

JOINT-STOCK COMPANY

“PRAVEX BANK”

**The interim financial statements
for the period ended 30 September 2023**

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(in thousands of Ukrainian hryvnias)			
Item	Notes	30/09/2023	31/12/2022
1	2	3	4
ASSETS			
Cash and cash equivalents	6	2,919,045	2,409,276
Loans and advances to banks		128,456	132,464
Loans and advances to customers	7	2,333,499	3,694,851
Investments in securities	8	4,323,840	3,344,212
Investment property		6,831	6,831
Current income tax receivable		29	29
Intangible assets other than goodwill	9	117,580	155,190
Fixed assets	9	367,318	393,728
Other financial assets	10	49,046	46,341
Other non-financial assets	11	84,147	27,060
Non-current assets held for sale and discontinued operations		6,070	6,070
Total assets		10,335,861	10,216,052
EQUITY AND LIABILITIES			
LIABILITIES			
Due to banks	12	85,065	-
Due to customers	13	8,364,990	8,215,775
Debt securities issued by the Bank		1	1
Other borrowed funds		449,464	449,191
Provisions for liabilities			
Provisions for credit related commitments and financial guarantees	14	12,422	43,397
Other collateral	15	114,874	114,538
Total amount of collateral		127,296	157,935
Other financial liabilities	16	150,962	172,151
Other non-financial liabilities	17	78,140	88,823
Deferred tax liabilities		32,839	31,475
Total liabilities		9,288,757	9,115,351
EQUITY			
Share capital	18	1,048,726	1,048,726
Retained earnings (uncovered loss)		(4,873,849)	(4,817,972)
Issue income	18	4,600,754	4,600,754
Reserves and other funds		1,332	1,332
Other reserves	19	270,141	267,861
Total equity		1,047,104	1,100,701
Total liabilities and equity		10,335,861	10,216,052

Authorised for issue and signed by

Chairman of the Board
JSC "PRAVEX BANK"

Chief accountant
JSC "PRAVEX BANK"

DATE: 06 November 2023



(in thousands of Ukrainian hryvnias)					
Item	Notes	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
Interest income, including	21	292,048	842,700	262,116	618,269
Interest income calculated using the effective interest rate method		292,048	842,700	262,116	618,269
Fee and commission income	22	37,149	113,508	34,380	99,706
Fee and commission expenses	22	(19,255)	(46,110)	(13,937)	(42,420)
Other income	24	(1,082)	2,274	3,243	8,031
Interest expenses	21	(164,971)	(452,446)	(103,800)	(240,488)
Net gain (loss) from foreign exchange operations		8,662	28,136	20,024	65,461
Net gain (loss) arising from foreign currency translation		(14)	(1,065)	2,648	(664)
Gains (losses) from initial recognition of financial liabilities at interest rates higher or lower than market rates		(236)	(569)	(80)	(97)
Impairment gains (losses) determined in accordance with IFRS 9	23	41,019	99,972	(109,178)	(123,332)
Net profit/(loss) from transactions with debt financial instruments accounted for at fair value through other comprehensive income		-	-	(1,082)	(1,082)
Gain/(loss) from derecognition of financial liabilities measured at amortized cost		-	12	100	627
Employee benefits expense		(79,121)	(232,860)	(88,179)	(250,629)
Depreciation costs		(33,350)	(95,209)	(24,536)	(74,184)
Other administrative and operating expenses	25	(106,679)	(310,101)	(89,766)	(247,620)
Profit (loss) before tax		(25,830)	(51,758)	(108,047)	(188,422)
Income from tax refund (expenses for tax payment)		(1,712)	(4,287)	-	-
Profit (loss)		(27,542)	(56,045)	(108,047)	(188,422)
Profit per share					
Basic profit (loss) per share from continuing operations	26	(0.02)	(0.03)	(0.06)	(0.11)
Total basic profit (loss) per share	26	(0.02)	(0.03)	(0.06)	(0.11)

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DATE: 06 November 2023



Gianluca Corbelli
Hanna Baranovska

(in thousands of Ukrainian hryvnias)					
Item	Notes	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
Statement of comprehensive income					
Profit (loss)		(27,542)	(56,045)	(108,047)	(188,422)
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)	19	-	-	-	(502)
The total amount of other comprehensive income that will not be reclassified to profit or loss before tax		-	-	-	(502)
Components of other comprehensive income that will be reclassified to profit or loss before tax					
Gains (losses) on financial assets carried at FVTOCI before tax	19	2,959	2,765	403	(1,223)
The total amount of other comprehensive income that will be reclassified to profit or loss before tax		2,959	2,765	403	(1,223)
Total other comprehensive income before tax		2,959	2,765	403	(1,725)
Total comprehensive income before tax		(24,583)	(53,280)	(107,644)	(190,147)
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)	19	-	-	-	58
Total of income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	58
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss					
Income tax related of gains (losses) on financial assets carried at FVTOCI	19	(498)	(498)	-	(47)
Total of income tax related of gains (losses) on financial assets carried at FVTOCI		(498)	(498)	-	(47)
Total other comprehensive income after tax		2,461	2,267	403	(1,714)
Total comprehensive income after tax		(25,081)	(53,778)	(107,644)	(190,136)

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Chief accountant
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DATE: 06 November 2023



Gianluca Corrias
Hanna Baranovska

<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	For 9 months 2023	For 9 months 2022
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest income received		841,185	632,676
Interest expenses paid		(435,242)	(234,315)
Fee income received		113,508	99,706
Fee and commission expenses paid		(46,073)	(42,196)
Results of foreign currency transactions		28,136	(938)
Other income received		1,049	73,657
Personnel costs		(257,559)	(250,629)
Other administrative and operating expenses, paid		(322,292)	(239,562)
Income tax paid		(4,287)	-
<i>Cash used in operating activities before changes in operating assets and liabilities</i>		(81,575)	38,399
Net decrease/(increase) in loans and advances to banks		7,768	-
Net decrease/(increase) in loans and advances to customers		1,424,091	464,223
Net decrease/(increase) in other financial assets		(1,764)	(2,357)
Net decrease/(increase) in other non-financial assets		(59,172)	20,467
Net increase/(decrease) in amounts due to banks		85,000	-
Net increase/(decrease) in amounts due to customers		134,904	349,995
Net increase/(decrease) in other financial liabilities		3,160	(6,855)
Net increase/(decrease) in other non-financial liabilities		(28,745)	3,744
Net cash flows from operating activities		1,483,667	867,616
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of securities		(559,836,291)	(300,134,211)
Proceeds from the sale of investments in securities		558,887,000	300,715,272
Acquisition of property, plant and equipment		(5,985)	(19,132)
Result from disposal of property, plant and equipment		33	3
Acquisition of intangible assets		(14,884)	(10,781)
Net cash from investing activities		(970,127)	551,151
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in cash and cash equivalents		513,540	1,418,767

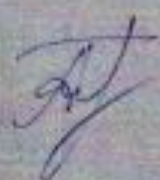
<i>(in thousands of Ukrainian hryvnias)</i>			
Item	Notes	For 9 months 2023	For 9 months 2022
1	2	3	4
Effect of the NBU exchange rate fluctuations on cash and cash equivalents		(3,771)	71,887
Cash and cash equivalents at the beginning of the period	6	2,409,276	937,739
Cash and cash equivalents at the end of the period	6	2,919,045	2,428,393

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DATE: 06 November 2023



Gianluca Corrias

Hanna Baranovska



<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 2022	18	1,048,726	4,600,754	1,332	230,584	(4,402,783)	1,478,613	1,478,613
Total comprehensive income		-	-	-	(1,714)	(188,422)	(190,136)	(190,136)
(loss) for 9 months 2022		-	-	-	-	(188,422)	(188,422)	(188,422)
other comprehensive income		-	-	-	(1,714)	-	(1,714)	(1,714)
Closing balance as at 30 September 2022 (balance as at 1 October 2022)	18	1,048,726	4,600,754	1,332	228,870	(4,591,205)	1,288,477	1,288,477

(in thousands of Ukrainian hryvnia)

Item	Notes	Attributable to shareholders						Total equity attributable to shareholders
		share capital	share premium and other additional capital	reserves and other funds	other reserves	retained earnings	total	
1	2	3	4	5	6	7	8	9
Closing balance as at 31 December 2022 (balance as at 1 January 2023)	18	1,048,726	4,600,754	1,332	267,861	(4,817,972)	1,100,701	1,100,701
Total comprehensive income		-	-	-	2,267	(56,045)	(53,778)	(53,778)
(Loss) for 9 months 2023		-	-	-	-	(56,045)	(56,045)	(56,045)
other comprehensive income		-	-	-	2,267	-	2,267	2,267
Transactions with shareholders	19	-	-	-	13	168	181	181
Closing balance as at 30 September 2023 (balance as at 1 October 2023)	18	1,048,726	4,600,754	1,332	270,141	(4,873,849)	1,047,104	1,047,104

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DATE: 06 November 2023



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 Kloovsky 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 September 2023
Reporting currency and measurement unit	UAH ‘000

JSC "PRAVEX BANK" (hereinafter – the Bank) is a universal financial organization that provides a full range of banking services throughout the territory of Ukraine. Thanks to a well-developed network, JSC "PRAVEX BANK" is represented in all corners of our country. In combination with an impeccable 30-year history of successful activity, this allowed the Bank to become one of the most famous banking brands in Ukraine. JSC "PRAVEX BANK" is part of the Intesa Sanpaolo banking group, which is one of the leading banking groups in the Eurozone and is a leader in all areas of Italian business.

Note 2. Economic and operational environment of the Bank

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

For more than a year, the war between Russia and Ukraine has been going on, accompanied by active hostilities in many regions of the country. As a result of the war, the assets of many enterprises were physically destroyed and damaged, supply chains and production processes were disrupted, transport infrastructure that ensured an even distribution of supply across regions was destroyed, and business costs increased. However, the losses from the war are growing.

At the same time, the country faced significant losses among the population and a significant increase in forced migration.

Despite the protracted war, the Ukrainian economy was gradually recovering in 2023, especially in the manufacturing and service sectors. Taking this into account, the NBU revised and increased the forecast of real GDP growth in 2023 - from 2.0% to 2.9%.

The steady flow of international assistance and the revival of the domestic debt market make it possible to cover a significant budget deficit without monetary financing.

In September, economic activity continued to pick up seasonally, in particular thanks to the collection, transportation and processing of the harvest, which was greater than last year, and the intensification of construction work. At the same time, the recovery of the economy was limited by constant rocket attacks, blocking of the "grain corridor" and new destruction of infrastructure facilities. In addition, trade restrictions for Ukrainian agricultural products by a number of EU countries had a negative impact on business.

On the labor market, there is an increase in the demand for labor, which leads to a gradual improvement in the employment of the population and an improvement in their solvency. The migration level remains active.

The inflation rate in September 2023 continues to slow down and is 7.1%. This is due to the expansion of food supply, as well as improvement in inflation and exchange rate expectations. The NBU's measures to ensure the attractiveness

of hryvnia assets and the stability of the foreign exchange market played an important role in curbing inflationary pressure and improving expectations. At the same time, a further slowdown in inflation in 2023 will be more restrained due to the exhaustion of the low base effect, a return to the pre-war level of taxation in the fuel market and the expected increase in electricity tariffs.

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

- temporary fixation of the hryvnia exchange rate, which will restrain the likely deterioration of expectations and appreciation of imported goods;
- revised NBU discount rate; reduction of taxes, including indirect taxation of imports;
- a significant increase in the mandatory reserve ratios of the NBU, which should ensure a decrease in free liquidity in the banking system;
- fixing prices for housing and communal services;
- administrative regulation of prices for a number of food products and fuel.

At the same time, steady progress in reducing inflation, the accumulation of a significant level of international reserves, and the increase in the attractiveness of hryvnia assets enabled the NBU to switch to the regime of managed exchange rate flexibility starting in October 2023.

Under martial law, the banking system remained stable and liquid. Banks continue to operate smoothly, maintain liquidity, have sufficient capital reserves, and continue moderate lending. The work of bank branches in the liberated and free regions has resumed almost completely.

Depositors' trust in banks was preserved: the volume of clients' funds in banks continued to grow, primarily due to household funds and even more due to business volumes. The term structure of clients' funds improved thanks to the further increase in hryvnia deposit rates. Volumes of currency funds decreased for all groups of banks, except for foreign banks. The driver of the decrease was the strengthening of the cash exchange rate since the beginning of the year, which reduced the yield of foreign currency deposits and led to a reduction in demand for them. Accordingly, the volume of purchases of non-cash currency for placement on deposit decreased.

In order to increase the competition of banks for depositors and further increase the rates for hryvnia deposits, increase the volume of hryvnia term loans by banks, reduce the risks of exchange rate instability, as well as contain inflation, the NBU significantly increased the provisioning standards from January 2023.

Since the beginning of 2023, the net hryvnia corporate loan portfolio of banks has continued to decrease, but the demand for consumer loans has begun to recover. During the war, state programs play a key role in supporting lending. At the same time, in the 3rd quarter, the demand for business loans recovered, mostly from SMEs, while for the retail segment, card lending and mortgages under the "eOselya" program became the key credit products.

During the 3rd quarter 2023, the NBU twice reduced the discount rate from 25% to 20%, which was due to the further slowdown of inflation and the ability of the NBU to ensure exchange rate stability, while maintaining a sufficient level of attractiveness of hryvnia savings. Thanks to the improvement of macroeconomic indicators, the rate is expected to continue to decrease in the 4th quarter of this year.

The situation on the foreign exchange market was stable, the volume of NBU interventions increased somewhat, mainly due to seasonal and situational factors. According to preliminary data, as of October 1, 2023, the international reserves of Ukraine amounted to 39.7 billion US dollars and decreased by 1.7%, as a result of the NBU's interventions to sell foreign currency to cover the difference between supply and demand on the foreign exchange market of Ukraine and the country's debt payments in foreign currency, which were largely offset by income from international partners.

In August 2023, the banking sector showed a profit of UAH 95.1 billion. Most banks have maintained high operational efficiency. Substantial interest income from high-quality liquid assets and steady inflows from corporate

loans contributed to the growth of interest income in the sector. Net commission income continues to increase thanks to the recovery of economic activity. At the same time, operating expenses grew in proportion to the growth of revenues. Due to a more favorable economic environment, the increase in the share of non-performing loans and provisioning costs was insignificant.

Since the beginning of 2023, international rating agencies have confirmed and revised the long-term default rating of the issuer of Ukraine in foreign currency in connection with the war with russia at the following levels:

- Fitch Ratings affirmed Ukraine's long-term foreign currency issuer default rating at CC. Recalling the further restructuring of commercial debt denominated in foreign currency, taking into account the extent of the economic damage caused by the war with russia and the associated significant financial damage;
- Standard and Pools downgraded Ukraine's long-term foreign currency issuer default rating from CCC+ to CCC. Referring to the fact that Ukraine's debt servicing capacity remains vulnerable and depends on favorable external conditions to meet its financial obligations.

These financial statements reflect management's ongoing assessment of the impact of business conditions in Ukraine on the Bank's continuing operations and financial position amid the war. Future conditions for the implementation of continuous activities may differ from the assessment of management.

Note 3. Basis for preparation

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

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

Valuation uncertainty

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

Estimates and related 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.

Going concern

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

The Bank ensured and carried out its uninterrupted activities in the conditions of the full-scale war between russia and Ukraine, which has been going on for more than a year and is accompanied by active hostilities in many regions of the country and missile attacks, as a result of which infrastructure and production facilities were destroyed and damaged, logistics between regions were disrupted, large civilian casualties. At the same time, the further growth of inflation, the devaluation of the hryvnia, the fall in GDP, the low level of recovery of the labor market, due to the constant migration of the population, the blocking of sea ports, the restriction of agricultural products sales markets by the EU, and significant changes in the monetary policy of the NBU, all this was directly reflected on financial results as of September 30, 2023.

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

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

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

The Bank analyzed the further impact of military aggression against Ukraine on its financial condition and future financial results. The Bank's estimates and forecasts for 2023 are based on the following assumptions:

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

- The Bank expects to obtain capital contributions during 2023 Financial Plan (Budget), as approved by the Supervisory Board. The ability of the Bank to continue to comply with prudential ratios depends on the timing and amount of capital contributions from the Parent. Although as of the date of the financial statements no formal decisions have yet been taken in this respect, the aforementioned Financial Plan foresees capital contributions over the course of the year. Subsequent to the reporting date, the Bank received a support letter from the Parent, confirming that the Parent will provide in a period of at least twelve months from the date of approval of the Bank's statutory financial statements the necessary support under the conditions and in accordance with the 2023 Financial Plan (Budget). Such support may imply the capital contributions to be released over the course of the year, bearing in mind the applicable prudential regulations of Ukraine and the current regime of the Martial law.

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

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

Note 4. Accounting policies of JSC "PRAVEX BANK"

In the reporting period, in accordance with the recommendations of the auditing company "Ernst & Young Auditing Services" LLC, changes were made to the Regulations on the accounting policy of "PRAVEX BANK" JSC. Updates to the document do not significantly change its content and relate to the clarification of existing lease provisions and approaches to accounting for modifications of lease agreements, including obtaining one-time discounts under lease agreements without other changes to lease agreements, taking into account the discount rates at the time of modification of the agreements.

Note 5. New and revised standards

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

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

The amendments clarify:

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

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

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in

accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

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

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

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

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

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, measurement, presentation and disclosure of information that becomes effective for annual periods beginning on or after 1 January 2023. When IFRS 17 becomes effective, it will replace IFRS 4, Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life insurance and other than life insurance, direct insurance and reinsurance) regardless of the type of entity issuing them, as well as to certain guarantees and financial instruments with discretionary participation. There are several exceptions to the scope of the standard. IFRS 17 introduces new accounting requirements for banking products with insurance contract characteristics, which may affect the determination of which instruments or components thereof will fall within the scope of IFRS 9 or IFRS 17.

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

When insurance coverage is provided under the contractual terms of a credit card, the issuer must:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Cash	133,144	149,999
2	Balances with the National Bank of Ukraine	1,256,457	287,829
3	Correspondent accounts with:	1,530,237	1,971,507
3.1	domestic banks	7,874	7,039
3.2	foreign banks	1,522,363	1,964,468
4	Provisions for cash on correspondent accounts with other banks	(793)	(59)
5	Total cash and cash equivalents	2,919,045	2,409,276

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

As at 30 September 2023, the Bank placed cash on a correspondent account with JPMORGAN CHASE BANK, N.A in the amount of UAH 886,030 thousands (31 December 2022: JPMORGAN CHASE BANK, N.A. in the amount of UAH 1,154,157 thousands), which represents a significant concentration.

As at 30 September 2023 and 31 December 2022, balances on correspondent accounts were not overdue and not impaired.

Table 6.2. Movements in provisions for cash on correspondent accounts with other banks as at 30 September 2023 and for the 9 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Provisions for cash on correspondent accounts with other banks	Total
1	2	3	4
1	Balance at the beginning of the period	(59)	(59)
2	Decrease in provision for impairment during the year	(946)	(946)
3	Foreign exchange differences	212	212
4	Balance at the end of the period	(793)	(793)

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

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Provisions for cash on correspondent accounts with other banks	Total
1	2	3	4
1	Balance at the beginning of the year	(39)	(39)
2	(Increase) in provision for impairment during the year	19	19
3	Foreign exchange differences	(39)	(39)
4	Balance at the end of the period	(59)	(59)

Table 6.4. Credit quality analysis of cash and cash equivalents as at 30 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Balances on correspondent accounts with other banks by impairment stage	Cash	Balances with the National Bank of Ukraine	Total
1	2	3	4	5	6
1	Impairment Stage 1:	1,530,237	133,144	1,256,457	2,919,838
1.1	Not overdue	1,530,237	133,144	1,256,457	2,919,838
2	Provision for cash impairment	(793)	-	-	(793)
3	Total cash and cash equivalents	1,529,444	133,144	1,256,457	2,919,045

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

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Balances on correspondent accounts with other banks by impairment stage	Cash	Balances with the National Bank of Ukraine	Total
1	2	3	4	5	6
1	Impairment Stage 1:	1,971,507	149,999	287,829	2,409,335
1.1	Not overdue	1,971,507	149,999	287,829	2,409,335
2	Provision for cash impairment	(59)	-	-	(59)
3	Total cash and cash equivalents	1,971,448	149,999	287,829	2,409,276

Note 7. Loans and advances to customers

Table 7.1. Loans and advances to customers

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Item	30/09/2023	31/12/2022	
1	2	3	4	
1	Corporate loans	1,427,760	2,595,787	
2	Retail mortgage loans	757,259	882,366	
3	Loans to individual entrepreneurs	106	388	
4	Retail consumer loans	417,280	544,395	
5	Other retail loans	32	11	
6	Provision for impairment of loans	(268,938)	(328,096)	
7	Total loans less provisions	2,333,499	3,694,851	

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

Loans, the terms of which were revised

Starting from February 24, 2022 to December 31, 2022, the reserve increased due to the deterioration of the quality of the loan portfolio and the blocking of lost or damaged collateral due to the impact of the full-scale invasion of Ukraine. The amount of decrease in the reserve for 9 months of 2023 for such loans amounted to UAH 51,567 thousands (decrease due to the transition to Stage 2 – UAH 38,508 thousands, decrease due to the transition to Stage 3 – UAH 15,063 thousands, increase due to such collateral – UAH 2,005 thousands).

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

As of September 30, 2023, the book value of credit agreements, the terms of which were revised in 2022, amounts to UAH 507,829 thousand (of which: UAH 421,310 thousand for loans to legal entities, UAH 86,519 thousand for loans to individuals). The amount of decrease in the reserve under such revised contracts amounted to UAH 29,089 thousands (of which: UAH 34,505 thousands decrease for loans to legal entities, UAH 5,416 thousands increase for loans to individuals).

For 9 months 2023, there were no new requests due to COVID-19 regarding the revision of the repayment terms.

Concentration of loans to customers

The Bank believes that potential concentration risk per customer may arise when at least 10% of net loan portfolio is attributable to a limited number of borrowers. As at 30 September 2023 and 31 December 2022, loans per 2 and 2 customers account for 14% and 11%, respectively (UAH 417,382 thousands and UAH 463,580 thousands, respectively).

Table 7.2. Analysis of the book value of loans and advances to customers for 9 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the year	2,545,496	1,076,693	400,758	4,022,947
2	Increase in balance during the period	1,696,885	611,707	144,754	2,453,346
2.1	Increase in balance due to new loans	325,124	127,179	-	452,303
2.2	Increase in balance of the current portfolio	1,143,728	448,191	9,725	1,601,644
2.3	Amount of transition between stages	204,852	23,842	134,943	363,637
2.4	Foreign exchange differences	23,181	12,495	86	35,762
3	Decrease in balance during the period	(2,517,504)	(1,178,146)	(178,206)	3,873,856
3.1	Decrease in balance due to full repayment of loans	(1,695,634)	(719,694)	(5,017)	(2,420,345)
3.2	Decrease in the balance of the current portfolio	(776,809)	(242,233)	(38,276)	(1,057,318)
3.3	Debt write-off at the expense of the reserve	-	-	(282)	(282)
3.4	Amount of transition between stages	(23,036)	(206,057)	(134,544)	(363,637)
3.5	Foreign exchange differences	(22,025)	(10,162)	(87)	(32,274)
4	Balance at the end of the period	1,724,877	510,254	367,306	2,602,437

Table 7.3. Analysis of reserves for loans and advances to customers for 9 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Balance at the beginning of the year	36,010	67,162	224,924	328,096
2	Increase in the amount of loan provisions for the period	17,229	71,415	167,567	256,211
2.1	Reserve for new loans	2,100	6,097	-	8,197
2.2	Provision for increase in carrying amount	6,941	29,668	29,803	66,412
2.3	Increasing the reserve from the transition between stages	23	3,845	8,871	12,739
2.4	Increasing the reserve from the deterioration of the quality of the portfolio (DPD + new PD)	5,982	27,998	5,744	39,724

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
2.5	Amount of transition between stages	1,998	2,611	106,120	110,729
2.6	Interest accrued on impaired loans	-	-	10,876	10,876
2.7	Foreign exchange differences	185	1,196	6,153	7,534
3	Decrease in the amount of loan provisions for the period	(28,431)	(124,246)	(162,692)	(315,369)
3.1	Decrease of loan closing provision	(8,614)	(22,683)	(4,478)	(35,775)
3.2	Decrease in provision by decrease in the book value	(12,403)	(65,399)	(30,789)	(108,591)
3.3	Decreasing the reserve from the transition between stages	(205)	(14,299)	(18,192)	(32,696)
3.4	Decreasing the reserve from the deterioration of the quality of the portfolio (DPD + new PD)	(4,482)	(4,836)	(5,245)	(14,563)
3.5	Debt write-off at the expense of the reserve	-	-	(303)	(303)
3.6	Amount of transition between stages	(2,541)	(16,123)	(92,065)	(110,729)
3.7	Interest accrued on impaired loans	-	-	(4,191)	(4,191)
3.8	Foreign exchange differences	(186)	(906)	(7,429)	(8,521)
4	Balance at the end of the period	24,808	14,331	229,799	268,938

Table 7.4. Analysis of the book value of loans and advances to customers for 2022

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

Table 7.5. Analysis of reserves for loans and advances to customers for 2022

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

Table 7.6. Loan structure by types of economic activity

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	30/09/2023		31/12/2022	
1	2	3	4	5	6
1	Transactions with real estate, leasing, engineering and servicing	40,199	1.54%	312,771	7.77%
2	Trade, repair of vehicles, household equipment and items of personal use	556,844	21.40%	665,043	16.53%
3	Agriculture, hunting, forestry	244,108	9.38%	329,179	8.18%
4	Processing industry	462,893	17.79%	1,140,284	28.34%
5	Retail	1,174,678	45.14%	1,427,160	35.48%
6	Other	123,715	4.75%	148,510	3.70%
7	Total loans and advances to customers less provisions	2,602,437	100%	4,022,947	100%

Table 7.7. Information about loans by collateral type as of 30 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Unsecured loans	69,705	561	106	387,764	32	458,168
2	Loans secured by:	1,358,055	756,698	-	33,722	-	2,148,475
2.1	cash	39,038	-	-	-	-	39,038
2.2	real estate	199,474	756,698	-	11,547	-	967,719
2.2.1	residential mortgage	4,335	756,698	-	4,951	-	765,984
2.2.2	non-residential mortgage	195,139	-	-	6,596	-	201,735
2.3	Other assets	1,119,543	-	-	22,175	-	1,141,718
2.3.1	equipment	316,507	-	-	-	-	316,507
2.3.2	goods in turnover	285,448	-	-	-	-	285,448
2.3.3	vehicles	302,396	-	-	22,175	-	324,571
2.3.4	government securities	215,192	-	-	-	-	215,192
3	Total loans and advances to customers, gross of provision charges	1,427,760	757,259	106	421,486	32	2,606 643

Table 7.8. Information about loans by collateral type as of 31 December 2022

<i>(in thousands of Ukrainian hryvnias)</i>							
Li- ne	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Unsecured loans	259,310	630	388	503,654	11	763,993
2	Loans secured by:	794,552	881,736	-	15,090	-	1,691,378
2.1	cash	3,162	-	-	208	-	3,370
2.2	real estate	791,390	881,736	-	14,882	-	1,688,008
2.2.1	residential mortgage	5,193	881,736	-	7,395	-	894,324
2.2.2	non-residential mortgage	786,197	-	-	7,487	-	793,684
3	Other assets	1,541,925	-	-	25,651	-	1,567,576
3.1	equipment	630,919	-	-	-	-	630,919
3.2	goods in turnover	335,192	-	-	-	-	335,192
3.3	vehicles	348,604	-	-	25,651	-	374,255
3.4	government securities	227,210	-	-	-	-	227,210
4	Total loans and advances to customers, gross of provision charges	2,595,787	882,366	388	544,395	11	4,022,947

Table 7.9. Credit quality analysis as of 30 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	716,453	706,483	106	301,800	32	1,724,874
1.1	Not overdue	716,453	703,447	106	293,236	32	1,713,274
1.2	Less than 30 days	-	3,036	-	8,564	-	11,600
2	Impairment Stage 2:	468,849	19,222	-	22,186	-	510,257
2.1	Not overdue	468,849	19,171	-	18,698	-	506,718
2.2	Less than 30 days	-	51	-	3,488	-	3,539
3	Impairment Stage 3:	242,457	31,555	-	93,294	-	367,306
3.1	Not overdue	4,100	6,473	-	12,441	-	23,014
3.2	Less than 30 days	-	2,497	-	4,143	-	6,640
3.3	91 - 180 days	-	1,729	-	6,027	-	7,756
3.4	181 - 270 days	-	149	-	4,116	-	4,265
3.5	More than 270 days	238,357	20,707	-	66,567	-	325,631
4	Total loans, gross of provision charges	1,427,759	757,260	106	417,280	32	2,602,437
5	Provision for loan impairment	(129,577)	(35,439)	-	(103,922)	-	(268,938)
6	Total loans less provisions	1,298,182	721,821	106	313,358	32	2,333,499

Table 7.10. Credit quality analysis as of 31 December 2022

<i>(in thousands of Ukrainian hryvnias)</i>							
Line	Item	Corporate loans	Retail mortgage loans	Loans to individual entrepreneurs	Retail consumer loans	Other retail loans	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	1,319,080	820,048	388	405,966	11	2,545,493
1.1	Not overdue	1,319,080	809,123	388	396,906	11	2,525,508
1.2	Less than 30 days	-	10,925	-	9,032	-	19,957
1.3	31 - 60 days	-	-	-	28	-	28
2	Impairment Stage 2:	1,011,000	23,488	-	42,207	-	1,076,695
2.1	Not overdue	792,343	16,202	-	26,156	-	834,701
2.2	Less than 30 days	-	1,369	-	4,400	-	5,769
2.3	31 - 60 days	153,968	3,052	-	6,668	-	163,688
2.4	61 - 90 days	64,689	2,865	-	4,983	-	72,537
3	Impairment Stage 3:	265,708	38,830	-	96,221	-	400,759
3.1	Not overdue	-	9,806	-	15,305	-	25,111
3.2	Less than 30 days	-	390	-	2,633	-	3,023
3.3	31 - 60 days	36,015	-	-	1,112	-	37,127
3.4	61 - 90 days	-	-	-	791	-	791
3.5	91 - 180 days	202,188	5,466	-	10,813	-	218,467
3.6	181 - 270 days	27,505	19,173	-	53,209	-	99,887
3.7	More than 270 days	-	3,995	-	12,358	-	16,353
4	Total loans, gross of provision charges	2,595,788	882,366	388	544,394	11	4,022,947

<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
5	Provision for loan impairment	(171,185)	(44,714)	(2)	(112,195)	-	(328,096)
6	Total loans less provisions	2,424,603	837,652	386	432,199	11	3,694,851

As at 30 September 2023 and 31 December 2022, the majority of loans provided to corporate borrowers are short-term and are granted to borrowers with a minimal credit risk according to the Bank's assessment.

Note 8. Investments in securities

Table 8.1. Investments in securities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Debt securities at AC	2,352,060	3,344,209
1.1	certificates of deposit of the National Bank of Ukraine	2,352,060	3,344,209
2	Debt securities carried at fair value through other comprehensive income	1,971,777	-
2.1	deposit certificates of the National Bank of Ukraine	1,025,286	-
2.2	debt government securities of other countries	200,356	-
2.3	debt government securities of other countries	746,135	-
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	4,323,840	3,344,212

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 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	2,352,060	2,352,060
1.1	Not overdue	2,352,060	2,352,060
2	Provision for impairment of securities	-	-
3	Total debt securities at AC	2,352,060	2,352,060

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

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

Table 8.4. Credit quality analysis of debt securities accounted for at fair value through other comprehensive income as of 30 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	NBU certificates of deposit	Total
1	2	3	4
1	Impairment Stage 1	1,971,782	1,971,782
1.1	Not overdue	1,971,782	1,971,782
2	Provision for impairment of securities	(5)	(5)
3	Total dept securities at FVTOCI	1,971,777	1,971,777

Table 8.5. Movements in provisions for impairment of securities carried at fair value through other comprehensive income as at 30 September 2023 and for the 9 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Government debt securities	Corporate shares	Total
1	2	3	4	5
1	Balance as at 1 January 2023	-	(31)	(31)
2	Increase in provision for impairment during the period	(12)	-	(12)
3	Balance as at 30 September 2023	(12)	(31)	(43)

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

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

Note 9. Property, plant and equipment and intangible assets

Table 9.1. Property, plant and equipment and intangible assets

<i>(in thousands of Ukrainian hryvnias)</i>												
Line	Item	Land plots	Buildings, constructions and transmission equipment	Machinery and equipment	Vehicles	Fixtures and fittings (furniture)	Other PP&E	Other non-current tangible assets	Low-value non-current tangible assets	Construction in progress	Intangible assets	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Carrying amount as at 01 January 2022:	257	214,382	23,077	-	3,037	476	2,334	3,617	48,814	121,934	417,928
1.1	Historical (revalued) cost 01 January 2022	257	217,306	132,681	4,457	8,219	1,055	13,159	18,446	48,814	544,985	989,379
1.2	Depreciation as at 01 January 2022	-	(2,924)	(109,604)	(4,457)	(5,182)	(579)	(10,825)	(14,829)	-	(423,051)	(571,451)
2	Additions	-	-	-	-	-	-	-	-	103,307	-	103,307
3	Commissioning	-	1,181	57,065	-	68	54	2,126	349	-	9,919	70,762
4	Improvements of property, equipment and intangible assets	-	1,317	2,544	-	-	-	501	-	-	40,254	44,616
5	Transfer to disposal group assets	-	(24)	-	-	-	-	-	-	-	-	(24)
5.1	Transfer (historical cost)	-	(25)	-	-	-	-	-	-	-	-	(25)
5.2	Transfer (impairment)	-	1	-	-	-	-	-	-	-	-	1
6	Disposals	-	-	(64)	-	(38)	(26)	(21)	-	(115,377)	(3)	(115,529)
6.1	Disposal (historical cost)	-	(1)	(6,230)	-	(59)	(89)	(100)	(194)	(115,377)	(32,202)	(154,252)
6.2	Disposal (impairment)	-	1	6,166	-	21	63	79	194	-	32,199	38,723
7	Depreciation/amortisation charge	-	(16,392)	(5,811)	-	(643)	(153)	(1,965)	(172)	-	(49,073)	(74,209)
8	Reflecting the value of impairment losses due to financial results	-	(3,633)	-	-	-	-	-	-	-	-	(3,633)
9	Reflecting the value of losses from a decrease in value through financial results with an increase in the amount of depreciation	-	-	(154)	-	(79)	(35)	-	-	-	-	(268)

*The interim Financial Statements
Notes to Financial Statements as at 30 September 2023 and for the 9 months then ended*

<i>(in thousands of Ukrainian hryvnias)</i>												
Line	Item	Land plots	Buildings, constructions and transmission equipment	Machinery and equipment	Vehicles	Fixtures and fittings (furniture)	Other PP&E	Other non-current tangible assets	Low-value non-current tangible assets	Construction in progress	Intangible assets	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
10	Reflecting the amount of impairment losses due to additional capital	-	(502)	-	-	-	-	-	-	-	-	(502)
11	Capital increase by the amount of depreciation from impairment	-	14	-	-	-	-	-	-	-	-	14
12	Revaluation	-	48,831	-	-	-	-	-	-	-	-	48,831
12.1	Revaluation of historical cost	-	32,790	-	-	-	-	-	-	-	-	32,790
12.2	Revaluation of depreciation/amortisation	-	16,041	-	-	-	-	-	-	-	-	16,041
13	Carrying amount as at 31 December 2022:	257	245,174	76,657	-	2,345	316	2,975	3,794	36,744	123,031	491,293
13.1	Historical (revalued) cost	257	248,433	186,060	4,457	8,228	1,020	15,686	18,601	36,744	562,956	1,082,442
13.2	Depreciation as at 31 December 2022	-	(3,259)	(109,403)	(4,457)	(5,883)	(704)	(12,711)	(14,807)	-	(439,925)	(591,149)
14	Additions	-	-	-	-	-	-	-	-	20,869	-	20,869
15	Commissioning	-	1,633	1,742	-	-	106	1,534	1,237	-	20,937	27,189
16	Improvements of property, equipment and intangible assets	-	810	5	-	-	-	1,249	-	-	21,635	23,699
17	Disposals	-	-	(24)	-	-	-	(46)	-	(50,887)	-	(50,957)
17.1	Disposal (historical cost)	-	(61)	(1,289)	-	(13)	-	(864)	(2)	(50,887)	-	(53,116)
17.2	Disposal (impairment)	-	61	1,264	-	13	-	818	2	-	1	2,159
18	Depreciation/amortisation charge	-	(15,540)	(9,560)	-	(469)	(105)	(1,168)	(619)	-	(52,494)	(79,955)
19	Carrying amount as at 30 September 2023:	257	232,077	68,820	-	1,876	317	4,544	4,412	6,726	113,109	432,138
19.1	Historical (revalued) cost	257	250,815	186,518	4,457	8,215	1,126	17,605	19,836	6,726	605,528	1,101,083
19.2	Depreciation as at 30 September 2023	-	(18,738)	(117,699)	(4,457)	(6,339)	(809)	(13,061)	(15,424)	-	(492,418)	(668,945)

As at 30 September 2023, there are no property, plant and equipment items that are:

- pledged as collateral;
- temporarily not in use (conservation, reconstruction, etc.);
- decommissioned.

As of September 30, 2023, and December 31, 2022, fixed assets with respect to ownership restrictions (orders) amount to UAH 4,457 thousand (Note 15).

As at 30 September 2023 historical (revalued) cost of fully depreciated/amortised property, plant and equipment, intangible assets and other non-current assets amounts to UAH 230,273 thousand. (2022: UAH 227,617 thousand):

- property, plant and equipment – UAH 102,104 thousand (2022: UAH 102,713 thousand);
- intangible assets – UAH 110,420 thousand (2022: UAH 108,660 thousand);
- other non-current assets – UAH 17,749 thousand (2022: UAH 16,244 thousand).

As of September 30, 2023, expenses from the decrease in value (impairment) of immovable property and expenses from loss of control over assets were not recognized (2022: decrease in value (impairment) of immovable property amounted to UAH 4,121 thousand, including due to loss of control over assets

As of September 30, 2023, and 2022 there were no internally generated intangible assets.

As of September 30, 2023, the assessment of fixed assets was not carried out.

As at 30 December 2022 the fair value measurement was applied to land and buildings assessed by an independent institution, taking into account initially the comparative sales method or the approach of capitalization of income in relation to property, and the cost approach of certain infrastructure or specialized property with limited market information.

As of September 30, 2023, the book value of real estate, which would be recognized if the assets were accounted for according to the cost model less depreciation, would be UAH 105,458 thousand (2022: UAH 111,700 thousand).

As of September 30, 2023, and December 31, 2022, buildings and constructions are included in the assets with the right of use. Assets with the right of use are included in the item Fixed Assets and Intangible Assets of the Balance Sheet.

During 9 months of 2023, the Bank took measures to ensure uninterrupted work in connection with the full-scale invasion of russia on the territory of Ukraine. The bank purchased equipment worth UAH 1,221 thousand. During 2022, generators worth UAH 2,814 thousand, computer, network, control and security equipment worth UAH 36,300 thousand were purchased to ensure uninterrupted work, property and information protection. and software in the amount of UAH 9,300 thousand.

Table 9.2 Movements in right-of-use assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Buildings	Total
1	2	3	4
1	Balance at 1 January 2023	57,625	57,625
1.1	Right-of-use assets	135,436	135,436
1.2	Amortisation/depreciation	(77,811)	(77,811)
2	Adjustment due to changes in accounting policies under IFRS 16	32,448	32,448

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Buildings	Total
1	2	3	4
3	Amortisation/depreciation charges for the year	(15,254)	(15,254)
4	Derecognition of right-of-use assets	(22,059)	(22,059)
5	Balance at 30 September 2023	52,760	52,760
5.1	Right-of-use assets	136,486	136,486
5.2	Amortisation/depreciation	(83,726)	(83,726)

Table 9.3 Movements in right-of-use assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Buildings	Total
1	2	3	4
1	Balance at 1 January 2022	51,474	51,474
1.1	Right-of-use assets	116,902	116,902
1.2	Amortisation/depreciation	(65,428)	(65,428)
2	Adjustment due to changes in accounting policies under IFRS 16	52,151	52,151
3	Amortisation/depreciation charges for the year	(25,381)	(25,381)
4	Derecognition of right-of-use assets	(20,619)	(20,619)
5	Balance at 30 September 2023	57,625	57,625
5.1	Right-of-use assets	135,436	135,436
5.2	Amortisation/depreciation	(77,811)	(77,811)

Note 10. Other financial assets

Table 10.1. Other financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Accounts receivable from transactions with customers	4,640	5,513
2	Amounts due on accrued income from cash and settlement services and other accrued income	2,675	2,409
3	Accounts receivable from transactions with payment cards	45,696	44,032
4	Other assets	301	49
5	Provision for impairment	(4,266)	(5,662)
6	Total other financial assets less provisions	49,046	46,341

Line 6 in Table 10.1 corresponds to account “Other financial assets” in the statement of financial position.

Table 10.2. Analysis of changes in provision for impairment of other financial assets for 9 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Accounts receivable from transactions with customers	Amounts due on overdue accrued income from cash and settlement services, and other accrued income	Total
1	2	3	4	5
1	Balance as at 1 January 2023	(4,733)	(929)	(5,662)
2	(Increase)/decrease in provision for impairment during the period	(1,467)	44	(1,423)
3	Foreign exchange differences on provisions	2,836	(17)	2,819
4	Closing balance as at 30 September 2023	(3,364)	(902)	(4,266)

Table 10.3. Analysis of changes in provision for impairment of other financial assets for 2022

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Accounts receivable from transactions with customers	Amounts due on overdue accrued income from cash and settlement services, and other accrued income	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(9,704)	(478)	(10,182)
2	(Increase)/decrease in provision for impairment during the year	(1,633)	(378)	(2,011)
3	Bad debt written off	7,180	-	7,180
4	Foreign exchange differences on provisions	(576)	(73)	(649)
5	Closing balance as at 31 December 2022	(4,733)	(929)	(5,662)

Table 10.4. Credit quality analysis of other financial assets as at 30 September 2023 and for the 9 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>						
<i>Accounts receivable without a significant financing component</i>						
Li- ne	Item	Accounts receivable from transactions with customers	Amounts due on accrued income from cash and settlement services and other accrued income	Accounts receivable from transactions with payment cards	Other assets	Total
1	2	3	4	5	6	7
1	Impairment Stage 1:	1,645	1,919	45,696	301	49,561
1.1	Not overdue	907	1,647	45,696	110	48,360
1.2	Less than 30 days	327	218	-	191	736
1.3	31 - 60 days	255	49	-	-	304
1.4	61 - 90 days	156	5	-	-	161
2	Impairment Stage 3:	2,995	756	-	-	3,751
2.1	Less than 30 days	-	58	-	-	58
2.2	31 - 60 days	7	10	-	-	17
2.3	61 - 90 days	10	29	-	-	39
2.4	91 - 180 days	6	36	-	-	42
2.5	181 - 270 days	227	27	-	-	254
2.6	More than 270 days	2,745	596	-	-	3,341
3	Total other financial assets	4,640	2,675	45,696	301	53,312
4	Provision for impairment of other assets	(3,364)	(902)	-	-	(4,266)
5	Total other financial assets less provisions	1,276	1,773	45,696	301	49,046

Table 10.5. Credit quality analysis of other financial assets as at 31 December 2022 and for the year then ended

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

Note 11. Other non-financial assets

Table 11.1. Other non-financial assets

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Accounts receivable from the acquisition of assets	26,459	974
2	Prepaid services	54,745	21,770
3	Precious metals	952	955
4	Accounts receivable from taxes and mandatory payments other than income tax	943	191
5	Other assets	2,431	3,221
6	Provision for other non-financial assets	(1,383)	(51)
7	Total other non-financial assets less provisions	84,147	27,060

Line 7 in Table 11.1 corresponds to account “Other non-financial assets” in the statement of financial position.

Table 11.2. Movements in provision for impairment of other non-financial assets as at 30 September 2023 and for the 9 months then ended

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Prepaid services	Total
1	2	3	4
1	Balance as at 1 January 2023	(51)	(51)
2	Decrease in provision for impairment during the period	(1,332)	(1,332)
3	Balance at 30 September 2023	(1,383)	(1,383)

Table 11.3. Movements in provision for impairment of other non-financial assets as at 31 December 2022 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Movements in provisions	Prepaid services	Precious metals	Total
1	2	3	4	5
1	Balance as at 1 January 2022	(66)	(467)	(533)
2	Decrease in provision for impairment during the year	15	-	15
3	Bad debt written off	-	503	503
4	Foreign exchange differences on provisions	-	(36)	(36)
5	Balance at 31 December 2022	(51)	-	(51)

Table 11.4. Credit quality analysis of other non-financial assets as at 30 September 2023 and for the 9 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:	26,459	54,558	953	943	2,431	85,344
1.1	Not overdue	26,459	54,558	953	943	2,431	85,344
2	Impairment Stage 3:	-	186	-	-	-	186
2.1	Less than 30 days	-	25	-	-	-	25
2.2	31 - 60 days	-	87	-	-	-	87
2.3	61 - 90 days	-	74	-	-	-	74
3	Total other non-financial assets	26,459	54,744	953	943	2,431	85,530
4	Provision for impairment of other non-financial assets	-	(1,383)	-	-	-	(1,383)
5	Total other non-financial assets less provisions	26,459	53,361	953	943	2,431	84,147

Table 11.5. Credit quality analysis of other non-financial assets as at 31 December 2022 and for the year then ended

<i>(in thousands of Ukrainian hryvnias)</i>							
<i>Accounts receivable without significant financing component</i>							
Line	Movements in provisions	Accounts receivable from the acquisition of assets	Prepaid services	Precious metals	Accounts receivable for taxes and mandatory payments, except income tax	Other assets	Total
1	2	3	4	5	6	7	8
1	Impairment Stage 1:	974	21,690	955	191	3,221	27,031
1.1	Not overdue	974	21,690	955	191	3,221	27,031
2	Impairment Stage 3:	-	80	-	-	-	80
2.1	61 - 90 days	-	40	-	-	-	40
2.2	More than 270 days	-	40	-	-	-	40
3	Total other non-financial assets	974	21,770	955	191	3,221	27,111
4	Provision for impairment of other non-financial assets	-	(51)	-	-	-	(51)

<i>(in thousands of Ukrainian hryvnias)</i>							
Accounts receivable without significant financing component							
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
5	Total other non-financial assets less provisions	974	21,719	955	191	3,221	27,060

Note 12. Due to banks

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Loans from other banks	85,065	-
2	Total amounts due to banks	85,065	-

Line 2 in Note 12 corresponds to account “Due to banks” in the statement of financial position.

Note 13. Due to customers

Table 13.1. Breakdown of amounts due to customers

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Government and public organizations:	30,679	18,814
1.1	Current accounts	30,545	18,683
1.2	Term deposits	134	131
2	Other legal entities:	5,284,108	5,140,254
2.1	Current accounts	2,561,180	3,556,162
2.2	Term deposits	2,722,928	1,584,092
3	Individuals:	3,050,203	3,056,707
3.1	Current accounts	1,918,455	2,604,002
3.2	Term deposits	1,131,748	452,705
4	Total amounts due to customers	8,364,990	8,215,775

Line 4 in Table 13.1 corresponds to account “Due to customers” in the statement of financial position.

The Bank believes that a potential concentration risk may arise when at least 10% of the balance sheet value of customers' funds (excluding subordinated debt and loans from international financial institutions) are attracted from a limited number of creditors. As at 30 September 2023 and 31 December 2022, the funds of two and two customers of the Bank amounted to UAH 1,177,626 thousands and UAH 813,404 thousands, respectively, representing 14.08% and 9.90% of total due to customers as at the reporting dates.

As of September 30, 2023, there were four deposits in the loan collateral for the amount of UAH 38,656 thousands (December 31, 2022: there was one deposit in the loan collateral for the amount of UAH 475 thousands).

Table 13.2. Breakdown of amounts due to customers by types of economic activity

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Economic activity	30/09/2023		31/12/2022	
		amount	%	amount	%
1	2	3	4	5	6
1	State authorities	10	0.01	3	0.01
2	Production and distribution of electricity, natural gas and water	21,390	0.26	37,440	0.46
3	Transactions with real estate, leasing, engineering and servicing	543,842	6.50	458,237	5.58
4	Trade, repair of vehicles, household equipment and items of personal use	775,210	9.27	726,558	8.84
5	Agriculture, hunting, forestry	21,418	0.26	18,230	0.22
6	Retail	3,050,203	36.46	3,056,706	37.20
7	Processing industry	724,219	8.66	556,088	6.77
8	Financial and insurance services	2,280,844	27.26	2,200,145	26.77
9	Construction	206,515	2.47	231,847	2.82
10	Information and telecommunications	477,220	5.70	509,329	6.20
11	Other	264,119	3.15	421,192	5.13
12	Total amounts due to customers	8,364,990	100	8,215,775	100

Note 14. Provisions for credit obligations and financial guarantee contracts and other collateral

Table 14.1. Changes in provisions for credit commitments and financial guarantee contracts tracts as at 30 September 2023 and for the 9 months then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Credit-related commitments	Total
1	2	3	4
1	Balance at the beginning of the year	43,397	43,397
2	Increase (decrease) in provision for impairment during the period	(31,507)	(31,507)
3	Foreign exchange differences on provisions	532	532
4	Balance at 30 September 2023	12,422	12,422

Line 4 in Table 13.1 corresponds to account “Provisions for credit obligations and financial guarantee contracts” in the statement of financial position. The change in provisions for impairment and lending liabilities on stages disclosed in Note 27.

Table 14.2. Changes in provisions for credit commitments and financial guarantee contracts tracts as at 31 December 2022 and for the year then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Credit-related commitments	Total
1	2	3	4
1	Balance at the beginning of the year	9,421	9,421
2	Increase (decrease) in provision for impairment during the year	28,971	28,971
3	Foreign exchange differences on provisions	5,005	5,005
4	Balance at 31 December 2022	43,397	43,397

Note 15. Other collateral

Table 15.1. Changes in provisions for other collateral as at 30 September 2023 and for the 9 months then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Litigation contingencies	Total
1	2	3	4
1	Balance at the beginning of the year	114,538	114,538
2	Increase in provision for impairment during the period	674	674
3	Revaluation	(338)	(338)
4	Balance at 30 September 2023	114,874	114,874

Line 4 in Table 15.1 corresponds to account “Provisions behind loan commitments and financial guarantee contracts” in the statement of financial position.

As of September 30, 2023, disputes over UAH 3,249 thousands (December 31, 2022: UAH 59,624 thousands) took place in administrative courts and courts of general jurisdiction, the probability of risk of outflow of resources for which the Bank estimates as probable. Taking into account the Bank's assessments of the prospects for resolving disputes, no provisions were created for these risks.

Table 15.2. Changes in provisions for other collateral as at 31 December 2022 and for the year then ended.

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Movements in provisions	Litigation contingencies	Total
1	2	3	4
1	Balance at the beginning of the year	88,585	88,585
2	Increase in provision for impairment during the year	(852)	(852)
3	Revaluation	26,805	26,805
4	Balance at 31 December 2022	114,538	114,538

Note 16 Other financial liabilities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Balances on the investment account of Intesa Sanpaolo S.p.A.	3,822	4,010
2	Accounts payable on transactions with customers	8,701	9,068
3	Accounts payable on debit and credit cards	57,830	54,947
4	Foreign exchange transactions and settlements	2,053	4,288
5	Provisions for other labor payables	2,238	27,339
6	Lease liabilities	63,966	63,153
7	Other debt	12,352	9,346
8	Total other financial liabilities	150,962	172,151

Changes to the terms of the contract (conclusion of an additional agreement to the current contract, notification by letter from the lessor) in terms of changing the rent under the lease agreement by obtaining a discount without other changes to the terms of the agreement, the Bank recognizes the modification of the agreement without recognizing such a lease agreement as a separate/new one and:

- revalues the lease liability by discounting the revised lease payments using the revised discount rate at the modification date;
- adjusts the right-of-use asset to the amount corresponding to the revaluation of the lease liability.

Line 8 in Note 16 corresponds to account “Other financial liabilities” in the statement of financial position.

Note 17. Other non-financial liabilities

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Accounts payable on taxes other than income tax	14,056	16,294
2	Accounts payable on labor	5,954	5,523
3	Accounts payable on asset acquisitions	2,380	4,603
4	Deferred income	6,104	6,412
5	Accounts payable on recruitment services	30,865	44,123
6	Accounts payable on technical support and software maintenance services	883	71
7	Accounts payable on services and security	10,342	5,615
8	Settlements via payment systems and Ukrainian Processing Center	7,217	6,150
9	Other debt	339	32
10	Total other non-financial liabilities	78,140	88,823

Line 10 in Note 17 corresponds to account “Other non-financial liabilities” in the statement of financial position.

Note 18. Share capital

<i>(in thousands of Ukrainian hryvnias)</i>						
Line	Item	Number of shares in issue (in thousands)	Ordinary shares	Share premium	Preference shares	Total
1	2	3	4	5	6	7
1	Balance at 1 January 2022	1,688,085	1,047,856	4,600,754	870	5,649,480
2	Contributions for newly issued shares	-	-	-	-	-
3	Balance at 31 December 2022 (balance at 1 January 2023)	1,688,085	1,047,856	4,600,754	870	5,649,480
4	Contributions for newly issued shares	-	-	-	-	-
5	Balance at 30 September 2023	1,688,085	1,047,856	4,600,754	870	5,649,480

As at 30 September 2023 and 31 December 2022, preference shares outstanding amount to 1,500 shares in total.

As at 30 September 2023 and 31 December 2022, the nominal value of the shares is UAH 0.58 per share.

Holders of preference shares have the right to:

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

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

Note 19. Revaluation reserves (components of other comprehensive income)

Table 19.1. Securities revaluation reserves

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Balance at 1 January	-	926
2	Changes in gains/losses arising from revaluation of securities at FVTOCI:	2,765	(879)
2.1	changes in revaluation to fair value	2,765	(879)
3	Income tax related to change in reserve for investments in securities	(498)	(47)
4	Total revaluation reserves less income tax	2,267	-

Table 19.2. Movements in revaluation reserve for property, plant and equipment

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Balance at 1 January	267,857	229,658
2	Revaluation of PP&E	-	46,620
2.1	changes in revaluation to fair value	-	46,620
3	Income tax related to revaluation of property, plant and equipment	-	(8,421)
4	Total revaluation reserves less income tax	267,857	267,857

Table 19.3. Results of adjusting the value of financial instruments in transactions with shareholders

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Balance at 1 January	4	-
2	Results of adjusting the value of financial instruments in transactions with shareholders	16	5
2.1	Gain recognised on initial recognition of the financial instrument in transactions with the Bank's shareholders	184	21
2.2	(Loss) recognised on initial recognition and attributed to retained earnings on disposal of the financial instrument in transactions with the Bank's shareholders	(168)	(16)
3	Income tax related to changes in the adjustment of the value of financial instruments in transactions with the Bank's shareholders	(3)	(1)
4	Total adjustments of the value of financial instruments, net of income tax	17	4

Note 20. Analysis of contractual maturities of assets and liabilities

<i>(in thousands of Ukrainian hryvnias)</i>								
Line	Item	Notes	30 September 2023			31 December 2022		
			less than 12 months	more than 12 months	total	less than 12 months	more than 12 months	total
1	2	3	4	5	6	7	8	9
ASSETS								
1	Cash and cash equivalents	6	2,919,045	-	2,919,045	2,409,276	-	2,409,276
2	Loans and advances to banks		128,456	-	128,456	132,464	-	132,464
3	Loans and advances to customers	7	1,412,468	921,031	2,333,499	2,193,569	1,501,282	3,694,851
4	Investments in securities	8	4,323,840	-	4,323,840	3,344,212	-	3,344,212
5	Investment property		-	6,831	6,831	-	6,831	6,831
6	Current income tax receivable		29	-	29	29	-	29
7	Intangible assets other than goodwill	9	-	117,580	117,580	-	155,190	155,190
8	Fixed assets	9	18,463	348,855	367,318	22,614	371,114	393,728
9	Other financial assets	10	49,046	-	49,046	46,341	-	46,341
10	Other non-financial assets	11	84,147	-	84,147	27,060	-	27,060
11	Non-current assets or disposal groups classified as held for sale or held for payment to owners		6,070	-	6,070	6,070	-	6,070
12	Total assets		8,941,564	1,394,297	10,335,861	8,181,635	2,034,417	10,216,052
LIABILITIES								
13	Due to banks	12	85,065	-	85,065	-	-	-
14	Due to customers	13	8,364,989	1	8,364,990	8,214,592	1,183	8,215,775
15	Debt securities issued by the Bank		1	-	1	1	-	1
16	Other borrowed funds		81,341	368,123	449,464	40,817	408,374	449,191
17	Deferred tax liabilities		32,839	-	32,839	31,475	-	31,475
18	Provisions behind loan commitments and financial guarantee contracts	14, 15	121,737	5,559	127,296	124,525	33,410	157,935
19	Other financial liabilities	16	116,546	34,416	150,962	137,210	34,941	172,151
20	Other non-financial liabilities	17	76,986	1,154	78,140	88,629	194	88,823
21	Total liabilities		8,879,504	409,253	9,288,757	8,637,249	478,102	9,115,351

Note 21. Interest income and expense

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
Interest income					
1	Interest income on loans and advances to banks	16,144	51,767	2,130	2,328
2	Interest income on loans and advances to customers	85,346	280,107	126,653	348,975
3	Interest income on investments in securities at AC	125,306	434,393	125,350	206,455
4	Interest income on investments in securities at FV	2,446	2,446	7,983	59,268
5	Interest income on other debt securities at FVTOCI	7,927	9,980	-	-
6	Interest income on debt securities refinanced by the National Bank of Ukraine at AC	-	-	-	1,243
7	Interest income on deposit certificates of the National Bank of Ukraine placed in banks of Ukraine at FVTOCI	54,879	64,007	-	-
8	Total interest income	292,048	842,700	262,116	618,269
Interest expense					
9	Interest expenses on term deposits of corporate customers	(89,026)	(242,608)	(42,492)	(76,890)
10	Interest income on term deposits of individuals	(14,814)	(23,235)	(2,504)	(7,822)
11	Interest income on overnight loans from other banks	(224)	(450)	-	(16)
12	Interest expenses on other loans received from the National Bank of Ukraine through refinancing	-	-	-	(20,294)
13	Interest expenses on current accounts	(52,918)	(167,426)	(54,891)	(124,782)
14	Interest expenses on loans received from international and other organizations	(2,036)	(6,005)	(1,998)	(5,165)
15	Interest expense on lease liabilities	(5,953)	(12,722)	(1,915)	(5,519)
16	Total interest expenses	(164,971)	(452,446)	(103,800)	(240,488)
17	Net interest income	127,077	390,254	158,316	377,781

Line 8 and line 16 in Note 21 corresponds to account “Interest income” and “Interest expense” in the statement of profit or loss.

Note 22. Commission income and expenses

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
COMMISSION INCOME:					
1	Cash and settlement services	28,013	86,948	26,156	69,097
2	Bank commission for the lease of safe deposit boxes	2,218	6,759	3,016	10,183
3	Commission for insurance broker services	351	934	305	911
4	Commission for TaxFree check payments	157	370	-	279
5	Transactions with securities	202	513	76	306
6	Interbank transactions with plastic cards	5,549	14,973	3,029	12,432
7	Guarantees issued	652	3,001	1,796	6,492
8	Other	7	10	2	6
9	Total fee and commission income	37,149	113,508	34,380	99,706
COMMISSION EXPENSE					
10	Cash and settlement services	(14,688)	(33,748)	(10,787)	(33,451)
11	Commission for services and other commissions	(206)	(1,100)	(588)	(616)
12	Guarantee expenses	(1,028)	(1,373)	(31)	(71)

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
13	Services provided by payment systems and transactions with plastic cards	(3,333)	(9,889)	(2,531)	(8,282)
14	Total fee and commission expense	(19,255)	(46,110)	(13,937)	(42,420)
15	Net fee and commission income	17,894	67,398	20,443	57,286

Line 9 and Line 14 in Note 22 correspond to accounts “Commission income” and “Commission expense” in the statement of profit or loss.

Note 23. Impairment gains (losses) determined in accordance with IFRS 9

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
1	Profit (loss) from impairment of loans and advances to banks	24	(945)	(69)	(48)
2	Profit (loss) from impairment of loans and advances to customers	38,186	64,552	(106,034)	(121,371)
3	Return of previously written-off bad debts of loans to customers	380	3,438	1,283	3,239
4	Profit (loss) from impairment of investments in securities	7	(5)	-	53
5	Profit (loss) from impairment of other financial assets	(342)	1,423	395	(1,638)
6	Return of previously written-off bad debt to the bank	-	2	-	-
7	Profit (loss) from impairment of issued financial guarantees and similar contractual obligations	2,764	31,507	(4,753)	(3,567)
8	Impairment gains (losses) determined in accordance with IFRS 9	41,019	99,972	(109,178)	(123,332)

Line 8 in Note 23 corresponds to account “Impairment gains (losses) determined in accordance with IFRS 9” in the statement of profit or loss.

Note 24. Other income

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
1	Operating lease income	8	18	-	24
2	Penalties and fines received	138	544	336	731
3	Undrawn funds upon expiration of limitation period	(1,044)	138	403	1,536
4	Shortages charged to responsible employees	10	214	-	-
5	Result from disposal of property, plant and equipment	(10)	9	-	-
6	Gains from recovering an advance payment for enforcement proceedings, court fees and other related costs	106	168	59	202
7	Income from the provision of a discount for the quarantine period for the lease of the premises	(279)	2	637	3,243
8	Result from modification of financial assets	(23)	1,037	1,082	1,238
9	Other	12	144	726	1,057
10	Total operating income	(1,082)	2,274	3,243	8,031

Line 10 in Note 24 corresponds to account “Other income” in the statement of profit or loss.

Note 25. Other administrative and operating expenses

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	For 3rd quarter 2023	For 9 months 2023	For 3rd quarter 2022	For 9 months 2022
1	2	3	4	5	6
1	Business trips	622	1,700	338	466
2	Recruitment services	5,630	21,037	13,800	28,458
3	Maintenance of property, plant and equipment and intangible assets, telecommunication and other operation services	62,558	183,956	51,540	152,828
4	Operating lease expenses	385	1,070	161	953
5	Cash collection and transportation	425	1,456	672	1,117
6	Services provided by payment systems on payment cards	3,870	11,058	3,680	9,845
7	Legal services on litigations and payments to collectors	3,974	11,024	912	1,959
8	Professional services	3,706	12,145	3,262	11,116
9	Marketing and advertising expenses	633	966	470	1,500
10	Security expenses	2,772	8,142	2,286	6,730
11	Taxes other than income tax	12,420	37,549	11,824	29,473
12	The result of the disposal of fixed assets	-	-	3	94
13	Expenses from depreciation of fixed assets	-	-	130	149
14	Provision for cover risks of losses due to lawsuits	-	674	255	255
15	Provision for unconfirmed cash loss risks	-	-	10	2,054
16	Net increase in provisions for impairment of other non-financial assets	986	1,332	-63	78
17	Other	8,698	17,992	486	545
18	Total other administrative and operating expenses	106,679	310,101	89,766	247,620

Line 18 in Note 25 corresponds to account “Other administrative and operating expenses” in the statement of profit or loss.

Note 26. (Loss)/gain per ordinary share and preference share

<i>(in thousands of Ukrainian hryvnias)</i>				
Line	Item	30/09/2023	30/09/2022	31/12/2022
1	2	3	4	5
1	Loss attributable to holders of ordinary shares	(56,045)	(188,422)	(415,206)
2	Profit attributable to holders of preference shares	157	157	157
3	Loss for the period	(56,045)	(188,422)	(415,206)
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)	(0.03)	(0.11)	(0.03)
7	Basic and diluted gain per preference share (in UAH)	0.10	0.10	0.10

Note 27. Contingent liabilities

Capital investment commitments

As of September 30, 2023, the Bank had obligations related to the acquisition of fixed assets and intangible assets in the amount 16,473 thousand UAH. (December 31, 2022: UAH 685 thousand). Potential liabilities for legal actions are disclosed in Note 14.

Table 27.1. Structure of credit-related commitments

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	Unused credit lines	1,242,370	1,515,948
2	Export letters of credit	173,952	275,703
3	Guarantees issued	1,928	1,947
4	Provision for credit-related commitments	(12,422)	(43,397)
5	Total credit-related commitments less provisions	1,405,828	1,750,201

Table 27.2. Changes in lending commitments for 9 months 2023

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Liabilities at the beginning of the period	1,517,744	275,828	26	1,793,598
2	Increase in the amount of liabilities for the period				
		1,291,076	53,017	128	1,344,221
2.1	New liabilities	130,709	4	7	130,720
2.2	Increase in the amount of current liabilities	1,023,691	31,263	38	1,054,992
2.3	The amount of transition between stages	60,458	4	83	60,545
2.4	Exchange rate differences	76,218	21,746	-	97,964
3	Decrease in the amount of liabilities for the period				
		(1,486,503)	(232,957)	(109)	(1,719,569)
3.1	Liabilities repaid	(566,383)	(44,881)	(7)	(611,271)
3.2	Obligations that have expired	(840,817)	(108,604)	(84)	(949,505)
3.3	The amount of transition between stages	(2)	(60,525)	(18)	(60,545)
3.4	Exchange rate differences	(79,301)	(18,947)	-	(98,248)
4	Liabilities at the end of the period	1,322,317	95,888	45	1,418,250

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 27.3. Changes in provisions for other liabilities and contracts of financial guarantee as of 30.09.2023 and for the 9 months ended on that date

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Provisions for liabilities as of the beginning of the period	3,661	39,731	5	43,397
2	Increase in the amount of provisions for liabilities for the period				
		2,831	3,338	25	6,194
2.1	Provision for new liabilities	477	-	1	478
2.2	Provision for increase in liabilities	1,786	390	5	2,181
2.3	Increase in reserves from portfolio deterioration	261	-	2	263
2.4	Increasing of provision from the transition between stages	178	-	15	193
2.5	The amount of transition between stages	-	-	2	2
2.6	Exchange rate differences	129	2,948	-	3,077
3	Decrease in the amount of provisions for liabilities for the period				
		(4,497)	(32,649)	(24)	(37,170)
3.1	Decrease in the provision for closing liabilities	(519)	(12,880)	(17)	(13,416)
3.2	Decrease of the provision for decrease of liabilities	(1,634)	(910)	(2)	(2,546)

<i>(in thousands of hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
3.3	Decrease of the provision from improvement of portfolio quality	(2,210)	(15,204)	(3)	(17,417)
3.4	Decrease of the provision from the transition between stages	-	(1,240)	(2)	(1,242)
3.5	The amount of transition between stages	-	(3)	-	(3)
3.6	Exchange Rate differences	(134)	(2,412)	-	(2,546)
4	Provisions for liabilities at the end of the period	1,995	10,420	6	12,421

Line 4 in Note 27.3 corresponds to account “Provisions for credit related commitments and financial guarantees” in the statement of financial position.

Table 27.4. Changes in lending commitments for 2022

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Liabilities at the beginning of the period	2,715,562	129	6	2,715,697
2	Increase in the amount of liabilities for the period	3,330,535	883,423	94	4,214,052
2.1	New liabilities	861,500	9,402	6	870,908
2.2	Increase in the amount of current liabilities	1,780,065	129,982	56	1,910,103
2.3	The amount of transition between stages	74	714,782	32	714,888
2.4	Exchange rate differences	688,896	29,257	-	718,153
3	Decrease in the amount of liabilities for the period	(4,528,353)	(607,724)	(74)	(5,136,151)
3.1	Liabilities repaid	(1,701,111)	(15,022)	(41)	(1,716,174)
3.2	Obligations that have expired	(1,829,473)	(583,447)	(3)	(2,412,923)
3.3	The amount of transition between stages	(714,782)	(76)	(30)	(714,888)
3.4	Exchange rate differences	(282,987)	(9,179)	-	(292,166)
4	Liabilities at the end of the period	1,517,744	275,828	26	1,793,598

Table 27.5. Changes in provisions for other liabilities and contracts of financial guarantee as of 31.12.2022 and for the year ended on that date

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

Table 27.6. Credit-related commitments by currencies

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	31/12/2022
1	2	3	4
1	UAH	483,609	470,222
2	USD	-	-
3	EUR	922,219	1,279,978
4	Total	1,405,828	1,750,200

Note 28. Capital management

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

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

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

As at 30 September 2023, according to the NBU requirements, banks must comply with the capital adequacy ratio at the level of 10% and with the common equity adequacy ratio at the level of 7% for risk-weighted assets calculated based on the NBU regulations.

As at 30 September 2023 and 30 September 2022, the Bank complied with regulatory capital adequacy ratio (N2) at 20.38% (30 September 2022: 16.50%) and common equity adequacy ratio (N3) at 18.73% (30 September 2022: 15.38%).

Table 28.1. Structure of regulatory capital calculated according to the NBU requirements

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	30/09/2023	30/09/2022
1	2	3	4
1	Common equity	649,570	784,743
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	(603,006)	(555,466)
6	Amortization of other intangible assets	492,420	459,105
7	Capital investments in intangible assets	(4,471)	(29,018)
8	Uncovered losses of past years	(4,747,863)	(4,332,842)
9	Result of the current year (loss)	(63,258)	(331,518)
10	The amount of the book value of non-core assets, by which the fixed capital is reduced	(5,123)	(6,389)
11	Additional capital	57,305	57,305
12	Result on PP&E revaluation	57,305	57,305
13	Redeployment	(3)	(3)
14	Carrying amount of securities that are not traded on stock exchanges carried at FV	(3)	(3)
15	Total regulatory capital	706,872	842,045

Note 29. Related party transactions

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

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

Table 29.1. Balances on related-party transactions as at 30 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	Denominated in foreign currencies	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Major participants (shareholders) of the Bank													
1	Cash and cash equivalents	-	-	-	-	-	-	600,182	-	on demand	13,469	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	9	-	on demand	-	-	-
3	Loans and advances to banks	-	-	-	-	-	-	128,457	5,24%	2 - 31 days	-	-	-
4	Provision for loans and advances to banks	-	-	-	-	-	-	1	-	2 - 31 days	-	-	-
5	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
6	Other non-financial assets	156	-	on demand	-	-	-	-	-	-	-	-	-
7	Other financial liabilities	2,698	-	on demand	-	-	-	1,125	-	on demand	-	-	-
8	Other non-financial liabilities	-	-	-	-	-	-	30,865	-	on demand	-	-	-
Key management personnel													
9	Loans and advances to customers	208	12%	2 days – 5 years	-	-	-	-	-	-	-	-	-
10	Loan loss provisions to customers	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
11	Due to customers	851	0 – 4%	on demand - less than 183 days	840	0.1%	on demand	502	0-0.1%	on demand -	115	-	on demand
12	Other financial liabilities	6,247	-	on demand	-	-	-	-	-	-	-	-	-
13	Other non-financial liabilities	2,250	-	on demand – less than 274 days	-	-	-	-	-	-	-	-	-
Other related parties													
14	Other non-financial liabilities	428	-	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 29.2. Income and expenses on related-party transactions as at 30 September 2023 and for the 9 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	21,243	22	-
2	Interest expenses	-	(704)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	3	-	(731)
4	Net profit from foreign exchange	1,333	-	-
5	Net gain/(loss) from foreign currency translation	1,598	3	(51)
6	Fee and commission income	189	6	-
7	Fee and commission expenses	(1,715)	-	(2)
8	Employee benefits expense	-	(16,537)	-
9	Other administrative and operating expenses	(26,011)	(1,975)	(1,271)

Table 29.3. Loans granted to and repaid by related parties for 9 months 2023

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

Table 29.4. Other rights and obligations on related-party transactions as at 30 September 2023

<i>(in thousands of Ukrainian hryvnias)</i>			
Line	Item	Major participants (shareholders) of the Bank	Key management personnel
1	2	3	4
1	Guarantees received	7,711	-

ended

Table 29.5. Balances on related-party transactions as at 31 December 2022

<i>(in thousands of Ukrainian hryvnias)</i>													
Line	Item	UAH	Interest rate	Maturity	USD	Interest rate	Maturity	EUR	Interest rate	Maturity	Denominated in foreign currencies	Interest rate	Maturity
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Major participants (shareholders) of the Bank													
1	Cash and cash equivalents	-	-	-	-	-	-	868,405	-	on demand	13,664	-	on demand
2	Provisions for cash on correspondent accounts with other banks	-	-	-	-	-	-	10	-	on demand	-	-	-
3	Other financial assets	20	-	2 - 31 days	-	-	-	-	-	-	-	-	-
4	Other financial liabilities	2,874	-	on demand - less than 31 days	-	-	-	1,136	-	on demand	-	-	-
5	Other non-financial liabilities	-	-	-	-	-	-	44,123	-	on demand	-	-	-
Key management personnel													
6	Loans and advances to customers	209	12%	2 days – 5 years	-	-	-	-	-	-	-	-	-
7	Loan loss provisions	3	-	more than 5 years	-	-	-	-	-	-	-	-	-
8	Due to customers	2,324	0 – 5.5%	on demand - less than 92 days	1,461	0.01%	on demand	496	0.01%	on demand	109	-	on demand
9	Other financial liabilities	7,783	-	on demand - 4 years	-	-	-	-	-	-	-	-	-
10	Other non-financial liabilities	1,053	-	on demand	-	-	-	-	-	-	-	-	-
Other related parties													
11	Cash and cash equivalents	-	-	-	-	-	-	-	-	-	986	-	on demand
12	Other non-financial liabilities	-	-	-	-	-	-	42	-	on demand	-	-	-



The interim Financial Statements

Notes to Financial Statements as at 30 September 2023 and for the 9 months then

ended

ended

Table 29.6. Income and expenses on related-party transactions as at 30 September 2022 and for the 9 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	-	70	-
2	Interest expenses	-	(68)	-
3	Net (increase) in provisions for impairment of loans and advances to customers, and due from banks	(11)	-	-
4	Net profit from foreign exchange	797	-	-
5	Net gain/(loss) from foreign currency translation	92,563	(348)	313
6	Fee and commission income	187	24	-
7	Fee and commission expenses	(987)	-	(3)
8	Employee benefits expense	-	(15,329)	-
9	Other administrative and operating expenses	(28,370)	(3,374)	(1,450)

Table 29.7. Loans granted to and repaid by related parties for 9 months 2022

<i>(in thousands of Ukrainian hryvnias)</i>		
Line	Item	Key management personnel
1	2	3
1	Loans granted to related parties	-
2	Loans repaid by related parties	7

Table 29.8. Other rights and obligations on related-party transactions as at 30 September 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	185,475	-

Table 29.9. Remuneration to key management personnel

<i>(in thousands of Ukrainian hryvnias)</i>					
Line	Item	expenses for 9 months 2023	accrued liabilities as at 30/06/2023	expenses for 9 months 2022	accrued liabilities as at 31/12/2022
1	2	3	4	5	6
1	Current employee benefits	16,437	4,072	15,329	1,049

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