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**MANAGING BANK PROFITABILITY
IN TERMS OF CHALLENGES AND THREATS**

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The monograph is devoted to the study of the profitability management system of commercial banks under the conditions of modern challenges and threats. The scientific work at the theoretical level summarizes and systematizes the issue of interdependence of costs and profits of a banking institution in the process of making management decisions. An analysis of the effectiveness of the domestic banking system at the macro and macro levels during the COVID-19 pandemic and martial law was conducted. Based on the forecast of the development of the national economy of Ukraine, scientific approaches to improving the system of strategic management of the banking institution's profitability are proposed and substantiated.

It is intended for scientists, teachers, government officials, managers of the banking sector and all those who are interested in the problems of managing the profitability of the banking sector of Ukraine in the conditions of modern challenges.

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PREFACE

The resilience of the banking sector in extremely difficult situations is an important key to the effective development of the national economy. In recent years, the national macroeconomic system has continued to face new global and regional challenges and threats that have been dealing serious blows to it. Initially, the global COVID-19 pandemic led to a sharp decline in consumer demand and the bankruptcy of many businesses. The subsequent military invasion of Ukraine by the aggressor country caused a drop in gross domestic product and generated a number of derivative economic and financial problems. Despite such threats, the Ukrainian banking sector has already demonstrated its resilience and strength, as well as its ability to perform its functions accurately. However, it is clear that further efficient operation of domestic commercial banks will largely depend on a properly built adaptive management system. A properly chosen development strategy for a banking institution should ensure and guarantee an increase in foreign currency earnings while reducing total operating costs. In other words, sustainability and efficiency in the functioning of domestic commercial banks can be achieved by applying an adequate and scientifically sound methodology for strategic management of their costs and profits.

Thus, the study of the incomes and expenses of a commercial bank as the main factors affecting the amount of profit received by the bank is quite necessary and relevant and requires further specification as an important condition for obtaining a stable final financial result of the banking institution's work.

In developed countries, any business entity or individual uses the services of a commercial bank for calculations, obtaining loans and storing funds. In other words, banking institutions can be conventionally called the financial arteries of any country, that is, thanks to the analysis of commercial banks, a conclusion can be drawn about the economic position of the state. The main goal of creating a bank is to make a profit, which, being the final financial result of its activity, characterizes the efficiency and coherence of the activities of all units of the institution. Profitability is the foundation for the existence of a commercial bank and its active development in the future.

The latter has a synergistic connection with the expedient redistribution of profit, actually with management, which includes measures aimed at strengthening the position of a commercial bank in the market.

An important condition for effective management of the bank's financial activities is the analysis of income and expenses, which serves as a benchmark for profitability as a necessary condition for its functioning and development. The purpose of this analysis from the point of view of its financial results is to identify the reserves of the bank's profitability growth and based on this determination of additional sources of income increase and cost minimization and justification of proposals for their improvement. Today, domestic banks are in a difficult financial situation, because it is extremely difficult to carry out profitable activities in the conditions of war and financial crisis.

Key words: profit, profitability, banking system, international banking business, banking management, income, costs.

CHAPTER 1. THEORETICAL ASPECTS OF BANK INCOME AND COST MANAGEMENT

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1.1. The essence of the concept of income and expenses of a commercial bank

The key goal of any business entity is to obtain maximum profit. The financial result of activity is a fundamentally important economic indicator, which is of interest to both owners and investors, depositors, workers, partners, and even more so – regulatory bodies and other persons. Determining the financial result (profit or loss) of an activity is directly related to the recognition and accounting of income and expenses. Therefore, the study of the essence, classification and accounting of income and expenses of a commercial bank play a major role in the objective determination and are reflected in the accounting of its financial results [34].

It is worth emphasizing once again that profit maximization is not an inclusion for banking. It is precisely the profit that ensures effective work in the further development of this financial institution. Profit is the main source of income for shareholders and owners of a commercial bank, as well as the foundation for the bank's further activities, ensuring the banking institution's competitiveness in the financial services market of Ukraine, constant renewal and rotation of financial resources, improvement of services and opportunities for the implementation of innovative financial technologies.

The majority of domestic scientists explain the definition of "bank profit" from the standpoint of accounting methods. The concept of defining profit as an economic category in banking can be expressed as follows: profit is the owner's income expressed in currency from investment capital, wages and risk from engaging in financial and economic activities, that is, total income minus total costs in the process of carrying out this activity. The role of profit is to increase the bank's equity and resources to contribute

to its internal source of active operational growth. At the same time, unlike other internal sources of capital formation, profit is a source of constant reproduction. Several profit indicators are used in banking practice: economy, balance sheet, profit before taxation, net and retained earnings. In a general interpretation, the profit that remains available for use in the bank depends on three key components: income, expenses and tax deductions paid to the budget. Comparing the growth rates of these components allows you to correctly assess which of the factors had a positive or negative impact on profit [49].

The composition of income and expenses is determined by the financial nature of the bank, which determines the sequence of the bank's profit formation. The bank's income is the basis of the development of its activity, which ensures the following tasks:

First of all, a significant part of the bank's income is a source of payment of expenses related to the implementation of banking activities. Implementation of this task ensures self-sufficiency of banking activity.

In addition, part of the bank's income is a source of net profit. At the expense of profit, banks form funds and reserves for their further development and risk reduction. By implementing this task, the bank will achieve long-term growth and ensure self-financing of development for some time.

The bank's income and expenses, their nature and type must be considered from an economic and accounting point of view. According to the economic method, income is the funds that the bank disposes of as a result of its activities.

According to the information in the "Encyclopedia of Banking", the income of any bank is formulated as "aggregate income from all active activities of the banking institution" [48]. The disadvantage of this interpretation is that the authors of the encyclopedia define the concept of "income" through the category "aggregate income", which does not fully reveal the semasiological essence and sources of the bank's income.

According to the Law of Ukraine On Banks and Banking Activities, bank revenues include those directly related to banking activities [18; 44].

The banking institution's sources of income are various types of its activities. At the same time, incomes are divided into bank, non-bank operating and contingency (Figure 1.1).

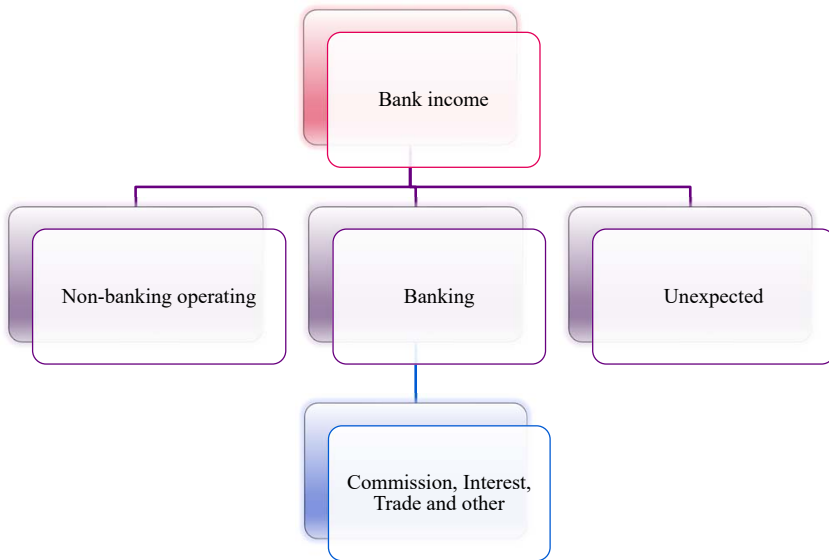


Figure 1.1. The structure of commercial bank income

Source: compiled on the basis of [8; 43; 26]

Non-bank business income – income that is not related to the main activity of the bank, but guarantees its performance (income from the sale of fixed assets – rental activity), income from the implementation of certain non-banking services, namely: audit services, software, non-financial consulting and other types of business. Other non-bank operating income is divided into: transactions with bank branches and other institutions; other non-bank operating income [8; 43; 26].

Therefore, bank income includes interest, commission, trading and other characteristics, which are presented in detail in Table 1.1.

It is necessary to specify income from transactions in securities, which may include discounts and coupons, but in fact interest income on debt securities includes only interest accrued after the purchase of the securities. Interest income also includes income from term deposits placed with other banks. The value of the interest income component changes every year

Table 1.1

Characteristics of bank income

Definition		Kinds
1		2
Interest income	Interest income– operating income, equivalents or amounts that the bank owes to the bank for the use of credit funds, the amount of which is calculated in proportion to time using the effective interest rate and is a compensatory risk for the bank for the loan taken.	<p><u>They distinguish:</u></p> <ul style="list-style-type: none"> – by funds placed in the NBU; – for funds placed in other banks; – for loans to individuals; – for loans to business entities; – on loans to general state administration bodies; – for operations with branches and other institutions of the bank; – by securities; – other interest income; – by maturity criteria, resident/non-resident and by financial instrument (deposits, loans or securities).
Commission income	Commission income – operating income from the provision of services, the amount of which is calculated or fixed in proportion to the amount of the asset or liability.	<ul style="list-style-type: none"> – for transactions with banks and bank clients; – for operations with branches and other institutions of the bank; – for loans and deposits; – on securities with a clearly fixed profit; – income in the form of amortization of discount on securities. <p><u>The category of commission includes:</u></p> <ul style="list-style-type: none"> – commission income for guarantee placement of loans from them. other creditors and for transactions with securities; – commission income from operations for settlement and cash service and servicing of credit accounts, for storing valuables and carrying out transactions with securities; – commission income for operations with foreign currency; – for the purchase or sale of coins and precious metals for third parties; – other commission income from operations determined by the Law on Banks and Banking Activity.

(End of Table 1.1)

1	2	3
Trading income	Profit (loss) from financial transactions(trading income) – the result of the purchase and sale of various financial instruments, including transactions with securities, bank metals and foreign currency.	<u>Trading income includes:</u> – net profits from activities on the market of banking metals and the foreign exchange market; – net income from transactions with securities for sale; – net income from continuous trading in other financial instruments, which is carried out at the initiative of the bank and is not the execution of customer orders.
Others	Other operating income and expenses- these are incomes and expenses from those operations that are not related to investment or financial activities. In addition, those that are not included in the above-mentioned group of operating income and expenses.	<u>Other income includes:</u> – income from securities with contingent income (dividends from shares held as an object of trade and capital investments); – dividend income; – for transactions with branches and other institutions of a commercial bank; – other banking operating profits.

Source: compiled on the basis of [24; 43]

depending on changes in interest rates and credit demand, but loan income is almost always important to every bank. Interest and fees equal to them must be calculated at least once a month on a regular basis, as a rule, on the last day of the month, regardless of the frequency of calculation, which is determined by the contract with the counterparty. Having the absolute amount of interest income, the bank's management can more accurately plan the execution of specific active operations, rationally change the structure of assets, more effectively organize the work of the bank's structural units. Structural analysis of commercial bank profitability indicators allows to draw conclusions about the causes of difficulties in the field of banking income and to identify problems in aspects of its activity that require increased focus [24; 43].

Interest and related commission income make up the main part of earnings. Interest for the use of the bank's credit resources has the largest specific weight in their income. Next after income from loans by definition are income from investment securities, interest (percentage) income from

interbank loans (without any security or under the security of government securities. Also, the bank's income is adjusted to increase reserves and the amount of unforeseen income [16].

However, the task of maximizing bank profits is considered more as the main focus of the banking institution's management, but the field of profitability management is not autonomous. That is, decisions on profit maximization should be made in accordance with the relationship with acceptable risks. In recent times, banks have sought to make non-interest income a key source of future banking income. There is an opinion that this will be able to improve the final performance characteristics of commercial banks, more reliably protect banks from fluctuations in interest rates and diversify sources of income [23].

Effective profitability management is based on the latest methods of analysis and distribution of bank profit, taking into account the interests of all owners, shareholders and, directly, strategic directions of commercial bank development. The amount of profit of a banking institution depends on its profit, which in turn depends in advance on the volume of credit investments and investments of a commercial bank, the amount of interest on loans and the size and structure of the bank's assets.

Thus, income is an increase in economic benefits during the reporting period in the form of an increase in assets or a decrease in liabilities, which is a factor in the increase of capital and is not a contribution from shareholders [43].

Based on the analysis of the income structure, it is possible to draw a number of certain conclusions. Actually, the increase in the specific weight of commission income indicates that the bank has difficulties in obtaining the main interest income and its management is probably trying to increase its income from paid services and commissions, thanks to the provision of non-traditional services to clients. An increase in non-interest income contributes to an increase in the income of a commercial bank without an increase in the balance sheet. However, as a rule, paid services are labor-intensive and, in addition, require the appropriate qualification level of employees, so operational costs will also increase. Therefore, it is quite possible that a bank whose level of income from paid services is higher than average will spend more on wages. A sharp increase in income from paid services may indicate that.

Another fundamental factor of the bank’s activity, which has an important positive or negative impact on profit, is the bank’s expenses.

Bank expenses is an economic category that reflects monetary and material resources used in the process of formation, implementation and implementation by a banking institution of its products and services, as well as all other additional financial resources for their maintenance and support [17].

Actually, the bank’s expenses are the total amount of monetary resources that the bank spends in the process of its activity in relation to attracting funds and other types of activities. Like income, bank expenses are divided into two main groups – interest or variable and non-interest or relatively constant [10]. However, in some classifications there are other costs.

Therefore, it is interest expenses that constitute the largest item of expenses of a banking institution (Figure 1.2) [23; 24; 25].

It is worth noting that all interest expenses of a commercial bank are interest paid to clients on their deposits and interest payments on funds raised on the money market (including securities of its own issue). Whereas,

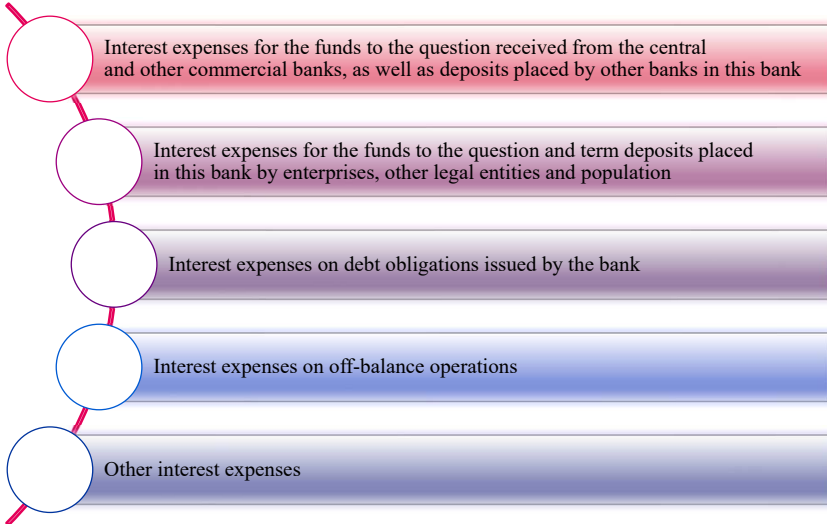


Figure 1.2. Types of bank interest expenses

Source: compiled by the author based on [23; 24; 25]

non-interest expenses of a commercial bank are expenses that are not related to the payment of interest from the financial resources attracted by the bank. They consist of commission costs, the formation of special bank reserves and general administrative costs [16; 17].

Commission -expenses paid to other banks for settlement and cash and credit services as financial intermediaries [16].

Costs for the formation of special reserves of a commercial bank is the cost of covering all possible losses from the decline in the usefulness of the banking institution's assets and the write-off of bad assets [16].

General administrative expenses -operational costs associated with ensuring banking activity. They include personnel costs (for example, basic and additional wages; financial assistance and other costs); depreciation of non-current assets; expenses for maintenance and operation of fixed assets and intangible assets (for example, repairs or insurance), payment of taxes and other mandatory payments, except for income tax, and other expenses aimed at servicing and managing a commercial bank [16].

Commercial banks reasonably aim to reduce costs and use the latest methods of their control, such as budgeting, which acts as a system of interconnected financial balance sheets (plans) of a commercial bank [16; 25].

Thus, the key sources of profit formation of a commercial bank are banking income (interest, commission, trading and other), non-banking and unforeseen income of the bank, and the task of the profit management system of banking activity is to prevent a decrease in the profitability of the banking system, which is the material focus of its further functioning and its rating on the domestic banking market.

1.2. The bank's income and expense management system

Income and expense management is a key tool in the management system of a banking institution.

Banking is a practice in the field of finance and credit and belongs to the non-production environment. In addition, in the process of its implementation, the formation of new value does not occur, but thanks to banking institutions, there is a movement of monetary resources between different counterparties. Without creating new value and providing special financial (banking) services, commercial banks build their activities

on the principles of comparing in monetary terms their own costs and results of operations and covering their obligations to creditors and depositors at any time after the date that established by the contract and before the state for the payment of taxes and all other mandatory payments. Therefore, the level of organization of the bank's finances depends on its ability to timely and fully fulfill the accepted obligations under all types of contracts, ultimately achieve the main goal of maximizing value. Commercial banks at their own discretion build a management system in accordance with the pre-accepted concept of development and mission, however, at the same time, state supervision of banking activities has been implemented in Ukraine, which qualitatively ensures control over the solvency of bank formations, the reliability of their reporting and compliance with current legislation.

Unlike industrial entities, where value is created with the help of fixed assets, while in banking, value is formed by the bank's personnel and reputation. Taking this into account, banking activity should be considered, on the one hand, as an independent economic and entrepreneurial activity that was created with the aim of obtaining maximum profit and can be an object of interest for investors, on the other hand, as a special economic institution that, at the same time, can provide banking services and sell temporarily free cash. Actually, taking into account the above, it is worth highlighting the peculiarities of the functioning and specificity of financial relations of banks.

Management of the bank's income and expenses is implemented with the help of a financial mechanism. Therefore, the interaction between organizational structures, enterprises and management bodies is embodied with the help of an organizational and economic mechanism (Figure 1.3).

The outlined features of the finances of commercial banks determine the need for the development of a specific mechanism that will be aimed at ensuring the high-quality functioning of the income and expense management system of the banking institution. In addition, their flexibility in special conditions of influence of environmental factors. Therefore, the management mechanism must simultaneously solve both economic and organizational issues. The economic component of the mechanism should ensure the achievement of given proportions and ratios between existing resources and financial needs, which will reveal high growth rates of cash

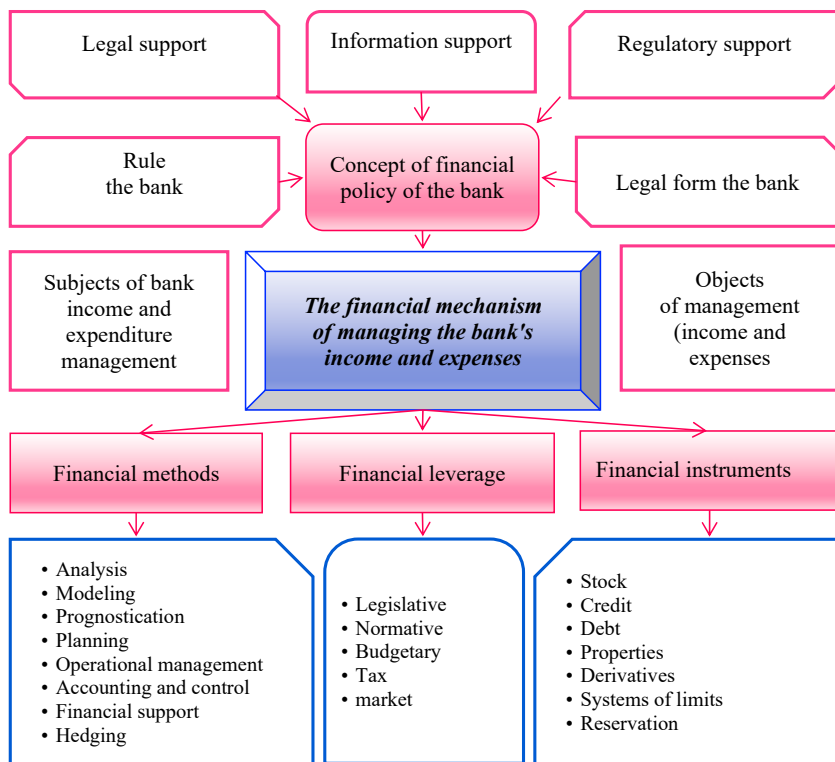


Figure 1.3. Scheme of the financial mechanism for managing income and expenses of a commercial bank

Source: [17]

flows on invested capital along with the financial stability of the company. The financial mechanism in accordance with the management of income and expenses of a commercial bank is a key component of the economic mechanism, because it is the foundation of indicative planning, the basis of pricing and actually changes in financial legislation. That is why the financial mechanism for managing the bank's income and expenses is a system of economic relations that is formed under the influence of the financial policy of a commercial bank, legal, economic, regulatory and informational

factors and ensures the functioning of the operational activities of a domestic bank through the use of appropriate forms, methods, tools and levers. Returning to Figure 1.3, it is worth noting that it presents a generalized algorithm of the mechanism for managing income and expenses of a banking institution. In the conditions of martial law and a high level of uncertainty of risks in the banking sector,

The main goal of any banking institution is to maximize profit under the condition of its stable condition and continuous and long-term functioning in the market. Having received a profit or a loss, that is, the final financial result, the bank has the opportunity to evaluate the sum of all types of its activities (active and passive operations).

Many exogenous and endogenous factors affect the amount of banks' profits (Figure 1.4).

Profit, expenses and income are a reflection of a set of objective and subjective factors that affect the activity of a banking institution: client base, availability of sufficient premises to serve its clients, location, level of competition, level of relations with state bodies and some of their representatives, the level of development of financial markets, the quality and efficiency of bank management, including the promptness of making

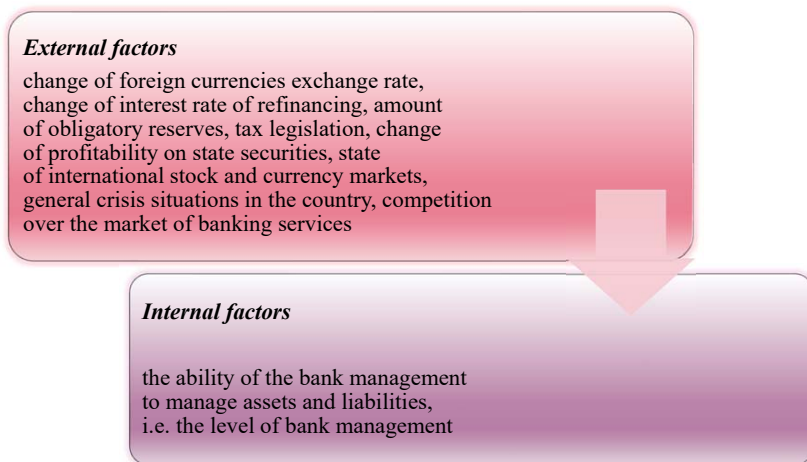


Figure 1.4. External and internal factors affecting the amount of profit

Source: compiled by the author based on [49]

important management decisions, the availability of external sources of auxiliary financial resources and infusions, the use of innovative financial technologies, the presence of a network of branches, the level of control over current expenses of a commercial bank, the level of setting up intrabank analysis and control, etc.

The mechanism for managing the financial results of a banking institution consists of a system of interrelated tools and methods directly related to the formation, use and distribution of the banking institution's profit, and functions with the main goal of improving profit performance and increasing the efficiency of commercial bank activity [50].

Methods of assessing and regulating the level of profit of a banking institution are shown in Table 1.2.

Actually, taking into account the demonstrated methods, it can be concluded that the mechanism of analysis and detailed assessment of the bank's profitability includes an extensive system of analyzes that directly consist of its formation, use and distribution and is carried out in order to increase the results of profitability and the efficiency of the commercial bank's economic activity.

The bank's profit management is based on a fairly complex multifunctional mechanism consisting of a number of elements characterized by the following properties:

- introduction of units in the organization related to this process;
- planning of items of profit, expenses and income of a commercial bank;
- observance of methods of assessing the level of profitability of banks;
- using methods of daily profit regulation.

Income and expense management is manifested as a process of developing and making management decisions from all aspects of their formation and use in a banking institution. Taking into account the content of the bank's income and expenses management algorithm and the requirements put forward in relation to them, goals and objectives are formed.

The key goal of the bank's cost management is the minimization of unproductive costs, precisely those costs that do not lead to an increase in profit. By reducing non-productive expenses, the banking institution will be able to quickly form a reserve of funds, as a result, direct them to their own development and the introduction of the latest technologies in their

activities. However, the work practice of most domestic commercial banks, which differ both in terms of volume and range of operations, makes it possible to note a stable trend of outpacing the growth rates of expenses in relation to the growth rates of incomes.

Table 1.2

Ways of assessing and regulating the bank's profit

Structural analysis of income
The purpose of this analysis is to identify the basic types of income in order to assess their reliability and the possibility of preservation in the future. Income is divided into interest, commission and other income. According to the level of stability, groups of stable and unstable incomes are distinguished
Structural analysis of costs
Similar to income analysis. Interest, commission and other costs are allocated on the basis of the price form in the banking markets of resources and services
Structural analysis of sources of profit (financial result)
The financial result of the activity means the loss or profit of the bank. The quantitative display of the financial result can be determined by net or balance profit (loss). The structural analysis of the financial result is based on the identification of its basic sources
Evaluation of activity results based on the system of financial ratios
Coefficients of interest margin, levels of non-interest income and expenses, ratio of non-interest and interest margin, stable income per ruble of assets, share of dividends in income, expenses per ruble of assets, indicators of profitability of actinon and equity capital, profit per employee
Factor analysis of profitability and profitability indicators of the bank
Allows you to detail the reasons for its change, and on this basis to specify management decision-making. It is used to determine the main factor of change in the profitability indicator. For this purpose, the method of substitution is used, which allows you to determine with which element of the numerator or denominator of the coefficient is connected in more than all positive or negative trend of its change.

Source: compiled by the author based on [6; 28]

The main task of cost management is the creation of an effective mechanism that ensures the optimization of the costs of a commercial bank, bringing them into line with the defined. profitability This management mechanism should become the foundation for ensuring the profitable operation of all banking divisions in a specific period of

time and at the same time reduce the banking institution's dependence on the market situation.

Noting that the basic share of profit is the net income from active operations, it is worth paying more attention specifically to the management of income from the bank's presented operations. Interest rates on active operations must adhere to the following ratios: first of all, the interest rate is calculated using the method of wide application of short-term liabilities, in addition, the amount of resources of various types is assigned to a specific type of asset. The next stage is the calculation of the weighted average cost of resources that were previously used for the purpose of funding active operations. The last stage is the calculation of the margin for all active operations, the determination of the difference between the bank's profit from active operations and the cost of the resources that fund this operation.

In the process of implementing these stages, it is possible to see where exactly there is a weak point in the functioning of a commercial bank, that is, why it cannot reach the planned level of profitability. And only after the completion of such an analysis should an adjustment be made to the structure of the bank's resources. Based on this, it is necessary to focus on the management of bank expenses, which is aimed specifically at reducing the cost of operations carried out in a commercial bank, because they are the main part of the effective management of banking operations.

It is worth noting that in the operational management of the bank's income and expenses, a rather strong emphasis is placed on the tariff policy, because commission income depends on the correctly formed price for banking services. The tariff committee of a banking institution must analyze the ratio of the cost of services, and therefore study the market competitiveness of the current tariffs.

The basic functions of the tariff committee include:

- development of basic principles of tariff policy;
- calculation of the cost of services;
- analysis of competitor banks' tariffs;
- analysis of the bank from the point of view of the profitability of banking services with alternative variants of the tariff system.

Depending on the operational goals of management, a commercial bank must choose a method of tariff policy, for example: pricing based

on the level of current market prices; a multi-factor pricing method based on customer relationships; pricing for market penetration; pricing method based on full costs (average costs together with profit); pricing based on break-even analysis.

In fact, the effective tariff policy developed by the banking institution is the key directions that should be followed when making management decisions on setting certain tariffs for its services both for all bank clients and for their individual categories.

Thus, we can conclude that with operational management of income and expenses, a commercial bank can effectively direct its actions to achieve the main tasks in the short term in the shortest period of time.

The profitability of the banking business is one of the most qualitative and effective indicators for determining the results of the financial activity of banks. In addition, it is the material basis for further activities and the creation of ratings on the domestic banking market.

The main task of bank management is to prevent a decline in the profitability indicator, because this will be significantly reflected in such indicators as capital adequacy and the level of competitiveness of a commercial bank in the market [59, p. 112].

Management of the profitability index of banks is an element that guarantees an increase in the final financial result of the activity of a banking institution, growth of capitalization and direct profitability of organizations of the banking sector of the economy.

1.3. The main indicators of the bank's profitability

Profitability determines the efficiency of the bank's work, because achieving a satisfactory level of profit allows you to enrich the capital, forms the basis of life activity and development of the banking institution, thus ensures an acceptable level of dividend payments to shareholders. Profitability or profitability of a banking institution is the total positive result of its economic, financial and commercial activities [28]. Operating expenses are covered by the profit received. The generated profit determines the level of dividends, the development of passive and active operations and capital growth. As mentioned above, important conditions for ensuring the profitability of a banking institution are the optimization of the structure of

income and expenses, the identification of trends in the profitability of credit operations, the determination of the minimum permissible interest margin, planning of the minimum income margin for qualitative forecasting of the targeted level of interest for passive and active operations. The profitability of banking directly depends on maintaining liquidity, managing and minimizing risks [28].

In domestic practice, as well as in international practice, the efficiency of a banking institution is determined using a number of indicators: spread, net interest (interest) margin, other operating income and labor productivity. Such an analysis of the bank's activity is usually carried out by comparing it with the plan and in dynamics [11; 30; 58].

A key place in the analysis of the financial results of banking institutions is the study of the volume and expediency of the received income, because they are the main conditions for the formation of profit. In the analytical process, it is recommended to use the economic proof grouping of income and expense analytical accounts of a commercial bank, vertical and horizontal analysis of the financial results of the institution, evaluation of dynamic series of profitability indicators by quarters and years, calculation and evaluation of the degree of dependence of profit on various factors, comparison of the obtained results with recommended in domestic and international practice [23].

An important remark is that the profit is one of the key indicators among the analyzed indicators, but it cannot always show sufficiently objective evidence about the degree of effectiveness of all financial and economic activities of a commercial bank, about the ability of the monetary resources invested or placed by it to be profitable in the future. Therefore, the effectiveness of the financial and economic activity of a banking institution is better determined by digital data on profitability or profit. These indicators are obtained by the ratio of profit to the sources of its receipt. Moreover, the economic essence of these relative indicators is that they form bank profit earned from each hryvnia of invested funds by the bank.

The analysis of activity efficiency is carried out using the indicators shown in Figure 1.5.

Modern international practice uses many indicators characterizing the profitability of commercial banks, such as the Dupont model, ROE, ROA and CIR [57].

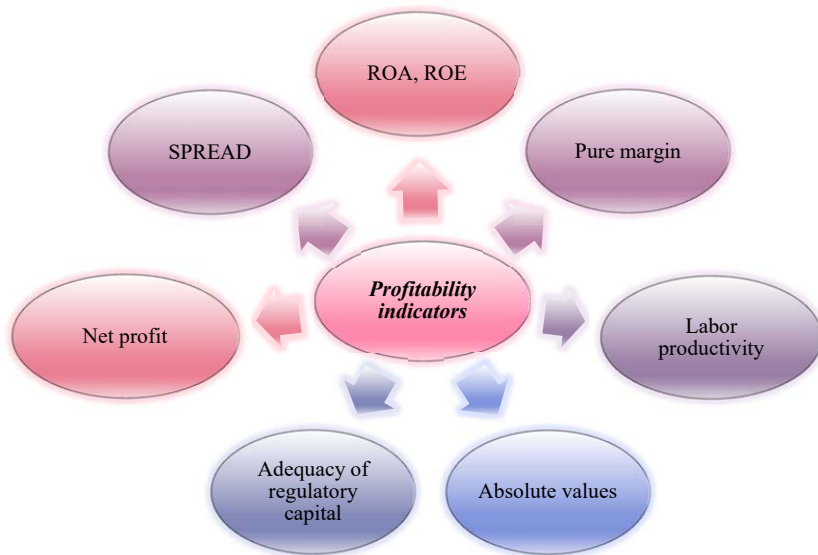


Figure 1.5. Indicators of the bank's profitability level

Source: compiled by the author based on sources [47–50]

On the other hand, experts discuss the adequacy of existing performance indicators, as world experience shows that the change in the conditions of conducting banking business requires a review of traditional methods of assessing the effectiveness of banking activity in modern conditions.

It is worth noting that the DuPont model was developed back in the distant 20s of the 20th century. Its purpose was to determine the influence of four factors – profit margin and operating margin, capital multiplier, return on assets, on the return on capital. Accordingly, in the opinion of leading specialists, it has a limited character when analyzing efficiency in the modern, very volatile and dynamic conditions of the banking business. After all, the increased risks in the external environment of banking activity require the application and development of assessment tools that would be able to take into account the main determinants of efficiency and monitor their dynamics with the aim of minimizing and avoiding crisis situations,

especially for domestic commercial banks that are in extremely difficult conditions of existence [47–50].

Return on capital, abbreviated as ROE, is considered to be the most common summarizing indicators of profitability at the moment, which can be used to determine the level of return on shareholders' cash resources and return on assets (ROA), which, in turn, is a component of ROE and reflects the effectiveness of the internal management policy of a banking institution income and expenditure positions. Some banking auditors testify that the classic indicators of return on capital (ROE) and assets (ROA), estimated on the basis of balance sheet data, are characterized by high homogeneity, so they cannot correctly identify "efficient" and, together with them, "inefficient" banks [47]. Along with the specified efficiency indicators, the coefficient characterizing the operational efficiency of banking activity – or CIR – deserves attention. CIR (from the English cost to income ratio), which in the scientific works of domestic scientists was called the efficiency coefficient. This indicator is calculated according to the algorithm for determining the ratio of operating expenses and operating income of a commercial bank [16; 47; 50].

The analysis of the formation and development trends of the banking system of Ukraine makes it possible to assert that the use of profitability indicators as an efficiency criterion is determined by the historical component. At the beginning of the birth of the domestic banking system, one of the primary goals and tasks was to stimulate the quantitative characteristics of the development of commercial banks. The gradual resolution of this issue was encouraged by the National Bank of Ukraine through the use of incentive measures to increase the authorized capital of banks. In domestic practice, it is usual to identify the analysis of the efficiency of banking activity with the determination of profitability indicators. In addition, the application of the method of financial ratios as a key assessment tool [16, 47]. According to the NBU methodology, indicators are calculated in relation to the bank's total assets. It should be noted, that in practice it is considered that if the rate of return on assets exceeds the level of 1%, then the banking institution works profitably. In international practice, on the contrary, the value of the coefficient of return on assets within 12% is optimal (Table 1.2) [35].

Table 1.3

**Key coefficients for calculating the level of profitability
of a commercial bank and their characteristics**

Indicator	Calculation	Brief description
Profitability of assets ROA	$ROA = (PD/RA) * 100\%$ or $ROA = (P/A) * 100\%$, where PE is net profit; RA – working assets of the bank; A – total assets of the bank.	The ROA ratio must be at least 1%. It shows how much net profit 1 hryvnia brings. assets of the bank.
Profitability of capital ROE	$ROE = (ChP/K) * 100\%$, where K is the bank's own capital.	The recommended value of this indicator is at least 15%. It shows how much net profit per UAH 1. own capital the bank.
Clean spread	$CS = ((PD/PA) * 100\%) - ((PV/PP) * 100\%)$, where PD is interest income; PA – paid assets from which the bank receives income; PV – interest expenses; PP – payable liabilities, liabilities for which the bank bears costs.	The norm is not less than 1.25%. ChS shows the bank's net profitability.
Net interest margin	$CPM = ((PD - PV)/RA) * 100\%$.	The norm of the coefficient is not less than 4.5%. Margin shows how much net interest income brings 1 UAH working assets.

Source: formed by the author based on [32; 35; 47; 50]

The ROE indicator shows the return on equity capital of a banking institution. Its value is of particular interest to shareholders of a commercial bank, as it is approximately equal to the amount of net profit that shareholders receive directly from investing their capital. The optimal value of the ROE 1 indicator should be at least 15% [35].

The ratio of profit and equity determines the indicator of stability. The analysis of this ratio allows us to predict how the level of profitability of a commercial bank will change. In practice, some banks, and even more so their shareholders, detail this profitability indicator using the ROE 2 return on equity ratio. This indicator makes it possible to assess the expediency and effectiveness of shareholders' investment of their own funds and the

effectiveness of the actual return on equity capital, in addition, it shows the bank's ability to dispose of all his money. For shareholders and shareholders of a particular bank, it is important to compare the percentage of return on authorized capital with a similar indicator of other commercial banks in order to find out the most profitable and profitable placement of own financial resources [31–34].

The "Spread" indicator is used to assess the effectiveness of the bank's performance as an intermediary between borrowers and depositors, as well as the level of competition on the financial market. In a general understanding, "Spread" is the simultaneous sale and purchase of futures contracts for the same commodity, but with different delivery terms, or for two different but interrelated commodities [32; 35]. Usually, in the case of intensifying competition, the spread decreases and commercial bank managers are forced to look for other sources of income. The analysis of the net spread is related to the bank's interest policy, which is reflected in changes in interest rates for active and passive operations. The approved interest policy of the bank for credit and deposit transactions makes it possible to minimize the interest rate risk. The degree of such consistency shows the net spread. That is, the net spread is the difference between interest received and paid and rates. Thanks to this indicator, the necessary minimum difference between bank rates for active and passive operations is determined, which in turn gives a chance to minimize costs, but will not bring profit (the minimum value of this indicator is 0). The optimal value of the net spread should be at least 1.25% [23; 24; 33].

For a qualitative analysis of the profitability of commercial banks, additional indicators such as net interest margin and net profit per share are used. The latter serves to cover the costs of a commercial bank and risk, including inflationary, profit creation, covering agreements in agreements [23; 24; 33].

Net operating margin is presented in the form of two components – non-interest income per unit of assets and interest income per unit of assets. Such a division provides a vision of the ratio of income from the main banking activity (loans, leasing, investments, etc.) and non-interest income received from the provision of paid financial services to its clients. Due to the intensification of competition, banking institutions are looking for new, somewhat "non-traditional" sources of income, which provide a chance to

diversify activities and increase the amount of total profit thanks to non-interest income [33].

The labor productivity indicator reveals the effectiveness of the bank's personnel policy, which significantly affects its reputation. The indicator of the labor productivity of the cohort of specialists belongs to the coefficients on the basis of which the level of efficiency of the banking institution is calculated [38].

Adequacy of regulatory capital shows information about the bank's ability to timely and fully settle obligations arising from trade, credit or other monetary transactions. The normative value of this indicator should be at least 10%.

The algorithm for determining and calculating the amount of regulatory capital is based on the research and development of the Basel Committee with the aim of compliance by banking institutions with the minimum requirements for capital adequacy. These developments were taken as a basis for the work of the National Bank of Ukraine and specified in the Instructions on the procedure for regulating banking activity in Ukraine [35]. Thus, one of the key directions of the management of a banking institution is the growth of the considered profitability indicators, in addition, an important direction of their activity is the minimization and reduction of the risk of banking operations.

CHAPTER 2. ANALYSIS AND EVALUATION OF REVENUE AND COST MANAGEMENT OF JSC CB "PRIVATBANK"

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2.1. Evaluation of the effectiveness of the banking system of Ukraine

On February 24, 2022, due to the full-scale invasion of the aggressor country, martial law was introduced by the Decree of the President of Ukraine. On the same day, the National Bank of Ukraine (NBU) adopted Resolution No. 18 "On the operation of the banking system during the introduction of martial law." This normative-legal document determined a radically new procedure for the banking system of Ukraine for the near future. Many trials have befallen the financial sector of Ukraine in recent years. However, all subjects of the Ukrainian economy, without exception, faced unforeseen challenges caused by the full-scale invasion of Ukraine by the Russian Federation. It is worth noting that the financial sector turned out to be ready for such events, because thanks to the fruitful work of financial market participants and, in particular, the systematic work of the National Bank of Ukraine during the previous years, including in the conditions of existence during the quarantine restrictions that were introduced due to the COVID-19. With the help of prudent steps of the regulator (NBU), the banking sector of Ukraine not only survived, but also continues to develop. So, the banking system is aptly called the lifeblood of the economy. Undoubtedly, banks provide payments to the population and business representatives. Uninterrupted, coordinated and efficient work of domestic banks in wartime is very important, even compared to peacetime. The effectiveness of commercial bank activity is difficult and difficult to study, which is influenced by certain external and internal factors. Domestic and foreign scientists pay special attention to the efficiency of the banking system and study it from various aspects [33].

In the conditions of interbank competition, in order to choose a reliable bank, clients need objective financial information. One of the components of the study of banking activity is the analysis of income and expenses, financial resources (equity and liabilities) and the characteristics of their formation, since profits (losses) are the main elements of assessment [36]. It is also important to analyze indicators of liquidity, profitability and capital adequacy of the bank, which can be used to determine the competitiveness of the bank [36].

The Ukrainian economy as a whole and the banking system as an important component of it in 2022 suffered the most devastating blow in the history of the development of an independent state, but relative stability has been maintained.

For a detailed study of the effectiveness of the banking system, we suggest first of all to analyze the dynamics of the number of banking institutions in Ukraine.

Over the past few years, the banking system of Ukraine has been in a state of systemic crisis, which is caused by a permanent shortage of long-term banking resources, disproportions in bank balances and ineffective actions of the monetary regulator, which ultimately led to a threefold devaluation of the hryvnia, vulnerability of banks and their clients to currency shocks. It is important to note that in recent years the number of banks in Ukraine has significantly decreased, the number of operating banks has decreased in recent years, and the number of banks with foreign capital has also decreased, but it is worth noting that the number of banks with 100% foreign capital during the period under study first increased to 23, and in 2022 it decreased to 22, which can be considered a positive phenomenon, taking into account the impact of negative macroeconomic factors during 2020–2022.

However, a few words should be detailed about 2022, because the number of active banks has practically not changed during the martial law. In the first quarter of 2022, the number of banks decreased by 2, in the second and third quarters, 1 more bank went bankrupt, and in the 4th quarter of 2022, the number of operating banks did not change. Thus, during the year, the number of banks decreased by 4 relatively small financial institutions, half of which were with Russian capital. In general, in 2022, the share of state-owned banks increased by 3.9 percentage points. In addition, in the review of the banking

system for February 2023, the NBU classified Forward bank as insolvent, due to its failure to bring its activities into compliance with the requirements of the law. However, this bank also belonged to the small category, as it accounted for only 0.1% of the sector’s net assets. As for the network of bank branches, it continues to systematically shrink. As a result, every fifth branch was closed in 2022. The total number decreased from 6,685 to 5,336. The main reduction occurred due to the closure of branches in the occupied territories of Kharkiv, Donetsk, and Kherson regions, as well as in the territory of Kyiv region. According to the NBU’s assessment, there is no access to banking services in some settlements. In order to solve the situation, it is planned to provide inclusion in these settlements with the help of mobile offices.

Let’s begin the analysis of income and expenses of the domestic banking system. Consider the income structure of the banking system of Ukraine over the past 5 years (Figure 2.1).

According to table 2.1, it can be argued that in the structure of incomes of the domestic banking system, the largest share is occupied by interest incomes. The largest share was observed in 2018 – 68.8% of all revenues of the banking system of Ukraine. The growth of net interest income during the 2nd quarter of 2022 slightly accelerated to 20.4% p.p. As a result, income from investments in NBU certificates of deposit increased.

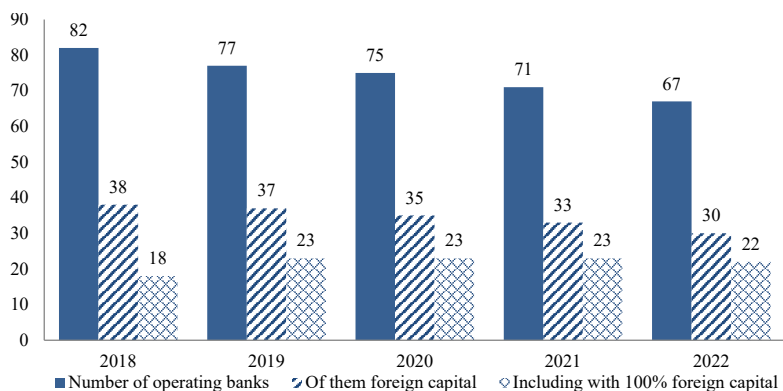


Figure 2.1. Dynamics of changes in the number of banking institutions in Ukraine

Source: compiled by the author based on [37]

Table 2.1

Analysis of revenues of commercial banks of Ukraine in 2018–2022

Indexes	2018		2019		2020		2021		2022	
	million hryvnias	%	million hryvnias	%	million hryvnias	%	million hryvnias	%	million hryvnias	%
interest income	140803	68.8	152,954	62.9	147,743	59.1	168,746	61.6	130,846	57.5
commission income	50,969	24.9	62,057	25.5	70,640	28.2	93 162	34.0	51 164	22.5
the result of revaluation and of purchase and sale operations	1 853	0.9	16,225	6,7	21,507	8.6	-77	-0.03	39,617	17.4
Other operating income	8,589	4.2	8 147	3,4	6,813	2.7	7 488	2.7	4,374	1.9
other income	1 809	0.9	2,809	1,2	2,705	1.1	3 175	1,2	1 013	0.4
return of written off assets	532	0.3	909	0.4	763	0.3	1 370	0.5	463	0.2
All income	204,554	100	243 102	100	250 171	100	273,863	100	227 477	100

Source: compiled by the author based on [37]

The dynamics of the components of interest income is negative, which is characterized by depressed demand for loans, lower rates for retail loans and credit holidays. Net commission income increased compared to the beginning of 2022, but remains lower, in line with previous periods. The vast majority of commercial banks were able to maintain positive net interest and commission income. It is worth noting that the profit of the banking sector from operations on the purchase and sale of foreign currency increased almost sixfold, this trend partially supported the increase in operating income.

Next, we will consider the structure of expenses of the domestic banking system for 2018–2022 (Table 2.2).

Table 2.2

Analysis of expenses of commercial banks of Ukraine in 2018–2022

Indexes	2018		2019		2020		2021		2022	
	million hryvnias	%	million hryvnias	%	million hryvnias	%	million hryvnias	%	million hryvnias	%
interest expenses	67,760	37.2	74,062	40.1	62,895	29.9	51,097	26.0	39,058	17.8
commission costs	13 159	7.2	18,096	9.8	24 132	11.5	35 186	17.9	21,930	10.0
Other operating expenses	16,800	9.2	11,790	6.4	16,405	7.8	18,244	9.3	10,412	4.8
general administrative expenses	53,670	29.5	62,936	34.1	69,437	33.0	78,293	39.8	51,964	23.7
Other expenses	2011	1.1	2 379	1.3	2,728	1.3	3,855	2.0	2 405	1.1
deduction to reserves	23,758	13.0	10,714	5.8	31,037	14.7	3 448	1.8	89,429	40.8
All expenses	182,215	100	184,746	100	210,445	100	196,488	100	219,043	100

Source: compiled by the author based on [37]

According to the data in Table 2.2, we observe a similar situation with income of the domestic banking system, the largest share of expenses of commercial banks falls on interest expenses. The year 2019 shows the largest share of them - 40.09%, but during the analyzed period they still tended to decrease.

The main source of income for banks is interest on loans. We will analyze the dynamics of changes in the volume of business lending for 2020–2022.

It is worth noting that during 2022, the banking system of Ukraine received 4.5 billion hryvnias in losses, this happened due to deductions to reserves for expected credit losses. In general, the volume of net loans in hryvnia to business entities in the 4th quarter of 2022 decreased by 6.7%, but as a result, it increased by 0.5% over the year. According to the final calculations, the amount of funds saved by the population in banks increased by almost a third. However, the specified growth occurred mainly

due to the concentration on the current accounts of clients of temporarily unused payments of military servicemen, employees of the budget sector and payments to displaced persons. As for foreign currency, the gradual recovery of foreign currency deposits took place in the 2nd quarter of 2022 at the expense of "conversion deposits" concluded for a three-month period.

24 banking institutions turned out to be unprofitable, so their total loss was about UAH 10.5 billion. Three state-owned commercial banks were among unprofitable commercial banks, in contrast to the competition, the studied JSC CB "PrivatBank" generated almost half of the profit of profitable commercial banks.

In the near future, the NBU recommends that banks focus on restoring credit and maintaining their business models, taking into account the possibility of a long war. At the same time, credit risk will continue to be one of the key risks of the banking system. In 2023, the NBU plans to conduct an assessment of the stability of banks, based on the results of which the terms for the restoration of capital by banks will be determined. In addition, it is planned to develop a schedule for the cancellation of temporary regulatory relaxations. According to preliminary estimates, most financial institutions will be able to restore capital at the expense of future profits, but a number of banks will most likely need additional help from shareholders. Banks are also recommended to focus on liquidity management, compliance with the interest rate policy, which, in turn, should serve as a basis for stimulating time deposits of the population.

In addition, it is worth showing on the graph the net profit (loss) of the banking system of Ukraine (Figure 2.2).

It is worth noting that the increase in income and cost savings enabled the vast majority of banking institutions to maintain operating profitability during 2022, but in Figure 2.2 we see a significant rate of reduction in the net profit of commercial banks in 2022 compared to 2021, which is 89%. The continuation of the war exacerbates the vast majority of risks, which causes such a negative situation.

The total volume of net assets of plateau-capable banks in the first quarter of 2022 decreased sharply in all banks, but starting from the second quarter, state banks and Privatbank show a gradual increase in the volume of assets. Starting from the 3rd quarter of 2022, the assets of all banks in

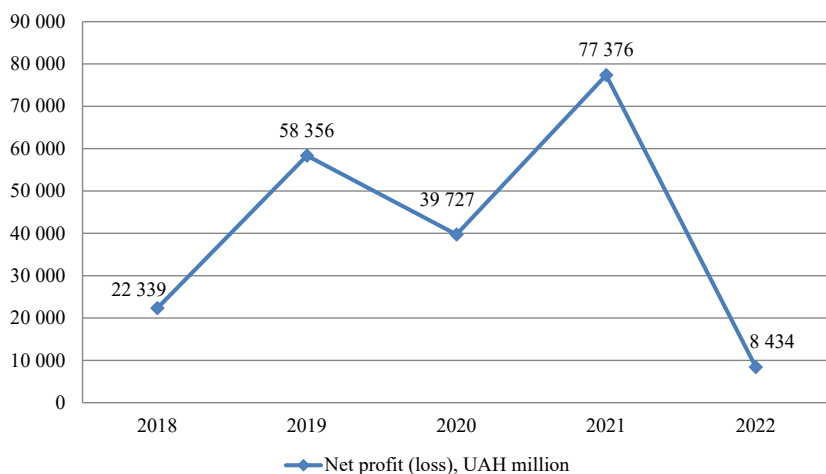


Figure 2.2. Net profit (loss) of the banking system of Ukraine for the years 2018–2022

Source: compiled by the author based on [37]

Ukraine began to grow steadily. This trend continued at the end of the year. In general, bank assets increased by 17.9% over the year. The main source of asset growth is the increase in the use of NBU certificates of deposit and funds in accounts with other banks.

Taking into account the fact that the main growth was still due to the additional emission of hryvnia, which was actively carried out in the first months of the war to cover key defense and social costs, we can only consider the only positive point in the growth of assets to be the fact that surplus funds mostly remained within the boundaries of the domestic banking system, and not beyond it, which would turn them into hyperinflation.

Consider the dynamics of the assets of the banking system of Ukraine over the past 5 years (Table 2.3).

According to Table 2.3, total assets (not adjusted for reserves from active operations) tended to both increase and decrease. Over 5 years, the total growth was 28.21%. Over the entire period, total assets (not adjusted for reserves for active operations) in foreign currency also showed a downward trend. There was also a significant drop in reserves for active operations of

financial institutions (taking into account reserves for operations recorded on off-balance sheet accounts).

Table 2.3

**Dynamics of assets of the banking system of Ukraine
for the years 2018–2022**

Indexes	Growth rate, %				
	2018	2019	2020	2021	2022
Total assets (not adjusted for reserves for active operations)	3.84	3.72	11.32	6.94	6.33
of them: non-residents	1.46	26.96	8.66	-2.55	32.60
Assets in foreign currency	-2.42	-0.50	18.96	-0.30	14.60
Total assets (not adjusted for reserves for active operations) in foreign currency	3.12	-7.84	3.91	-8.90	13,17
Cash funds	6.44	19.95	29.96	3.26	-13.81
Bank metals	-	7.27	55.01	-32.87	-164.83
Funds in the National Bank of Ukraine	-4.84	114.14	-50.59	-7.02	47.54
Correspondent accounts opened in other banks	-9.90	36.30	48,89	-1.80	36,26
Term deposits in other banks and loans granted to other banks	18.87	3.85	43.95	19,29	-37.16
Loans provided to clients, including:	7.92	-7.64	-7.05	10.90	4.05
loans granted to state authorities	88,86	64.89	146.42	131.71	4.50
loans granted to business entities	6.32	-10.57	-8.83	6.16	6.17
loans granted to individuals	15,27	5.02	-3.47	21.58	-3.60
loans granted to non-bank financial institutions	57,14	-50.00	81,82	280.00	-174.70
Investing in securities and long-term investments	12.87	12,24	46.70	4.87	-2.89
Reserves for active operations of banks (taking into account reserves for operations recorded on off-balance sheet accounts)	8.88	-11.54	-21.08	-28.23	-127.55

Source: compiled by the author based on [37]

Regarding the special situation in 2022, it is worth noting that in general, the net assets of solvent commercial banks increased by more than 3.3% during the quarter, mainly the volume of monetary resources in accounts with other banking institutions and NBU certificates of deposit increased.

Dynamic imbalances in the corporate loan portfolio: net hryvnia loans to economic entities increased by 5.3% during the quarter, while foreign currency loans in US dollars decreased by 7.2%.

The growth of hryvnia credit occurred only at the expense of state-owned banks – about +30% for the quarter, in another banking group a net reduction of the portfolio was observed. Every year, the company's net loan portfolio increased by 27.6% in hryvnias and by 1.8% in foreign currency (US dollars).

Private companies most actively attracted initial loans. The net retail loan portfolio declined by 11.1% in the second quarter across all banking groups due to lower loan volumes and higher provisions. During martial law, loans were only for the current needs of customers, but there were almost no loans for mortgages and car purchases. The scale of non-performing loans increased for the first time in a long time of the war.

Consider the dynamics of liabilities of the banking system of Ukraine over the past 5 years (Figure 2.3).

Analyzing the liabilities of the banking system of Ukraine, it is worth noting that they had a gradual tendency to increase in the studied period from 2018 to 2022 – from 15% to 24%.

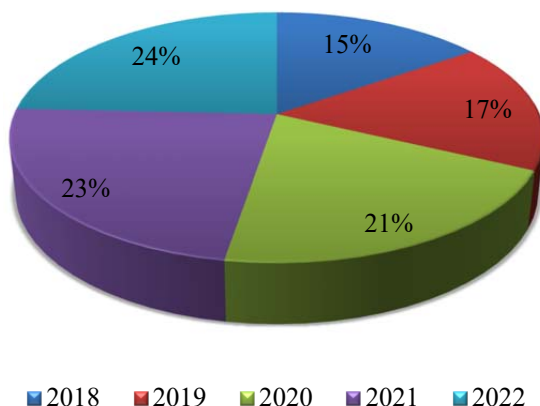


Figure 2.3. The structure of liabilities of the banking system of Ukraine in 2018 and 2022

Source: compiled by the author based on [37]

Also, it is worth analyzing the profitability of assets and capital of the domestic banking system for the years 2018–2022 (Figure 2.4).

Based on Figure 2.4, the return on assets was quite low in 2018, and its highest indicator was in 2019 and was 4.26%, but 2022, despite the generally negative indicators during some months of the war, still managed to turn positive result, although the lowest in the last 5 years. As for the return on capital, its highest indicator was in 2021 and was 35.08%. We also observe a critically low level in 2022 – 2.21%.

The National Bank of Ukraine does everything necessary to ensure the smooth and efficient functioning of the domestic banking system. Already after the end of the war, banking institutions will have time and opportunities to bring their activities to the pre-war mode and to re-form the capital stock.

Hence, the economic situation in the country during the 2022 year is characterized by the unfolding of the consequences of martial law, which is primarily manifested in the growth of inflationary processes, the fall in GDP, and pressure on the currency market.

The war led to the disruption of supply chains, a reduction in the supply of certain goods, an increase in business costs, the physical destruction of production facilities and infrastructure, as well as the temporary occupation of certain territories. The persistence of high energy prices and record

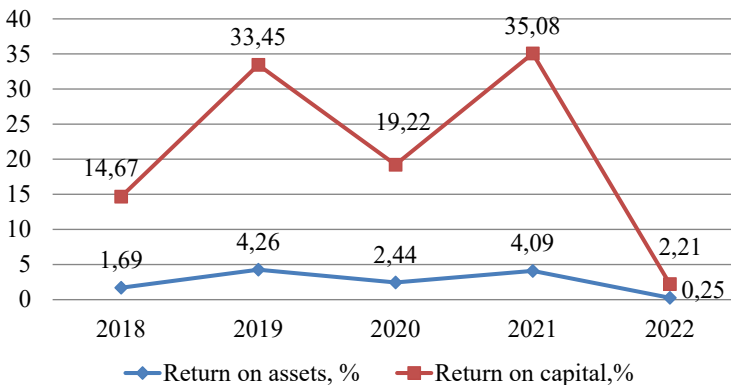


Figure 2.4. Return on assets and capital of the banking system for 2018–2022, %

Source: compiled by the author based on [37]

levels of inflation in partner countries also significantly increased price pressure in Ukraine. At the beginning of the war, a third of the enterprises stopped their activities. The reasons for this are the physical destruction and temporary occupation of several territories in several regions, a high level of uncertainty and risks, the disruption of logistical and production ties, and the forced mass migration of the population.

From the second half of the year, economic activity began to pick up, business and the population slowly adapted to the new operating conditions. This was also facilitated by the liberation of the northern regions and a decrease in the number of regions with active hostilities.

In the 4th quarter of 2022, among the main problems of Ukraine's economy, interruptions in the supply of electricity, water or heat, caused by Russian missile attacks on the country's critical infrastructure, which began in October, took first place. The shortage of electricity led to additional restrictions on economic activity in the country. The vast majority of enterprises reduced production and trade, although some were able to stabilize their work thanks to means of autonomous energy supply, changing working hours or obtaining electricity for production needs.

Currently, the recovery of Ukraine's economy is held back by the destruction of capacities and hostilities, the reduction of demand and the decrease in the purchasing power of households, logistical difficulties, primarily for metallurgists, and problems with electricity. Agriculture is also expected to have a significant negative contribution to the change in real GDP in 2022 – both due to lower yields this year and significantly smaller planted areas.

The fall in GDP in 2022 amounted to -30.4%, which is a better indicator than predicted by previous macro forecasts. In the conditions of high security risks, lower harvests, problems in the energy infrastructure in 2023, it is predicted that the real GDP will grow by only 0.3%.

At the beginning of the large-scale war, the NBU fixed the official exchange rate of the hryvnia to keep the expectations of business and the population under control, and kept the discount rate unchanged at 10%. The fixed exchange rate and currency interventions of the NBU have become key tools for ensuring macro-financial stability. However, as the economy adapted to the war and citizens and businesses returned to the

economic logic of decision-making, in June the NBU returned to active monetary policy and raised the discount rate by 15 percentage points. up to 25%. The purpose of such a step was to protect citizens' hryvnia incomes and savings, increase the attractiveness of hryvnia assets, reduce pressure on the foreign exchange market, and as a result strengthen the NBU's ability to ensure exchange rate stability and curb inflationary processes during the war.

In July 2022, the NBU carried out a one-time correction of the official exchange rate of the hryvnia to the US dollar and fixed it at the level of UAH 36.5686/dollar. USA. According to the National Bank's estimates, the correction of the exchange rate increased the inflow and, accordingly, the sale of foreign exchange earnings by exporters, minimized the speculative component of the behavior of market participants and made it possible to stabilize exchange rate expectations. The correction of the official exchange rate of the hryvnia had only a limited effect on the acceleration of price growth, caused primarily by the consequences of the war for the supply of goods and services and the cost of logistics, as well as the dynamics of prices on global commodity markets. Instead, fixing the official exchange rate at a new, more stable level enabled the NBU to maintain control over price dynamics in Ukraine.

During 2022, the inflationary expectations of businesses and households also increased significantly. The main factors of the growth of inflation are the disruption of supply chains, the destruction of production, the reduction of the supply of goods and services, and the increase of business costs. Another pro-inflationary factor was the effect of transferring the adjustment of the official exchange rate of the hryvnia to the US dollar on prices. Further growth of inflation in the world also affected prices in Ukraine. At the same time, the fixation of tariffs for housing and communal services and the saturation of the domestic market with fuel, together with the preservation of its preferential taxation, inhibited the growth of prices. As a result, inflation grew at a high rate during the year and reached 26.6% year-on-year at the end of the year.

In these conditions, the banking system maintains stability.

The volume of clients' funds in banks increased, which ensured a consistently high level of liquidity despite war risks. A small outflow of household funds in the first two months of the year due to informational

pressure was compensated by an increase in deposits in March. At the same time, the share of funds on demand updated the maximum.

After the start of a full-scale war, the population reduced the demand for loans. Instead, the moderate demand for credit resources from corporations remained. The state facilitated business lending by improving the conditions for participation in government programs, in particular those aimed at supporting the agricultural sector and businesses that are critically important for Ukraine. Banks also actively supported their customers, introducing at the beginning of the war various credit holiday programs, preferential rates and tariffs on products, and upon exiting the credit holidays – restructuring programs for both the mass segment and corporate customers. At the same time, the financial condition of most clients and their ability to service their obligations, in turn, determine the increased credit risks of the banking system and the need to form reserves for them. Provisions for credit losses will continue to grow.

The cost of hryvnia resources has been gradually increasing since the second half of 2022, responding to the maintenance of a high discount rate since June. However, the action of the transmission mechanism significantly slows down the significant liquidity surplus of the banking system.

Management monitors the state of development of the current situation in the external environment and takes measures, if necessary, to minimize any negative consequences as much as possible. Further negative development of events and macroeconomic conditions may adversely affect the Bank's financial condition and results of operations in a way that cannot be determined at this time.

Moody's notes that the downgrade is due to the consequences of the war with Russia, which are likely to create long-term problems for the economy and public finances of Ukraine.

So, the situation in Ukraine in 2022 remains quite complex and tense but controlled. Continuation of hostilities on the territory of Ukraine, further destruction of production facilities, infrastructure, and residential buildings, as well as uncertainty regarding the duration of such a situation restrains further development and postpones active reconstruction.

Finally, it should be noted that in accordance with the considered actions and the adopted Resolution, the banks were obliged to ensure the operation of all branches in an uninterrupted mode, but under conditions, if there is

no immediate threat to the life and health of employees and customers. Banks were obliged to create conditions for free access of their owners to their Sejm boxes. At the same time, no restrictions were imposed on non-cash payments. By the resolution, the NBU undertook to provide support to banks for the constant reinforcement of ATMs with cash. In addition, in order to maintain liquidity, the central bank introduced the mechanism of blank refinancing of banks, namely, the restrictions on the terms and amount of refinancing were canceled and the possibility of extending it for another calendar year was added. With the aim of leveling the negative impact of the panic-stricken mood of the population, regarding the withdrawal of funds from the accounts, in the first days of the full-scale war, the National Bank introduced a restriction on the withdrawal of cash in the amount of no more than UAH 100,000.

In addition, on the first day of the full-scale invasion, the foreign exchange market was completely shut down, except for exchange transactions. The official exchange rate on the same day was officially fixed. A ban was introduced on the issuance of foreign currency from accounts, except for those business entities that were tasked with the implementation of mobilization plans. A moratorium on cross-border currency payments was introduced. Even though non-cash settlements were carried out in an uninterrupted mode, the issue, circulation of electronic money and replenishment of electronic wallets was temporarily blocked.

All decisions made by the National Bank were based on the following principles: – protection of the interests of bank clients, ensuring the provision of services to them at the appropriate level, but considering security factors; – support of banking institutions and their liquidity. Thus, the NBU assumed that the negative impact of military actions on the activities of banks should not cause them to be recognized as insolvent. For this, problematic financial institutions will be given time to restore financial stability after the end of martial law, if necessary; – ensuring the transparency of banks' financial statements, which reflect their real financial condition. This is due to the fact that in the absence of reliable and transparent reporting, it will be extremely difficult for the regulator to implement effective measures to improve the functioning of the domestic banking system after the end of the war. Based on these principles, the NBU determines the list and content of measures aimed at supporting the banking system. However, the expediency of using

certain levers of regulation in practice depends on the implementation of various scenarios of the development of events. An additional tool for supporting the stability of the banking system during the period of martial law was the introduction of blank refinancing at the beginning of the war. According to official data published on the website of the National Bank, during the first month of the war, about 30 banks used this tool. At the same time, the total amount of indebtedness for this type of refinancing amounted to UAH 20.2 billion, which is less than 3% of all deposits. Further support for the liquidity of the banking system was carried out through the suspension of tenders for the placement of certificates of deposit, with a term of 14 days, changing the procedure for announcing refinancing tenders, considering the current situation in the country, canceling the requirement to increase mandatory reserve standards [4]. In addition, in April 2022, the NBU allowed the conduct of (peer to peer) P2P and "quasi cash" transfers to foreign accounts. P2P transfers are transfers of funds from the bank account of one individual to the bank account of another. On the other hand, quasi-cash operations include replenishment of electronic wallets, brokerage or forex accounts, payment of traveler's checks, purchase of virtual assets, etc. The limit for transferring funds for these types of transfers was UAH 100,000. month. Later, due to the use of P2P and "quasi cash" to profit from the difference in exchange rates, in July 2022 the limit for transfers was reduced to UAH 30,000. From October 5, 2022, by the decision of the NBU P2R, transfers to foreign accounts are completely prohibited due to the negative impact on the stability of the banking system [5]. To fully cover the features of the banking system and the foreign exchange market in wartime, we suggest conducting research in the following areas: the structure of the banking sector and the main changes that have taken place in it, the banking infrastructure, trends in the banking and currency markets. According to the results of the review of the banking sector of the sector, published by the NBU in February 2023, it was established that the banking system withstood and quickly adapted to functioning in the conditions of a full-scale invasion. At the time of publication of the review, the banking system is characterized as operationally stable, liquid, and profitable. This was achieved due to the introduction of reforms in the pre-war period, the efforts of the banks themselves, timely preventive measures, and the support of the NBU.

Therefore, thanks to the coordinated actions of the regulator represented by the NBU, the national banking system works stably and ensures the continuous operation of financial institutions in wartime conditions. According to the official data of the National Bank, the losses of the financial sector over the last year are estimated as moderate. Despite the military risks, a sufficient level of liquidity of the banking system is maintained for continuous non-cash payments and fulfillment of other obligations. On the other hand, the foreign exchange market experienced significant fluctuations, and in the first days of the war it stopped working altogether. During 2022, it was gradually restored, by canceling restrictions on the purchase of cash through convertible deposits, stopping the issue of cash hryvnia and banning P2P transfers abroad. The general stability of the foreign exchange market is maintained due to the efforts of the NBU to fix the exchange rate, as well as due to international aid that is systematically received. In the future, the key factor affecting the financial condition of the banking sector will be credit risk, the realization of which can significantly reduce the level of bank capital. However, the NBU does not plan to impose sanctions on banks due to non-compliance with the requirements for the availability of capital and the necessary level of liquidity during the legal regime of martial law and for some time after its end, which will provide the banking system with the necessary time to restore financial stability.

2.2. Management of income and expenses JSC CB "PrivatBank"

The main condition for the restoration of the national economy, which is in an unstable state, is the recovery of the financial sector of Ukraine, and in particular the banking system.

Today, the role of banks as the main regulators of money flows within the national economy has significantly increased. Therefore, in the conditions of a systemic crisis in the banking sector of Ukraine, which is accompanied by a drop in profitability and liquidity indicators of banking institutions, a reduction in the number of banks, an increase in the risks of banking activity, a decrease in the level of trust in the banking system and the outflow of foreign capital, the issue of creating an effective system in the management of financial stability of the bank.

In the conditions of globalization of the world economy, there is an increase in competition in financial markets, accordingly, the problem of developing a system for managing the financial stability of the banking system becomes a priority, considering the crisis state of the domestic banking sector under the influence of modern challenges.

JSC CB "PrivatBank" has existed since 1992 and is a leading bank in the banking market of Ukraine. According to the results of the CBR Ukraine 2020 study, 64.7% of Ukrainians over the age of 16 work at PrivatBank. JSC CB "PrivatBank" is one of the most innovative banks in the world. An example of this is the fact that more than 10 years ago, PrivatBank was one of the first in the world to start using one-time SMS passwords in its operations. Recent innovations that have gained worldwide recognition include such inventions as mini-payment terminals, the use of QR codes to access online banking, online cash transfers and dozens of other diverse mobile applications. The bank's mission: "To contribute to economic development, business growth, and the realization of the dreams of private clients by providing financial services of the highest quality". The bank's slogan: "PrivatBank – we take and do".

The sole shareholder of PrivatBank, which owns 100% of the bank's shares, is the state represented by the Cabinet of Ministers of Ukraine (address: 01008, Kyiv, Hrushevsky St., building 12/2). The main office of PrivatBank is located in the city of Dnipro (formerly Dnipropetrovsk). As of December 31, 2021, the bank under study has 20 branches and 1,475 operating branches in Ukraine and 1 branch in Cyprus. JSC CB "PrivatBank" makes up a fourth part of the entire banking system of Ukraine, is a systemically important and the largest specialized savings bank that serves the deposits of a third of the population [50, p. 90]. On December 18, 2016, the Cabinet of Ministers of Ukraine approved the National Bank of Ukraine's proposal for its nationalization.

The key factor influencing the amount of all types of profit of the bank under study is the amount of the bank's income, which is obtained in the process of functioning. Income is the basis for the development of commercial bank activities. The main share of the banking institution's income is the source of covering expenses related to its operation.

It is important for the investigated bank to remain a reliable partner and financial advisor to its clients, in fact, it hopes to provide high-quality, efficient services in 2022 and beyond.

In 2022, despite the state of war, the bank's organizational structure continued to be improved in accordance with the approved Bank Development Strategy:

- changes took place in the regional network (the transfer of balances and customers of branches to the balance of the Bank's Head Office continued);

- there were changes in the structure of the Head Office (new positions of the Bank's Management Board members were created, a number of new divisions were created, internal structures and subordination of individual divisions were changed).

As of January 1, 2023, PrivatBank had 1,210 branches. According to this indicator, it is the leader among banks. During 2022, the number of branches was reduced by 287 institutions, and in 5 years – by 1,033 branches. The reason for this was that most small banks were unable to recapitalize.

An analysis of indicators of financial results of the studied commercial bank was carried out (Table 2.4).

Based on these financial results, it is worth paying attention to the fact that over the past 5 years commission expenses have increased significantly, more than four times. However, the volume of interest expenses decreased by UAH 11,837 million compared to 2017, but still the main part of the expenses of JSC CB "PrivatBank" is interest expenses.

In 2022, JSC CB "PrivatBank" is purposefully developing its services and products, offering customers innovative services, financial technologies, improving the work of its branches and payment infrastructure, developing lending quite rapidly, despite macroeconomic and political problems, expanding the product line for various segments clients and responsibly approaches risk assessment.

In 2021, the sources of profit of the bank under study did not change significantly, however, they were under the influence of macroeconomic negative trends. On the one hand, the bank's income in 2021 was significantly affected by restrictions on fluctuations in commission income, credit growth, and therefore, on the other hand, the tendency to lower interest rates on the market contributed to a decrease in the cost of resources. In addition, last year there was an increase in the volatility of macro factors, which caused a significant result precisely from financial assets and position revaluations.

Table 2.4

**Dynamics of indicators of financial results of JSC CB "PrivatBank"
in 2017–2022, UAH million**

Indexes	Years						The ratio of 2022 to 2017	
	2017	2018	2019	2020	2021	2022	million hryvnias	%
Interest income	24485	30754	33841	33563	35854	43686	19201	178,4
Net interest income	6111	16752	19667	21961	29317	39918	33807	653,2
Commission income	13211	19590	24575	27649	35057	32945	19734	249,4
Net commission income	10194	15188	18189	18761	23217	20440	10246	200,5
Interest expenses	18374	14002	14095	11961	6537	3768	-14606	20,5
Commission costs	3017	4402	6386	8888	11840	12505	9488	414,5
Administrative and other operating expenses	12194	13988	6576	6315	2348	10473	-1721	85,8
Income tax	19	-9	-2073	-4403	-3318	5030	5011	-
Net profit (loss)	-23914	12870	32609	24302	35050	30198	6284	-

Source: compiled by the author based on [56]

Analysis of income and expenses of commercial banks makes it possible to find out the reasons for changes in these incomes and expenses and to monitor the trend of such changes, which will contribute to effective management of income and expenses of banks. Own management of income and expenses is a rather complex process, therefore its main goal is to increase the level of income and minimize bank expenses, which will make it possible to increase the level of profit of the banking institution, make it possible to make a qualitative forecast and determine the factors affecting the amount of income and expenses of the domestic the bank. At the same time, the analysis of the bank's income and expenses structure

serves as a fundamental prerequisite for ensuring the safety of cooperation with a commercial bank on the part of customers, depositors, shareholders and other banking institutions.

The bank provides universal service for a wide range of clients and is the leader of the Ukrainian market in the retail segment, actively promoting services for small and medium-sized businesses and selectively working in the corporate sector. The basis of the bank's resource base is the funds of individuals in the national currency with a significant share of current accounts. The Bank's strategic goal is to build a high-quality credit portfolio of retail loans and loans to small and medium-sized businesses (SMEs). The bank has a powerful Privat24 transaction platform, which allows you to effectively serve account management operations for clients of all segments and ensures a high level of commission income. Along with online services, the Bank has an extensive network of branches, ATMs and self-service terminals that allow providing services throughout the country (with the exception of temporarily occupied territories).

Let's analyze in more detail the bank's income and expenses, among which the following are the most significant: interest income and expenses (Figure 2.5).

In 2022, a significant improvement in the bank's financial results was due to the growth of its revenues and a decrease in costs. Net interest income in 2022 amounted to UAH 43.7 billion, it increased by almost 21,8% compared to 2021.

In addition, JSC CB "PrivatBank" was forced to create additional reserves in order to reduce the usefulness of credit operations, as a result of the impact of the COVID 2019 pandemic on the economic activity of borrowers. The size of this reserve was UAH 1.25 billion. If you calculate the impairment reserve, it turns out that the net interest income of PrivatBank is practically stable.

The increase in the total income of the bank under study was caused by the growth of net interest income and net commission income (Figure 2.6).

The net commission income of PrivatBank is gradually increasing, in 2020 it has already reached the level of UAH 27.6 billion, compared to 2019 – UAH 24.6 billion. Trends in commission income are caused by the revision of commercial bank tariffs and an increase in the amount of bank

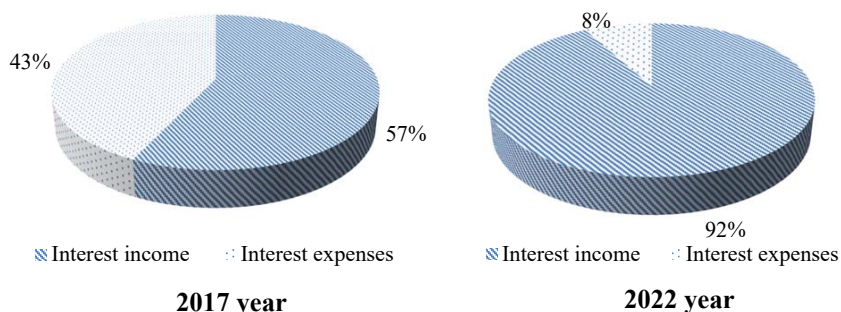


Figure 2.5. Dynamics and structure of interest income of JSC KB "PrivatBank" for 2017 and 2022

Source: compiled by the author based on [56]

client payments. The trading result was formed mainly due to currency purchase and sale operations, so in 2020 it amounted to UAH 3.1 billion. Also, a certain share of PrivatBank's profit is the result of the influence of macroeconomic factors.

The global and domestic economy has undergone some changes, and this led to an increase in the fair value of domestic state loan bonds, which were received as a contribution to the charter capital of a commercial bank upon nationalization. As a result of this revaluation, PrivatBank received UAH 16 billion in profit in 2020. In addition, such a revaluation to some extent reduces the negative impact on the commercial bank's consequences of exchange rate fluctuations, which during 2020 caused up to UAH 7.5 billion losses.

In 2022 JSC KB "PrivatBank" continued to hold on the dominant and leading position of the domestic banking sector in terms of the number of clients who are convinced that PrivatBank is their main bank based on financial indicators. However, profit at any cost is not the bank's key priority. Its main goal is to implement a long-term sustainable business model of the company. The confirmation of such stability and continuous and dynamic development of the bank is the increase in the number of active clients [55].

It is worth noting that another cost item of PrivatBank is the funds it allocates to the development of offline business, to the effectiveness and convenience of branch operations. In December 2020, the bank under

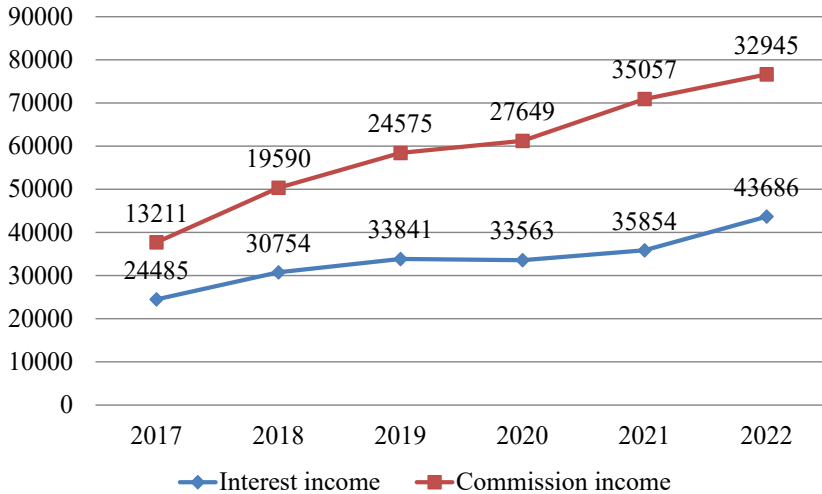


Figure 2.6. The dynamics of interest and commission income of JSC CB "PrivatBank" for the years 2017–2022, UAH million

Source: compiled by the author based on [56]

study opened a branch with an innovative format – Concept Store. This branch reflects a harmonious combination of modern design, state-of-the-art technologies and high-quality banking service. In such a branch, clients of PrivatBank can not only receive financial services, but also hold events, meetings or simply work in comfortable conditions.

In Ukraine, starting from the end of 2013, the economic and political situation was characterized by instability, the result of which was the deterioration of state finances and a rather sharp devaluation of the national currency, the hryvnia, relative to the base foreign currencies. Already at the end of 2016, JSC CB "PrivatBank", which was the largest credit and financial institution, went bankrupt and was nationalized.

Clients' trust in the state-owned PrivatBank grows every year. This is evidenced by the amount of clients' funds in PrivatBank at the end of 2020, in contrast to last year's indicators, i.e. it increased by 29% to UAH 309.5 billion. According to the results of 2020, the number of clients – individuals of JSC CB "PrivatBank" increased fundamentally

by 1.2 million, and the number of clients – legal entities (entrepreneurs) increased by a record 122 thousand.

Part of the bank's income is the source of its net profit. The greater the range of financial services offered by the bank to clients, the greater the profit expected for investors in the bank's capital. Therefore, any commercial bank aims to increase the volume of services, that is, to increase its assets and liabilities, which under normal conditions will contribute to increasing its profit.

The net profit of the banking institution for 2021 amounted to UAH 35.05 billion, this indicator remains the maximum financial result of the entire national banking sector (Figure 2.7).

It is worth noting that over the past 5 years, the net profit of the bank under study has grown more than 8 times. The trend line shows that the size of the net profit of JSC CB "PrivatBank" has positive dynamics.

Based on the obtained figure, it is confirmed that PrivatBank has always been one of the largest, that is, its bankruptcy would have a very negative impact on the general economy of the country and would cause quite large losses among the clients of this bank. This would be the cause of the final loss of customer confidence in the domestic banking system and the state as a whole. It is because of this that the state had to save PrivatBank by nationalizing it and paying off all its debts. More than UAH 155 billion from the state budget was spent on these actions. However, the purpose of the nationalization of this bank was its financial recovery by 2022 with subsequent sale for the return of funds.

In general, the years 2020–2021 are the period of spread of the coronavirus pandemic (COVID-19), as a result of which there was a recession of the world economy and not excluding the domestic economy, and a significant slowdown of economic activity in Ukraine occurred due to the invasion of the Russian Federation.

Speaking specifically about the investigated period, even in quarantine conditions, PrivatBank promptly responded to changes and was able to ensure uninterrupted operation of branches, online support for its customers and protection of its own personnel. In fact, since the beginning of the coronavirus pandemic and the introduction of the lockdown, the bank has developed and offered support to its customers through "credit holidays", numerous restructuring programs, and reduced tariffs for various banking operations.

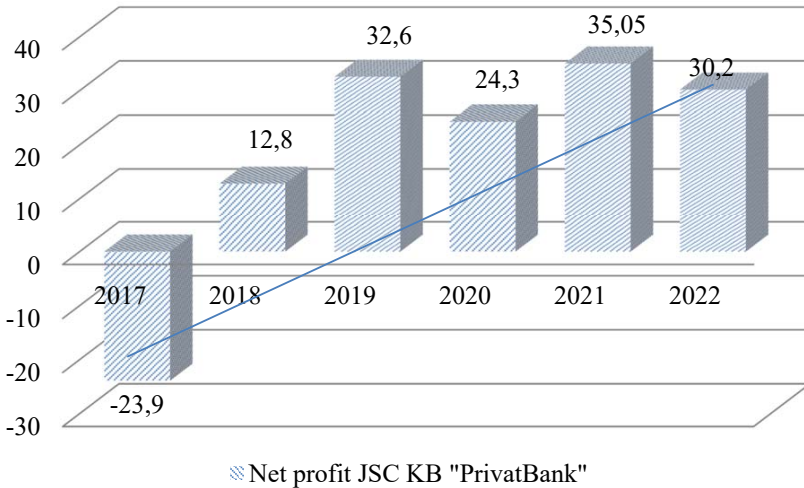


Figure 2.7. Net profit (loss) of JSC KB "PrivatBank" for 2017–2022, UAH billion

Source: compiled by the author based on [56]

Within the commercial bank, the process of optimizing activities, products and service delivery channels was actively being reviewed. Moreover, the primary task was to ensure a smooth, effective and high-quality customer service process, taking into account the organization of the work of departments and offices in the conditions of strict quarantine restrictions and increased requirements for the protection of employees.

Actually, it was the experience gained during the pandemic and several years of active work under quarantine restrictions that helped JSC CB "PrivatBank" to withstand the full-scale invasion of the Russian Federation and show quite good results.

The priority areas of the Bank's activity are improving the quality of customer service processes with mandatory compliance with the requirements of the law, developing lending while maintaining the high quality of the loan portfolio, improving and developing banking products/services, and optimizing the infrastructure.

However, during the period of martial law and the post-war recovery of the economy, the target priorities of the Bank, as the state bank of Ukraine, are primarily active participation in ensuring the financial stability of Ukraine, support and stability of the functioning of the banking sector, ensuring financing of priority sectors of the economy and smooth functioning of enterprises (objects) of critical infrastructure, including those owned by the state.

As defined in the Main (strategic) areas of activity of state sector banks for the period of martial law and post-war economic recovery (approved by the order of the Cabinet of Ministers of Ukraine on May 7, 2022), during the period of martial law and post-war economic recovery, state banks must ensure the achievement of the following strategic goals:

- provision of financial support for priority sectors of the economy and enterprises (objects) of critical infrastructure;

- the availability of banking services to ensure the protection of consumer rights, in particular within the framework of social protection of the population, provided there is no physical threat to bank employees;

- creation of conditions for the rapid restoration of the provision of banking services in full and ensuring the functionality and continuity of the work of public sector banks;

- creating, setting up and maintaining the functioning of an effective system of physical security (the central office and separate divisions of such a bank, including the security of bank employees), security of operating systems, in particular with the use of cloud solutions, and cyber security;

- implementation of measures aimed at reducing risks, including implementation of possible threats, implementation of bank security measures, in particular control over security risks (including physical, financial, cyber security and security of operating systems), elimination and/or minimization of the consequences of realized threats and crisis situations;

- smooth and effective work of the bank's managers to ensure the adoption of the necessary management decisions;

- preservation of the bank's financial stability, identification of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance.

2.3. Analysis of the profitability of JSC CB "PrivatBank"

Recognition of the financial results of commercial bank activity is confirmed in various nominations of well-known international agencies. Only in 2020 JSC CB "Privatbank" entered the top 10 banks of Central and Eastern Europe, the investigated bank received the nomination "CEE's best bank transformation" according to Euromoney. JSC CB "Privatbank" became one of the first domestic commercial banks to which was included in the ranking of the best banks in the region for the entire history of this competition "Euromoney's Awards for Excellence".

JSC CB "PrivatBank" is actively developing financial innovative technologies. Actually, during 2020–2022 the bank developed and implemented new innovative products such as: the first in the national banking space biometric payment POS terminals with FacePay24 technology, in addition, introduced the possibility of payments in chatbots of the very popular social messenger Viber, along with SM POS and UKey became a leading innovator in the implementation of software POS for business (in one device is a comprehensive solution that combines a state-of-the-art mobile POS terminal with all payment systems functions, product accounting system and cash register), using comfortable online acquiring LiqPay. In 2021, introduced the technology of biometric recognition of the client's voice for additional protection of financial transactions.

The banking institution studied in this paper is the first in banking market of Ukraine opened the issue of payment cards of the international UnionPay International system and introduced the first co-bagging card on the domestic market, which combines two payment systems at the same time, and at the end of 2020 launched an online service for subscription and management of utilities providers.

In addition, it is worth noting the significant results of the bank under study in 2021 JSC KB "Privatbank" replenished the state budget of Ukraine by more than 13 billion hryvnias in taxes and fees. This is the result nationalization of this commercial bank, because before him transition to state ownership, PrivatBank was reluctant to pay taxes and meeting.

The profitability of a banking institution is a multifaceted economic category, which undoubtedly combines the results obtained from the activity

of a business entity, and, in fact, its ability to earn a profit as a key source of expanded reproduction in the future.

To further calculate the profitability ratios, it is necessary to consider the indicators regarding the financial condition of JSC CB "PrivatBank", which are necessary for substitution into the formulas for calculating these ratios. Table 2.5 shows the key results of JSC CB "PrivatBank" activity for the period 2017–2022.

Table 2.5

**The main indicators of JSC CB "PrivatBank" activity
for the calculation of efficiency ratios for 2017–2022, UAH million**

Indexes	Years						Absolute deviation 2022/2017
	2017	2018	2019	2020	2021	2022	
Net profit (loss)	-22966	11688	32609	25306	35050	30198	53164
Assets	259061	525248	552058	568244	582851	96380	-162681
Passives	233454	250575	259577	333112	334681	491895	258441
Interest income	24485	30754	33841	33563	35854	43686	19201
Interest expenses	18374	14002	14095	11961	6537	3768	-14606
Credit portfolio	38118	52020	61033	56805	70193	71416	33298
Liquid funds	19697	22345	27030	27030	28118	40567	20864
Bank funds	234	195	201	2	3	3	-231
Equity	25608	31462	54529	53828	66615	57843	32235
Share capital	206060	206060	206060	206060	206060	206060	0

Source: compiled by the author based on data [56]

JSC CB "PrivatBank" is currently positioned as one of the systemically important banks of Ukraine, which is confidently developing on the domestic financial market. In confirmation of this, we observe the growth of the bank's assets for the period 2017–2022: 259061UAH million in 2017 to 96380UAH million in 2022. We also see an increase in profits, despite the rather difficult operating conditions caused by the Covid-19 pandemic: UAH 22,97 million to UAH 30,2 million. However, in 2022, net income fell to 4,852 million.

The Bank's equity increased by 0.94%: from UAH 52,828 million in 2020 to UAH 66,615 million in 2021. The size of the bank's share capital

in the analyzed period did not change and as of the end of 2021 amounted to UAH 206,060 million.

The commercial bank's effective policy of increasing its own capital made it possible to stop using subordinated debt in 2019. Actually, the growth of equity capital during the analyzed period occurred primarily due to the growth of authorized capital and retained earnings, the highest growth rates of which were observed in the distant 2017. During this period, other funds were actively attracted, and tax liabilities increased.

In 2021, the loan portfolio of JSC KB PrivatBank grew by 19.03% to UAH 70,193 million, and its share in the banking institution's assets increased from 14.38% to 17.62%, or by 3.24 percentage points.

The amount of profit of a commercial bank reflects the relative effect of conducting activities, and profitability outlines the measure of this efficiency, that is, the relative level of profitability of the institution, the products produced or the services provided. Profitability makes it possible to imagine whether the profit is at a sufficient level in comparison with other specific indicators that have an impact on the implementation of the financial and economic activities of the enterprise. In the course of calculating the profitability indicator, the profit itself is compared with the factors that are the most influential.

Therefore, JSC KB "PrivatBank" generated a significant amount of profit and increased net interest and net commission income compared to 2020, and even more so to previous years.

Moreover, despite the multiple growth of individual indicators, in general, the growth rate of assets and liabilities items is decreasing.

The use of profit as an indicator of the assessment of financial results of activity is complicated by differences in the scale of activity both between different commercial banks and within one, but at different time intervals. To compare the profitability of different banking institutions and analyze profitability, it is necessary to analyze relative indicators of profitability (profitability).

The ROA indicator makes it possible to make an assessment of the management's effectiveness in ensuring the profitable activity of a banking institution. This indicator is calculated as the ratio of the net profit indicator to the bank's assets indicator (the normative value of this should be at least 1%). In 2017, this indicator had a negative, negative value. But already in 2018–2019, this indicator has a satisfactory value. Starting from 2019,

the indicator began to deteriorate, which, in our opinion, was caused by the influence of crisis political, economic and social factors.

In 2016, the profitability indicator had a rather low value (-55.8%), it is worth noting that the decrease in the profitability indicator began in 2014, then the indicator halved (from 1% in 2013 to 0.4% in 2014). After the nationalization of the bank, there is a tendency to improve the bank's profitability and, accordingly, to improve its solvency.

The ROE indicator reflects the strategic relationship between profitability and risk, this indicator is sensitive to the sources of formation of the banking institution's resources and depends on which sources are used more in turnover – own or borrowed. This indicator is calculated as the ratio of the bank's net profit to capital (normative value should be at least 15%). This indicator had an extremely low value in 2017 and was equal to -120%.

It should be noted that in 2018 and 2019 this indicator is above the norm and as of the end of the II quarter of 2019 is 69.9%. Note that in 2016

the bank was in a rather critical state, the profitability indicator was six times less than the norm. Taking into account that the equity ratio of JSC KB "PrivatBank" also decreased sharply in 2016, we can conclude that in 2016 the bank was on the verge of bankruptcy and threatened with liquidation. Since 2018, the equity ratio has increased, profitability during 2019–2022 fluctuates within 50%.

The calculation of the main profitability ratios of JSC KB "PrivatBank" is shown in Table 2.6.

Analyzing the key profitability indicators of JSC KB PrivatBank, it is worth noting that in the period 2017–2022, all indicators corresponded to the recommended values, however, in 2017, the indicators of profitability of assets, net interest margin and profitability of capital did not meet the norm.

Based on the value of the return on assets indicator, it can be concluded that in 2017–2022 JSC CB "PrivatBank" used its available resources effectively, but in 2017 it was quite inefficient, because in these years the value of this indicator was lower than 1%.

In 2017, a significant deviation from the norm was also observed in relation to the capital profitability indicator, since the recommended value of this indicator should be at least 15%, in the studied 2018–2021, the capital profitability indicator is consistent with the normative value. This ratio shows how much net profit per 1 (one) hryvnia of equity.

Table 2.6

**Calculation of key profitability indicators
of JSC CB "PrivatBank" for 2017–2022, %**

Indicator	2017	2018	2019	2020	2021	2022	Relation 2022 from 2017 (+, -)
Profitability return on assets (ROA)	-8.87	2.23	5.90	4.45	5	4,7	-0.68
Profitability return on equity (ROE)	-89.68	37.15	59.80	47.01	50	45	-0.59
Clean spread (Emergency)	3.99	5.63	6.96	6.25	6.51		1.63
Pure interest margin (CPM)	1.95	6.20	7.63	6.61	8.9		4.11
Current indicator profitability	-0.09	0.05	0.11	0.06	0.14		-1.56
Average indicator the amount of profit	-1.01	0.41	0.59	0.46	0.63		-63
Profitability indicator income	0.96	1.18	0.94	1.07	0.99		1.03

Source: compiled by the author based on data [56]

The net spread shows the level of consistency of the banking institution's interest policy on credit and deposit operations. This indicator for all the studied years is within the normal range (the recommended value is at least 1.25%).

In general, the analysis of the coefficients of financial stability, liquidity, profitability and the analysis of the dynamics of the main indicators allow us to conclude that JSC KB "PrivatBank" despite the crisis in the banking sector and a number of external factors that negatively affect it, has a satisfactory level of financial stability. However, the modern market environment is quite unstable and the bank must systematically take measures to maintain the level of financial stability and ensure its competitive capabilities.

Net interest margin is an indicator that evaluates the bank's ability to generate net interest income using total assets. That is, this indicator reflects the structure of commercial bank assets. In 2017, this indicator was also below the normative value and this became a signal of the threat of bankruptcy. The main factors of the decrease in the interest margin include a decrease in interest rates on loans, a decrease in the specific weight of

income assets in the total volume, an increase in resource prices, and an incorrect interest rate policy. The recommended value of this indicator is within 4.5%, in the studied 2018–2021, the indicator is even higher than optimal. The net interest margin shows how much net interest income comes from 1 hryvnia of working assets.

Bank profitability plays an important role in the activity of commercial banks. A comprehensive and reliable assessment of the bank's profitability makes it possible to obtain the maximum amount of information necessary for the analysis of the bank's financial stability. The basis for a specific assessment is the need to obtain clearer, objective and logical conclusions regarding the development prospects and financial condition of the bank for the bank's customers, creditors, depositors and the NBU, which constantly monitors the activities of the bank's organization. If you manage the profitability of the bank effectively, with reliable estimates and objective analysis, which will lead to the achievement of the tactical and strategic financial goals of the bank [55].

The study of known options for bank profitability analysis made it clear that the most objective assessment of profitability can be obtained by determining the profitability ratings of commercial banks of Ukraine and using a system of relative indicators, namely: ROE – return on equity and ROA – return on assets.

The key indicator of banks' profitability is the profitability of assets. This indicator determines whether a commercial bank functions effectively, that is, what is the average amount of profit obtained by 1 (one) unit of assets. Information on the profit on shareholders' funds also includes an indicator of the return on equity capital. This indicator characterizes the amount of net profit after full deduction of taxes obtained for 1 (one) monetary unit of the share capital of a commercial bank.

By using the system of the listed indicators, it is possible to assess the profitability and efficiency of the bank under study both to its customers and to the administration in real conditions. We note that the indicator (ROA) contains a valuable informative base for the bank's clients, as well as for banking supervision authorities. Whereas the rate of return on equity (ROE) is more significant for bank owners.

The profitability of a banking institution plays an important role in their functioning. A comprehensive and qualitative assessment of the

profitability of a commercial bank makes it possible to obtain the largest possible amount of important data for analyzing the financial stability of financial institutions. This is necessary in order to obtain clearer and more significant conclusions regarding the development of the bank and its financial condition for the near future both for its depositors, creditors and customers, and for the National Bank of Ukraine, the purpose of which is continuous and high-quality supervision of the work of domestic banking institutions [58, p. 30].

So, in 2021 JSC CB "PrivatBank" fundamentally increased the loan portfolio (by 19.03%) and, on the contrary, decreased the portfolio of investment securities (by 10.31%), and bank debt (by 30.31%). As of the end of 2021, JSC CB "PrivatBank" was very well provided with capital (core and regulatory) and liquidity, which, accordingly, positively affects the credit rating of the bank under study. According to the results of 2021 compared to 2020, PrivatBank significantly increased net interest income (+32.52%) and net commission income (+28.60%). The profit of the investigated bank for 2021 amounted to UAH 35,050 million, which, according to the regulator, is about 41.26% of the total profit of the domestic banking system. Also, it is worth emphasizing that PrivatBank is a strategic interest of Ukraine, that is, it provides it with a high level of external support.

CHAPTER 3. IMPROVEMENT OF THE INCOME AND COST MANAGEMENT MECHANISM OF JSC CB "PRIVATBANK"

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3.1. Forecast of the macroeconomic and financial environment in Ukraine

In 2023 as a whole, global activity is projected to slow, with a pronounced deceleration in advanced economies and a sizable pickup in China. Inflation pressures persist, and the drag on growth from the ongoing monetary tightening to restore price stability is expected to peak in 2023 in many major economies. Recent banking sector stress will further tighten credit conditions. This will result in a substantial growth deceleration in the second half of this year [63].

It should be noted that Russia's invasion in Ukraine continues to take a heavy human and economic losses. According to the previous World Bank assessment the Ukrainian gross domestic product was anticipated to expand by 2 percent in 2023. This represents a downgrade of 1.3 percentage points since January, mostly to take account of the economic disruptions caused by the destruction of energy infrastructure in the fourth quarter of 2022. Public finances will remain under pressure despite official external support, including the recently agreed IMF financing of \$15.6 billion under the Extended Fund Facility [60]. Reconstruction and recovery costs have been estimated at 2.6 times the 2022 level of GDP and more than 8 million refugees have been recorded across Europe [61].

However, due to the more stable electricity supply, increased government spending, continued donor support, a better harvest, and a shift in some exports to the western borders, Ukraine's economy is forecast to grow by 3.5% in 2023, after falling by 29.1% in 2022 due to Russia's invasion.

Moreover, the inflation rate in Ukraine in 2024 will be 10.8%, compared to 14.7% expected in 2023. The producer price index for industrial products

should decline to 12.5%, down from 19.4% in 2023. The NBU is projecting that inflation will ease further to 8.5% in 2024 and to 6.0% in 2025. A number of factors will contribute to this. First, a gradual decrease is expected to occur in global prices, in particular for energy. Second, the end of the war should contribute to the growth in production, and a greater supply of goods should curb inflation. Third, the NBU will continue to balance the FX market and protect the attractiveness of the hryvnia. This will restrain price increases for imported goods. Investment and international financial assistance will additionally bolster the hryvnia exchange rate at the stage of Ukraine's reconstruction. At the same time, the main driver of inflation in the post-war years will likely be the gradual adjustment of utility tariffs [66].

The average monthly salary in 2024 should increase to UAH 21 852 from UAH 18 118 in 2023. According to the forecast, the unemployment rate will decline from 18.8% in 2023 to 13.4% in the following year. The unemployment rate in Ukraine is declining, but slowly so. One of the main reasons is qualification mismatches. As the war grinds on, demand has risen for some professions and decreased for others. All too often, job seekers find themselves offering a certain set of skills while employers are looking for different ones. As a result, businesses are experiencing considerable difficulties in closing open positions. New vacancies are predominantly in vocational workers, logistics, and sales. Specialists trained in healthcare and education are also being sought more actively. Staffing problems are of course compounded by the forced migration fueled by the war. However, the recovery of the economy is nonetheless contributing to the gradual revival of the labor market. Businesses are increasingly competing for workers and raising wages. This is evidenced by both tax data and job search sites data. According to surveys, companies themselves are also expecting further growth in expenses on the compensation of employees. The NBU is also projecting a gradual reduction in unemployment and an increase in wages in 2023–2025 in both nominal and real terms. The post-war rebuilding of Ukraine will create conditions for sustainable growth in employment and incomes [66].

Also, the forecast for financing the state budget for 2024 envisages a reduction in the deficit to 20.4% of GDP (27% of GDP in 2023). The state debt is planned to be repaid in the amount of UAH 606.5 billion, including

UAH 421.6 billion of domestic debt and UAH 184.9 billion of external debt. The official hryvnia exchange rate is expected to reach UAH 36.6–37.5\$ by the end of 2023, compared to the previous forecast of UAH 39\$, and a moderate depreciation to UAH 41/\$ by the end of 2024. The National Bank reserves are expected to reach \$42 billion by the end of 2023 and grow to \$47 billion by the end of 2024, the forecast confirms [62].

About 6 million Ukrainians are still abroad because of the Russian invasion. Between 1.3 million and 3.3 million may stay there permanently, depending on the optimistic or pessimistic scenario. The non-return of Ukrainians will have a significant impact on the Ukrainian economy, which could lose between 2.7% and 6.9% of GDP annually, the report says. Most of the IDPs have found a place in Poland and Germany. The majority of those who left Ukraine were women aged 35–49 and children. The non-return of migrants could have a major impact on Ukraine's demographic situation for many years to come, even after the war ends. If the state fails to implement an effective policy on the return of migrants, Ukraine will face a labour shortage of 3.1–4.5 million people by 2032.

Cumulative economic losses over the next 10 years, according to these estimates, could reach up to \$113 billion. Due to low birth rates, these losses will not be compensated for by natural population growth [64].

Economic activity in Ukraine grew strongly in the first quarter of 2023, driven by the rapid recovery of the energy system after the Russian attacks. The second factor is the relatively stable security situation, despite rocket attacks. The key aspect is that the frontline has remained almost unchanged for many months. The third component is macro stability. This includes financial assistance from partners, the strengthening of the hryvnia, slowing inflation, and the continued operation of the grain corridor (albeit with interruptions) [62].

According to the National Bank of Ukraine analysis the Ukrainian economy is recovering faster than it was expected. This has been facilitated by the absence of power outages, as well as by the further rerouting of supply chains, including through the western borders. As a result, various types of economic activity have been reviving, such as metallurgy, livestock farming, and the food industry. Domestic demand has also been more upbeat than the NBU projected. Ukrainians have begun to spend more on goods and services. This has, among other things, been driven by the improvement

in consumer sentiment amid the economic recovery and a certain uptick in the financial standing of households. Significant budget expenditures are also playing an important role. Thanks to large amounts of international aid, the government can finance social expenditures and the reconstruction of damaged infrastructure while using tax revenues to support the Armed Forces [66].

Ukraine's operating, recovery, and reconstruction needs are staggering. To support the continuation of essential government services over the last year, the World Bank has mobilized more than \$23 billion in emergency financing, including commitments and pledges, which includes grants, guarantees, and linked parallel financing from the US, UK, European countries, and Japan. This includes \$3.4 billion on the World Bank's own balance sheet, with another \$6.5 billion on the Bank balance sheet planned over the next 12 months. As of April 2, 2023, more than \$20 billion has been disbursed through World Bank projects and trust funds, as well as additional funds through parallel disbursements. About half of all the economic assistance for Ukraine has been mobilized through the World Bank. This support has reached 13 million Ukrainians, and is helping to provide wages for hospital workers, government and school employees, pensions for the elderly, salaries for public servants, and social programs for the vulnerable [65].

The Ukrainian banks have been actively raising their deposit rates in spring and summer 2023. In many financial institutions, 3–12-month hryvnia deposits come with interest rates of 15% and higher. Such a yield safeguards savings from losing its value due to inflation. It therefore is no surprise that in recent months, Ukrainians have been actively making deposits denominated in the domestic currency. Meanwhile, the demand for FX deposits has declined. All of this has been made possible by the NBU's consistent policy. Specifically, the increase in the key policy rate and other measures taken by the NBU over the past year have contributed to improving the FX market situation and strengthening confidence in the hryvnia. This achievement is important for the entire economy. Of course, interest rates on loans to businesses and households also remain high. This is primarily due to significant inflation and wartime risks. Loan rates are expected to decrease in the years ahead because of an expected easing of security risks and a further pullback in inflation [66].

3.2. Strategic management of profitability of JSC CB "PrivatBank"

We will propose several measures, the implementation of which will make it possible to eliminate the shortcomings identified during the analysis of banking activity. In order to increase the bank's profitability, it is necessary to properly manage the bank's income and expenses. The importance of managing income and expenses is to choose the best structure of income and expenses, which can be used to regulate the profitability of banking operations [31].

We will conduct a comprehensive analysis that combines:

- PEST analysis;
- SWOT analysis;
- content analysis.

Thanks to the PEST analysis, we carried out a general analysis of external factors that have an impact on banking activity. In order to characterize the structure of JSC KB "PrivatBank", we selected the parameters of the factors of the specified categories (Table 3.1).

In order to achieve the most accurate result, we also conducted a SWOT analysis. It helps to comprehensively analyze the internal stability of the bank's structure. The results of this analysis are shown in Figure 3.1.

You need to start with the strengths, the advantages of the company's operation, on which you need to focus. Strengths (S):

- has been in the market of banking services for a long time; excellent reputation of the bank;
- PrivatBank has a large number of branches, ATMs and self-service terminals in various cities of Ukraine, an extensive network of branches abroad;
- PrivatBank introduces innovations in the field of technologies and services in the banking market;
- a wide range of offered services and its uniqueness;
- a wide selection of bank cards;
- the investigated bank is open to customers;
- own site and feedback;
- the well-known corporate brand of the bank;
- rather high deposit rates;
- distinguishing services of private and legal entities;

Table 3.1

Exogenous factors influencing the activities of JSC CB "PrivatBank"

Factors	Characteristic
Political environment (P)	
Legislation	– legislative framework Ukraine often suffered significant changes, including and in the financial sphere; – change of status bank with commercial on state.
Leadership	The transfer of power from the owner Ihor Kolomoiskyi to state
Economic environment (E)	
Competitors	Analysis of competitors and their services
Tax Code	Due to the large number of changes in this segment, this one the indicator is very significant for risk assessment.
The economic situation in country and war	– General analysis with situations, forecasting rise/fall in demand for banking services, negative predictions changes – Fluctuations in GDP; – Consequences of the Russian military attack
Monetary and credit policy	– systematic inflation monitoring processes; – stability national currency exchange rate as much as possible during the war.
Social Factors (S)	
Demography	– demographic change situations, in particular as a result of the war; – growth retirement age; – passing through banks scholarships, wages and pensions; – employment of the population and its solvency; – customer activity and awareness.
Charity	Social activity of a financial institution
Workers	Creation and maintenance promotion system qualifications, motivation personnel and their protection and safety.
Education	Demand for highly qualified and competent specialists.
Technological factors (S)	
Rapid development of technologies	Through dynamic development information technologies a complication is predicted processes of their effective using. This predicts demand for specialists who are able organize them appropriately and effective use.
FinTech in the banking sector	Constant demand for new, modern banking products and potential in this area.

Source: compiled by the author based on [16; 32; 33]

- sustainable corporate culture;
- a large number of prints;
- provide information to clients in a timely manner;
- the possibility of ordering and purchasing tickets for any type of transport;
- the bank carries out charity and sponsorship activities;
- perfect incentive mechanism for bank employees, the possibility of career development;
- successfully resist a mass information attack;
- proprietary software;
- sufficient number of vacancies and jobs.

JSC CB "PrivatBank" has quite significant advantages, but it also has some disadvantages that negatively affect banking activity.

Negative sides (W):

- concerns of clients regarding the transition of the bank from a commercial form of ownership to a state one;
- explosions of ATMs and counterfeiting of branches;
- many negative rumors;
- high turnover of lower-ranking personnel in banks;
- among the public, the bank has long-standing ties with Ihor Kolomoiskyi;
- ordinary bank employees are not interested in the development of the bank;
- significant organizational structure;
- the bank's rating was downgraded compared to last year.

Also, it is worth describing the opportunities that await the bank under study. The bank's capabilities include (O):

- stable economic growth in Ukraine;
- attract additional client base;
- improve the security of bank branches;
- growth of investment activity;
- market share growth;
- improve the risk management system;
- introduction of cooperation with other enterprises;
- get new levels of international ratings;
- improving the image of the bank;

- interests of investors;
- improve the quality of program functionality.

Threat (T):

- drop in consumer confidence;
- negative attitude towards the bank on the part of its owners and media materials;
- active activity of competitors;
- unstable economic and political situation and war;
- inflationary growth;
- making changes to Ukrainian legislation that may have a negative impact on financial institutions.

On the basis of the conducted analysis and methodology, we can confidently determine that JSC CB "PrivatBank" positions itself as a reliable bank that works efficiently and harmoniously in the financial markets of our country. But it is clear that the bank is experiencing a certain crisis due to changes in management, which brings new threats to the organization.

Using the above opportunities and taking into account potential threats of an internal and external nature, it is possible to increase the efficiency of the bank's activities.

The fundamental factors of the bank's competitiveness, which are investigated, are the innovative application in the bank's structure, affordability at the price and a fairly high quality of service provision, which can also be improved from the point of view of analytical factors. Today, the technological factor is one of the most important factors of the external environment, namely innovations that improve services and increase the overall mobility of enterprises and their activities. Maintaining a good reputation and image of the company at a high level remains a very important factor during the crisis. This is especially important for banks, as the results of the credit organization directly depend on these factors. Therefore, during the crisis of 2016, when the atmosphere around JSC CB "PrivatBank" was quite tense and uncertain, given the large number of negative rumors about the future of the bank,

- retain depositors and convince them of the reliability of the bank;
- continue to provide customers with a high level of service;
- organize and implement various projects.

SO strategy	ST-strategy
<ul style="list-style-type: none"> ⇒ <i>Distribution of participation in the market of banking services;</i> ⇒ <i>Expanding the client base and retaining existing clients;</i> ⇒ <i>Introduction of product lines and innovative services;</i> ⇒ <i>Increasing the volume of work with corporate and private clients;</i> ⇒ <i>Control of bank expenses;</i> ⇒ <i>The use of high-quality advertising, which will make it possible to effectively and timely distribute information about new services to existing and potential customers of the bank;</i> ⇒ <i>Formulation and maintenance of a positive image of the bank;</i> 	<ul style="list-style-type: none"> ⇒ <i>Keep existing customers from switching to other banks;</i> ⇒ <i>Application of the main advantages when compared with competitors: high reputation and work experience;</i> ⇒ <i>Reducing the riskiness of banking operations by using a large-scale customer information base;</i> ⇒ <i>Control of customer preferences;</i> ⇒ <i>Improvement of the staff motivation system and training;</i> ⇒ <i>Paying attention to the work of creating a reliable and attractive image.</i>
WO-strategy	WT strategy
<ul style="list-style-type: none"> ⇒ <i>To work more actively with informing potential clients about the bank's services;</i> ⇒ <i>Lowering the interest rate on an investment loan by reducing the cost of resources;</i> ⇒ <i>Decrease in staff turnover;</i> ⇒ <i>Understanding and adapting to customer needs;</i> ⇒ <i>Make the operation of applications easier and more understandable for the average user;</i> ⇒ <i>Paying attention to the image, as it is one of the most important factors for the interest, attraction and retention of customers.</i> 	<ul style="list-style-type: none"> ⇒ <i>Improvement of the management system, dynamism and flexibility of this system;</i> ⇒ <i>Attract more professional and experienced personnel;</i> ⇒ <i>Improvement of foreign economic activity.</i>

Figure 3.1. Strategic alternatives for the development of JSC CB "PrivatBank"

Source: compiled by the author based on: [16; 32; 33]

Anti-crisis communications of JSC CB "PrivatBank" are unique in that they focus on the following:

- a financial institution partly depends on the attraction of funds from depositors who trust it, therefore, having lost a client, the bank immediately approaches a liquidity crisis and observes a worse situation;

- banks also depend on the image created by the media, pundits, opinion leaders, rating agencies and depositors themselves. A bank's image takes years to form, but it can be completely destroyed in just a few days;

– today's bank (JSC CB "PrivatBank") includes many channels for communication with an external audience, including a powerful economic portal channel and the institution's website;

– successful interaction of banking work with customer complaints allows to monitor satisfaction with banking services and, if necessary, to take countermeasures. Management of interest and non-interest income has its own characteristics. Interest income depends on the following main factors: the size of the bank's loan portfolio, its structure, the applied loan rate.

Banks that feel an urgent need to be profitable will follow a more aggressive lending policy than banking institutions where current financial resources are not critical. This policy is reflected in a higher proportion of term loans and consumer loans, which usually generate more income for banks than short-term loans to industrial institutions. The interest rate on the loan not only reflects the specific situation of each loan issued by the bank, but also reflects the demand and supply of loans in the loan capital market. The level of risk inherent in the loan, the amount of the loan, the term and method of repayment affect the interest rate on the loan. In addition, interest rates also depend on the level of competition between banking institutions and other sources of financing, among others.

Management of non-interest income includes creating the most appropriate combination of banking services needed by customers and establishing optimal prices and tariffs for these services. The profitability of commercial banks depends on the profit standards of the credit and investment business, the amount of service fees charged by the banks, as well as on the value and structure of assets. The most important source of total income of commercial banks is the issuance of loans. The share of operating income should reach 100%, and the growth rate should be uniform. Banks ensure active activity with the aim of obtaining profit while complying with legal norms, maintaining the necessary level of liquidity and rationally distributing risks according to certain types of operations. It is necessary to maximize the volume of business of the banking institution in order to bring the greatest income, and minimize the amount of business that does not generate income. It is also possible to expand the range of services offered by banks to find new profitable businesses. Increase the level of stable income. The importance of complying with

the requirements of banking legislation forces banks to invest part of their funds in investments that are not profitable or bring little income. Investments whose primary purpose is to support bank liquidity include account balances, bank cash, cash on hand, actively traded portfolio investments (Treasuries) and deposits with other banks (deposits). In turn, at least some of the listed investments bring some income to the bank, but the main reason remains the need to maintain the overall liquidity of the bank at the required level, and the income from them, although significant, is only a secondary factor. Banking operations for providing loans to enterprises and organizations, i.e. corporate clients, implementation of investment projects, currency operations, Leasing operations are not liquid financing by their nature. Banks carry them out precisely for the purpose of obtaining profit in the form of the interest difference between the attraction and placement of funds and reserve income from the provision of these loans [27].

Management of bank expenses is carried out from the same positions as income management. Interest and non-interest expenses have the greatest impact on the reduction of gross profit. Therefore, banks should try to reduce their share of these costs. Interest expenses depend on the structure of the deposit base, the amount of resources involved, the amount of resources involved and the average level of interest rates on the resources involved.

Improving the structure of the resource base, i.e. increasing the share of current, current and other deposit accounts of customers and reducing the share of expensive deposit products (for example, interbank loans) can contribute to reducing banks' costs.

This is explained by the fact that the main criterion for the growth of profitability and profitability of commercial banks is the growth of the bank's own capital.

First, it is one of the cheapest sources of financing for commercial banks.

Secondly, the change in the amount of equity capital of commercial banks mainly affects the adjustment of other factors of the analysis.

Thirdly, without the growth of equity capital, there cannot be significant changes in other indicators characterizing the economic results of banking activity.

Compliance with these recommendations can cause difficulties, as it is necessary to choose between the most profitable measures from the point of

view of profitability and those necessary to comply with the requirements of the Law "On Banks and Banking Activities".

In addition, it is worth noting that in the eyes of customers, a reliable bank is one that fulfills its obligations to return the invested funds within the specified period and pay income for the use of these funds, which for shareholders is equivalent to the payment of dividends and the growth of the bank's stock price. The source of such payments is profit, therefore a reliable bank is considered to be one that has received and will receive stable profits.

3.3. The main ways of increasing the effectiveness of the profit management mechanism in a commercial bank

The interpretation of the definition of the concept of "bank profit management" is still debatable, in connection with which the concept and essence of bank profit management are expressed in different ways.

In many definitions of organizations, management is given a lot of attention. This is explained by the fact that during the transition to the market, the organization of profit management has expanded significantly and is studied both from the outside (interaction of the bank with the external environment) and from the inside of the system.

The main goal of profit management is to ensure the maximum welfare of current and future shareholders and owners of the bank while fully meeting the needs of individuals and legal entities. After defining the goals, one should also define the existing tasks in the bank's profit management, which can be guaranteed to be solved by addressing the management function [42].

We believe that any management decision should be analyzed before its adoption, and this analysis should take place at all stages of the profit management process of JSC CB "PrivatBank". The largest amount in the structure of the income of the bank under study (JSC CB PrivatBank) is occupied by interest income. In addition, trading income grew rapidly as banks stepped up their trading activities in the securities and foreign exchange markets. As research has shown, interest costs are the biggest expenses for JSC CB "PrivatBank". Having analyzed the structure of income and expenses of the bank under study, it is worth noting that in order to improve the financial

activity of JSC KB "PrivatBank" it is necessary to direct the activities of the banking institution in the following priority directions:

- increase in income, as banks provide atypical financial services;
- reduce resource costs and commission costs.

The effectiveness of profit management of a commercial bank is evaluated by indicators of return on assets, net interest margin, return on capital and net interest margin.

We will describe the full structure of the concept of improving the profit management mechanism of JSC CB "PrivatBank" (Figure 3.2).

The proposed concept indicates that the following principles should be followed in order to improve the profit management mechanism:

- efficiency – develops by directing efforts to increase the efficiency of banking activity;

- reliability – creating favorable conditions for the continuation of economic activity, minimizing risks and guaranteeing safe operation of the bank in the given territory;

- systemic – means that the bank's profit management is a system consisting of many decision-making stages and a set of interrelated elements;

- Strategic alignment – indicates that every management decision should be aimed at approaching the bank's strategic goals.

The purpose of the concept of improving the profit management mechanism of commercial banks is to guarantee the maximum welfare of stakeholders and owners of the bank in the current and prospective periods while fully satisfying the needs of individuals and legal entities in the bank.

Thus, the stated principles and defined goals were reflected in the solutions of the following tasks:

- increasing the bank's profitability and profit volume;

- to observe the optimal ratio between the acceptable level of banking risk and the level of profit;

- get a quality profit;

- create conditions for the formation of equity capital and bank investor income above the average market level;

- to increase the amount of authorized capital of JSC CB "PrivatBank" at the expense of profit, in accordance with development tasks for the prospective period.

- increase in the market value of banks.

According to this concept, these tasks can be implemented using a mechanism consisting of the following elements:

– government regulation and legal management of profit distribution and the problems that arise, including through regulations and laws regulating the formation and distribution of profits;

– the market system that regulates the formation and use of profit is formed through the method of calculating the bank's comprehensive profitability index, which consists of such indicators as net interest spread, profitability of bank assets, total income and income, net assets;

– an internal management system for separate aspects of the formation, use and distribution of the bank's profit, created within the bank to regulate separate and effective management decisions regarding the formation, distribution and use of the bank's profit;

– mechanisms of specific techniques and methods of managing the bank's profit, which can be achieved in the process of planning, analysis and management of the formation and use of the bank's profit.

Thus, the conducted research confirmed its theoretical significance and practical expediency as an analysis of the main and leading elements of the profit management process of JSC CB "PrivatBank" and its influence on the nature of the effectiveness of management decisions at each stage of this process. The presented concept of improving the profit management mechanisms of commercial banks can be used to identify reserves for increasing revenues, reducing costs and increasing profitability both in specific banks and in the banking system of Ukraine as a whole.

JSC CB "PrivatBank" is one of the most technological banks of Ukraine. Today, this bank sets trends and trends in the banking market and systematically implements innovations. In the conditions of rapid global digital development and the spread of variable risks, there is a need to create an optimal model for managing the bank's financial stability. The model should correspond to the purpose of the bank's activity. According to the development strategy of PrivatBank Joint Stock Company, developed in 2022, the main goal of PrivatBank in the next 5 years. (i.e. in the period from 2022 to 2027) is to become a reliable assistant for both individuals and businesses, and to support the development economy of the state in general.

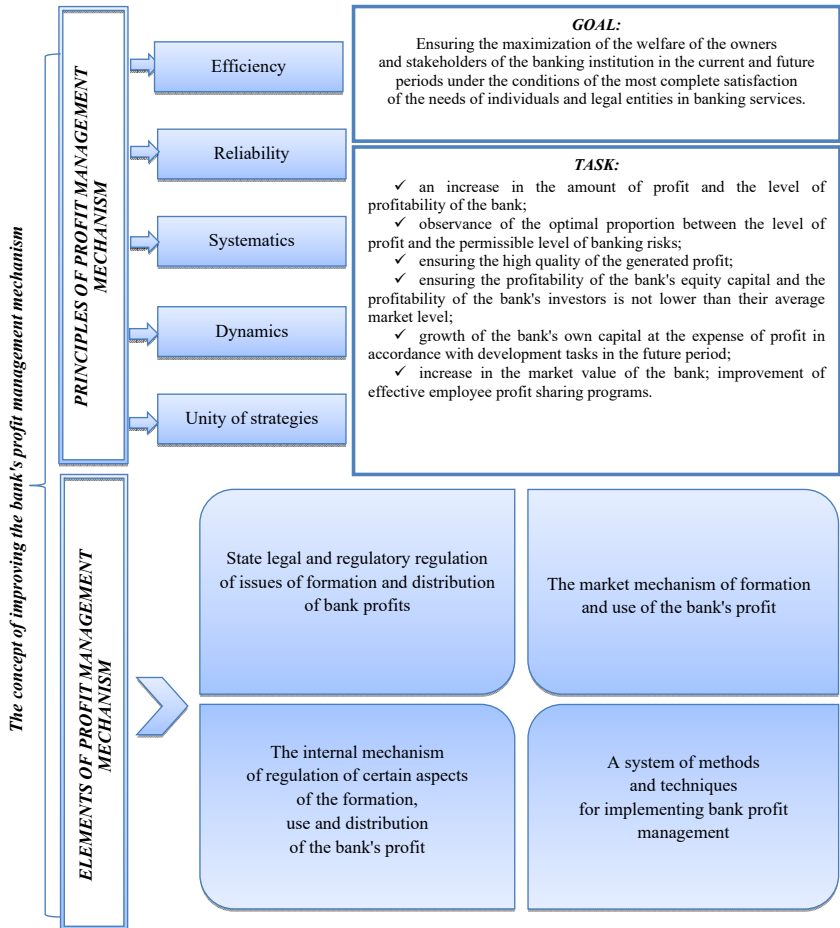


Figure 3.2. The structure of the concept of improving the profit management mechanism of JSC CB "PrivatBank"

Source: built by the author based on [31]

CONCLUSIONS

Based on the research conducted in the master's thesis, the following conclusions can be drawn:

1. The essence of the concept of income and expenses of a commercial bank is reviewed. So, income and expenses are determined by the financial nature of the bank, which determines the sequence of the bank's profit formation. First of all, a significant part of the bank's income is a source of payment of expenses related to the implementation of banking activities. Implementation of this task ensures self-sufficiency of banking activity. Therefore, bank income includes interest, commission, trading and others. Thus, the bank's income is an increase in economic benefits during the reporting period in the form of an increase in assets or a decrease in liabilities, which is a factor in the increase of capital and is not a contribution from shareholders. Actually, the bank's expenses are the total amount of monetary resources that the bank spends in the process of its activity in relation to attracting funds and other types of activities. Like income, bank expenses are divided into two main groups – interest or variable and non-interest or relatively constant.

2. The bank's income and expenses management system was studied. Income and expense management is a key tool in the management system of a banking institution. Commercial banks at their own discretion build a management system in accordance with the pre-accepted concept of development and mission, however, at the same time, state supervision of banking activities has been implemented in Ukraine, which qualitatively ensures control over the solvency of bank formations, the reliability of their reporting and compliance with current legislation. Management of the bank's income and expenses is implemented with the help of a financial mechanism. Therefore, the interaction between organizational structures, enterprises and management bodies is realized with the help of an organizational and economic mechanism. The mechanism for managing the financial results of a banking institution consists of a system of interconnected tools and methods.

3. Consider the key profitability indicators of bank activity. to investigate about main profitability indicators of bank activity. A key place in the analysis of the financial results of banking institutions is the study of

the volume and expediency of the received income, because they are the main conditions for the formation of profit. In the analytical process, it is recommended to use the economic proof grouping of income and expense analytical accounts of a commercial bank, vertical and horizontal analysis of the financial results of the institution, evaluation of dynamic series of profitability indicators by quarters and years, calculation and evaluation of the degree of dependence of profit on various factors, comparison of the obtained results with recommended in domestic and international practice. Modern international practice uses many indicators characterizing the profitability of commercial banks, such as the Dupont model, ROE, ROA and CIR.

4. They conducted an assessment of the effectiveness of the banking system of Ukraine in the structure of incomes of the domestic banking system, the largest share is occupied by interest incomes. The largest share was observed in 2018 – 68.8% of all revenues of the banking system of Ukraine. The growth of net interest income during the 2nd quarter of 2022 slightly accelerated to 20.4% p.p. As a result, income from investments in NBU certificates of deposit increased. The dynamics of the components of interest income is negative, which is characterized by depressed demand for loans, lower rates for retail loans and credit holidays. Net commission income increased compared to the beginning of 2022, but remains lower, in line with previous periods. The vast majority of commercial banks were able to maintain positive net interest and commission income. It should be noted, we observe a similar situation with income of the domestic banking system, the largest share of expenses of commercial banks falls on interest expenses. The year 2019 shows the largest share of them – 40.09%, but during the analyzed period they still tended to decrease. It is worth noting that during 2022, the banking system of Ukraine received 4.5 billion hryvnias in losses, this happened due to deductions to reserves for expected credit losses. 24 banking institutions turned out to be unprofitable, so their total loss was about UAH 10.5 billion. Three state-owned commercial banks were among unprofitable commercial banks, in contrast to the competition, the studied JSC CB "PrivatBank" generated almost half of the profit of profitable commercial banks.

5. We considered the management of income and expenses of JSC CB "PrivatBank". In 2021, a significant improvement in the

bank's financial results was due to the growth of its revenues and a decrease in costs. Net interest income in 2021 amounted to UAH 35.9 billion, it increased by almost 10% compared to 2020. In addition, JSC CB "PrivatBank" was forced to create additional reserves in order to reduce the usefulness of credit operations, as a result of the impact of the COVID 2019 pandemic on the economic activity of borrowers. The size of this reserve was UAH 1.25 billion. If you calculate the impairment reserve, it turns out that the net interest income of PrivatBank is practically stable. It is worth noting that another cost item of PrivatBank is the funds it allocates to the development of offline business, to the effectiveness and convenience of branch operations. In December 2020, the bank under study opened a branch with an innovative format – Concept Store. The net profit of the banking institution for 2021 amounted to UAH 35.05 billion, this indicator remains the maximum financial result of the entire national banking sector. Actually, it was the experience gained during the pandemic and several years of active work under quarantine restrictions that helped JSC CB "PrivatBank" to withstand the full-scale invasion of the Russian Federation and show quite good results.

6. JSC CB "PrivatBank" is currently positioned as one of the systemically important bank of Ukraine, which is confidently developing on the domestic financial market. In confirmation of this, we observe the growth of the bank's assets for the period 2017–2021: from 259061 UAH million in 2017 to 582851 UAH million in 2021. We also see an increase in profits, despite the rather difficult operating conditions caused by the Covid-19 pandemic: from UAH 22,966 million to UAH 35,050 million. In 2021, the loan portfolio of JSC KB PrivatBank grew by 19.03% to UAH 70,193 million, and its share in the banking institution's assets increased from 14.38% to 17.62%, or by 3.24 percentage points. According to the results of 2021 compared to 2020, PrivatBank significantly increased net interest income (+32.52%) and net commission income (+28.60%). The profit of the investigated bank for 2021 amounted to UAH 35,050 million, which, according to the regulator, is about 41.26% of the total profit of the domestic banking system. Also, it is worth emphasizing that PrivatBank is a strategic interest of Ukraine, that is, it provides it with a high level of external support. Analyzing the key profitability indicators of JSC CB PrivatBank, it is worth noting that in the period 2017–2021,

all indicators corresponded to the recommended values, however, in 2017, the indicators of profitability of assets, net interest margin and returns on capital are substandard. Based on the value of the return on assets indicator, it can be concluded that in 2017–2021 JSC CB "PrivatBank" used its available resources effectively, but in 2017 it was quite inefficient, because in these years the value of this indicator was lower than 1%.

7. JSC CB "PrivatBank" positions itself as a reliable bank that works efficiently and harmoniously in the financial markets of our country. But it is clear that the bank is experiencing a certain crisis due to changes in management, which brings new threats to the organization. Using the above opportunities and taking into account potential threats of an internal and external nature, it is possible to increase the efficiency of the bank's activities. The fundamental factors of the bank's competitiveness, which are investigated, are the innovative application in the bank's structure, affordability at the price and a fairly high quality of service provision, which can also be improved from the point of view of analytical factors.

8. The purpose of the concept of improving the profit management mechanism of commercial banks is to guarantee the maximum welfare of stakeholders and owners of the bank in the current and prospective periods while fully satisfying the needs of individuals and legal entities in the bank. Thus, the stated principles and defined goals were reflected in the solutions of the following tasks: increasing the bank's profitability and profit volume; to observe the optimal ratio between the acceptable level of banking risk and the level of profit; to get a quality profit; to create conditions for the formation of equity capital and bank investor income above the average market level; to increase the amount of authorized capital of JSC CB "PrivatBank" at the expense of profit, in accordance with development tasks for the prospective period; to increase in the market value of banks.

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APPENDICES


APPENDIX A

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про фінансовий стан

У мільйонах українських гривень	Прим.	31 грудня 2017 р.	31 грудня 2016 р.
АКТИВИ			
Грошові кошти та їх еквіваленти та обов'язкові резерви	7	25 300	30 159
Заборгованість банків	8	4 516	2 410
Кредити та аванси клієнтам	9	38 335	43 582
Вбудовані похідні фінансові активи	10, 11	34 336	27 044
Інвестиційні цінні папери для подальшого продажу	10	90 354	64 409
Інвестиційні цінні папери, що утримуються до погашення	11	36 322	-
Передплата з поточного податку на прибуток		184	181
Інвестиції в асоційовану компанію		-	507
Інвестиції в нерухомість	12	579	1 358
Приміщення, вдосконалення орендованого майна, обладнання та нематеріальні активи	13	3 376	4 019
Інші фінансові активи		531	269
Інші активи	14	9 652	9 585
Майно, що перейшло у власність банку як заставодержателя	15	11 268	21 836
Активи, утримувані для продажу		117	-
ВСЬОГО АКТИВІВ		254 870	205 359
ЗОБОВ'ЯЗАННЯ			
Заборгованість перед НБУ	16	12 394	18 047
Заборгованість перед банками та іншими фінансовими організаціями	17	234	2 667
Кошти клієнтів	18	212 714	181 128
Випущені боргові цінні папери		2	2
Поточне зобов'язання з податку на прибуток	24	3	1
Відстрочене зобов'язання з податку на прибуток	24	107	95
Резерви, інші фінансові та нефінансові зобов'язання	19	4 405	4 010
Субординований борг		129	122
ВСЬОГО ЗОБОВ'ЯЗАНЬ		229 988	206 072
КАПІТАЛ			
Акціонерний капітал	20	206 060	50 695
Емісійний дохід	20	23	23
Внески у капітал, отримані за випущені, але не зареєстровані нові акції	20	-	111 591
Резерв переоцінки приміщень	13	782	820
Нереалізований (збиток)/прибуток від інвестиційних цінних паперів для подальшого продажу		(479)	521
Результат від операцій з акціонером	10, 11	12 174	9 934
Резерв переоцінки валют		27	29
Накопичений дефіцит		(193 706)	(174 327)
Чисті активи, що належать акціонеру Банку		24 881	(714)
Частка неконтролюючих учасників		1	1
ВСЬОГО КАПІТАЛУ		24 882	(713)
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		254 870	205 359

Затверджено до вилучення та підписано 24 квітня 2018 року.



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APPENDICES


ГРУПА "ПРИВАТБАНК"
Консолідований звіт про фінансовий стан

У мільйонах українських гривень	Прим.	31 грудня 2018	31 грудня 2017 (перераховано)	31 грудня 2016 (перераховано)
АКТИВИ				
Грошові кошти та їх еквіваленти та обов'язкові резерви	7	27 360	25 300	30 159
Заборгованість банків		-	2 903	-
Кредити та аванси клієнтам	8	50 140	38 335	32 615
Інвестиційні цінні папери:				
- за справедливою вартістю через прибуток чи збиток	9	86 244	-	-
- наявні для продажу	9	-	90 354	64 409
- за справедливою вартістю через інший сукупний дохід	9	79 299	-	-
- утримуються до погашення	9	-	36 322	-
- за амортизованою собівартістю	9	14 577	-	-
Вбудовані похідні фінансові активи	9	-	34 336	27 044
Передоплата з поточного податку на прибуток	24	184	184	181
Інвестиції в асоційовану компанію		-	-	216
Інвестиційна нерухомість	10	3 340	3 648	691
Приміщення, вдосконалення орендованого майна, обладнання та нематеріальні активи	11	3 843	3 376	3 472
Інші фінансові активи	12	2 756	2 981	2 679
Інші активи	13	8 899	8 815	9 585
Майно, що перейшло у власність банку як заставодержателя		1 361	7 069	8 782
Активи, утримувані для продажу		117	117	-
ВСЬОГО АКТИВІВ		278 120	253 740	179 833
ЗОБОВ'ЯЗАННЯ				
Заборгованість перед НБУ	14	9 817	12 394	18 047
Заборгованість перед банками та іншими фінансовими організаціями	15	196	234	2 667
Кошти клієнтів	16	230 997	212 131	180 651
Випущені боргові цінні папери		2	2	2
Поточне зобов'язання з податку на прибуток	24	6	3	1
Відстрочене зобов'язання з податку на прибуток	24	137	151	139
Інші фінансові зобов'язання	17	2 255	1 689	1 935
Резерви та нефінансові зобов'язання	18	3 135	3 299	2 552
Субординований борг		-	129	122
ВСЬОГО ЗОБОВ'ЯЗАНЬ		246 545	230 032	206 116
КАПІТАЛ				
Акціонерний капітал	19	206 060	206 060	50 695
Емісійний дохід	19	23	23	23
Внески у капітал, отримані за випущені, але не зареєстровані нові акції	19	-	-	111 591
Резерв переоцінки приміщень	11	722	804	842
Нереалізований (збиток)/прибуток від інвестиційних цінних паперів		(3 303)	(479)	521
Результат від операцій з акціонером		12 174	12 174	9 934
Резерв переоцінки валют		27	27	29
Накопичений дефіцит		(184 129)	(194 902)	(199 919)
Чисті активи, що належать акціонеру Банку		31 574	23 707	(26 284)
Частка неконтролюючих учасників		1	1	1
ВСЬОГО КАПІТАЛУ		31 575	23 708	(26 283)
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		278 120	253 740	179 833

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Заступник Голови Правління
(з питань фінансів)


В. В. Ярмоленко
Головний бухгалтер

Monograph

ГРУПА "ПРИВАТБАНК" Консолідований звіт про фінансовий стан

У мільйонах українських гривень	Прим.	31 грудня 2019	31 грудня 2018
АКТИВИ			
Грошові кошти та їх еквіваленти та обов'язкові резерви	6	45 894	27 360
Заборгованість банків	7	27 118	-
Кредити та аванси клієнтам	8	59 544	50 140
Інвестиційні цінні папери:			
- за справедливою вартістю через прибуток чи збиток	9	84 680	86 244
- за справедливою вартістю через інший сукупний дохід	9	66 602	79 299
- за амортизованою собівартістю	9	875	14 577
Поточні податкові активи		2 257	184
Інвестиційна нерухомість		3 379	3 340
Активи з права користування	10	1 703	-
Основні засоби та нематеріальні активи	11	4 850	3 843
Інші фінансові активи	12	2 228	2 756
Інші активи	13	9 285	8 899
Майно, що перейшло у власність банку як заставодержателя		1 244	1 361
Активи, утримувані для продажу	14	-	117
ВСЬОГО АКТИВІВ		309 659	278 120
ЗОБОВ'ЯЗАННЯ			
Заборгованість перед НБУ	15	7 721	9 817
Заборгованість, перед банками та іншими фінансовими організаціями		201	196
Кошти клієнтів	16	240 457	230 997
Зобов'язання орендаря з лізингу	32	1 734	-
Поточне зобов'язання з податку на прибуток	24	9	6
Відстрочене зобов'язання з податку на прибуток	24	122	137
Інші фінансові зобов'язання	17	1 523	2 257
Резерви та нефінансові зобов'язання	18	3 266	3 135
ВСЬОГО ЗОБОВ'ЯЗАНЬ		255 033	246 545
КАПІТАЛ			
Акціонерний капітал	19	206 060	206 060
Емісійний дохід	19	23	23
Резерв переоцінки будівель	11	614	722
Нереалізований збиток від інвестиційних цінних паперів		(1 274)	(3 303)
Результат від операцій з акціонером		12 174	12 174
Резерв переоцінки валют		27	27
Накопичений дефіцит		(162 999)	(184 129)
Чисті активи, що належать акціонеру Банку		54 625	31 574
Частка неконтролюючих учасників		1	1
ВСЬОГО КАПІТАЛУ		54 626	31 575
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		309 659	278 120

Затверджено до випуску та підписано 29 квітня 2020 року.



Г. Крутицький
Голова Правління

Г. Ю. Самаріна
Заступник Голови Правління
(з питань фінансів)

В. В. Ярмоленко
Головний бухгалтер

Примітки, подані на сторінках 5-85 є невід'ємною частиною цієї консолідованої фінансової звітності.

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APPENDICES


ГРУПА "ПРИВАТБАНК"

Консолідований звіт про фінансовий стан станом за 31 грудня 2020 року

У мільйонах українських гривень	Прим.	31 грудня 2020	31 грудня 2019
АКТИВИ			
Грошові кошти та їх еквіваленти та обов'язкові резерви	6	49 911	45 894
Заборгованість банків	7	25 059	27 118
Кредити та аванси клієнтам	8	55 021	59 544
Інвестиційні цінні папери:			
- за справедливою вартістю через прибуток чи збиток	9	100 750	84 680
- за справедливою вартістю через інший сукупний дохід	9	119 196	66 602
- за амортизованою собівартістю	9	1 765	875
Поточні податкові активи	22	6 660	2 257
Інвестиційна нерухомість		2 933	3 379
Активи з права користування	10	1 738	1 703
Основні засоби та нематеріальні активи	11	5 982	4 850
Інші фінансові активи	12	3 467	2 228
Інші активи	13	8 901	9 285
Майно, що перейшло у власність банку як заставодержателя		1 228	1 244
Активи, утримувані для продажу		32	-
ВСЬОГО АКТИВІВ		382 643	309 659
ЗОБОВ'ЯЗАННЯ			
Заборгованість перед НБУ		-	7 721
Заборгованість перед банками та іншими фінансовими організаціями		19	201
Кошти клієнтів	14	312 568	240 457
Зобов'язання орендаря з лізингу	31	1 844	1 734
Поточне зобов'язання з податку на прибуток	22	9	9
Відстрочене зобов'язання з податку на прибуток	22	147	122
Інші фінансові зобов'язання	15	2 912	1 523
Резерви та нефінансові зобов'язання	16	12 087	3 266
ВСЬОГО ЗОБОВ'ЯЗАНЬ		329 586	255 033
КАПІТАЛ			
Акціонерний капітал	17	206 060	206 060
Емісійний дохід	17	23	23
Резерв переоцінки будівель	11	689	614
Нереалізований збиток від інвестиційних цінних паперів		(2 937)	(1 274)
Результат від операцій з акціонером		12 174	12 174
Резерв переоцінки валют		27	27
Накопичений дефіцит		(162 980)	(162 999)
Чисті активи, що належать акціонеру Банку		53 056	54 625
Частка неконтролюючих учасників		1	1
ВСЬОГО КАПІТАЛУ		53 057	54 626
ВСЬОГО ЗОБОВ'ЯЗАНЬ ТА КАПІТАЛУ		382 643	309 659

Затверджено до випуску та підписано 16 березня 2021 року.

Г. Ю. Самаріна
В.о. Голови Правління


В. В. Ярмоленко
Головний бухгалтер

Примітки, подані на сторінках 5-91 є невід'ємною частиною цієї консолідованої фінансової звітності.

1

Monograph

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про фінансовий стан станом за 31 грудня 2021 року

У мільйонах українських гривень	Прим.	31 грудня 2021	31 грудня 2020 (як рекласифіковано)	31 грудня 2019 (як рекласифіковано)
АКТИВИ				
Грошові кошти та їх еквіваленти	6	52 835	49 911	45 894
Кредити та аванси банкам	7	26 243	25 059	27 118
Кредити та аванси клієнтам	8	68 218	55 021	59 544
Інвестиційні цінні папери в т.ч.:		222 277	221 711	152 157
- за справедливою вартістю через прибуток чи збиток	9	93 096	100 750	84 680
- за справедливою вартістю через інший сукупний дохід	9	129 074	119 196	66 602
- за амортизованою собівартістю	9	107	1 765	875
Поточні податкові активи	21	9 978	6 660	2 257
Інвестиційна нерухомість		1 989	2 933	3 379
Нематеріальні активи за винятком гудвілу	10	1 291	958	651
Основні засоби	10	6 159	6 762	5 902
Інші фінансові активи	11	2 673	3 467	2 228
Інші нефінансові активи	12	9 715	10 129	10 529
Непоточні активи або групи вибуття, класифіковані як утримувані для продажу або як утримувані для виплати власникам		7	32	-
Загальна сума активів		401 385	382 643	309 659
ЗОБОВ'ЯЗАННЯ				
Інші залучені кошти		-	-	7 721
Кошти банків		3	19	201
Кошти клієнтів	13	325 019	312 568	240 457
Поточні податкові зобов'язання	21	12	9	9
Відстрочені податкові зобов'язання	21	158	147	122
Інші фінансові зобов'язання	14	3 824	4 053	2 626
Забезпечення у т.ч.:	15	3 651	10 687	2 363
- резерви за кредитними зобов'язаннями та контрактами фінансової гарантії		373	329	290
- інше забезпечення		3 278	10 358	2 073
Інші нефінансові зобов'язання	15	1 803	2 103	1 534
Загальна сума зобов'язань		334 470	329 586	255 033
ВЛАСНИЙ КАПІТАЛ				
Статутний капітал	16	206 060	206 060	206 060
Емісійний дохід	16	23	23	23
Результат від операцій з акціонером		12 174	12 174	12 174
Інші резерви	9, 10	(4 064)	(2 221)	(633)
Резерви та інші фонди банку	16	9 696	8 481	6 850
Накопичений дефіцит		(156 976)	(171 461)	(169 849)
Загальна сума власного капіталу, що відноситься до власників материнського Банку		66 913	53 056	54 625
Частки участі, що не забезпечують контролю		2	1	1
Загальна сума власного капіталу		66 915	53 057	54 626
Загальна сума власного капіталу та зобов'язань		401 385	382 643	309 659

Затверджено та підписано 26 липня 2022 року

Г. Бєд
Голова Правління



Г. Ю. Самаріна
Заступник Голови Правління (з питань фінансів)

В. В. Ярмоленко
Головний бухгалтер

APPENDICES

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про фінансовий стан станом на 31 грудня 2022 року

У мільйонах українських гривень	Прим.	31 грудня 2022	31 грудня 2021
АКТИВИ			
Грошові кошти та їх еквіваленти	6	96 380	52 835
Кредити та аванси банкам	7	103 837	26 243
Кредити та аванси клієнтам	8	68 084	68 218
Інвестиційні цінні папери в т.ч.:		239 752	222 277
- за справедливою вартістю через прибуток чи збиток	9	95 716	93 096
- за справедливою вартістю через інший сукупний дохід	9	143 920	129 074
- за амортизованою собівартістю	9	116	107
Поточні податкові активи	25	9 079	9 978
Відстрочені податкові активи	25	1 100	-
Інвестиційна нерухомість	10	2 155	1 989
Нематеріальні активи за винятком гудвілу	11	1 392	1 291
Основні засоби	11	5 308	6 159
Інші фінансові активи	12	4 318	2 673
Інші нефінансові активи	13	9 189	9 715
Непоточні активи або групи вибуття, класифіковані як утримувані для продажу або як утримувані для виплати власникам		64	7
Загальна сума активів		540 658	401 385
ЗОБОВ'ЯЗАННЯ			
Кошти банків		-	3
Кошти клієнтів	14	471 863	325 019
Інші залучені кошти	15	128	-
Поточні податкові зобов'язання	25	3	12
Відстрочені податкові зобов'язання	25	-	158
Інші фінансові зобов'язання	16	2 647	3 824
Забезпечення у т.ч.:	17	5 804	3 651
- резерви за кредитними зобов'язаннями та контрактами фінансової гарантії		1 280	373
- інше забезпечення		4 524	3 278
Інші нефінансові зобов'язання	18	2 274	1 803
Загальна сума зобов'язань		482 719	334 470
ВЛАСНИЙ КАПІТАЛ			
Статутний капітал	19	206 060	206 060
Емісійний дохід	19	23	23
Результат від операцій з акціонером		12 174	12 174
Інші резерви	9, 11	(15 141)	(4 064)
Резерви та інші фонди банку	19	11 449	9 696
Накопичений дефіцит		(156 628)	(156 976)
Загальна сума власного капіталу, що відноситься до власників материнського Банку		57 937	66 913
Частки участі, що не забезпечують контролю		2	2
Загальна сума власного капіталу		57 939	66 915
Загальна сума власного капіталу та зобов'язань		540 658	401 385

Затверджено до випуску та підписано 18 квітня 2023 року.

Г. Бьох

Голова Правління



Г. Ю. Самаріна

Заступник Голови Правління (з питань фінансів)

В. В. Ярмоленко

Головний бухгалтер

Примітки, подані на сторінках 6-103 є невід'ємною частиною цієї консолідованої фінансової звітності.

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APPENDIX B

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про прибуток чи збиток та інший сукупний дохід

У мільйонах українських гривень	Прим.	2017 рік	2016 рік
Процентні доходи	21	24 485	31 560
Процентні витрати	21	(18 373)	(29 474)
Чистий процентний дохід		6 112	2 086
Відрахування до резерву на знецінення кредитів та авансів клієнтам	9	(18 346)	(154 536)
Чисті процентні доходи після вирахування резерву на знецінення кредитів та авансів клієнтам		(12 234)	(152 450)
Доходи за виплатами та комісійними	22	13 211	10 692
Витрати за виплатами та комісійними	22	(3 017)	(2 298)
Прибуток мінус збитки від реалізації інвестиційних цінних паперів для подальшого продажу		-	1 981
Прибуток мінус збитки від інших фінансових активів, які оцінюються за справедливою вартістю через прибуток або збиток		-	208
Прибуток мінус збитки(збитки мінус прибуток) від вбудованих похідних фінансових інструментів	29	3 491	(23 955)
Прибуток мінус збитки(збитки мінус прибуток) від операцій з іноземною валютою та своп-контрактами		1 084	(188)
Збитки мінус прибуток від переоцінки іноземної валюти		(2 601)	(4 221)
Зменшення корисності інвестиції в асоційовану компанію		(342)	-
Частка збитку від асоційованої компанії		(46)	-
Чисті прибутки мінус збитки від вибуття дочірньої компанії		-	176
Збитки від знецінення приміщень та інвестиційної нерухомості		(1 112)	(16)
Знецінення нематеріальних активів		(282)	-
Знецінення майна, що перейшло у власність банку як заставодержателя		(11 569)	-
Адміністративні та інші операційні витрати	23	(12 240)	(10 639)
Інші доходи		1 607	3 490
Інші збитки		(14)	-
Збиток до оподаткування		(23 964)	(177 220)
(Витрати)кредит з податку на прибуток	24	(26)	576
Чистий збиток за рік		(23 990)	(176 644)
Інші сукупні доходи(витрати):			
<i>Статті, які будуть у подальшому рекласифіковані у прибуток чи збиток:</i>			
Інвестиції для подальшого продажу:			
- Нерезалізовані (збиток)/прибуток за інвестиційними цінними паперами, які є в наявності для продажу		(1 000)	609
- Реалізований прибуток, рекласифікований до прибутку або збитку за інвестиційними цінними паперами, які є в наявності для продажу		-	(1 981)
- Прибуток мінус збитки, рекласифіковані у прибуток чи збиток при вибутті дочірніх компаній		-	5
Ефект на податок на прибуток	24	-	312
- Курсові різниці при перерахунку у валюту подання		-	-
- Курсові різниці при перерахунку у валюту подання, що виникли протягом року		(2)	122
- Курсові різниці при перерахунку у валюту подання, рекласифіковані у прибуток чи збиток при вибутті дочірніх компаній		-	(590)
<i>Статті, які не будуть рекласифіковані у прибуток чи збиток:</i>			
Резерв переоцінки приміщень	13	(22)	351
Ефект на податок на прибуток	24	4	(62)
Інші сукупні витрати		(1 020)	(1 234)
ВСЬОГО СУКУПНОГО ВИТРАТИ ЗА ПЕРІОД		(25 010)	(177 878)
Збиток, що належить:			
Акціонеру Банку		(23 990)	(176 462)
Частка неконтролюючих учасників		-	(182)
Збиток за рік		(23 990)	(176 644)
Всього сукупних доходів, що належать:			
Акціонеру Банку		(25 010)	(177 667)
Частка неконтролюючих учасників		-	(211)
Всього витрати		(25 010)	(177 878)
Базисний та скорегований витрати на акцію щодо прибутку, який належить акціонеру Банку (у гривнях на акцію)	20	(57,00)	(2 233,70)

Затверджено до випуску та підписано 24 квітня 2018 року.

П. Кружангл
Голова Правління



В. В. Ярмоленко
Головний бухгалтер

APPENDICES

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про прибуток чи збиток та інший сукупний дохід

У мільйонах українських гривень	Прим.	2018 рік	2017 рік (перераховано)
Процентні доходи	20	30 754	24 485
Процентні витрати	20	(13 996)	(18 373)
Чистий процентний дохід		16 758	6 112
Відрахування до резерву на зменшення корисності	21	(6 089)	(7 379)
Чисті процентні доходи після врахування резерву на зменшення корисності		10 669	(1 267)
Доходи за виплатами та комісійними	22	19 500	13 211
Витрати за виплатами та комісійними	22	(4 402)	(3 017)
Прибуток мінус збитки від об'єднаних позитивних фінансових інструментів	9	-	3 491
Прибуток мінус збитки від переоцінки іноземної валюти		1 583	1 084
Прибуток мінус збитки від реалізації інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		1 145	(2 501)
Збитки мінус прибутки від переоцінки інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток	9	(3 085)	-
(Збитки)/прибутки від оцінки приміщень та інвестиційної нерухомості		(553)	247
Зменшення корисності нематеріальних активів		-	(1)
Зменшення корисності майна, що перейшло у власність банку як заставодержателя		(13)	(71)
Зменшення корисності інвестицій в асоційовану компанію		-	(51)
Частка збитку від асоційованої компанії		-	(46)
Адміністративні та інші операційні витрати	23	(14 041)	(12 240)
Інші доходи		1 570	1 607
Інші витрати		(11)	(14)
Прибуток до оподаткування		12 855	432
Витрати з податку на прибуток	24	(9)	(26)
Чистий прибуток за рік		12 846	406
Інші сукупні доходи(витрати):			
Статті, які будуть у подальшому рекласифіковані у прибуток чи збиток:			
Курсові різниці при перерахунку у валюту подання:			
- Курсові різниці при перерахунку у валюту подання, що виникли протягом року		-	(2)
Фінансові інструменти, що визнаються за справедливою вартістю через інший сукупний дохід:			
- Нерепалізований збиток від інвестиційних цінних паперів		(1 872)	(1 000)
- Прибуток, що рекласифіковано до складу прибутків чи збитків		(5)	-
- Збитки у резерві від очікуваних кредитних збитків		-	-
- Податковий ефект		-	-
Статті, які не будуть рекласифіковані у прибуток чи збиток:			
Приміщення:			
- Переоцінка приміщень		2	(22)
- Податковий ефект		(1)	4
Інші сукупні витрати		(1 874)	(1 020)
ВСЬОГО СУКУПНИХ ДОХОДІВ(ВИТРАТ) ЗА РІК		10 972	(614)
Прибуток, що належить:			
Акціонеру Банку		12 846	406
Прибуток за рік		12 846	406
Всього сукупних доходів, що належать:			
Акціонеру Банку		10 972	(614)
Всього доходів(витрат)		10 972	(614)
Базисний та скоригований дохід на акцію щодо прибутку, який належить акціонеру Банку (у гривнях на акцію)	19	17,46	0,97

Затверджено до випуску та підписано 23 квітня 2019 року.

П. Кравчук
Голова ПравлінняГ. Ю. Самаріна
Заступник Голови Правління
(з питань фінансів)В. В. Ярмоленко
Головний бухгалтер

Monograph

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про прибуток чи збиток та інший сукупний дохід

У мільйонах українських гривень	Прим.	2019 рік	2018 рік
Процентні доходи	20	33 841	30 754
Процентні витрати	20	(14 162)	(13 996)
Чистий процентний дохід		19 679	16 758
Відрахування до резерву на зменшення корисності	21	(4)	(6 089)
Чисті процентні доходи після вирахування резерву на зменшення корисності		19 675	10 669
Доходи за виплатами та комісійними	22	24 575	19 590
Витрати за виплатами та комісійними	22	(6 398)	(4 407)
Прибутки мінус збитки від операцій з іноземною валютою та своп-контрактів		2 589	1 983
Прибутки мінус збитки від переоцінки іноземної валюти		6 510	1 145
Прибутки мінус збитки від реалізації інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		8	3
Збитки мінус прибутки від переоцінки інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток (Прибутки)/збитки від оцінки будівель та інвестиційної нерухомості	9	(1 526) 4	(3 085) (553)
Зменшення корисності майна, що перейшло у власність банку як заставадержателя		(134)	(13)
Частка збитку від асоційованої компанії		(117)	-
Адміністративні та інші операційні витрати	23	(14 889)	(14 041)
Інші чисті доходи		2 391	1 559
Прибуток до оподаткування		32 700	12 855
Витрати з податку на прибуток	24	(30)	(9)
Чистий прибуток за рік		32 670	12 846
Інші сукупні доходи(витрати):			
<i>Статті, які будуть у подальшому рекласифіковані у прибуток чи збиток:</i>			
Фінансові інструменти, що визнаються за справедливою вартістю через інший сукупний дохід:			
- Нереалізований прибуток(збиток) від переоцінки		2 037	(1 872)
- Прибуток, що рекласифіковано до складу прибутків чи збитків		(8)	(3)
- Зміни у резерві під очікувані кредитні збитки		-	-
- Податковий ефект		-	-
<i>Статті, які не будуть рекласифіковані у прибуток чи збиток:</i>			
Будівлі:			
- Переоцінка будівель		(70)	2
- Податковий ефект		15	(1)
Інші сукупні доходи(витрати)		1 974	(1 874)
ВСЬОГО СУКУПНИХ ДОХОДІВ ЗА РІК		34 644	10 972
Прибуток, що належить:			
Акціонеру Банку		32 670	12 846
Прибуток за рік		32 670	12 846
Всього сукупних доходи, що належать:			
Акціонеру Банку		34 644	10 972
Всього сукупні доходи		34 644	10 972
Базисний та скоригований дохід на акцію щодо прибутку, який належить акціонеру Банку (у гривнях на акцію)			
	19	44,39	17,46

Затверджено та підписано 29 квітня 2020 року.



Г. Ю. Самаріна
Голова Правління


Г. Ю. Самаріна
Заступник Голови Правління
(з питань фінансів)


В. В. Ярмоленко
Головний бухгалтер

APPENDICES


ГРУПА "ПРИВАТБАНК"

Консолідований звіт про прибуток чи збиток та інший сукупний дохід за рік, що закінчився 31 грудня 2020 року

У мільйонах українських гривень	Прим.	2020 рік	2019 рік
Процентні доходи	18	33 563	33 841
Процентні витрати	18	(11 943)	(14 162)
Чистий процентний дохід		21 620	19 679
Відрахування до резерву на зменшення корисності	19	(1 771)	(4)
Чисті процентні доходи після вирахування резерву на зменшення корисності		19 849	19 675
Доходи за виплатами та комісійними	20	27 649	24 575
Витрати за виплатами та комісійними	20	(8 868)	(6 386)
Прибуток мінус збитки від операцій з іноземною валютою та своп-контрактів (Збитки мінус прибуток)/прибуток мінус збитки від переоцінки іноземної валюти		3 103	2 589
Прибуток мінус збитки від реалізації інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		(7 460)	6 510
Витрати щодо резерву під юридичні ризики	16	8	8
Витрати щодо резерву під юридичні ризики (8 577)		(8 577)	(387)
Прибуток мінус збитки/(збитки мінус прибуток) від переоцінки інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток	9	16 045	(1 526)
Збитки/(прибуток) від уцінки будівель (що перевищують дооцінку) та переоцінки інвестиційної нерухомості		(256)	4
Зменшення корисності майна, що перейшло у власність банку як заставодержателя		(119)	(134)
Частка збитку від асоційованої компанії		-	(117)
Адміністративні та інші операційні витрати	21	(18 087)	(14 502)
Інші чисті доходи		1 319	2 391
Прибуток до оподаткування		24 586	32 700
Витрати з податку на прибуток	22	(25)	(30)
Чистий прибуток за рік		24 561	32 670
Інші сукупні доходи(витрати):			
<i>Статті, які будуть у подальшому рекласифіковані у прибуток чи збиток:</i>			
Фінансові інструменти, що визнаються за справедливою вартістю через інший сукупний дохід:			
- Нереалізований (збиток)/прибуток від переоцінки		(1 649)	2 037
- Прибуток, що рекласифіковано до складу прибутків чи збитків		(8)	(8)
- Податковий ефект		(6)	-
<i>Статті, які не будуть рекласифіковані у прибуток чи збиток:</i>			
Будівлі:			
- Переоцінка будівель		139	(70)
- Податковий ефект		(25)	15
Інші сукупні (витрати)/доходи		(1 549)	1 974
ВСЬОГО СУКУПНИХ ДОХОДІВ ЗА РІК		23 012	34 644
Прибуток, що належить:			
Акціонеру Банку		24 561	32 670
Прибуток за рік		24 561	32 670
Всього сукупних доходи , що належать:			
Акціонеру Банку		23 012	34 644
Всього сукупні доходи		23 012	34 644

Затверджено до випуску та підписано 16 березня 2021 року.

Г. Ю. Самаріна
В.о. Голови Правління


В. В. Ярмоленко
Головний бухгалтер

Примітки, подані на сторінках 5-91 є невід'ємною частиною цієї консолідованої фінансової звітності.

2

Monograph

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про прибуток або збиток за рік, що закінчився 31 грудня 2021 року

У мільйонах українських гривень	Прим.	2021 рік	2020 рік (як рекласифіковано)
Процентні доходи в т.ч.:		35 857	33 563
- процентний дохід, обчислений із застосуванням методу ефективного відсотка	17	30 873	28 547
- інші процентні доходи	17	4 984	5 016
Процентні витрати	17	(6 533)	(11 943)
Чистий процентний дохід		29 324	21 620
Прибуток від зменшення корисності та сторнування збитку від зменшення корисності (збиток від зменшення корисності), визначені згідно з МСФЗ 9	18	(856)	(1 809)
Чисті процентні доходи після вирахування резерву на зменшення корисності		28 468	19 811
Комісійні доходи	19	35 057	27 649
Комісійні витрати	19	(11 840)	(8 888)
Чистий прибуток (збиток) від операцій з іноземною валютою		3 226	3 103
Чистий прибуток (збиток) від переоцінки іноземної валюти		1 017	(7 460)
Чистий прибуток (збиток) від операцій з борговими фінансовими інструментами, які обліковуються за справедливою вартістю через інший сукупний дохід	9	32	8
Чистий прибуток (збиток) від операцій з фінансовими інструментами за справедливою вартістю через прибуток або збиток	9	(7 666)	16 045
Чистий прибуток (збиток) від переоцінки об'єктів інвестиційної нерухомості		(873)	(256)
Витрати на виплати працівникам		(8 931)	(8 213)
Амортизаційні витрати		(2 187)	(1 790)
Інші адміністративні та операційні витрати в т.ч.:		(2 417)	(16 742)
- розформування (витрати на створення) резерву під юридичні ризики	15, 20	6 464	(8 539)
- адміністративні та операційні витрати	20	(8 891)	(8 203)
Інші доходи		1 612	1 429
Інші прибутки (збитки) - збиток від модифікації фінансових активів		(111)	(104)
Доходи (витрати), які виникають під час первісного визнання фінансових активів за процентною ставкою, вищою або нижчою, ніж ринкова		(164)	(6)
Прибуток (збиток), що виникає від припинення визнання фінансових активів, оцінених за амортизованою собівартістю		77	-
Прибуток до оподаткування		35 300	24 586
Витрати на сплату податку (доходи від повернення податку)	21	(58)	(25)
Прибуток за рік		35 242	24 561
Прибуток, що відноситься до:			
- власників материнського Банку		35 241	24 561
- часток учасії, що не забезпечують контролю		1	-
Прибуток за рік		35 242	24 561

Затверджено до вилучення та підписано 26 липня 2022 року.

Г. Бьод
Голова Правління



Г. Ю. Самаріна
Заступник Голови Правління (з питань фінансів)

В. В. Ярмоленко
Головний бухгалтер

APPENDICES

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про прибуток або збиток за рік, що закінчився 31 грудня 2022 року

У мільйонах українських гривень	Прим.	2022 рік	2021 рік
Процентні доходи в т.ч.:		43 687	35 857
- процентний дохід, обчислений із застосуванням методу ефективного відсотка	20	38 906	30 873
- інші процентні доходи	20	4 781	4 984
Процентні витрати	20	(3 767)	(6 533)
Чистий процентний дохід		39 920	29 324
Прибуток від зменшення корисності та сторнування збитку від зменшення корисності (збиток від зменшення корисності), визначені згідно з МСФЗ 9	21	(15 396)	(856)
Чисті процентні доходи після вирахування резерву на зменшення корисності		24 524	28 468
Комісійні доходи	22	32 945	35 057
Комісійні витрати	22	(12 505)	(11 840)
Чистий прибуток (збиток) від операцій з іноземною валютою		14 655	3 226
Чистий прибуток (збиток) від переоцінки іноземної валюти		(7 760)	1 017
Чистий прибуток (збиток) від операцій з борговими фінансовими інструментами, які обліковуються за справедливою вартістю через інший сукупний дохід	9	119	32
Чистий прибуток (збиток) від операцій з фінансовими інструментами за справедливою вартістю через прибуток або збиток	9	2 608	(7 666)
Чистий прибуток (збиток) від переоцінки об'єктів інвестиційної нерухомості		267	(873)
Витрати на виплати працівникам		(10 129)	(8 931)
Амортизаційні витрати	11	(1 975)	(2 187)
Інші адміністративні та операційні витрати в т.ч.:		(10 510)	(2 417)
- розформовання (витрати на створення) резерву під юридичні ризики	17, 23	(885)	6 464
- адміністративні та операційні витрати	23	(9 625)	(8 881)
Інші доходи	24	2 956	1 612
Інші прибутки (збитки) - збиток від модифікації фінансових активів		(458)	(111)
Доходи (витрати), які виникають під час первісного визнання фінансових активів за процентною ставкою, вищою або нижчою, ніж ринкова		(1)	(164)
Прибуток (збиток), що виникає від припинення визнання фінансових активів, оцінених за амортизованою собівартістю		4	77
Прибуток до оподаткування (Витрати на сплату податку) доходи від повернення податку	25	34 740 (4 486)	35 300 (58)
Прибуток за рік		30 254	35 242
Прибуток, що відноситься до:			
- власників материнського Банку		30 254	35 241
- часток участі, що не забезпечують контролю		-	1
Прибуток за рік		30 254	35 242

Затверджено до випуску та підписано 18 квітня 2023 року.

Г. Бьох
Голова Правління

Г. Ю. Самаріна
Заступник Голови Правління (з питань фінансів)

В. В. Ярмоленко
Головний бухгалтер

Примітки, подані на сторінках 6-103 є невід'ємною частиною цієї консолідованої фінансової звітності.

2

Monograph

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про сукупний дохід за рік, що закінчується 31 грудня 2022 року

У мільйонах українських гривень	2022 рік	2021 рік
Прибуток за рік	30 254	35 242
Інший сукупний дохід		
<i>Статті, які будуть у подальшому рекласифіковані у прибуток чи збиток:</i>		
Фінансові інструменти що визнаються за справедливою вартістю через інший сукупний дохід:		
- Прибутки (збитки) від фінансових активів, оцінених за справедливою вартістю через інший сукупний дохід, до оподаткування	(14 139)	(1 758)
- Коригування перекласифікації фінансових активів, оцінених за справедливою вартістю через інший сукупний дохід, до оподаткування	(119)	(32)
- Зміни у резерві під очікувані кредитні збитки	3 453	-
- Податок на прибуток, що відноситься до фінансових активів, що оцінюються за справедливою вартістю через інший сукупний дохід у складі іншого сукупного доходу	(207)	(2)
<i>Статті, які не будуть рекласифіковані у прибуток чи збиток:</i>		
Будівлі та земля:		
- Інший сукупний дохід, до оподаткування, прибутки (збитки) від переоцінки	34	(32)
- Податок на прибуток, що відноситься до змін у дооцінці у складі іншого сукупного доходу	(6)	6
Загальна сума іншого сукупного доходу	(10 984)	(1 818)
Загальна сума сукупного доходу	19 270	33 424
Сукупний дохід, що відноситься до:		
- власників материнського Банку	19 270	33 423
- часток учасі, що не забезпечують контролю	-	1
Всього сукупний дохід	19 270	33 424

Затверджено до вилучення та підписано 18 квітня 2023 року.

Г. Бьош
Голова Правління



Г. Ю. Самаріна
Заступник Голови Правління (з питань фінансів)

В. В. Ярмоленко
Головний бухгалтер

APPENDICES


APPENDIX C

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про рух грошових коштів

У мільйонах українських гривень	Прим.	2017 рік	2016 рік
Грошові потоки від операційної діяльності			
Проценти отримані		20 866	22 370
Виплати та комісійні отримані		(18 474)	(29 819)
Виплати та комісійні сплачені		13 211	10 692
Дохід отриманий від збутованих похідних фінансових інструментів		(3 017)	(2 298)
Дохід отриманий/(витрати сплачені) від операцій з іноземною валютою		-	953
Дохід отриманий від інших фінансових активів, які оцінюються за справедливою вартістю через прибуток або збиток		1 084	(136)
Витрати, пов'язані з персоналом, сплачені		-	208
Адміністративні та інші операційні витрати сплачені, крім сплачених витрат, пов'язаних з персоналом		(4 554)	(3 441)
Інші операційні доходи отримані		(5 442)	(5 377)
Податок на прибуток сплачений		1 607	2 573
		(5)	(104)
Грошові потоки, отримані(використані) в операційної діяльності, до змін в операційних активах та зобов'язаннях		5 276	(4 379)
Зміни в операційних активах та зобов'язаннях			
Чисте збільшення зобов'язаного резерву		(35)	(1 199)
Чисте зменшення інших фінансових активів, які оцінюються за справедливою вартістю через прибуток чи збиток		-	238
Чисте (збільшення)/зменшення заборгованості банків		(1 930)	2 233
Чисте збільшення кредитів та авансів клієнтам		(10 382)	(3 505)
Чисте (збільшення)/зменшення інших фінансових активів		(185)	138
Чисте збільшення інших активів		(1 050)	(792)
Чисте (зменшення)/збільшення заборгованості перед банками та іншими фінансовими організаціями		(2 380)	1 096
Чисте збільшення/(зменшення) коштів клієнтів		25 174	(15 184)
Чисте зменшення резервів, інших фінансових та нефінансових зобов'язань		(359)	(388)
Чисті грошові кошти, отримані(використані) в операційній діяльності		14 129	(21 742)
Грошові потоки від інвестиційної діяльності			
Придбання інвестиційних цінних паперів для подальшого продажу		(10 788)	-
Надходження від продажу та погашення інвестиційних цінних паперів, наявних для продажу		1 400	27 886
Придбання інвестиційних цінних паперів, що утримуються до погашення		(4 440)	-
Надходження від погашення інвестиційних цінних паперів, що утримуються до погашення		285	263
Надходження від продажу приміщень, удосконалень орендованого майна та обладнання		83	10
Придбання приміщень, удосконалень орендованого майна та обладнання		(628)	(1 224)
Вибуття дочірньої компанії		-	(3 372)
Чисті грошові кошти, (використані)/отримані від інвестиційної діяльності		(14 088)	23 563
Грошові потоки від фінансової діяльності			
Надходження коштів від кредиту рефінансування НБУ	16	17 201	25 000
Погашення кредиту рефінансування НБУ	16	(22 876)	(33 663)
Погашення випущених боргових цінних паперів		-	(1 010)
Чисті грошові кошти, використані в фінансової діяльності		(5 675)	(9 673)
Вплив зміни курсів обміну на грошові кошти та їх еквіваленти		486	1 203
Чисте зменшення грошових коштів та їх еквівалентів		(5 148)	(6 649)
Грошові кошти та їх еквіваленти на початок року	7	28 673	35 322
	7	23 525	28 673
Грошові кошти та їх еквіваленти на кінець року			

Затверджено до випуску та підписано 24 квітня 2018 року.



П. Крухман
Голова Правління



В. В. Яроленко
Головний бухгалтер

ГРУПА "ПРИВАТБАНК"


Консолідований звіт про рух грошових коштів

У мільйонах українських гривень	Прим.	2018 рік	2017 рік
Грошові потоки від операційної діяльності			
Процентні доходи отримані		29 792	20 866
Проценти сплачені		(14 158)	(18 474)
Виїллати та комісійні отримані		19 590	13 211
Виїллати та комісійні сплачені		(4 402)	(3 017)
Дохід отриманий від операцій з іноземною валютою та своп-контрактів		1 958	1 084
Сплачені витрати, пов'язані з персоналом		(5 728)	(4 554)
Адміністративні та інші операційні витрати сплачені, крім сплачених витрат, пов'язаних з персоналом		(7 494)	(5 445)
Інші доходи отримані		1 535	1 607
Податок на прибуток сплачений		(18)	(5)
Грошові потоки, отримані від операційної діяльності, до змін в операційних активах та зобов'язаннях		21 675	5 273
Зміни в операційних активах та зобов'язаннях			
Чисте збільшення залишків обов'язкового резерву		(1)	(35)
Чисте зменшення(збільшення) заборгованості банків		2 911	(2 768)
Чисте збільшення кредитів та авансів клієнтам		(13 515)	(10 382)
Чисте зменшення(збільшення) інших фінансових активів		52	(185)
Чисте збільшення інших активів		(188)	(213)
Чисте (збільшення)/зменшення заборгованості перед НБУ		(1 500)	1 500
Чисте зменшення заборгованості перед банками та іншими фінансовими організаціями		(24)	(2 380)
Чисте збільшення коштів клієнтів		20 889	25 072
Чисте збільшення(зменшення) резервів, інших фінансових та нефінансових зобов'язань		513	(253)
Чисте зменшення резервів та нефінансових зобов'язань		-	-
Чисті грошові потоки, отримані від операційної діяльності		30 212	15 629
Грошові потоки від інвестиційної діяльності			
Надходження від продажу приміщень, удосконалень орендованого майна та обладнання		14	83
Придбання приміщень, удосконалень орендованого майна та обладнання		(1 376)	(628)
Надходження від продажу та погашення інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток		112	-
Придбання інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток		(24)	-
Надходження від продажу та погашення інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		7 074	-
Придбання інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		(32 926)	-
Надходження від продажу та погашення інвестиційних цінних паперів за амортизованою вартістю		4 305	-
Придбання інвестиційних цінних паперів за амортизованою вартістю		(3 557)	-
Надходження від продажу та погашення інвестиційних цінних паперів, утримуваних для продажу		-	1 400
Придбання інвестиційних цінних паперів для продажу		-	(10 788)
Надходження від погашення інвестиційних цінних паперів, що утримуються до погашення		-	285
Придбання інвестиційних цінних паперів, що утримуються до погашення		-	(4 440)
Чисті грошові потоки, використані в інвестиційній діяльності		(26 378)	(14 088)
Грошові потоки від фінансової діяльності			
Надходження коштів від кредиту рефінансування НБУ		-	15 701
Погашення кредиту рефінансування НБУ		(1 000)	(22 876)
Виїллата дивідендів		(26)	-
Погашення субординованого боргу		(134)	-
Чисті грошові потоки, використані в фінансовій діяльності	32	(1 160)	(7 175)
Вплив зміни курсів обміну на грошові потоки та їх еквіваленти		(506)	486
Вплив очікуваних кредитних збитків на грошові потоки та їх еквіваленти		(15)	-
Чисте збільшення(зменшення) грошових коштів та їх еквівалентів		2 153	(5 148)
Грошові потоки та їх еквіваленти на початок року		23 525	28 673
Грошові потоки та їх еквіваленти на кінець року	7	25 678	23 525


Затверджено до випуску та підписано 23 квітня 2019 року.



П. Кравчук
Голова Правління



Г. Ю. Самаріна
Заступник Голови Правління
(з питань фінансів)



В. В. Ярмоленко
Головний бухгалтер

APPENDICES

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про рух грошових коштів

<i>У мільйонах українських гривень</i>	Прим.	2019 рік	2018 рік
Грошові потоки від операційної діяльності			
Процентні доходи отримані		35 569	29 792
Проценти сплачені		(14 083)	(14 158)
Виплати та комісійні отримані		24 575	19 590
Виплати та комісійні сплачені		(6 386)	(4 402)
Дохід отриманий від операцій з іноземною валютою та своп-контрактів		2 599	1 958
Сплачені витрати, пов'язані з персоналом		(7 327)	(5 728)
Адміністративні та інші операційні витрати сплачені, крім сплачених витрат, пов'язаних з персоналом		(6 607)	(7 494)
Інші доходи отримані		2 455	1 535
Податок на прибуток сплачений		(2 108)	(18)
Грошові потоки, отримані від операційної діяльності, до змін в операційних активах та зобов'язаннях		28 687	21 075
Зміни в операційних активах та зобов'язаннях			
Чисте збільшення залишків обов'язкового резерву		(1)	(1)
Чисте (збільшення)/зменшення заборгованості банків		(27 073)	2 911
Чисте збільшення/зменшення кредиторів та авансів клієнтам		(12 586)	(13 515)
Чисте зменшення інших фінансових активів		265	52
Чисте збільшення інших активів		(602)	(188)
Чисте зменшення заборгованості перед НБУ		-	(1 500)
Чисте зменшення (збільшення) заборгованості перед банками та іншими фінансовими організаціями		110	(24)
Чисте збільшення коштів клієнтів		2 1873	20 889
Чисте збільшення резервів, інших фінансових та нефінансових зобов'язань		25	513
Чисті грошові кошти, отримані від операційної діяльності		10 698	30 212
Грошові потоки від інвестиційної діяльності			
Надходження від продажу основних засобів		21	14
Придбання основних засобів та нематеріальних активів		(1 982)	(1 376)
Надходження від продажу та погашення інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток		46	112
Придбання інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток		-	(24)
Надходження від продажу та погашення інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		37 910	7 074
Придбання інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		(24 156)	(32 926)
Надходження від погашення інвестиційних цінних паперів за амортизовану вартістю		12 385	4 305
Придбання інвестиційних цінних паперів за амортизованою вартістю		(106)	(3 557)
Чисті грошові кошти, отримані від(використані в) інвестиційній діяльності		24 118	(26 378)
Грошові потоки від фінансової діяльності			
Погашення зобов'язання орендаря з лізингу		(531)	-
Погашення кредиту рефінансування НБУ		(2 068)	(1 000)
Виплата дивідендів		(11 593)	(26)
Погашення субординованого боргу		-	(134)
Чисті грошові кошти, використані в фінансовій діяльності	32	(14 192)	(1 160)
Вплив зміни курсів обміну на грошові кошти та їх еквіваленти		(1 815)	(506)
Вплив очікуваних кредитних збитків на грошові кошти та їх еквіваленти		-	(15)
Чисте збільшення грошових коштів та їх еквівалентів		18 809	2 153
Грошові кошти та їх еквіваленти на початок року		25 678	23 525
Грошові кошти та їх еквіваленти на кінець року	6	44 487	25 678

Затверджено до випуску та підписано 29 квітня 2020 року.



Т. Крумханзль
Голова Правління

Г. Ю. Самаріна
Заступник Голови Правління
(з питань фінансів)

В. В. Ярмоленко
Головний бухгалтер

Примітки, подані на сторінках 5-85 є невід'ємною частиною цієї консолідованої фінансової звітності.

4

Monograph


ГРУПА "ПРИВАТБАНК"

Консолідований звіт про рух грошових коштів за рік, що закінчився 31 грудня 2020 року

У мільйонах українських гривень	Прим.	2020 рік	2019 рік
Грошові потоки від операційної діяльності			
Процентні доходи отримані		32 658	33 235
Проценти сплачені		(12 248)	(14 053)
Виплати та комісійні отримані		27 649	24 575
Виплати та комісійні сплачені		(8 886)	(6 386)
Дохід отриманий від операцій з іноземною валютою та своп-контрактів		3 110	2 599
Сплачені витрати, пов'язані з персоналом		(7 704)	(7 327)
Адміністративні та інші операційні витрати сплачені, крім сплачених витрат, пов'язаних з персоналом		(6 361)	(6 607)
Інші доходи отримані		1 543	2 455
Податок на прибуток сплачений		(4 433)	(2 108)
Грошові потоки, отримані від операційної діяльності, до змін в операційних активах та зобов'язаннях		25 326	26 353
Зміни в операційних активах та зобов'язаннях			
Чисте зменшення/(збільшення) залишків обов'язкового резерву		5	(1)
Чисте зменшення/(збільшення) заборгованості банків		2 065	(27 073)
Чисте зменшення/(збільшення) кредитів та авансів клієнтам		2 568	(10 252)
Чисте (збільшення)/зменшення інших фінансових активів		(2)	265
Чисте зменшення/(збільшення) інших активів		300	(602)
Чисте (зменшення)/збільшення заборгованості перед банками та іншими фінансовими організаціями		(203)	110
Чисте збільшення коштів клієнтів		56 219	21 873
Чисте (зменшення)/збільшення резервів, інших фінансових та нефінансових зобов'язань		(689)	25
Чисті грошові кошти, отримані від операційної діяльності		85 589	10 698
Грошові потоки від інвестиційної діяльності			
Надходження від продажу основних засобів		36	21
Придбання основних засобів та нематеріальних активів		(2 237)	(1 982)
Надходження від продажу та погашення інвестиційних цінних паперів за справедливою вартістю через прибуток чи збиток		-	46
Надходження від продажу та погашення інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		32 135	37 910
Придбання інвестиційних цінних паперів за справедливою вартістю через інший сукупний дохід		(81 623)	(24 156)
Надходження від погашення інвестиційних цінних паперів за амортизованою вартістю		-	12 385
Придбання інвестиційних цінних паперів за амортизованою вартістю		(1 518)	(106)
Чисті грошові кошти, отримані від/(використані в) Інвестиційній діяльності		(53 207)	24 118
Грошові потоки від фінансової діяльності			
Погашення зобов'язання орендаря з лізингу		(631)	(531)
Погашення кредиту рефінансування НБУ		(7 621)	(2 068)
Виплата дивідендів		(24 581)	(11 593)
Чисті грошові кошти, використані в фінансовій діяльності	31	(32 833)	(14 192)
Вплив зміни курсів обміну на грошові кошти та їх еквіваленти		4 033	(1 815)
Вплив очікуваних кредитних збитків на грошові кошти та їх еквіваленти		(1)	-
Чисте збільшення грошових коштів та їх еквівалентів		3 581	18 809
Грошові кошти та їх еквіваленти на початок року		44 487	25 678
Грошові кошти та їх еквіваленти на кінець року	6	48 068	44 487

Затверджено до випуску та підписано 16 березня 2021 року.

Г. Ю. Самаріна
В.о. Голови Правління


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Примітки, подані на сторінках 5-91 є невід'ємною частиною цієї консолідованої фінансової звітності.

4

APPENDICES

ГРУПА "ПРИВАТБАНК"

Консолідований звіт про рух грошових коштів за рік, що закінчився 31 грудня 2022 року

У мільйонах українських гривень	Прим.	2022 рік	2021 рік
Грошові потоки від операційної діяльності			
Проценти отримані		40 071	36 919
Проценти сплачені		(3 798)	(6 752)
Комісійні доходи, що отримані		32 945	35 057
Комісійні витрати, що сплачені		(12 505)	(11 840)
Чисте (збільшення)/зменшення від операцій з іноземною валютою		14 655	3 226
Виплати працівникам		(9 807)	(9 203)
Адміністративні витрати та інші операційні виплати, що сплачені		(9 479)	(8 965)
Інші доходи		3 059	2 027
Повернення податків на прибуток (сплата)		(5 051)	(3 358)
Грошові потоки, отримані від операційної діяльності, до змін в операційних активах та зобов'язаннях		50 090	37 111
Зміни в операційних активах та зобов'язаннях			
Інші надходження (вибуття) грошових коштів		37	35
Чисте (збільшення)/зменшення кредитів та авансів банкам		(77 584)	(1 179)
Чисте (збільшення)/зменшення кредитів та авансів клієнтам		(9 198)	(15 000)
Чисте (збільшення)/зменшення інших фінансових активів		(684)	743
Чисте (збільшення)/зменшення інших активів		333	(106)
Чисте збільшення(зменшення) коштів банків		(2)	(17)
Чисте збільшення(зменшення) коштів клієнтів		117 819	17 566
Чисте збільшення(зменшення) інших нефінансових зобов'язань		1	84
Чисте збільшення(зменшення) інших фінансових зобов'язань		(1 019)	21
Чисті грошові кошти, отримані від операційної діяльності		79 793	39 238
Грошові потоки від інвестиційної діяльності			
Надходження від продажу основних засобів		3	84
Придбання основних засобів		(383)	(1 127)
Придбання нематеріальних активів		(677)	(627)
Надходження від реалізації та погашення інвестиційних цінних паперів в т.ч.:		112 879	71 293
- за справедливою вартістю через інший сукупний дохід		112 778	69 622
- за амортизованою собівартістю		101	1 671
Придбання цінних паперів в т.ч.:		(130 158)	(83 745)
- за справедливою вартістю через інший сукупний дохід		(130 058)	(83 625)
- за амортизованою собівартістю		(100)	(120)
Надходження від продажу інвестиційної нерухомості		77	-
Чисті грошові кошти, використані в інвестиційній діяльності		(18 269)	(14 122)
Грошові потоки від фінансової діяльності			
Виплати за орендними зобов'язаннями		(653)	(726)
Дивіденди сплачені		(28 246)	(19 566)
Отримання інших залучених коштів		127	-
Чисті грошові кошти, використані в фінансовій діяльності	34	(28 772)	(20 292)
Вплив змін валютного курсу на грошові кошти та їх еквіваленти		10 684	(1 683)
Вплив очікуваних кредитних збитків на грошові кошти та їх еквіваленти		(453)	(1)
Чисте збільшення (зменшення) грошових коштів та їх еквівалентів		42 983	3 140
Грошові кошти та їх еквіваленти на початок року	6	51 208	48 068
Грошові кошти та їх еквіваленти на кінець року	6	94 191	51 208

Затверджено до випуску та підписано 18 квітня 2023 року.

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Примітки, подані на сторінках 6-103 є невід'ємною частиною цієї консолідованої фінансової звітності.

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