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INDEPENDENT AUDITORS' REPORT
of
INTER-AUDIT LIMITED LIABILITY COMPANY
on the annual financial statements of
JOINT-STOCK COMPANY
"COMMERCIAL BANK GLOBUS"
for the year ended 31 December 2022

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#1245

25 April 2023 City of Kyiv

This report is addressed to:

- Shareholders and management of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS";
- The National Bank of Ukraine;
- The National Commission on Securities and Stock Market

I. Report on the financial statements

Opinion

We have audited the financial statements of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" (the "Bank"), which comprise the statement of financial position (Balance sheet) as at 31 December 2022 Statement of profit or loss and other comprehensive income (Income statement), Statement of changes in equity, and Statement of cash flows (direct method) for the year then ended, and notes, comprising a summary of significant accounting policies.

In our opinion, the accompanying financial statements of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" present fairly, in all material aspects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 and Note 38, which provide information on the apparent negative impact of the on-going war, and provide separate information on the impact of this issue on the Bank's financial performance. This information indicates that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern.

As stated in Note 2, a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters Incorporating the Most Significant Risks of Material Misstatements, Including a Risk of Material Misstatements Due to Fraud:

Key audit matters are those matters that, in our professional judgement, were of significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment of loans and assessment of credit quality

We focused our attention on this area because management makes complex professional judgments about the probabilities of recognizing impairment and estimating the amount of expected credit losses. Such professional judgment is applied before the occurrence of default events and includes the determination of the amount of expected credit losses arising from the occurrence of all possible default events during the expected term of the loan.

Identification of significant increase in credit risk and impairment and assessment of the recoverable amount involves certain assumptions and analysis of various factors, including borrower creditworthiness, expected cash flows, observable market prices and fair value of collateral.

Provisions for impairment reflect the management's assessment of expected losses on loan portfolios and customers' indebtedness to the Bank.

Detailed information on the loan loss provision is provided in Note 4 Significant accounting policies and Note 8 Loans and advances to customers.

Our audit approach

We checked a sample of loans comprising the most part of the Bank's total portfolio. Our audit addressed the following matters:

- Assessing approaches to evaluation of expected credit losses and distributing the loans by impairment stage depending on the changes in the exposure to credit risks;
- Assessing internal controls used by management in calculating provisions and determining the amount of expected credit losses on loans;
- Completeness of evidence of impairment analysed by management, correctness of present value of expected cash flows, including those related to sale of collateral;
- Testing input data and assessing assumptions, as well as default event identification model based on borrowers' creditworthiness assessment;
- We have assessed completeness and correctness of disclosures in the Bank's financial statements with regard to provisions for expected credit losses on loans and advances to customers.

Other information

Management Report

Management is responsible for the information included in the Management Report prepared in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" and the Law of Ukraine "On Financial Services and State Regulation of Financial Service Markets", that includes other information, but does not include the financial statements and our auditors' report thereon. We have also obtained the Annual Information of Securities Issuer (including the Management Report therein) prior to the date of this audit report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information mentioned above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance and Financial Reporting

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the financial statements.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Mandatory information to be disclosed in accordance with Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing Activity"

In accordance with Article 14 of the Law of Ukraine "On Audit of Financial Statements and Auditing Activity", our auditors' report includes additional information related to the audit of the financial statements of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" for 2022

The body that appointed the auditor	Supervisory Board of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS"

Auditor appointment date	Resolution #70 of the Supervisory Board of the Bank dated 26 September 2022
Total uninterrupted period of audit engagements, taking into account any extensions and re-appointments	3
Description and assessment of risk of material misstatement, particularly due to fraud	*Risk of material misstatement* is the risk that the financial statements are materially misstated prior to audit. For the detailed description and assessment of the risk of material misstatement, particularly due to fraud, see the Key Audit Matters section above.
Reference to relevant item or other disclosure in the financial statements for each description and assessment of the risk of material misstatement in the audited financial statements	Areas of increased risk of material misstatement or significant risks identified by us are related to Loans and advances to customers and Other assets in the statement of financial position (balance sheet), as well as Net impairment loss in the income statement relevant to net impairment gains/losses on financial assets.
Summary of measures taken by the auditor to mitigate such risks Key reservations with regard to such risks	Summary of measures taken by the auditor to mitigate such risks, and key reservations with regard to such risks are set out in the Key Audit Matters section above.
Explanations on the audit findings in respect of inconsistencies, particularly due to fraud	During our audit, no inconsistencies have come to our attention in excess of the level of materiality acceptable for this audit engagement that would require adjustment to the financial statements issued by the Bank.
Confirmation of consistency of the auditors' report with the additional report to the Audit Committee	This auditors' report is consistent with the additional report to the Supervisory Board of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS"
Representation on non-provision of prohibited services and independence of the lead engagement partner and audit firm of the audited entity	We declare that no prohibited services were provided by AUDIT FIRM INTER-AUDIT CROWE LLC, and our employees engaged in the audit are independent of the Bank and have not provided any services to the Bank.
Information on non-audit services provided by the auditor to the Bank or entities under the Bank's control that have not been disclosed in the Management Report or in the financial statements	AUDIT FIRM INTER-AUDIT CROWE LLC has not provided any services to the Bank in addition to the audit in 2022.
Explanations on the scope of the audit and inherent limitations	The scope of our audit procedures in accordance with ISAs is designed to obtain reasonable assurance about whether the

financial statements as a whole are free from material misstatement, whether due to fraud or error, and obtain appropriate audit evidence to express an opinion on the financial statements of the Bank.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists

Information on the check of the Report on Corporate Governance	In accordance with Article 11.7 of Law of Ukraine No. 996-X IV "On Accounting and Financial Reporting in Ukraine" dated 16 July 1999, the Management Report (Corporate Governance Report) is submitted together with the separate financial statements and consolidated financial statements under the procedure and within the timeframe established by the law. During our reading and check of the information contained in the Management Report (Corporate Governance Report), we concluded that the Corporate Governance Report contained sufficient and appropriate information to be disclosed in accordance with the regulations of the National Bank of Ukraine.

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In accordance with the Law of Ukraine "On Banks and Banking", Regulation of the National Bank of Ukraine on submittal of an auditors' report on the annual financial statements adopted by Resolution No 90 of the National Bank of Ukraine Management Board dated 2 August 2018, additional information on the auditors' opinion regarding compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report prepared by the Bank for submission to the National Bank of Ukraine as at 1 January 2023, and regarding compliance with the National Bank' s regulations on: internal control; internal audit; assessment of exposure to credit risk on asset-side transactions; recognition of transactions and balances with the related parties; capital adequacy, taking into account quality of the Bank's assets; and maintenance of accounting records is set forth in the Report on the compliance with other regulations of the National Bank of Ukraine section of this report.

The lead engagement partner on the audit resulting in this independent auditors' report is Yevgen Baran.

II. Report on Other Legal and Regulatory Requirements of the National Bank of Ukraine

We prepared Auditors' report #1245 dated 25 April 2023.

In accordance with Article 69 of the Law of Ukraine "On Banks and Banking" and paragraph 27 of Regulation of the National Bank of Ukraine on submittal of an auditors' report on the annual financial statements adopted by Resolution No 90 of the National Bank of Ukraine Management Board dated 2 August 2018 (hereinafter "Resolution No 90"), we have provided additional information (assessment) related to the annual financial statements for 2022.

The Report on the compliance with other regulations of the National Bank of Ukraine contains information on compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report prepared by the Bank for submission to the National Bank of Ukraine as at 1 January 2023, and on compliance with the National Bank' s regulations on:

- internal control;
- internal audit;
- assessment of exposure to credit risk on asset-side transactions;
- recognition of transactions and balances with the related parties;
- capital adequacy, taking into account quality of the Bank's assets;
- maintenance of accounting records.

The matters set out below were considered solely within the scope of our audit of the Bank's financial statements for 2022 based on a sample testing and materiality principle, as well as our analysis of the subsequent events in accordance with International Standards on Auditing.

Our procedures did not seek to identify all the weaknesses or other irregularities that may exist and, therefore, they should not be construed as an assurance of absence of any weaknesses and/or irregularities in the operations of JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS".

Our approach to compliance with regulatory requirements on disclosure of information

Our findings mainly concern the matters outlined in paragraph 27 of Regulation No 90 above. In case of any inconsistencies identified in the Bank's administrative data and internal procedures, we assess the impact of such matter or the risks of weaknesses in the Bank's internal controls.

Compliance (fair presentation) of the data on the Bank's assets and liabilities structure by maturity in the statistical report

In the preparation of the A7X "Data on the structure of assets and liabilities by maturity" statistical reporting file as at 1 January 2023 used for calculation of liquidity ratios in accordance with the procedure set forth in "Instruction on the procedure for regulation of banking activities in

Ukraine", approved by Resolution of the National Bank of Ukraine Management Board No.368 dated 28 August 2001, as amended, the Bank complied with regulatory requirements of the National Bank of Ukraine.

During our audit, nothing has come to our attention that caused us to believe that the A7X "Data on the structure of assets and liabilities by maturity" statistical reporting data as at 1 January 2023 that do not form a part of the set of the annual financial statements are invalid.

Compliance of the Bank with the National Bank' s regulations on:

Internal control

As a result of our audit procedures within the scope of the audit of the annual financial statements, we found evidence that the structure and measures of internal control of the Bank have certain deficiencies in view of the requirements of the normative legal acts of the NBU, in particular, Resolution of the National Bank of Ukraine No. 88 of July 2, 2019 "On the approval of the Regulation on the organization of the internal control system in Ukrainian banks and banking groups". Our qualifications relate to control measures that should ensure timely and complete identification of credit risk, including by analyzing the degree of influence of a group of legal entities under common control or a group of related counterparties on the financial position of a debtor that is a legal entity.

Internal audit

Internal audit function is one of the fundamental components of the Bank's overall internal control system. Due to the matters related to the internal control system as described in the previous paragraph of this report, we are unable to conclude that the internal audit system are free of certain deficiencies.

The Bank's internal regulatory documents governing internal audit procedures meet the requirements of the NBU's regulatory and legal acts, in particular, Resolution of the National Bank of Ukraine No. 311 of 10 May 2016 "On approval of the Regulation on the organization of internal audit in banks of Ukraine". Internal audit procedures are carried out in compliance with the requirements of the Bank's internal regulations. However, we noted issues in respect of complete coverage of risk areas by audit procedures.

Assessment of exposure to credit risk on asset-side transactions

During our audit, we identified violations of the procedure for determining credit risk on debtors/legal entity counterparties in two instances.

1. An instance of incorrect determination of the class of the debtor/counterparty based on its being a part of a group under common control and/or to a group of related counterparties. The effect of this matter on the exposure to credit risk amounted to UAH 922 thousand.

2. An instance of possible overstatement of the collateral value, as the value of the same item in 2022 increased compared to 2021, which is not in line with the arm's length principle. The obligation to market valuation of property and property rights in 2022 is subject to exemptions provided for by the NBU regulations for the period of martial law. The Bank failed to exercise due care to minimize credit risk.

In particular, there should be objective evidence of the existence (availability), accessibility and market value assessment of the collateral received by the Bank. The impact of this issue on the credit exposure cannot be accurately estimated, however, we drew the attention of management and the Supervisory Board to this issue.

Except for the effect of the instances specified above, the procedure for assessing the exposure to credit risk as at the reporting date calculated by the Bank subject to regulations of the National Bank, including the "Regulation on the assessment of the credit risk from asset-side banking operations by banks of Ukraine" approved by NBU Board Resolution No. 351 dated 30 June 2016 (as amended) (hereinafter "NBU Resolution No. 351) is generally in line, in all material aspects, with the requirements in effect.

Recognition of transactions and balances with the related parties

In conducting our audit, we studied relevant information and assessed the Bank's processes to identify the related parties in accordance with the requirements of the National Bank of Ukraine and IFRS, obtained necessary explanations from management on related party transactions, and analysed the Bank's contracts with the related parties and minutes of the meetings of the Bank's collegial bodies.

We did not identify any transactions of the Bank with the related parties on the terms other than the terms of transactions with other borrowers or creditors. We evaluated the risk related to the Bank's lending transactions with the related parties as moderate.

We did not identify any material inconsistencies with IFRS in respect of related party transactions disclosed in the "Related party transactions" note to the Bank's financial statements.

Capital adequacy, taking into account quality of the Bank's assets

The information on the Bank's authorised capital, equity and movements in reserves and other funds is disclosed in the respective financial statements and notes to the annual financial statements.

The Bank's regulatory capital calculated in accordance with "Instruction on the procedure for regulation of banking activities in Ukraine", approved by Resolution of the National Bank of Ukraine Management Board No.368 dated 28 August 2001, as amended, and subject to requirements of the National Bank of Ukraine on the preparation of statistical report 6DX "Data on compliance with economic ratios and open currency position limits" submitted to the National Bank of Ukraine as at 31 December 2022 amounted to UAH 519,292 thousand. (31 December 2021: UAH 538,312 thousand).

The regulatory capital adequacy ratio under statutory requirements should be at least 10%. As at 31 December 2022, the Bank's actual regulatory capital adequacy ratio was 15.84%.

The amount of regulatory capital taking into account the effect of the issues related to our assessment of credit risk and underprovided credit risk per Assessment of exposure to credit risk on asset-side transactions sufficient to perform the Bank's licensed activity.

Maintenance of accounting records

The Bank generally maintains its accounting records in accordance with the NBU regulations and the Bank's accounting policy.

In our opinion, during the reporting year the Bank's accounting:

was in line with the regulations of the National Bank of Ukraine;

ensured the appropriate level of compliance with the internal regulations.

III. <u>Report on Other Legal and Regulatory Requirements</u>

General

In accordance with the Decision of the National Commission for Securities and the Stock Market No. 555 of 22.07.2021 "On Approval of Requirements for Information Related to the Audit or Review of the Financial Statements of Participants in the Capital Markets and Organized Commodity Markets, which are Supervised by the National Commission for Securities and the Stock Market" we provide additional information related to the annual financial statements for 2021.

Full name of the entity	JOINT-STOCK COMPANY JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS"
List of participants (shareholders) (for individuals - surname, first name and middle name; for legal entities - name, ownership form, location) that own 5% or more of shares (participatory interests) as of the date of preparation of the auditor's report, specifying the actual percentage	LIMITED LIABILITY COMPANY "UKRAINIAN MEDIA TECHNOLOGIES" Kyiv, Ukraine 99.99967%

In our opinion, the Bank fully discloses the information on ultimate beneficial owners and ownership structure as of the date of the check in accordance with the requirements of the law. The ultimate beneficiary owners of JSC CB GLOBUS are Dmytro Eduardovych Polkovskyi and Olena Anatoliivna Sylniahina.

As at 31 December 2022, the Bank was not a controller/participant of a non-banking financial group and is a public interest entity.

As at the date of the Annual Financial Statements, 31 December 2022, and the date of this auditor's report JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS" has no subsidiaries/parent.

The requirement to calculate prudential indicators per Clause 3, Section I of "Regulations on prudential standards of professional activity on the stock market and risk management requirements" approved by Resolution No. 1597 the National Commission for Securities and the Stock Market No. 1597 dated 1 October 2015 does not apply to banks.

Reporting in accordance with the requirements of Article 127 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets"

The Bank is required to engage an auditor to express his opinion on the information in the Management Report specified in clauses 5-9 of Article 127.3 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets", as well as to check the information in the Management Report specified in clauses 1-4 of Article 127.3 of the Law.

Opinion

In our opinion, the Management Report, which is not part of the financial statements, does not contain omissions information and is in line the effective structure and corporate governance requirements adopted by the Bank. This statement applies to the following information:

- description of the main characteristics of the issuer's internal controls and risk management framework;
- list of persons who directly or indirectly own a significant block of the issuer's shares;
- information on any restrictions on the participatory and voting of the shareholders (participants) at the issuer's general meeting;
- the procedure for appointing and dismissing the issuer's officials;
- powers of the issuer's officials.

We have checked other sections of the Management Report. If, based on the work we have performed on the Management Report that we have obtained prior to the date of this auditor' s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. Other sections of the Management Report do not contravene the financial statements and our knowledge of the Bank obtained during the audit.

General information on the auditor

AUDIT FIRM INTER-AUDIT CROW LIMITED LIABILITY COMPANY
Registered address: 10 LESI UKRAYINKI Blvd office 61 01133 Kyiv
04073, 9 Stepana Bandery Av. Building 1B 04073, Kyiv - postal address
Registration No. in the Register of Auditors and Audit Organisations: 2248
Phone: (044) 3372038;
EDRPOU Code: 30634365
Website: https://www.crowe.com/ua/croweinteraudit
Date and number of the contract for the audit: No. 1213/1111 dated 27 October 2022;
Audit start and completion date: 28 October 2022 – 25 April 2023

General Director

AUDIT FIRM INTER-AUDIT CROWE LLC — **Oleksandr Denisiuk**

Registration No. in the Register of Auditors and Audit Organisations: 100530.

Key Engagement Partner — **Yevgen Baran**

Registration No. in the Register of Auditors and Audit Organisations: 101721.

General information on the auditor

AUDIT FIRM INTER-AUDIT CROW LIMITED LIABILITY COMPANY

EDRPOU code: 30634365

Registered address: 10 LESI UKRAYINKI Blvd office 61 01133 Kyiv

Postal address: 9 Stepana Bandery Av. Building 1B, offices 1-204, 1-205, 04073 Kyiv

Registration No. in the Register of Auditors and Audit Organisations: 2248

25 April 2023. Kyiv

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STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

(UAH '000)

Item	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	6	919,119	541,442
Investments in securities	7	3,888,635	5,255,264
Loans and advances to customers	8	1,973,416	2,654,428
Investment property	9	62,172	62,172
Deferred tax asset		3,153	3,153
Property, equipment and right-of-use assets	10	138,214	139,220
Intangible assets	10	59,985	45,059
Derivative financial assets		-	133
Other financial assets	12	133,239	108,995
Other assets	11	18,405	39,306
Non-current assets classified as held for sale		266	-
Total assets		**7,196,604**	**8,849,172**
LIABILITIES			
Due to banks	13	-	688,196
Due to customers	14	6,210,902	7,273,790
Derivative financial liabilities	20	-	425
Debt securities issued by the Bank	15	210	167
Other borrowed funds		2,506	-
Provisions for liabilities.	16	67,329	46,584
Payables to the Bank's employees	18	33,891	28,065
Other liabilities	18	10,708	18,486
Lease liabilities	19	33,040	17,419
Other financial liabilities	17	121,843	89,516
Income tax liability		7,019	11,133
Subordinated debt	21	61,815	46,111
Total liabilities		**6,549,263**	**8,219,892**
EQUITY			
Share capital	22	300,000	300,000
Transactions with shareholders (owners)		110,500	110,500
Retained earnings/ (accumulated deficit)		88,655	100,594
Reserves and other funds		148,186	118,186
Total equity		**647,341**	**629,280**
Total liabilities and equity		**7,196,604**	**8,849,172**

Approved for issuance and signed on 25 April 2023.

Chairman of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for 2022

(UAH '000)

Item	Notes	2022	2021
1	2	3	4
Interest income	24	852,965	823,346
Interest expense	24	(506,903)	(366,511)
Net interest income	24	346,062	456,835
Commission income	25	190,227	214,140
Fee and commission expense	25	(35,227)	(30,018)
Net fee and commission income	25	155,000	184,122
Net gain/(loss) from dealing in financial instruments carried through profit or loss	31	73,096	17,744
Net gain/(loss) from foreign currency transactions		21,481	9,706
Net foreign currency revaluation gain (loss)		33,657	(971)
Net gain/(loss) from impairment of loans and advances to customers, and due from banks		(154,028)	(67,715)
Net loss from impairment of receivables and other financial assets		(14,582)	(16,216)
Net increase/(decrease) in provisions for liabilities		(8,220)	(7,313)
Net gain on impairment and reversal of impairment loss (impairment loss) are determined in accordance with IFRS 9:		*(176,830)*	*(91,244)*
Net gain on impairment (reversal of impairment loss) on non-financial assets		4,502	(4,563)
Other operating income from ordinary activities	26	51,031	100,733
Other operating income	26	3,617	5,800
Employee benefit expenses	27	(331,772)	(357,686)
Depreciation and amortisation	28	(41,835)	(39,831)
Administrative and other operating expenses	27	(111,530)	(155,827)
Profit/(loss) before tax		**26,479**	**124,818**
Income tax expense		(8,418)	(24,224)
Profit/(loss) from continued operation		18,061	100,594
Profit/(Loss) for the year		**18,061**	**100,594**
OTHER COMPREHENSIVE INCOME:			
Total comprehensive income for the year		**18,061**	**100,594**
Earnings/(loss) per share from continued operation:			
Basic and diluted earnings per ordinary share, UAH		60.20	335.31

Approved for issuance and signed on 25 April 2023.

Chairman of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

STATEMENT OF CHANGES IN EQUITY for 2022

(UAH '000)

Item	Notes	Share capital	Transactions with shareholders (owners)	Reserves, other funds and revaluation reserves	Retained earnings	Total equity
1	2	3	4	5	6	7
Balance as at 12/31/2020		**300,000**	**70000**	**25,496**	**92,690**	**488,186**
Adjusted balance as at 1/1/2021		***300,000***	***70000***	***25,496***	***92,690***	***488,186***
Total comprehensive income		-	-	-	100,594	100,594
Transactions with shareholders (owners)		-	40,500	-	-	40,500
Profit distribution		-	-	92,690	(92,690)	-
Balance as at 31 December 2021		**300,000**	**110,500**	**118,186**	**100,594**	**629,280**
Total comprehensive income		-	-	-	18,061	18,061
Profit distribution		-	-	30,000	(30,000)	-
Balance as at 31 December 2022		**300,000**	**110,500**	**148,186**	**88,655**	**647,341**

Approved for issuance and signed on 25 April 2023.

Chairman of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

STATEMENT OF CASH FLOWS (DIRECT METHOD)
for 2022

(UAH '000)

Item	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest income received	24	785,511	800,607
Interest expense paid	24	(487,969)	(366,537)
Fee and commission income received	25	191,640	213,400
Fee and commission expenses paid	25	(34,670)	(30,018)
Gains less losses from dealing in securities		229,122	34,517
Gains less losses from dealing in derivative financial instruments		(2,982)	(24,035)
Gains less losses from dealing in foreign currency		28,168	9,716
Other operating income received	26	54,639	106,532
Personnel expenses paid	27	(325,943)	(351,206)
Administrative and other operating expenses paid	27	(111,428)	(155,766)
Income tax paid		(12,532)	(13,091)
Cash flows received/(used in) operating activities before changes in operating assets and liabilities		**313,556**	**224,119**
Changes in operating assets and liabilities:			
Net (increase)/decrease in financial assets carried at amortised cost	7	940,888	(2,627,000)
Net (increase)/decrease in financial instruments at fair value through profit or loss	7	252,055	(243,926)
Net (increase)/decrease in loans and advances to customers	8	594,235	(375,080)
Net (increase)/decrease in other financial assets	12	(19,378)	(64,972)
Net (increase)/decrease in other assets	11	25,032	(22,773)
Net increase/(decrease) in due to banks	13	(698,000)	42,000
Net increase/(increase) in due to customers	14	(1,071,665)	3,235,195
Net increase/(increase) in provisions for liabilities	16	12,314	29,270
Net increase/(decrease) in other financial liabilities	11	(1,729)	(12,763)
Net cash flows received/(used in) operating activities		**347,308**	**184,070**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	10	(7,131)	(17,786)
Acquisition of intangible assets	10	(18,368)	(18,920)
Net cash flows from/(used in) investing activities		**(25,499)**	**(36,706)**
CASH FLOWS FROM FINANCING ACTIVITIES			

Shareholder contributions		-	40,500
Net cash flows received (used in) financing activities		**-**	**40,500**
Effect of changes in official exchange rate of the National Bank of Ukraine on cash and cash equivalents		**55,868**	**(8,062)**
Net increase/(decrease) in cash and cash equivalents		**377,677**	**179,802**
Cash and cash equivalents at the beginning of the period		541,442	361,640
Net cash and cash equivalents at the period-end		919,119	541,442

Approved for issuance and signed on 25 April 2023.

Chairman of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

Note 1. Information about the Bank

JOINT-STOCK COMPANY "COMMERCIAL BANK GLOBUS", which, in accordance with para 1.3 of the Articles of Association, is the successor of rights and liabilities of the Open Joint Stock Company "Commercial Bank Globus" (hereinafter – the Bank), was established on 22 January 2007 by decision of the Meeting of Founders.

Limited Liability Company "UKRAINIAN MEDIA TECHNOLOGIES" is the founder of the Bank.

JSC "CB GLOBUS" was registered on 29 November 2007 by the National Bank of Ukraine, in witness whereof a respective record was made in the State Register of Banks, according to which Certificate No. 320 was issued.

The Bank is registered and located at:

19/5 Kurenivsky Uzviz, Kyiv 04073, Ukraine.

JSC "CB GLOBUS" is incorporated as a joint stock Company.

The Bank's governance bodies are:

- The General Meeting of Shareholders;
- The Supervisory Board;
- The Management Board.

According to the staffing schedule, the Bank had 553 employees as at 31 December 2022 (31 December 2021: 596 employees).

As at 31 December 2022, the Bank had 29 branches,

including:

- 9 branches in Kyiv,
- 1 branch in Kyiv region (Bucha district, Chaiky village),
- 2 - in Kharkiv,
- 1 - in Zaporizhya, Dnipro, Chergnihiv, Kamianets-Podilskyi, Odesa, Sumy, Lviv, Poltava, Mykolayiv, Ternopil, Cherkasy, Chernivtsi, Vinnytsia, Ivano-Frankivsk, Rivne, Zhytomyr, Kherson.

In regions where there is a threat to the life and health of the bank's employees and customers, the operation of branches is temporarily suspended. As at 31 December 2022, the operations of one branch in Kharkiv and one in Kherson were susoended.

As at 31 December 2022, there is no access to a branch (property) in Kherson.

BUSINESS PROFILE

According to the Articles of Association, JSC "CB GLOBUS" is a universal banking institution that operates within the territory of Ukraine in accordance with the applicable law and regulations of the National Bank of Ukraine.

ACTIVITIES

The Bank provides services in accordance with the Law of Ukraine "On Banks and Banking Activity" the Articles of Association and to the extent allowed under the licenses granted by the National Bank of Ukraine.

JSC "CB GLOBUS" conducts operations on the Ukrainian banking services market on the basis of Banking Licence No. 240 of 21 January 2019 issued by the National Bank of Ukraine.

The Bank provides a wide range of banking services to its customers in accordance with the Law of Ukraine "On Banks and Banking Activity" as set out below:

- attracting deposits in monetary resources and precious bank metals that can be placed by an unlimited number of entities and individuals;
- opening and maintenance of current accounts for customers and correspondent banks, including those in bank metals, and escrows;
- placement of the funds and bank metals on deposits and current accounts on the Bank's own behalf, on its own terms and conditions and at its own risk;
- provision of advisory and information services on the banking and other financial services;
- provision of services to individuals and entities in the trading of cash and non-cash currency valuables and immediate crediting of these valuables to their accounts in accordance with the Law of Ukraine "On Currency and Currency Transactions";;
- organisation of purchase and sales of securities on the customer's behalf;
- operations on securities markets on its own behalf (including underwriting);
- operations related to the custody activity of a custodian institution;
- storage of valuables or rental of a personal bank safe;
- transactions on behalf of customers or on their own behalf, with:
- money market instruments;
- foreign exchange rate or interest based instruments;
- financial futures and options.

In addition, JSC "CB GLOBUS" holds the following licenses from the National Commission on Securities and Stock Markets (NCSSM) for professional activities in the stock market:

License AE No.263178 – Professional activity in the stock market – dealing in securities (dealership);

License AE No.263177 – Professional activity in the stock market – dealing in securities (brokerage);

License AE No.263375 – Professional activity in the stock market – depository activities (depository activities of a depository institution).

Pursuant to NCSSM Resolution No. 1061 dated 4 November 2021, the Bank was granted a license to carry out activities related to custody of assets of collective investment institutions.

As at 31 December 2022, JSC "CB GLOBUS" established correspondence relations with 10 banks, including with one non-resident banks, in particular, JSC Khalyk Bank, Almaty, Kazakhstan, ASTONEX FINANCIAL LTD, London, United Kingdom of Great Britain and Northern Ireland. The number of correspondence nostro accounts (36) and vostro accounts (9) is sufficient to ensure the settlement with counterparties in the fastest way possible.

JSC "CB GLOBUS" is a member of the following interbank associations and international organizations:

- Deposit Guarantee Fund (Certificate No. 193);
- an incumbent member of the Independent Association of Banks of Ukraine;
- an incumbent member of the Perspektyva Stock Exchange;
- an incumbent member of PJSC "Ukrainian Exchange";
- Society for Worldwide Interbank Financial Telecommunication (SWIFT);
- Ukrainian National SWIFT Member and User Group "UkrSWIFT";
- Professional Association of Capital Markets and Derivatives;
- National Depositary of Ukraine;
- PrJSC "First Ukrainian Bureau of Credit Histories";
- participant of of WESTERN UNION and MoneyGram payment systems;
- Ukrainian Network of Integrity and Compliance (UNIC).

JSC CB GLOBUS is a user of KredInfo (interbank loan information system), UkrDealing information and dealing system, NBU's Ukrainian Interbank FX Market Agreement Confirmation System, REUTERS, and Bloomberg.

STRATEGIC GOAL

The key goal of the Bank defined by its shareholders is to earn profit by providing a full scope of domestic and international bank services, including, without limitation, commercial, investing, depositary and any other activity that may be permitted to the banks under the effective Ukrainian legislation.

During 2022, PJSC CB GLOBUS continued all of its activities. However, given the current situation in Ukraine, the Bank's key objective was to ensure compliance with its risk mitigation and reduction policy. The Bank's principal development areas in the reporting period included corporate and retail lending, dealing in foreign currencies in customer transactions, currency exchange, cash management services for individuals and entities, attraction of retail and corporate deposits, securities trading, treasury operations.

Our main priorities in the depositary business are client oriented approach, high professionalism and prompt response.

SUMMARY RESULTS OF BANKING SERVICES AND OTHER OPERATIONS

The proft of JSC "CB GLOBUS" for the reporting period amounted to UAH 18,061 thousand.

Interest income accounts for the largest share in the Bank's revenue structure, comprising 71% or UAH 823,346 thousand.

Interest expenses comprise 35%, or UAH 506,903 thousand in the expense structure of 2022.

As at 31 December 2022, equity amounted to UAH 647,341 thousand.

The regulatory capital calculated using the methodology of the National Bank of Ukraine amounted to UAH 519,292 thousand.

COUNTERPARTY DESCRIPTION BY SEGMENT

Customer base establishment and expansion has been one of the top priorities for JSC "CB GLOBUS" since its establishment. As at 31 December 2022, JSC "CB GLOBUS" had 62,628 counterparties.

Base of the Bank's counterparties

Counterparty segment	Number of counterparties	
	2022	2021
Banks	75	77
Corporate customers	8,498	8,410
Individuals	69,253	54,141
Total counterparties	**77,826**	**62,628**

The share of each segment in the Bank's counterparty structure as at 31 December 2021 is as follows:

- banks – 0.1%;
- corporate customers - 10.91%;
- individuals – 88.98%.

In 2022, similarly to prior reporting years, management of the Bank focused on expansion of its customer base and diversification of the resource base to reduce liquidity and insolvency risks for PJSC CB GLOBUS that might arise from acute fluctuations of balances on customer accounts.

DISCONTINUED OPERATIONS

Throughout 2022, JSC "CB GLOBUS" had no asset ownership restrictions imposed, nor was it subject to any types of ownership termination restrictions.

During the reporting period, there were no mergers, acquisitions, splits or spin-offs of the Bank.

ORGANISATION AND CORPORATE GOVERNANCE

The overall organisational structure of JSC "CB GLOBUS" (hereinafter – the Structure) was developed on the basis of the applicable law of Ukraine and the Articles of Association. It consists of the governance bodies, controlling bodies, executive bodies and structural units.

The Bank's governing bodies are the General Meeting of the Shareholders, the Supervisory Board, and the Management Board, which is also an executive body. The Bank's controlling bodies are the Supervisory Board, Audit Committee, Internal Audit Service, and Compliance Unit.

The General Meeting of Shareholders is the supreme governing body of the Bank. The General Meeting of Shareholders carries out general management of the Bank's operations, sets the objectives and development strategy, adopts decisions on amending/revising the Articles of Association, makes changes to the Share Capital, approves the Bank's operating results, profit allocation procedure, procedure and periods for paying shares of profit, loss coverage procedure.

The Bank has the following collegiate bodies:

- Asset/Liability Committee (ALCO);
- Credit Committee;
- Tariff Committee;
- Technology Committee.

All decisions adopted by committees are documented and notified to the authorised officers of the Bank. Committee meetings are held on a monthly basis.

MANAGEMENT SHARE IN THE BANK'S EQUITY

According to the Articles of Association, management of the Bank consists of the Chairperson and members of the Supervisory Board, Chairperson, his/her deputies and members of the Management Board, Chief Accountant and his/her deputies. Management of the Bank has no direct shareholding in the Share Capital. Olena Anatoliivna Sylniahina, indirectly holds 99.99967% of shares in the share capital. The Chairman of the Supervisory Board, Dmytro Eduardovych Polkovskyi, indirectly holds 16,199142%. The Chairman of the Management Board, Serhiy Hennadiyovych Mamedov, indirectly holds 9,899274%.

SIGNIFICANT INTEREST IN THE BANK

The owners of significant interest in the Bank as at 31 December 2022 are:

LLC "UKRAINIAN MEDIA TECHNOLOGIES" – 99.99967% in the share capital of JSC "CB GLOBUS";

TERMAN INTERNATIONAL LTD. - 0.00033% in the share capital of JSC "CB GLOBUS".

Indirect owners of significant interest in the Bank:

KETLEN LTD - through ownership of 99.993% of the share capital of UKRAINIAN MEDIA TECHNOLOGIES Ltd;

Olena Anatoliivna Sylniahina (individual/natural person) - by holding 50.5% of the share capital of KETLEN LTD that owns a 99.993% share in UMT Ltd holding 99.99967% in the share capital of the Bank. A participant in UMT Ltd (0.007%) that owns 99.99967% of the share capital of the Bank. She holds a significant interest in the Bank equal to 99.99967%. She is the ultimate beneficiary owner;

TERMAN INTERNATIONAL LTD - by holding 16.2% of the share capital of KETLEN LTD that owns a 99.993 % share in UKRAINIAN MEDIA TECHNOLOGIES Ltd holding 99.99967% in the share capital of the Bank. It is a shareholder of the Bank that holds 0.00033% of the share capital of the Bank. It is a participant of UMT Ltd that owns 99.99967% of the share capital of the Bank. It is a shareholder of the Bank that holds 0.00033% of the share capital of the Bank. It holds a significant interest of 16.199142%.

Dmytro Eduardovych Polkovskyi (individual/natural person) – by holding 100% in the share capital of TERMAN INTERNATIONAL LTD, which holds 16.2% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 16.199142%. He is the ultimate beneficiary owner;

Yevhen Oleksandrovych Varyagin (individual/natural person) - by holding 9.9% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 9.899274%.

Serhiy Hennadiyovych Mamedov (individual/natural person) - by holding 9.9% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 9.899274%.

Andriy Ivanovych Pinchuk (individual/natural person) - by holding 9.9% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 9.899274%.

Taras Valentynovych Lisovyi (individual/natural person) - by holding 3.6% in the share capital of LLC "KETLEN". He owns a significant interest in the Bank equal to 3.599736%.

INFORMATION ABOUT THE AUDITOR

Name: Audit Firm Inter-Audit Crowe Limited Liability Company

EDRPOU Code: 30634365

Web page: https://www.crowe.com/ua/croweinteraudit

Approved for issuance and signed on 25 April 2023.

Chairman of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova

Note 2. Economic environment of the Bank

On 24 February 2022, the military aggression of the Russian Federation against Ukraine began and martial law was introduced in Ukraine in accordance with Decree of the President of Ukraine No. 64/2022 "On the introduction of martial law in Ukraine" dated 24 February 2022 approved by Law of Ukraine No. 2102-IX dated 24 February 2022.

Russia's full-scale war against Ukraine has led to a deep crisis that will have far-reaching consequences for the financial sector. However, the banking system is successfully withstanding the challenges of the war: banks are operating smoothly, maintaining liquidity and continuing to lend.

Since late February, the enemy has been advancing from the north, south and east. Belarus provided its territory for the offensive. Combat, encirclement and temporary occupation at various times covered about 35% of Ukraine's territory. Thanks to the bravery of Ukraine's defenders, the aggressor's plans were thwarted. No regional center, except Kherson, has been captured since February 24. The northern regions of Ukraine and the city of Kherson have already been liberated from the invaders, and they have been partially pushed back in southern Ukraine and Kharkiv region.

Starting from Q3 2022, Ukraine's economy gradually recovered from a steep decline in the first half of 2022 as a result of large-scale Russian aggression. This was facilitated first by the stabilization of the frontline and then by the liberation by the Ukrainian Armed Forces of more than half of the territories occupied in 2022. As a result, production and supply chains were slowly restored. The agreement on the functioning of the grain corridor contributed to a significant increase in agricultural exports, supported transportation and other services, and created better conditions for storing this year's harvest.

However, since October, a major risk to the economy has materialized in significant power outages due to regular large-scale shelling of energy infrastructure. Electricity shortages lead to business downtime and complicate logistics and sales. Therefore, in the fourth quarter, production volumes began to decline again. Energy problems will drain companies' resources, reduce their solvency, and increase credit risks. Some companies may cease operations. This could lead to a new wave of deterioration in the quality of banks' loan portfolios. Currently, the risks of a further decline in production are higher than the likelihood of positive developments. According to current estimates, real GDP will decline by about a third this year, and will grow at a slower rate next year than it was forecast before the massive missile attacks. This will slow the recovery in demand for financial services and cause additional credit losses for banks.

The National Bank of Ukraine introduced a number of anti-crisis measures to ensure reliable, uninterrupted operation of the Ukrainian banking system. These included, among the other: suspension/restriction of currency and stock market operations, restrictions on cash withdrawals, reinforcement of banks with cash, expansion of available volumes of bank refinancing through the possibility of blank lending in the amount of 30% of the volume of the bank's portfolio of deposits of individuals as at 23 February 2022, prolongation of the terms of refinancing loans available for up to 1 year, etc. In 2022, the NBU Board made two decisions to raise the key policy rate, which was set at 25% effective 3 June 2022.

The official hryvnia to US dollar exchange rate was fixed at the level set on 24 February 2022. In July 2022, the NBU adjusted the official hryvnia exchange rate by 25% and fixed it at a new level.

Slowdown in economic activity due to security risks and power outages suppresses credit demand. In the wartime, government programs play a key role in supporting lending. Market lending will resume only with the recovery of the economy.

Large-scale war operations and damage to infrastructure have not stopped payments in Ukraine. Even during the periods of active hostilities over a large area and large-scale missile attacks, payments could be made, including by payment cards. The resilience of the settlement system helped to maintain the confidence of retail and corporate customers in the financial system. The security and continuity of non-cash transactions made it possible to avoid the scenario of a forced mass transition of households and businesses to cash payments and a decrease in liquidity of banks. The key elements of the domestic payment infrastructure are the Electronic Payment System (EPS) and two international payment systems, MasterCard and Visa.

Together with banks, the NBU introduced the Power Banking project, which represents a perimeter of standby bank branches that will operate even in the event of a long-time power outages. The POWER BANKING network already includes more than 1,000 branches equipped with alternative energy sources and backup communication channels, enhanced cash collection and additional staff.

Credit risk remains the biggest threat to the financial sector. The NBU estimates together actual and potential losses in the loan portfolio at around 20%. However, the destruction of the energy infrastructure and slower economic recovery increase credit risk, as losses due to the war could rise to 30% of the portfolio.

Despite significant provisioning expenses, the banking sector operated at a profit due to high interest income, recovery of fee and commission income, and revaluations. The sector's return on equity for eleven months was over 9%.

The operating profitability of the banking sector provides financial institutions with a first line of defense to absorb credit losses. Most banks still have capital reserves above the minimum requirements. However, this excess buffer is likely to disappear.

In 2023, the NBU expects the economic situation to stabilize and economic recovery to gradually take hold, and plans to conduct an asset quality analysis to confirm the correctness of the loan portfolio quality, the adequacy of provisions, and the assessment of the real amount of regulatory capital. Based on the results of the assessment, the NBU will determine a transition period for restoring capital to the minimum regulatory levels. Most banks will be able to restore their capital through future profits, but a number of banks will likely need shareholder support.

Whilst management believes it is taking appropriate measures to support the sustainability of the Bank's business in the current circumstances, realization of the risks arising from the war could negatively affect the Bank's results and financial position in a manner not currently determinable.

JSC CB GLOBUS continues to operate smoothly despite the energy terror and the enemy's destruction of civilian infrastructure. The Bank is implementing measures to strengthen its resilience to operational risks and maintain business continuity even in the face of long blackouts.

These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the operating activities and the financial position of the Bank. Future operating conditions may differ from management's assessments.

Note 3. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) on the historical cost basis, except for measurements of certain financial instruments at fair value.

The financial statements are presented in Ukrainian hryvnia (UAH), and all values are rounded to the nearest thousand (UAH '000), unless otherwise stated.

Statement of compliance

The Bank's financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

Basis of presentation

Items of the statement of financial position are generally presented in accordance with their liquidity. The analysis of the recoverability or settlement of assets and liabilities with a breakdown of those being settled or recovered within 12 months after the date of the statement of financial position (current/short-term) and more than 12 months after the date of the statement of financial position (non-current/long-term) is presented in Note 23.

Financial assets and liabilities are offset, and the net amount is recognised in the statement of financial position when, and only when, the entity has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are offset only to an extent that the offset is required or permitted by the respective financial reporting standard or interpretation as specified in the Bank's accounting policy.

The accounting policies below do not include new standards, amendments to standards, and interpretations that are optional in 2021.

Going concern

Management of the Bank carried out an assessment of the existing significant uncertainty related to military actions on the territory of Ukraine, which are ongoing and have already caused and continue to cause significant negative consequences both for the economy of Ukraine as a whole and for the Bank's clients in particular, based on the assessments underlying management's going concern assumptions.

In 2022, the Bank's strategy underwent significant changes under the influence of military aggression, and the Bank was forced to focus on the continuity of processes, maximum customer support and staff safety. A significant increase in credit risks arisen from the economic situation forced the Bank to revise its plans for lending approaches and volumes.

In order to minimize the negative consequences of the military aggression of the Russian Federation, the Bank is implementing the following measures to ensure that it operates as a going concern and complies with the financial ratios established by the National Bank of Ukraine.

The Bank allocated part of the 2021 profit in the amount of UAH 30,000 thousand to the Bank's reserves, and the balance of the profit was allocated to retained earnings, which will not reduce the Bank's capital.

Since the beginning of military aggression on 24 February 2022, the Bank has suspended all operations on granting new loans, new tranches under credit lines, and funds within overdraft limits, and is working to recover the debt on existing loans. From May 2022, the Bank began to resume lending by tightening its credit standards.

The Bank negotiated with the main service providers to revise the contract amounts, which allowed to reduce monthly lease payments and software technical support costs.

Payroll expenses were reduced.

The above measures made it possible to ensure that the Bank continues to operate as a going concern, fulfills all its obligations to the customers and continues lending to individuals and small and medium-sized businesses since 24 October 2022.

The Bank has fully repaid all refinancing loans that it raised from the National Bank of Ukraine. The Bank made the decision to early repay the NBU loans given its high liquidity position and improvement in all key performance indicators. The total amount of refinancing loans repaid was UAH 1.56 billion.

The Bank's ratios remain at a high level.

JSC CB GLOBUS has joined the POWER BANKING project initiated by the NBU. The list of the Bank's branches that joined the POWER BANKING network is located on https://globusbank.com.ua/perelik-chergovih-viddilen.html.

Management believes that the Bank has sufficient margin of safety to operate as a going concern and observes a tendency to stabilize the situation in the Bank.

At the same time, management recognizes that the Bank's future activity, like the entire financial system of the country, will depend on further events on the battle front, and the unpredictability of these events, the duration of hostilities and their impact on the state of the economy indicate that a material uncertainty exists regarding the ability of the country's banking system and the Bank itself to continue as a going concern.

Based on the projections of liquidity, capital adequacy ratios, and expected credit losses, management believes that there are sufficient grounds for preparing these financial statements based on ta going concern basis.

In 2022, no changes were made to contracts (financial assets) that led to significant changes in cash flows that would require termination of the old financial instrument and the recognition of a new one or the need to recalculate (change) the effective interest rate.

Restructuring of loan agreements carried out in 2022 did not significantly change the terms of the agreements and provided only for transferring the nearest monthly payments under the loan to the following months (credit holidays for the payment of the principal) without extending the maturity date of the loan. Such restructuring is carried out on the condition that the customers repay the interest on the loan on time.

After the end of hostilities, the Bank plans, when necessary, to carry out another round of loan restructuring, the terms of which will already provide for extension of the maturity date.

If the military aggression is stopped in the nearest months, or the hostilities are localised in the eastern part of Ukraine, the Bank expects credit losses to be incurred only in the regions that are most affected by the warfare. Given that the Bank did not perform operations in the Donetsk and Luhansk regions, nor did it have significant loan portfolio concentrations in Zaporizhzhia, Kherson, and Mykolaiv regions, the bank believes the increase in credit risks will not lead to significant credit losses.

The Bank has information about damage as a result of hostilities to one pledged car and two real estate items mortgaged by the Bank, however, these losses are insignificant compared to the total value of the Bank's loan and collateral portfolio. At the moment, the Bank is negotiating with insurance companies regarding indemnification for these losses.

During the hostilities, the Bank does not perform collateral valuation, as there is currently no active collateral market. At the same time, given that almost all loans by the Bank are granted in Ukrainian hryvnias, and the loan collateral is mainly represented by residential real estate, motor vehicles and specialized equipment, the value of which, according to the Bank's expectations, will not decrease after the war (taking into account the prospects of Ukraine's accession to the European Union, and expected investments in Ukraine announced by foreign governments), the Bank does not expect a decrease in the loan portfolio coverage ratio due to impairment of collateral.

JSC CB GLOBUS provides a specific range of services that primarily includes issuing targeted loans for the purchase of real estate, motor cars, specialized vehicles and machinery, and providing bid bonds and performance guarantees to enterprises that are parties to government contracts. Therefore, the Bank's main income is derived from interest and commission on loans granted before the start of full-scale aggression and commission income from guarantees provided. Taking into account, among other things, the social, stabilising importance of lending operations with retail customers and small businesses, the Bank continues to grant loans even during martial law, albeit in a much smaller volume and with more stringent requirements with regard to borrowers' solvency. The Bank is an active participant of the government lending programmes. Also, the Bank continues to actively work with companies participating in government tenders, issuing bid bonds and providing contract performance guarantees.

Facing increased uncertainty regarding potential future economic scenarios under the conditions of martial law and its impact on all areas of life, the Bank continues to constantly and regularly review its estimates, models and approaches to reflect information in accounting and financial reporting in a relevant, fair and reliable manner.

Reclassifications

In preparing the financial statements for 2022, the Bank decided to bring the format of disclosure of indicators and line items of the financial statements closer to the financial statements presentation in accordance with international standards in a single electronic format UA IFRS Taxonomy XBRL 2021 (v.1 .1), which was approved on 6 December 2022 at a meeting of the Financial Reporting System Management Committee established in accordance with Memorandum of Understanding No. 102/15 on the development and implementation of the financial reporting system dated 18 December 2017. Accordingly, certain changes have been made to the presentation of comparative information for 2021 to align with the new data presentation format.

The impact of relevant reclassifications on disclosures in the statement of financial position as at 31 December 2022 is presented in the table below.

Item	31 December 2021 (as previously reported)	Effect of transfer to the new format	31 December 2021 (restated)
ASSETS			
Property, equipment and intangible assets	165,252	(165,252)	-
Right-of-use assets	19,027	(19,027)	-

Property, equipment and right-of-use assets	-	139,220	139,220
Intangible assets other than goodwill	-	45,059	45,059
LIABILITIES			
Lease liabilities	17,419	(17,419)	-
Provision for employee benefits	-	28,065	28,065
Other liabilities	46,551	(28,065)	18,486
Other financial liabilities	89,516	17,419	106,935

Refer to Note 10 "Property, equipment and intangible assets" for the respective changes.

The impact of relevant reclassifications on disclosures in the statement of profit or loss for the year ended 31 December 2021 is presented in the table below.

Item	31 December 2021 (as previously reported)	Effect of transfer to the new format	31 December 2021 (restated)
Net gain/(loss) from impairment of loans and advances to customers, and due from banks	(67,715)	67,715	-
Net loss from impairment of receivables and other assets	(20,779)	20,779	-
Net increase/(decrease) in provisions for liabilities	(7,313)	7,313	-
Net gain/(loss) from impairment of loans and advances to customers, and due from banks	-	(67,715)	(67,715)
Net loss from impairment of receivables and other financial assets	-	(16,216)	(16,216)
Net increase/(decrease) in provisions for liabilities	-	(7,313)	(7,313)
Gain on impairment and reversal of impairment loss (impairment loss) are determined in accordance with IFRS 9	-	*(91,244)*	*(91,244)*
Gain on impairment and reversal of impairment loss (impairment loss) for non-financial assets	-	(4,563)	(4,563)
Other operating income	106,533	(106,533)	-
Other operating income from ordinary activities	-	100,733	100,733
Other operating income	-	5,800	5,800

Note 4. Significant accounting policies

The Bank's accounting policies are formed in accordance with the applicable law of Ukraine, regulations of the National Bank of Ukraine and are based on International Financial Reporting Standards.

The underlying principles of the Bank's accounting policy include fair presentation, substance over form, standalone basis, prudence, going concern, accrual and matching of income and expenses, consistency, and historical cost basis.

Measurement methods and principles applied to specific assets and liabilities are set out below.

The procedure of accounting for operations performed by the Bank is governed by separate internal documents that constitute a part of the Bank's Accounting Policies.

Note 4.1. Basis of measurement

Financial instruments are measured at fair value or amortised cost depending on their classification. The measurement methods are described below.

Measurement at fair value

Fair value (FV) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants of the principal market or the most advantageous market at the measurement date. The Bank determines the fair value of financial instruments on the basis of prices obtained directly from external data or using valuation techniques. A financial instrument is considered to be quoted in an active market, if quoted prices are readily and regularly available from a stock exchange or other organisation, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Where the market for a financial instrument is not active, the Bank uses the data on the latest transactions between unrelated parties to determine the current fair value. The amounts received as a result of forced write-offs do not represent fair values.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or analysis of financial data about the investees are used to measure the fair value of certain financial instruments for which external market pricing information is not available. Applying these valuation techniques may require assumptions that are not supported with market data. These financial statements contain disclosures on events when substitution of any such assumption by a feasible alternative may result in significant changes in the reported profits, revenues and total assets or liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Measurement at amortised cost

Amortised cost (AC) is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Note 4.2. Initial recognition of financial instruments

Financial instruments carried at fair value through profit or loss (FVTPL) on initial recognition are measured by the Bank at their fair value less transaction costs. The Bank accounts for transaction costs incurred for acquiring such financial instruments on expense accounts at the transaction date.

All other financial instruments at initial recognition are measured by the Bank at fair value plus transaction costs.

All financial liabilities, except for those designated as at FVTPL and those arising when the transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at AC using the effective interest method. Premiums and discounts, including original transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Note 4.3 Classification of financial assets

A financial asset is classified at amortised cost if it is not classified as designated at fair value through profit or loss and only if it meets both of the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to contractual cash flows that are solely payments of principal and interest on principal amount outstanding (SPPI).

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated at the Bank's discretion as at fair value through profit or loss (FVTPL):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to contractual cash flows that are solely payments of principal and interest on principal amount outstanding.

All financial assets not qualifying for measurement at AC or FVOCI as described above, are measured at FVTPL In addition, the Bank may, at initial recognition, irrevocably designate a financial asset that would otherwise qualify for recognition at AC or FVOCI as measured at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The following information is considered:

- the stated policies and objectives for the portfolio of financial assets and the operation of these policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the maturities of the financial assets to the maturities of any related liabilities that are funding those assets, or realising cash flows through the sale of the assets;

- how the portfolio performance is evaluated and how this information is communicated to the Bank's management;

- risks that affect the performance of a business model (and financial assets held within this business model) and how these risks are managed; and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales, and expectations about the future sales. However, information on sales levels is not considered in isolation, but as part of a holistic analysis of how the Bank achieves its objective of financial assets management and how cash flows are generated.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Recognised financial assets are reclassified only if the Bank makes changes to the business model for its operations.

Assessment of whether the contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely repayment of principal and interest on principal amount outstanding ("SPPI" criterion), the Bank will analyse the contractual terms of the financial instrument. This will include an assessment of whether the financial asset contains any contractual term that may change the timing or amount of contractual cash flows in a way that the financial asset does not meet the requirement analysed.

Note 4.4. Impairment

IFRS 9 requires the Bank to apply significant judgements over how changes in economic factors affect expected credit losses (ECLs), which will be determined on a probability-weighted basis.

The new impairment model is applied to the following financial instruments that are not at

FVTPL:

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments and financial guarantee contracts (previously the impairment was measured in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

The Bank recognises the ECL allowances at an amount equal to 12-month expected credit losses or lifetime ECLs.

The Bank assesses the quality of financial assets as follows:

- if the credit risk of the financial instrument has not increased significantly since the initial recognition, then the loss allowance for that financial asset is equal to the amount of 12-month ECLs;
- if there has been a significant increase in credit risk since the initial recognition, the Bank recognises a loss allowance for that financial asset at an amount equal to lifetime ECLs;

Assessment of expected credit losses

Expected credit loss is a probability-weighted estimate of credit losses that is measured by the Bank as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- for undrawn loan commitments: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- for financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Significant increase in credit risk and definition of default

In determining whether there is a significant increase in credit risk (i.e. risk of default) of a financial instrument since its initial recognition, the Bank considers valid and verifiable information that is relevant and accessible without excessive cost or effort, including both quantitative and qualitative information, as well as an analysis based on the Bank's historical experience, an expert assessment of loan quality and forward-looking information.

For identifying whether there is a significant increase in credit risk or a default event, the Bank uses the internal methodology.

For calculating an allowance, the Bank allocates financial assets by individually significant and not individually significant.

For impaired and individually significant assets, impairment is determined on an individual basis. For financial assets that are not individually significant and not impaired, impairment is determined on a collective basis.

Financial assets are written off against related provisions when there is no reasonable expectation of recovery according to the Bank's management.

Note 4.5. Derecognition and contract modification

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the financial asset have expired;
- the Bank has transferred its rights to receive contractual cash flows from that asset, or if it has retained the right to receive cash flows of the asset, but has assumed a contractual obligation to pay them in full without material delay to a third party under a pass-through arrangement;
- the Bank has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset or the maximum amount of consideration that the Bank could be required to repay.

The transfer of assets results in derecogntion if the Bank has transferred substantially all risks and rewards of the asset and is transferring control of the asset.

Financial liabilities are derecognised when the respective obligations are discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or where the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit and loss and other comprehensive income.

When accounting for contractual changes or modifications of a financial asset that result in a renegotiation of cash flows of the asset, the Bank:

- derecognises the original financial asset and recognises a new financial asset; or
- continues to recognise the original financial asset on new terms.

When the contract on a financial asset is renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank is to recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss.

The Bank recalculates the gross carrying amount as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired (POCI) financial assets).

Transaction costs are included in the carrying amount of the modified financial asset and amortised over its lifetime.

The difference between the gross carrying amount under original terms and the gross carrying amount under renegotiated or modified terms is recognised by the Bank as modification gain or loss.

Note 4.6. Cash and cash equivalents

Cash and cash equivalents include cash on hand; balances on the Bank's correspondent accounts in the National Bank of Ukraine that are not mandatory reserves; balances on correspondent bank accounts and cash in banks that are readily convertible to known amounts of cash at short notice and non-restricted cash balances that are subject to an insignificant risk of changes in value.

Balances restricted for use are eliminated from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

Note 4.7. Mandatory reserves on accounts with the National Bank of Ukraine

The NBU cancelled the requirement to maintain mandatory reserves on a separate account that were restricted for use.

Note 4.8. Investments in securities

Financial assets designated at fair value through profit or loss comprise debt securities, shares and other financial investments held for trading, as well as those designated at fair value through profit or loss upon initial recognition.

Balances on financial assets measured at FVTPL are presented in the ***Statement of Financial Position (Balance Sheet).*** Gains less losses from trading financial assets measured at FVTPL are presented in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** and in the ***Statement of Cash Flows (direct method).***

Note 4.9. Loans and advances to banks

Loans and other amounts due from banks are recognised as financial assets under the caption Loans and receivables and initially measured at fair value (first day profit/loss) plus respective transaction costs.

Subsequently to the initial recognition, amounts due from banks are measured at amortised cost using the effective interest method. Loans and receivables without fixed maturities are measured at amortised cost based on their expected maturities.

Impairment of loans and amounts due from banks are recorded through special provisions. The carrying value of the asset is reduced by the amount of the provision for impairment. The impairment loss is recognised as expense in the statement of comprehensive income.

Interest income on loans granted to banks and deposits placed was recognised on interest income accounts using the effective interest method.

Note 4.10. Loans and advances to customers

Subsequently to the initial recognition, loans are measured at AC at the balance sheet date using the effective interest rate over the amortisation of the discount (premium) and interest accrual at least once in a month, or at FVTPL. The Bank's fees and commissions are treated as discount/interest income to the extent that such fees and commissions are paid by the customer and are related to the issue of the loan.

The Bank recognises interest income using the effective interest rate. In case of financial instruments for which future cash flows cannot be reliably measured (e.g. overdrafts, revolving credit facilities) and to which the effective interest rate cannot be applied, the Bank recognises interest income applying nominal interest rate.

In the financial statements for 2022, the results from transactions on loan debt of the Bank's customers are stated in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** and the ***Statement of Cash Flows*** (direct method) as a net (increase)/decrease in loans and advances to customers.

Loans issued to customers are stated in the ***Statement of Financial Position (Balance Sheet)*** as the carrying amount less special provisions for credit risk (Note 8).

Note 4.11. Reverse purchase/repurchase contracts

Securities sold under sale and repurchase (repo) contracts are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions.

Securities purchased under reverse repo contracts are treated as accounts receivable on reverse repo transactions. The difference between the purchase and repurchase price is the interest income and is recognised in profit or loss over the term of the repo contract. Accounts receivable under reverse repo contracts is recognised net of provision for impairment losses. Where assets acquired under the repo contract are sold to a third party, the obligation to repurchase securities is recognised as trade payables and is measured at fair value.

In repo transactions, the Bank as a buyer receives consideration in the form of interest or the difference from reverse repurchase of securities at the price above the discounted purchase, and, therefore, different accounting treatment is applied to interest income in repo transactions depending on the form of consideration.

The Bank's expenses incurred in reverse repo transactions are amortised over the entire term of the agreement.

Under repo contracts with infinite term, the latter is determined on a forward- looking basis depending on the expected maturity.

Note 4.12. Investment property

Property (land or a building—or part of a building—or both) held by the Bank or by the lessee under a finance lease to earn rentals or for capital appreciation or both is classified as investment property.

If the Bank gains the title for land plots and buildings by realising its pledge holder rights where future use is undetermined, such assets are also classified as investment property.

Upon initial recognition, investment property is measured and recognised at cost that includes its purchasing price and all costs directly attributable to the purchase.

During the reporting year, the Bank changed the treatment of investment property from historical cost basis to fair value basis.

In accordance with the historical cost principle, all assets other than land plots were depreciated on a straight-line basis at a depreciation rate of 4% and with a useful life of 25 years. When owning the investment property, depreciation was charged on buildings and not on land plots.

According to the 2020 accounting policies, the cost approach was selected during the reporting year for further accounting. Under such approach, the fair value of the Bank's investment property was determined based on reports of the independent appraiser. The carrying amount of the investment property at the reporting date is in line with its fair value.

Costs of the day-to-day servicing, repairs and maintenance of an investment property item are recognised under the heading ***"Administrative and other operating expenses" in the Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** in the period in which they are incurred.

Operating lease income from investment property is disclosed in ***line 2.5, Note 26***.

Information about investment property is presented in the ***Statement of Financial Position (Balance Sheet)*** under the caption "Investment property" and in ***Note 9***.

Note 4.16. Property, equipment and intangible assets

Property, equipment and intangible assets are carried at historical cost less any accumulated depreciation and amortisation and accumulated impairment losses.

Historical cost of property and equipment includes its cost plus all related costs of its acquisition, delivery, installation and commissioning.

All of the Bank's intangible assets have finite useful lives and primarily include computer software and software licences.

The carrying amounts of property, equipment and intangible assets are depreciated/amortised over their expected useful lives for the purpose of their gradual retirement. Depreciation/amortisation is charged on a straight-line basis.

In 2022, the useful lives of property equipment and intangible assets were not revised. The useful life of intangible assets is determined in accordance with internal regulations of the Bank.

An item of property equipment and intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired. Where the carrying amount of the asset exceeds the recoverable amount, the carrying amount is written down to its recoverable amount.

The Bank recognises depreciation charges on property, plant and equipment under the caption

"Depreciation and amortisation expenses" in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Gain or loss arising from disposal of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) are recognised in other operating income or under the caption ***"Administrative and other operating expenses"*** in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Expenses incurred to maintain property and equipment are recognised under the caption ***"Administrative and other operating expenses"*** in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** in the period in which they were incurred.

The Bank did not revaluate the historical cost of property and equipment during the reporting year.

The residual value of property and equipment is nil.

Information about the property, plant and equipment is presented in the ***Statement of Financial Position (Balance Sheet)*** within ***Property, equipment and right-of-use assets***, in Note 10 and in the ***Statement of Cash Flows (direct method)***.

Note 4.14. Operating leases in which the Bank is the lessor and/or lessee

During the current year, the Bank applied IFRS 16 Leases that is effective for annual periods beginning on or after 1 January 2020. IFRS 16 introduced new or amended lease accounting requirements. The standard introduced significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, other than short-term leases and leases of low-value assets. Unlike the lessee accounting, the lessor accounting requirements have remained largely unchanged.

The date of first adoption of IFRS 16 for the Bank is 1 January 2019.

The Bank applied IFRS 16 retrospectively and the cumulative effect of initially applying IFRS 16 is recognised at the date of first adoption. Accordingly, comparative figures were not restated.

Upon the first adoption of IFRS 16 for all leases (except for those specified below), the Bank:

- recognised the right-of-use assets and lease liabilities initially measured at the present value of future lease payments in the separate statement of financial position;
- recognised the depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- presented expenses in operating expenses as part of profit or loss.

The Bank applied a single discount rate for the portfolio of leases with similar characteristics.

Effect on lessor accounting

IFRS 16 does not significantly changes the lessor accounting. Under IFRS 16, the lessor continues to classify leases as finance or operating lease and account for these two types of lease differently.

However, IFRS 16 changed and expanded the disclosure requirements, especially in terms of the lessor's risk management for the rights it retains in underlying assets.

Operating lease expenses are stated in ***line 2 Table 27.3 Note 27 Administrative and other operating expenses.***

In 2022, the Bank leased out its premises and land.

Lease payments under operating leases in which the Bank is a lessor are recognised as income on a straight-line basis over the term of the lease.

Lease income is stated in ***line 2.6, Note 26 Other operating income.***

Note 4.15. Derivative financial instruments

In the normal course of business, the Bank enters into various derivative financial instruments, including forwards and swaps, for managing the currency risk and liquidity risk, as well as for trading purposes. Financial derivatives used by the Bank are not intended for hedging and do not qualify for hedge accounting. Derivatives are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivative instruments are included to other assets or other liabilities in the separate statement of financial position. Gains or losses arising from these instruments are included in other income in the separate statement of profit or loss and other comprehensive income.

Note 4.16. Financial liabilities

Financial liabilities are classified either as financial liabilities at FVTPL or other financial liabilities.

Other financial liabilities Other financial liabilities, including deposits and borrowings, are initially recognised at fair value less transaction costs. Other financial liabilities are subsequently carried at amortised cost using the effective interest method.

Effective interest rate is used to calculate the amortised cost of a financial liability and allocate interest expenses over the relevant period. For more information about the effective interest rate, refer to the "Net interest income" section above.

Derecognition of financial liabilities. The Bank derecognises financial liabilities when, and only when, its obligations are discharged or cancelled or expired.

The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Financial guarantee contracts. A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank are initially measured at fair value and are subsequently carried at the higher of:

- the amount of loss allowance determined under IFRS 9; and
- the amount initially recognised less, when appropriate, any cumulative amount of income

recognised in line with the Bank's revenue recognition policy.

Financial guarantees are presented as reserves in the separate statement of financial position and their measurement is presented in other comprehensive income.

Note 4.17. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include:

- foreign currency purchase and sale and conversion transactions (TOM and SPOT);
- standard acquisitions of financial investments (securities transferred within 10 business days) if the transaction date and settlement date are different.

Similarly to financial assets, financial liabilities are initially recognised at fair value, plus transaction costs directly attributable to their acquisition or issue. Transaction costs include payments to third parties that help conducting a transaction, but are neither buyers, nor sellers in the transaction.

When there is an active market, the fair value of a liability is its market price. If there is no active market, the financial liability is recognised at cost less impairment losses.

Financial liabilities are written off the balance sheet accounts at the date when a liability is discharged, settled or cancelled (incl. after the expiry date).

Note 4.18. Debt securities issued by the Bank

Own debt securities include savings (deposit) certificates issued by the Bank. Debt securities issued by the Bank are carried on accounts of Section 33 "Own debt securities and derivative financial liabilities". The Bank issues registered savings (deposit) certificates.

Income on savings certificates is paid on demand.

For detailed information, see the note ***"Debt securities issued by the Bank"***.

Note 4.19. Provisions for liabilities.

Provisions for financial commitments are created to secure their fulfilment in the future, which is recognised as a liability in the Bank's balance sheet indicating the possible outflow of economic benefits associated with the fulfilment of such financial liabilities by the Bank.

Credit-related commitments include: loan commitments, letters of credit, financial guarantees and bill avalisation.

Financial liabilities are initially recognised at fair value that typically equals commissions received (for guarantees). The commissions are amortised on a straight-line basis over the life of the commitment. At each reporting date, the financial guarantees are measured at the higher of the expenditure required to settle the commitment at the reporting date, and initially recognised balance less accumulated amortisation.

Factors taken into account when creating provisions for liabilities include: loss rate on lending transactions, credit conversion factor and the amount of consideration received gross of amortisation (for guarantees).

If the amount of provision increases in subsequent periods after the provision for granted financial liabilities is created, the Bank makes adjustments to the previously created provision for such liabilities.

Where it is required to fulfil the financial liability assumed, the Bank uses the respective provision created for that financial liability.

Provisions for contingent liabilities are estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (hereinafter: IAS 37) which requires use of management estimates and judgements. Contingent liabilities are not recognised in the statement of financial position, but disclosed in the notes to financial statements, except for the instances when the outflow of resources is remote. Contingent assets are not recognised in the statement of financial position, but disclosed in the notes to financial statements if an inflow of economic benefits is probable.

For detailed information, see the Note "Provisions for liabilities" to the Statement of Financial Position (Balance Sheet) and the Note "Fee and commission income and expenses" to the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

Note 4.20. Subordinated debt

Subordinated debt comprises ordinary unsecured equity instruments that, under the contract, cannot be redeemed earlier than in five years, and rank after all other debts to creditors or investors should the issuer fall into liquidation or bankruptcy. Subordinated debt is recognised in equity, it may not exceed 50 percent of the capital stock, and is annually decreased by 20 per cent of its original amount over the last five years of the contractual term.

Subordinated debt is initially recognised at fair value, which equals to the amount of proceeds less transaction costs. In subsequent periods, the amount of liabilities is carried at amortised cost using the effective interest method.

Interest expenses from subordinated debt are recognised on a monthly basis using the effective interest rate by increasing the expenses. The advance payment of the interest on amounts borrowed through subordinated debt is not allowed. The capitalisation of interest on subordinated debt is not allowed.

Note 4.21. Income tax

Taxation. Income tax expense comprises current and deferred tax expense.

Current income ta.

Current income tax expenses are based on taxable profit for the year. Taxable profit differs from the financial profit before tax recognised in the separate statement of profit or loss and other comprehensive income, since it does not include items of income and expenses that are taxable or attributable to expenses in other periods and excludes items that are never taxable or attributable to expenses for taxation purposes. Current tax expenses of the Bank are calculated using the tax rate ruling during the reporting period.

Deferred income tax

Deferred income tax is a tax that is expected to be paid or recovered for differences between the carrying amounts of assets and liabilities in the separate financial statements and appropriate tax base used in determining taxable profit, and is recognised using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. These assets are not recognised if the temporary differences arise from the initial recognition of other assets and liabilities in a transaction that affects neither taxable profit or accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is recognised in the separate statement of profit or loss and other comprehensive income, unless it relates to items that are directly attributable to equity items, in which case the deferred tax is also recognised in equity.

In Ukraine, there are other taxes that apply to the Bank's business. These taxes are included as a component of operating expenses in the separate statement of profit or loss and other comprehensive income.

Information about the Bank's income tax liabilities is presented in the ***Statement of Financial Position (Balance Sheet)*** and in Note 28 to the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Note 4.22. Share capital and share premium

Share capital contributions are recognised at cost. Share premium represents the excess of contributions received over the nominal value of shares issued. Gains and losses from the sale of own shares are included in share premium.

Dividends on ordinary shares are recognised in equity as a decrease in equity in the period in which dividends are declared.

Note 4.23. Reserves and other funds

The Bank's reserve fund is formed to cover contingent losses from banking operations. Amounts allocated to the reserve fund according to the Law of Ukraine "On Banks and Banking Activity" should be at least 5% of the Bank's net profit, but not more than 25% of the Bank's regulatory capital.

The reserve fund can be used only to cover the Bank's losses for the reporting year upon decision of the Supervisory Board in accordance with a procedure approved by the General Meeting of the Shareholders.

Note 4.24. Transactions with shareholders (owners)

During 2020 and 2021, the Bank received non-refundable financial assistance from the Bank's shareholder for the purpose of increasing the its equity. Such financial aid is not included in income based on Clause 4.25 of the Conceptual Framework for Financial Reporting, IAS 18.7 Revenue and IFRS 20.14, non-refundable financial aid from the Shareholder for the purpose of increasing the equity is accounted for using the equity method.

Note 4.25. Recognition of income and expenses

Income and expenses are recognised in accordance with the key principles of international financial reporting standards, namely: accrual, matching, prudence.

Income and expenses are accounted for on an accrual basis that requires all income and expenses to be recognised in the period in which they were incurred.

Interest income and expenses are recognised in the reporting period in which they were incurred and are calculated on an accrual basis using the effective interest method.

Note 4.27. Foreign currency translation

Transactions with foreign currencies and precious bank metals are initially recognised in the reporting currency by translating the foreign currency amount at the official exchange rate of UAH to foreign currencies ruling at the transaction date (i.e. the date on which assets, liabilities, equity, income and expenses are recognised).

Assets and liabilities denominated in foreign currencies and bank metals are stated in the Ukrainian hryvnia equivalent at the official exchange rate as at the reporting date or recognition date.

The Bank's monetary assets and liabilities are presented in the ***Statement of Financial Position (Balance Sheet)*** at the NBU's official Ukrainian hryvnia exchange rate to foreign currencies and bank metals as at the end of the period as follows:

Foreign currency exchange rates	**31 December 2022 (UAH)**	**31 December 2021 (UAH)**
USD 1.00	36.5686	27.2782
EUR 1.00	38.9510	30.9226
RUR 1.00	0.18168	0.3640
GBP 1.00	44.0048	36.8392
CHF 1.00	39.5636	29.8269
1 troy ounce of gold	66075.8000	49115.2200
PLN	8.2984	6.7277

The results of translation of assets and liabilities denominated in foreign currencies and bank metals are disclosed in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)*** and in the ***Statement of Cash Flows (direct method)***.

Note 4.28. Offsetting assets and liabilities.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only to the extent there is a legally enforceable right to offset and there is an intention to realise the asset and settle the liability simultaneously.

During the reporting year 2022 and the previous 2021, the Bank did not offset financial assets and liabilities.

Note 4.28. Inflation accounting

Ukraine was considered a hyperinflationary economy during the period ended 31 December 2000. As the Bank was founded and operated after that date, the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies were not applied in the preparation of this report.

Note 4.29. Employee benefits and related charges

Wages, salaries, contributions to the state social insurance fund, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services were rendered by the employees. According to the Ukrainian legislation, the Bank makes contributions to the following state social insurance funds: pension fund, social insurance against temporary disability, mandatory state social insurance against unemployment and casualty insurance.

Contributions made to the state social funds are expensed as incurred. Employee benefits expenses include cost of charging a provision for vacation and bonuses. The Bank has no other post- employment benefit obligations or other significant benefits that would require accrual.

Expenses associated with employee benefits and related charges are recognised under the caption "Employee benefits expense" in the ***Statement of Profit or Loss and Other Comprehensive Income (Income Statement)***.

Note 4.30. Operating segments

The Bank identifies the following operating segments:

- retail banking represented by individuals' current accounts, deposits and loans; and
- corporate banking represented by direct corporate loans, current accounts, deposits, loan facilities and other credit products, dealing in foreign currencies and derivative products, as well as transactions with SMEs.

In addition, investment banking is another distinguished segment.

Note 4.31. Related party transactions

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related party transactions are disclosed in Note 36.

Note 4.32. Significant accounting estimates and judgements and their effect on recognition of assets and liabilities.

The Bank uses estimates and assumptions that affect the amounts recognised in the financial statements and carrying amounts of assets and liabilities reported in the next financial year. Estimates and underlying assumptions are regularly reviewed based on management's historical experience and various other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Along with assumptions underlying the accounting estimates, management of the Bank uses professional judgements that affect the application of the Bank's accounting policies. Professional judgements that have the most significant effect on the amounts disclosed in the financial statements and estimates that may result in significant adjustments to the carrying amount of assets and liabilities during the next financial year include:

Impairment losses on loans and advances. Overdue debt on all loans to corporate, bank and retail customers is analysed monthly to determine the amount of impairment losses that are recognised by establishing impairment provisions. In addition, each category of loans is collectively assessed for impairment considering losses incurred in the past. This assessment considers the results of modelling the losses to maturity by the portfolios of loans that are past due, but were not individually assessed as impaired.

The Bank uses assumptions as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual asset in that portfolio. Such indications may include observable data indicating adverse changes in the payment status of borrowers that are part of the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Reviewing financial assets for impairment involves creating provisions for the full amount of the net credit risk weighted for the corresponding provisioning rate for all types of lending transactions rather than only reviewing a financial asset or a group of financial assets for objective evidence of impairment.

Recognition of deferred income tax asset. The deferred tax assets recognised on the balance sheet is substantially the amount of tax losses incurred that can be recovered by future deductions from the taxable profit. Deferred income tax assets are recorded to the extent that realisation of the related tax credit is probable in accordance with the applicable law at the end of the reporting period. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management's expectations that are considered reasonable under the circumstances. Management expects a moderate increase in the Bank's corporate loan portfolio and credit quality improvement, further development of the personal financing, improvement of the range of banking products and services, which will result in the increase of the fee and commission income, implementation of effective expense control programmes, improved performance of its branches and further headcount optimisation. It should be noted that as at 31 December 2022, the tax law of Ukraine does not limit the period of use of tax losses carried forward. Significant changes to the assumptions above about recognising a deferred tax asset can potentially result in the derecognition of a deferred income tax asset.

Under the **historical cost basis**, the Bank's assets are carried in the amount of actual consideration given at the date of acquisition, while the liabilities are recorded at the amount of mobilised cash/deposits in exchange for the obligation. The Bank carries property, equipment and intangible assets and financial instruments (accounts receivable, securities and investments in associates and subsidiaries) at cost.

Market value is the amount that may be received from sale of an asset in an active market. When assets and liabilities are accounted for at their market value, assets are recognised in the amount of consideration that would be given to acquire the same assets at the current moment. Liabilities are recognised at the amount they are recognised at the amount required to make the current payment. The assets' carrying values are brought in line with their market value through revaluation.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets received for free and assets received as a result of exchanging for a dissimilar asset are carried at fair value.

Carrying value is the amount at which an asset is carried on a balance sheet less any accumulated depreciation or amortisation and accumulated impairment losses.

Effects of political situation

Based on the assessment by the National Bank of Ukraine, Ukraine's economy shrank by 30.3% in 2022. This is mainly related to the consequences of the full-scale war, such as the destruction of infrastructure and production facilities, the breakdown of logistics links and a drop in exports, reduction of investment, and weak consumer demand, including due to active migration.

Economic instability may persist in the nearest future, and there is a possibility that the market value of the Bank's assets is lower than their carrying value, which may have a significant impact on the Bank's profitability.

Note 5. Adoption of New or Revised Standards and Interpretations.

New IFRSs, interpretations and amendments were adopted by the International Accounting Standards Board that came into effect on 1 January 2022, including:

- Annual Improvements to IFRSs, 2018- 2020 Cycle is a comprehensive package of changes to IFRS, which includes, in particular:

✓ Amendments to IFRS 1 First-time Adoption of International

Financial Reporting Standards, which exempts a subsidiary from additional calculations and adjustments by allowing it to use the amount of exchange rate differences already recognized in the parent's IFRS reporting.

✓ Amendments to IFRS 9 Financial Instruments clarify which fees should be taken into account when the '10 percent' test is applied as provided for in paragraph B3.3.6 of IFRS 9 to assess whether a financial liability should be derecognized. The terms of financial liabilities are considered substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. When determining the amount of commission payments after deducting commissions received, the borrower takes into account only the amounts of commissions paid or received between this borrower and the relevant creditor, including commissions paid or received by the borrower or the creditor on behalf of each other.

✓ Amendments to IAS 41 Agriculture require entities with biological assets to review and align their methodologies, fair value measurement models for biological assets and accounting policies for measuring the fair value of biological assets. They allow reporting entities to make a discretionary choice about which types of discount rates (pre-tax or post-tax) and cash flows (including or excluding taxation) to use to determine a more accurate fair value of a biological asset.

- Amendments to IFRS 3 Business Combinations. The amendments changed the reference to the Conceptual Framework for Financial Reporting in the rule that specifies the conditions for recognizing identifiable assets acquired and liabilities assumed in an acquisition. In addition, an exception is provided by the amendments, according to which, for certain commitments and contingent liabilities, the buyer should apply IAS 37 to determine whether, at the acquisition date, there is a liability arising from past events. It is determined that the buyer cannot recognize a contingent asset at the date of acquisition. Regarding levies that are within the scope of IFRIC 21 Levies, the buyer should apply this IFRIC to determine whether an obligating event has occurred prior to the acquisition date that hat triggers the payment of the levy.

Amendments to IAS 16 Property, Plant and Equipment relate to accounting and disclosure of information regarding proceeds before intended use. In particular, it is prohibited to deduct from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Such sales proceeds and related expenses should be recognized in profit or loss.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify regarding costs an entity should include in the cost of fulfilling a contract when assessing whether a contract is onerous. In accordance with the amendments, costs of fulfilling a contract include costs that directly relate to this contract and include incremental costs of fulfilling this contract (for example, direct labor costs and costs of materials) and allocation of other costs that directly relate to fulfilling contracts (for example, the depreciation charge for equipment the company uses to fulfill contracts, among others). Also, provisions should be created for onerous contracts that are loss-making in substance. The amendments to IAS 37 clarify the list of costs may lead to an increase in the provisions.

These amendments have not been applied in preparing these financial statements and are not expected to have a material impact on the Bank's financial statements in the future.

New IFRSs and amendments were adopted by the International Accounting Standards Board that came into effect on 1 January 2023, including:

IFRS 17 Insurance Contracts
Amendments to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9.
IFRS 17, which replaces the interim standard IFRS 4, and the amendments to IFRS 17 Insurance Contracts - First-time Adoption of IFRS 17 and IFRS 9 are not expected to have an impact on the Bank's financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements. The amendments to IAS 1 replace the requirement for entities to disclose their significant accounting policies with a requirement to disclose material accounting policies. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those

financial statements, which provide financial information about a specific reporting entity. In addition, guidance has been added on how entities should apply the concept of materiality when making decisions on accounting policy disclosure.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates. The amendments to IAS 8 clarify the differences between changes in accounting policies and accounting estimates and define the estimates as monetary amounts in financial statements that are subject to measurement uncertainty. The IASB clarifies that changes in accounting estimates resulting from new information or developments do not constitute a correction of an error. Furthermore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. Changes in accounting policies may only impact profits/losses of the current period or the current and the future periods. The amendments are effective for annual periods beginning on or after 1 January 2023, for changes in accounting policies and changes in accounting estimates that occur on or after that date. Early application is permitted.

Amendments to IAS 12 Income Taxes clarify how entities should account for deferred taxes on leases and and decommissioning obligations. Under certain circumstances, IAS 12 provides for exemption of recognition of deferred taxes to the extent they are related to initial recognition of assets and liabilities. However, there was uncertainty as to whether the exemption would apply to leases and decommissioning obligations for which entities recognize both assets and liabilities. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Entities should recognize deferred taxes on such transactions.
A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that such differences arise from:

(a) the initial recognition of goodwill; or
(b) the initial recognition of an asset or liability in a transaction which:

(i) is not a business combination;

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);

(iii) when carried out, does not give rise to equal amounts of taxable and deductible temporary differences.

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(a) is not a business combination;

(b) at the time of the transaction profit, affects neither accounting profit nor taxable profit (tax loss);

(c) when carried out, does not give rise to equal amounts of taxable and deductible temporary differences.

An entity applies the above amendments to transactions that occur on or after the beginning of the earliest comparative period presented.

The adoption of the amendments and revisions to the standards effective from 1 January 2023 is not expected to have a material impact on the financial position or performance reported in the Bank's financial statements.

From 1 January 2024, the following amendments to IFRS will come into effect:

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

The effective date of Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-current has been finally postponed to 1 January 2024 from the originally planned 1 January 2022 and amended 1 January 2023. It is clarified that liability is classified as non-current if an entity has the right to defer the liability for at least 12 months. A right to defer settlement must exist at the end of the reporting period. An entity's right to defer settlement of a liability for at least 12 months after the reporting period must have substance and exist at the end of the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions, such right exists at the end of the reporting period only if the entity complies with those conditions at the end of the reporting period. Those conditions should be complied with at the end of the reporting period even if the creditor checks the compliance later.

The classification of a liability is not affected by the likelihood that the entity will exercise its right to defer settlement for at least 12 months after the reporting period. If a liability meets the criteria of IAS 1.69, it is classified as non-current, even if management intends or expects to settle the liability within 12 months after the reporting period or even if the entity settles the liability between the end of the reporting period and the date the financial statements are authorized for issue. However, in any case, it may be necessary to disclose the timing of the settlement to enable users of the financial statements to understand the impact of these circumstances on the entity's financial position.

Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants.

In accordance with the amendments, when an entity has the right to defer a liability, and that liability is subject to the covenants which an entity is required to comply with within 12 months after the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within 12 after the reporting period. In particular, the following information shall be disclosed:

- information on the substance of the covenants, the timing of fulfilling those covenants, and the carrying amount of the related liabilities;
- facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants, including those that may be assessed at the end of the reporting period.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (2020) shall come into effect from 1 January 2024. Early application is permitted. If an entity applies the 2020 amendments before 1 January 2024, but after the issue of Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants (10.2022), it is required to apply both these amendments at the same time. The application of the 2020 amendments before 1 January 2024 must be disclosed.

Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants (10.2022) shall be applied from 1 January 2024 retrospectively. Early application is permitted. In case of earlier application, all above amendments are applied at the same time. Early application must be disclosed.

The Bank does not intend to early apply these amendments to the standards, and plans to adopt them in the reporting period when they become effective.
The Bank is currently reviewing new or revised standards, interpretations and amendments that will become effective in the near future and whose adoption is not expected to have any significant impact on the financial position or performance reported in the financial statements. In 2023, the Bank will continue to assess the potential impact of the new standards on its financial statements.

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Cash on hand	223,423	108,673
2	Balances with the National Bank of Ukraine (excluding mandatory reserves)	198,451	110,816
3	Correspondent accounts, deposits and overnight loans due from banks	497,245	321,953
3.1	domestic banks	489,931	312,711
3.2	foreign banks	7,314	9,242
4	**Total cash and cash equivalents**	**919,119**	**541,442**

The amounts in this note are used to fill in line "Cash and cash equivalents" of the "Statement of financial position (Balance sheet)".

As at 31 December 2022, the Bank had no investments in short-term loans and overnight loans to other banks that would be attributable to cash under IFRS.

In connection with the military aggression of the Russian Federation against Ukraine, which began on 24 February 2022, cash on correspondent accounts in TRANSCAPITALBANK PAO (Russian Federation) and cash on hand in the exclusion areas set by the military administration are fully impaired and are reported in line 9 "Restricted cash" of Note 12 "Other financial assets".

Table 6.2. Analysis of changes in the carrying amount of cash and cash equivalents

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Gross carrying amount at the beginning of the period	541,442	361,640
2	Increase (decrease) in cash	114,750	(13,866)
3	Increase (decrease) in balances with the National Bank of Ukraine (other than mandatory reserves)	87,635	(45,177)
4	Increase in balances on correspondent accounts with Ukrainian banks	175,292	238,845
5	**Gross carrying amount of cash and cash equivalents at the end of the reporting period**	**919,119**	**541,442**

Table 6.3. Credit quality analysis of cash and cash equivalents

(UAH '000)

Line	Credit rating	Total
1	2	3
1	High	**919,119**
2	Total cash and cash equivalents	**919,119**

Note 7. Investments in securities

Table 7.1. Investments in securities (UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Securities at AC	2,793,229	3,728,513
2	Securities at FVTPL	1,095,406	1,526,751
3	**Total securities**	**3,888,635**	**5,255,264**

Table 7.2. Investments in securities at amortised cost (UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	NBU savings deposit certificates	2,025,550	3,728,513
2	Ukrainian government bonds	779,811	-
3	Provision for debt securities refinanced by the National Bank of Ukraine	(12,132)	-
4	**Total investments in securities at AC**	**2,793,229**	**3,728,513**

Table 7.3. Investments in securities at FVTPL (UAH '000)

Line	Item	31.12.2022p.	31 December 2021
1	2	3	4
1	Government bonds	1,095,406	1,526,751
2	**Total investments in securities at FVTPL**	**1,095,406**	**1,526,751**

The amounts in this note are used in the line "Investments in securities" of the Statement of Financial Position (Balance Sheet).

Amounts of income accrued and not received on debt securities at the close of the day:

- 31 December 2022 UAH 63,842 thousand
- 31 December 2021 UAH 39,228 thousand

Table 7.4. Credit quality analysis of investments in securities at AC as at 31 December 2022

(UAH '000)

Line	Item	NBU savings deposit certificates	Ukrainian government bonds	Total
1	2	4		5
1	Risk-free	2,025,550		2,025,550
2	Low credit risk		779,811	779,811
3	Impairment allowance for the debt securities at amortized cost		(12,132)	(12,132)
4	**Total debt securities at AC**	2,025,550	**767679**	**2,793,229**

For domestic government bonds measured at amortized cost, the allowance is determined based on the probability of default and the likely loss given default. This assessment excludes the possibility of debt repayment through the issue (explicit or implicit), which may lead to impairment of the asset at maturity, and is based on Ukraine's international credit rating.

Table 7.5. Credit quality analysis of investments in securities at amortized cost as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Total
1	2	3	4
1	NBU savings deposit certificates	3,728,513	3,728,513
1.2	Including risk-free	3,728,513	3,728,513
2	**Total debt securities at AC**	**3,728,513**	**3,728,513**

Table 7.6. Credit quality analysis of debt securities at FVTPL as at 31 December 2022

(UAH '000)

Line	Item	Risk-free	Total
1	2	3	4
1	Government bonds	1,095,406	1,095,406
2	**Total debt securities at FVTPL**	**1,095,406**	**1,095,406**

Table 7.7. Credit quality analysis of debt securities at FVTPL as at 31 December 2021

(UAH '000)

Line	Item	Risk-free	Total
1	2	3	4
1	Government bonds	1,526,751	1,526,751
2	**Total debt securities at FVTPL**	**1,526,751**	**1,526,751**

As at 31 December 2021, government bonds in the amount of UAH 729,115 thousand were pledged to secure loans received from the National Bank of Ukraine via refinancing.

As at 31 December 2022, domestic government bonds in the amount of UAH 9,533 thousand were pledged as collateral for loans under the state program e-Housing of PrJSC "UKRFINZHYTLO" and in the amount of UAH 404,040 thousand as collateral for borrowings of CE "KYIVTEPLOENERGO".

Note 8. Loans and advances to customers

Table 8.1. Loans and advances to customers

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Loans and advances to customers at AC	1,973,416	2,654,428
2	**Total loans and advances to customers, net of provisions**	**1,973,416**	**2,654,428**

Table 8.2. Loans and advances to customers at amortized cost

(UAH '000)

Line	Item	31 December 2022			31 December 2021		
		Gross carrying amount	Provision for loans to customers at AC	Carrying amount	Gross carrying amount	Provision for loans to customers at AC	Carrying amount
1	2	3	4	5=3+4	6	7	8=6+7
1	Loans to legal entities	964,297	(105,219)	859,078	1,131,368	(91,397)	1,039,971
2	Loans to individuals	867,393	(301,169)	566,224	1,072,088	(139,609)	932,479
3	Mortgage loans	559,555	(11,441)	548,114	684,080	(2,102)	681,978
4	**Total**	**2,391,245**	**(417,829)**	**1,973,416**	**2,887,536**	**(233,108)**	**2,654,428**

Table 8.3. Credit quality analysis of loans and advances to customers at amortized cost as at 31 December 2022

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Loans and advances to customers at amortized cost				
2	Minimum credit risk	1,218,471	-	-	1,218,471
3	Low credit risk	236,912	62,050	-	298,962
4	Medium credit risk	122,182	69,995	-	192,177
5	High credit risk	58,119	162,718	-	220,837
6	Default assets	-	-	460,798	460,798
7	**Total gross carrying amount of loans and advances to customers at AC**	**1,635,684**	**294,763**	**460,798**	2,391,245
8	Provisions for impairment of loans and advances to customers at AC	(38,162)	(76,320)	(303,347)	(417,829)
9	**Total loans and advances to customers at AC**	**1,597,522**	**218,443**	**157,451**	**1,973,416**

Table 8.4. Credit quality analysis of loans and advances to customers at AC as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Loans and advances to customers at amortized cost				
2	Minimum credit risk	1,903,012	-	-	1,903,012
3	Low credit risk	629,977	-	-	629,977
4	Medium credit risk	1,974	37,600	-	39,574
5	High credit risk	60,966	17,819	-	78,785
6	Default assets	-	-	236,188	236,188
7	**Total gross carrying amount of loans and advances to customers at AC**	**2,595,929**	**55,419**	**236,188**	**2,887,536**
8	Provisions for impairment of loans and advances to customers at AC	(45,923)	(14,655)	(172,530)	(233,108)
9	**Total loans and advances to customers at AC**	**2,550,006**	**40,764**	**63,658**	**2,654,428**

Table 8.5. Analysis of changes in provisions for impairment of loans and advances to customers at amortized cost as at 31 December 2022

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	3	5
1	Provision for impairment as at 1/1/2022	45,923	14,655	172,530	**233,108**
2	Purchased/originated financial assets	24,157	25,096	21,148	**70,401**
3	Financial assets derecognised or repaid (other than those written-off)	(24,677)	(3,441)	(15,669)	**(43,787)**
4	Overall effect of transfers between stages	(7,241)	40,010	125,338	**158,107**
4.1	Transfers to Stage 1	4,437	(752)	(314)	**3,371**
4.2	Transfers to Stage 2	(5,396)	50,426	(526)	**44,504**
4.3	Transfers to Stage 3	(6,282)	(9,664)	126,178	**110,232**
5	Financial assets written off against provision	-	-	-	-
6	Provision for impairment as at 31 December 2022	**38,162**	**76,320**	**303,347**	**417,829**

Table 8.6 Analysis of changes in impairment provisions for loans and advances to customers as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	3	5
1	Provision for impairment as at 1 January 2021	53,426	9,587	116,126	179,139
2	Purchased/originated financial assets	31,927	8,343	39,271	79,541
3	Financial assets derecognised or repaid (other than those written-off)	(46,428)	(6,431)	(3,437)	(56,296)
4	Overall effect of transfers between stages	6,998	3,156	46,285	56,439
4.1	Transfers to Stage 1	3,433	206	3,359	6,998
4.2	Transfers to Stage 2	(629)	534	1,992	3,155
4.3	Transfers to Stage 3	2,936	2,416	40,934	46,286
5	Financial assets written off against provision	-	-	(25,715)	(25,715)
6	Provision for impairment as at 31 December 2021	45,923	14,655	172,530	233,108

Table 8.7 Analysis of changes to the gross carrying amount of loans and advances to customers at amortized cost as at 31 December 2022

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at 1/1/2022	2,595,925	55,422	236,189	2,887,536
2	Purchased/originated financial assets	698,639	85,806	36,379	820,824
3	Financial assets derecognised or repaid (other than those written-off)	(1,025,163)	(25,510)	(45,478)	(1,096,151)
4	Transfers to Stage 1	(231,855)	(5,130)	(515)	(237,500)
5	Transfers to Stage 2	(211,205)	203,586	(1,099)	(8,718)
6	Transfers to Stage 3	(190,657)	(19,411)	235,322	25,254
7	Write-off of financial assets against provisions	-	-	-	-
8	**Gross carrying amount at 31 December 2022**	**1,635,684**	**294,763**	**460,798**	**2,391,245**

Table 8.8. Analysis of changes to the gross carrying amount of loans and advances to customers at amortized cost as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at 1 January 2021	2,266,065	77,277	159,993	2,503,335
2	Purchased/originated financial assets	278,700	43,868	51,260	373,828
3	Financial assets derecognised or repaid (other than those written-off)	(1,107,452)	(71,500)	(18,669)	(1,197,621)
4	Transfers to Stage 1	1,142,014	991	15,608	1,158,613
5	Transfers to Stage 2	1,927	1,305	2,545	5,777
6	Transfers to Stage 3	14,671	3,481	51,167	69,319
7	Write-off of financial assets against provisions	-	-	(25,715)	(25,715)
8	**Gross carrying amount at 31 December 2021**	**2,595,925**	**55,422**	**236,189**	**2,887,536**

Table 8.9. Loan structure by types of economic activity

(UAH '000)

Line	Type of economic activity	31 December 2022		31 December 2021	
		amount	%	amount	%
1	2	3	4	5	6
1	Extractive industry and development of quarries, processing industry, construction	463,282	19%	518,775	18%
2	Wholesale and retail trade, repairs of motor vehicles and motor bikes	261,916	11%	347,514	12%
3	Agriculture, forestry and fish farming	110,231	5%	129,067	4%
4	Finance, insurance, real estate, professional, scientific and technical activities, administrative and auxiliary services	43,998	2%	65,292	2%

5	Other	89,589	4%	77,379	3%
6	Individuals	1,422,229	59%	1,749,509	61%
8	**Total loans and advances to customers, net of provisions**	**2,391,245**	**100%**	2,887,536	100%

Table 8.10. Information about loans by the type of collateral as at 31 December 2022

(UAH '000)

Line Line	Item	Loans to legal entities	Loans to individuals	Mortgage loans	Total
1	2	3	4	5	6
1	Unsecured loans	5,149	556,668	-	561,817
2	Loans secured by	963,867	308,961	556,600	1,829,428
2.1	cash	12,592	4,117	-	16,709
2.2	real property	371,694	2,482	261,730	635,906
2.2.1	including residential real estate	57,259	2,482	255,319	315,060
2.3	guarantees and suretyships	111,861	6,511	1,903	120,275
2.4	other assets	467,720	295,851	292,967	1,056,538
3	**Total loans and advances to customers, net of provisions**	**969,016**	**865,629**	**556,600**	**2,391,245**

Table 8.11 Information about loans by the type of collateral as at 31 December 2021

(UAH '000)

Line Line	Item	Loans to legal entities	Loans to individuals	Mortgage loans	Total
1	2	3	4	5	6
1	Unsecured loans	5,502	681,240	2,467	689,209
2	Loans secured by	1,132,523	390,268	675,536	2,198,327
2.1	cash	7,591	133	1,435	9,159
2.2	real property	280,775	5,444	252,969	539,188
2.2.1	including residential real estate	19,398	5,444	245,021	269,863
2.3	guarantees and suretyships	212,879	4,876	414,296	632,051
2.4	other assets	631,278	379,815	6,836	1,017,929
3	**Total loans and advances to customers, net of provisions**	**1,138,025**	**1,071,508**	**678,003**	**2,887,536**

Table 8.12 Effect of collateral value on credit quality as at 31 December 2022

(UAH '000)

Line	Item	Carrying amount of loans	Expected cash flows from sale of collateral	Effect of collateral
1	2	3	4	5 = 3 - 4
2	Loans to legal entities	863,742	510,565	353,177
3	Loans to individuals	564,460	228,216	336,244
4	Mortgage loans	545,214	425,066	120,148
5	Total loans	1,973,416	1,163,847	809,569

Table 8.13 Effect of collateral value on credit quality as at 31 December 2021

(UAH '000)

Line	Item	Carrying amount of loans	Expected cash flows from sale of collateral	Effect of collateral
1	2	3	4	5 = 3 - 4
2	Loans to legal entities	1,046,602	669,919	376,683
3	Loans to individuals	931,899	298,073	633,826
4	Mortgage loans	675,927	214,168	461,759
5	Total loans	2,654,428	1,182,160	1,472,268

Note 9. Investment property

Table 9.1. Investment property at cost as at 31 December 2021

(UAH '000)

Line	Item	Land	Buildings	Land improvements	Total
1	2	3	4	5	6
1	**Balance at the end of 2020**	**62,172**	-	-	**62,172**
2	**Balance at the end of 2021**	**62,172**	-	-	**62,172**
3	**Balance at the end of 2022**	**62,172**	-	-	**62,172**

The amounts in this note are used to fill in line 6 "Investment property" of the "Statement of financial position (Balance sheet)".

During 2022, part of land plots (investment property items) were granted in an operating lease. The resulting income is presented in line 5 of Note 26 "Other operating income". Land is mainly held for a currently undetermined future use, and some land plots are leased out.

Table 9.2. Amounts recognized in the Statement of profit and loss and other comprehensive income

(UAH '000)

Line	Income and expenses	As at 31 December 2022	As at 31 December 2021
1	2		3
1	Gains on lease of investment property	395	754
2	Direct operating expenses for investment property that generate rental income	(480)	(480)

Note 10. Property, equipment and intangible assets

Table 10.1. Property, equipment and right-of-use assets as at 31 December 2022

(UAH '000)

Line	Item	Buildings and constructions	Buildings and constructions in operating lease	Capital investments in buildings and constructions received in operating lease	Total buildings and constructions	Communication and network equipment	Vehicles	Fixtures and fittings	Office equipment	Other property and equipment	Construction in progress	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1	**Carrying amount at the beginning of 2021:**	**96,648**	**20,570**	**5,380**	**122,598**	**9,789**	**3,309**	**188**	**759**	**281**	**1,675**	**138,599**
1.1	Historical (revalued) cost	129,231	39,323	15,088	183,642	18,818	5,529	460	2,569	9,638	1,675	222,331
1.2	Depreciation at the beginning of 2021	(32,583)	(18,753)	(9,708)	(61,044)	(9,029)	(2,220)	(272)	(1,810)	(9,357)	-	(83,732)
2	Additions	-	16,742	1,783	18,525	7,890	1,296	31	-	3,999	1,503	33,244
3	Capital investments for completion of property and equipment and improvement of intangible assets	96	-	58	154	1,133	-	-	-	-	-	1,287
4	Disposals	-	(5,748)	(499)	(6,247)	(628)	-	(16)	(14)	(276)	-	(7,181)
5	Write-off of accumulated depreciation due to disposal	-	5,614	490	6,104	611	-	16	13	173	-	6,917
6	Depreciation/amortisation charges	(5,140)	(18,151)	(2,313)	(25,604)	(2,736)	(1,214)	(83)	(152)	(3,857)	-	(33,646)
7	**Carrying amount at the end of 2021 (beginning of 2022)**	**91,604**	**19,027**	**4,899**	**115,530**	**16,059**	**3,391**	**136**	**606**	**320**	**3,178**	**139,220**

7.1	Historical (revalued) cost	129,327	50,317	16,430	196,074	27,213	6,825	475	2,555	13,361	3,178	249,681
7.2	Depreciation at the end of 2020 (at the beginning of the 2022p.)	(37,723)	(31,290)	(11,531)	(80,544)	(11,154)	(3,434)	(339)	(1,949)	(13,041)	-	(110,461)
8	Additions	-	46,054	-	46,054	-	-	-	-	-	7,114	53,168
9	Capital investments for completion of property and equipment and improvement of intangible assets	17	-	-	17	-	-	-	-	-	-	17
10	Other transfers	373	-	631	1,004	2,697	-	1,706	94	1,564	(8,889)	(1,824)
11	*Disposals:*	-	*(15,467)*	-	*(15,467)*	-	-	-	-	-	-	*(15,467)*
11.1	Historical (revalued) cost	-	(41,265)	(536)	(41,801)	(458)	-	(45)	(40)	(184)	-	(42,528)
11.2	Write-off of accumulated amortization due to disposal	-	25,798	536	26,334	458	-	45	40	184	-	27,061
12	Depreciation/amortisation charges	(5,171)	(22,514)	(2,475)	(30,160)	(3,575)	(1,162)	(159)	(158)	(1,686)	-	(36,900)
13	**Carrying amount at the end of 2022**	**86,823**	**27,100**	**3,055**	**116,978**	**15,181**	**2,229**	**1,683**	**542**	**198**	**1,403**	**138,214**
13.1	Historical (revalued) cost	129,717	55,106	16,525	201,348	29,452	6,825	2,136	2,609	14,741	1,403	258,514
13.2	Depreciation/amortization at the end of 2022	(42,894)	(28,006)	(13,470)	(84,370)	(14,271)	(4,596)	(453)	(2,067)	(14,543)	-	(120,300)

As at 31 December 2022, the right-of-use assets under lease arrangements at the historical cost of UAH 27,100 thousand recognised by the Bank were included in Property, equipment and right-of-use assets in the Statement of Financial Position (Balance Sheet).

Information on right-of-use assets is provided in column 4 of Table 10.1. in order to bring the format of disclosure of indicators and line items of the financial statements closer to the format of presentation of financial statements in accordance with international standards in a single electronic format UA Taxonomy IFRS XBRL 2021 (v.1.1).

Table 10.2. Intangible assets as at 31 December 2022

(UAH '000)

Line	Item	Computer software	Copyrights	Other intangible assets	Total intangible assets
1	2	3	4	5	6
1	Carrying amount at the beginning of 2021:	32,200	15	-	**32,215**
1.1	Historical (revalued) cost	55,644	25	35	**55,704**
1.2	Depreciation at the beginning of 2021	(23,444)	(10)	(35)	**(23,489)**
2	Additions	18,919	-	-	**18,919**
3	Disposals	(71)	-	-	**(71)**
4	Write-off of accumulated depreciation due to disposal	71	-	-	**71**
5	Depreciation/amortisation charges	(6,072)	(3)	-	**(6,075)**
6	Carrying amount at the end of 2021 (beginning of 2022)	45,047	12	-	**45,059**
6.1	Historical (revalued) cost	74,492	25	35	**74,552**
6.2	Depreciation at the end of 2020 (at the beginning of the 2022p.)	(29,445)	(13)	(35)	**(29,493)**
7	Additions	6,043	5	-	**6,048**
8	Capital investments for completion of property and equipment and improvement of intangible assets	12,303	17	-	**12,320**
9	Other transfers	1,506	-	-	**1,506**
10	*Disposals*	-	-	-	**-**
10.1	Historical (revalued) cost	(62)	-	-	**(62)**
10.2	Write-off of accumulated depreciation due to disposal	62	-	-	**62**
11	Depreciation/amortisation charges	(4,944)	(4)	-	**(4,948)**
12	Carrying amount at the end of 2021	59,955	30	-	**59,985**
12.1	Historical (revalued) cost	94,282	47	35	**94,364**
12.2	Depreciation at the end of 2020	(34,327)	(17)	(35)	**(34,379)**

The amounts in this note are used to fill in line "Property, equipment and intangible assets" of the "Statement of financial position (Balance sheet)".

Also, the amount of accumulated amortisation (depreciation) for the year is analysed in Note 27 Administrative and other expenses.

PJSC CB GLOBUS does not have:

- property and equipment restricted for possession, use or disposal according to the effective legislation;
- property, equipment and intangible assets pledged as collateral;
- property and equipment decommissioned for sale;
- intangible assets with restricted titles.

There are neither generated intangible assets, nor purchases in a business combination.

During 2022, part of property, equipment and intangible assets and right-of-use assets were located in the occupied territories, particularly in the city of Kherson. As at 31 December 2022, Kherson was de-occupied, but access to the property is restricted by the military administration.

As at 31 December 2022, the carrying amounts of the property located in Kherson were as follows:

- Property and equipment – UAH 27 thousand;
- Capital investments – UAH 62 thousand;
- Right-of-use assets – UAH 41 thousand;
- Intangible assets – UAH 1.5 thousand

Information on damaged property in Kherson is not available. According to the Bank's security service, employees of the Bank's branch in Kherson reported no external damage. Impairment of the assets was not assessed to their immaterial residual value.

Cash on hand in the Bank's branch in Kherson has been fully provided.

Impairment losses were not remeasured, assessed or recognised. Impairment losses were not recognised or reversed in profit or loss in accordance with IAS 36. There are no contractual obligations related to the acquisition of property and equipment.

Historical (revalued) cost of fully depreciated property and equipment comprised:

- UAH 49,557 thousand as at 31 December 2022;
- UAH 40,835 thousand as at 31 December 2021.

There have been no changes in the carrying amounts recognized based on property and equipment revaluation results during the reporting period.

There have been no impairment losses recognised or reversed directly in equity.

Note 11. Other assets

Table 11.1. Other assets

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Current assets acquired as a result of foreclosure of collateral	3,783	3,783
2	Receivables on acquisition of assets	5,890	6,054
3	Prepayments for services	859	836
4	Precious metals	3,333	9,026
5	Deferred expenses	4,723	24,129
6	Inventories	564	623
7	Taxes and duties payable, other than income tax	41	143
8	Other assets	2	4
9	Provision for impairment of other assets	(790)	(5,292)
10	**Total other assets less provisions**	**18,405**	**39,306**

The amounts in this note are used to fill in line 11 "Other assets" of the *"Statement of financial position (Balance sheet)"*.

Table 11.2. Analysis of changes in provision for impairment of other assets as at 31 December 2022

(UAH '000)

Line	Movements in provisions	Receivables on acquisition of assets	Prepayment for services	Other assets	Total
1	2	3	4	5	6
1	Balance at 31 December 2021	(5,291)	(1)	-	(5,292)
2	(Decrease)/increase in provision for impairment during the period	4,586	(82)	(2)	4,502
3	Balance at 31 December 2022	(705)	(83)	(2)	(790)

Table 11.3. Analysis of changes in provision for impairment of other assets as at 31 December 2021

(UAH '000)

Line	Movements in provisions	Receivables on acquisition of assets	Prepayment for services	Other assets	Total
1	2	3	4	5	6
1	Balance at 31 December 2020	(639)	(89)	(728)	(639)
2	(Decrease)/increase in provision for impairment during the period	(4,652)	88	(4,564)	(4,652)
3	Balance at 31 December 2021	(5,291)	(1)	(5,292)	(5,291)

Note 12. Other financial assets

Table 12.1. Other financial assets

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Receivable on transactions with payment cards	7,437	8,370
2	Due from other banks	3,200	253
3	Receivables on transactions with other financial instruments (transactions with guarantees and transactions with credit partners)	40,700	40,554
4	Receivables on unrecovered transfers paid to individuals	4,883	4,385
5	Receivables on income accrued	1,639	3,053
6	Receivables on lending transactions	8,803	732
7	Cash on settlement accounts in other banks	19,150	36,950
8	Cash on settlement accounts of legal entities	64,465	31,710
9	Cash restricted for use	2,754	
10	Other financial assets	7,196	5,286
11	Provision for impairment of other financial assets	(26,988)	(22,298)
12	**Total other financial assets less provisions**	**133,239**	**108,995**

As at 31 Decmber 2022, the balance of line 7 "Cash on settlement accounts in other banks" includes amounts of guaranteed deposits placed by the Bank with the Operational Department of the NBU, PrJSC "BANK FAMILNYI", JSC "FUIB", and JSB "UKRGAZBANK".

As at 31 December 2021, the balance of line 7 "Cash on settlement accounts in other banks" includes amounts of guaranteed deposits placed by the Bank with the Operational Department of the NBU, PrJSC "BANK FAMILNYI", JSC "FUIB", JSB "UKRGAZBANK", and JSC "MEGABANK".

Line 10 "Cash restricted for use" includes cash on correspondent accounts in TRANSCAPITALBANK PAO (Russian Federation) and cash on hand in the exclusion areas set by the military administration. These balances are fully impaired.

Table 12.2. Analysis of changes in the provision for impairment of other financial assets as at 31 December 2022.

(UAH '000)

Line	Movements in provisions	Receivables on transactions with other financial instruments	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts of legal entities	Cash restricted for use	Total
1	2	4	5	6	7		8
1	Balance at the beginning of the period	(21,058)	(442)	(151)	(647)	-	(22,298)
2	(Decrease)/increase in provision for impairment during the period	(109)	(247)	4	(1,584)	(2,754)	(4,690)
3	Balance at the end of the period	(21,167)	(689)	(147)	(2,231)	(2,754)	(26,988)

Table 12.3. Analysis of changes in the provision for impairment of other financial assets as at 31 December 2021.

(UAH '000)

Line	Movements in provisions	Due from other banks	Receivables on transactions with other financial instruments	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts of legal entities	Total
1	2	3	4	5	6	7	8
1	Balance at the beginning of the period	-	(4,967)	(287)	(574)	(294)	(6,122)
2	(Decrease)/increase in provision for impairment during the period	-	(16,091)	(155)	33	(353)	(16,566)
3	Write-off against provision	-	-	-	390	-	390
4	Balance at the end of the period	-	(21,058)	(442)	(151)	(647)	(22,298)

Table 12.4. Analysis of changes in gross carrying amount of other financial assets as at 31 December 2022

(UAH '000)

Line	Item	Receivables on transactions with payment cards	Due from other banks	Receivables on transactions with other financial instruments	Receivables on unrecovered transfers paid to individuals	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts in other banks	Cash on settlement accounts of legal entities	Cash restricted for use	Other financial assets	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Balance at the beginning of the period	8,370	253	40,554	4,385	3,053	732	36,950	31,710		5,286	131,293
2	Receivables initially recognised during the reporting period	2,385,314	246,016	74,286	225,828	16,923	16,862	446,418	34,748	13,654	862,758	4,322,929
3	Receivables derecognised or repaid	(2,386,247)	(243,069)	(74,140)	(225,330)	(18,337)	(8,791)	(464,218)	(1,993)	(10,900)	(860,848)	(4,293,873)
4	Write-off against provision	-	-	-	-	-	-	-	-	-	-	-
5	Balance at the end of the period	7,437	3,200	40,700	4,883	1,639	8,803	19,150	64,465	2,754	7,196	160,227

Table 12.5. Analysis of changes in gross carrying amount of other financial assets as at 31 December 2021

(UAH '000)

Line	Item	Receivable on transactions with payment cards	Due from other banks	Receivables on transactions with other financial instruments	Receivables on unrecovered transfers paid to individuals	Receivables on income accrued	Receivables on lending transactions	Cash on settlement accounts in other banks	Cash on settlement accounts of legal entities	Other financial assets	Total
1	2	3	4	5	6	7	8	9	10	11	12
1	Balance at the beginning of the period	1,924	51	10,302	5,477	2,313	577	5,154	8,822	557	35177
2	Receivables initially recognised during the reporting period	1,801,570	26,694	135,112	131,193	31,486	1,960	7,507,525	28,242	474,592	10,138,374
3	Receivables derecognised or repaid	(1,795,124)	(26,492)	(104,860)	(132,285)	(30,746)	(1,415)	(7,475,729)	(5,354)	(469,863)	(10,041,868)
4	Write-off against provision	-	-	-	-	-	(390)	-	-	-	(390)
5	Balance at the end of the period	8,370	253	40,554	4,385	3,053	732	36,950	31,710	5,286	131,293

Table 12.6. Analysis of credit quality of other financial assets as at 31 December 2022

(UAH '000)

Line	Item	Minimum credit risk	Low credit risk	Medium credit risk	High credit risk	Default assets	Total
1	2	3	4	5	6	7	8
1	Receivable on transactions with payment cards	7,437	-	-	-	-	7,437
2	Due from other banks	3,200	-	-	-	-	3,200
3	Receivables on transactions with other financial instruments	19,534	-	-	-	21,166	40,700
4	Receivables on unrecovered transfers paid to individuals	4,883	-	-	-	-	4,883
5	Receivables on income accrued	949	-	-	-	690	1,639
6	Receivables on lending transactions	8,656	-	-	-	147	8,803
7	Cash on settlement accounts in other banks	19,150	-	-	-	-	19,150
8	Cash on settlement accounts of legal entities	64,465	-	-	-	-	64,465
9	Cash restricted for use	-	-	-	-	2,754	2,754
10	Other financial assets	7,196	-	-	-	-	7,196
11	Provision for impairment of other financial assets	(2,231)	-	-	-	(24,757)	(26,988)

12	**Total other financial assets less provisions**	**133,239**	**-**	**-**	**-**	**-**	**133,239**

Table 12.7. Analysis of credit quality of other financial assets as at 31 December 2021

(UAH '000)

Line	Item	Minimum credit risk	Low credit risk	Medium credit risk	High credit risk	Default assets	Total
1	2	3	4	5	6	7	8
1	Receivable on transactions with payment cards	8,370	-	-	-	-	8,370
2	Due from other banks	253	-	-	-	-	253
3	Receivables on transactions with other financial instruments	7,915	11,307	260	13	21,059	40,554
4	Receivables on unrecovered transfers paid to individuals	4,385	-	-	-	-	4,385
5	Receivables on income accrued	1,138	1,324	17	132	442	3,053
6	Receivables on lending transactions	-	581	-	-	151	732
7	Cash on settlement accounts in other banks	36,900	50	-	-	-	36,950
8	Cash on settlement accounts of legal entities	31,710	-	-	-	-	31,710
9	Other financial assets	5286	-	-	-	-	5,286

Note 13. Due to banks

Table 13.1. Due to banks

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2		3
1	Due to the National Bank of Ukraine	-	688,196
2	**Total due to banks**	**-**	**688,196**

Table 13.2. Analysis of due to banks by maturity and collateral as at 31 December 2021

(UAH '000)

#	Due to the NBU	Interest rate	Maturity		Collateral amount
			From	To	
1	24,000	10	8 May 2020	25 April 2025	25,459
2	400,000	10	10 July 2020	4 July 2025	417,600
3	213,000	10	11 December 2020	5 December 2025	222,372
4	19,000	10	13 November 2020	7 November 2025	19,836

5	42,000	10	12 February 2021	6 February 2026	43,848
Total	698,000				729,115

The amounts in this note are used to fill in line "Due to banks" of the Statement of financial position (Balance sheet).

Expense accrued but not paid on due to banks:

nil as at 31 December 2022;
nil as at 31 December 2021.

Note 14. Customer accounts

Table 14.1. Customer accounts

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Government and non-government organisations:	1,726	974
1.1	Current accounts	1,523	773
1.2	Term deposits	203	201
2	Other legal entities	4,369,565	5,754,537
2.1	Current accounts	3,402,385	3,222,815
2.2	Term deposits	861,422	2,073,747
2.3	Cash on settlements	105,758	457,975
3	Individuals	1,839,611	1,518,279
3.1	Current accounts	357,369	256,379
3.2	Term deposits	1,482,242	1,261,900
4	**Total due to customers**	**6,210,902**	**7,273,790**

The amounts in this note are used to fill in line "Due to customers" of the Statement of financial position (Balance sheet).

Expense accrued but not paid on due to customers:

- UAH 19,684 thousand as at 31 December 2022;
- UAH 13,306 thousand as at 31 December 2021.

Table 14.2. Due to customers by type of activity

(UAH '000)

Line	Type of economic activity	31 December 2022		31 December 2021	
		amount	%	amount	%
1	2	3	4	5	6
1	Production and distribution of electricity, gas and water	556,123	8.95%	68,989	0.95%
2	Transactions with property, leases, engineering and servicing	548,450	8.83%	582,947	8.01%
3	Trade, repair of cars and consumer and household items	1,158,271	18.65%	562,456	7.73%
4	Agriculture, hunting, forestry	24,854	0.40%	18,365	0.25%
5	Individuals	1,839,626	29.62%	1,519,931	20.90%
6	Insurance services	199,518	3.21%	171,109	2.35%
7	Transportation activities and additional transportation services	82,009	1.32%	107,326	1.48%
8	Provision of information services	25,416	0.41%	2,090	0.03%
9	Provision of financial services	117,866	1.90%	276,245	3.80%
10	Education, health and welfare plans	6,169	0.10%	6,438	0.09%
11	Due to non-resident legal entities	33,201	0.53%	12,636	0.17%
12	Construction and specialised construction works	801,211	12.90%	3,594,786	49.42%
13	Advertising activities	6,280	0.10%	17,343	0.24%
14	Production of vehicles	179,599	2.89%	10,040	0.14%
15	Production of finished metal products	182,320	2.94%	12,807	0.18%
16	Activities of non-government organisations	47,755	0.77%	-	-
17	Mining and auxiliary services in the extractive industry	53,974	0.87%	-	-
18	Other	348,260	5.61%	310,282	4.27%
19	Total due to customers	**6,210,902**	**100%**	**7,273,790**	**100%**

The carrying amount of borrowings is UAH 14,559 thousand that were pledged as collateral on lending transactions in the amount of UAH 17,331 thousand.

The carrying amount of borrowings is UAH 374,677 thousand that were pledged as collateral on guarantees in the amount of UAH 2,258,769 thousand.

Note 15. Debt securities issued by the Bank

Table 15.1. Debt securities issued by the Bank

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Deposit certificates	210	167
2	Total	210	167

As at 31 December 2022, debt securities issued by the bank included:

- savings (deposit) certificates issued by bank for the amount of UAH 210 thousand.

There are no assets pledged as collateral on securities issued by the Bank and convertible debt instruments.

Note 16. Provisions for liabilities

Table 16.1. Movements in provisions for liabilities as at 31 December 2022

(UAH '000)

Line	Movements in provisions	Credit related commitments
1	2	3
1	**Balance as at 31 December 2020**	**10,019**
2	Establishment and/or increase of provision	7,313
3	Fees and commissions on guarantees issued	116,828
4	Amortisation of fees and commissions received on guarantees issued and recognized in the Statement of profit and loss and other comprehensive income	(33,480)
5	Gains from derecognition of financial liabilities	(52,889)
6	Impact of translation to reporting currency	(1,207)
7	**Balance as at 31 December 2021**	**46,584**
8	Establishment and/or increase of provision	8,220
9	Fees and commissions on guarantees issued	96,219
10	Amortisation of fees and commissions received on guarantees issued and recognized in the Statement of profit and loss and other comprehensive income	(60,824)
11	Gains from derecognition of financial liabilities	(23,797)
12	Impact of translation to reporting currency	927
13	**Balance as at 31 December 2022**	**67,329**

The amounts in this note are used to fill in line "Provisions for liabilities" of the "Statement of financial position (Balance sheet)".

Provisions for financial commitments are created to secure fulfilment of such obligations in the future that are recognised as liability in the Bank's balance sheet, giving evidence of potential losses as a result of an outflow of economic benefits related to fulfilment of such commitments by the Bank.

In the reporting period, the Bank has not drawn on the provisions for granted financial guarantees to fulfil the assumed liabilities.

According to the agreements with customers, the Bank's guarantees and commitments to extend loans expire in 2022 – 2028. The amount of the fees collected for the guarantees issued is amortised on a straight line basis during the validity period of the guarantees.

Note 17. Other financial liabilities

Table 17.1. Other financial liabilities

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Payables on transactions with payment cards	640	1,681
2	Payables on transactions with foreign currency	6	5
3	Suspense loans	1,149	25
4	Payables on transactions with banks	13,281	13,145
5	Payables on transactions with the customers	1,038	3,111
6	Payables on lending transactions	1,763	1,316
7	Expenses accrued	563	5
8	Cash on settlements	54,901	32,958
9	Equity instrument containing write-off/conversion clauses	48,502	37,270
10	**Total other financial liabilities**	**121,843**	**89,516**

The amounts in this note are used to fill in the line "Other liabilities" of the Statement of Financial Position (Balance Sheet).

Note 18. Other liabilities

Table 18.1. Other liabilities

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Taxes and duties other than income tax payable	6,044	4,922
2	Payables to the Bank's employees	33,891	28,065
3	Payables on asset purchase transactions	3	273
4	Deferred income	1,970	6,868
5	Services payable	2,691	6,423
6	**Total**	**44,599**	**46,551**

Note 19. Lease liabilities

As at 31 December 2022, a lease liability for the amount of UAH 33,040 thousand measured at the present value of the lease payments outstanding at the reporting date was included in the line "Lease liabilities" of the Statement of Financial Position (Balance Sheet).

Table 19.1. Lease liabilities

(UAH '000)

Line	Item	2022	2021
1	**Carrying amount at the beginning of the period**	**17,419**	**20,930**
2	Liabilities recognised in the reporting period	45,104	16,533
3	Interest on the liabilities accrued	4,491	2,780
4	Decrease in the carrying amount of a liability when recognizing lease payments made to a lessor	17,867	22,689
5	Decrease in the carrying amount of a liability (early termination of a lease, change in value)	16,107	135
6	**Carrying amount at the end of the period**	**33,040**	**17,419**

Note 20. Derivative financial liabilities

Table 20.1 Derivative financial liabilities

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Revaluation of foreign currency sale/purchase forward contracts	-	225
2	Revaluation of foreign currency swap contracts	-	200
3	**Total derivative financial assets**	-	**425**

Note 21. Subordinated debt

Table 21.1 Liabilities on subordinated debt

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Subordinated debt	61,444	45,834
2	Interest accrued on subordinated debt	371	277
3	**Total liabilities on subordinated debt**	**61,815**	**46,111**

The amounts in this note are used in the line "Subordinated debt" of the Statement of Financial Position (Balance Sheet).

The significant increase in the carrying value of subordinated debt in 2022 resulted from a significant increase in USD to UAH.

Note 22. Share capital and share premium

(UAH '000)

Line	Item	Number of shares in issue (in thousands)	Ordinary shares	Total
1	2	3	4	5
1	Balance as at 31 December 2021	300	300,000	300,000
2	**Balance as at 31 December 2022**	**300**	**300,000**	**300,000**

The amounts in this note are used in line 24 ***"Share capital" of the Statement of Financial Position (Balance Sheet)***.

The number of shares declared for issue is 300,000 (three hundred thousand) shares.

Number of shares issued and paid: 300,000 (three hundred thousand) shares.

Nominal value per share: one thousand Ukrainian hryvnias (UAH 1,000).

There are no preferences or restrictions on the Bank's shares.

There are no options or sale contracts.

The Bank did not take decisions to decrease its statutory capital during the period of its existence.

Note 23. Maturity analysis of assets and liabilities

Based on the requirements of paragraphs 60, 63 of IAS 1 *Presentation of Financial Statements*, the management of the Bank believes that the presentation of the assets and liabilities in in either ascending or descending order of respective liquidity ratios makes the disclosures more relevant and reliable than presentation of such information based on determination of current indicators, whereas the Bank does not deliver goods or services within an operating cycle that can be identified clearly. Therefore, balances on transactions with assets and liabilities have been presented in light of their contractual maturities.

Given that:

- actual maturities of targeted loans for purchase of vehicles and property when the Bank's customers repay loans much earlier than the contractual payments; and
- maturities of individuals' deposits when the vast majority of depositors normally renew their deposits,

management of the Bank believes that liquidity gaps will have an immaterial effect on the Bank's operations.

Line	Item	Notes	31 December 2022			31 December 2021		
			less than 12 months	more than 12 months	*Total*	less than 12 months	more than 12 months	*Total*
1	2	3	4	5	6	7	8	9
	ASSETS							
1	Cash and cash equivalents	6	919,119	-	919,119	541,442	-	541,442
2	Investments in securities	7	2,665,892	1,222,743	3,888,635	4,575,304	679,960	5,255,264
3	Loans and advances to customers	8	880,914	1,092,502	1,973,416	1,281,538	1,372,890	2,654,428
4	Investment property	9	-	62,172	62,172	-	62,172	62,172
5	Deferred tax asset		3,153	-	3,153	3,153	-	3,153
6	Property and equipment	10	-	111,114	111,114	-	120,193	120,193
7	Right-of-use assets		1,101	25,999	27,100	3,147	15,880	19,027
8	Intangible assets			59,985	59,985		45,059	45,059
9	Derivative financial assets		-	-	-	133	-	133
10	Other assets	11	18,405	-	18,405	39,304	2	39,306
11	Other financial assets		66,231	67,008	133,239	38,707	70,288	108,995
12	Non-current assets classified as held for sale	12	-	266	266	-	-	-
13	**Total assets**		4,554,815	2,641,789	7,196,604	6,482,728	2,366,444	8,849,172
	LIABILITIES							
14	Due to banks	13	-	-	-	-	688,196	688,196
15	Due to customers	14	5,746,544	464,358	6,210,902	6,466,470	807,320	7,273,790
16	Debt securities issued by the Bank	15	210	-	210	167	-	167
17	Other borrowed funds		629	1,877	2,506	-	-	-
18	Provisions for liabilities	16	34,985	32,344	67,329	15,223	31,361	46,584
19	Lease liabilities		15,789	17,251	33,040	9,890	7,529	17,419
20	Other financial liabilities		73,652	48,191	121,843	52,479	37,037	89,516
21	Other liabilities	18	42,631	1,968	44,599	39,683	6,868	46,551
22	Derivative financial liabilities		-	-	-	425	-	425
23	Subordinated debt	21	371	61,444	61,815	278	45,833	46,111
24	Income tax liability		7,019	-	7,019	11,133	-	11,133
25	**Total liabilities**		**5,921,830**	**627,433**	**6,549,263**	**6,595,748**	**1,624,144**	**8,219,892**

Note 24. Interest income and expense

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
	INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST RATE		
	Interest income on financial assets carried at amortised cost		
1	Loans and advances to customers	530,389	656,176
2	Due from banks:	2,181	3,023
3	Debt securities	127,289	12,241
4	Total interest income on financial assets at amortized cost	659,859	671,440
	OTHER INTEREST INCOME AT FVTPL		
5	Loans and advances to customers	-	-
6	Debt securities	193,106	151,906
7	Total interest income on financial assets at FVTPL	193,106	151,906
8	**Total interest income**	**852,965**	**823,346**
	INTEREST EXPENSES CALCULATED USING THE EFFECTIVE INTEREST RATE		
	Interest expenses on financial liabilities at AC		
9	Term deposits from legal entities	(106,467)	(121,824)
10	Term deposits from individuals	(143,274)	(119,028)
11	Term deposits from other banks	(6,632)	(28,022)
12	Refinancing loans from the NBU	(100,270)	(42,357)
13	Current accounts	(136,778)	(44,852)
14	Other borrowed funds	(8)	-
15	Lease liabilities	(4,503)	(2,785)
16	Interest expense on subordinated debt	(4,885)	(4,052)
17	Interest expense on equity instrument containing write-off/conversion clauses	(4,086)	(3,591)
18	Total interest expense calculated using the effective interest rate	(506,903)	(366,511)
19	**Total interest expense**	**(506,903)**	**(366,511)**
20	**Net interest income/(expense)**	**346,062**	**456,835**

The amounts in this note are used to fill in lines 1, 2 and 3 ("Net interest income") of the "Statement of profit or loss and other comprehensive income (Income Statement)".

Note 25. Fee and commission income and expense

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
	FEE AND COMMISSION INCOME:		
1	Cash and settlement transactions	80,173	97,002
2	Transactions with securities	749	837
3	Fee and commission income from currency market transactions	24,222	16,142
4	Agent's fees	69	270

5	Commissions for servicing loans and credit-related commitments	16,325	46,278
6	Guarantees issued	66,977	51,917
7	Other	1,712	1,694
8	**Total fee and commission income**	**190,227**	**214,140**
	FEE AND COMMISSION EXPENSES:		
9	Cash and settlement transactions	(21,061)	(17,885)
10	Payment card transactions	(14,141)	(12,125)
11	Transactions with guarantees and sureties	(17)	-
12	Other	(8)	(8)
13	**Total fee and commission expense**	**(35,227)**	**(30,018)**
14	**Net commission income/(expense)**	**155,000**	**184,122**

The amounts in this note are used in the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

Note 26. Other operating income

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	**Other operating income from ordinary activities**	**51,031**	**100,733**
1.1	Income from lending-related services	803	5,214
1.2	Income from insurance agency services	24285	41,665
1.3	Income from advisory services	-	1
1.4	Gains from derecognition of financial liabilities	23,797	52,839
1.5	Gain on termination of deposits	422	548
1.6	Other	1,724	466
2	**Other operating income**	**3,617**	**5,800**
2.1	Income from reimbursement of court costs and other penalties	251	1,130
2.2	Income from sale of non-current assets	11	-
2.3	Recovery of bad debt previously written off	1,461	1,893
2.4	Fines and penalties incurred	244	763
2.5	Rental income from investment property	395	754
2.6	Operating lease (rental) income from other property	1,255	1,260
3	**Total operating income**	**54,648**	**106,533**

The amounts in this note are used in the lines "Other operating income from ordinary activities" and "Other operating income" of the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

Note 27. Administrative and other operating expenses

Table 27.1 Employee benefits expense

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Salaries and bonuses	(288,235)	(313,900)
2	Social contributions	(41,657)	(42,126)
3	Other employee benefits	(1,880)	(1,660)
4	**Total personnel expenses**	**(331,772)**	**(357,686)**

Table 27.2 Depreciation/amortisation expense

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Depreciation of property and equipment	(12,809)	(11,784)
2	Amortisation of software and intangible assets	(6,512)	(9,896)
4	Amortisation of right-of-use asset	(22,514)	(18,151)
5	**Total depreciation/amortisation expense**	**(41,835)**	**(39,831)**

Table 27.3 Other administrative and other operating expenses

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Costs of maintenance of property, equipment and intangible assets, telecommunications and other utility operating services	(33,267)	(31,060)
2	Operating lease expense	(78)	(38)
3	Professional services	(1,446)	(3,195)
4	Marketing and advertisement	(1,384)	(4,586)
5	Insurance expenses	(20,067)	(35,067)
6	Other taxes and duties paid, excluding corporate profit tax	(13,762)	(13,947)
7	Legal services, notary services, property valuation	(3,401)	(2,278)
8	Business expenses	(2,499)	(3,672)
9	Payments processor services	(6,201)	(5,477)
10	Other administrative expenses	(438)	(1,182)
11	Sponsorship and charity, contributions to benefit plans	(2,848)	(862)
12	Penalties, fines paid by the Bank	-	(12)
13	Negative result from disposal of property, equipment and intangible assets	-	(917)
15	Security expenses	(612)	(573)
16	Expenses on financial advisory services received	(3,800)	(13,054)

17	Software costs	(14,330)	(24,707)
18	Other	(7,397)	(15,200)
19	**Total administrative and other operating expenses**	**(111,530)**	**(155,827)**

The amounts in this note are used in the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

Note 28. Income tax expense

In the reporting and previous periods, the Bank had no income tax expenses. For this reason, the table "Income tax expenses" was not filled.

Table 28.1. Reconciliation of expected and actual tax expense

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	**Profit before tax**	26,479	124,818
2	Theoretical tax deductions at applicable tax rate (18%)	(4,766)	(22,467)
3	Expenses not included in tax expenses	(3,646)	(1,721)
4	Accumulated tax losses		-
5	Estimated income tax expense for the year	(8,412)	(24,188)
6	Minimum tax liabilities	(6)	
8	Actual income tax expense for the year	(8,418)	(24,224)

Deferred tax expense in 2022 was not increased out of prudence principle.

Table 28.2. Tax effects attributable to recognized deferred tax assets and deferred tax liabilities as at 31 December 2022

(UAH '000)

Line	Item	Balance as at 1 January 2022	Recognised in profit/loss	Balance as at 31 December 2021
1	2	3	4	5
1	Carrying amount of property and equipment and intangible assets	2,843	(56)	2,787
2	Negative result from dealing in securities	-	2,001	2,001
3	Net deferred tax asset / (liability)	2,843	1,945	4,788
4	Changes in unrecognised deferred tax asset	309	(1,945)	(1,635)
5	Recognized deferred tax asset	3,153	-	3,153

Table 28.3. Tax effects attributable to recognized deferred tax assets and deferred tax liabilities as at 31 December 2021

(UAH '000)

Line	Item	Balance as at 1 January 2021	Recognised in profit/loss	Balance as at 31 December 2021
1	2	3	4	5
1	Carrying amount of property and equipment and intangible assets	2,760	82	2,843
2	Write down of securities	392	(392)	-
3	Net deferred tax asset / (liability)	3,153	(309)	2,843
4	Changes in unrecognised deferred tax asset	-	309	309
5	Recognized deferred tax asset	3,153	-	3,153

Note 29. Earnings/(loss) per ordinary and preference share

Table 29.1. Basic and diluted earnings/(loss) per ordinary and preferred share

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Profit/(loss) attributable to the owners of the ordinary shares of the bank	18,061	100,594
3	**Profit/(Loss) for the year**	**18,061**	**100,594**
4	Annual average number of ordinary shares outstanding (in thousands of shares)	300	300
5	**Basic and diluted earnings/(loss) per ordinary share (UAH)***	**60.20**	**335.31**

*Face value of one share of the Bank is UAH 1,000.00

The amounts in this note are used in the line "Basic and diluted earnings per ordinary and preference share" of the Statement of Profit or Loss and Other Comprehensive Income (Income Statement).

The number and nominal value of the shares are disclosed in Note 22 "Share capital and share premium".

Note 30. Operating segments

The Bank's segments represent strategic business units targeting different customers. They are managed separately since each business unit requires different marketing strategies and service levels.

Table 30.1. Income, expenses and results of operating segments as at 31 December 2022

(UAH '000)

Line	Item	Name of a reportable segment			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking		
1	2	3	4	5	6	7
	Income from external customers:					
1	Interest income	204,649	325,740	322,576	-	852,965
2	Commission income	137,123	48,534	4,570	-	190,227
3	Other operating income	23,799	2,125	-	28,724	54,648
4	**Total segment income**	**365,571**	**376,399**	**327,146**	**28,724**	**1,097,840**
5	Interest expense	(239,805)	(151,217)	(106,910)	(8,971)	(506,903)
6	Allocated to provision for impairment of loans and due from banks	(9,165)	(144,863)	-	-	(154,028)
7	Allocated to the impairment provision for accounts receivable and other financial assets	(14,582)	-	-	4,502	(10,080)
8	Gains less losses from dealing in financial instruments through profit or loss	-	-	73,096	-	73,096
10	Gains less losses arising from dealing in foreign currencies	-	-	21,481	-	21,481
11	Gains less losses on foreign currency translation	-	-	33,657	-	33,657
12	Fee and commission expense	(348)	(26,493)	(8,386)	-	(35,227)
13	Allocated to provisions for liabilities	(8,220)	-	-	-	(8,220)
14	Administrative and other operating expenses	-	-	-	(111,530)	(111,530)
15	Depreciation and amortisation	-	-	-	(41,835)	(41,835)
16	Employee benefit expenses	-	-	-	(331,772)	(331,772)
17	**SEGMENT RESULT:**	**93,451**	**53,826**	**340,084**	**(460,882)**	**26,479**

In 2022, JSC CB GLOBUS did not have counterparties accounting for more than 10% of the Bank's revenues.

Table 30.2. Income, expenses and results of operating segments as at 31 December 2021

(UAH '000)

Line	Item	Name of a reportable segment			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking		
1	2	3	4	5	6	7
	Income from external customers:					
1	Interest income	296,362	359,814	167,170	-	823,346
2	Commission income	159,710	47,721	6,709	-	214,140
3	Other operating income	53,650	2,393	-	50,490	106,533
4	**Total segment income**	**509,722**	**409,928**	**173,879**	**50,490**	**1,144,019**
5	Interest expense	(162,408)	(126,082)	(70,378)	(7,643)	(366,511)
6	Allocated to provision for impairment of loans and due from banks	(6,319)	(61,396)	-	-	(67,715)
7	Allocated to the impairment provision for accounts receivable and other financial assets	(16,216)	-	-	(4,563)	(20,779)
8	Gains less losses from dealing in financial instruments through profit or loss	-	-	17,744	-	17,744
10	Gains less losses arising from dealing in foreign currencies	-	-	9,706	-	9,706
11	Gains less losses on foreign currency translation	-	-	(971)	-	(971)
12	Fee and commission expense	(8)	(19,543)	(10,467)	-	(30,018)
13	Allocated to provisions for liabilities	(7,313)	-	-	-	(7,313)
14	Administrative and other operating expenses	-	-	-	(155,827)	(155,827)
15	Depreciation and amortisation	-	-	-	(39,831)	(39,831)
16	Employee benefit expenses	-	-	-	(357,686)	(357,686)
17	**SEGMENT RESULT:**	**317,458**	**202,907**	**119,513**	**(515,060)**	**124,818**

In 2021, JSC CB GLOBUS did not have counterparties accounting for more than 10% of the Bank's revenues.

Table 30.3. Assets and liabilities of operating segments for the reporting period as at 31 December 2022

(UAH '000)

Line	Item	Reporting segments			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking		
1	2	3	4	5	6	7
	SEGMENT ASSETS					
1	Segments assets	903,318	1,070,098	3,888,635	263,524	6,125,575
2	Unallocated assets	-	-	-	1,071,029	1,071,029
3	**Total assets**	**903,318**	**1,070,098**	**3,888,635**	**1,334,553**	**7,196,604**
	SEGMENT LIABILITIES					
4	Segment liabilities	4,373,797	1,839,611	210	61,814	6,275,432
5	Unallocated liabilities	-	-	-	273,831	273,831
6	**Total liabilities**	**4,373,797**	**1,839,611**	**210**	**335,645**	**6,549,263**

Subordinated debt is recognized in line 4 "Other segments and operations", column 6.

Unallocated assets include cash, precious bank metals, correspondent account in the National Bank of Ukraine, other assets, other financial assets.

Unallocated liabilities include derivative financial liabilities, other liabilities, other financial liabilities, and lease liabilities.

Table 30.4. Operating segments assets and liabilities as at 31 December 2021

(UAH '000)

Line	Item	Reporting segments			Other segments and operations	Total
		services to corporate customers	services to individuals	investment banking		
1	2	3	4	5	6	7
	SEGMENT ASSETS					
1	Segments assets	1,091,285	1,563,143	5,255,264	249,605	8,159,297
2	Unallocated assets	-	-	-	689,875	689,875
3	**Total assets**	**1,091,285**	**1,563,143**	**5,255,264**	**939,480**	**8,849,172**
	SEGMENT LIABILITIES					
4	Segment liabilities	5,755,511	1,518,279	688,363	46,111	8,008,264
5	Unallocated liabilities	-	-	-	211,628	211,628
6	**Total liabilities**	**5,755,511**	**1,518,279**	**688,363**	**257,739**	**8,219,892**

Table 30.5. Geographical segments

(UAH '000)

Line	Item	2022			2021		
		Ukraine	Other countries	Total	Ukraine	Other countries	Total
1	External revenues	1,097,840	-	1,097,840	1,144,019	-	1,144,019
2	Property and equipment	233,272	-	233,272	227,425	-	227,425

Note 31. Gains less losses from dealing in financial assets at fair value through profit or loss

Table 31.1. Gains less losses from dealing in financial assets at fair value through profit or loss as at 31 December 2022

(UAH '000)

Line	Item	Gains less losses from dealing in financial assets at fair value through profit or loss
1	2	3
1	Government bonds	67,779
2	Purchase and sale of foreign currency	5,317
3	**Total gains less losses from dealing in financial assets at fair value through profit or loss**	**73,096**

Table 31.2. Gains less losses from dealing in financial assets at fair value through profit or loss as at 31 December 2021

(UAH '000)

Line	Item	Gains less losses from dealing in financial assets at fair value through profit or loss
1	2	3
1	Government bonds	11,180
2	Other securities	509
3	Total gains less losses from dealing in debt securities at fair value through profit or loss	11,689
4	Purchase and sale of foreign currency	6,047
5	Loans at fair value through profit or loss	8
6	Financial liabilities at fair value through profit or loss	-
7	**Total gains less losses from dealing in financial assets at fair value through profit or loss**	**17,744**

Note 32. Financial risk management

Credit risk is defined as existing or contingent risk affecting the Bank's profits and equity and arising in connection with default of a counterparty on its obligations per any financial transaction with the Bank or to failure to honour its obligations otherwise.

The key objective of the credit risk management is to create an efficient management system to facilitate the process of achievement of short-term and strategic goals of the Bank applying relevant methods and techniques of managing and controlling the risks generated by external environment, assets and liabilities structure, and the Bank's activity.

The main governance body responsible for the credit risk management is the Board of the Bank authorized to design and implement the Bank's credit risk management system based on internal regulations, procedures, policies, etc. Decisions on approval of loans, factoring transactions, issue of guarantees, suretyships and other commitments on behalf of third persons envisaging their performance in the monetary form, and on leasing transactions in the Bank are adopted on a collegiate basis by the Credit Committee. The Bank has implemented a system of limits on unsecured transactions on placement of funds or sale of financial instruments on the interbank market that are approved during the sittings of the Assets and Liabilities Management Committee of the Bank.

The Bank's policy stipulates calculation of understandable and consistent credit ratings of the loans within the Bank's portfolio, which ensures a persistent management of the underlying risks and comparison of the credit risks within all lines of business of the Bank. Respective risk ratings are analysed on a regular basis.

For the purposes of their rating and evaluation, credit risks are categorized into individual and portfolio risks (bringing rise to specific and collective impairment). Individual credit risks arise in connection with transactions with individual counterparties of the Bank. Evaluation of the individual credit risk requires assignment of a unique credit rating to each such individual counterparty. Portfolio credit risk causes impairment of the assets of the Bank. Evaluation of the portfolio credit risk requires to analyse assets concentration and diversification.

To manage its collective credit risks on the level of its loans portfolio, the Bank applies the following techniques:

- loans portfolio diversification;
- establishment of limits;
- accrual of provisions;
- regular analysis of the loans portfolio quality.

To manage its individual credit risks, the Bank applies the following techniques:

- regular monitoring of financial position of its borrowers and securities issuers;
- monitoring of compliance with established limits and ratios;
- monitoring of collaterals obtained to secure loans granted (regular inspections and revaluations of the collaterals, assessment of impairment of collaterals during the lives of the underlying loans).

Individual credit risk is mitigated by way of:

- obtaining collateral;
- transfer of risks (insurance);

- staged lending process;
- application of higher interest rates where appropriate.

The Bank has established all required provisions for credit transactions. Furthermore, the Bank was in compliance with the statutory ratios of large credit exposures. The credit risk ratios were as follows as at 31 December 2022:

- (N7) – ratio of maximum concentration of credit risk per single counterparty – 17.04%
- (N8) – large credit risks ratio – 63.37%.

During the reporting year, active military operations were conducted in a large part of Ukraine and, as a result, most borrowers were not physically able to make timely repayments, regardless of their financial condition (i.e. technical delay due to force majeure). In this regard, the Bank initiated and carried out a number of restructurings under such loans to ensure that the borrowers could properly fulfill their obligations in the future. These restructurings were carried out only for loans characterized by good debt servicing before the introduction of martial law and did not imply deterioration in the Bank's credit conditions.

Market risk is defined as existing or contingent risk affecting the profits and equity of the Bank caused by the adverse fluctuations of the securities, commodities and foreign exchange prices/quotations attributable to the Bank's instruments held for trading. This risk arises in connection with dealing transactions, acceptance of trading positions in debt and equity securities, currencies, commodities and derivative instruments.

In accordance with the strategy, adopted by the Bank, the acceptable market risk limits are adhered by way of:

- optimization of positions in key currencies, securities and other financial and derivative instruments held for trading;
- approval of limits on open positions;
- compliance with currency positions ratios and limits.

The Bank's market risk management system was designed and implemented based on internal regulations, procedures, policies, etc., approved by the Board of the Bank.

Analysing the short term strategy of the Bank's development, it is possible to note that the Bank does not intend to extensively utilize its both on- and off-balance sheet investments, therefore, the Bank is not exposed to significant market risks arising in connection with adverse fluctuations of derivative instruments prices.

Currency risk is a potential risk of losses from change in market values of assets or liabilities arising due to fluctuations in foreign exchange rates. Currency risk can be divided into:

- transaction risk;
- foreign currency translation; and
- economic currency risk.

Currency risks arise from foreign exchange rate fluctuations. Sharp foreign exchange rate fluctuations may be caused by both economic and political reasons. The main factor influencing the exposure to foreign currency risk is the Bank's currency position.

The goal of effective currency risk management is to secure the Bank's profit and capital and ensure that the Bank's currency risk profile meets the Bank's estimates of future exchange rate changes.

The effect of foreign exchange rate changes is assessed by evaluating the Bank's open currency position.

Exposure to foreign currency risk is measured by:
- open currency position by each foreign currency (i.e. mismatch between on and off-balance sheet items);
- movements in foreign exchange rates determined by market conditions;
- qualification and correctness of measures taken by those who execute agreements on behalf of the Bank, that is, assets and liabilities management.

Due to unstable financial market, the Bank manage its currency position by setting limits. An open currency position limit implies quantitative restriction of the open currency position to equity ratio. Limits are imposed to put bounds to the risk related to exchange rate fluctuations that the Bank is ready to assume. A limit is set for each separate currency.

During the reporting year, due to the introduction of martial law, the National Bank of Ukraine decided to reduce the limits on open currency positions (both long and short) to 5% of regulatory capital, which contributed to further reduction of risk positions.

Interest rate risk is an existing or potential risk to earnings or capital arising from adverse changes in interest rates. This risk affects both the profitability of the Bank and the economic value of its assets, liabilities and off-balance sheet instruments. Hence, the Bank has to place borrowed funds at a higher interest rate linked to a certain maturity. To ensure higher profitability, management should maintain a broader margin between borrowing and lending interest rates based on their maturities. As a part of its assets and liabilities management, the Bank manages the maturities of its rate-sensitive assets and liabilities by gap analysis. Interests on the Bank's assets and liabilities are accrued at a fix interest rate.

Management Board is the main collective body of the Bank in charge of managing its interest rate risks. Assets and Liabilities Management Committee is vested with interest rate risk policy implementation and decision making functions.

Risk Management Office evaluates liabilities and return on assets, performs gap analysis of the Bank's assets and liabilities, evaluates the Bank's net interest margin and spread, and advises Assets and Liabilities Management Committee on changes of interest rates on deposit and credit products.

Operational risk is a potential risk to the Bank's existence arising from deficiencies in corporate governance, internal controls or inadequacy of informational technologies and data processing processes in terms of manageability, versatility, reliability, controllability and continuity of these technologies. Operational risk also arises from inadequacy of IT strategy, policies and utilisation. Other aspects of operational risk include force majeure events such as fire or natural disaster.

Operational risk control framework includes procedures and controls over the risks inherent to the Bank's operations, including compliance control in respect of the Bank's accounting policies and NBU regulations regarding asset valuation methods and reports, IT system controls, and failure-free operation controls, including backup copying and data recovery processes, as well as reserve systems to be used in case of loss of access to or destruction of critical information or technology.

Liquidity risk is defined as an existing or potential risk that arises from the Bank's failure to meet its obligations in due time, without incurring unacceptable losses.

The Bank has the liquidity and solvency framework in place for liquidity and solvency management purposes. The framework addresses two main objectives: the management of the Bank's current payment position, and the management of the Bank's solvency and liquidity for a specific term.

Management Board of the Bank is the principal authority for managing the Bank's liquidity risk. Its powers and capacities include elaboration of liquidity risk policy, as well as approval of relevant policies, guidelines and procedures.

The Bank's Asset and Liability Committee is the executive committee of the Management Board, which is liable for implementation of the liquidity management policy, making current decisions related to liquidity management and approval of internal limits of the Bank. The Bank's liquidity management framework can be divided into three components: day-to-day liquidity management, current liquidity management and long-term liquidity management.

The Bank's key liquidity management methods include:

- analysis of actual liquidity and solvency of the Bank;
- estimation of liquidity and solvency considering planned transactions and actions;
- imposing of limits on the Bank's transactions and setting of liquidity and solvency limits;
- planning of the Bank's transactions, adjusting their terms, etc. for liquidity and solvency management purposes.

As at 31 December 2022, the Bank's liquidity ratios were as follows:

- weighted average LCR for all currencies – 296.34%;
- weighted average LCR in foreign currency – 161.22%.
- Net Stable Funding Ratio (NSFR) – 176.87 %.

Currency risk

Table 32.1. Currency risk analysis

(UAH '000)

Line	Currency	31 December 2022				31 December 2021			
		monetary assets	monetary liabilities	derivative financial instruments	net position	monetary assets	monetary liabilities	derivative financial instruments	net position
1	2	3	4	5	6	7	8	9	10
1	USD	617,492	(622,030)	-	(4,538)	487,471	(447,685)	(10,298)	29,488
2	EUR	235,903	(234,425)	-	1,478	203,140	(189,040)	-	14,100
3	XAU	12,236	(10,990)	-	1,246	9,160	(11,169)	-	(2,009)
4	Other	3,226	(1,684)	-	1,542	4,700	(3,508)	-	1,192
5	Total	868,857	(869,128)	-	(271)	704,471	(651,402)	(10,298)	42,771

The tables below present the amounts in the currencies exposing the Bank to a significant currency risk as at Saturday, December 31, 2022 considering monetary assets and liabilities not held for trading and expected cash flows.

The analysis envisages assessment of the impact of potential reasonable changes in exchange rates of foreign currencies to the Ukrainian hryvnia based on the assumption of invariance of all other variables disclosed in the income statement of the Bank (due to existence of monetary assets and liabilities not held for trading, whose fair values are sensible to the changes in the foreign exchange rates). The impact on equity does not differ from the impact on the income statement. The negative value presented in the table reflects potential net decrease of the amounts in the income statement or in equity, while the positive values reflect the potential net increases.

Table 32.2. Impact on profit or loss and equity of potential changes in the official exchange rates of UAH to foreign currencies ruling on the reporting date based on the assumption of that all other variables will remain constant

(UAH '000)

Line	Item	31 December 2022		31 December 2021	
		impact on profit/(loss)	impact on equity	impact on profit/(loss)	impact on equity
1	2	3	4	5	6
1	USD strengthening by 5%	(227)	(227)	1,474	1,474
2	USD strengthening by 15%	(681)	(681)	4,423	4,423
3	USD weakening by 5%	227	227	(1,474)	(1,474)
4	EUR strengthening by 5%	74	74	705	705
5	EUR strengthening by 15 %	222	222	2,115	2,115
6	EUR weakening by 5%	(74)	(74)	(705)	(705)
7	XAU strengthening by 5%	62	62	(100)	(100)
8	XAU weakening by 5%	(62)	(62)	100	100
9	Other currencies strengthening by 5%	77	77	60	60
10	Other currencies weakening by 5%	(77)	(77)	(60)	(60)

The sum of lines 9, 10 consists of the amounts in the following currencies: Kazakhstan tenge (KZT), Russian ruble (RUB), Swiss Franc (CHF), Belarus ruble (BYN), silver and Polish zloty (PLN).

Table 32.3. Changes in profit or loss and equity due to possible changes in the official exchange rates of UAH to foreign currencies set as a weighted average FX rate, provided that all other variables remain unchanged

(UAH '000)

Line	Item	Weighted average FX rate, 2022		Weighted average FX rate, 2021	
		impact on profit/(loss)	impact on equity	impact on profit/(loss)	impact on equity
1	USD strengthening by 5%	318	318	1,465	1,465
2	USD strengthening by 15%	37	37	4,413	4,413
3	USD weakening by 5%	720	720	(1,483)	(1,483)
4	EUR strengthening by 5%	(123)	(123)	1,350	1,350

5	EUR strengthening by 15 %	39	39	835	835
6	EUR weakening by 5%	(252)	(252)	(122)	(122)
7	XAU strengthening by 5%	(99)	(99)	(99)	(99)
8	XAU weakening by 5%	(208)	(208)	102	102
9	Other currencies strengthening by 5%	(275)	(275)	156	156
10	Other currencies weakening by 5%	(396)	(396)	28	28

The sum of lines 9, 10 consists of the amounts in the following currencies: Kazakhstan tenge (KZT), Russian ruble (RUB), Swiss Franc (CHF), Belarus ruble (BYN), silver and Polish zloty (PLN).

Interest rate risk

Interest rate risk is the existing or contingent risk adversely affecting the Bank's profits and equity that arises as the result of adverse movements in the interest rates. This risk affects both the Bank's profit and economic value of its assets, liabilities and off-balance sheet instruments.

Table 32.4. General interest risk analysis

(UAH '000)

Line	Item	On demand and less than 1 month	1 – 12 months	More than 1 year	Non-monetary	Total
1	2	3	4	5	6	7
	2022					
1	Total financial assets	2,667,308	1,252,363	2,501,853	-	6,421,524
2	Total financial liabilities	4,413,491	1,325,446	584,470	-	6,323,407
3	Net gap on interest rates at the end of the previous period	(1,746,183)	(73,083)	1,917,383	-	98,117
	2021					
4	Total financial assets	4,343,184	1,812,353	674,547	-	6,830,084
5	Total financial liabilities	5,158,873	1,298,973	1,236,544	-	7,694,390
6	Net gap on interest rates at the end of the previous period	(815,689)	513,380	(561,997)	-	(864,306)

The table above presents the financial assets and financial liabilities sensitive to the changes in the interest rates.

The principal interest rate risks to which the Bank is exposed are:

- repricing/mismatch risk that arises from mismatches in maturities (for fixed-rate instruments) between bank assets and liabilities;
- yield curve risk that arises from changes in the slope and shape of the yield curve;

* basis risk is the risk of changes in the interest rate that arises from the imperfect correlation in the adjustment of the rates earned and paid by the Bank on different instruments with otherwise similar repricing characteristics. This risk is not inherent to the Bank.

During the reporting year, due to the introduction of martial law, the National Bank of Ukraine increased the discount rate to 25%, which led to a significant increase in the cost of borrowings on refinancing terms and a sharp decline in the Bank's interest margin and spread. However, within a short period of time, the Bank managed to accumulate the necessary resources to ensure full repayment of the refinancing and bring the margin and spread to an acceptable level by the end of the year. Currently, the Bank's portfolios do not contain any variable interest rates subject to revision depending on the changes in the basis interest rate.

When assessing its interest rate risk applying the GAP-analysis technique, the Bank focuses on the issues of short-term management of its profits, their stabilization, and improvement of their quality.

Table 32.5. Monitoring of interest rates on financial instruments

(%)

Line	Item	2022				2021			
		UAH	USD	EUR	other	UAH	USD	EUR	Other
1	2	3	4	5	6	7	8	9	10
	Assets								
1	Cash and cash equivalents	7.65	0.02	-	-	4.97	-	--	-
2	Debt securities	19.67	3.88	-	-	10.47	3.05		-
3	Loans and advances to customers	19.49	8.34	7.20	-	20.17	8.22	8.04	-
	Liabilities								
4	Due to banks	-	-	-	-	6.88	2.02	-	-
5	Due to customers:	10.85	1.25	0.69	-	6.13	1.05	0.8	-
5.1	current accounts	9.19	0.01	0.04	-	4.05	0	0	-
5.2	term deposits	13.01	1.85	2.45	-	9.47	1.91	1.27	-
6	Other liabilities	-	-	-	-	-	-	-	-
7	Subordinated debt	-	9.00	9.50	-	-	8.86	9.50	-

For asset-side and lending transactions of the Bank, interests are accrued at a fixed interest rate.

Geographic risk is the risk of losses for the Bank as the result of default of customers or counterparties operating in any specific country and, respectively, affected by the country-specific risks. Whereas the Bank operates predominantly within the territory of Ukraine, geographic risk is an insignificant and secondary segment that does not have any significant impact on the Bank's operations.

Table 32.6. Analysis of geographical concentration of financial assets and liabilities as at 31 December 2022.

(UAH '000)

Line	Item	Ukraine	OECD countries	Other countries	Total
1	2	3	4	5	6
	Assets				
1	Cash and cash equivalents	911,805	7,314	-	919,119
2	Investments in securities	3,888,635	-	-	3,888,635
3	Loans and advances to customers	1,973,298	118	-	1,973,416
4	Other financial assets	347,490	67,944	-	415,434
5	Total financial assets	**7,121,228**	**75,376**	-	**7,196,604**
	Liabilities				
6	Due to other banks	-	-	-	-
7	Due to customers	6,156,896	50,561	3,445	6,210,902
8	Debt securities issued by the Bank	210	-	-	210
9	Other financial liabilities	174,892	52,211	731	227,834
10	Subordinated debt and equity instrument	110,317	-	-	110,317
11	Total financial liabilities	**6,442,315**	**102,772**	**4,176**	**6,549,263**
12	Net balance sheet position on financial instruments	678,913	(27,396)	(4,176)	647,341
13	Credit-related commitments	5,384,971	199,122	23,901	5,607,994

Table 32.7. Analysis of geographical concentration of financial assets and liabilities as at 31 December 2021.

(UAH '000)

Line	Item	Ukraine	OECD countries	Other countries	Total
1	2	3	4	5	6
	Assets				
1	Cash and cash equivalents	532,200	5,456	3,786	541,442
2	Investments in securities	5,255,264	-	-	5,255,264
3	Loans and advances to customers	2,654,428	-	-	2,654,428
4	Other financial assets	364,031	34,007	-	398,038
5	Total financial assets	**8,805,923**	**39,463**	**3,786**	**8,849,172**
	Liabilities				
6	Due to other banks	688,196	-	-	688,196
7	Due to customers	7,243,930	24,055	5,805	7,273,790

8	Debt securities issued by the Bank	167	-	-	167
9	Other financial liabilities	155,609	18,490	259	174,358
10	Subordinated debt and equity instrument	83,381	-	-	83,381
11	Total financial liabilities	**8,171,283**	**42,545**	**6,064**	**8,219,892**
12	Net balance sheet position on financial instruments	634,640	(3,082)	(2,278)	629,280
13	Credit-related commitments	4,149,936	28,888	21,705	4,200,529

Liquidity risk

The Bank manages its liquidity risks primarily applying the technique of maturity analysis of its assets and liabilities. The Bank analyses its liquidity risks in light of maturities based on discounted cash flows.

Table 32.8. Maturity analysis of financial liabilities as at 31 December 2022

(UAH '000)

Line	Item	On demand and less than 1 month	1 to 12 months	From 12 months to 5 years	Over 5 years	Total
1	2	3	4	5	6	7
	Liabilities					
1	Due to banks	-	-	-	-	-
2	Due to customers	4,410,619	1,325,446	460,909	13,928	**6,210,902**
2.1	Deposits from individuals	637,759	943,531	257,747	574	**1,839,611**
2.2	Other	3,772,860	381,915	203,162	13,354	**4,371,291**
3	Debt securities issued by the Bank	210	-	-	-	**210**
4	Subordinated debt and equity instrument	685	-	-	109,632	**110,317**
5	Other financial liabilities	62,422	107,785	53,678	3,949	**227,834**
6	Financial guarantees	448,284	2,201,594	1,378,903	529	**4,029,310**
7	Other credit-related commitments	420,128	1,140,015	17,391	1,151	**1,578,685**
8	Total potential future payments on financial liabilities	**5,342,348**	**4,774,840**	**1,910,881**	**129,189**	**12,157,258**

Table 32.9. Maturity analysis of financial liabilities as at 31 December 2021

(UAH '000)

Line	Item	On demand and less than 1 month	1 to 12 months	From 12 months to 5 years	Over 5 years	Total
1	2	3	4	5	6	7
	Liabilities					
1	Due to banks	-	-	688,196	-	**688,196**
2	Due to customers	5,159,279	1,298,973	807,073	8,465	**7,273,790**
2.1	Deposits from individuals	421,111	631,683	465,155	330	**1,518,279**
2.2	Other	4,738,168	667,290	341,918	8,135	**5,755,511**
3	Debt securities issued by the Bank	167	-	-	-	**167**
4	Subordinated debt and equity instrument	517	-	-	82,864	**83,381**
5	Other financial liabilities	111,259	20,644	38,333	4,122	**174,358**
6	Financial guarantees	93,596	1,029,640	1,399,945	6,760	**2,529,941**
7	Other credit-related commitments	570,972	264,214	833,052	2,350	**1,670,588**
8	Total potential future payments on financial liabilities	**5,935,790**	**2,613,471**	**3,766,599**	**104,561**	**12,420,421**

The tables below disclose the Bank's liabilities at the reporting dates by contractual maturities. The amounts disclosed represent contractual undiscounted cash flows, including total credit related commitments and commitments to extend financial guarantees. Such undiscounted cash flows differ from the amounts reported in the Statement of financial position (Balance sheet), since the amounts in the statement of financial position are based on discounted cash flows.

Table 32.10. Maturity analysis of financial assets and liabilities as at 31 December 2022

(UAH '000)

Line	Item	On demand and less than 1 month	1 to 12 months	From 12 months to 5 years	Over 5 years	Total
1	2	3	5	6	7	8
	Assets					
1	Cash and cash equivalents	919,119	-	-	-	**919,119**
2	Investments in securities	2,026,057	591,373	1,271,205	-	**3,888,635**
3	Loans and advances to customers	144,007	598,639	791,223	439,547	**1,973,416**
4	Other financial assets	22,241	92,512	13,097	287,584	**415,434**
5	Total financial assets	**3,111,424**	**1,282,524**	**2,075,525**	**727,131**	**7,196,604**
	Liabilities					
6	Due to banks	-	-	-	-	-
7	Due to customers	4,410,619	1,325,446	460,909	13,928	**6,210,902**
8	Debt securities issued by the Bank	210	-	-	-	**210**
9	Other financial liabilities	62,422	107,785	53,678	3,949	**227,834**

10	Subordinated debt and equity instruments	685	-	-	109,632	**110,317**
11	Total financial liabilities	**4,473,936**	**1,433,231**	**514,587**	**127,509**	**6,549,263**
12	Net liquidity gap as at 31 December	(1,362,512)	(150,707)	1,560,938	599,622	**647,341**
13	Total liquidity gap as at 31 December	(1,362,512)	(1,513,219)	47,719	647,341	

Table 32.11. Maturity analysis of financial assets and liabilities as at 31 December 2021

(UAH '000)

Line	Item	On demand and less than 1 month	1 to 12 months	From 12 months to 5 years	Over 5 years	Total
1	2	3	5	6	7	8
	Assets					
1	Cash and cash equivalents	504,992	150	36,300	-	**541,442**
2	Investments in securities	3,826,720	748,584	633,508	46,452	**5,255,264**
3	Loans and advances to customers	194,193	1,041,862	947,346	471,027	**2,654,428**
4	Other financial assets	82,470	43,335	3,259	268,974	**398,038**
5	Total financial assets	**4,608,375**	**1,833,931**	**1,620,413**	**786,453**	**8,849,172**
	Liabilities					
6	Due to banks	-	-	688,196	-	**688,196**
7	Due to customers	5,159,280	1,298,973	807,072	8,465	**7,273,790**
8	Debt securities issued by the Bank	167	-	-	-	**167**
9	Other financial liabilities	111,258	20,645	38,333	4,122	**174,358**
10	Subordinated debt and equity instruments	517	-	-	82,864	**83,381**
11	Total financial liabilities	**5,271,222**	**1,319,618**	**1,533,601**	**95,451**	**8,219,892**
12	Net liquidity gap as at 31 December	(662,847)	514,313	86,812	691,002	629,280
13	Total liquidity gap as at 31 December	(662,847)	(148,534)	(61,722)	629,280	

The military aggression and the introduction of martial law led to an increase in the GAP in the short term due to the need to increase the maturity of the loan portfolio and reduce the maturity of borrowed resources. However, given the substantial stock of secondary liquidity in the form of the government bonds portfolio, the existing gaps do not have a critical impact on the Bank's liquidity ratios.

Note 33. Capital management

Capital management activities are conducted by the Bank's Supervisory Board by way of fixing targeted capital ratios. The Bank manages its capital adequacy ratios to address the risks inherent in the business. The Bank's capital management policy is focused at securing the capital adequacy and is controlled through ratios set by the NBU as a result of its supervision over the Bank. The primary objective of the Bank's capital management is to ensure that the Bank complies with the externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise the shareholders' value. The Bank manages its capital structure and makes its adjustments in the light of changes in the economic conditions and the risk characteristics of its operations. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to its shareholders, return capital to its shareholders or issue equity securities.

Table 33.1. Regulatory capital structure

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	**Regulatory capital**	**519,292**	**583,312**
1.1	**core capital (Tier 1 capital), including:**	**435,839**	**491,884**
1.1.1.	actually paid registered share capital	300,000	300,000
1.1.2	disclosed provisions created or increased by retained earnings	148,187	118,187
1.3.	equity instrument containing write-off/conversion covenants licensed by the NBU	48,190	37,030
1.4.	transactions with shareholders (financial aid from the bank's shareholders, which contribution to the core capital was approved by the NBU)	110,500	100,500
1.5.	reduction of core capital (intangible assets less amortisation; capital investments in intangible assets; loss for previous and current years), including:	(171,038)	(73,833)
1.1.5.1.	intangible assets less amortisation	(59,884)	(45,059)
1.1.5.2.	capital investments in intangible assets	(101)	(1,506)
1.1.5.3.	non-core assets	(40,902)	(27,268)
1.1.5.4.	estimated loss for the current year	(70,151)	
1.2	**supplementary capital (Tier 2 capital), including:**	**83,454**	**91,428**
1.2.1.	subordinated debt included in capital	61,435	45,827
1.2.2.	Estimated profit for the current year	-	45,601
1.2.3.	Retained earnings of past years for calculation of supplementary capital (5030 - uncovered credit risk)>0	22,018	
	For reference:		
1	Estimated profit/loss for the current year	(70,151)	45,601
2	Result of the current year (5999)	(49,437)	120,225
3	Result of the reporting year (group 504)	-	-
4	Excess of uncovered credit risk	-	(71,197)

5	Income not received for more than 30 days from the accrual date, for which the term of payment has not expired	21,985	(3,312)
6	Accrued income for which the term of payment has expired	(95,968)	(41,676)
7	Partial amount of the provision for asset-side banking transactions that is included in the income accrued but not received for more than 30 days (prefixed with '-')	97,200	41,526
8	Accrued income recognised by the Bank in purchasing government bonds denominated in foreign currency	40	35

Capital is a key performance indicator of the Bank used to offset the negative effects of various risks the Bank assumes in the course of its operations and to protect customer deposits and ensure financial strength and stability of the Bank's operations.

The Bank was in compliance with the effective statutory capital adequacy ratios in 2022.

The values of the above ratios were as follows as at 31 December 2022:

N1 - regulatory capital of the Bank comprised UAH 519,292 thousand;
N2 - regulatory capital adequacy ratio was 15.84 %.
N3 - core capital adequacy ratio was 13.29 %.

The values of the above ratios were as follows as at 31 December 2021:

N1 - regulatory capital of the Bank comprised UAH 583,312 thousand;
N2 - regulatory capital adequacy ratio was 14.63 %.
N3 - core capital adequacy ratio was 12.34 %.

Note 34. Commitments and contingencies

Litigations.

In 2022, 17 lawsuits were initiated against the Bank for the total of UAH 47,091 thousand:

- 2 (two) cases regarding recovery of cash under guarantee;
- 1 (one) case regarding recovery of cash under guarantee;
- 9 (nine) cases regarding recognition of an executive inscription as unenforceable;
- 1 (one) lawsuit regarding recognition of an encumbrance as terminated;
- 1 (one) case regarding recovery of more than 90 percent of the value of the Mortgaged Property;
- 1 (one) case regarding recognition of the Bank's actions as unlawful;
- 1 (one) case regarding invalidation and cancellation of the decision of the state registrar and cancellation of property rights;
- 1 (one) case regarding invalidation of a loan agreement.

Management of the Bank believes that the legal proceedings will have no negative effect on the Bank's financial position. Accordingly, the Bank did not create provisions for contingent liabilities.

Capital expenditure commitments.

The Bank's contractual commitments attributable to purchase of intangible assets comprise UAH 287 thousand as at 31 December 2022.

Credit-related commitments.

The key aim of these instruments is to ensure provision of cash to customers where needed. Commitments to extend credit represent the undrawn portion of the loans approved for disbursement. In terms of its credit related commitments, the Bank encounters potential risk of losses totalling the amount of undrawn credit commitments where such commitments are risky, i.e. non-revocable, instruments. However, the potential amount of such losses is lower than the total undrawn commitments whereas the major part of the commitments to extend credit is subject to the customers' compliance with certain creditworthiness standards. The credit risk arising in connection with the commitments given is mitigated by way of issuance by the Bank of loans secured by collateral. The Bank closely monitors the terms remaining to its compliance with credit related commitments whereas the long-term commitments are usually characterized by a higher credit risk than short-term commitments.
The Bank evaluates the probability of losses per credit related commitments as remote.

Table 34.1. Credit-related commitments structure

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	Commitments to extend credit	1,578,685	1,670,588
2	Guarantees issued	4,029,310	2,529,941
3	Provision for credit-related commitments	(17,176)	(8,744)
4	**Total liabilities attributable to credit-related commitments less provision**	**5,590,819**	**4,191,785**

Table 34.2. Credit-related commitments in light of currencies

(UAH '000)

Line	Item	31 December 2022	31 December 2021
1	2	3	4
1	UAH	5,193,251	3,997,394
2	USD	178,855	104,316
3	EUR	218,713	90,075
4	**Total**	**5,590,819**	**4,191,785**

Table 34.3. Analysis of credit quality of credit-related commitments as at 31 December 2022

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Credit-related commitments				

2	Minimum credit risk	4,677,736	-	-	4,677,736
3	Low credit risk	710,498	-	-	710,498
4	Medium credit risk	191,230	4,629	-	195,859
5	High credit risk	-	23,901	-	23,901
6	Total credit-related commitments	5,579,464	28,530	-	5,607,994
7	Impairment provisions for credit-related commitments	(16,443)	(732)	-	(17,176)
8	Total credit-related commitments less provisions	5,563,021	27,798	-	5,590,819

Table 34.4. Analysis of credit quality of credit-related commitments as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Credit-related commitments				
2	Minimum credit risk	2,516,276	13,487	-	2,529,763
3	Low credit risk	1,602,559	-	-	1,602,559
4	Medium credit risk	42,221	19,081	-	61,302
5	High credit risk	4,439	2,466	-	6,905
6	Total credit-related commitments	4,165,495	35,034	-	4,200,529
7	Impairment provisions for credit-related commitments	(8,428)	(316)	-	(8,744)
8	Total credit-related commitments less provisions	4,157,067	34,718	-	4,191,785

Table 34.5. Analysis of changes in the impairment provision for credit-related commitments as at 31 December 2022

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4		6
1	Provision for impairment at the beginning of the period	8,428	316	-	8,744
2	Provision for credit-related commitments	12,777	166	-	12,943
3	Provision for credit-related commitments that were derecognised or expired (other than those written-off)	(4,729)	(316)	-	(5,045)
4	Overall effect of transfers between stages	(96)	566	-	470
4.1	Transfers to Stage 1	(60)	-	-	(60)
4.2	Transfers to Stage 2	(36)	566	-	530
4.3	Transfers to Stage 3	-	-	-	-
5	Foreign exchange differences	64	-	-	64
6	Other changes	-	-	-	-

7	Provision for impairment at the end of the period	16,444	732	-	17,176

Table 34.6. Analysis of changes in the impairment provision for loan commitments as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4		6
1	Provision for impairment at the beginning of the period	1,422	28	-	1,450
2	Provision for credit-related commitments	8,114	270	-	8,384
3	Provision for credit-related commitments that were derecognised or expired (other than those written-off)	(1,265)	(5)	-	(1,270)
4	Overall effect of transfers between stages	157	23	-	180
4.1	Transfers to Stage 1	157	-	-	157
4.2	Transfers to Stage 2	-	23	-	23
4.3	Transfers to Stage 3	-	-	-	-
5	Foreign exchange differences	-	-	-	-
6	Other changes	-	-	-	-
7	Provision for impairment at the end of the period	8,428	316	-	8,744

Table 34.7. Analysis of changes in the gross carrying/nominal value for impairment of credit-related commitments as at 31 December 2022

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at the beginning of the period	4,165,495	35,034	-	4,200,529
2	Credit-related commitments	3,384,681	6,340	-	3,391,021
3	Credit-related commitments that were derecognised or expired (other than those written-off)	(2,111,992)	(35,034)	-	(2,147,026)
4	Transfers to Stage 1	133,276	-	-	133,276
5	Transfers to Stage 2	(22,190)	22,190	-	-
6	Transfers to Stage 3	-	-	-	-
7	Foreign exchange differences	30,194	-	-	30,194
8	Gross carrying amount at the end of the reporting period	5,579,464	28,530	-	5,607,994

Table 34.8. Analysis of changes in the gross carrying/nominal value for impairment of credit-related commitments as at 31 December 2021

(UAH '000)

Line	Item	Stage 1	Stage 2	Stage 3	Total
1	2	3	4	5	6
1	Gross carrying amount at the beginning of the period	1,173,041	8,983	-	1,182,024
2	Credit-related commitments	3,910,103	20,206	-	3,930,309
3	Credit-related commitments that were derecognised or expired (other than those written-off)	(1,045,345)	(1,569)	-	(1,046,914)
4	Transfers to Stage 1	127,696	-	-	127,696
5	Transfers to Stage 2	-	7,414	-	7,414
6	Transfers to Stage 3	-	-	-	-
7	Foreign exchange differences	-	-	-	-
8	Gross carrying amount at the end of the reporting period	4,165,495	35,034	-	4,200,529

Table 34.9. Assets pledged as collateral without derecognition

(UAH '000)

Line	Item	31 December 2022		31 December 2021	
		assets pledged as collateral	secured liability	assets pledged as collateral	secured liability
1	2	3	4	5	6
1	Financial assets at fair value through profit or loss	413,574	416,497	729,793	688,196
2	**Total**	**413,574**	**416,497**	**729,793**	**688,196**

Note 35. Derivative financial instruments.

The Bank designates to this category its derivative financial assets and liabilities held for trading and recognized at fair value through profit or loss.

These financial assets are recognized at fair value determined through the use of quoted prices obtained from active financial market. The results of the revaluation gains and losses are recognized as the Bank's assets and liabilities, respectively.

Table 35.1. Fair value of derivative financial instruments

(UAH '000)

Line	Item	Note	31 December 2022		31 December 2021	
			positive fair value	negative fair value	positive fair value	negative fair value
1	2	3	4	5	6	7
1	Forward contracts		-	-	-	225
2	Swap contracts		-	-	133	200
3	Net fair value		-	-	-	292

Hedge accounting

While the Bank performs trade transactions with derivative instruments to hedge its risks, those instruments do not meet the hedge accounting criteria.

Note 36. Related party transactions.

Table 36.1. Related party transaction balances as at 31 December 2022

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Entities under common control	Key management personnel	Other related parties
1	Loans and advances to customers (contractual interest rates of 21 - 26 %)	-	1	3,369	36
2	Loan loss provisions	-	-	32	29
3	Due to customers (contractual interest rate 0.5-18%)	883	5,604	26,667	20,239
4	Subordinated debt (contractual interest rate 8-9.5%)	-	-	61,815	-
5	Equity instrument containing write-off/conversion clauses (contractual interest rate 9.5%)	-	-	22,738	-

Table 36.2. Income and expense from related party transactions for 2022

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Entities under common control	Key management personnel	Other related parties
1	Interest income	52	-	521	86
2	Interest expense	-	(155)	(7,213)	(387)
3	Commission income	24	24	74	76
4	Allocated to provision for impairment of loans and due from banks	-	-	(32)	(29)
5	Administrative and other expenses	(14)	(1)	-	-

Table 36.3. Other rights and obligations on related party transactions as at 31 December 2022

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Key management personnel	Other related parties
1	Other loan commitments given to customers	199	1179	330

Table 36.4. Total amount of loans issued to and repaid by related parties during 2022

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Entities under common control	Key management personnel	Other related parties
1	Total loans granted to related parties during the period	-	22	784	581
2	Total loans repaid by related parties during the period	1	61	1,912	791

Table 36.5. Related party transaction balances as at 31 December 2021

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Entities under common control	Key management personnel	Other related parties
1	Loans and advances to customers (contractual interest rates of 21 - 26 %)	1	40	4,497	246
2	Loan loss provisions	1	1	18	11
3	Due to customers (contractual interest rate 1-10%)	5,108	2,245	35,011	18,939
4	Subordinated debt	-	-	46,111	-
5	Equity instrument containing write-off/conversion clauses	-	-	18,052	-

Table 36.6. Income and expense from related party transactions for 2021

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Entities under common control	Key management personnel	Other related parties
1	Interest income	-	-	3	8
2	Interest expense	(6)	(112)	(6,015)	(487)
3	Commission income	70	37	67	51
4	Allocated to provision for impairment of loans and due from banks	-	-	-	-
5	Administrative and other expenses	-	(2)	-	-

Table 36.7. Other rights and obligations on related party transactions as at 31 December 2021

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Key management personnel	Other related parties
1	Other loan commitments given to customers	250	1275	101

Table 36.8. Total amount of loans issued to and repaid by related parties during 2021

(UAH '000)

Line	Item	Major participants (shareholders) of the Bank	Key management personnel	Entities under common control	Other related parties
1	Total loans granted to related parties during the period	-	3,406	-	236
2	Total loans repaid by related parties during the period	20	572	-	201

Table 36.9. Remuneration to key management personnel.

(UAH '000)

Line	Item	2022		2021	
		expense	accrued liability	expense	accrued liability
1	2	3	4	5	6
1	Current employee benefits	50,564	9,162	71,501	7,845
2	Members of the Supervisory Board who exercise their powers pursuant to civil law contracts	2,572	-	2,269	-

Note 37. Fair value of financial instruments

To increase consistency and comparability in fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Table 37.1 Analysis of financial instruments at fair value through profit or loss according to fair value hierarchy as at 31 December 2022.

(UAH '000)

Line	Item	Fair value assessed using different valuation models			Total carrying amount
		quoted market prices	valuation model using the observable inputs	valuation model using unobservable inputs	
		(Level 1)	Level 2	(Level 3)	
1	2	3	4	5	6
I	FINANCIAL ASSETS				
1	**Investments in securities**	**1,095,407**	-	-	**1,095,407**
1.1	government bonds	1,095,407	-	-	1,095,407
2	**Total financial assets at fair value**	**1,095,407**	-	-	**1,095,407**

Table 37.2 Analysis of financial instruments at fair value through profit or loss according to fair value hierarchy as at 31 December 2021.

(UAH '000)

Line	Item	Fair value assessed using different valuation models			Total carrying amount
		quoted market prices	valuation model using the observable inputs	valuation model using unobservable inputs	
		(Level 1)	Level 2	(Level 3)	
1	2	3	4	5	6
I	FINANCIAL ASSETS				
1	**Investments in securities**	**1,526,751**	-	-	**1,526,751**
1.1	government bonds	1,526,751	-	-	1,526,751
2	Derivative financial assets	-	-	133	133
3	**Total financial assets at fair value**	**1,526,751**	-	**133**	**1,526,884**
II	FINANCIAL LIABILITIES				
4	**Derivative financial liabilities**	-	-	**425**	**425**
5	**Total financial liabilities accounted for at fair value**	-	-	**425**	**425**

Table 37.3 Fair values and levels of hierarchy of inputs used within the scope of various models of measurement of assets and liabilities as at 31 December 2022

(UAH '000)

Line	Item	Fair value assessed using different valuation models			Total fair value	Total carrying amount
		Quoted market price	valuation model using observable inputs	valuation model using unobservable inputs		
		(Level 1)	(Level 2)	(Level 3)		
1	2	3	4	5	6	7
I	ASSETS					
1	**Cash and cash equivalents**	-	**919,119**	-	**919,119**	**919,119**
1.1	cash on hand	-	223,423	-	**223,423**	**223,423**
1.2	Balances with the National Bank of Ukraine (excluding mandatory reserves)	-	198,451	-	**198,451**	**198,451**
1.3.	Correspondent accounts, deposits and overnight loans due from banks	-	497,245	-	**497,245**	**497,245**
2	**Investments in securities**	**1,863,085**	-	**2,025,550**	**3,888,635**	**3,888,635**
2.1.	government bonds	1,863,085	-	-	**1,863,085**	**1,863,085**
2.2.	NBU savings deposit certificates	-	-	2,025,550	**2,025,550**	**2,025,550**
3	**Loans and advances to customers**	-	-	**1,973,416**	**1,973,416**	**1,973,416**
3.1	corporate loans	-	-	859,078	**859,078**	**859,078**
3.2	loans to retail customers	-	-	566,224	**566,224**	**566,224**
3, 3	mortgage loans to individuals	-	-	548,114	**548,114**	**548,114**
4	**Other financial assets**	-	-	**133,239**	**133,239**	**133,239**
4.1.	Receivable on transactions with payment cards	-	-	7,437	**7,437**	**7,437**
4.2.	Due from other banks	-	-	3,200	**3,200**	**3,200**
4.3.	Receivables on transactions with other financial instruments	-	-	19,533	**19,533**	**19,533**
4.4.	Receivables on unrecovered transfers paid to individuals	-	-	4,883	**4,883**	**4,883**
4.5.	Receivables on income accrued	-	-	950	**950**	**950**
4.6.	Receivables on lending transactions	-	-	8,656	**8,656**	**8,656**
4.7.	Cash on settlement accounts in other banks	-	-	19,150	**19,150**	**19,150**
4.8.	Cash on settlement accounts of legal entities	-	-	62,234	**62,234**	**62,234**
4.9.	Other financial assets	-	-	7,196	**7,196**	**7,196**
5	**Total assets**	**1,863,085**	**919,119**	**4,132,205**	**6,914,409**	**6,914,409**

II	LIABILITIES					
6	**Due to customers**	-	-	**6,210,902**	**6,210,902**	**6,210,902**
6.1.	government and non-government organisations	-	-	1,726	**1,726**	**1,726**
6.2.	other legal entities	-	-	4,369,565	**4,369,565**	**4,369,565**
6.3.	individuals	-	-	1,839,611	**1,839,611**	**1,839,611**
7	**Debt securities issued by the Bank**	-	-	**210**	**210**	**210**
7.1.	deposit certificates	-	-	210	**210**	**210**
8	**Other financial liabilities**	-	-	**121,843**	**121,843**	**121,843**
8.1.	Payables on transactions with payment cards	-	-	640	**640**	**640**
8.2.	Payables on transactions with foreign currency	-	-	6	**6**	**6**
8.3.	Suspense loans	-	-	1,149	**1,149**	**1,149**
8.4.	Payables on transactions with banks	-	-	13,281	**13,281**	**13,281**
8.5.	Accounts payable to customers	-	-	1,038	**1,038**	**1,038**
8.6.	Payables on lending transactions	-	-	1,763	**1,763**	**1,763**
8.7.	Accrued expenses	-	-	563	**563**	**563**
8, 8	Cash on settlements	-	-	54,901	**54,901**	**54,901**
8.9.	Equity instrument containing write-off/conversion clauses	-	-	48,502	**48,502**	**48,502**
9	Subordinated debt	-	-	61,815	**61,815**	**61,815**
10	**Total liabilities**	-	-	**6,394,770**	**6,394,770**	**6,394,770**

Table 37.4 Fair values and levels of hierarchy of inputs used within the scope of various models of measurement of assets and liabilities as at 31 December 2021

(UAH '000)

Line	Item	Fair value assessed using different valuation models			Total fair value	Total carrying amount
		quoted market prices	valuation model using observable inputs	valuation model using unobservable inputs		
		(Level 1)	(Level 2)	(Level 3)		
1	2	3	4	5	6	7
I	ASSETS					
1	**Cash and cash equivalents**	-	**541,442**	-	**541,442**	**541,442**
1.1	cash on hand	-	108,673	-	**108,673**	**108,673**
1.2	Balances with the National Bank of Ukraine (excluding mandatory reserves)	-	110,816	-	**110,816**	**110,816**

1.3.	Correspondent accounts, deposits and overnight loans due from banks	-	321,953	-	**321,953**	**321,953**
2	**Investments in securities**	**1,526,751**	-	**3,728,513**	**5,255,264**	**5,255,264**
2.1.	government bonds	1,526,751	-	-	**1,526,751**	**1,526,751**
2.2.	NBU savings deposit certificates	-	-	3,728,513	**3,728,513**	**3,728,513**
3	**Loans and advances to customers**	-	-	**2,654,428**	**2,654,428**	**2,654,428**
3.1	corporate loans	-	-	1,046,602	**1,046,602**	**1,046,602**
3.2	loans to retail customers	-	-	931,899	**931,899**	**931,899**
3, 3	mortgage loans to individuals	-	-	675,927	**675,927**	**675,927**
4	**Other financial assets**	-	-	**108,996**	**108,996**	**108,996**
4.1.	Receivable on transactions with payment cards	-	-	8,370	**8,370**	**8,370**
4.2.	Due from other banks	-	-	253	**253**	**253**
4.3.	Receivables on transactions with other financial instruments	-	-	19,496	**19,496**	**19,496**
4.4.	Receivables on unrecovered transfers paid to individuals	-	-	4,385	**4,385**	**4,385**
4.5.	Receivables on income accrued	-	-	2,612	**2,612**	**2,612**
4.6.	Receivables on lending transactions	-	-	581	**581**	**581**
4.7.	Cash on settlement accounts in other banks	-	-	36,950	**36,950**	**36,950**
4.8.	Cash on settlement accounts of legal entities	-	-	31,063	**31,063**	**31,063**
4.9.	Other financial assets	-	-	5,286	**5,286**	**5,286**
5	**Total assets**	**1,526,751**	**541,442**	**6,491,937**	**8,560,130**	**8,560,130**
II	LIABILITIES					
6	**Due to banks**	-	-	**688,196**	**688,196**	**688,196**
7	**Due to customers**	-	-	**7,273,790**	**7,273,790**	**7,273,790**
7.1.	government and non-government organisations	-	-	974	**974**	**974**
7.2.	other legal entities	-	-	5,754,537	**5,754,537**	**5,754,537**
7.3.	individuals	-	-	1,518,279	**1,518,279**	**1,518,279**
8	**Debt securities issued by the Bank**	-	-	**167**	**167**	**167**
8.1.	deposit certificates	-	-	167	**167**	**167**
9	**Derivative financial liabilities**	-	-	**425**	**425**	**425**
10	**Other financial liabilities**	-	-	**89,516**	**89,516**	**89,516**
10.1.	Payables on transactions with payment cards	-	-	1,681	**1,681**	**1,681**
10.2.	Payables on transactions with foreign currency	-	-	5	**5**	**5**

10.3.	Suspense loans	-	-	25	**25**	**25**
10.4.	Payables on transactions with banks	-	-	13,145	**13,145**	**13,145**
10.5.	Accounts payable to customers	-	-	3,111	**3,111**	**3,111**
10.6.	Payables on lending transactions	-	-	1,316	**1,316**	**1,316**
10.7.	Accrued expenses	-	-	5	**5**	**5**
10.8.	Cash on settlements	-	-	32,958	**32,958**	**32,958**
10.9.	Equity instrument containing write-off/conversion clauses	-	-	37,270	**37,270**	**37,270**
11	Subordinated debt	-	-	**46,111**	**46,111**	**46,111**
12	**Total liabilities**	-	-	**8,098,205**	**8,098,205**	**8,098,205**

Note 38. Subsequent events

The military aggression of the Russian Federation against Ukraine, which began on 24 February 2022, continues.

In the preparation of the financial statements, the Bank exercises the professional judgment regarding the ability to continue as a going concern in the context of martial law.

As of the date of approval of the Bank's financial statements for 2022, access to the Bank's assets located in Kherson is restricted by the military administration. Information on damaged property in Kherson is not available. The assets have not been reviewed for impairment. Cash on hand in the Bank's branch in Kherson has been fully provided.

There were no significant events that occurred between the date of preparation of the interim balance sheet and the date of approval of the Bank's financial statements for the year ended 31 December 2022 that require adjustments and might impact the economic decisions of users.

Approved for issuance and signed on 25 April 2023.

Chairman of the Management Board S.H. Mamedov

Chief Accountant A.M. Lipatova