

JOINT-STOCK COMPANY

“PRAVEX BANK”

**The interim financial statements
for the period ended 31 March 2023**

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The interim Financial Statements
Statement of Financial Position as at 31 March 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	31/03/2023	31/12/2022
1	2	3	4
ASSETS			
Cash and cash equivalents	6	3,592,950	2,409,276
Loans and advances to banks		131,372	132,464
Loans and advances to customers	7	3,395,332	3,694,851
Investments in securities	8	2,951,861	3,344,212
Investment property		6,831	6,831
Current income tax receivable		29	29
Intangible assets other than goodwill		138,943	155,190
Fixed assets		376,994	393,728
Other financial assets	9	27,944	46,341
Other non-financial assets	10	31,234	27,060
Non-current assets held for sale and discontinued operations		6,070	6,070
Total assets		10,659,560	10,216,052
EQUITY AND LIABILITIES			
LIABILITIES			
Due to banks	11	50,029	-
Due to customers	12	8,652,880	8,215,775
Debt securities issued by the Bank		1	1
Other borrowed funds		455,319	449,191
Provisions for liabilities			
Provisions for credit related commitments and financial guarantees	13	37,665	43,397
Other collateral	14	116,142	114,538
Total amount of collateral		153,807	157,935
Other financial liabilities	15	155,814	172,151
Other non-financial liabilities	16	64,314	88,823
Deferred tax liabilities		31,477	31,475
Total liabilities		9,563,641	9,115,351
EQUITY			
Share capital	17	1,048,726	1,048,726
Retained earnings (uncovered loss)		(4,822,761)	(4,817,972)
Issue income	17	4,600,754	4,600,754
Reserves and other funds		1,332	1,332
Other reserves	18	267,868	267,861
Total equity		1,095,919	1,100,701
Total liabilities and equity		10,659,560	10,216,052

Authorised for issue and signed by

Pro tempore Chairman of the Board
JSC "PRAVEX BANK"

Chief accountant
JSC "PRAVEX BANK"

DATE: 18 May 2023



Semën Babaiev
Hanna Baranovska

The interim Financial Statements
Statement of profit or loss for the 3 months 2023

<i>(in thousands of Ukrainian hryvniats)</i>			
Item	Notes	31/03/2023	31/03/2022
1	2	3	4
Interest income, including	20	269,294	167,522
Interest income calculated using the effective interest rate method	20	269,294	167,522
Fee and commission income	21	39,317	37,002
Fee and commission expenses	21	(18,130)	(17,319)
Other income	22	2,467	1,370
Interest expenses	20	(130,323)	(62,866)
Net gain (loss) from foreign exchange operations		11,412	13,545
Net gain (loss) arising from foreign currency translation		(983)	(2,921)
Gains (losses) from initial recognition of financial liabilities at interest rates higher or lower than market rates		(113)	(12)
Impairment gains (losses) determined in accordance with IFRS 9	22	27,155	(77)
Gain/(loss) from derecognition of financial liabilities measured at amortized cost		5	490
Employee benefits expense		(76,146)	(83,053)
Depreciation costs		(30,900)	(24,785)
Other administrative and operating expenses	24	(97,040)	(82,224)
Profit (loss) before tax		(3,985)	(53,328)
Income from tax refund (expenses for tax payment)		(856)	-
Profit (loss)		(4,841)	(53,328)
Profit per share			
Basic profit (loss) per share from continuing operations	25	(0.01)	(0.03)
Total basic profit (loss) per share	25	(0.01)	(0.03)

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The interim Financial Statements
Statement of comprehensive income for the 3 months 2023

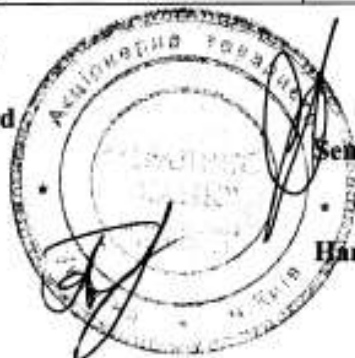
<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	31/03/2023	31/03/2022
1	2	3	4
Statement of comprehensive income			
Profit (loss)		(4,841)	(53,328)
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss before tax			
Other comprehensive 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 carried at FVTOCI before tax	18	-	(4,841)
The total amount of other comprehensive income that will be reclassified to profit or loss before tax		-	(4,841)
Total other comprehensive income before tax		-	(4,841)
Total comprehensive income before tax		(4,841)	(58,169)
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	-	-
Total of income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		-	-
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 carried at FVTOCI	18	-	1,203
Total of income tax related of gains (losses) on financial assets carried at FVTOCI		-	1,203
Total other comprehensive income after tax		-	(3,638)
Total comprehensive income after tax		(4,841)	(56,966)

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DATE: 18 May 2023



Semen Babaiev

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The interim Financial Statements
Statement of cash flows for the 3 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	31/03/2023	31/03/2022
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income received		269,731	149,620
Interest expenses paid		(124,875)	(53,766)
Fee income received		39,317	37,249
Fee and commission expenses paid		(17,967)	(17,319)
Results of foreign currency transactions		11,412	13,545
Other income received		520	514
Personnel costs		(72,506)	(82,859)
Other administrative and operating expenses, paid		(95,512)	(80,808)
Income tax paid		(856)	-
<i>Cash used in operating activities before changes in operating assets and liabilities</i>		9,264	(33,824)
Net decrease/(increase) in loans and advances to banks		3,910	-
Net (increase) in loans and advances to customers		328,250	350,003
Net decrease in other financial assets		160,599	(28,647)
Net decrease in other non-financial assets		(4,484)	(39,834)
Net increase/(decrease) in amounts due to banks		50,000	800,000
Net increase/(decrease) in amounts due to customers		408,197	(1,103,895)
Net increase/(decrease) in other financial liabilities		(10,142)	(19,876)
Net increase/(decrease) in other non-financial liabilities		(36,473)	14,297
Net cash flows from operating activities		909,121	(61 776)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of securities		(175 930 000)	(45 149 211)
Proceeds from the sale of investments in securities		176 320 000	45 922 365
Acquisition of property, plant and equipment		(789)	(8 155)
Result from disposal of property, plant and equipment		33	-
Acquisition of intangible assets		-	(957)
Net cash from investing activities		389 244	764 042
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in cash and cash equivalents		1 298 365	702 266

The interim Financial Statements
Statement of cash flows for the 3 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	31/03/2023	31/03/2022
1	2	3	4
Effect of the NBU exchange rate fluctuations on cash and cash equivalents		(114,691)	63,973
Cash and cash equivalents at the beginning of the period	6	2,409,276	937,739
Cash and cash equivalents at the end of the period	6	3,592,950	1,703,978

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<i>(in thousands of Ukrainian hryvnias)</i>								
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		3	4	5	6	7	8	9
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)
(loss) for 3 months 2022		-	-	-	-	(53,328)	(53,328)	(53,328)
other comprehensive income		-	-	-	(3,638)	-	(3,638)	(3 638)
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

(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 2022 (balance as at 1 January 2023)	17	1,048,726	4,600,754	1,332	267,861	(4 817,972)	1,100,701	1,100,701
Total comprehensive income		-	-	-	-	(4,841)	(4,841)	(4,841)
(Loss) for 3 months 2023		-	-	-	-	(4 841)	(4,841)	(4,841)
other comprehensive income		-	-	-	-	-	-	-
Transactions with shareholders		-	-	-	7	52	59	59
Closing balance as at 31 March 2023 (balance as at 1 April 2023)	17	1,048,726	4,600,754	1,332	267,868	(4,822 761)	1,095,919	1,095,919

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DATE: 18 May 2023



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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 December 2022
Reporting currency and measurement unit	UAH ‘000

JSC "PRAVEX BANK" (hereinafter – the Bank) is a universal financial organization that provides a full range of banking services throughout the territory of Ukraine. Thanks to a well-developed network, JSC "PRAVEX BANK" is represented in all corners of our country. In combination with an impeccable 29-year history of successful activity, this allowed the Bank to become one of the most famous banking brands in Ukraine. JSC "PRAVEX BANK" is part of the Intesa Sanpaolo banking group, which is one of the leading banking groups in the Eurozone and is a leader in all areas of Italian business.

Note 2. Economic and operational environment of the Bank

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

For more than a year, the war between Russia and Ukraine has been going on, accompanied by active hostilities in many regions of the country. As a result of the war, the assets of many enterprises were physically destroyed and damaged, supply chains and production processes were disrupted, transport infrastructure that ensured an even distribution of supply across regions was destroyed, and business costs increased. At the same time, the country faced significant losses among the population and a significant increase in forced migration.

In March, there is a further recovery of the Ukrainian economy, in particular due to the improvement of the situation in the energy sector. Improved business and consumer sentiment has supported, in turn, a number of industries, retail and services. While agriculture still has difficulties with planting due to staff shortages, rising costs and tillage after last year's unharvested harvest.

The uncertain situation regarding the extension of the "grain corridor" was resolved through the distribution of transportation at the expense of rail, river and road transport to the western borders.

Employment remains low, despite the recovery of the labor market in Q1, in particular, the number of vacancies grew faster than the number of resumes. The number of migrants abroad increased, as did their adaptation.

Inflation slows down for the third month in a row and amounts to 21.3%. This is due to the predominance of food supply over demand, the better situation in the energy sector, as well as the consistent monetary policy of the NBU, aimed primarily at maintaining exchange rate stability and increasing the attractiveness of hryvnia savings. At the same time, risks for further inflation growth persist primarily due to the high level of uncertainty directly related to the war and its consequences.

During the period of martial law, the Government and the NBU took the following measures to minimize the level of inflation growth:

- temporary fixation of the hryvnia exchange rate, which will restrain the likely deterioration of expectations and appreciation of imported goods;
- revised NBU discount rate; reduction of taxes, including indirect taxation of imports;
- a significant increase in the mandatory reserve ratios of the NBU, which should ensure a decrease in free liquidity in the banking system;
- 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. Banks continue to operate smoothly, maintain liquidity, have sufficient capital reserves, and continue moderate lending. The work of bank branches in the liberated and free regions has resumed almost completely.

Depositors' confidence in banks remained: the volume of customer funds in banks continued to grow moderately, primarily at the expense of business funds in hryvnia and foreign currency, while household funds did not significantly decrease, due to which, in general, the level of liquidity remained at a fairly high level, despite the war. In order to strengthen banks' competition for depositors and further increase rates on hryvnia deposits, increase banks' volumes of term hryvnia borrowings, reduce the risks of exchange rate instability, as well as keep inflation, the NBU has increased reserve ratios from January 2023.

During the first quarter of 2023, the net hryvnia credit corporate portfolio of banks continues to decline. For the retail portfolio, this trend has been more noticeable since the beginning of a full-scale war. The main reason is the formation of loan reserves due to the deterioration of borrowers' solvency and repayment of previously issued loans, which is not compensated by new issues. During the war, government programs play a key role in maintaining lending.

In the first quarter of 2023, the NBU discount rate was unchanged and remained at 25%, which ensured the attractiveness of hryvnia deposits. At the same time, improved expectations contributed to an improvement in the situation on the foreign exchange market and a decrease in the volume of interventions.

In February 2023, the banking sector showed a profit of UAH 21.5 billion, which is twice as much as the result of 2022. Most banks have maintained high operational efficiency. The increase in interest income was mainly due to free liquidity investments in high-yield certificates of deposit, while the increase in funding costs was moderate. Foreign exchange revenue also contributed to the increase in operating income. At the same time, operating expenses remain at the level of last year. Loan provisions continue to grow due to an increase in the volume of non-performing loans. Проте, банківський сектор залишався прибутковим, а рентабельність капіталу за 2 місяці становила 56% проти 23% у 2022 році.

During the first quarter of 2023, international rating agencies confirmed and revised Ukraine's long-term foreign currency issuer default rating due to the war with Russia at the following levels:

- Fitch Ratings has affirmed Ukraine's long-term foreign currency issuer default rating at 'SS'. Referring to the further restructuring of commercial foreign currency debt, given the scale of the economic damage from the war with Russia and the associated significant financial damage.
- Standart and Pools downgraded Ukraine's long-term foreign currency issuer default rating from CCC+ to CCC. Referring to the fact that Ukraine's debt servicing capacity remains vulnerable and depends on favorable external conditions to meet its financial obligations.

The Bank ensured and carried out its continuous activities in the conditions of a full-scale war between Russia and Ukraine, which lasted for more than a year, accompanied by active hostilities in many regions of the country, as a result of which infrastructure and production facilities were destroyed and damaged, logistics between regions were disrupted, and large losses of civilians were suffered. At the same time, further growth of inflation, devaluation of the hryvnia, falling GDP, low level of labor market recovery, due to constant migration of the population, blockade

of seaports, delays in sowing, and significant changes in the monetary policy of the NBU, all this directly affected the financial results as of March 31, 2023.

Taking into account the above factors, the Bank was forced to ensure continuous operation in war conditions, and to direct efforts to maintain the status of a reliable and solvent bank, and took the following measures:

- focused on liquidity management;
- actively worked towards attracting customer funds, which ensured the preservation of a stable resource base and a high level of liquidity;
- placed available funds in NBU certificates of deposit in order to avoid liquidity risks and at the same time ensure stable risk-free interest income;
- conducted restrained and selective lending to the corporate segment, within the framework of existing credit lines, with strict control of credit risk;
- actively restructured clients' loan debt;
- focused on managing the level of asset quality, taking into account customer needs and special circumstances in such a way as to minimize losses and NPL level;
- continued digitalization of the product chain and focused on improving the level of on-line customer service;
- worked to reduce and optimize operating and administrative costs, including through constant negotiations with suppliers to maintain the cost of services at the current level, despite a significant increase in inflation and devaluation of the hryvnia.

These financial statements reflect management's ongoing assessment of the impact of business conditions in Ukraine on the Bank's continuing operations and financial position amid the war. Future conditions for the implementation of continuous activities may differ from the assessment 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 related financial instruments, financial assets at fair value through other comprehensive income at fair value.

Valuation uncertainty

The preparation of financial statements in accordance with IFRS requires the management to formulate 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 scores are recognised in the period in which the scores are revised and in all subsequent periods. Further information on estimates is disclosed in Note 4.2 Critical Accounting Trial and Estimates.

Going concern

These financial statements have been prepared on the basis of the assumption that the Bank continues as a going concern for the foreseeable future. During the preparation of these financial statements, the Bank conducted an analysis of its ability to continue its activities, taking into account the circumstances caused by the by the russian federation's military invasion in Ukraine (Note 2) and their impact on the Bank's financial condition and results.

Despite the strengthening of the negative consequences of hostilities, the risk of further terrorist attacks against critical infrastructure and its long-term restoration, production cuts, a decrease in real incomes of the population under the pressure of high inflation and further devaluation of the hryvnia, depressed domestic demand, which

complicate economic activity and the recovery of the country as a whole, The Bank plans to actively continue to work and provide for its activities with an emphasis on maintaining a high level of liquidity and solvency.

Within the framework of strategic business areas on:

- further strengthening of the protection of information systems, installation and optimization of means of preventing cyber attacks;
- the growth in average amounts of customer deposits, which in turn will ensure the preservation of a high level of liquidity;
- managing the level of asset quality, taking into account the needs of customers and special circumstances in such a way as to minimize losses and the level of NPLs;
- digitalization of the product chain and improvement of online customer service;
- reduction and further optimization of operational and administrative costs, including through constant negotiations with suppliers to maintain the cost of services at the current level, despite the significant increase in inflation and devaluation of the hryvnia.

The Bank is working, and plans to work in the future, in compliance with all regulatory requirements and within the limits of the current legal framework.

The Bank analyzed the further impact of military aggression against Ukraine on its financial condition and future financial results. The Bank's estimates and forecasts for the next 12 months are based on the following assumptions:

- the Bank's macroeconomic forecast, compiled taking into account the forecasts of the National Bank of Ukraine and posted in international information and analytical systems. The Bank expects further devaluation of hryvnias against major currencies (by 15%-20%), inflation slow down to 20%, low growth of GDP and key policy rate at current level;
- the funds of the Bank's clients (including current accounts) will grow in average volumes to maintain an acceptable level of liquidity, investments in NBU's monetary instruments and ensure financing of the Bank's loan portfolio;
- the credit portfolio of the retail business will decrease due to the repayment of debt by customers and the absence of crediting plans in the next year;
- for corporate clients – the Bank plans very discreet and careful lending to critical industries, enterprises of the agro-industrial complex in safe regions, including under state programs, mostly within the current credit limits;
- the Bank expects a further increase in credit risk, which will lead to the recognition of additional reserves for expected credit losses;
- the Management of the Bank will continue to implement measures to optimize operating expenses, which will partially compensate for the negative impact of macroeconomic factors on the growth of their volume. At the same time, additional expenses related to the restoration of the functioning of the network of bank branches, the increase in the cost of goods and services due to the devaluation of the national currency and the strengthening of inflationary expectations are possible;
- The Bank plans to take additional measures to increase the regulatory capital primarily through capital contributions in order to ensure its activity and compliance with prudential ratios in accordance with the current legislation in the context of the currently applicable Martial law regime;
- The Bank expects to obtain capital contributions during 2023 Financial Plan (Budget), as approved by the Supervisory Board. The ability of the Bank to continue to comply with prudential ratios depends on the timing and amount of capital contributions from the Parent. Although as of the date of the financial

statements no formal decisions have yet been taken in this respect, the aforementioned Financial Plan foresees capital contributions over the course of the year. Subsequent to the reporting date, the Bank received a support letter from the Parent, confirming that the Parent will provide in a period of at least twelve months from the date of approval of the Bank's statutory financial statements the necessary support under the conditions and in accordance with the 2023 Financial Plan (Budget). Such support may imply the capital contributions to be released over the course of the year, bearing in mind the applicable prudential regulations of Ukraine and the current regime of the Martial law.

There is material uncertainty related to the currently unforeseeable impact of ongoing hostilities in Ukraine, and the ability of the Bank to execute the abovementioned actions based on Management's underlying assumptions. This may cast significant doubt as to the Bank's ability to continue as a going concern, therefore not being able to realize its assets and repay its liabilities in the ordinary course of business.

However, and despite the material uncertainty, the Bank's Management, based on forecast liquidity and capital adequacy indicators, the amount of expected credit losses, believes that there are sufficient grounds for preparing these financial statements based on a going concern basis.

Note 4. Accounting policies of JSC "PRAVEX BANK"

Since the date of preparation of the annual financial statements for 2022, the accounting policy has not changed.

Note 5. New and revised standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

It is expected that these changes will not have a significant impact on the Bank.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

These amendments are effective for annual periods beginning on or after January 1, 2023.

It is expected that these changes will not have a significant impact on the Bank.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

It is expected that these changes will not have a significant impact on the Bank.

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

		<i>(in thousands of Ukrainian hryvnias)</i>	
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Cash	137,967	149,999
2	Balances with the National Bank of Ukraine	1,150,655	287,829
3	Correspondent accounts with:	2,305,320	1,971,507
3.1	domestic banks	8,441	7,039
3.2	foreign banks	2,296,879	1,964,468
4	Provisions for cash on correspondent accounts with other banks	(992)	(59)
5	Total cash and cash equivalents	3,592,950	2,409,276

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

As at 31 March 2023, the Bank placed cash on a correspondent account with JPMORGAN CHASE BANK, N.A. in the amount of UAH 1,199 428 thousands (31 December 2022: JPMORGAN CHASE BANK, N.A. in the amount of UAH 1,154,157 thousands), which represents a significant concentration.

As at 31 March 2023 and 31 December 2022, balances on correspondent accounts were not overdue and not impaired.

Table 6.2. Movements in provisions for cash on correspondent accounts with other banks as at 31 March 2023 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>			
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 period	(59)	(59)
2	Decrease in provision for impairment during the year	(956)	(956)
3	Foreign exchange differences	23	23
4	Balance at the end of the period	(992)	(992)

Table 6.3. Movements in provisions for cash on correspondent accounts with other banks as at 31 December 2022 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>			
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 year	19	19
3	Foreign exchange differences	(39)	(39)
4	Balance at the end of the period	(59)	(59)

Table 6.4. Credit quality analysis of cash and cash equivalents as at 31 March 2023

<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:	2,305,320	137,967	1,150,655	3,593,942
1.1	Not overdue	2,305,320	137,967	1,150,655	3,593,942
2	Provision for cash impairment	(992)	-	-	(992)
3	Total cash and cash equivalents	2,304,328	137,967	1,150,655	3,592,950

Table 6.5. Credit quality analysis of cash and cash equivalents as at 31 December 2022

<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:	1,971,507	149,999	287,829	2,409,335
1.1	Not overdue	1,971,507	149,999	287,829	2,409,335
2	Provision for cash impairment	(59)	-	-	(59)
3	Total cash and cash equivalents	1,971,448	149,999	287,829	2,409,276

Note 7. Loans and advances to customers

Table 7.1. Loans and advances to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Corporate loans	2,370,564	2,595,787
2	Retail mortgage loans	843,381	882,366
3	Loans to individual entrepreneurs	358	388
4	Retail consumer loans	496,416	544,395
5	Other retail loans	237	11
6	Provision for impairment of loans	(315,624)	(328,096)
7	Total loans less provisions	3,395,332	3,694,851

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

Loans, the terms of which were revised

Starting from February 24, 2022 to December 31, 2022, the reserve increased due to the deterioration of the quality of the loan portfolio and the blocking of lost or damaged collateral due to the impact of the full-scale invasion of Ukraine. The amount of decrease in the reserve for 3 months of 2023 for such loans amounted to UAH 15,910 thousands (decrease due to the transition to Stage 2 – UAH 26,512 thousands, decrease due to the transition to Stage 3 – UAH 7,185 thousands, increase due to such collateral – UAH 17,787 thousands).

Since the beginning of the full-scale invasion of Ukraine at the request of customers during 2022, the Bank has been restructuring debt for loans and accrued interest.

As of March 31, 2023, the book value of credit agreements, the terms of which were revised in 2022, amounts to UAH 321,151 thousand (of which: UAH 314,185 thousand for loans to legal entities, UAH 6,966 thousand for loans to natural persons. UAH). The amount of decrease in the reserve under such revised contracts amounted to UAH 11,259 thousands (of which: UAH 11,759 thousands for loans to legal entities, UAH 320 thousands for loans to individuals).

Due to the spread of the coronavirus pandemic, at the request of individual customers during 2021 affected by the economic consequences of quarantine and restrictive measures, the bank reviewed the maturities of loans and accrued interest. For the 3 months 2023, the carrying amount of loan agreements under which the terms were revised is UAH 8,159 thousands (2022: UAH 9,151 thousands). The amount of the reserve decrease under such revised contracts amounted to UAH 1.461 thousand (2022: the amount of the reserve increase UAH 3.209 thousands).

For 3 months 2023, there were no new requests due to COVID-19 regarding the revision of the repayment terms.

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 2023 and 31 December 2022, loans per 2 and 2 customers account for 12% and 11%, respectively (UAH 438,220 thousands and UAH 463,580 thousands, respectively).

Table 7.2. Analysis of the book value of loans and advances to customers for 3 months 2023

<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	2,545,496	1,076,693	400,758	4,022,947
2	Increase in balance during the period	555,268	289,300	94,043	938,611
2.1	Increase in balance due to new loans	212,946	-	-	212,946
2.2	Increase in balance of the current portfolio	300,578	266,589	3,534	570,701
2.3	Amount of transition between stages	26,165	14,690	90,452	131,307
2.4	Foreign exchange differences	15,579	8,021	57	23,657
3	Decrease in balance during the period	(648,971)	(500,350)	(101,281)	(1,250,602)
3.1	Decrease in balance due to full repayment of loans	(406,681)	(367,896)	(1,050)	(775,627)
3.2	Decrease in the balance of the current portfolio	(217,848)	(98,783)	(13,218)	(329,849)
3.3	Amount of transition between stages	(15,029)	(29,300)	(86,978)	(131,307)
3.4	Foreign exchange differences	(9,413)	(4,371)	(35)	(13,819)
4	Balance at the end of the period	2,451,793	865,643	393,520	3,710,956

Table 7.3. Analysis of reserves for loans and advances to customers for 3 months 2023

<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	36,010	67,162	224,924	328,096
2	Increase in the amount of loan provisions for the period	6,205	19,168	114,317	139,690
2.1	Reserve for new loans	980	-	-	980
2.2	Provision for increase in carrying amount	1,600	7,852	152	9,604
2.3	Increasing the reserve from the transition between stages	-	2,298	5,507	7,805
2.4	Increasing the reserve from the deterioration of the quality of the portfolio (DPD + new PD)	2,682	6,815	31,197	40,694
2.5	Amount of transition between stages	827	1,336	70,516	72,679
2.6	Interest accrued on impaired loans	-	-	5,789	5,789
2.7	Foreign exchange differences	116	867	1,156	2,139
3	Decrease in the amount of loan provisions for the period	(9,132)	(54,200)	(88,830)	(152,162)

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3.1	Decrease of loan closing provision	(1,116)	(6,087)	(904)	(8,107)
3.2	Decrease in provision by decrease in the book value	(2,937)	(15,812)	(8,658)	(27 407)
3.3	Decreasing the reserve from the transition between stages	(190)	(4,177)	(9,643)	(14,010)
3.4	Decreasing the reserve from the deterioration of the quality of the portfolio (DPD + new PD)	(3,438)	(16,840)	(7,065)	(27 343)
3.5	Amount of transition between stages	(1,381)	(10,807)	(60,491)	(72,679)
3.6	Interest accrued on impaired loans	-	-	(208)	(208)
3.7	Foreign exchange differences	(70)	(477)	(1,861)	(2,408)
4	Balance at the end of the period	33,083	32,130	250,411	315,624

Table 7.4. Analysis of the book value of loans and advances to customers for 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 year	4,779,217	24,772	13,338	4,817,327
2	Increase in balance during the year	2,423,634	1,726,115	491,357	4,641,106
2.1	Increase in balance due to new loans	858,429	69,899	-	928,328
2.2	Decrease (increase) in balance during the year	1,019,162	62,076	6,724	1,087,962
2.3	Amount of transition from Stage 1	-	1,542,592	1,053	1,543,645
2.4	Amount of transition from Stage 2	111,044	-	391,814	502,858
2.5	Amount of transition from Stage 3	2,292	-	90,581	92,873
2.6	Foreign exchange differences	432,707	51,548	1,185	485,440
3	Decrease in balance during the year	(4,657,355)	(674,194)	(103,937)	(5,435,486)
3.1	Increase in balance due to full repayment of loans	(1,085,818)	(46,826)	(1,295)	(1,133 939)
3.2	Decrease in the balance of the current portfolio	(1,974,090)	(121,527)	(8,879)	(2,104 496)
3.3	Bad debt write-offs against the provision	-	-	(796)	(796)
3.4	Amount of transition from Stage 1	-	(111,044)	(2,292)	(113,336)
3.5	Amount of transition from Stage 2	(1,542,592)	-	-	(1,542,592)
3.6	Amount of transition from Stage 3	(1,053)	(391,813)	(90,581)	(483,447)
3.7	Foreign exchange differences	(53,802)	(2,984)	(94)	(56,880)
4	Balance at the end of the year	2,545,496	1,076,693	400,758	4,022,947

Table 7.5. Analysis of reserves for loans and advances to customers for 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 year	32,277	4,972	11,806	49,055
2	Increase in the amount of loan provisions for the year	41,228	240,769	375,007	657,004
2.1	Reserve for new loans	2,564	5,962	-	8,526
2.2	Provision for increase in carrying amount	10,423	18,234	4,743	33,400
2.3	Increasing the reserve from the transition between stages	4,896	121,878	199,368	326,142
2.4	Increasing the reserve from the deterioration of the quality of the portfolio (DPD + new PD)	18,530	79 009	2,653	100,192
2.5	Amount of transition from Stage 1	-	9,602	46	9,648
2.6	Amount of transition from Stage 2	1,480	-	81,737	83,217
2.7	Amount of transition from Stage 3	30	-	81,427	81,457
2.8	Interest accrued on impaired loans	-	-	3,531	3,531
2.9	Foreign exchange differences	3,305	6,084	1,502	10,891
3	Decrease in the amount of loan provisions for the period	(37,495)	(178,579)	(161,889)	(377,963)
3.1	Decrease of loan closing provision	(2,563)	(2,503)	(658)	(5,724)
3.2	Decrease in provision by decrease in the book value	(22,736)	(31,954)	(10,240)	(64,930)
3.3	Decreasing the reserve from the transition between stages	(467)	(40,294)	(63,214)	(103,975)
3.4	Decreasing the reserve from the deterioration of the quality of the portfolio (DPD + new PD)	(1,419)	(20,073)	(4,374)	(25,866)
3.5	Recovery of loans written off against provisions in prior periods	-	-	(796)	(796)
3.6	Amount of transition from Stage 1	-	(1,480)	(30)	(1,510)
3.7	Amount of transition from Stage 2	(9,602)	-	-	(9,602)
3.8	Amount of transition from Stage 3	(46)	(81,737)	(81,427)	(163,210)
3.9	Interest accrued on impaired loans	(2)	-	(872)	(874)
3.10	Foreign exchange differences	(660)	(538)	(278)	(1,476)
4	Balance at the end of the period	36,010	67,162	224,924	328,096

Table 7.6. Loan structure by types of economic activity

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	31/03/2023		31/12/2022	
1	2	3	4	5	6
1	Transactions with real estate, leasing, engineering and servicing	280,944	7.57%	312,771	7.77%
2	Trade, repair of vehicles, household equipment and items of personal use	801,453	21.60%	665,043	16.53%
3	Agriculture, hunting, forestry	307,120	8.28%	329,179	8.18%
4	Processing industry	840,970	22.66%	1,140,284	28.34%

(in thousands of Ukrainian hryvnias)					
Line	Economic activity	31/03/2023		31/12/2022	
1	2	3	4	5	6
5	Retail	1,340,392	36.12%	1,427,160	35.48%
6	Other	140,077	3.77%	148,510	3.70%
7	Total loans and advances to customers less provisions	3,710,956	100%	4,022,947	100%

Table 7.7. Information about loans by collateral type as of 31 March 2023

(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	175,687	630	358	459,873	237	636,785
2	Loans secured by:	2,194,877	842,751	-	36,543	-	3,074,171
2.1	cash	3,372	-	-	-	-	3,372
2.2	real estate	751,121	842,751	-	12,729	-	1,606,601
2.2.1	residential mortgage	5,241	842,751	-	6,057	-	854,049
2.2.2	non-residential mortgage	745,880	-	-	6,672	-	752,552
2.3	Other assets	1,440,384	-	-	23,814	-	1,464,198
2.3.1	equipment	567,206	-	-	-	-	567,206
2.3.2	goods in turnover	323,096	-	-	-	-	323,096
2.3.3	vehicles	330,518	-	-	23,814	-	354,332
2.3.4	government securities	219,564	-	-	-	-	219,564
3	Total loans and advances to customers, gross of provision charges	2,370,564	843,381	358	496,416	237	3,710,956

Table 7.8. Information about loans by collateral type as of 31 December 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	259,310	630	388	503,654	11	763,993
2	Loans secured by:	794,552	881,736	-	15,090	-	1,691,378
2.1	cash	3,162	-	-	208	-	3,370
2.2	real estate	791,390	881,736	-	14,882	-	1,688,008
2.2.1	residential mortgage	5,193	881,736	-	7,395	-	894,324
2.2.2	non-residential mortgage	786,197	-	-	7,487	-	793,684
3	Other assets	1,541,925	-	-	25,651	-	1,567,576
3.1	equipment	630,919	-	-	-	-	630,919
3.2	goods in turnover	335,192	-	-	-	-	335,192
3.3	vehicles	348,604	-	-	25,651	-	374,255
3.4	government securities	227,210	-	-	-	-	227,210
4	Total loans and advances to customers, gross of provision charges	2,595,787	882,366	388	544,395	11	4,022,947

Table 7.9. Credit quality analysis as of 31 March 2023

<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:	1,295,948	787,824	358	367,420	237	2,451,787
1.1	Not overdue	1,295,948	785,126	358	358,868	237	2,440,537
1.2	Less than 30 days	-	2,698	-	8,552	-	11,250
2	Impairment Stage 2:	816,143	19,185	-	30,318	-	865,646
2.1	Not overdue	816,143	19,027	-	25,739	-	860,909
2.2	Less than 30 days	-	-	-	949	-	949
2.3	31 - 60 days	-	-	-	2,110	-	2,110
2.4	61 - 90 days	-	158	-	1,520	-	1,678
3	Impairment Stage 3:	258,473	36,372	-	98,678	-	393,523
3.1	Not overdue	-	6,230	-	18,761	-	24,991
3.2	Less than 30 days	-	-	-	1,541	-	1,541
3.3	31 - 60 days	-	-	-	2,221	-	2,221
3.4	61 - 90 days	-	-	-	826	-	826
3.5	91 - 180 days	36,194	4,413	-	8,660	-	49,267
3.6	181 - 270 days	202,188	3,714	-	7,922	-	213,824
3.7	More than 270 days	20,091	22,015	-	58,747	-	100,853
4	Total loans, gross of provision charges	2,370,564	843,381	358	496,416	237	3,710,956
5	Provision for loan impairment	(164,814)	(40,595)	(1)	(110,212)	(2)	(315,624)
6	Total loans less provisions	2,205,750	802,786	357	386,204	235	3,395,332

Table 7.10. Credit quality analysis as of 31 December 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:	1,319,080	820,048	388	405,966	11	2,545,493
1.1	Not overdue	1,319,080	809,123	388	396,906	11	2,525,508
1.2	Less than 30 days	-	10,925	-	9,032	-	19,957
1.3	31 - 60 days	-	-	-	28	-	28
2	Impairment Stage 2:	1,011,000	23,488	-	42,207	-	1,076,695
2.1	Not overdue	792,343	16,202	-	26,156	-	834,701
2.2	Less than 30 days	-	1,369	-	4,400	-	5,769
2.3	31 - 60 days	153,968	3,052	-	6,668	-	163,688
2.4	61 - 90 days	64,689	2,865	-	4,983	-	72,537
3	Impairment Stage 3:	265,708	38,830	-	96,221	-	400,759
3.1	Not overdue	-	9,806	-	15,305	-	25,111
3.2	Less than 30 days	-	390	-	2,633	-	3,023
3.3	31 - 60 days	36,015	-	-	1,112	-	37,127
3.4	61 - 90 days	-	-	-	791	-	791
3.5	91 - 180 days	202,188	5,466	-	10,813	-	218,467
3.6	181 - 270 days	27,505	19,173	-	53,209	-	99,887
3.7	More than 270 days	-	3,995	-	12,358	-	16,353

<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
4	Total loans, gross of provision charges	2,595,788	882,366	388	544,394	11	4,022,947
5	Provision for loan impairment	(171,185)	(44,714)	(2)	(112,195)	-	(328,096)
6	Total loans less provisions	2,424,603	837,652	386	432,199	11	3,694,851

As at 31 March 2023 and 31 December 2022, 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	31/03/2023	31/12/2022
1	2	3	4
1	Debt securities at AC	2,951,858	3,344,209
1.1	certificates of deposit of the National Bank of Ukraine	2,951,858	3,344,209
2	Shares of enterprises and other variable-income securities that are not traded on stock exchanges and are recognised at FVTOCI	34	34
3	Provision for impairment of securities	(31)	(31)
4	Total investments in securities less provisions	2,951,861	3,344,212

Line 4 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 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	2,951,858	2,951,858
1.1	Not overdue	2,951,858	2,951,858
2	Provision for impairment of securities	-	-
3	Total investments in securities at AC	2,951,858	2,951,858

Table 8.3. Credit quality analysis of debt securities carried at amortised cost as at 31 December 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	3,344,209	3,344,209
1.1	Not overdue	3,344,209	3,344,209
2	Provision for impairment of securities	-	-
3	Total investments in securities at AC	3,344,209	3,344,209

Table 8.4. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as at 31 March 2023 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 2023	-	(31)	(31)
2	Increase in provision for impairment during the period	-	-	-
3	Balance as at 31 March 2023	-	(31)	(31)

Table 8.5. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as at 31 December 2022 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 2022	(51)	(31)	(82)
2	Increase in provision for impairment during the year	51	-	51
3	Balance as at 31 December 2022	-	(31)	(31)

Note 9. Other financial assets

Table 9.1. Other financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Accounts receivable from transactions with customers	5,077	5,513
2	Amounts due on accrued income from cash and settlement services and other accrued income	2,459	2,409
3	Accounts receivable from transactions with payment cards	24,104	44,032
4	Other assets	262	49
5	Provision for impairment	(3,958)	(5,662)
6	Total other financial assets less provisions	27,944	46 341

Line 6 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 3 months 2023

<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 2023	(4,733)	(929)	(5,662)
2	(Increase)/decrease in provision for impairment during the period	1,770	24	(48)

<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
3	Foreign exchange differences on provisions	(113)	71	-
4	Closing balance as at 31 March 2023	(3,076)	(834)	(48)

Table 9.3. Analysis of changes in provision for impairment of other financial assets for 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 year	(1,633)	(378)	(2,011)
3	Bad debt written off	7,180	-	7,180
4	Foreign exchange differences on provisions	(576)	(73)	(649)
5	Closing balance as at 31 December 2022	(4,733)	(929)	(5,662)

Table 9.4. Credit quality analysis of other financial assets as at 31 March 2023 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>						
<i>Accounts receivable without a significant financing component</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	Other assets	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	1,011	1,549	44,032	49	46,641
1.1	Not overdue	551	1,397	44,032	20	46,000
1.2	Less than 30 days	232	91	-	29	352
1.3	31 - 60 days	228	37	-	-	265
1.4	61 - 90 days	-	24	-	-	24
2	Impairment Stage 3:	4,500	862	-	-	5,362
2.1	Less than 30 days	-	2	-	-	2
2.2	31 - 60 days	-	2	-	-	2
2.3	61 - 90 days	-	1	-	-	1
2.4	91 - 180 days	-	44	-	-	44
2.5	181 - 270 days	-	115	-	-	115
2.6	More than 270 days	2,752	511	-	-	3 263
3	Total other financial assets	5,077	- 2,459	24,104	262	31,902

<i>(in thousands of Ukrainian hryvnias)</i>						
<i>Accounts receivable without a significant financing component</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	Other assets	Total
1	2	3	4	5	6	7
4	Provision for impairment of other assets	(3,076)	(834)	-	(48)	(3,958)
5	Total other financial assets less provisions	2,001	1,625	24,104	214	27,944

Table 9.5. Credit quality analysis of other financial assets as at 31 December 2022 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>						
<i>Accounts receivable without a significant financing component</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	Other assets	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	1,011	1,549	44,032	49	46,641
1.1	Not overdue	551	1,397	44,032	20	46,000
1.2	Less than 30 days	232	91	-	29	352
1.3	31 - 60 days	228	37	-	-	265
1.4	61 - 90 days	-	24	-	-	24
2	Impairment Stage 3:	4,500	862	-	-	5,362
2.1	Less than 30 days	70	31	-	-	101
2.2	31 - 60 days	70	48	-	-	118
2.3	61 - 90 days	18	58	-	-	76
2.4	91 - 180 days	-	134	-	-	134
2.5	181 - 270 days	-	24	-	-	24
2.6	More than 270 days	4,342	567	-	-	4,909
3	Total other financial assets	5,511	2,411	44,032	49	52,003
4	Provision for impairment of other assets	(4,732)	(930)	-	-	(5,662)
5	Total other financial assets less provisions	779	1,481	44,032	49	46,341

Note 10. Other non-financial assets

Table 10.1. Other non-financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Accounts receivable from the acquisition of assets	348	974
2	Prepaid services	26,881	21,770

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Accounts receivable from the acquisition of assets	348	974
3	Precious metals	1,039	955
4	Accounts receivable from taxes and mandatory payments other than income tax	192	191
5	Other assets	2,903	3,221
6	Provision for other non-financial assets	(129)	(51)
7	Total other non-financial assets less provisions	31 234	27,060

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 2023 and for the 3 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Prepaid services	Total
1	2	3	5
1	Balance as at 1 January 2023	(51)	(51)
2	Decrease in provision for impairment during the period	(89)	(89)
3	Foreign exchange differences on provisions	11	11
4	Balance at 31 March 2023	(129)	(129)

Table 10.3. Movements in provision for impairment of other non-financial assets as at 31 December 2022 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 2022	(66)	(467)	(533)
2	Decrease in provision for impairment during the year	15	-	15
3	Bad debt written off	-	503	503
4	Foreign exchange differences on provisions	-	(36)	(36)
5	Balance at 31 December 2022	(51)	-	(51)

Table 10.4. Credit quality analysis of other non-financial assets as at 31 March 2023 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:	348	26,798	1,039	192	2,903	31,280
1.1	Not overdue	348	26,798	1,039	192	2,903	31,280
2	Impairment Stage 3:	-	83	-	-	-	83
2.1	less than 30 days	-	25	-	-	-	25
2.2	181 - 270 days	-	28	-	-	-	28

<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
2.3	more than 270 days	-	30	-	-	-	30
3	Total other non-financial assets	348	26,881	1,039	192	2,903	31,363
4	Provision for impairment of other non-financial assets	-	(129)	-	-	-	(129)
5	Total other non-financial assets less provisions	348	26,752	1,039	192	2,903	31,234

Table 10.5. Credit quality analysis of other non-financial assets as at 31 December 2022 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	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:	974	21,690	955	191	3,221	27,031
1.1	Not overdue	974	21,690	955	191	3,221	27,031
2	Impairment Stage 3:	-	80	-	-	-	80
2.1	61 - 90 days	-	40	-	-	-	40
2.2	More than 270 days	-	40	-	-	-	40
3	Total other non-financial assets	974	21,770	955	191	3,221	27,111
4	Provision for impairment of other non-financial assets	-	(51)	-	-	-	(51)
5	Total other non-financial assets less provisions	974	21,719	955	191	3,221	27,060

Note 11. Due to banks

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Loans from other banks	50,029	-
2	Total amounts due to banks	50,029	-

Line 2 in Note 11 corresponds to account “Due to banks” in the statement of financial position.

Note 12. Due to customers

Table 12.1. Breakdown of amounts due to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Government and public organisations:	29,283	18,814
1.1	Current accounts	29,151	18,683
1.2	Term deposits	132	131
2	Other legal entities:	5,696,775	5,140,254
2.1	Current accounts	3,612,859	3,556,162
2.2	Term deposits	2,083,916	1,584,092
3	Individuals:	2,926,822	3,056,707
3.1	Current accounts	2,227,116	2,604,002
3.2	Term deposits	699,706	452,705
4	Total amounts due to customers	8,652,880	8,215,775

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 the balance sheet value of customers' funds (excluding subordinated debt and loans from international financial institutions) are attracted from a limited number of creditors. As at 31 March 2023 and 31 December 2022, the funds of two and two customers of the Bank amounted to UAH 895,196 thousands and UAH 813,404 thousands, respectively, representing 10.35% and 9.90% of total due to customers as at the reporting dates.

As of March 31, 2023, there were no deposits as the loan collateral (December 31, 2022: there was one deposit in the loan collateral for the amount of UAH 475 thousands).

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

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	31/03/2023		31/12/2022	
		amount	%	amount	%
1	2	3	4	5	6
1	State authorities	3	0.01	3	0.01
2	Production and distribution of electricity, natural gas and water	28,173	0.33	37,440	0.46
3	Transactions with real estate, leasing, engineering and servicing	511,113	5.91	458,237	5.58
4	Trade, repair of vehicles, household equipment and items of personal use	926,493	10.71	726,558	8.84
5	Agriculture, hunting, forestry	74,157	0.86	18,230	0.22
6	Retail	2,926,822	33.82	3,056,706	37.20
7	Processing industry	686,103	7.93	556,088	6.77
8	Financial and insurance services	2,503,965	28.94	2,200,145	26.77
9	Construction	225,457	2.61	231,847	2.82
10	Information and telecommunications	491,072	5.67	509,329	6.20
11	Other	279,522	3.21	421,192	5.13
12	Total amounts due to customers	8,652,880	100	8,215,775	100

Note 13. Provisions for credit obligations and financial guarantee contracts and other collateral

Table 13.1. Changes in provisions for credit commitments and financial guarantee contracts tracts as at 31 March 2023 and for the 3 months then ended.

<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	43,397	43,397
2	Increase (decrease) in provision for impairment during the period	(6,557)	(6 557)
3	Foreign exchange differences on provisions	825	825
4	Balance at 31 March 2023	37,665	37,665

Line 4 in Table 13.1 corresponds to account “Provisions for credit obligations and financial guarantee contracts” in the statement of financial position. The change in provisions for impairment and lending liabilities on stages disclosed in Note 26.

Table 13.2. Changes in provisions for credit commitments and financial guarantee contracts tracts as at 31 December 2022 and for the year then ended.

<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 year	28,971	28,971
3	Foreign exchange differences on provisions	5,005	5,005
4	Balance at 31 December 2022	43,397	43,397

Note 14. Other collateral

Table 14.1. Changes in provisions for other collateral as at 31 March 2023 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	114,538	114,538
2	Increase in provision for impairment during the period	667	667
3	Revaluation	937	937
4	Balance at 31 March 2023	116,142	116,142

Line 4 in Table 14.1 corresponds to account “Provisions behind loan commitments and financial guarantee contracts” in the statement of financial position.

As of March 31, 2023, disputes over UAH 3,249 thousands (December 31, 2022: UAH 59,624 thousands) 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 14.2. Changes in provisions for other collateral as at 31 December 2022 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	88,585	88,585
2	Increase in provision for impairment during the year	(852)	(852)
3	Revaluation	26,805	26,805
4	Balance at 31 December 2022	114,538	114,538

Note 15 Other financial liabilities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Balances on the investment account of Intesa Sanpaolo S.p.A.	3,976	4,010
2	Accounts payable on transactions with customers	15,365	9,068
3	Accounts payable on debit and credit cards	33,155	54,947
4	Foreign exchange transactions and settlements	8,574	4,288
5	Provisions for other labour payables	28,079	27,339
6	Lease liabilities	55,978	63,153
7	Other debt	10,687	9,346
8	Total other financial liabilities	155,814	172,151

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	31/03/2023	31/12/2022
1	2	3	4
1	Accounts payable on taxes other than income tax	13,545	16,294
2	Accounts payable on labor	8,433	5,523
3	Accounts payable on asset acquisitions	40	4,603
4	Deferred income	6,495	6,412
5	Accounts payable on recruitment services	20,508	44,123
6	Accounts payable on technical support and software maintenance services	530	71
7	Accounts payable on services and security	8,452	5,615
8	Settlements via payment systems and Ukrainian Processing Center	6,290	6,150
9	Other debt	21	32
10	Total other non-financial liabilities	64,314	88,823

Line 10 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 2022	1,688,085	1,047,856	4,600,754	870	5,649,480
2	Contributions for newly issued shares	-	-	-	-	-
3	Balance at 31 December 2022 (balance at 1 January 2023)	1,688,085	1,047,856	4,600,754	870	5,649,480

<i>(in thousands of Ukrainian hryvnias)</i>						
Line	Item	Number of shares in issue (in thousands)	Ordinary shares	Share premium	Preference shares	Total
4	Contributions for newly issued shares	-	-	-	-	-
5	Balance at 31 March 2023	1,688,085	1,047,856	4,600,754	870	5,649,480

As at 31 March 2023 and 31 December 2022, preference shares outstanding amount to 1,500 shares in total.

As at 31 March 2023 and 31 December 2022, 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	31/03/2023	31/12/2022
1	2	3	4
1	Balance at 1 January	-	926
2	Changes in gains/losses arising from revaluation of securities at FVTOCI:	-	(879)
2.1	changes in revaluation to fair value	-	(879)
3	Income tax related to change in reserve for investments in securities	-	(47)
4	Total revaluation reserves less income tax	-	-

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

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Balance at 1 January	267,857	229,658
2	Revaluation of PP&E	-	46,620
2.1	changes in revaluation to fair value	-	46,620
3	Income tax related to revaluation of property, plant and equipment	-	(8,421)
4	Total revaluation reserves less income tax	267,857	267,857

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

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Balance at 1 January	4	-
2	Results of adjusting the value of financial instruments in transactions with shareholders	8	5

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<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
2.1	Gain recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders	60	21
2.2	(Loss) recognised on initial recognition and attributed to retained earnings on disposal of the financial instrument in transactions with the Bank's shareholders	(52)	(16)
3	Income tax related to changes in the adjustment of the value of financial instruments in transactions with the Bank's shareholders	(1)	(1)
4	Total adjustments of the value of financial instruments, net of income tax	11	4

Note 19. Analysis of contractual maturities of assets and liabilities

<i>(in thousands of Ukrainian hryvnias)</i>								
Line	Item	Notes	31 March 2023			31 December 2022		
			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	3,592,950	-	3,592,950	2,409,276	-	2,409,276
2	Loans and advances to banks		131,372	-	131,372	132,464	-	132,464
3	Loans and advances to customers	7	2,022,526	1,372,806	3,395,332	2,193,569	1,501,282	3,694,851
4	Investments in securities	8	2,951,861	-	2,951,861	3,344,212	-	3,344,212
5	Investment property		-	6,831	6,831	-	6,831	6,831
6	Current income tax receivable		29	-	29	29	-	29
7	Intangible assets other than goodwill		-	138,943	138,943	-	155,190	155,190
8	Fixed assets		19,081	357,913	376,994	22,614	371,114	393,728
9	Other financial assets	9	27,944	-	27,944	46,341	-	46,341
10	Other non-financial assets	10	31,234	-	31,234	27,060	-	27,060
11	Non-current assets or disposal groups classified as held for sale or held for payment to owners		6,070	-	6,070	6,070	-	6,070
12	Total assets		8,783,067	1,876,493	10,659,560	8,181,635	2,034,417	10,216,052
LIABILITIES								
13	Due to banks	11	50,029	-	50,029	-	-	-
14	Due to customers	12	8,652,129	751	8,652,880	8,214,592	1,183	8,215,775
15	Debt securities issued by the Bank		1	-	1	1	-	1
16	Other borrowed funds		41,204	414,115	455,319	40,817	408,374	449,191
17	Deferred tax liabilities		31,477	-	31,477	31,475	-	31,475
18	Provisions behind loan commitments and financial guarantee contracts	13, 14	126,068	27,739	153,807	124,525	33,410	157,935
19	Other financial liabilities	15	125,411	30,403	155,814	137,210	34,941	172,151
20	Other non-financial liabilities	16	64,262	52	64,314	88,629	194	88,823
21	Total liabilities		9,090,581	473,060	9,563,641	8,637,249	478,102	9,115,351

Note 20. Interest income and expense

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/03/2022
1	2	3	4
Interest income			
1	Interest income on loans and advances to banks	15,670	114
2	Interest income on loans and advances to customers	100,859	110,885
3	Interest income on investments in securities at AC	152,765	23,104
4	Interest income on investments in securities at FV	-	33,419
5	Total interest income	269,294	167,522
Interest expense:			
6	Interest expenses on term deposits of corporate customers	(69,144)	(18,453)
7	Interest income on term deposits of individuals	(2,646)	(2,918)
8	Interest income on overnight loans from other banks	(29)	(16)
9	Interest expenses on other loans received from the National Bank of Ukraine through refinancing	-	(8,017)
10	Interest expenses on current accounts	(53,366)	(29,947)
11	Interest expenses on loans received from international and other organizations	(1,989)	(1,594)
12	Interest expense on lease liabilities	(3,149)	(1,921)
13	Total interest expenses	(130,323)	(62,866)
14	Net interest income	138,971	104,656

Line 5 and line 13 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	31/03/2023	31/03/2022
1	2	3	4
COMMISSION INCOME:			
1	Cash and settlement services	30,776	23,962
2	Bank commission for the lease of safe deposit boxes	2,275	3,790
3	Commission for insurance broker services	268	338
4	Commission for TaxFree check payments	96	277
5	Transactions with securities	228	158
6	Interbank transactions with plastic cards	4,304	6,115
7	Guarantees issued	1,368	2,360
8	Other	2	2
9	Total fee and commission income	39,317	37,002
COMMISSION EXPENSE:			
10	Cash and settlement services	(13,269)	(14,020)
11	Commission for services and other commissions	(791)	(14)
12	Guarantee expenses	(335)	(40)
13	Services provided by payment systems and transactions with plastic cards	(3,735)	(3,245)
14	Total fee and commission expense	(18,130)	(17,319)
15	Net fee and commission income	21,187	19,683

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. Impairment gains (losses) determined in accordance with IFRS 9

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/03/2022
1	2	3	4
1	Profit (loss) from impairment of loans and advances to banks	(956)	(81)
2	Profit (loss) from impairment of loans and advances to customers	17,784	(1,186)
3	Return of previously written-off bad debts of loans to customers	1,976	1,889
4	Profit (loss) from impairment of investments in securities	-	53
5	Profit (loss) from impairment of other financial assets	1,794	49
6	Profit (loss) from impairment of issued financial guarantees and similar contractual obligations	6,557	(801)
7	Impairment gains (losses) determined in accordance with IFRS 9	27,155	(77)

Note 23. Other income

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/03/2022
1	2	3	4
1	Operating lease income	-	15
2	Penalties and fines received	189	54
3	Undrawn funds upon expiration of limitation period	1,110	738
4	Shortages charged to responsible employees	194	-
5	Result from disposal of property, plant and equipment	33	-
6	Gains from recovering an advance payment for enforcement proceedings, court fees and other related costs	44	139
7	Income from the provision of a discount for the quarantine period for the lease of the premises	210	261
8	Result from modification of financial assets	614	157
9	Other	73	6
10	Total operating income	2,467	1,370

Line 10 in Note 23 corresponds to account “Other operating income” in the statement of profit or loss.

Note 24. Other administrative and operating expenses

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/03/2022
1	2	3	4
1	Business trips	366	103
2	Recruitment services	5,294	8,347
3	Maintenance of property, plant and equipment and intangible assets, telecommunication and other operation services	60,428	52,374
4	Operating lease expenses	273	577
5	Cash collection and transportation	419	246
6	Services provided by payment systems on payment cards	3,370	2,902
7	Legal services on litigations and payments to collectors	3,479	791
8	Professional services	4,244	4,229
9	Marketing and advertising expenses	109	636
10	Security expenses	2,665	2,348
11	Taxes other than income tax	12,210	9,649
12	Provision for cover risks of losses due to lawsuits	667	-
13	Net increase in provisions for impairment of other non-financial assets	127	-
14	Other	3,389	22
15	Total other administrative and operating expenses	97,040	82,224

Line 15 in Note 24 corresponds to account “Other administrative and operating expenses” in the statement of profit or loss.

Note 25. (Loss)/gain per ordinary share and preference share

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/03/2022
1	2	3	4
1	Loss attributable to holders of ordinary shares	(4,841)	(53,328)
2	Profit attributable to holders of preference shares	157	157
3	Loss for the year	(4,841)	(53,328)
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)	(0.01)	(0.03)
7	Basic and diluted gain per preference share (in UAH)	0.10	0.10

Note 26. Contingent liabilities

Capital investment commitments

As of March 31, 2023, the Bank had obligations related to the acquisition of fixed assets and intangible assets in the amount 685 thousand UAH. (December 31, 2022: UAH 685 thousand). Potential liabilities for legal actions are disclosed in Note 14.

Table 26.1. Structure of credit-related commitments

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	Unused credit lines	1,296,963	1,515,948
2	Export letters of credit	270,660	275,703
3	Guarantees issued	1,989	1,947
4	Provision for credit-related commitments	(37,665)	(43,397)
5	Total credit-related commitments less provisions	1,531,947	1,750,201

Table 26.2. Changes in lending commitments for 3 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Liabilities at the beginning of the period	1,517,744	275,828	26	1,793,598
2	Increase in the amount of liabilities for the period	174,136	27,401	106	201,643
2.1	New liabilities	47,219	4	6	47,229
2.2	Increase in the amount of current liabilities	75,939	13,482	16	89,437
2.3	The amount of transition between stages	58	2	84	144
2.4	Exchange rate differences	50,920	13,913	-	64,833
3	Decrease in the amount of liabilities for the period	(399,845)	(25,705)	(79)	(425,629)

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3.1	Liabilities repaid	(346,905)	(7,352)	-	(354,257)
3.2	Obligations that have expired	(24,508)	(9,642)	(79)	(34,229)
3.3	The amount of transition between stages	(10)	(134)	-	(144)
3.4	Exchange rate differences	(28,422)	(8,577)	-	(36,999)
4	Liabilities at the end of the period	1,292 035	277 524	53	1 569,612

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 26.3. Changes in provisions for other liabilities and contracts of financial guarantee as of 31.03.2023 and for the 3 months 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 liabilities as of the beginning of the period	3,661	39,731	5	43,397
2	Increase in the amount of liabilities for the period	(588)	(2,270)	(21)	(2,879)
2.1	Provision for new liabilities	(305)	-	(1)	(306)
2.2	Provision for increase in liabilities	(178)	(224)	(2)	(404)
2.3	Increase in reserves from portfolio deterioration	(20)	-	-	(20)
2.4	Increasing of provision from the transition between stages	-	-	(15)	(15)
2.5	The amount of transition between stages	-	-	(3)	(3)
2.6	Exchange rate differences	(85)	(2,046)	-	(2,131)
3	Decrease in the amount of liabilities for the period	2,256	6,339	16	8,611
3.1	Decrease in the provision for closing liabilities	75	117	16	208
3.2	Decrease of the provision for decrease of liabilities	1,051	185	-	1,236
3.3	Decrease of the provision from improvement of portfolio quality	1,076	4,780	-	5,856
3.4	Decrease of the provision from the transition between stages	-	2	-	2
3.5	The amount of transition between stages	-	3	-	3
3.6	Exchange Rate differences	54	1,252	-	1,306
4	Provisions for liabilities at the end of the period	(1,993)	(35,662)	(10)	(37,665)

Table 26.4. Changes in lending commitments for 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Liabilities at the beginning of the period	2,715,562	129	6	2,715,697
2	Increase in the amount of liabilities for the period	3,330,535	883,423	94	4,214,052

(in thousands of Ukrainian hryvnias)					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
2.1	New liabilities	861,500	9,402	6	870,908
2.2	Increase in the amount of current liabilities	1,780,065	129,982	56	1,910,103
2.3	The amount of transition between stages	74	714,782	32	714,888
2.4	Exchange rate differences	688,896	29,257	-	718,153
3	Decrease in the amount of liabilities for the period	(4,528,353)	(607,724)	(74)	(5,136,151)
3.1	Liabilities repaid	(1,701,111)	(15,022)	(41)	(1,716,174)
3.2	Obligations that have expired	(1,829,473)	(583,447)	(3)	(2,412,923)
3.3	The amount of transition between stages	(714,782)	(76)	(30)	(714,888)
3.4	Exchange rate differences	(282,987)	(9,179)	-	(292,166)
4	Liabilities at the end of the period	1,517,744	275,828	26	1,793,598

Table 26.5. Changes in provisions for other liabilities and contracts of financial guarantee as of 31.12.2022 and for the year ended on that date

(in thousands of hryvnias)					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Provisions for liabilities as of the beginning of the period	9,417	3	1	9,421
2	Increase in the amount of liabilities for the period	11,957	98,029	15	110,001
2.1	Provision for new liabilities	3,794	735	1	4,530
2.2	Provision for increase in liabilities	5,777	15,924	4	21,705
2.3	Increasing of provision from the transition between stages	26	73,818	5	73,849
2.4	The amount of transition between stages	-	3,451	5	3,456
2.5	Exchange rate differences	2,360	4,101	-	6,461
3	Decrease in the amount of liabilities for the period	(17,713)	(58,301)	(11)	(76,025)
3.1	Decrease in the provision for closing liabilities	(3,842)	(24,397)	(1)	(28,240)
3.2	Decrease of the provision for decrease of liabilities	(9,285)	(33,577)	(5)	(42,867)
3.3	Decrease of the provision from the transition between stages	-	(3)	(2)	(5)
3.4	The amount of transition between stages	(3,451)	(2)	(3)	(3,456)
3.5	Exchange Rate differences	(1,135)	(322)	-	(1,457)
4	Provisions for liabilities at the end of the period	3,661	39,731	5	43,397

Table 26.6. Credit-related commitments by currencies

(in thousands of Ukrainian hryvnias)			
Line	Item	31/03/2023	31/12/2022
1	2	3	4
1	UAH	437,413	470,222
2	USD	-	-
3	EUR	1,094,534	1,279,978
4	Total	1,531,947	1,750,200

Note 27. Capital management

The Bank's shareholders place much emphasis on the capital increase, specifically, on the increase of the share capital as the key component of capital.

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

- highly profitable use of own cash;
- covering all possible risks assumed by the Bank;
- optimising assets and liabilities structure by ageing and deposits.

As at 31 March 2023, according to the NBU requirements, banks must comply with the capital adequacy ratio at the level of 10% and with the common equity adequacy ratio at the level of 7% for risk-weighted assets calculated based on the NBU regulations.

As at 31 March 2023 and 31 March 2022, the Bank complied with regulatory capital adequacy ratio (N2) at 15.55% (31 March 2022: 17.24%) and common equity adequacy ratio (N3) at 14.31% (31 March 2022: 16.24%).

Table 27.1. Structure of regulatory capital calculated according to the NBU requirements

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	31/03/2023	31/03/2022
1	2	3	4
1	Common equity	662,108	929,363
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	(562,957)	(545,943)
6	Amortisation of other intangible assets	456,172	434,775
7	Capital investments in intangible assets	(32,158)	(29,464)
8	Uncovered losses of past years	(4,332,773)	(4,066,593)
9	Result of the current year (loss)	(441,924)	(437,894)
10	The amount of the book value of non-core assets, by which the fixed capital is reduced	(5,123)	(6,389)
11	Additional capital	57,305	57,305
12	Result on PP&E revaluation	57,305	57,305
13	Redeployment	(3)	(3)
14	Carrying amount of securities that are not traded on stock exchanges carried at FV	(3)	(3)
15	Total regulatory capital	719,410	986,665

Note 28. Related party transactions

The methods of valuation of assets and liabilities used in the recognition of transactions with related parties do not differ from those used for transactions with other persons.

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

Table 28.1. Balances on related-party transactions as at 31 March 2023

<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
Major participants (shareholders) of the Bank													
1	Cash and cash equivalents	-	-	-	-	-	-	1,055,108	-	on demand	14,568	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	12	-	on demand	-	-	-
3	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
4	Other non-financial assets	31	-	on demand	-	-	-	-	-	-	-	-	-
5	Other financial liabilities	2,815	-	on demand	-	-	-	1,161	-	on demand	-	-	-
6	Other non-financial liabilities	-	-	-	-	-	-	20,508	-	on demand	-	-	-
Key management personnel													
7	Loans and advances to customers	210	12%	2 days – 5 years	-	-	-	-	-	-	-	-	-
8	Loan loss provisions	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
9	Due to customers	2,141	0 – 11%	on demand - less than 183 days	1,168	0.01%	on demand	557	0.01%	on demand -	112	-	on demand
10	Other financial liabilities	7,350	-	on demand	-	-	-	-	-	-	-	-	-
11	Other non-financial liabilities	1,144	-	on demand – less than 92 days	-	-	-	-	-	-	-	-	-
Other related parties													
12	Cash and cash equivalents	-	-	-	-	-	-	-	-	-	919	-	on demand
13	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	-	-	-	919	-	on demand
14	Other non-financial liabilities	-	-	-	-	-	-	442	-	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 28.2. Income and expenses on related-party transactions as at 31 March 2023 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	3,702	7	-
2	Interest expenses	-	(21)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	(4)	-	(919)
4	Net profit from foreign exchange	698	-	-
5	Net gain/(loss) from foreign currency translation	22,547	(13)	(47)
6	Fee and commission income	61	2	-
7	Fee and commission expenses	(239)	-	(2)
8	Employee benefits expense	-	(5,177)	-
9	Other administrative and operating expenses	(5,279)	(1,543)	(394)

Table 28.3. Loans granted to and repaid by related parties for 3 months 2023

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

Table 28.4. Other rights and obligations on related-party transactions as at 31 March 2023

<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	7,956	-

Table 28.5. Balances on related-party transactions as at 31 December 2022

<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
Major participants (shareholders) of the Bank													
1	Cash and cash equivalents	-	-	-	-	-	-	868,405	-	on demand	13,664	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	10	-	on demand	-	-	-
3	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
4	Other financial liabilities	2,874	-	on demand - less than 31 days	-	-	-	1,136	-	on demand	-	-	-
5	Other non-financial liabilities	-	-	-	-	-	-	44,123	-	on demand	-	-	-
Key management personnel													
6	Loans and advances to customers	209	12%	2 days – 5 years	-	-	-	-	-	-	-	-	-
7	Loan loss provisions	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
8	Due to customers	2,324	0 – 5.5%	on demand - less than 92 days	1,461	0.01%	on demand	496	0.01%	on demand	109	-	on demand
9	Other financial liabilities	7,783	-	on demand - 4 years	-	-	-	-	-	-	-	-	-
10	Other non-financial liabilities	1,053	-	on demand	-	-	-	-	-	-	-	-	-
Other related parties													
11	Cash and cash equivalents	-	-	-	-	-	-	-	-	-	986	-	on demand
12	Other non-financial liabilities	-	-	-	-	-	-	42	-	on demand	-	-	-

Table 28.6. Income and expenses on related-party transactions as at 31 Marchs 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 28.7. Loans granted to and repaid by related parties for 3 months 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 28.8. 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 credit obligations provided to clients	-	1,056

Table 28.9. Remuneration to key management personnel

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	expenses for 3 months 2023	accrued liabilities as at 31/03/2023	expenses for 3 months 2022	accrued liabilities as at 31/12/2021
1	2	3	4	5	6
1	Current employee benefits	5,177	1,811	5,004	1,049

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