777	3	3	3,783
3.3	Exchange rate differences	190	-	-	190
4	Provisions for credit related commitments at the end of the period	(10,614)	-	(1)	(10,615)

Line 4 in Table 25.3 corresponds to account “Provisions for credit related commitments and financial guarantees” in the statement of financial position.

Table 25.4. Changes in lending commitments for 2021.

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Commitments at the beginning of the period	2,413,426	-	6	2,413,432
2	Increase in the amount of commitments for the period	7,029,706	142	-	7,029,848
2.1	New commitments	3,609,909	-	-	3,609,909
2.2	Increase in the amount of current commitments	3,338,612	129	-	3,338,741
2.3	Transfers between stages	-	13	-	13
2.4	Exchange rate differences	81,185	-	-	81,185
3	Decrease in the amount of commitments for the period	(6,727,570)	(13)	-	(6,727,583)
3.1	Extinguished commitments	(4 326 087)	-	-	(4,326,087)
3.2	Commitments that have expired	(2,099,403)	(13)	-	(2,099,416)
3.3	Transfers between stages	(13)	-	-	(13)
3.4	Exchange rate differences	(302,067)	-	-	(302,067)
4	Commitments at the end of the period	2,715,562	129	6	2,715,697

Table 25.5. Changes in provisions for other liabilities and contracts of financial guarantee as of 31.12.2021 and for the year ended on that date

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Provisions for credit related commitments as of the beginning of the period	15,943	-	1	15,944
2	Increase in the amount of commitments for the period	29,755	4	1	29,760
2.1	Provision for new commitments	17,286	-	-	17,286
2.2	Provision for increase in commitments	12,005	-	-	12,005
2.3	Increasing of provision transfers between stages	-	4	-	4
2.4	Transfers between stages	-	-	1	1
2.5	Exchange rate differences	464	-	-	464
3	Decrease in the amount of commitments for the period	(36,281)	(1)	(1)	(36,283)
3.1	Decrease in the provision for extinguished commitments	(2,124)	(1)	-	(2,125)
3.2	Decrease of the provision for decrease of commitments	(32,274)	-	-	(32,274)
3.3	Decrease of the provision because of transfers between stages	-	-	-	-
3.4	Transfers between stages	-	-	(1)	(1)
3.5	Exchange rate differences	(1,883)	-	-	(1,883)
4	Provisions for credit related commitments at the end of the period	9,417	3	1	9,421

Table 25.6. Credit-related commitments by currencies (including provisions)

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	UAH	803,758	831,374
2	USD	-	104,075
3	EUR	2,030,179	1,770,827
4	Total	2,833,937	2,706,276

Note 26. Capital management

The Bank's shareholders pay sufficient attention to the increase of capital, namely the increase of the authorized capital as the main component of the capital.

The Bank's capital is formed for the purpose of:

- highly profitable use of own funds;
- coverage of all possible types of risks assumed by the Bank;
- optimization of the structure of assets and liabilities in terms of raising and placing funds.

As of March 31, 2022, in accordance with the requirements of the NBU, banks must maintain a regulatory capital adequacy ratio of at least 10% and a fixed capital adequacy ratio of at least 7% in relation to risk-weighted assets calculated in accordance with NBU regulations.

As at 31 March 2022 and 31 December 2021, the Bank complied with the regulatory capital adequacy ratio (H2) with a rate of 17.24% (31 March 2021: 42.01%) and the fixed capital adequacy ratio (H3) with a rate of 16.24% (31 March 2021: 40.18%).

Table 26.1. Structure of regulatory capital calculated according to the NBU requirements

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2022	31/12/2021
1	2	3	4
1	Main capital (Tier 1)	929,363	1,078,564
2	Share capital	979,090	979,090
3	Share premium	4,600,449	4,600,449
4	Total reserves under Ukrainian legislation	1,332	1,332
5	Intangible assets	(545,943)	(541,932)
6	Amortisation of other intangible assets	434,775	423,051
7	Capital investments in intangible assets	(29,464)	(31,128)
8	Uncovered losses of past years	(4,066,593)	(4,066,593)
9	Result of the current year (loss)	(437,894)	(279,316)
10	Amount of non-banking assests deducted from main capital	(6,389)	(6,389)
11	Additional capital (Tier 2)	57,305	57,305
12	Result on PP&E revaluation	57,305	57,305
13	Deductions	(3)	(3)
14	Carrying amount of securities that are not traded on stock exchanges carried at FV	(3)	(3)
15	Total regulatory capital	986,665	1,135,866

Note 27. Related-party transactions

The methods of valuing assets and liabilities used in recognizing related party transactions do not differ from those used in recognizing transactions with other parties.

Agreements with persons related to the Bank do not provide more favorable terms than agreements with other persons.

The Bank's transactions with related parties during the period ended 31 March 2022 did not have a material impact on the Bank's financial results.

Table 27.1. Balances on related-party transactions as at 31 March 2022

(in thousands of Ukrainian hryvnias)													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	Denominat ed in foreign currencies	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Major participants (shareholders) of the Bank												
1	Cash and cash equivalents	-	-	-	-	-	-	681,641	-	on demand	10,453	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	16	-	on demand	-	-	-
3	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
4	Other financial liabilities	3,050	-	on demand	-	-	-	951	-	on demand	-	-	-
5	Other non-financial liabilities							28,264		on demand			
	Key management personnel												
6	Loans and advances to customers	431	12-13%	2 days – 5 years	-	-	-	-	-	-	-	-	-
7	Loan loss provisions	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
8	Other financial assets	1	-	22 - 92 days	-	-	-	-	-	-	-	-	-
9	Other non-financial assets	964	-	on demand	-	-	-	-	-	-	-	-	-

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<i>(in thousands of Ukrainian hryvnias)</i>													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	Denominated in foreign currencies	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
10	Due to customers	4,407	0 - 8%	on demand - less than 275 days	1,032	0 - 0.01%	on demand	453	0 - 0.01%	on demand -	95	-	on demand
11	Other financial liabilities	7,102	-	on demand - less than 365 days	-	-	-	-	-	-	-	-	-
12	Other non-financial liabilities	1,192	-	on demand - 2 years	-	-	-	-	-	-	-	-	-
<i>Other related parties</i>													
13	Cash and cash equivalents	-	-	-	-	-	-	-	-	-	686	-	on demand
14	Other non-financial liabilities	-	-	-	-	-	-	471	-	on demand	-	-	-

Related parties comprise entities under common control, members of the Supervisory Board, key management personnel and their immediate family members, companies that are controlled or significantly influenced by shareholders, key management personnel or their close family members.

Table 27.2. Income and expenses on related-party transactions as at 31 March 2022 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Item	Major participants (shareholders) of the Bank	Key management personnel	Other related parties
1	2	3	4	5
1	Interest income	-	19	-
2	Interest expenses	-	(28)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	(5)	-	-
4	Net profit from foreign exchange	779	-	-
5	Net gain/(loss) from foreign currency translation	33,209	(139)	(68)
6	Fee and commission income	64	20	-
7	Fee and commission expenses	(493)	-	(3)
8	Employee benefits expense	-	(5,004)	-
9	Other administrative and operating expenses	(8,296)	(1,216)	(471)

Table 27.3. Loans granted to and repaid by related parties during the 3 months of 2022

<i>(in thousands of Ukrainian hryvnias)</i>		
Line	Item	Key management personnel
1	2	3
1	Loans granted to related parties	-
2	Loans repaid by related parties	2

Table 27.4. Other rights and obligations on related-party transactions as at 31 March 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Major participants (shareholders) of the Bank	Key management personnel
1	2	3	4
1	Guarantees received	169,956	-
2	Other lending commitments provided to customers	-	1,056-

Table 27.5. Balances on related-party transactions as at 31 December 2021

(in thousands of Ukrainian hryvnias)													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	Denominated in foreign currencies	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Major participants (shareholders) of the Bank												
1	Cash and cash equivalents	-	-	-	-	-	-	450,146	-	on demand	3,727	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	11	-	on demand	-	-	-
3	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
4	Other non-financial assets	40	-	on demand	-	-	-	-	-	-	-	-	-
5	Other financial liabilities	3,185	-	on demand - less than 31 days	-	-	-	902	-	on demand	-	-	-
6	Other non-financial liabilities							18,951		on demand			
	Key management personnel												
7	Loans and advances to customers	433	12-13%	2 days – 5 years	-	-	-	-	-	-	-	-	-
8	Loan loss provisions	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
9	Due to customers	2,546	0 - 5%	on demand - less than 365 days	1,047	0.01%	on demand	644	0.01%	on demand -	91	-	on demand
10	Other financial liabilities	2,367	-	on demand - less than 365 days	-	-	-	-	-	-	-	-	-
11	Other non-financial liabilities	1,156	-	on demand - 2 years	-		-	-	-	-	-	-	-

<i>(in thousands of Ukrainian hryvnias)</i>													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	Denomina- ted in foreign currencies	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	<i>Other related parties</i>												
12	Cash and cash equivalents	-	-	-	-	-	-	-	-	-	1,972	-	on demand
13	Other non-financial liabilities	-	-	-	-	-	-	104	-	on demand	-	-	-

Table 27.6. Income and expenses on related-party transactions as at 31 March 2021 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Item	Major participants (shareholders) of the Bank	Key management personnel	Other related parties
1	2	3	4	5
1	Interest income	22	7	-
2	Interest expenses	-	(3)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	(13)	-	-
4	Net profit from foreign exchange	19,503	-	-
5	Net gain/(loss) from foreign currency translation	(42,965)	232	(89)
6	Fee and commission income	64	11	-
7	Fee and commission expenses	(372)	-	(4)
8	Employee benefits expense	-	(7,154)	-
9	Other administrative and operating expenses	(6,537)	(1,476)	(172)

Table 27.7. Loans granted to and repaid by related parties during 2021

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Major participants (shareholders) of the Bank	Key management personnel
1	2	3	4
1	Loans granted to related parties	(3,305,883)	-
2	Loans repaid by related parties	3,588,746	8

Table 27.8. Other rights and obligations on related-party transactions as at 31 December 2021

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Major participants (shareholders) of the Bank	Key management personnel
1	2	3	4
1	Guarantees received	84,249	1,056
2	Currency liabilities under swap contracts	81,835	-

Table 27.9. Remuneration to key management personnel

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	expenses for 3 months 2022	accrued liabilities as at 31/03/2022	expenses for 3 months 2021	Accrued liabilities as at 31/12/2021
1	2	3	4	5	6
1	Current employee benefits	5,004	1,724	7,154	1,153

The shareholder of JSC “PRAVEX BANK” is an Italian group of companies – Intesa Sanpaolo Group.

Note 28. Subsequent events

There were no events after 31 March 2022 that required changes to the financial statements.