

## PROFIT MANAGEMENT ASPECTS OF UKRAINIAN BANKS IN FINANCIAL UNCERTAINTY

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*In this article, we single out the main characteristics of the bank's profit and examine its constitutive elements as well as its sources of formation. It's pointed out that profit management plays a key role if a bank is to operate successfully. We also suggest our definition of profit management in banking, its purpose, and its main objectives. The article provides a detailed analysis of the financial performance of Ukrainian banks in 2020-2022 and identifies the main factors that negatively affected the amount of profit in 2022. The main factor behind the decline in the profitability of domestic banks was a significant increase in provisions for losses incurred and expected because of the war. Despite the hardships of the war, the banking sector remains operationally efficient and continues to be profitable. The article states that under the current circumstances, it is rather difficult for banks to increase their activities, so the main factor in a bank's profitability is cost reduction. However, the results of the analysis showed that in 2020-2022, revenues consistently exceeded expenses and during this period we noticed steady growth in bank revenues. The article analyzes the main indicators of profitability of the banking sector of Ukraine in 2020-2022. The main trends that have occurred over the past three years in the domestic financial market have both directly and indirectly affected the financial results of the Ukrainian banking system.*

*Keywords: bank profit, bank profit management, bank expenses and income, bank profitability.*

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### DEFINING THE PROBLEM AND ITS SCIENTIFIC IMPORTANCE AND PRACTICALITY

Obtaining profits and ensuring profitable activity, primarily due to financial uncertainty, is a key element for the sustainability and competitiveness of banking institutions. Such profit determines the formation of appropriate funds and reserves, which are used to mitigate unforeseen risks and strengthen the commercial base of the banking institution. Besides, profit is an incentive for staff and management to expand and improve banking operations and services, as well as to minimize costs and banking risks.

As Ukrainian banks operate in a highly volatile and constantly changing environment, characterized by limited opportunities to maximize revenues and minimize costs, it is important to establish a bank profit management system. Such a system should be based on the ability to assess the impact of external and internal factors upon the profit formation process, as well as on making management decisions on its efficient distribution.

### PUBLICATIONS AND RESEARCH ANALYSIS

The research of the main aspects of profit management is always under scrutiny by both academics and practicing bankers. Among domestic scholars, the problems of formation, distributions, and use of profit of a banking institution were studied by G. Aniskova, N. Bodrova, I. Bikbov, L. Balabanova, S. Volska, G. Davydova, O. Krykliy, O. Koreneva, V. Kovalenko, O. Lysyanska, L. Ligonenko, N. Maslak, I. Neskorodieva, S. Ostash, O. Potemkina, O. Petrykiva, O. Pihunova, O. Rybalka, M. Revych, I. Salo, G. Chepelyuk, I. Utiuganov, S. Yashchuk, O. Shevtsova and others.

However, not all aspects of profit management of a banking institution have been fully researched and covered, and there is a need for further research in the following areas, namely, clarification of the economic essence of profit of a banking institution; deepening of theoretical aspects of profit management of a banking institution; development of scientific and methodological approaches to the analysis of profit of domestic banking institutions under martial law.

### PURPOSE OF THE PAPER

The article aims to substantiate and improve the scientific and methodological approaches and develop practical recommendations for managing the profits of banking institutions in an unstable and changing external environment

### RESULTS AND DISCUSSION

There are various interpretations of such a category as "bank profit" in the scientific economic literature. Having analyzed these definitions we were able to conclude that the approach in which bank

profit is defined as the result of financial and economic activities of a banking institution is the prevailing one [1; 2; 3]. The primary focus lies in the methodology used to calculate the financial result, the most common way of doing it is by subtracting the amount of money generated from banking operations from related expenses. This definition is widely utilized in accounting.

Bank profit is a rather complex concept which is why we have different ways of interpreting its essence. In our opinion, bank profit can be viewed as the final financial outcome of banking operations with compensation for risk-taking as an indispensable part of it. Bank profit is often seen as a yardstick for the efficiency of bank management.

The effective management of a banking institution's profit is critically important for implementing its tactical and strategic goals. It defines the financial success of a bank, its competitiveness, sustainability, and capacity for development. Whilst being the key factor that makes it possible for a bank to optimize its internal processes, ensure a stable financial position, generate the resources necessary for its development, and respond to changes within the economic environment. Profit management is a crucial element in making strategic and tactical decisions aimed at enhancing competitiveness and meeting customer requirements. Thus, effective profit management is the foundation for the sustainable development and success of a banking institution.

Profit does not serve as a direct object of managing a bank's profit, as its size is a resultant indicator dependent on the fluctuations of a bank's income and expenses during its operations.

Managing a bank's profit holds exceptionally high importance for its effective operations because:

- profit stands as the primary source of a bank's capital growth and market value.
- a high level of profitability increases the bank's investment attractiveness
- profit ensures the financial stability of the bank and creates reserves to cover risks.
- effective profit management enables the bank to expand its operations and increase competitiveness.

Therefore, profit management is a key aspect in ensuring the successful functioning and development of a banking institution.

Modern banking institutions engage in different forms of business operations and offer a wide range of services. The main purpose of a bank's operation, akin to any enterprise, is to attain the maximum possible profit.

Profit serves as the primary internal source of forming a bank's financial resources, allowing it to address several strategically important tasks, such as: increasing equity volumes, replenishing reserve funds, maintaining reputation, financing capital investments, ensuring solvency, and partially funding the development of the financial and economic activities of the banking institution. It's important to note that a bank's profit significantly contributes to meeting its socio-economic needs, yet its main function lies in ensuring an adequate level of profitability that shields the bank from the risk of bankruptcy.

The banking system of Ukraine, as an independent structural entity, has been operating for almost 32 years, experiencing both ups and downs during this period. However, despite the negative consequences of the war, the banking sector remains operationally efficient and continues to operate profitably. The war adversely affects the profitability of domestic banking institutions primarily due to the realization of credit risk. Nevertheless, the banking sector continues to generate high operating profits. The number of operationally unprofitable banks has nearly returned to the level of 2021, following a substantial increase at the beginning of the war. Even with losses in the first half of 2022, mainly due to provisioning, the domestic banking sector achieved a positive financial result. Throughout 2022, the average return on equity in the banking system was 10.9% compared to 35.1% a year ago. The stability of the banking sector was ensured by relatively stable demand for banking services, significant liquidity reserves, conservative lending standards, and the ability to maintain customer trust prior to the war.

For Ukrainian banking institutions during 2020-2022, despite the negative effects of the COVID crisis and the war, there were ambiguous changes in key performance indicators (Table1). In 2022, compared to 2021, the bank's loan portfolio decreased by 31.35 percentage points, the banks' equity capital decreased by 15.53 percentage points, and the profit decreased by 71.67 percentage points. However, at the same time, the assets of domestic banks increased by 14.47 percentage points, and liabilities decreased by -18.73 percentage points (Table 1).

Table 1

## Dynamics of key performance indicators of Ukrainian banks in 2020 - 2022

Indicators	Amount, UAH million			Absolute deviation (+, -), UAH million		Growth rate, %	
	2020	2021	2022	2021 until 2020	2022 until 2021	2021 until 2020	2022 until 2021
Assets	1 821 634	2 053 764	2 350 883	+232 130	+297 119	112.74	114.47
Loans issued	963 664	1 065 347	731 394	+101 683	-333 953	110.55	68.65
Equity	209 460	255 514	215 840	+460 54	-39 674	121.99	84.47
including authorized capital	479 932	481 535	407 021	+1 603	-74 514	100.33	84.53
Bank liabilities	1 612 174	1 798 250	2 135 043	+186 076	+336 793	111.54	118.73
Net profit	+39 727	+77 376	+21 921	37 649	-55 455	194.77	28.33

The main reason for the decrease in many key performance indicators of banking institutions is the increase in the share of non-performing loans. Thus, the growth in the share of non-performing loans requires banking institutions to form significant reserves for loans, which in turn reduces the net loan portfolio. As the loan portfolio constitutes the main portion of assets and can account for 70% or more in the structure, their reduction results in a decrease in net assets. However, reserves impact not only the amount of net assets, they are considered expenses and are accounted for in calculating the financial result of the banking institution, thus their growth leads to a decrease in profit or even losses.

Due to the continuation of the war, the National Bank assumes that losses from credit risk will further increase due to the deterioration of the loan portfolio quality. In 2022, the ratio of provisions for loans to net loan portfolio exceeded (Cost of Risk – CoR) 13%. Banking institutions regularly conduct reviews of the loan portfolio quality to gradually recognize additional credit losses.

However, the National Bank is confident that even with a higher level of provisions for loans, most domestic banking institutions will be able to maintain a positive financial result or return to it in the short term. It's also essential to consider that high operational revenues provide significant buffers for banking institutions to absorb credit losses before they start adversely impacting the bank's capital.

As it was mentioned earlier, the financial result of Ukraine's banking sector during 2020-2022 was profit, but it fluctuated (figure 1) [4; 5; 6]. Thus, in 2021 compared to 2020, the profit of the banking system increased by UAH 37 649 million or 94.77%, and in 2022 compared to 2021, it decreased by UAH 55 455 million or 71.67%. As of January 1, 2023, out of 67 solvent banking institutions, 46 were profitable, generating a net profit of UAH 46.6 billion, offsetting the losses of 21 banking institutions amounting to UAH 24.7 billion. The main factor in reducing the profitability of Ukrainian banks was a significant increase in provisions for incurred and expected losses due to the military aggression from Russia. Provisions for loans in 2022 amounted to UAH 107.1 billion, and an additional UAH 11.7 billion was formed for other assets and risks. The profit of the domestic banking sector is concentrated, with the top 5 most profitable banking institutions generating 89% of the total profit [7].

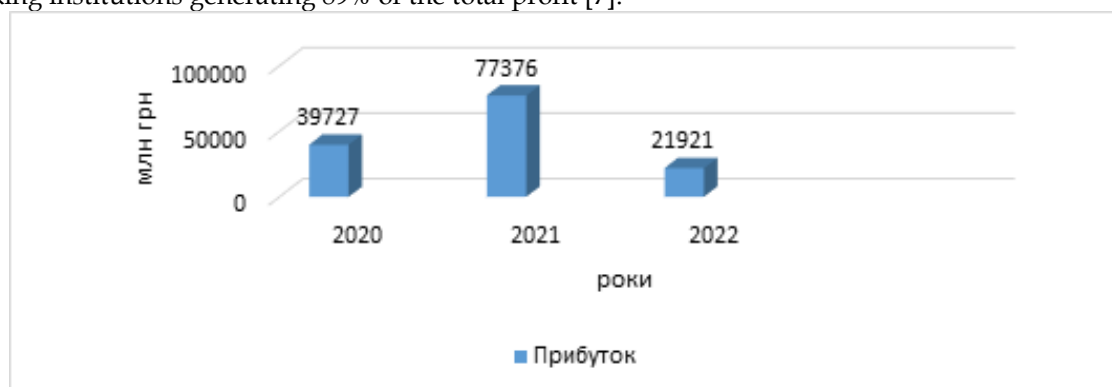


Fig. 1. Dynamics of profit of Ukrainian banks in 2020-2022

According to the National Bank of Ukraine, from January to June 2023, the net profit of domestic banks increased to UAH 53.6 billion, which is 2.2 times higher than the corresponding period in 2021. At

the same time, the volume of provisions for active operations, which was the main factor in reducing the profits of domestic banking institutions in 2022 (more than UAH 120 billion), has remained relatively moderate since the beginning of 2023 (UAH 4.7 billion).

Since the financial result of a banking institution is income minus expenses, it directly depends on their trends.

Thus, in 2020-2022, income consistently exceeded expenses. Over this period, bank revenues continued to increase: in 2021 compared to 2020, they grew by UAH 24 436 million or 14.98%, and in 2022 compared to 2021, by UAH 69 161 million or 36.87%. Expenses, however, varied during the analyzed period: in 2021 compared to 2020, they decreased by UAH 15 767 million or 13.18%, but in 2022 compared to 2021, they, on the contrary, increased by UAH 123 624 million or 119.05%. Such an increase in expenses in 2022 compared to 2021 led to a sharp decline in profit by 71.67% (Table 2) [4; 5; 6].

Table 2

### Financial results of Ukrainian banks 2020-2022

Indicators	Absolute amount at the end of the year, UAH million			Deviation (+, -)			
				Absolute deviation (+, -), UAH million		Growth rate, %	
	2020	2021	2022	2021/ 2020	2022/ 2021	2021/ 2020	2022/ 2021
Income	163 144	187 580	256 741	+24 436	+69 161	+14.98	+36.87
Expenses	119 607	103 840	227 464	-15 767	+123 624	-13.18	+119.05
Profit before taxation	43 537	83 740	29 277	+40 203	-54 463	192.34	34.96
Profit tax	3 810	6 364	7 355	+2 554	+991	167.03	115.57
Profit after tax	39 727	77 376	21921	+37 649	-55 455	+94.77	-71.67

When analyzing the financial results of Ukrainian banks, it is necessary to first analyze their structure to see which components influence them most. The income of banking institutions includes interest revenues, net interest revenue, commission revenue, net fee revenue, trading revenue, other operating revenues, other revenues, and total revenues.

Consider in more detail the breakdown of Ukrainian banks' income in 2020-2022 (Table 3) [4; 5; 6]. Its growth in 2020-2022 did not occur in all components.

Table 3

### Dynamics of revenues of Ukrainian banks in 2020-2022

Indicators	Amount, UAH million			Deviation (+, -)			
	2020	2021	2022	Absolute deviation (+, -), UAH million		Growth rate, %	
				2021/ 2020	2022/ 2021	2021/ 2020	2022/ 2021
Interest income	147 742	168 745	217 053	+21 003	+48 308	+14.22	+28.63
Net interest income	84 848	117 648	151 694	+32 800	+34 046	+38.66	+28.94
Commission income	70 640	93 162	85 622	+22 522	-7 540	+31.88	+8.09
Net fee and commission income	46 508	57 976	50 172	+11 468	-7 804	+24.66	-13.46
Trading revenue	21 507	-	43 482	-21 507	+43 482	-	-
Other operating income	6 813	7 488	8 126	+675	+638	+9.91	+8.52
Other income	3 468	4 544	3 266	+1 076	-1 278	+31.03	-28.13
Total income	163 144	187 580	256 742	+24 436	+69 162	+14.98	+36.87

The dominant source of income for Ukrainian banks in 2020-2021 was interest income, which accounted for over 80% of all earnings. In 2021, compared to 2020, income grew by UAH 24,436 million or 14.98%, mainly due to the increase in net interest income by UAH 32,800 million or 38.66%. It's worth noting a significant rise in profit from commission income by UAH 22 522 million or 31.88%. However, net commission income increased by only UAH 11 468 million or 24.66%. At the same time, there was a decrease in profit from trading operations. Changes in all other categories were insignificant.

In 2022, compared to 2021, income increased by UAH 69 162 million or 36.87%. The two key components of bank incomes – net commission income and net interest income – grew during the analyzed period. Net interest income increased by 28.94% in 2022 compared to the previous year, while net commission income decreased by UAH 7 540 million or 13.46%. However, the financial results of domestic banking institutions, before provisioning in the second half of 2022, were significantly influenced by other components, primarily the revaluation of securities and foreign currency trading revenue. Also, the adjustment of the official hryvnia exchange rate against the dollar and euro in July 2022 led to a significant positive revaluation of dollar-indexed government bonds. Considerable volumes of such securities are held on the balance sheets of state-owned banking institutions, and received as contributions to their capital after the financial crisis (2014-2016). Consequently, the revaluation of government bonds in state-owned banking institutions in the second half of 2022 reached almost a third of their operating income. Another significant aspect during the war was currency trading income. Notably, income from currency trading began to surge in May 2022 when the difference between official and cash currency rates sharply increased.

Also, in 2022 compared to 2021, there was an accelerated growth in interest income. Interest income substantially increased in 2022 due to a significant influx of liquidity into banking institutions and its placement in assets with higher returns than the previous year. Banks further continued to increase interest income from business lending and investments in securities. Also, interest income from corporate loans steadily grew due to a larger loan portfolio than in 2021 and rising interest rates. However, interest income from retail loans, on the contrary, began to decrease as the net portfolio started declining from February.

It's also important to note that in the early months of the military aggression, there was a significant disparity between the accrued and actually received interest income by banking institutions due to the implementation of 'credit holidays.' However, by the summer of 2022, this ratio had returned to 100% for many banks. This fact of non-receipt of accrued interest due to the 'credit holidays' is taken into account by banking institutions when forming reserves.

Significant support for the interest income of domestic banks in 2021 and 2022 came from investments in government bonds and NBU deposit certificates. Banks fully benefited from the liquidity inflow, almost entirely placed in short-term NBU instruments, which are virtually risk-free. The funds placed in deposit certificates, accumulated by banks due to significant state payments, currently yield over a quarter of monthly interest income. Likely, a significant increase in mandatory reserve ratios could halt this trend. Higher returns from government bonds and NBU deposit certificates compensated for the decline in income from retail lending. After a significant hike in the policy rate to 25% in June 2022 (one of the sharpest increases in the history of the domestic financial market), banking institutions cautiously raised deposit rates. In the conditions of high liquidity in early 2022, banks had limited incentives to offer higher interest rates on deposits to clients."

However, over time, there was a wave of deposit rate increases for retail deposits: the annual cost of hryvnia deposits grew by 4.6 percentage points to 12.4% annually from June 2022. Meanwhile, the growth in the cost of new time deposits was offset by reducing their share in the overall volume of retail financing – a growing portion of funds remained in current accounts with zero or low-interest rates. Consequently, the total amount of funds in people's accounts even slightly decreased from the beginning of 2022. While the value of business funds increased significantly, as competition among banks for these funds was much tougher than for individual accounts. As bank interest expenses grew slower than income, the bank margin increased compared to 2021 figures. In the latter half of 2022, the margin stabilized and began to decrease due to the growth of mandatory reserves and an increase in the value of deposit portfolios.

In 2022, banks fully faced the interest rate risk, relying excessively on credit refinancing from the National Bank of Ukraine (NBU). With the increase in the policy rate to 25% annually, previously acquired loans from the NBU became too expensive for banking institutions, prompting them to repay these loans to the central bank as quickly as possible. However, some medium and small banking institutions lacked the liquidity to repay funding to the central bank. Consequently, by the end of 2022, the share of NBU loans exceeded 10% of obligations for 15 banking institutions. Since an equivalent increase in asset income was impossible, such banks incurred significant losses from realizing the interest rate risk.

In the early months of the full-scale war, commission incomes of banking institutions swiftly declined. This resulted from reduced demand for banking services, temporary reductions, and even cancellations of tariffs by banks for some critical services for the public and businesses. After the situation improved and transaction volumes increased, banking commission incomes recovered accordingly. However, in 2022, compared to 2021, net commission incomes of banking institutions were 13.46% lower. The growth in commission incomes in the latter half of 2022 was due to larger volumes of banking operations and tariff increases. Most banking institutions reverted tariffs to February 2021 levels for all core operations and sometimes increased them, except for acquiring. Additionally, credit and currency operations for individuals and legal entities, as well as card transfers, became more expensive. Therefore, it can be said that the commission income of banking institutions recovered, and its future dynamics will be determined by economic activity and bank profitability.

Let's analyze in more detail the composition of expenditures of domestic banks during 2020-2022 (Table 4) [4; 5; 6]. Their growth in 2020-2022 cannot be seen across all components.

Table 4

#### Dynamics of Ukrainian Banks' Expenses 2020–2022

Indicators	Amount, UAH million			Deviation (+, -)			
	2020	2021	2022	Absolute deviation (+, -), UAH million		Growth rate, %	
				2021/2020	2022/2021	2021/2020	2022/2021
Interest expenses	62 895	51 097	65 357	-11 798	+14 260	-18.76	+27.91
Commission costs	24 131	35 186	35 449	+11 055	+263	+45.81	+0.75
Trading revenue	-	76 860	-	+76 860	-	-	-
Provisions for Reserves	31 037	3 448	121 204	-27 589	+117 756	-88.89	+3 415.20
Administrative and other operating expenses	88 570	100 392	106 260	+11 822	+5 868	+13.35	+5.85
Total Expenses	206 633	266 983	328 270	+60 350	+61 287	129.21	122.96

The main expense indicators were: provisions for reserves, the share of which increased from 26% in 2020 to 53% in 2022; administrative expenses, whose share, although decreased from 42.86% in 2020 to 32% in 2022, still represented a significant portion of the total expenses.

The expenses of Ukrainian banks in 2020-2021 changed unevenly; in 2021 compared to 2020, they decreased by 15 767 million UAH or 13.18%, while in 2022 compared to 2021, they increased by 123 625 million UAH or 119.05%. The main reason for this growth in 2022 was the increase in loan provisions by 117 756 million UAH or 3,415.20%.

Administrative expenses gradually increased during the analyzed period: in 2021 compared to the previous year, they rose by 11 822 million UAH or 13.35%, and in 2022 compared to 2021, by 5 868 million UAH or 5.85%.

However, many banks in 2022 aimed to reduce administrative expenses by cutting labor costs due to staff reductions. Additionally, expenses for maintaining bank branches decreased due to a reduction in their number during the war and the lack of access to bank branches in temporarily occupied territories. The cost-to-income ratio (CIR) in 2022, excluding currency revaluation, derivatives, and securities, was 40.7%, significantly better than in 2020 and 2021. Operating expenses accounted for about half of the net interest and net commission income.

Regular disruptions in electricity supply in 2021-2022 created significant pressure on operational efficiency. To ensure continuous power supply and communication, banking institutions had to incur additional expenses for technical equipment in branches. Moreover, banks continue to reflect losses in financial statements due to damage to fixed assets during the war. However, at the current efficiency levels, the impact of additional operating expenses will not be critical for the profitability of domestic banking institutions.

To increase profits, domestic banks need to raise income and cut expenses. However, it's quite challenging to expand activities during a war. Therefore, reducing expenses becomes a key factor in the profitable operation of banking institutions. Nevertheless, commission, interest, and administrative

expenses are necessary for conducting operations, especially for human resources, technical, organizational, and resource support. Hence, the primary way to reduce banking expenses is by cutting reserves for credit operations. Therefore, Ukrainian banks should focus their efforts on reducing non-performing loans, which will improve the quality of the loan portfolio and reduce the volume of reserves.

Let's analyze the key profitability indicators of the Ukrainian banking sector in 2020-2022 (Table 5).

Table 5

### Profitability indicators of Ukrainian banking sector in 2020-2022

In percent

Indicators	Calculation algorithm	The value of indicators			Absolute deviation (+, -)	
		2020	2021	2022	2021/2020	2022/2021
Return on Assets (ROA)	$ROA = \frac{NI}{A} \cdot 100\%$ NI - net income; A - total assets	2.54	4.09	1.18	+1.55	-2.91
Return on equity (ROE)	$ROE = \frac{NI}{SE} \cdot 100\%$ SE - shareholders' equity	19.97	35.15	10.91	+15.18	-24.24
Return on revenue	$RR = \frac{NI}{R} \cdot 100\%$ R - bank revenue	24.35	41.25	8.54	+16.90	-32.71
Return on costs	$RC = \frac{NI}{C} \cdot 100\%$ C - costs	33.21	74.51	9.64	+41.30	-64.88

Analyzing the indicators in Table 5, we can conclude that in 2021 compared to 2020 all indicators were growing as banks' net profit increased, while in 2022 compared to the previous year, due to the decrease in net profit, the profitability indicators of the banking system declined significantly, namely: return on assets - by 2.91 percentage points, return on equity - by 24.24 percentage points, return on revenue - by 32.71 percentage points, return on costs - by 64.88 percentage points. The profitability indicators of Ukraine's banking sector have been consistently positive throughout the entire analyzed period, indicating the effective and profitable operations of Ukrainian banks. Furthermore, the positive financial results of bank activities enable the domestic banking system to exhibit high indicators of capital adequacy.

### CONCLUSIONS

Thus, the following trends characterized the functioning of the Ukrainian banking sector with a positive financial result in 2022-2022

- the loan portfolio of banks decreased by 31.35 percentage points compared to the previous year, the equity of banks by 15.53 percentage points compared to the previous year, and profit by 71.67 percentage points against last year's figures, but at the same time, the assets of domestic banks increased by 14.47 percentage points and liabilities by - 18.73 percentage points;

- during 2020-2022, there was a profit, but it did not change unambiguously: in 2021, compared to 2020, the profit of the banking system increased by 94.77%, and in 2022, compared to 2021, it decreased by 71.67%;

- banks' revenues grew steadily, so in 2021 compared to 2020 they increased by UAH 24 436 million or 14.98%, in 2022 compared to 2021 - by UAH 69 161 million or 36.87%;

- expenses changed ambiguously during the analyzed period: in 2021 compared to 2020, they decreased by UAH 15 767 million or 13.18%, in 2022 compared to 2021, on the contrary, they went up by UAH 123 624 million or 119.05%. This increase in expenses in 2022 compared to 2021 resulted in a sharp decline in profit by 71.67%;

- the increase in revenues was mainly due to the growth of net interest income by UAH 32 800 million or 38.66%. Fee and commission income are also worth noting because of significant increase by UAH 22 522 million or 31.88% but net fee and commission income increased only by UAH 11468 million

or 24.66%. At the same time, there was a decrease in profit from trading operations. Changes in other categories were insignificant.

- the predominant source of income for Ukrainian banks in 2020-2021 was interest income, which accounted for more than 80% of total income;

- expenses for 2020-2021 varied unevenly, so in 2021 compared to 2020 they decreased by UAH 15 767 million or 13.18%, in 2022 compared to 2021, on the contrary, they increased by UAH 123 625 million or 119.05%. The main reason for this growth in 2022 was an increase in loan provisions by UAH 117 756 million or 3 415.20%;

- the main expense categories were: provisioning charges, the share of which increased from 26% in 2020 to 53% in 2022; administrative expenses, the share of which, although decreased from 42.86% in 2020 to 32% in 2022, still accounts for a significant portion of total expenses;

- profitability indicators of the banking sector of Ukraine are all positive for the entire analyzed period, which indicates the efficient and profitable operation of Ukrainian banks.

The main condition for the profitable operation of domestic banking institutions is the reduction of expenses, namely loan loss provisions. Therefore, banking institutions in Ukraine should first of all focus their efforts on reducing the share of non-performing loans, which will improve the quality of the loan portfolio and reduce the amount of provisions. In addition, domestic banks can expand their portfolio of services, including insurance and other financial products, which become more relevant in the context of the military conflict. Given the instability in the economy during the war, banks should focus on careful risk management – effective stress testing, and risk monitoring in particular as it can ensure a more stable financial position. In addition, the development of innovative online services, which are highly relevant in times of financial uncertainty, can help banking institutions adapt to new conditions and attract more customers, which in turn will help banks increase their profitability.

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## ОСОБЛИВОСТІ УПРАВЛІННЯ ПРИБУТКОМ БАНКІВ УКРАЇНИ В УМОВАХ ФІНАНСОВОЇ НЕВИЗНАЧЕНОСТІ

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*У статті виокремлено головні характеристики прибутку банку, розглянуто його складові елементи та джерела утворення. Зазначено, що ефективна діяльність будь якого банку напряму залежить від якісного управління прибутком банку. Запропоноване власне визначення управління прибутком банку та обґрунтована основна його мета та завдання. В статті детально проаналізовані фінансові результати діяльності банків України за 2020-2022 роки та визначені основні фактори, які негативно впливали на обсяг прибутку у 2022 році. Головним чинником зниження прибутковості вітчизняних банків стало суттєве зростання відрахувань у резерви під понесені та очікувані збитки внаслідок війни. Попри негативні наслідки війни банківський сектор залишається операційно ефективним та надалі працює прибутково. В статті зазначено, що під час війни банкам досить важко нароцувати діяльність, тому, головним фактором прибуткової діяльності банківських установ є зниження витрат. Однак, результати аналізу показали, що у 2020-2022 роках доходи постійно перевищували витрати і за цей період доходи банків постійно зростали. Також були проаналізовані основні показники прибутковості банківського сектору України у 2020-2022 роках. Систематизовано основні тенденції, що відбулися за останні три роки на вітчизняному фінансовому ринку і які напряму або опосередковано вплинули на фінансовий результат банківської системи України.*

*Ключові слова:* прибуток банку, управління прибутком банку, витрати та доходи банку, прибутковість банку.