

# Contents

**A** Address of the Chairperson of the Management Board Gerhard Boesch — 4  
Address of Sharon Easky, the Chairman of Supervisory Board in 2019-2022 — 5  
Address of the Deputy Minister of Finance of Ukraine for European Integration Yuriy Draganchuk — 6  
Key Results for 2022 — 7  
Financial Front: Strategy and Tactics — 8  
An Environment for Courage — 9

**B** Leader in the Retail Segment — 12  
The Main Bank for Business — 13  
Unbreakable Network — 14  
We Do Not Stop Innovating — 15

**C** Financial Forces of Ukraine — 17  
We Continue to Develop — 18  
We Create Opportunities — 19



**D** Transparency and Accountability — 21  
Anti-Corruption Program — 22  
Crisis Management and Risk Management — 23  
Internal Control: Three Lines of Defense — 26  
Defending Justice: Dealing with Bad Debts — 27

**E** Helping to Win — 29  
Contribution to Inclusiveness — 31  
Contribution to the Environment — 32

**F** Our Awards in 2022 — 34  
Statement of Financial Position as of December 31, 2022 — 35  
Statement of Profit or Loss as of December 31, 2022 — 36







A

Address of the Chairperson of the  
Management Board Gerhard Boesch — **4**

Address of Sharon Easky,  
the Chairman of Supervisory Board in 2019-2022 — **5**

Address of the Deputy Minister of Finance of Ukraine  
for European Integration Yuriy Draganchuk — **6**

Key Results for 2022 — **7**

Financial Front: Strategy and Tactics — **8**

An Environment for Courage — **9**



**“We maintain the financial stability and support our customers”**

## Address of the Chair of the Management Board Gerhard Boesch

After a relatively prosperous 2021, the Ukrainian economy and society were tested last year by the war. Russia's invasion provoked a geopolitical, humanitarian, and economic crisis, the scale of which has become a major challenge for the entire world. As a result, the global economy will remain under pressure in 2023 from rising prices and interest rates.

As the largest bank and a part of the country's critical infrastructure, we have a great responsibility. **Supporting our clients and the Ukrainian economy was our primary objective.** We introduced loan repayment holidays and preferential interest rates on credit cards, and reduced fees for acquiring and withdrawing cash, as well as fees for most types of payments. We not only did not stop but also increased lending to small and micro

businesses. We supported the economy by developing lending programs for agricultural producers. The use of our payment infrastructure has become a survival factor for businesses and a support for citizens.

**Financial stability is above all else for us.** In 2022, the bank remained operationally efficient, limiting all expenses not related to ensuring the continuity of operations. We carefully manage risks. We formed provisions for expected losses as a result of hostilities, as well as provisions to cover increased credit risks during the war. Even so, the bank ended 2022 with a net profit of over UAH 30 billion.

The good results were made possible by the high level of public trust. We strive to maintain high customer confidence and remain a leader in the financial services market. **That is why we do not stop innovating even in times of war to ensure the uninterrupted and safe operation of our services.**

**The main social responsibility of the bank and the entire banking system is what we call holding the financial front.**

To this end, we will strengthen our payment infrastructure and develop digital solutions to ensure the convenience and accessibility of our services. We will continue to support Ukrainian business and economy in the challenging environment by providing reliable and affordable financial services. We will continue to support socially important projects and initiatives.

**Our brave and dedicated employees are the financial strength of Ukraine.**

The team did everything possible to ensure the availability and reliability of financial services amid war, missile attacks, and power outages – they opened branches, lent to businesses, supplied ATMs with cash, and protected the bank's operating system. I am extremely grateful to my colleagues for their contribution to the country's financial stability. For being ready to work

in hot spots until the end.

Thanks to our people, we have good financial prospects for the bank. We hope to continue supporting the economy with loans and reliable payment services. To support society with charitable initiatives. We are confident that together with our clients and partners we will be able to overcome the challenges and help the country's financial market to function effectively in the face of uncertainty. We thank everyone who trusts us and pledge to remain a reliable partner and bring victory closer together with you.



“PrivatBank is ready for challenges and opportunities”

# Address of Sharon Easky, the Chairman of Supervisory Board in 2019-2022

PrivatBank plays a crucial role in safeguarding the financial stability of Ukraine. Despite the extraordinary challenges faced by the country in 2022, the banking system remained resilient. Before and after February 24, 2022, PrivatBank has been the leader in providing a full range of financial services to more than half the citizens of Ukraine as well as a majority of small and medium businesses, consistently maintaining adequate liquidity and ensuring that systems remain operational and secure.

Over three years ago, in 2019, the Supervisory Board launched an organization wide transformation designed to achieve six critical objectives. I am pleased to present the results of 2022, a testimony that we achieved our goals which enabled the substantial successes this year and ensure the continued success of the bank and Ukraine’s financial system in the days and years ahead. The 2022 Annual Report further describes PrivatBank’s success in each



of the following, with an emphasis on what was accomplished in 2022.

Our objectives were and continue to be to:

**Ensure** that PrivatBank can operate and provide essential financial services in any scenario, remembering that the deposits in the bank belong to Ukrainian citizens and businesses, and realizing that what we do and how we do it impacts lives and the entire financial system.

**Keep** the best of PrivatBank and add cutting edge international best practices to create a bank focused on providing best in class service within appropriate risk parameters.

**Become** the employer of choice in order to attract the best and brightest professionals, empowered and expected to be the

best bankers in Ukraine.

**Create** a culture which requires the highest levels of integrity, transparency, regulatory compliance, and effective corporate governance with zero tolerance for corruption with everyone held to the same standards.

**Create** a sellable franchise with proven and sustainable value for potential investors, domestic and international, and prepare the bank for privatization to maximize shareholder value, meanwhile continuing to contribute to the State Budget via substantial dividend payments and investments in State Bonds.

Proactively and aggressively **seek** recovery from those who stole from the bank at the expense of Ukrainians and protect and defend the bank from attacks and losses related to illegal actions launched by former own-

ers, related parties, and others.

It is PrivatBank’s multi-year experience with transformation, innovation, and collaboration, executed within a sound corporate governance framework, that enabled its resilience, commitment, and ability to respond to the extraordinary challenges caused by the devastating and horrific Russian invasion. Our emphasis on servicing clients, economic development, continuous improvement, and innovation proved to be particularly critical as we responded to risks, threats, and opportunities.

At the heart of PrivatBank’s success are the dedicated employees who demonstrated bravery in so many ways during the past year. I am so proud of all of my colleagues throughout the bank who sacrificed so much, some sacrificed their lives, in service to

community and country.

As Chairman of the Supervisory Board, I am proud of the hard work and ability of the PrivatBank team to do the right things in the right way. I am confident that the bank is able to lead the financial system and serve the country in its efforts to become and remain an equal and legitimate partner on the global stage.

It has been an honor and a privilege to lead PrivatBank over the past years. Our collective accomplishments and service to Ukraine have been extraordinary. PrivatBank will continue to be the flagship financial service provider in Ukraine and is ready for challenges and opportunities that lie ahead.

Slava Ukraini!



# Address of the Deputy Minister of Finance of Ukraine for European Integration

## Yuriy Draganchuk

In the context of the Russian Federation's full-scale military invasion in 2022, Ukraine managed to ensure the state's financial sustainability and finance all priority expenditures. The banking system remained stable and helped businesses and citizens survive. Ukrainians' unity and courage in countering Russian aggression wowed the world and roused respect. Due to this and deliberate foreign policy, Ukraine received significant financial support from our international partners. We proved that we are part of the European community, demonstrating a spirit of solidarity and commitment to the values of freedom and democracy.

We coped with unprecedented challenges on the economic front due to the joint efforts of the Ukrainian authorities, businesses, and citizens. The banking system played a crucial role in supporting the economy, from securing payments to allowing everyone to purchase war bonds, thus personally contributing to Ukraine's victory.

Consolidating the efforts of the state and state-owned banks under martial law yielded fruitful and significant results. Therefore, I am very pleased to present PrivatBank's annual report on its contribution to maintaining financial sustainability and achievements in 2022.

The bank continued lending operations. Through the joint efforts of the state and the banking system under the state program **Affordable Loans 5-7-9%**, small and medium-sized enterprises were financed, and credit support was provided to important sectors of the economy. Since the imposition of martial law, the bank has consistently supported the population and businesses; in particular, it continued lending and provided opportunities for debt restructuring under existing loans.

The bank provided reliable and uninterrupted services, adapting them to wartime conditions so that Ukrainians always had access to their funds and necessary financial services. The bank

helped Ukrainians join charities and help the Armed Forces of Ukraine.

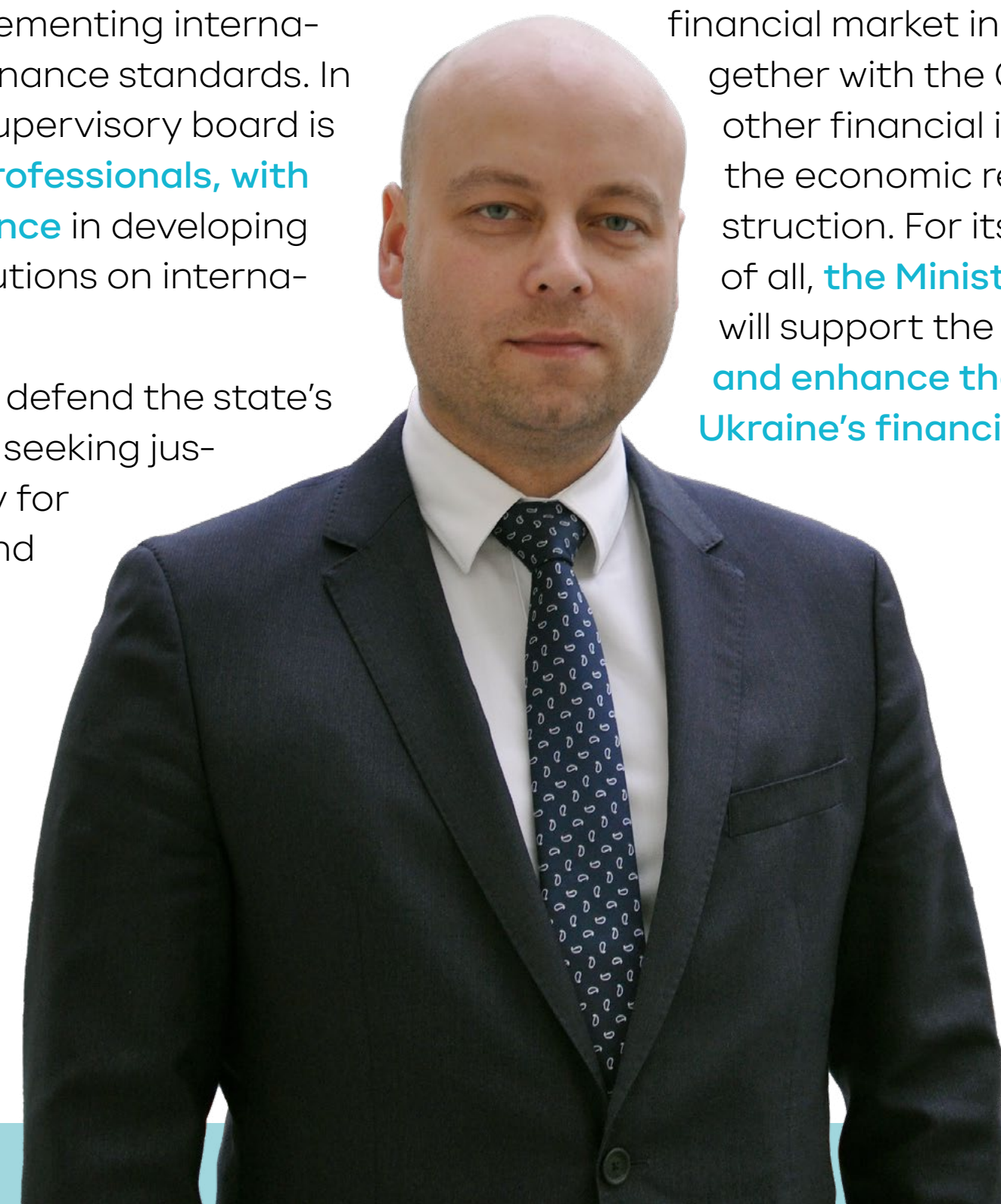
The bank continued to develop and implement the best corporate governance standards. Six years ago, PrivatBank became the first state-owned bank in Ukraine to establish an independent supervisory board and start actively implementing international corporate governance standards. In 2023, the bank's new supervisory board is made up of the **best professionals, with many years of experience** in developing leading financial institutions on international markets.

The bank continued to defend the state's interests in the courts, seeking justice and accountability for damage to the bank and the state interests of Ukraine.

Under extremely difficult conditions, the bank ended the year with a net profit of more than UAH 30

billion, **80% of which (UAH 24,2 billion) was directed to the state budget** in the form of dividends. These results show that the bank effectively manages its resources, demonstrating a high level of responsibility to the state and society.

As a leading player, PrivatBank remains tasked with maintaining stability and developing the Ukrainian financial market in the future. We hope that together with the Government of Ukraine and other financial institutions, the bank will join the economic recovery and post-war reconstruction. For its part, the Government, first of all, **the Ministry of Finance of Ukraine**, will support the Bank's initiatives **to improve and enhance the efficiency and security of Ukraine's financial system**.





# Key Results for 2022

Loans issued  
to SMEs  
**23.8** billion UAH

Active Privat24  
clients  
**13.1** million

Active POS  
terminals  
**223** thsd.

Net profit  
**30.20** billion UAH

Annual dividends  
**24.15** billion UAH

Donated  
**81.8** million UAH  
to charity

## We continued financing the economy and supporting clients.

We issued new loans to small- and medium-sized businesses in the amount of 23.8 billion UAH, which was 25% more than in 2021. This included new loans to agricultural businesses in the amount of 13.3 billion UAH, thus increasing the portfolio of such loans 3.7 times. Net loans for clients decreased by 0.2% over the year, reaching 68.08 million UAH, against the background of increased backup for credit losses. Credit holidays and preferential interest on card credits were introduced.

## We remained a profitable and financially stable bank.

Compared to 2021, net profit decreased by 14%, at 30.20 billion UAH. But this was the largest result in the entire Ukrainian banking sector, whose total profit in 2022 was 24.7 billion UAH. We carefully managed risks and complied with regulatory requirements in advance. With regulatory capital of 54.5 billion UAH, the adequacy ratio was 23.8% (with a standard value of 10%). The high level of clients' trust and an increase in the amount of money ensured a high liquidity rate. The liquidity coverage ratio (LCR) for all currencies was 311% (with a standard value of 100%).

## We provided reliable cashless settlements.

The number of active Privat24 clients increased by 11% since the beginning of the full-scale war, reaching 13.1 million people, and the number of active users of Private24 for business increased by 29%, up to 462,000. The volume of non-cash transactions in the POS terminal network increased by 17% compared to 2021, reaching 551 billion UAH, against the background of the general cashless rate in the country as a quicker and safer way of making payments. We had 223 000 active POS terminals, of which 7 200 units are the "Terminal" smartphone application that helped small businesses accept payments even during power outages. Overall, net commission income decreased by 12% compared to 2021, down to 20.4 billion UAH.

## We remain a responsible corporate citizen.

Since the beginning of the full-scale invasion, we expanded our charitable activity, directing 81.8 million UAH of our own money to it (assistance provided to the Armed Forces of Ukraine and humanitarian support). We initiated the program "Assistance for hospitals and health care institutions of Ukraine", raising 46.2 million UAH and buying equipment for 19 health care institutions. According to the year's results, 2.7 billion UAH were transferred via the bank's channels to the National Bank's special account designated for the Armed Forces of Ukraine, and more than 1.1 billion UAH to the accounts of the charitable foundation "Come Back Alive" ("Pov-ernys Zhyvym").



# Financial Front: Strategy and Tactics

We continue developing in accordance with long-term goals, to ensure and strengthen the bank's position as one of the most powerful retail banks in Central and Eastern Europe, producing an economic and social effect both in Ukraine and abroad. The bank is the leader in the retail segment and is actively promoting services for small- and medium-sized businesses (SMEs); it has a powerful digital ecosystem and a wide network of branches, ATMs, and self-service terminals throughout the country.

The bank's strategic goal is to expand a high-quality loan portfolio of retail and SMEs loans. The core strategic directions include improved quality of client services, developing financing, improving products/services, and optimizing infrastructure.

In 2022-2023, the bank intended to move along the trajectory established in 2021. Continuing the transformation processes as part of the updated 2024 Strategy presupposed developing service models for clients, developing technologies and innovative products, and optimizing internal procedures, the corporate governance system, and the risk management system.

The full-scale invasion introduced cor-



rections. During martial law, the bank's priorities are to support the financial stability of Ukraine and banking sector operations and ensure the availability of finance for priority branches of the economy and the ongoing operation of critical infrastructure facilities. We efficiently adjusted most of our procedures to the conditions of martial law, in particular:

- Resumed and arranged the operation of branches where possible. Out of more than 1 200 branches, an average of 80% were open for operations every day.
- Arranged encashment in all the regions where possible. The encashment routes were updated depending on the current conditions in the region, interregional encashment was established, and the process of local encashment was optimized.
- Resumed our operations and service network in liberated territories the moment it became possible.

- During the energy crisis, we ensured the ongoing operation of processing and payment infrastructure and the operation of the network of critical branches for the POWER BANKING project.
- Ensured the protection of our operational system within just 45 days by transferring all IT processes and data to foreign cloud services.

Even during the war, we continue developing technologies and introducing innovative solutions:

- Voice biometrics made it simpler to provide services over the phone.
- Clients from "red areas" or from abroad can reach the bank when there is no mobile connection.
- Our smartphone application helped small businesses accept card payments during power outages.



Ivan, staff member from Irpin:

It was about March 23 when I found out that there would be a salary project for service members. They came and asked whether I was ready. I said, 'Yes, let's go.' And we went to the field. I could see some machinery, bringing wood for trench shelters. The guys were digging trenches. I just switched on the Internet on my phone and rushed to the guys to issue cards."



# An Environment for Courage

After martial law was introduced in Ukraine on February 24, 2022, the banking system was affected by the complicated economic situation characterized by accelerated inflation, declining GDP, and pressure on the currency market. The war led to the disruption of supply chains, a deficit of specific commodities, increased costs, physical destruction of production facilities, and losses related to the temporary occupation of specific territories. Preserving high energy carrier prices and record inflation rates in partner countries also contributed to the pricing pressure in Ukraine. At the beginning of the full-scale war, one-third of companies terminated their activity due to infrastructure destruction and the temporary occupation of a number of territories, high levels of uncertainty, disruption of logistic and production connections, and forced mass migration.

In the second half of the year, the economy started livening up against the background of liberating the northern regions and a decrease in the number of regions with ongoing active hostilities. Businesses and residents slowly adjusted to the new conditions. Since October, the main challenges have been **problems with electricity, water, and heat supply** caused by missile strikes. Most Ukrainian companies were forced to reduce production and trade. But some of them managed to stabilize their activity using

autonomous power supply, changes in the work schedule, or acquiring electricity for production needs.

In the course of the year, the National Bank of Ukraine **fixed** the official hryvnia exchange rate and **adjusted it once** to 36.5686 UAH/USD. The inflation expectations of businesses and households grew considerably against the background of supply chain disruptions, destruction of production facilities, decreased offers of goods and services, and increased business costs. At the

same time, fixing utility tariffs, saturating the internal market with fuel, and preserving preferential taxation impeded price growth. **Inflation reached 26.6% over the year.**

Unfortunately, recovery of the Ukrainian economy is curbed by infrastructure destruction and combat actions, households' reduced demand and decreased purchasing power, logistic problems (primarily for the metal industry), and power issues. Agriculture also experienced a significant negative contribution to the change of real GDP – both

due to lower yield rates this year and to the significant decrease in sowing areas. In these conditions, it is of utmost importance to support farmers with timely funding. Even in spite of the war, we lent the industries ensuring export for the country.





The financial sector continues functioning in the conditions of high levels of risk and uncertainty, but significant international financial aid helps ensure macro-financial stability. In spite of all the challenges, thanks to unity in the society and external support, the fall of GDP in 2022 appeared to be less than expected and reached 29.2%.

As the largest bank in the country, we do our best to promote as quick a recovery of the Ukrainian economy as possible.



“

The war has clearly explained to us where we are important and where we can create some added value.

This year, we became a bank that is even closer to its clients, one that will not let you down in difficult times. Everyone at the bank used to be and remains focused on ensuring operational stability for clients. The phenomenal achievement of 2022, I think, is financing the sowing campaign in the spring, in the conditions of complete uncertainty as to “what will be hit”, and the high quality of the portfolio, as already confirmed today. No orthodox banker would ever imagine any lending activity in such conditions. But

the question was either to risk and, probably, get some harvest, or have famine in the country. I greatly respect the risk management units and business units, and the regional network for cooperation.

What else can we do for our clients? We hope that there will be new peaceful life needs. The main thing is to make the client’s path simple, interesting, and pleasant. We aim to be a bank selected by different generations for a long-term relationship, and not one that imposed its service since “it is large.”

Hanna Samarina, Deputy Chairperson of the Management Board (Chief Finance Officer)



An Environment for Courage





## We Do Not Stop Innovating — 15



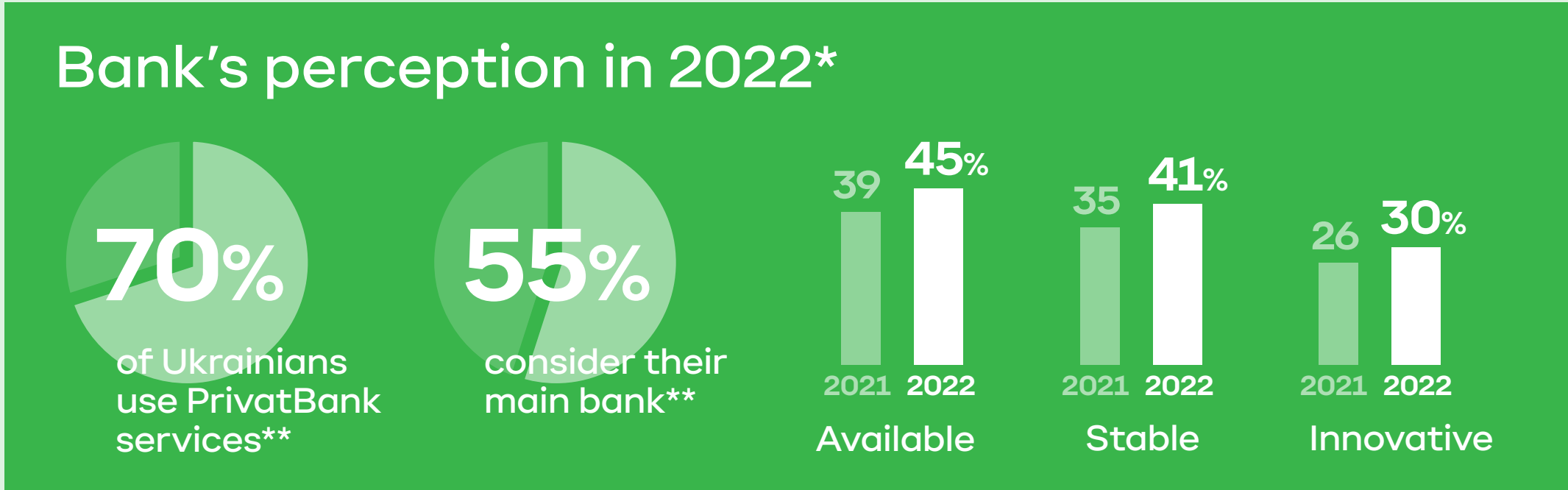
# Leader in the Retail Segment

The bank provides universal services to a wide range of clients and is a market leader in the retail segment. The core of the bank's resource base is made up of retail deposits in national currency with a significant share of current accounts.

Our clients' trust and our prompt response to new challenges and customer needs have helped us strengthen our leadership position. During the year, 150,000 people became our new customers, bringing the number of active customers to 18.3 million. The retail deposits increased by 48% to UAH 334 billion over the year. We have done and continue to do everything we can to ensure the availability and security of our services in these difficult times. From the first day of the

war, we held the line of financial defense for Ukraine, ensuring the uninterrupted operation of electronic services and the network of branches and ATMs (in all communities where there was no direct military threat).

Ukrainians. With 8.5 million credit card customers, the bank consciously decided to support them and did not reduce loan limits. As a result, our market share in the retail loan portfolio increased from 26% to 32%. To support clients, the bank did not



We significantly increased the limits for cash withdrawals and enabled clients of not only our bank but also other banks to withdraw cash from our ATM network. These measures helped to strengthen customer confidence in the bank and the financial system as a whole. Since the first day of the war, we have not stopped lending to

charge interest on loans at all in March 2022, after which it introduced a loan repayment holiday. By taking care of our customers, improving our services, and ensuring their safety, retail banking remains profitable, generating the majority of the bank's profit.



“

It was a year when every PrivatBank decision affected both customers and the entire banking system. All our decisions in 2022 were correct. Ukraine's banking system is stable and sound. We take it and do it!

I've always been proud of the team, but now it's a new feeling. Probably all cashiers, specialists, and managers in the branches became psychologists to some extent, in addition to their main jobs, because customers needed help, understanding, and support. Our employees issued cards at checkpoints and

military positions, crossed rivers so that people had money, and went to evacuees to arrange for assistance. I was amazed when our colleague

Hanna in Fastiv, just doing her job, helped to find the relatives of a man who had been missing for a month and a half.”

Dmytro Musienko, Member of the Management Board (Chief Retail Business Officer)

## Client trust is growing

Funds of the population  
**+107.7**  
billion UAH

Active clients  
**18.3** } **+150 000**  
million by 2022

p2p transfers  
**1** for **2**  
billion trillion UAH

International transfers  
**28**  
million for \$9 billion

\* Data from Brand Health Tracking 2022 (Factum Group). Target audience – residents of cities with a population of 50 000 +.

\*\* The results of the MZ HUB/CBR survey commissioned by PrivatBank by telephone survey among individuals aged 18–60 who are active users of banking services. The survey was conducted throughout Ukraine, except for the temporarily occupied territories. Number of interviews – 2993.



# The Main Bank for Business

As a client-oriented bank, we are constantly working to make our clients' financial lives better, helping them to manage their finances effectively and develop. As the main bank for legal entities, we increased our market share (according to CBR estimates) from 45% to 47%, including through comprehensive customer service through "tariff packages." Thanks to our innovative services and care for the security and accessibility of transactions, we are the main bank for 62% of individual



Loan portfolio

5,09%

Market share, %\*



Agro, loan portfolio

10,75%



Customer funds

13,82%



POS terminals

61,54%

## Market share in 2022

According to CBR's market research, 47% of legal entities and 62% of entrepreneurs name PrivatBank as their main bank for business, and 62% of legal entities and 79% of entrepreneurs intending to obtain business loans are going to do so at PrivatBank.

\* Data from the National Bank of Ukraine (as of January 1, 2023)

entrepreneurs. Legal entities' funds increased by 37% to UAH 131 billion over the year. Acquiring market share increased to 61.5%.

Consistently supporting the economy, we continue to increase the quality of our SME loan portfolio. Against the background of a significant decrease in the total number of banks actively working with SMEs, we increased our loan portfolio in this segment by 60% in 2022, and our share of the legal entities lending market exceeded 5%. This growth was due in part to government programs to help businesses during the war. Businesses used our loan programs the most to continue working and developing. However, we support businesses not only through regular financing for working capital needs under the "Affordable Loans" program. We also rank second in the investment finance and leasing markets and are developing lending to the agricultural sector. Realizing the importance of financing the industries that ensure the country's food security and exports, we are adapting to the realities of martial law.

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“

Every day, we knew we needed to do more and we did more.

Despite the war, our clients did not stop doing business - some continued to operate, others relocated production facilities, and there was a great demand for financing from entrepreneurs. Throughout 2022, we changed our processes to ensure that loan applications are reviewed and processed as quickly as possible, so that loans are most accessible to businesses. PrivatBank and other state-owned banks have not stopped lending to SMEs and have become almost the only reliable source of financing for businesses, especially for farmers and critical industries.

Our entire team is proud to be a reliable partner for bold and strong Ukrainian entrepreneurs who continue to develop the national economy and move the country forward.”

Yevhen Zaigraev, Member of the Management Board (Chief SME Business Officer)





# Unbreakable Network

The bank has a wide network of branches, ATMs, and self-service terminals. As of the end of 2022, the network included 1 000 functioning branches.

**Branches**  
**1 000**

80% of the pre-war number

**ATMs**  
**5 000**

80% of the pre-war number

**Self-service terminals**  
**10 000**

80% of the pre-war number

**POS terminals**  
**223 000**

After the full-scale Russian invasion in early March, only about a half of all the bank's branches were functioning, but thanks to the well-balanced work of PrivatBank's team, more than 1 000 branches in all regions of Ukraine were operating already by the beginning of April, except for in the temporarily occupied territories. Then the bank set a high bar, and out of 1 200 branches, every day during the war an average of 1 000 of the bank's branches were open. Last year, we restored and arranged the operation of 41 branches where it became possible in



the territories liberated by our Armed Forces. In 2022, upon the initiative of the National Bank of Ukraine, all systemically important banks united efforts to create a common banking network – POWER BANKING.

**25.8 million active cards**  
**1 billion of p2p transfers amounting to 2 trillion UAH**  
**28 million money transfers from abroad**

As of the end of 2022, the POWER BANKING network includes 14 systemically important banks, whose branches are the basis for the network. So far, already more than 1 000 branches in all the regions of the country, including 500 of our branches, have received additional equipment for working during blackouts. We definitely are the leader in Ukraine in terms of issued payment cards: 25.8 million active cards as of the end of 2022. As the largest bank-issuer, thanks to a convenient and branched service network and the powerful Privat24 ecosystem, we are also a leader in p2p transfers, with a volume of more than 2 trillion UAH and 1 billion transactions in 2022. Using our services, 4.5 million Ukrainians performed more than 28 million international money transfers from abroad. In the conditions of war and forced migration, the number of international transfers made via our bank increased by 16% per year, and the total amount by 7%.



“

The bank's branch network is alive and well as long as there are employees and customers there. Last year revealed incredible qualities in Ukrainians and confirmed their ability to unite for a common goal. We were amazed by the heroic actions of our employees and the unexpected help from our customers: everyone worked together, side by side, to keep the branches open. And we are incredibly grateful for that!”

Andrey Kozlovskiy,  
Chief network  
management  
officer at  
PrivatBank





# We Do Not Stop Innovating

PrivatBank is well-known for its innovative solutions, thus we pay great attention to research and development. Last year, our efforts were aimed at both creating new products and services that would correspond to the martial law conditions and developing already available ones, to apply them to help operations when the basics of life and activity — like electricity or mobile communications — can be disrupted for several days. We ensured that Ukrainians could access their money and the required financial services without really feeling the impact of daily physical destruction and cyberattacks.



## Braveness stands for 24/7 operations

We selected 500 experts to work on migrating to the cloud, those who have the respective competency and skills. These people worked round-the-clock choosing systems, testing them, setting up infrastructure, arranging physical data migration, testing, and launching services.

I am proud of our team. We did not demand they work in that mode, it was just their inner belief. Each staff member strived to do their best for PrivatBank, the largest state-owned bank, to work sustainably for Ukraine to stand, and for Ukrainians' money to be secure. That was all happening under missile strikes and under constant threat, but, in spite of the risk, the teams successfully completed migration to the cloud.

Not every institution is ready to experience such things. PrivatBank is one of the most powerful organizations I have ever encountered and worked in as far as its technological development is concerned. The bank works 24/7 – round-the-clock and with no days off. Not a single Western organization I have cooperated with has ever been able to provide services at such pace.

Mariusz Kaczmarek, Deputy Chairperson of the Management Board (Chief Operating Officer)

We are introducing a wide range of innovative technologies ranging from cloud solutions to Big Data, artificial intelligence, automation, and biometric identification in order to guarantee the reliability of our services and protect our clients' money. We are actively developing mobile applications and online services to ensure the quick and convenient processing of transactions. In 2022, we transferred our services to the cloud to ensure the complete safety of our clients' money and financial transactions. We clearly realized the need for that step on the first day of the war, when Russian missiles hit

POS terminal in a smartphone

“Kasa” service

electronic reporting

invoicing

the area some 200 meters from our data center. After the invasion, the National Bank of Ukraine allowed taking this step and within six weeks, we transferred our infrastructure from physical data centers to cloud ones. On the whole, all important applications and services were launched and started fully functioning in the cloud environment 45 days after the first days of the war.





## Financial Forces of Ukraine — 17

## We Continue to Develop — 18

## We Create Opportunities \_\_\_\_19



# Financial Forces of Ukraine

The war has emphasized our role as a systemic bank, whose team’s professionalism determines the speed of adapting the country’s financial market to constantly changing conditions. Last year, our focus shifted even more towards customer and employee support. We optimized processes and management, but people remained at the center of our development.

We strive to develop an exemplary corporate culture based on ethical principles, openness, and transparency. We are proud of our corporate governance, which ensures the bank’s stability and reliability and helps build trust.

As of January 1, 2023, the bank employed about 18 700 people. These are the people who hold the financial frontline on a daily basis and ensure the financial well-being of millions of Ukrainians. About two-thirds of our employees are women. Undoubtedly, our bank has a female face.

Despite the ongoing military operations in Ukraine, we continue to hire new employees, with more than 150 candidates hired each month. We are recognized as one of the best employers in Ukraine and will continue to do everything we can to ensure a high concentration of talent and expertise.



“

The team is the bank’s core value, including its safety and support, as well as its development. This has always been the case, but the war demands more, because the stability and efficiency of the bank is based on the daily work of a

team of more than 18 000 employees. This year, we created up to a dozen employee support programs and conducted more than 1 000 training initiatives.

The war is not over, and we realize that we have even more challenges ahead of us and it is even more important to support the team.”



Svitlana Redko, Head of HR and Corporate Governance Directorate

The Code of Conduct (ethics) defines the ethics of team relations in the bank:

- We value our employees and create conditions in which everyone can fully realize their professional potential.
- We actively and consistently engage and recognize the best employees, regardless of age, gender, religion, beliefs or nationality, and reward them for their performance.
- We respect human dignity and individuality and believe in the importance of an atmosphere of trust and cooperation.
- We create conditions for open and timely communication, a healthy working environment, and compliance with safety regulations and provide opportunities for employees’ individual growth and self-affirmation.
- We comply with labor laws.

Recognizing that investment in qualified personnel is the basis for long-term success, we care about improving the qualifications of employees, their motivation, and social security. We take measures to improve the professional level of our employees and pay constant attention to improving employee health and safety. The bank continues to operate a voluntary medical insurance program for employees and their families, and started a voluntary life insurance program.

We are forming a team of leaders who will confidently guide our big ship through the challenges of the journey. We are committed to strengthening our corporate culture to ensure a successful future for our bank and our clients.







# We Continue to Develop

## Development in facts

29

training events

21

hours of training per employee

19

webinars  
>13 000 participants

1 575

participants of the marathon "We take and we talk!"

In order to support the Ukrainian economy, in 2022, we sought to maintain and develop our employability and improve the employee experience. Throughout the year, the war had a significant impact on our way of life and work. Some employees were forced to change their place of residence, while others were mobilized into the Armed Forces of Ukraine. We are adapting to these realities by expanding our employee assistance programs, using the successful experience of remote work during the pandemic and mutual trust between managers and employees.

In human resources management, we aim to develop each employee's potential and involvement to ensure our overall productivity and contribution to developing the Ukrainian economy. To this end, we are guided by values and principles such as honesty, non-discrimination, customer focus, and a healthy working environment.

Understanding the link between customer focus, customer experience, and employee experience, we do everything we can to make our employees want to recommend the bank as a great place to work. To do this, we support the well-being of our teams by offering financial and psychological assistance in difficult circumstances and investing in the development of skills and competencies.

Despite all the challenges of 2022, we continued to organize employee training. During the year, we carried out 21 hours of training per employee or 29 training events, including both internal (98%) and external (2%) trainings.

80% of the trainings were for developing hard skills and 20% for developing soft skills.

5 963 employees used the **"I Know Everything" platform** for internal training, up 44% year-on-year.

Despite all the challenges of 2022, we continued to organize employee training

**As part of bank-wide training**, 19 open webinars were held in 2022, attended by 3 120 people (more than 10 000 employees watched the events on the portal).

The topics were aimed at maintaining emotional stability, flexibility, and leadership during the difficult times of war. We paid special attention to the overall development of our employees, covering topics such as history, culture, and economics.

To improve our own skills in the state language, we held the Ukrainian language marathon "Strong in Spirit - United in Language! We take and we talk!" with 1 575 colleagues participating.



# We Create Opportunities

Convinced of the importance of inclusive growth and development, we strive to create equal opportunities for all. From supporting young people and gender equality in the workplace to helping victims of the war.



We made significant progress in giving women access to leadership positions. Women account for 67% of the company’s department heads. Our employees return to work with confidence after parental leave. In 2022, 49% of employees returned to work after their leave. We have five male employees on paternity leave. We employ people with disabilities: currently, they make up about 4% of our total workforce.

An important part of our social initiatives in 2022 was to help our team. Because of the war, our employees have to overcome many new challenges every day, and the number of people in acute psychological conditions has increased dramatically. In the first days of the war, we called every employee who did not get in touch through internal banking systems. In the first week, we made about 1 300 calls. The team that made the

calls later began to provide psychological first aid on a volunteer basis. Colleagues are supported by the bank’s specialists, mainly from the HR Department and corporate management, who have undergone special training. During the war, about 3 000 employees received advice and counseling in difficult moments this way.

67%  
of the company’s department heads are women

49%  
returned to work after maternity leave

3 000  
employees supported

## Special programs have been organized since the beginning of the full-scale war in Ukraine:

**“Helping Hand for Victims of War.”** Via this program, 7 226 bank employees received assistance, including those who left or were evacuated from dangerous areas, lost a close relative as a result of hostilities, were seriously injured, or whose housing was destroyed. In 2022, the bank spent more than UAH 100 million on the program, and more than UAH 1 million was transferred to the assistance fund by employees and trade unions.

The **“Relocation”** program provides support with relocation and employment within the bank’s network. The program budget amounted to more than UAH 100 million to pay severance pay and salaries, compensate for expenses related to relocating, renting dormitories, and job creation and employment in the new location. We relocated 430 employees and filled 294 new vacancies. Another 375 employees who were forced to resign during the war were paid severance pay in the amount of 6 salaries.

**A bot for searching vacancies within the bank.** . Many employees were forced to move because of the war, but they did not want to lose their jobs. To help our colleagues find a new job and help managers fill vacancies in a timely manner, we created the internal bot **“I Want to Work.”** Vacancies or job search announcements can be posted here. The bot was used to submit 980 applications and offers, and 135 employees got a new job.

**Psychological assistance program.** Each employee can apply for a consultation with external professional psychologists and receive 10 sessions for themselves or their close family members. These consultations are paid for by the bank. In 2022, 27 adults and 24 children of employees received counseling from professional crisis psychologists.







# Transparency and Accountability

We are proud of the level of corporate governance in our bank, which ensures an effective control system, collegiality of decisions, and high adaptability to changes in the market. The bank’s corporate governance principles are set out in the bank’s Corporate Governance Code.



The bank’s governing bodies are:

## Shareholder

The bank promotes and protects the rights and legitimate interests of shareholders.

The sole shareholder of the bank is the state, represented by the Cabinet of Ministers of Ukraine, which owns 100% of the shares (location: Hrushevskoho St. 12/2, Kyiv, 01008). During 2022, there were no transactions to purchase/sell the bank’s shares.

## Supervisory Board

Within its competency, it manages the bank, is responsible for ensuring the strategic management of the bank, and controls and regulates the activities of the Management Board in order to implement the bank’s development strategy. The Supervisory Board is not involved in the day-to-day management of the bank.

The Supervisory Board, acting in the bank’s interests, protects the rights of depositors, other lenders, and the Shareholder. The Supervisory Board is



responsible, among other things, for the bank’s security and financial stability, the compliance of its activities with the law, implementation of the development strategy in accordance with the main areas of activity determined by the Shareholder, and ensuring effective corporate governance.

The Supervisory Board consists of nine members, of whom six are independent and three are state representatives.

At the end of the year, the Supervisory

Board reports on its activities to the Shareholder.

The Supervisory Board may establish permanent or temporary committees to consider issues within its competency. The standing committees of the Supervisory Board are:

- Audit Committee;
- Risk Committee;
- Corporate Governance, Remuneration, and Appointments Committee;
- Transformation Committee.

## Management Board

The Management Board oversees the bank’s day-to-day operations and reports to the Supervisory Board and the Shareholder. The following committees have been established to ensure the Management works with the utmost efficiency:

- Budget Committee;
- Compliance and Financial Security Committee;
- Assets and Liabilities Management

- Committee;
- Transformation Committee;
- Operational Risk Management and Information Security Committee;
- Credit Committee;
- Marketing and PR Committee;
- Product and Tariff Committee;
- Tender Committee;
- Technology Committee;
- Committee for Managing Non-performing Assets.



In 2022, despite martial law, the bank continued to improve its organizational structure in accordance with the approved Bank Development Strategy: changes in the regional network (continuing to transfer balance sheets and clients of branches to the balance sheet of the bank’s Head Office) and changes in the structure of the Head Office (created new positions for Management Board members, established a number of new divisions, and changes in the internal structures and subordination of individual divisions).



# Anti-Corruption Program

In our activity and in our legal relationships with business partners, state authorities, and local self-government bodies, we are guided by the principle of “zero tolerance” to any manifestations of corruption. We take all the measures envisaged by legislation to prevent, identify, and counteract corruption and related actions (practices).

We introduced the Anti-Corruption Program developed under the principles of the UN Convention against Corruption (ratified by Ukraine in Law #251-V (251-16) as of October 18, 2006), under Article 62 of the Law of Ukraine “On Prevention of Corruption.”

The Anti-Corruption Program constitutes a set of rules, standards, and procedures aimed at preventing corruption in our activity. The program sets the standards and requirements that are no less strict than the ones envisaged by the Law of Ukraine “On Prevention of Corruption” and the Typical Anti-Corruption Program approved by the decision of the National Agency on Corruption Prevention. The bank’s Management Board approved the current version of the Anti-Corruption Program with its decisions of May 13, 2020.

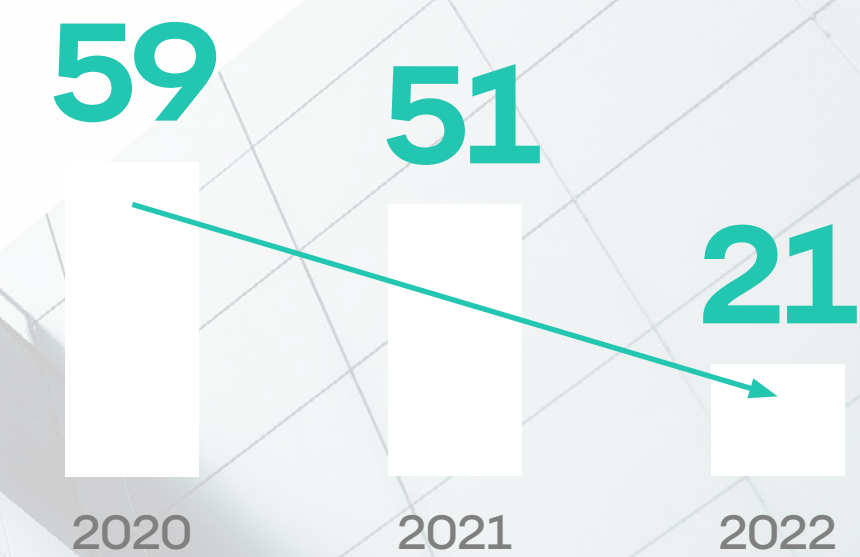
The text of the Anti-Corruption Program is openly available for our staff

and officials, as well as for business partners [on the official website and in internal information resources](#).

According to the Anti-Corruption Program, the bank appointed a commissioner to implement it (Compliance Officer) and established channels for reporting possible acts of corruption or corruption-related offences, and other violations of the Law of Ukraine “On Prevention of Corruption” or the Anti-Corruption Program, viz.: reference (button) in internal information resources to the special “Stop Corruption” channel, phone number for reporting, special e-mail address (on the official website and in internal information resources).

In 2022–2021 reports, communication channels were made available about possible corruption or corruption-related offences and other violations of the Anti-Corruption Program. To compare, there were 51 in 2021 and 59 in 2020.

## Notification of possible commission of corruption or corruption-related offenses:



All the reports received are processed in accordance with the requirements of anti-corruption legislation and internal documents. The reports that are not related to corruption and are not within the mandate of the commissioner for implementing the Anti-Corruption Program are referred to the respective structural units for further consideration.

Corruption risks in our bank’s activity have been internal assessed. Based on the assessment results, it was concluded that most fields of our activity have low corruption risks.

Throughout 2022, there were 406 conclusions about no corruption risks in providing charitable assistance. 13 461 anti-corruption inspections of business partners were conducted. The measures mentioned above minimize the risks of having business relations with counterparties that possibly be involved in corrupt activity.

All in all, our work to prevent, counteract, and identify corruption is performed in accordance with the requirements of applicable legislation and best global practices, and we continue to improve it.



# Crisis Management and Risk Management

We pay great attention to predicting and mitigating risks. This function includes managing both financial and non-financial risks (operational, legal, compliance, and reputational risks). Financial risks consist of market risk, credit risk, interest rate risk in banking book, and liquidity risk.

In 2022, when the full-scale military aggression against Ukraine started, our main task in financial risks was crisis management. In early November, the Supervisory Board set the risk appetite indicators and risk limits after carrying out a number of anti-crisis governance actions and getting real and forecasted data on the bank's activity.

We established an effective risk management system that presupposes distribution of rights, duties, and responsibilities between management bodies and structural units. Identifying and assessing risks are separated from the processes of accepting it. The efficiency of the risk management system is assessed separately.

## The risk management system includes the following:

- Supervisory Board;
- Supervisory Board Audit Committee;
- Supervisory Board Risk Committee;
- Management Board of the Bank;
- Operational Risk Management and Information Security Committee;
- Credit Committee;
- Assets and Liabilities Management Committee;
- Non-Functional Asset Management Committee;
- Internal audit;
- Block of Risk Management Units;
- Compliance;
- Capital Market Department;
- Assets, Liabilities, and Investment Analysis Department;
- Other support units (back and middle office);
- Business units directly accepting the risks.

To better manage crises in 2022, we established the Anti-Crisis Headquarters. It is a standing board of the bank that has some mandate in crises. The Anti-Crisis Headquarters was delegated the Management Board's mandate for solving problems that arise in crises, for instance, activating and amending the Anti-Crisis Action Plan, suspending division and branch operations in case the situation is destabilized or in case of military actions, setting new limits for clients in terms of service provision, and ensuring the possibility of partial staff evacuation and paying assistance to staff members and their family members.



# Crisis Management and Risk Management

## Types of risk we counteract

**Credit risk** is the risk of one party causing financial damage to another party in a financial instrument transaction as the result of non-performance of commitments under the agreement. Credit risk comes as the result of credit and other transactions with counterparties that result in financial assets. The main goal of credit risk management in the conditions of military aggression was to prevent the quality of the loan portfolio from deteriorating. With this in view, we introduced credit holidays, revised decision-making rules, and offered debt restructuring to a number of borrowers.

Credit risk management is handled with regular analyses of borrowers' capacity to fulfill their loan repayment and interest payment commitments; regular analysis of the quality of the loan portfolio; changing, if needed, credit limits by way of obtaining a pledge, verifying it, and reassessing the pledge at a set interval; and using other risk reduction tools.

Reports about the loan portfolio status with basic information on the credit risk level are constantly updated and presented for analysis. The system of competen-

**A tense year. A year of quick responses and brave decisions.**

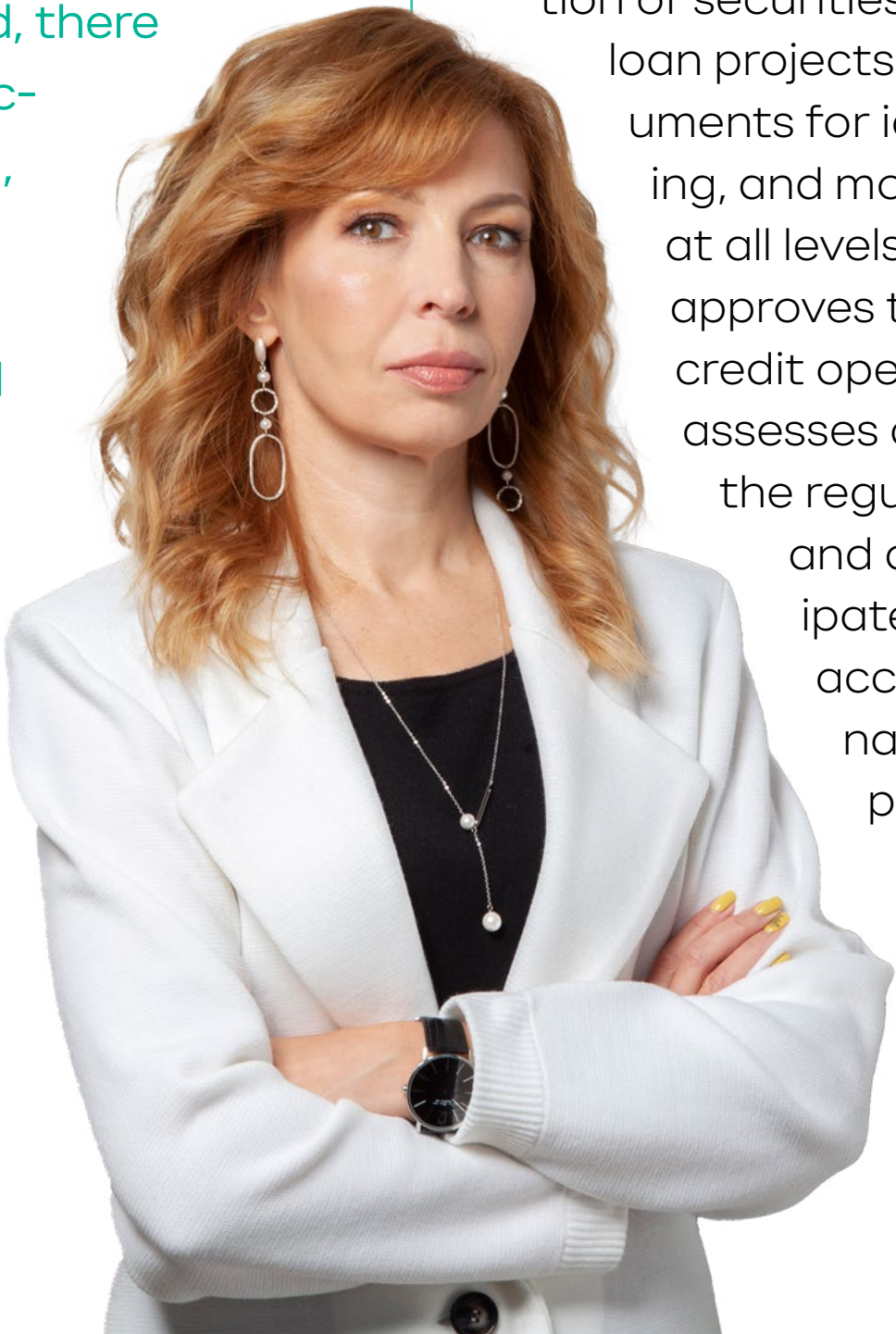
**Credit holidays and reducing or sometimes cancelling charges and commissions for our clients was a response to the shock of the first days of the war. Then, a month after the full-scale invasion started, there came mass lending for the agricultural sector, as if coming out of a coma. Further on, lending was expanded to other strategic branches of the economy, and individuals were supported via well-balanced card funding.**

**A year after the outbreak of the full-scale war, we can already assess and confirm the high quality of our "war" portfolio.**

**We adjusted to the new reality and helped our clients adjust. As a result, our clients trust us more, and our efficiency and stability is growing.**

**Larisa Chernyshova, Deputy Chairperson of the Management Board (Chief Risk Officer)**

“



cies and decision-making for lending operations aims to limit credit risk.

The Credit Committee is responsible for making decisions on active transactions within the limits set by the Management Board. It approves the limits for transactions with other banks and the acquisition of securities, controls significant

loan projects, and develops documents for identifying, measuring, and monitoring credit risks at all levels. The committee also approves the classification of credit operations by risk groups, assesses credit risks following the regulatory requirements, and assesses the anticipated credit damage according to the International Financial Reporting Standards.

The bank keeps an accounting of client credit histories, which reduces the risk of working with borrow-

ers who have positive credit histories.

**Market risk** is the probability of damage or additional losses occurring or foregone planned income resulting from unfavorable foreign currency exchange rates, interest rates, and the value of financial instruments. The strategic policy task in terms of market risk management is to minimize possible losses resulting from market conditions.

**Currency risks** is the risk of changing the value of financial instruments as the result of fluctuations in currency exchange rates. The bank's core currency items are Ukrainian hryvnias, U.S. dollars, and euros. Our policy for open currency positions corresponds to Ukrainian legislation that sets the respective normative limits.

**Interest rate risk in banking book** is the probability of damage or additional losses occurring or foregone planned income as the result of the impact of unfavorable interest rate changes. The strategic policy task for interest rate risk in banking book is to minimize possible losses resulting from interest rate changes.

**Liquidity risk** is the probability of dam-



# Crisis Management and Risk Management



age or additional losses occurring or foregone planned income resulting from the incapacity to finance asset growth and/or ensure timely performance of commitments. The strategic policy tasks are to support liquidity figures at a level above the standard one, support a sufficient volume of high-quality liquid assets, limit the concentration of money involved by developing a diversified resource base, etc. The finance plan for crises contains a list of activities to localize and liquidate crisis phenomena, set the units responsible for those activities, and the procedure for their interaction.

**Compliance risk** is the probability of damage/sanctions occurring, additional losses, foregone planned income, or reputational losses as the result of non-compliance with legislative requirements, regulatory legal acts, market standards, fair competition rules, corporate ethics rules; a conflict of interest occurring; and non-compliance with internal bank documents. The strategic policy tasks are to es-

tablish a compliance risk management system when a negative tendency appears, as well as a system for quick and adequate response to minimize compliance risk.

**Reputational risk** is the probability of damage or additional losses occurring or foregone planned income as the result of unfavorable perception of the bank's image by clients, counterparties, shareholders, and supervisory bodies. The strategic policy tasks are to implement an effective reputational risk management system by assessing, monitoring, and controlling the reputational risk.

**Operational risk** is the probability of damage or additional losses occurring or foregone planned income as the result of drawbacks or mistakes in organizing internal procedures, purposeful or non-purposeful actions taken by the bank's staff, failures in the operation of information systems, or as the result of external factors. Operational risk includes legal risk. Our approach aims to build a culture of operational risk management

and internal control, minimize losses from operational risk, optimize and improve procedures and products in place, and minimize the effect of operational risk on our development.

To ensure the comprehensive nature and efficiency of operational, legal, and information risk management processes, we established the Operational Risks Management and Information Security Committee that also deals with the risks occurring in the relationship with non-banking institutions and outsourcing agents.



# Internal Control: Three Lines of Defense

The distribution of functions between the management bodies ensures an effective internal control system.

The core areas for internal control include control over attaining the goals of our activity, ensuring the efficiency of financial and economic activity, the efficiency of managing assets and liabilities, the efficiency of the risk management system, compliance with legislative requirements, National Bank of Ukraine regulatory legal acts, internal documents, etc.

We introduced a three-tier internal control system following the norms of Ukrainian legislation and National Bank of Ukraine regulatory legal acts.

**1. First line of defense:** business units and support units initiating, performing, or reflecting operations, accept the risks and bear responsibility for current management of those risks, conduct controlling procedures.

**2. 2.Second line of defense:** the block of risk management units and Compliance, ensuring the adequate operation of controlling procedures and risk management activities introduced by the first line of defense.

**3. 3.Third line of defense:** Internal Audit, independently assessing the efficiency of the first and second lines of defense or assessing the overall efficiency of the internal control system.

## Organizational structure of the internal control system:

- Supervisory Board;
- Supervisory Board Risk Committee;
- Supervisory Board Audit Committee;
- Internal Audit;
- Management Board of the Bank;
- Operational Risk Management and Information Security Committee;
- Operational Risk Management Department;
- Block of Risk Management Units
- Compliance;
- Business Accounting Service;
- Information Security Direction;
- Business Process Improvement Office;
- Personal Data Protection Office;
- Owners of processes;
- Unit heads and staff.

## The internal control system embraces all stages of activity and includes:

- Preliminary control exercised prior to actual operations, at the stage of staff recruitment, involving and placing money, selecting suppliers, and developing new products;
- Current control exercised during operations, which includes verifying compliance with legislation and internal bank rules, control over the reflection of operations in business accounting and reporting;
- After operations are conducted, further control is exercised to check the substantiation and correctness of performing operations, registering documents, compliance with staff members' job descriptions, performing planned activity indicators, and reporting reliability.

## The internal control system's function is ensured by:

- Control over compliance with Ukrainian legislation and internal documents by heads;
- Distributing duties during implementation;
- Control over the risk management system's operations;
- Control over information security and information exchange;
- Introducing internal control procedures;
- Monitoring the internal control system;
- Introducing internal audit procedures.



The bank's reputation is a great treasure based on the trust of our clients and mutual responsibility. In this extremely difficult time, our bank's reputation demands ongoing protection, and we use the internal control system for that. While building the respective systems and procedures, and making decisions, we constantly assess all the risks, including the risks related to our reputation, since the bank considers itself to be responsible and consistent in providing assistance to clients to make them more financially literate and successfully pass the tests of war.

Anton Razumnyi, Member of the Management Board  
(Chief Compliance Officer)



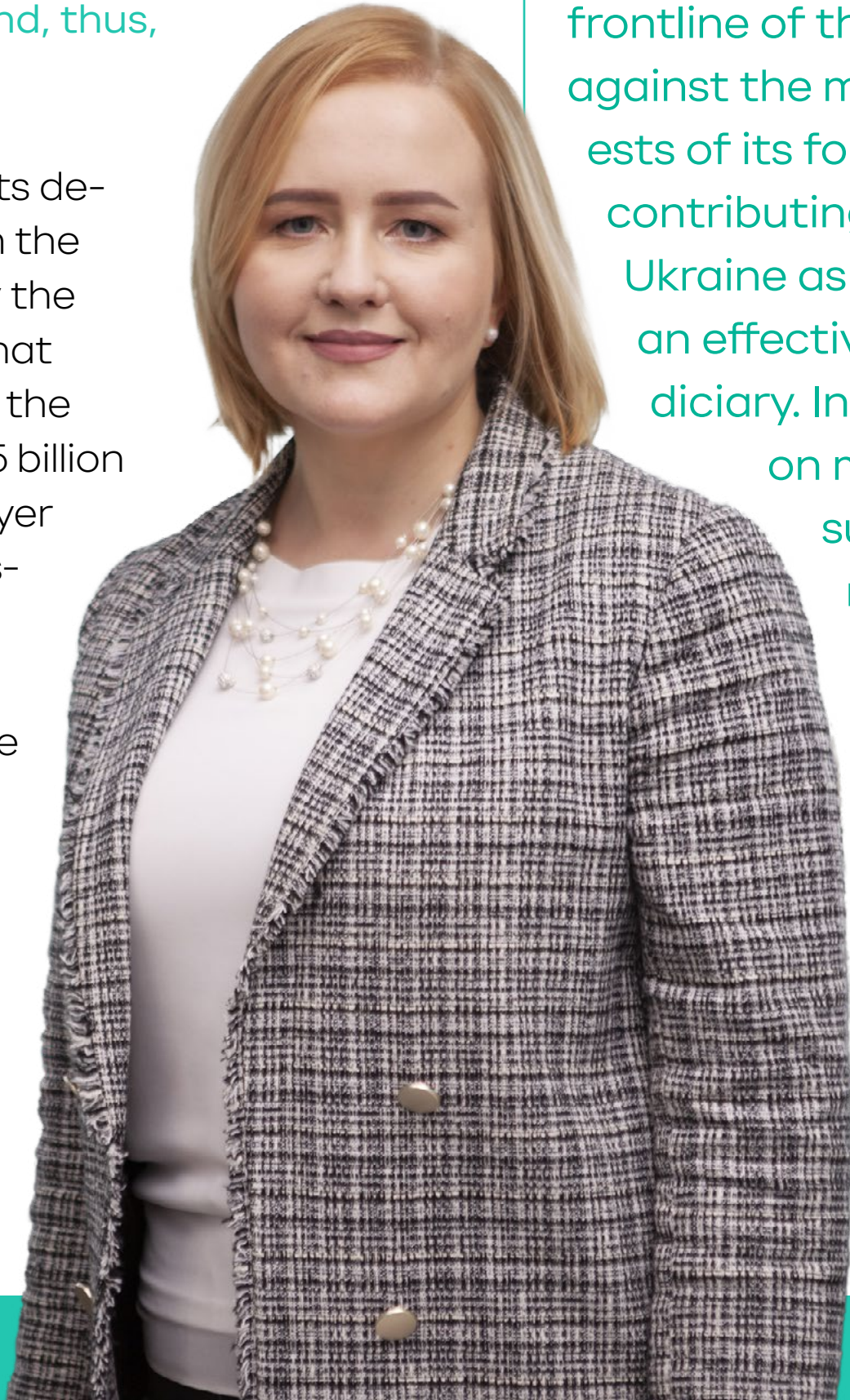


# Defending Justice: Dealing with Bad Debts

Quite a large share of the bank's non-working assets is to a certain extent related to its former owners or related persons. That is why we are effectively working with the courts to obtain the maximum compensation for the bank and bring the people related to the damages incurred by the bank, and, thus, the state in general, to account.

On December 18, 2016, the government passed its decision to withdraw the bank from the market with the state's involvement. As the bank was affected by the actions of its former owners and management that were not taken in good faith, the state increased the bank's overall capital by the amount of about 155 billion UAH to support it. In order to compensate taxpayer deposits, we at the bank are trying to achieve justice in the courts for different instances and in different jurisdictions.

In December 2017, PrivatBank filed a lawsuit in the High Court of Justice in London against the bank's former owners and related companies. The court found the bank's arguments convincing and issued an order for the global arrest of the respondents' assets. The bank's multi-billion court proceedings against its former owners are still pending in the UK, as well as in the USA, Israel, Ukraine, and Cyprus.



**Braveness for the sake of justice**

PrivatBank has been on the frontline of the state's fight against the mercenary interests of its former owners, thus contributing to establishing Ukraine as a state of law, with an effective and impartial judiciary. In 2022, we worked on more than 500 lawsuits in this category, showing both Ukrainians and the world that one has to fight for their rights since it is a fight for the whole of Ukraine and for its citizens.

Svitlana Chepurna,  
General Counsel

In more than in **500 judicial proceedings**, the bank advocates for its rights against its former owners

**21 criminal proceedings** related to the activity of the bank's ex-owners

**5 countries have** become the platforms for courts

In spite of all the difficulties, our team achieved a number of successes on the legal frontline in 2022:

- In September 2022, arbitration proceedings in the London Court of International Arbitration, related to debt instruments, were finally settled in the bank's favor, while the Supreme Court finally made a resolution in the case of the bank's office in Dnipro and confirmed the legitimacy of the building's ownership. Thanks to the success to fully protect against the statement of claim, PrivatBank was exempt from any commitments to pay the principal or any additional interest under any of the four loans in relation to which the "bail-in" procedure was conducted. In total, the amounts enabled the bank to save more than \$1 billion for the benefit of Ukraine and its people.
- In July 2022, the Supreme Court granted the bank's cassation appeal, canceled previous court decisions, and rejected the motion filed by the former owners of the Triantal Investments Ltd. on canceling the order of the National Bank of Ukraine as of October 17, 2016, related to inspecting PrivatBank.

- In June 2022, the Supreme Court granted the bank's cassation appeal related to the loans of Privatofis Ltd., a company associated with the former top management.
- In May 2022, the Supreme Court confirmed the legitimacy of the bank's additional property claims for the amount of 500 million UAH against the bankrupt company, put to doubt by the debtor's lenders related to the former top management.

Some more important court decisions have already been made in 2023. On February 15, the Grand Chamber of the Supreme Court passed a decision that makes it impossible to return the bank to its former owners. This was possible due to the application of the norms of the so-called "anti-Kolomoyskyi Law" #590, the adoption of which was welcomed at the level of the IMF, EU, and G7 ambassadors.

These successes of the bank in the courts confirm the rule of law and strengthen our faith in justice.





# E

Helping to Win — **29**

Contribution to Inclusiveness — **31**

Contribution to the Environment — **32**



# Helping to Win

We strive to maximize the positive impact of our and our customers' activities and contribute to sustainable development. By developing modern and safe infrastructure, lending to businesses, and funding charitable programs, we strive to use our resources and expertise to promote a socially responsible development model.

Our bank is a responsible corporate citizen. We respond promptly to external challenges, providing comprehensive support to Ukrainian society.

In 2022, PrivatBank added new components of sustainable development and corporate social responsibility to its established social activities. To ensure maximum transparency of the steps taken and decisions made in this area, the PrivatBank JSC Regulations on Charity, Sponsorship, and Partnerships were developed and approved, reflecting the priorities and principles of implementing

socially important initiatives. The document is available on the bank's website.

Since the beginning of the full-scale war, our charitable activities have been reformatted and focused on responding to the urgent social and important challenges facing society.

The bank is a founder of the "Helping is Easy!" charitable foundation (CF). It is a separate legal entity, but we finance all of its administrative expenses.

From 2011 to 2021, our CF implemented a variety of charitable programs on its own. However, the

focus has changed since February 2022. The foundation reformatted its approach to strengthen the country's defense capabilities and meet the population's needs. It started new charity programs, such as fundraising for NBU accounts that support the Armed Forces and humanitarian aid for Ukrainians. In addition, the foundation responds to the needs and demands of society by creating partnership programs and providing regular reporting on its projects.



In total, since the beginning of 2022, the bank donated UAH 81.8 million of its own funds to charity, which were distributed to cover priority requests from 51 organizations. The bank also donated 318 vehicles from its own fleet, including collection vehicles, for the needs of the Armed Forces of Ukraine.

In 2022, our charity services helped with the following fundraisers and programs:



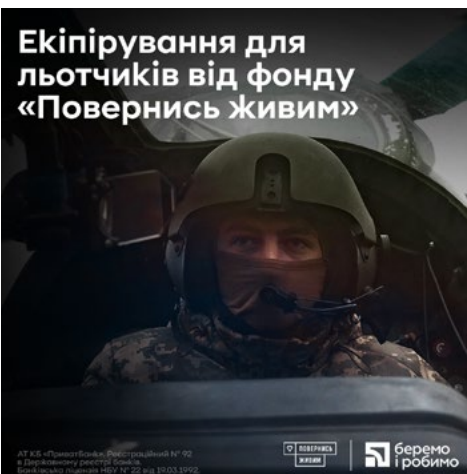
**Assistance to the Armed Forces.** Customers transfer funds through the bank's services to a special NBU account. From the beginning of February to the end of 2022, more than UAH 2.7 billion was transferred. Fundraising continues



**Humanitarian Aid to Ukrainians.** Customers make transfers through the bank's services to a special Ministry of Social Policy account. From the beginning of February to the end of 2022, UAH 94.7 million was transferred. Fundraising continues.



**Assistance to Hospitals and Medical Institutions of Ukraine,** initiated by the bank and implemented by the CF "Helping is Easy!" The program started in June and raised UAH 46.2 million by the end of the year. The funds were used to purchase and deliver medical equipment for 19 medical institutions in different regions of Ukraine. Fundraising continues.



Our **partnership with the Come Back Alive foundation for proficient assistance to the Army** began in February, and fundraising started in April. By the end of the year, more than UAH 1.1 billion had been transferred to the Come Back Alive foundation's accounts.



The program **Help Ukraine Center - delivering everything to Ukraine that saves** raised funds for the Help Ukraine Center from May to October, during which time more than UAH 5.7 million was transferred. With these funds, the partner foundation purchased and delivered 100 trucks of humanitarian aid with medicines, food, hygiene products, and other essentials for those in need. We also delivered 10 000 food parcels to residents of Kharkiv and Zaporizhzhia.



**Andriy Khlyvnyuk Foundation.** The program's goal was to raise funds for 10 drones for the Ukrainian army. We succeeded together: from the start of fundraising in September to the end of the year, we raised more than UAH 22.1 million for this purpose.



The **Give Light to Children** program started in mid-December and raised UAH 2.9 million in two weeks. Fundraising continues, as its goal is to raise funds for tablets for learning and development, and safety backpacks for children orphaned by the war. The project is implemented by the charitable organization Save Ukraine.

# Допомагаємо для перемоги

The bank provides its fundraising services for implementing charity programs: Privat24 (sections "Good" and "Payments"), ATMs, TSOs, bank cash desks, and the website dobro.privatbank.ua. Through our convenient specially created tools, customers can realize their charitable needs and transfer any convenient amount to charitable causes close to them.

“

The key words of the past year are support and trust. Trust helps us overcome unprecedented challenges. It is trust that helps to collect incredible amounts of charitable donations, which Ukrainians tirelessly give to causes close to them in order to save lives and help the military and civilians. Thanks to our clients' trust in the bank's tools, we were able to help 19 medical facilities in the hottest spots with the latest equipment for more than UAH 46 million. We are proud to be a reliable partner for our clients, and from our side, "We take and report", so that everyone can be sure that we work responsibly and transparently.



Olesia Zhulynska,  
Chief Communications Officer





# Contribution to Inclusiveness

Enabling everyone to find their place in society is essential for sustainable development, regardless of their vulnerabilities. That is why we are accessible to customers with disabilities, adapting branches and making them comfortable for service. By increasing the availability of facilities and offices, we are significantly ahead of the schedule set by the NBU. As of December 31, 2022, 83% of branches in regional centers and cities with a population of more than 300 000 people and 70% of branches in smaller

communities in Ukraine passed the expert assessment for compliance with the accessibility requirements in accordance with DBN B2.2-40:2018. In addition, we employ people with disabilities: currently, they make up about 4% of our total workforce. The bank is committed to a socially responsible approach and is one of the best employers in Ukraine. We provide our employees with competitive employment conditions and a full social package and fringe benefits, such as voluntary

health insurance, voluntary life insurance, legal advice, and financial and psychological assistance. In addition, PrivatBank is a signatory to the declaration and a member of the Business Without Barriers community, which unites companies around the initiative of First Lady Olena Zelenska to support Ukrainian society.



An aerial photograph showing a dense green forest on the left and a sandy beach curving along the edge of a dark lake on the right. The text is overlaid on the forest area.

# Contribution to the Environment

We promote paperless document management – the bank was one of the first in Ukraine to introduce reliable electronic document management without using paper.

- Electronic system of internal document management. 2 005 668 documents were created in it in 2022, and each is equivalent to 1-2 sheets of printed paper.
- For our customers – micro and small businesses, individual entrepreneurs, and other legal entities – Privat24 for business provides full-fledged electronic document management tools that allow creating, submitting, and receiving documents; submitting reports to government agencies; creating and signing contracts and acts with counterparties; and much more. More than 150 000 customers used these services in 2022.
- 100% of payments by the bank's business clients are made electronically, meaning that our clients do not need to use paper to work with documents. In total, 80 million payments go through our services per year, which means at least 40 million pieces of paper saved.
- We have also developed an additional, lightweight electronic document management system, PaperLess, which allows users to create, sign, and exchange documents: both between clients and non-clients of the bank, and between individuals and legal entities.

All these services from PrivatBank are free of charge, created as a social initiative for customer convenience and to preserve natural resources, as electronic documents save paper, reduce logistics and technical costs associated with document management and storage, and reduce harmful emissions into the atmosphere.





## Our Awards in 2022 — 34

Statement of Financial Position as of December 31, 2022 — 35

Statement of Profit or Loss as of December 31, 2022 — 36



# Our Awards in 2022



Special award from the NBU for promptly resuming operations in Kherson.

On November 19, the NBU Governor presented the bank’s staff with a silver commemorative sign “National Bank of Ukraine” and a letter of thanks from the Governor of the National Bank, emphasizing the crucial importance of rapidly restoring the banking network in the liberated territories, which ensures the local residents have uninterrupted access to their own funds and financial services.



## FinAwards-2022.

Awards in the categories:

“Best bank for SME clients”

“Best bank with remote service”

“Leading technologies and innovations in banks”



## PaySpace Magazine Awards 2022: The Unbreakable Fintech Award.

Honors in seven banking categories:

“Best Credit Support to the Population during the War”, 1st place for loan repayment holidays and loan extensions

“Best Acquiring Bank”, 1st place for PrivatBank’s unbreakable cashless network and the work of the bank’s team to support cashless payments during the war

“Best Business Partner for Accepting Online Payments”, 1st place for the Liqpay online payment system

“Best Credit Support for Business”, 2nd place for continuous support of the economy, small- and medium-sized businesses

“Best Digital Bank”, 2nd place for the Privat24 mobile application

“Best Online Bank Identification Service”, 2nd place

“Best Processing Center”, 3rd place



## National rating “Banks of the Year 2022” organized by the Financial Club.

Rating leader in the categories:

“Profitable Bank” (by profit for 2021)

“Savings Bank for Individuals” (by absolute growth of individuals’ hryvnia deposits)

“Retail Bank” (by absolute growth of hryvnia loans to individuals in 2021)

## SME Banking Agency

**Business Online Banking 2022:** international ranking of online banking efficiency according to SME Banking Agency.

“Privat24 for Business” is the best Ukrainian Internet bank for business clients

**Mobile Business Banking 2022:** international ranking of the effectiveness of mobile banks for business according to SME Banking Agency.

“Privat24 for Business” is the most efficient mobile business bank in 2022

**Ecosystems for Business 2022** according to SME Banking Agency.

“The best ecosystem for small business development in Ukraine”



**GOLDEN DRUM** international festival of creativity

**European competition of creative industries Golden Drum.**

Bronze in the “Creative Effectiveness” category for the campaign “PrivatBank against panic” with the agency Banda.



# Statement of Financial Position as of December 31, 2022

In millions of Ukrainian hryvnias

	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
Cash and cash equivalents	6	96,380	52,835
Loans and advances to banks	7	103,837	26,243
Loans and advances to customers	8	68,084	68,218
Investment securities including:		239,752	222,277
- at fair value through profit or loss	9	95,716	93,096
- at fair value through other comprehensive income	9	143,920	129,074
- at amortized cost	9	116	107
Current tax assets	25	9,079	9,978
Deferred tax assets	25	1,100	-
Investments in subsidiaries, joint ventures and associates		30	30
Investment properties	10	2,155	1,989
Intangible assets other than goodwill	11	1,389	1,288
Property, plant and equipment	11	5,228	6,074
Other financial assets	12	4,309	2,644
Other non-financial assets	13	9,189	9,713
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners		64	7
<b>TOTAL ASSETS</b>		<b>540,596</b>	<b>401,296</b>
<b>LIABILITIES</b>			
Due to others banks		-	3
Due to customers	14	471,970	325,303
Other borrowed funds	15	128	-
Deferred tax liability	25	-	159
Other financial liabilities	16	2,634	3,770
Provisions including:	17	5,804	3,651
- provisions for loan commitments and financial guarantee contracts		1,280	373
- other provisions		4,524	3,278
Other non-financial liabilities	18	2,271	1,795
<b>TOTAL LIABILITIES</b>		<b>482,807</b>	<b>334,681</b>
<b>EQUITY</b>			
Issued capital	19	206,060	206,060
Share premium	19	23	23
Result from transactions with the shareholder		12,174	12,174
Other reserves	9, 11	(15,168)	(4,091)
Reserve and other funds of a bank	19	11,449	9,696
Accumulated deficit		(156,749)	(157,247)
<b>TOTAL EQUITY</b>		<b>57,789</b>	<b>66,615</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>540,596</b>	<b>401,296</b>



# Statement of Profit or Loss as of December 31, 2022

In millions of Ukrainian hryvnias	Note	2022	2021
Interest income including:		43,686	35,854
- interest income calculated using effective interest method	20	38,905	30,870
- other interest income	20	4,781	4,984
Interest expense	20	(3,768)	(6,537)
<b>Net interest income</b>		<b>39,918</b>	<b>29,317</b>
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	21	(15,396)	(856)
<b>Net interest income after charge for impairment</b>		<b>24,522</b>	<b>28,461</b>
Commission income	22	32,945	35,057
Commission expenses	22	(12,505)	(11,840)
Net increase (decrease) from trading in foreign currencies		14,655	3,226
Net increase (decrease) from foreign exchange translation		(7,760)	1,017
Net increase (decrease) from debt financial instruments at fair value through other comprehensive income operations	9	119	32
Net increase (decrease) from financial instruments at fair value through profit or loss operations	9	2,608	(7,666)
Net increase (decrease) from revaluation of investment property		267	(873)
Employee benefits expense		(10,096)	(8,904)
Depreciation and amortisation expense	11	(1,970)	(2,183)
Other administrative and operational expenses including:	23	(10,473)	(2,348)
- reversal of provision (recognition of provision) for legal cases	17, 23	(885)	6,464
- administrative and operational expense	23	(9,588)	(8,812)
Other income	24	2,815	1,286
Other gains (losses) - losses from modification of financial assets		(458)	(111)
Gains (losses) on initial recognition of financial assets at interest rates above or below market rates		(1)	(164)
Gain (loss) arising from derecognition of financial assets measured at amortised cost		4	77
<b>Profit before tax</b>		<b>34,672</b>	<b>35,067</b>
(Income tax expense) income tax benefit	25	(4,474)	(17)
<b>Profit for the year</b>		<b>30,198</b>	<b>35,050</b>





JSC CB PRIVATBANK. PrivatBank has been registered by the NBU in the Register of Banks under No. 92 on March 19, 1992. NBU license No. 22 dated March 19, 1992