



*The interim financial statements
for the period ended 30 June 2022*

JSC “PRAVEX BANK”
The interim financial statements
for the period ended 30 June 2022

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<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	30/06/2022	31/12/2021
1	2	3	4
ASSETS			
Cash and cash equivalents	6	1,715,157	937,739
Loans and advances to customers	7	4,377,440	4,768,272
Investments in securities	8	2,203,776	3,185,489
Investment property		12,777	12,777
Current income tax receivable		29	29
Intangible assets other than goodwill		129,895	151,398
Fixed assets		296,076	318,004
Other financial assets	9	25,379	22,199
Other non-financial assets	10	23,457	16,215
Total assets		8,783,986	9,412,122
EQUITY AND LIABILITIES			
LIABILITIES			
Due to customers	11	6,724,894	7,285,788
Derivative financial liabilities		-	76
Debt securities issued by the Bank		1	1
Other borrowed funds		357,231	343,999
Provisions			
Provisions for credit related commitments and financial guarantees	12	8,136	9,421
Other provisions		92,174	88,585
Total provisions		100,310	98,006
Other financial liabilities	13	109,989	125,833
Other non-financial liabilities	14	86,214	70,569
Deferred income tax liabilities		9,226	9,237
Total liabilities		7,387,865	7,933,509
EQUITY			
Share capital	15	1,048,726	1,048,726
Retained earnings		(4,483,158)	(4,402,783)
Share premium	15	4,600,754	4,600,754
Reserves and other funds		1,332	1,332
Other reserves	16	228,467	230,584
Total equity		1,396,121	1,478,613
Total liabilities and equity		8,783,986	9,412,122

Authorised for issue and signed by

Pro tempore Chairman of the Board
JSC "PRAVEX BANK"

Acting Chief accountant
JSC "PRAVEX BANK"

DATE: 03 August 2022



S.Z. Babaiev

G.V. Yurchenko

<i>(in thousands of Ukrainian hryvnias)</i>					
Item	Notes	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
Interest income, including	18	188,631	356,153	126,229	244,520
Interest income calculated using the effective interest rate method	18	188,631	356,153	126,229	244,520
Fee and commission income	19	28,324	65,326	39,677	77,708
Fee and commission expenses	19	(11,164)	(28,483)	(14,705)	(27,847)
Other income	20	3,418	4,788	3,440	6,853
Interest expenses	18	(73,823)	(136,688)	(37,950)	(76,508)
Net gain (loss) from foreign exchange operations		31,892	45,437	(4,159)	18,673
Net gain (loss) arising from foreign currency translation		(390)	(3,312)	8,294	(9,861)
Gains (losses) from initial recognition of financial liabilities at interest rates higher or lower than market rates		(5)	(17)	30	48
Impairment gains (losses) determined in accordance with IFRS 9	7, 9, 12	(16,120)	(16,197)	10,167	13,310
Other gains (losses)		36	527	18	20
Personnel expense		(79,397)	(162,450)	(74,637)	(147,856)
Depreciation and amortization expenses		(24,863)	(49,648)	(22,273)	(45,736)
Other administrative and operating expenses	21	(73,586)	(155,811)	(69,562)	(144,769)
Profit (loss) before tax		(27,047)	(80,375)	(35,431)	(91,445)
Expenses for tax payment (income from tax refund)		-	-	-	-
Profit (loss)		(27,047)	(80,375)	(35,431)	(91,445)
Profit per share					
Basic profit (loss) per share from continuing operations (in hryvnias)	22	(0.02)	(0.05)	(0.02)	(0.05)
Total basic profit (loss) per share (in hryvnias)	22	(0.02)	(0.05)	(0.02)	(0.05)

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<i>(in thousands of Ukrainian hryvnias)</i>					
Item	Notes	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
Statement of comprehensive income					
Profit (loss)		(27,047)	(80,375)	(35,431)	(91,445)
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)	16	(502)	(502)	-	-
The total amount of other comprehensive income that will not be reclassified to profit or loss before tax		(502)	(502)	-	-
Components of other comprehensive income that will be reclassified to profit or loss before tax					
Gains (losses) on financial assets at FVTOCI, before tax	16	3,215	(1,626)	(605)	6,063
The total amount of other comprehensive income that will be reclassified to profit or loss, before tax		3,215	(1,626)	(605)	6,063
Total other comprehensive income, before tax		2,713	(2,128)	(605)	6,063
Total comprehensive income, before tax		(24,334)	(82,503)	(36,036)	(85,382)
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)	16	58	58	77	349
Total of income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		58	58	77	349
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss					
Income tax related of gains (losses) on financial assets at FVTOCI	16	(1,250)	(47)	109	(596)
Total of income tax related to components of other comprehensive income that will be reclassified to profit or loss		(1,250)	(47)	109	(596)
Total other comprehensive income, after tax		1,521	(2,117)	(419)	5,816
Total comprehensive income, after tax		(25,526)	(82,492)	(35,850)	(85,629)

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<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	For 6 months 2022	For 6 months 2021
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income received		296,835	249,385
Interest expenses paid		(137,305)	(71,974)
Fee and commission income received		65,326	77,730
Fee and commission expenses paid		(28,282)	(27,847)
Results of foreign currency transactions		(3,176)	18,673
Other income received		50,757	5,586
Personnel costs paid		(162,450)	(138,080)
Other administrative and operating expenses, paid		(159,165)	(140,654)
<i>Cash paid in operating activities before changes in operating assets and liabilities</i>		(77,460)	(27,181)
Net (increase) decrease in loans and advances to banks		-	116,642
Net (increase) decrease in loans and advances to customers		392,481	37,344
Net (increase) decrease in other financial assets		(5,394)	(32,840)
Net (increase) decrease in other non-financial assets		(7,086)	3,837
Net increase (decrease) in amounts due to banks		-	(214)
Net increase (decrease) in amounts due to customers		(560,609)	879,726
Net increase (decrease) in other financial liabilities		(6,195)	(282,905)
Net increase (decrease) in other non-financial liabilities		6,042	(54,793)
Net cash flows from operating activities		(258,221)	639,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of securities		(156,549,211)	(77,970,343)
Proceeds from the sale of investments in securities		157,508,359	78,560,007
Proceeds from the sale of investment property		-	11,023
Acquisition of property, plant and equipment		(6,099)	(5,076)
Proceeds from the disposal of property, plant and equipment		356	2,295
Acquisition of intangible assets		(3,307)	(4,944)
Net cash from investing activities		950,098	592,962

<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	For 6 months 2022	For 6 months 2021
1	2	3	4
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in cash and cash equivalents		691,877	1,232,578
Effect of the NBU exchange rate fluctuations on cash and cash equivalents		85,541	(64,579)
Cash and cash equivalents at the beginning of the period	6	937,739	1,005,572
Cash and cash equivalents at the end of the period	6	1,715,157	2,173,571

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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	2	3	4	5	6	7	8	9
Balance as at 1 January 2021	15	1,048,726	4,600,754	1,332	210,916	(4,142,030)	1,719,698	1,719,698
Total comprehensive income		-	-	-	5,816	(91,445)	(85,629)	(85,629)
Profit (loss) for 6 months 2021		-	-	-	-	(91,445)	(91,445)	(91,445)
other comprehensive income		-	-	-	5,816	-	5,816	5,816
Amortisation of property, plant and equipment revaluation reserve	16	-	-	-	(3,412)	3,412	-	-
Transactions with shareholders	16	-	-	-	(91)	141	50	50
Closing balance as at 30 June 2021 (balance as at 1 July 2021)	15	1,048,726	4,600,754	1,332	213,229	(4,229,922)	1,634,119	1,634,119

<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	2	3	4	5	6	7	8	9
Closing balance as at 31 December 2021 (balance as at 1 January 2022)	15	1,048,726	4,600,754	1,332	230,584	(4,402,783)	1,478,613	1,478,613
Total comprehensive income		-	-	-	(2,117)	(80,375)	(82,492)	(82,492)
Profit (loss) for 6 months 2022		-	-	-	-	(80,375)	(80,375)	(80,375)
other comprehensive income		-	-	-	(2,117)	-	(2,117)	(2,117)
Closing balance as at 30 June 2022 (balance as at 1 July 2022)	15	1,048,726	4,600,754	1,332	228,467	(4,483,158)	1,396,121	1,396,121

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DATE: 03 August 2022



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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 Klovskiy 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 30 June 2022
Reporting currency and measurement unit	UAH ‘000

The strategic goal of the activity and development of JSC "PRAVEX BANK" (hereinafter - the Bank) is to create a universal Bank that provides a full range of banking services to legal entities and individuals. The Bank operated in the context of a full-scale war of Russia on the territory of Ukraine, which was accompanied by active hostilities in many regions of the country, which destroyed infrastructure and production facilities, disrupted logistics between regions, and large civilian casualties. At the same time, further growth of energy prices on world markets, growth of UAH devaluation, fall in GDP, significant internal and external migration, blockade of sea ports, fuel crisis, problems of timely sowing campaign, all this was directly reflected in the Bank’s financial results as of June 30, 2022.

Taking into account the above factors, the Bank focused its efforts on maintain the status of a reliable and solvent bank, and took the following measures:

- focused on liquidity management;
- monitored the outflow of clients’ funds in UAH;
- placed free funds in the certificates of deposit of the National Bank of Ukraine (hereinafter – NBU) in order to avoid liquidity risks and at the same time provide stable risk-free interest income;
- conducted restrained and selective lending to corporate segment with strict credit risk control;
- suspended the work of branches in the territories where the fighting is taking place and revised the work schedule of working branches;
- revised and/or withdrawn tariffs for some banking products / services;
- introduced credit holidays for clients;
- expanded the functionality of banking products through the on-line application, which were added on-line during full scale war;
- actively worked in the direction of reducing of operational and administrative costs.

Note 2. Economic and operational environment of the Bank operates

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

At the end of February 2022, Russia started a full-scale war against Ukraine, accompanied by active hostilities in many regions of the country. As a result of the war, the assets of many enterprises were

physically destroyed, supply chains and production processes were disrupted, transport infrastructure was destroyed, which ensured even distribution of supply by region, and business costs increased. At the same time, the country has faced significant population losses and a significant increase in forced migration.

From April 2022, the economy slowly began to recover. This happened thanks to the liberation of the territories by the Armed Forces of Ukraine, the gradual return of workers, and the establishment of production and supply. However, key problems remain: seaports are blocked, with the exception of the Danube ports, logistics are disrupted, sales markets are lost, fuel shortages persist, domestic demand is depressed, and GDP continues to fall.

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

- temporary fixation of the hryvnia exchange rate, which will restrain the probable deterioration of expectations and the rise in prices of imported goods;
- increase of the NBU discount rate from 10% to 25%;
- reduction of taxes, including indirect taxation of imports;
- fixing tariffs 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 lending. In mid-June, 85% of the country's bank branches were already open. At the same time, banks managed to withstand the onslaught of numerous cyberattacks, which have significantly increased since February. To save databases, banks were allowed to move them to cloud storage in Europe, the USA and Canada. The transfer of funds between banks led to an increase in deposit rates in the corporate segment. Instead, the population did not try to transfer funds from one bank to another - deposits increased in all banks. The stability of the population's deposits allowed banks to even lower the cost of these investments. However, hryvnia demand deposits have stopped growing since mid-April. Fixed-term and currency funds steadily continued to decrease.

In June, the NBU significantly increased the discount rate from 10% to 25% to ensure the attractiveness of hryvnia deposits. At the same time, this decision prompted banks to raise deposit rates.

The banking sector, for the first time in the last 5 years, showed a loss, and in May in amount of UAH 1.3 billion due to significant deductions to provisions for credit losses. In addition, commission income decreased due to reduced demand for banking services and lower tariffs. However, banks' interest income grew and the net interest margin was maintained.

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

- Fitch Ratings downgraded the long-term default rating of the issuer of Ukraine in foreign currency from "B" to "CCC";
- Standart and Pools lowered the long-term default rating of the issuer of Ukraine in foreign currency from "B" to "CCC+";
- Moodys downgrades Ukraine's long-term foreign currency default rating from "B3" to "Caa3".

The war posed significant risks to the country's economic growth, financial stability, foreign position, and public finances. At the same time, there are increased risks regarding the servicing of the national debt of

Ukraine due to the invasion of Russia, as well as a longer duration of active hostilities. All these factors increase the probability of restructuring the public debt.

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

Note 3. Basis for preparation

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

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

Estimation uncertainty

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

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

Imposition of martial law in Ukraine

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

Uncertainty of estimates

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

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

Imposition of martial law in Ukraine

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

Uncertainty about potential future economic scenarios under martial law and its impact on credit losses require additional economic scenarios to be considered when calculating expected credit losses. In accordance with paragraph 5.5.17 of IFRS 9 "Financial Instruments", the assessment of expected credit losses is based on reasonably necessary and verifiable information about past events, current conditions

and forecasts of future economic conditions, which can be obtained without excessive costs or effort as of the reporting date it is impossible to provide in the conditions of active military operations in the country.

During the martial law in Ukraine, banks have the opportunity to consider the introduction of "credit holidays" (deferral of payments on the principal amount of the loan and / or interest thereon). The introduction of "credit vacations" does not lead to banks recognizing overdue payments (principal and / or interest). That is, the reflection in the accounting and financial statements of overdue debt on interest and / or part of the principal amount of the loan outstanding within the period specified in the original terms of the loan agreement will not be carried out.

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

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

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

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

Impact of the COVID-19 pandemic

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

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

The specific impact of the pandemic on the financial statements is disclosed in the notes 7.1 and 20 to these financial statements.

Note 4. Significant accounting policies

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

Note 5. New and revised standards

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

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

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

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

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

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

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

Amendments to IFRS 3 - Reference to Conceptual Framework.

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

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

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

These amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied prospectively. These changes do not have a significant impact to the Bank.

Amendments to IAS 8 - Definition of Accounting Estimates

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

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

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

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

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

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

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

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

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

IFRS 17 Insurance Contracts

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

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

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

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

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

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

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

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

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

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

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Cash	215,020	257,770
2	Balances with the National Bank of Ukraine	291,084	86,790
3	Correspondent accounts with:	1,209,073	593,218
3.1	domestic banks	1,051	5,731
3.2	foreign banks	1,208,023	587,487
4	Provisions for cash on correspondent accounts with other banks	(20)	(39)
5	Total cash and cash equivalents	1,715,157	937,739

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

As at 30 June 2022, the Bank placed funds on a correspondent account with Intesa Sanpaolo S.p.A. in the amount of UAH 641,801 thousand (2021: Intesa Sanpaolo S.p.A. in the amount of UAH 450,146 thousand), which represents a significant concentration.

As at 30 June 2022 and 31 December 2021, balances on correspondent accounts were not overdue.

Table 6.2. Movements in provisions for cash on correspondent accounts with other banks as at 30 June 2022 and for the 6 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 year	(39)	(39)
2	(Increase) in provision for impairment during the period	20	20
3	Foreign exchange differences	(2)	(2)
4	Balance at the end of the period	(20)	(20)

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

<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	(43)	(43)
2	(Increase) in provision for impairment during the year	-	-
3	Foreign exchange differences	4	4
4	Balance at the end of the period	(39)	(39)

Table 6.4. Credit quality analysis of cash and cash equivalents as at 30 June 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:	1,209,073	215,020	291,084	1,715,177
1.1	Not overdue	1,209,073	215,020	291,084	1,715,177
2	Impairment Stage 3:	-	2,046	-	2,046
2.1	More than 90 days	-	2,046	-	2,046
3	Provision for cash impairment	(20)	(2,046)	-	(2,066)
4	Total cash and cash equivalents	1,209,053	215,020	291,084	1,715,157

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

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

Note 7. Loans and advances to customers

Table 7.1. Loans and advances to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Corporate loans	2,829,626	3,184,830
2	Retail mortgage loans	965,116	927,270
3	Loans to individual entrepreneurs	-	3
4	Retail consumer loans	648,038	705,217
5	Other retail loans	144	7
6	Provision for impairment of loans	(65,484)	(49,055)
7	Total loans less provisions	4,377,440	4,768,272

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

Changes in collection estimates can affect the impairment losses recognised. For example, to the extent that the net present value of the estimated cash flows differs by plus/minus one percent, the loan impairment as at 30 June 2022 would be UAH 43,774 thousand lower/higher (31 December 2021: UAH 47,682 thousand).

As a result of hostilities on the territory of Ukraine, in accordance with the requirements of Resolution No. 23 of the NBU of February 25, 2022, starting from February 24, 2022, banks stopped the countdown to determine the number of calendar days of debt repayment delay. Starting from June 30, 2022, the Banks resumed the counting of the number of calendar days of overdue debt repayment, which was stopped starting from February 24, 2022, taking into account the number of calendar days of overdue debt repayment as of February 24, 2022, and the fact of repayment of overdue debt after February 24, 2022.

The Bank conducted an analysis of the quality of debt repayment by customers for the second quarter of 2022. Among retail lending, the following distribution of repayments: 73% of customers - full repayment of current debt, 5% - partial repayment of current debt; 21% - no repayments. Corporate lending: 39% of clients - full repayment of current debt, 48% - partial repayment of current debt; 13% - no repayments. Some corporate clients took the opportunity to defer payment of credit debt due to the following factors: the presence of a legal entity in the occupied territory / in the war zone, military influence on operational activities (partial change of orientation to meet the needs of servicemen).

Due to the spread of the coronavirus pandemic, at the request of individual customers affected by the economic consequences of quarantine and restrictive measures, the Bank renegotiated the repayment dates of loans and accrued interest. As of June 30, 2022, the carrying amount of loan agreements which the terms were renegotiated is UAH 10,588 thousand. Recognized losses from the modification of such financial assets amounted to UAH 101 thousand.

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

Concentration of loans to customers

The Bank believes that potential concentration risk per customer may arise when at least 10% of net loan portfolio is attributable to a limited number of borrowers. As at 30 June 2022 and 31 December 2021, loans per 3 and 3 customers account for 14% and 15%, respectively (UAH 645,937 thousand and UAH 751,373 thousand, respectively).

Table 7.2. Analysis of the gross carrying value of loans and advances to customers for 6 months of 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the period	4,779,215	24,773	13,339	4,817,327
2	Increase in balance during the period	1,277,373	240,710	21,236	1,539,319
2.1	Increase in balance due to new loans	516,750	4,500	-	521,250
2.2	Decrease (increase) in balance of current outstanding portfolio	629,887	4,009	915	634,811
2.3	Transfers from Stage 1	-	230,211	-	230,211
2.4	Transfers from Stage 2	2,519	-	10,492	13,011
2.5	Transfers from Stage 3	1,363	-	9,574	10,937
2.6	Foreign exchange differences	126,854	1,990	255	129,099
3	Decrease in balance during the period	(1,877,374)	(22,635)	(13,713)	(1,913,722)
3.1	Decrease in balance due to full repayment of loans	(500,979)	(9)	(117)	(501,105)
3.2	Decrease in the balance of the current portfolio	(1,107,494)	(7,548)	(2,594)	(1,117,636)
3.3	Transfers from Stage 1	-	(2,519)	(1,363)	(3,882)
3.4	Transfers from Stage 2	(230,211)	-	-	(230,211)
3.5	Transfers from Stage 3	-	(10,492)	(9,574)	(20,066)
3.6	Foreign exchange differences	(38,690)	(2,067)	(65)	(40,822)
4	Balance at the end of the period	4,179,214	242,848	20,862	4 442,924

Table 7.3. Analysis of provisions on loans and advances to customers for 6 months of 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the period	(32,276)	(4,973)	(11,806)	(49,055)
2	Increase in the amount of loan provisions for the period				
2.1	Provision for new loans	(1,127)	-	-	(1,127)
2.2	Provision for increase in carrying amount	(8,630)	(3,929)	(6,845)	(19,404)
2.3	Increasing the provision from the transfers between stages	(336)	(15,861)	(4,064)	(20,261)
2.4	Transfers from Stage 1	-	(1,604)	-	(1,604)
2.5	Transfers from Stage 2	(26)	-	(5,550)	(5,576)
2.6	Transfers from Stage 3	(13)	-	(9,059)	(9,072)
2.7	Interest accrued on impaired loans	-	-	(664)	(664)
2.8	Foreign exchange differences	(2,349)	(4,311)	(1,165)	(7,825)
3	Decrease in the amount of loan provisions for the period				
3.1	Decrease of provision as a result of repayments	1,619	-	69	1,688
3.2	Decrease in provision due to decrease in the carrying amounts	13,254	5,617	3,532	22,403
3.3	Decrease in provisions because of transfers between stages	16	618	730	1,364
3.4	Transfers from Stage 1	-	26	13	39
3.5	Transfers from Stage 2	1,604	-	-	1,604
3.6	Transfers from Stage 3	-	5,550	9,059	14,609
3.7	Interest accrued on impaired loans	2	-	1,048	1,050
3.8	Foreign exchange differences	396	328	5,623	6,347
4	Balance at the end of the period	(27,866)	(18,539)	(19,079)	(65,484)

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

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

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

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

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

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

Table 7.6. Loan structure by types of economic activity

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	30/06/2022		31/12/2021	
1	2	3	4	5	6
1	Transactions with real estate, leasing, engineering and servicing	312,494	7.03%	377,616	7.84%
2	Trade, repair of vehicles, household equipment and items of personal use	868,992	19.56%	1,439,627	29.88%
3	Agriculture, hunting, forestry	312,559	7.03%	321,697	6.68%
4	Processing industry	1,147,876	25.84%	881,452	18.30%
5	Retail	1,613,298	36.31%	1,632,493	33.89%
6	Other	187,705	4.23%	164,442	3.41%
7	Total loans and advances to customers less provisions	4,442,924	100.00%	4,817,327	100.00%

Table 7.7. Information about loans by collateral type of as at 30 June 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	Unsecured loans	722,985	597	598,694	144	1,322,420	722,985
2	Loans secured by:	625,821	964,519	17,020	-	1,607,360	625,821
2.1	cash	4,589	-	361	-	4,950	4,589
2.2	real estate	621,232	964,519	16,659	-	1,602,410	621,232
2.2.1	residential mortgage	5,108	964,519	8,220	-	977,847	5,108
2.2.2	non-residential mortgage	616,124	-	8,439	-	624,563	616,124
2.2.3	land	-	-	-	-	-	-
3	Other assets	1,480,820	-	32,324	-	1,513,144	1,480,820
3.1	equipment	507,384	-	-	-	507,384	507,384
3.2	goods in turnover	674,956	-	-	-	674,956	674,956
3.3	vehicles	298,480	-	32,324	-	330,804	298,480
4	Total loans and advances to customers, gross of provision charges	2,829,626	965,116	648,038	144	4,442,924	2,829,626

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

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

Table 7.9. Credit quality analysis as at 30 June 2022

<i>(in thousands of Ukrainian hryvnias)</i>						
Line	Item	Corporate loans	Retail mortgage loans	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	2,640,877	938,687	599,506	144	4,179,214
1.1	Not overdue	2,640,877	819,096	453,674	142	3,913,789
1.2	Less than 30 days	-	119,591	145,832	2	265,425
2	Impairment Stage 2:	188,749	20,488	33,612	-	242,849
2.1	Not overdue	188,749	5,922	1,693	-	196,364
2.2	Less than 30 days	-	14,280	31,610	-	45,890
2.3	61 - 90 days	-	286	309	-	595
3	Impairment Stage 3:	-	5,941	14,920	-	20,861
3.1	Not overdue	-	1,009	688	-	1,697
3.2	Less than 30 days	-	-	1,332	-	1,332
3.3	91 - 180 days	-	1,504	4,724	-	6,228
3.4	181 - 270 days	-	-	2,740	-	2,740
3.5	More than 270 days	-	3,428	5,436	-	8,864
4	Total loans, gross of provision charges	2,829,626	965,116	648,038	144	4,442,924
5	Provision for loan impairment	(31,234)	(12,964)	(21,286)	-	(65,484)
6	Total loans less provisions	2,798,392	952,152	626,752	144	4,377,440

Table 7.10. Credit quality analysis as at 31 December 2021

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

Note 8. Investments in securities

Table 8.1. Investments in securities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Debt securities at AC	1,801,134	1,750,635
1.1	certificates of deposit of the National Bank of Ukraine	1,801,134	1,750,635
2	Debt securities at FVTOCI	402,639	1,434,851
2.1	domestic government bonds, that are refinanced by the NBU	402,639	1,434,851
3	Shares of enterprises and other variable-income securities that are not traded on stock exchanges and are recognised at FVTOCI	34	34
4	Provision for impairment of securities	(31)	(31)
5	Total investments in securities less provisions	2,203,776	3,185,489

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

Table 8.2. Credit quality analysis of debt securities carried at amortised cost as at 30 June 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	1,801,134	1,801,134
1.1	Not overdue	1,801,134	1,801,134

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
2	Provision for impairment of securities	-	-
3	Total investments in securities at AC	1,801,134	1,801,134

Table 8.3. Credit quality of debt securities carried at fair value through other comprehensive income as at 30 June 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Domestic government loan bonds	Total
1	2	3	4
1	Impairment Stage 1	402,639	402,639
1.1	Not overdue	402,639	402,639
2	Provision for impairment of securities	-	-
3	Total investments in securities at FVTOCI	402,639	402,639

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

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

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

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

Table 8.6. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as at 30 June 2022 and for the 6 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Domestic government loan bonds	Corporate shares	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(51)	(31)	(82)
2	Decrease in provision for impairment during the year	51	-	51
3	Balance as at 30 June 2022	-	(31)	(31)

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

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

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

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Name	Activity	Country of registration	Measured at cost (fair value cannot be reliably measured)	
				30/06/2022	31/12/2021
1	2	3	4	5	6
1	CJSC Crimean Stock Exchange	Financial market management	Ukraine	11	11
2	CJSC Ukrainian Inter-Bank Currency Exchange	Financial market management	Ukraine	2	2
3	Crimean Inter-Bank Currency Exchange	Financial market management	Ukraine	20	20
4	UCE "UICE Contracting House"	Financial market management	Ukraine	1	1
5	Total			34	34

Note 9. Other financial assets

Table 9.1. Other financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Accounts receivable from transactions with customers	11,796	14,455
2	Amounts due on accrued income from cash and settlement services and other accrued income	2,156	2,318
3	Accounts receivable from transactions with payment cards	23,501	15,588
4	Other assets	317	20
5	Provision for impairment	(12,391)	(10,182)
6	Total other financial assets less provisions	25,379	22,199

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 30 June 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	Other assets	Total
1	2	3	4	5	6
1	Balance as at 1 January 2022	(9,704)	(478)	-	(10,182)
2	(Increase)/decrease in provision for impairment during the period	(1,764)	(269)	(124)	(2,157)
3	Foreign exchange differences on provisions	3	(55)	-	(52)
4	Closing balance as at 30 June 2022	(11,465)	(802)	(124)	(12,391)

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

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

<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
5	Closing balance as at 31 December 2021	(9,704)	(478)	(10,182)

Table 9.4. Credit quality analysis of other financial assets as at 30 June 2022

<i>(in thousands of Ukrainian hryvnias)</i>						
Li- ne	Item	Accounts receivable from transactions with customers	Amounts due on accrued income from cash and settlement services and other accrued income	Accounts receivable from transactions with payment cards	Other assets	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	403	1,539	23,501	317	25,760
1.1	Not overdue	260	1,159	23,501	69	24,989
1.2	Less than 30 days	112	329	-	138	579
1.3	31 - 60 days	7	51	-	102	160
1.4	61 - 90 days	24	-	-	8	32
2	Impairment Stage 3:	11,393	617	-	-	12,010
2.1	Less than 30 days	130	55	-	-	185
2.2	31 - 60 days	121	3	-	-	124
2.3	61 - 90 days	14	1	-	-	15
2.4	91 - 180 days	1,477	94	-	-	1,571
2.5	181 - 270 days	-	23	-	-	23
2.6	More than 270 days	9,651	441	-	-	10,092
3	Total other financial assets	11,796	2,156	23,501	317	37,770
4	Provision for impairment of other assets	(11,465)	(802)	-	(124)	(12,391)
5	Total other financial assets less provisions	331	1,354	23,501	193	25,379

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

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

Note 10. Other non-financial assets

Table 10.1. Other non-financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Accounts receivable for the acquisition of assets	571	-
2	Prepaid services	19,567	12,896
3	Precious metals	806	1,330
4	Accounts receivable from taxes and mandatory payments other than income tax	198	187
5	Other assets	2,397	2,335
6	Provision for other non-financial assets	(82)	(533)
7	Total other non-financial assets less provisions	23,457	16,215

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

Table 10.2. Movements in provision for impairment of other non-financial assets as at 30 June 2022 and for the 6 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Prepaid services	Precious metals	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(66)	(467)	(533)
2	(Increase) in provision for impairment during the period	(16)	-	(16)
3	Bad debt written off	-	503	503
4	Foreign exchange differences on provisions	-	(36)	(36)
5	Balance at 30 June 2022	(82)	-	(82)

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

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

Table 10.4. Credit quality analysis of other non-financial assets as at 30 June 2022 and for the 6 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:	571	19,485	806	198	2,397	23,457
1.1	Not overdue	571	19,485	806	198	2,397	23,457
2	Impairment Stage 3:		82	-	-	-	82
2.1	91 - 180 days	-	16	-	-	-	16
2.2	181 - 270 days	-	4	-	-	-	4
2.3	more than 270 days	-	62	-	-	-	62
3	Total other non-financial assets	571	19,567	806	198	2,397	23,539
4	Provision for impairment of other non-financial assets	-	(82)	-	-	-	(82)
5	Total other non-financial assets less provisions	571	19,485	806	198	2,397	23,457

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

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

Note 11. Due to customers

Table 11.1. Breakdown of amounts due to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Government and public organisations:	40,037	15,330
1.1	Current accounts	39,936	14,271
1.2	Term deposits	101	1,059
2	Other legal entities:	4,009,296	4,685,290
2.1	Current accounts	2,710,172	3,255,174
2.2	Term deposits	1,299,124	1,430,116
3	Individuals:	2,675,561	2,585,168
3.1	Current accounts	2,300,379	2,002,190
3.2	Term deposits	375,182	582,978
4	Total amounts due to customers	6,724,894	7,285,788

Line 4 in Table 11.1 corresponds to account “Due to customers” in the statement of financial position.

The Bank believes that a potential concentration risk may arise when at least 10% of deposits from customers (excluding subordinated debt and loans from international financial institutions) are attracted from a limited number of creditors. As at 30 June 2022 and 31 December 2021, deposits of the 3 and 3 customers of the Bank amounted to UAH 743,732 thousand and UAH 840,023 thousand, respectively, representing 11.06% and 11.53% of total due to customers as at the reporting dates.

Table 11.2. Breakdown of amounts due to customers by types of economic activity

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	30/06/2022		31/12/2021	
		amount	%	amount	%
1	2	3	4	5	6
1	State authorities	7	0,01	8	0.01
2	Production and distribution of electricity, natural gas and water	24,278	0,36	20,693	0.28
3	Transactions with real estate, leasing, engineering and servicing	398,957	5,93	384,559	5.28
4	Trade, repair of vehicles, household equipment and items of personal use	577,516	8,59	1,051,007	14.43
5	Agriculture, hunting, forestry	13,294	0,20	29,293	0.40
6	Retail	2,675,562	39,79	2,585,168	35.48
7	Processing industry	618,980	9,20	647,896	8.89
8	Financial and insurance services	1,773,520	26,36	1,364,548	18.72
9	Construction	181,401	2,70	275,100	3.78
10	Information and telecommunications	277,549	4,13	628,936	8.63
11	Other	183,832	2,72	298,580	4.10
12	Total amounts due to customers	6,724,896	100,00	7,285,788	100.00

Note 12. Provisions for credit related commitments and financial guarantees

Table 12.1. Changes in provisions for credit commitments and financial guarantee contracts as at 30 June 2022

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Credit-related commitments	Total
1	2	3	4
1	Balance at the beginning of the year	9,421	9,421
2	Increase (decrease) in provision for impairment during the period	(857)	(857)
3	Foreign exchange differences on provisions	(428)	(428)
4	Balance at 30 June 2022	8 136	8 136

Line 4 in Table 12.1 corresponds to account “Provisions for credit related commitments and financial guarantees” in the statement of financial position. The change in provisions for impairment and lending liabilities on stages disclosed in Note 23.

Table 12.2. Changes in provisions for credit commitments and financial guarantee contracts as at 31 December 2021

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

Line 4 in Table 12.2 corresponds to account “Provisions behind loan commitments and financial guarantee contracts” in the statement of financial position.

Table 12.3. Changes in other provisions as at 30 June 2022 and for the 3 months then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Litigation contingencies	Total
1	2	3	4
1	Balance at the beginning of the year	88,585	88,585
2	Increase in provision for impairment during the period	-	-
3	Debt repayment	3,589	3,589
4	Balance at 30 June 2022	92,174	92,174

Line 4 in Table 12.3 corresponds to account “Provisions behind loan commitments and financial guarantee contracts” in the statement of financial position.

As of June 30, 2022, disputes over UAH 14 581 thousand (2021: UAH 14 581 thousand) took place in administrative courts and courts of general jurisdiction, the probability of risk of outflow of resources for which the Bank estimates as probable. Taking into account the Bank's assessments of the prospects for resolving disputes, no provisions were created for these risks.

Table 12.4. Changes in other provisions as at 31 December 2021 and for the year then ended.

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

Line 4 in Table 12.4 corresponds to account “Other provisions” in the statement of financial position.

Note 13 Other financial liabilities

Table 13.1. Other financial liabilities as at 30 June 2022

2			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Balances on the investment account of Intesa Sanpaolo S.p.A.	3,889	4,011
2	Accounts payable on transactions with customers	10,535	14,648
3	Settlements on debit and credit cards	23,602	34,233
4	Foreign exchange transactions and settlements	2,492	18
5	Accruals related to other payments to employees	19,807	15,267
6	Lease liabilities	45,679	55,281
7	Other debt	3,985	2,375
8	Total other financial liabilities	109,989	125,833

Line 8 in Note 13 corresponds to account “Other financial liabilities” in the statement of financial position.

Note 14. Other non-financial liabilities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Accounts payable on taxes other than income tax	12,687	12,063
2	Accounts payable on settlements with the Bank's employees	17,543	6,250

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
3	Accounts payable on asset acquisitions	678	8,938
4	Deferred income	6,916	10,708
5	Accounts payable on management and internal specialists services	32,924	18,951
6	Accounts payable on technical support and software maintenance services	1,532	766
7	Accounts payable on services and security	8,099	5,272
8	Accounts payable on services related to bad debt recovery	1	61
9	Settlements via payment systems and Ukrainian Processing Center	5,713	7,469
10	Other	121	91
11	Total other non-financial liabilities	86,214	70,569

Line 11 in Note 14 corresponds to account “Other non-financial liabilities” in the statement of financial position.

Note 15. Share capital

<i>(in thousands of Ukrainian hryvnias)</i>						
Line	Item	Number of shares in issue (in thousands)	Ordinary shares	Share premium	Preference shares	Total
1	2	3	4	5	6	7
1	Balance at 1 January 2021	1,688,085	1,047,856	4,600,754	870	5,649,480
2	Contributions for newly issued shares	-	-	-	-	-
3	Balance at 31 December 2021 (balance at 1 January 2022)	1,688,085	1,047,856	4,600,754	870	5,649,480
4	Contributions for newly issued shares	-	-	-	-	-
5	Balance at 30 June 2022	1,688,085	1,047,856	4,600,754	870	5,649,480

As at 30 June 2022 and 31 December 2021, preference shares outstanding amount to 1,500 shares in total.

As at 30 June 2022 and 31 December 2021, the nominal value of the shares is UAH 0.58 per share.

Holders of preference shares have the right to:

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

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

Note 16. Revaluation reserves (components of other comprehensive income)

Table 16.1. Securities revaluation reserves

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1.	Balance at 1 January	926	(2,753)
2	Changes in gains/losses arising from revaluation of securities at FVTOCI:	(1,626)	3,632
2.1	changes in revaluation to fair value	(1,626)	3,632
3	Income tax related to change in reserve for investments in securities	(47)	47
4	Total revaluation reserves less income tax	(747)	926

Table 16.2. Movements in revaluation reserve for property, plant and equipment

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Balance at 1 January	229,658	213,575
2	Revaluation of PP&E	(502)	20,141
2.1	changes in fair value	(502)	25,503
2.2	amortisation to retained earnings	-	(5,362)
3	Income tax related to revaluation of property, plant and equipment	58	(4,058)
4	Total revaluation reserves less income tax	229,214	229,658

Table 16.3. Results of adjusting the value of financial instruments in transactions with shareholders

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1.	Balance at 1 January	-	94
2	Results of adjusting the value of financial instruments in transactions with shareholders	-	(115)
2.1	Gain recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders	-	63
2.2	(Loss) recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders	-	(44)
2.3.	(Loss) recognised on initial recognition and attributed to retained earnings on disposal of the financial instrument in transactions with the Bank's shareholders	-	(134)
3	Income tax related to changes in the adjustment of the value of financial instruments in transactions with the Bank's shareholders	-	21
4	Total adjustments of the value of financial instruments, net of income tax	-	-

Note 17. Analysis of contractual maturities of assets and liabilities

<i>(in thousands of Ukrainian hryvnias)</i>								
Line	Item	Notes	30 June 2022			31 December 2021		
			less than 12 months	more than 12 months	total	less than 12 months	more than 12 months	total
1	2	3	4	5	6	7	8	9
ASSETS								
1	Cash and cash equivalents	6	1,715,157	-	1,715,157	937,739	-	937,739
2	Loans and advances to customers	7	2,534,581	1,842,859	4,377,440	2,772,505	1,995,767	4,768,272
3	Investments in securities	8	2,203,776	-	2,203,776	3,185,489	-	3,185,489
4	Investment property		-	12,777	12,777	-	12,777	12,777
5	Current income tax receivable		29	-	29	29	-	29
6	Intangible assets other than goodwill		-	129,895	129,895	-	151,398	151,398
7	Fixed assets		19,575	276,501	296,076	26,704	291,300	318,004
8	Other financial assets	9	25,379	-	25,379	22,199	-	22,199
9	Other non-financial assets	10	23,457	-	23,457	16,215	-	16,215
10	Total assets		6,521,954	2,262,032	8,783,986	6 960 880	2 451 242	9,412,122
LIABILITIES								
11	Due to customers	11	6,722,829	2,065	6,724,894	7,273,591	12,197	7,285,788
12	Derivative financial liabilities		-	-	-	76	-	76
13	Debt securities issued by the Bank		1	-	1	1	-	1
14	Other borrowed funds		-	357,231	357,231	-	343,999	343,999
Provisions								
15	Provisions for credit related commitments and financial guarantees	12	4,259	3,877	8,136	3,807	5,614	9,421
16	Other provisions	12	92,174	-	92,174	88,585	-	88,585
17	Total provisions		96,433	3,877	100,310	92,392	5,614	98,006
18	Other financial liabilities	13	88,129	21,860	109,989	101,981	23,852	125,833
19	Other non-financial liabilities	14	86,214	-	86,214	70,565	4	70,569
20	Deferred tax liabilities		9,226	-	9,226	9,237	-	9,237
21	Total liabilities		7,002,832	385,033	7,387, 865	7,547,843	385,666	7,933,509

Note 18. Interest income and expense

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
Interest income					
1	Interest income on loans and advances to banks	84	198	26	61
2	Interest income on loans and advances to customers	111,437	222,322	73,724	145,178
3	Interest income on investments in securities at AC	59,244	81,105	16,986	34,941
4	Interest income on investments in securities at FV	17,866	51,285	35,492	64,340
5	Interest income on debt securities refinanced by the National Bank of Ukraine at AC	-	1,243	-	-
6	Total interest income	188,631	356,153	126,228	244,520
Interest expense:					
7	Interest expenses on term deposits of corporate customers	(15,945)	(34,398)	(5,060)	(10,106)
8	Interest income on term deposits of individuals	(2,400)	(5,319)	(4,084)	(8,473)
9	Interest income on overnight loans from other banks	-	(16)	-	-
10	Interest expenses on other loans received from the National Bank of Ukraine through refinancing	(12,278)	(20,294)	-	(986)
11	Interest expenses on current accounts	(39,943)	(69,890)	(27,007)	(53,274)
12	Interest expenses on loans received from international and other organizations	(1,573)	(3,167)	-	-
13	Interest expense on lease liabilities	(1,684)	(3,604)	(1,799)	(3,669)
14	Total interest expenses	(73,823)	(136,688)	(37,950)	(76,508)
15	Net interest income	114,808	219,465	88,278	168,012

Line 6 and line 14 in Note 18 corresponds to account “Interest income” and “Interest expense” in the statement of profit or loss.

Note 19. Commission income and expenses

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
COMMISSION INCOME:					
1	Cash and settlement services	18,978	42,941	26,664	52,797
2	Bank commission for the lease of safe deposit boxes	3,377	7,167	3,554	6,830
3	Commission for insurance broker services	268	606	467	938
4	Commission for TaxFree check payments	2	279	66	145
5	Transactions with securities	72	230	260	448
6	Interbank transactions with plastic cards	3,289	9,403	6,725	12,923
7	Guarantees issued	2,336	4,696	1,931	3,609
8	Other	2	4	10	18

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
9	Total fee and commission income	28,324	65,326	39,677	77,708
COMMISSION INCOME:					
10	Cash and settlement services	(8,645)	(22,664)	(11,682)	(22,132)
11	Commission for services and other commissions	(14)	(28)	(16)	(32)
12	Guarantee expenses	-	(40)	(129)	(177)
13	Services provided by payment systems and transactions with plastic cards	(2,505)	(5,751)	(2,878)	(5,506)
14	Total fee and commission expense	(11,164)	(28,483)	(14,705)	(27,847)
15	Net fee and commission income	17,160	36,843	24,972	49,861

Line 9 and Line 14 in Note 19 correspond to accounts “Commission income” and “Commission expense” in the statement of profit or loss.

Note 20. Other income

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
1	Operating lease income	8	24	15	30
2	Penalties and fines received	341	395	218	321
3	Undrawn funds upon expiration of limitation period	395	1,133	644	1,756
4	Result from the sale of investment real estate	-	-	985	985
5	The result of the disposal of fixed assets	-	-	910	2,295
6	Gains from recovering an advance payment for enforcement proceedings, court fees and other related costs	4	143	129	551
7	Income from the provision of a discount for the quarantine period for the lease of the premises	2,346	2,607	305	522
8	Result from modification of financial assets	-	157	230	387
9	Other	324	329	4	6
10	Total operating income	3,418	4,788	3,440	6,853

Line 10 in Note 20 corresponds to account “Other income” in the statement of profit or loss.

Note 21. Other administrative and operating expenses

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
1	Business trips	25	128	17	110
2	Recruitment services	6,311	14,658	6,464	12,988
3	Maintenance of property, plant and equipment and intangible assets, telecommunication and other operation services	48,913	101,288	42,684	89,782

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 2nd quarter 2022	For 6 months 2022	For 2nd quarter 2021	For 6 months 2021
1	2	3	4	5	6
4	Operating lease expenses	215	792	575	1,153
5	Cash collection and transportation	199	445	267	615
6	Services provided by payment systems on payment cards	3,264	6,165	2,909	5,106
7	Legal services on litigations and payments to collectors	256	1,047	1,086	2,059
8	Professional services	3,624	7,854	4,835	9,162
9	Marketing and advertising expenses	395	1,030	1,846	2,771
10	Security expenses	2,096	4,445	1,193	2,391
11	Taxes other than income tax	8,000	17,649	7,635	16,290
12	The result of the disposal of fixed assets	90	90	-	-
13	Net increase in provisions for impairment of other non-financial assets	19	19	-	-
14	Other	179	201	50	2,342
15	Total other administrative and operating expenses	73,586	155,811	69,562	144,769

Line 15 in Note 21 corresponds to account “Other administrative and operating expenses” in the statement of profit or loss.

Note 22. (Loss)/gain per ordinary share and preference share

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Item	30/06/2022	30/06/2021	31/12/2021
1	2	3	4	5
1	Loss attributable to holders of ordinary shares	(80,375)	(91,445)	(266,249)
2	Profit attributable to holders of preference shares	157	157	157
3	Loss for the year	(80,375)	(91,445)	(266,249)
4	Annual average number of ordinary shares outstanding (in thousands of shares)	1,686,586	1,686,586	1,686,586
5	Annual average number of preference shares outstanding (in thousands of shares)	1,500	1,500	1,500
6	Basic and diluted (loss) per ordinary share (in UAH)	(0.05)	(0.05)	(0.16)
7	Basic and diluted gain per preference share (in UAH)	0.10	0.10	0.10

Note 23. Contingent liabilities

Capital investment commitments

As at 30 June 2022, JSC “PRAVEX BANK” assumed contractual obligations to purchase property, plant and equipment and intangible assets in the amount of UAH 2,422 thousand (31 December 2021: UAH 3,851 thousand) in accordance with the contracts concluded. Contingent liabilities for litigations are disclosed in Note 12.

Table 23.1. Structure of credit-related commitments

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Unused credit lines	2,269,829	2,320,892
2	Export letters of credit	251,603	385,259
3	Guarantees issued	78,483	9,546

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
4	Provision for credit-related commitments	(8,136)	(9,421)
5	Total credit-related commitments less provisions	2,591,779	2,706,276

Table 23.2. Changes in credit-related commitments for 6 months 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Commitments at the beginning of the period	2,715,562	129	6	2,715,697
2	Increase in the amount of commitments for the period	1,904,417	12,718	26	1,917,161
2.1	New commitments	420,805	-	-	420,805
2.2	Increase in the amount of current commitments	1,290,059	12,705	14	1,302,778
2.3	Transfers between stages	3	9	12	24
2.4	Exchange rate differences	193,550	4	-	193,554
3	Decrease in the amount of commitments for the period	(2,032,781)	(143)	(19)	(2,032,943)
3.1	Extinguished commitments	(872,057)	(129)	(18)	(872,204)
3.2	Commitments that have expired	(957,213)	-	-	(957,213)
3.3	Transfers between stages	(9)	(14)	(1)	(24)
3.4	Exchange rate differences	(203,502)	-	-	(203,502)
4	Commitments at the end of the period	2,587,198	12,704	13	2,599,915

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 23.3. Changes in provisions for credit related commitments and contracts of financial guarantee as of 30.06.2022 and for the 6 month ended on that date

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Provisions for credit related commitments as of the beginning of the period	(9,417)	(3)	(1)	(9,421)
2	Increase in the amount of commitments for the period	(7,688)	(249)	(3)	(7,940)
2.1	Provision for new commitments	(2,399)	-	-	(2,399)
2.2	Provision for increase in commitments	(4,499)	(249)	-	(4,748)
2.3	Increasing of provision transfers between stages	(1)	-	(2)	(3)
2.4	Transfers between stages	-	-	(1)	(1)
2.5	Exchange rate differences	(789)	-	-	(789)
3	Decrease in the amount of commitments for the period	9,220	3	2	9,225

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3.1	Decrease in the provision for extinguished commitments	2,325	-	-	2,325
3.2	Decrease of the provision for decrease of commitments	6,007	3	2	6,012
3.3	Exchange rate differences	888	-	-	888
4	Provisions for credit related commitments at the end of the period	(7,885)	(249)	(2)	(8,136)

Line 4 in Table 23.3 corresponds to account “Provisions for credit related commitments and financial guarantees” in the statement of financial position.

Table 23.4. Changes in lending commitments for 2021.

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

Table 23.5. Changes in provisions for other liabilities and contracts of financial guarantee as of 31.12.2021 and for the year ended on that date

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Provisions for credit related commitments as of the beginning of the period	15,943	-	1	15,944
2	Increase in the amount of commitments for the period	29,755	4	1	29,760
2.1	Provision for new commitments	17,286	-	-	17,286
2.2	Provision for increase in commitments	12,005	-	-	12,005
2.3	Increasing of provision transfers between stages	-	4	-	4
2.4	Transfers between stages	-	-	1	1
2.5	Exchange rate differences	464	-	-	464

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3	Decrease in the amount of commitments for the period	(36,281)	(1)	(1)	(36,283)
3.1	Decrease in the provision for extinguished commitments	(2,124)	(1)	-	(2,125)
3.2	Decrease of the provision for decrease of commitments	(32,274)	-	-	(32,274)
3.3	Decrease of the provision because of transfers between stages	-	-	-	-
3.4	Transfers between stages	-	-	(1)	(1)
3.5	Exchange rate differences	(1,883)	-	-	(1,883)
4	Provisions for credit related commitments at the end of the period	9,417	3	1	9,421

Table 23.6. Credit-related commitments by currencies (including provisions)

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	UAH	720,560	831,374
2	USD	-	104,075
3	EUR	1,871,219	1,770,827
4	Total	2,591,779	2,706,276

Note 24. Capital management

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

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

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

As of June 30, 2022, in accordance with the requirements of the NBU, banks must maintain a regulatory capital adequacy ratio of at least 10% and a fixed capital adequacy ratio of at least 7% in relation to risk-weighted assets calculated in accordance with NBU regulations.

As at 30 June 2022 and 30 June 2021, the Bank complied with the regulatory capital adequacy ratio (H2) with a rate of 17.99% (30 June 2021: 35.20%) and the fixed capital adequacy ratio (H3) with a rate of 16.92% (30 June 2021: 33.60%).

Table 24.1. Structure of regulatory capital calculated according to the NBU requirements

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
1	Main capital (Tier 1)	912,423	1,078,564
2	Share capital	979,090	979,090
3	Share premium	4,600,449	4,600,449
4	Total reserves under Ukrainian legislation	1,332	1,332
5	Intangible assets	(548,293)	(541,932)
6	Amortisation of other intangible assets	447,130	423,051

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/06/2022	31/12/2021
1	2	3	4
7	Capital investments in intangible assets	(28,732)	(31,128)
8	Uncovered losses of past years	(4,332,842)	(4,066,593)
9	Result of the current year (loss)	(199,322)	(279,316)
10	Amount of non-banking assests deducted from main capital	(6,389)	(6,389)
11	Additional capital (Tier 2)	57,305	57,305
12	Result on PP&E revaluation	57,305	57,305
13	Deductions	(3)	(3)
14	Carrying amount of securities that are not traded on stock exchanges carried at FV	(3)	(3)
15	Total regulatory capital	969,725	1,135,866

Note 25. Related-party transactions

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

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

The Bank's transactions with related parties during the period ended 30 June 2022 did not have a material impact on the Bank's financial results.

Table 25.1. Balances on related-party transactions as at 30 June 2022

<i>(in thousands of Ukrainian hryvnias)</i>													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	In another currency	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	-	-	-	-	-	-	641,801	-	on demand	9,137	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	16	-	on demand	-	-	-
3	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
4	Other financial liabilities	2,991	-	on demand	-	-	-	898	-	on demand	-	-	-
5	Other non-financial liabilities	-	-	-	-	-	-	32,924	-	on demand	-	-	-
Key management personnel													
6	Loans and advances to customers	431	12-13%	2 days – 5 years	-	-	-	-	-	-	-	-	-
7	Loan loss provisions	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
8	Other non-financial assets	643	-	on demand	-	-	-	-	-	-	-	-	-
9	Due to customers	2,848	0 - 6%	on demand - less than 275 days	1,305	0 - 0.01%	on demand	300	0 - 0.01%	on demand	87	-	on demand

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<i>(in thousands of Ukrainian hryvnias)</i>													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	In another currency	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
10	Other financial liabilities	6,324	-	on demand - less than 4 years	-	-	-	-	-	-	-	-	-
11	Other non-financial liabilities	839	-	on demand	-	-	-	-	-	-	-	-	-
<i>Other related parties</i>													
12	Cash and cash equivalents	-	-	-	-	-	-	-	-	-	1,084	-	on demand
13	Other non-financial liabilities	-	-	-	-	-	-	889	-	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 25.2. Income and expenses on related-party transactions as at 30 June 2022 and for the 6 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	-	37	-
2	Interest expenses	-	(56)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	(4)	-	-
4	Net profit from foreign exchange	779	-	-
5	Net gain/(loss) from foreign currency translation	(2,123)	(106)	359
6	Fee and commission income	124	22	-
7	Fee and commission expenses	(642)	-	(3)
8	Employee benefits expense	-	(9,691)	-
9	Other administrative and operating expenses	(14,598)	(2,245)	(918)

Table 25.3. Loans granted to and repaid by related parties during the 6 months of 2022

<i>(in thousands of Ukrainian hryvnias)</i>		
Line	Item	Key management personnel
1	2	3
1	Loans granted to related parties	-
2	Loans repaid by related parties	5

Table 25.4. Other rights and obligations on related-party transactions as at 30 June 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	160,526	1,056

Table 25.5. Balances on related-party transactions as at 31 December 2021

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

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

Table 25.6. Income and expenses on related-party transactions as at 30 June 2021 and for the 6 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	41	15	-
2	Interest expenses	-	(3)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	(7)	(1)	-
4	Net profit from foreign exchange	10,978	-	-
5	Net gain/(loss) from foreign currency translation	(56,095)	261	(73)
6	Fee and commission income	129	23	-
7	Fee and commission expenses	(866)	-	(7)
8	Employee benefits expense	-	(14,749)	-
9	Other administrative and operating expenses	(13,070)	(3,319)	(357)

Table 25.7. Loans granted to and repaid by related parties during 2021

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

Table 25.8. Other rights and obligations on related-party transactions as at 31 December 2021

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

Table 25.9. Remuneration to key management personnel

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	expenses for 6 months 2022	accrued liabilities as at 30/06/2022	expenses for 6 months 2021	Accrued liabilities as at 31/12/2021
1	2	3	4	5	6
1	Current employee benefits	9,691	1,848	14,749	1,153

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

Note 26. Subsequent events

There were no events after 30 June 2022 that required changes to the financial statements.