«COMMERCIAL BANK «ACCORDBANK» PUBLIC JOINT-STOCK COMPANY

FINANCIAL STATEMENTS

for the year ended December 31, 2024,
with Independent Auditors' Report

Translation from Ukrainian original

CONTENTS

Statement on responsibility of the management for the preparation and approval of financial statements for the year ended December 31, 2024

The statement below, which should be considered together with the description of the obligations of the independent auditors contained in the attached Report of the independent auditor, is made for the purpose of distinguishing the responsibilities of the management and independent auditors in relation to the financial statements of the PUBLIC JOINT-STOCK COMPANY «COMMERCIAL BANK «ACCORDBANK» (hereinafter – the Bank).

The Bank's management is responsible for the preparation of financial statements that accurately reflect the Bank's financial position as at December 31, 2024, the results of its activities and cash flows for the year ended December 31, 2023, in accordance with International Financial Reporting Standards (hereinafter - IFRS). When preparing financial statements, the Bank's management is responsible for:

- selection of appropriate accounting principles and their consistent application;
- application of reasonable estimates and calculations;
- compliance with IFRS requirements or disclosure and explanation of all significant deviations from IFRS in financial statements;
- preparation of financial statements based on the assumption that the Bank will continue its activities in the future, except for cases when such an assumption is illegitimate.

The Bank's management is responsible for:

- development, implementation and ensuring the functioning of an effective and reliable internal control system of the Bank;
- keeping relevant accounts, which reveal with a sufficient degree of accuracy information about the Bank's financial condition, and which allow to ensure compliance of the Bank's financial statements with the requirements of IFRS;
- ensuring compliance of accounting with the requirements of legislation and accounting standards adopted in Ukraine;
- taking measures reasonably available to him to ensure the preservation of the Bank's assets;
- detection and prevention of fraud and other violations.

Financial statements for the year ended December 31, 2024, were approved and signed on behalf of the Bank on:

April 25, 2025

Chairman of Management Board ____________ Oleksii RUDNIEV

Chief Accountant ____________ Oksana LITOSH

Statement of financial position as at December 31, 2024

UAH'000

	Note	31.12.2024	31.12.2023
ASSETS			
Cash and cash equivalents	6	8 134 058	14 249 771
Loans and due from customers	7	644 207	755 448
Investments in securities	8	7 810 448	4 526 420
Investment property	9	40 110	53 530
Receivables for current income tax		2	-
Deferred tax asset	23	-	3 067
Intangible assets	10	19 368	17 757
Fixed assets and right of use assets	11	522 911	362 186
Other financial assets	12	313 019	199 603
Other non-financial assets	12	43 498	164 186
Non-current assets held for sale	13	57 368	-
Total assets		**17 584 989**	**20 331 968**
LIABILITIES			
Due to customers	14	16 427 020	19 472 111
Liabilities for current income tax		31 860	49 160
Deferred tax liability		36 472	-
Provisions for liabilities	15	8 032	7 044
Other financial liabilities	16	211 037	270 748
Other non-financial liabilities	16	110 950	81 940
Total liabilities		**16 825 371**	**19 881 003**
EQUITY			
Share capital	17	284 540	284 540
Reserve and other funds of the bank		151 932	103 048
Revaluation reserves		172 941	14 493
Retained earnings		150 205	48 884
Total equity		**759 618**	**450 965**
Total equity and liabilities		**17 584 989**	**20 331 968**

Approved for issue and signed on

April 25, 2025

Chairman of Management Board ____________ Oleksii RUDNIEV

Chief Accountant ____________ Oksana LITOSH

Україна * м. Київ * Публічне акціонерне товариство «Комерційний банк «Акордбанк» БАНК «АКОРДБАНК» Ідентифікаційний код 35960913

The notes on pages 8-76 are an integral part of these 2024 annual financial statements.

Statement of profit and loss and other comprehensive income for the year ended December 31, 2024

UAH'000

	Note	2024	2023
Interest income	19	2 389 272	1 983 769
Interest expense	19	(1 332 015)	(1 156 992)
Net interest income		**1 057 257**	**826 777**
Commission income	20	883 770	792 520
Commission expense	20	(161 570)	(140 097)
Net gain/(loss) on derivative financial instruments		(1 064)	(294)
Net gain on debt financial instruments at fair value through other comprehensive income		22 262	102
Net gain on foreign exchange operations		363 881	279 725
Net gain on foreign currency translation		14 513	1 572
Net gain/(loss) on revaluation of investment property		(575)	28 908
Net loss from impairment of financial assets	6,7,8,12	(170 938)	(274 515)
Net loss/(gain) from increase/(decrease) in provisions for liabilities	15	(988)	(2 224)
Net gain/(loss) on derecognition of financial assets carried at amortized cost		1 247	2 486
Other operating income	21	32 827	35 369
Employee benefits expense	22	(1 010 039)	(828 259)
Depreciation and amortization expense	22	(123 747)	(99 675)
Other administrative and other operating expenses	22	(597 721)	(489 837)
Profit before tax		**309 115**	**132 558**
Income tax expense	23	(158 910)	(78 007)
Profit for the period		**150 205**	**54 551**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Changes in the revaluation of investments in equity instruments		-	-
Income tax related to items of other comprehensive income that will not be reclassified to profit or loss		-	4
Other comprehensive income not to be reclassified to profit or loss after taxes		-	4
ITEMS TO BE RECLASSIFIED TO PROFIT OR LOSS			
Changes in the remeasurement of debt financial instruments:		200 139	20 138
net change in fair value		221 883	20 105
net change in fair value reclassified to profit or loss		(21 744)	33
Income tax related to items of other comprehensive income to be reclassified to profit or loss		(41 691)	(4 938)
Other comprehensive income to be reclassified to profit or loss after taxes		158 448	15 200
Other comprehensive income after taxes		**158 448**	**15 204**
Total comprehensive income for the period		**308 653**	**69 755**
Earnings per share (in UAH):	24		
net and adjusted earnings per ordinary share		541,08	196,51

Approved for issue and signed on

April 25, 2025

Chairman of Management Board ____________ Oleksii RUDNIEV

Chief Accountant ____________ Oksana LITOSH

Україна * м. Київ * КОМЕРЦІЙНИЙ БАНК «АКОРДБАНК» Ідентифікаційний код 35960913 Публічне акціонерне товариство

The notes on pages 8-76 are an integral part of these 2024 annual financial statements.

Statement of changes in equity
for the year ended December 31, 2024

UAH'000

	Share capital	Reserves and other funds	Revaluation reserves	Retained earnings	Total equity
Balance as at January 1, 2023	**284 540**	**103 048**	**(711)**	**(5 667)**	**381 210**
Total comprehensive income:	**-**	**-**	**15 204**	**54 551**	**69 755**
profit for the reporting period	-	-	-	54 551	54 551
other comprehensive income	-	-	15 204	-	15 204
Balance as at December 31, 2023 / January 1, 2024	**284 540**	**103 048**	**14 493**	**48 884**	**450 965**
Profit distribution for 2023	-	48 884	-	(48 884)	-
Total comprehensive income:	**-**	**-**	**158 448**	**150 205**	**308 653**
profit for the reporting period	-	-	-	150 205	150 205
other comprehensive income	-	-	158 448	-	158 448
Balance as at December 31, 2024	**284 540**	**151 932**	**172 941**	**150 205**	**759 618**

Approved for issue and signed on

April 25, 2025 Chairman of Management Board __________ Oleksii RUDNIEV

Chief Accountant __________ Oksana LITOSH

Україна
м.Київ
Публічне акціонерне товариство
«КОМЕРЦІЙНИЙ БАНК «АКОРДБАНК»
Ідентифікаційний код 35960913

The notes on pages 8-76 are an integral part of these 2024 annual financial statements.

Statement of cash flows for the year ended December 31, 2024 (direct method)

			UAH'000
		2024	*2023*
OPERATING CASH FLOWS			
Interest income received		2 426 353	1 709 821
Interest expense paid		(1 354 367)	(1 131 316)
Commission income received		880 153	789 691
Commission expense paid		(161 399)	(140 070)
Results of transactions with derivatives		(1 064)	(294)
Results of transactions with foreign currency		363 881	279 725
Othe operating income received		32 271	14 254
Labor remuneration paid		(991 913)	(782 453)
Administrative and other operating expenses paid		(573 577)	(459 209)
Income tax paid		(178 364)	(30 010)
Operating cash flows received/(paid) before changes in operating assets and liabilities		**441 974**	**250 139**
Net (increase)/decrease of investments in securities		(3 033 351)	(527 726)
Net (increase)/decrease of loans and due from customers		137 932	111 346
Net (increase)/decrease of other financial assets		(112 241)	(73 043)
Net (increase)/decrease of other assets		(9 993)	(4 099)
Net increase/(decrease) of due to banks		-	(990 000)
Net increase/(decrease) of due to customers		(3 025 830)	9 425 344
Net increase/(decrease) in other financial liabilities		(19 191)	25 629
Net increase/(decrease) of other liabilities		10 928	21 612
Net operating cash flows received /(used)		**(5 609 772)**	**8 239 202**
INVESTING CASH FLOWS			
Proceeds from sale of investment property		8 365	-
Acquisition of fixed assets		(188 023)	(119 958)
Acquisition of intangible assets		(9 177)	(4 785)
Net investing cash flows received/(used)		(188 835)	(124 743)
FINANCING CASH FLOWS			
Lease-related liabilities		(80 858)	(68 224)
Net financing cash flows received/(used)		**(80 858)**	**(68 224)**
Effect of change of official FX rate on cash and cash equivalents		2 332	13 555
Net increase/(decrease) of cash and cash equivalents		**(5 877 133)**	**8 059 790**
Cash and cash equivalents – opening balance		**14 041 267**	**5 981 477**
Cash and cash equivalents – closing balance	5	**8 164 134**	**14 041 267**

Approved for issue and signed on

April 25, 2025

Chairman of Management Board ____________ Oleksii RUDNIEV

Chief Accountant ____________ Oksana LITOSH

Notes to financial statements

Note 1. Background information

COMMERCIAL BANK «ACCORDBANK» PUBLIC JOINT-STOCK COMPANY (hereinafter - the Bank) was registered on June 3, 2008. Abbreviated name of CB «ACCORDBANK» PJSC

The bank was registered by the National Bank of Ukraine on June 4, 2008, under registration number 324 in the State Register of Banks.
Organizational and legal form – Public joint stock company.

«CB «ACCORDBANK» PJSC is a universal banking institution.

The main counterparties of the Bank are non-banking institutions, small and medium-sized enterprises, and natural persons. The bank raises funds from the population and business entities, issues loans, transfers payments in Ukraine and abroad, conducts operations with foreign currency funds, provides banking services to its commercial and retail clients.

As at December 31, 2024, CB «ACCORDBANK» PJSC is represented by 161 sales points - the Main Bank and 160 branches - in the following regions of Ukraine:

- Kyiv – 33 (including head office)
- Kyiv oblast – 5
- Vinnitsa oblast – 3
- Volyn oblast 3
- Dnipropetrovsk oblast – 20
- Donetsk oblast - 2
- Zhytomyr oblast – 3
- Zakarpatska oblast -3
- Zaporizhzhia oblast – 6
- Ivano-Frankivsk oblast – 4
- Kirovograd oblast – 3
- Lugansk oblast -1
- Lviv oblast – 11
- Mykolayv oblast – 3
- Odessa oblast – 16
- Poltava oblast – 9
- Rivne oblast – 3
- Sumy oblast – 8
- Ternopil oblast – 1
- Kharkiv oblast – 10
- Kherson oblast – 1
- Khmelnitsky oblast – 5
- Cherkassy oblast – 6
- Chernyhiv oblast - 1
- Chernivsti oblast – 1

As at December 31, 2024, the activities of 10 branches were suspended due to military operations and temporary occupation, namely

- Kyiv -1
- Donetsk oblast - 2
- Zaporizhzhia oblast-1
- Luhansk oblast-1
- Lviv oblast - 1
- Odesa oblast -1
- Kharkiv oblast-2
- Kherson oblast-1

The Bank's location: Ukraine, 04136, Kyiv, 6, Stetsenko str.

The strategic goal of the Bank is to increase the market value of the banking institution in the interests of shareholders. The main goal for the management of «CB «ACCORDBANK» PJSC is to create and reliably operate a competitive, financially stable credit institution with advanced technologies for interaction with clients, capable of meeting the requirements and providing a wide range of banking services to legal entities and private clients at the level of international banks.

CB «ACCORDBANK» PJSC is a member of the Individual Deposit Guarantee Fund (Certificate of Fund Member No. 198, registration date 14.08.2008).

The bank carries out banking operations in accordance with banking license No. 245, issued by the National Bank of Ukraine on November 7, 2011 (https://bank.gov.ua/files/Licences_bank/380634.pdf), to which, as at 15.07.2021, cash collection services and transportation of currency.

CB «ACCORDBANK» PJSC has the following licenses and decisions to conduct activities on the stock market:

- License of the National Securities and Stock Market Commission, series AE No. 263225 dated 29.08.2013 «Professional activity on the stock market - securities trading activity (Brokering activity). The validity period of the license is unlimited from 29.08.2013;
- License of the National Securities and Stock Market Commission, series AE No. 263226 dated 29.08.2013 «Professional activity on the stock market - securities trading activity (Dealing activity). The validity period of the license is unlimited from 29.08.2013;
- License of the National Securities and Stock Market Commission, AE series No. 263227 dated 29.08.2013 «Professional activity on the stock market - securities trading activity (Underwriting). The validity period of the license is unlimited from 29.08.2013;
- Decision of the National Securities and Stock Market Commission regarding the issuance of the license «Professional activity on the stock market - depository activity (depository activity of a depository institution) No. 614 dated 16.10.2019. The validity period of the license is unlimited as of 16.10.2019

Membership in international money transfer systems:
The Bank sends and pays out funds through the international money transfer systems INTELEXPRESS, Welsend, RIA, MY TRANSFER, R360:

INTELEXPRESS	The bank has been working with the system since 11.01.2016 as a direct participant of the system based on the Agreement on making money transfers
Welsend	The bank has been working with the system since 07.09.2016 as an agent of the system on the basis of the Agreement with AB «UKRGAZBANK»
RIA	The bank has been working with the system since 15.05.2017 as a direct participant of the system based on the Agreement on Joining the Payment System
MY TRANSFER	The Bank has been working with the system since 30.05.2019 as a direct participant of the system on the basis of Participation Agreement No. 1 of 08.05.2018
R360	The bank has been working with the system since 29.12.2022 as a direct participant of the system on the basis of the Agreement on money transfers No. 1 of 03.10.2022

Membership in international payment systems:
The bank is an Affiliate member of IPS MasterCard Worldwide. Services for operations with cards of the international payment system MasterCard are conducted in accordance with the agreement of the principal member of the MasterCard International Payments System, the bank - sponsor JSC «PUMB».

The bank has the following licenses:

- a license to issue Mastercard payment system cards,
- a license to conduct cash-acquiring within Mastercard,
- a license to conduct trade acquiring within Mastercard.

As of 2020, the Bank has been a member of the *Ukrainian Payment Space* National Payment System - a retail payment system in which payments for goods and services, cash withdrawals and other operations with the national currency are conducted using electronic means of payment, namely PROSTIR payment cards.

In 2024, in accordance with the joint operation agreement of 24.09.2024, the Bank became a member of the Transparent Network project aimed at building instant mutual settlements between banks and their customers.

Membership in interbank unions, exchanges, associations:
CB «ACCORDBANK» PJSC is a member:

- *Professional Association of Participants of Capital and Derivatives Markets (PARD;*
- *PJSC «FB «PERSPECTIVE";*
- *Independent Association of Banks of Ukraine (IABU);*
- *Ukrainian interbank association of members of payment systems «EMA».*

- *U.S.-Ukraine Business Council (USUBC), Washington, DC;*
- *European Business Association.*

As at December 31, 2024, the management of the Bank owned shares of the Bank as follows:

Chair of the Supervisory Board Volynets Danylo Mefodiyovych	74,771253%
Chair of the Management Board Oleksii Rudniev	24,850504%

- As at December 31, 2024, the following shareholders held significant interest (more than 10 percent) in the Bank:

Volynets Danylo Mefodiyovych (permit of the National Bank of Ukraine for acquisition of the bank of April 24, 2017, No. 129)	74,771253%
Oleksii Rudniev (permit of the National Bank of Ukraine for acquisition of a significant int May 28, 2024, No. 24/547-rk)	24,850504%

Foreign investors do not have shares in the authorized capital of PJSC «CB «ACCORDBANK».

The annual financial statements of the Bank for the year ended December 31, 2024, were approved for release by the decision of the Bank's Management Board of April 25, 2025.

Note 2. Economic environment

In 2024, despite the fact that macroeconomic conditions were more or less favourable for financial institutions, the continuation of russian aggression required the banking system to be flexible and adapt to rapidly changing economic realities. Banks consistently ensured proper operation in their respective areas and continuously provided resources to the economy to overcome the consequences of the war and strengthen the country's defence capabilities.

At the end of 2024, consumer inflation reached 12% year-on-year, exceeding the NBU's previous forecasts. The underlying price pressures also increased. Month-on-month, prices rose due to a significant rise in food prices driven by poorer harvests of certain crops, further increases in production costs for raw materials and electricity, and higher wages. In December, core inflation accelerated to 10.7% p.a., driven by a 12.5% p.a. rise in prices for services. The strengthening of the hryvnia against the euro in previous months somewhat restrained imported inflation, but the weakening of the hryvnia against the US dollar in previous periods caused secondary effects in the cost of goods and services.

In early 2025, inflation is projected to continue to rise and peak in the second quarter due to the impact of last year's lower harvests, pressure from business costs, and security risks, before gradually declining in the middle of the year, primarily due to the NBU's interest rate policy measures and the expected increase in harvests, and slowing to 9.7% by the end of 2025.

Although economic growth slowed somewhat compared to 2023, the economy continued to recover in 2024, in part due to international support and the high level of business adaptability to the war. In 2024, Ukraine's real GDP grew by 3.4%, which is lower than expected. GDP growth is constrained by a shortage of labour, energy resources, and limited investment in productive capital.

The state budget deficit remained significant in 2024, although its level was gradually decreasing. In December, it reached 23.7% of GDP, excluding grants, which is one of the highest levels in recent years. The deficit was financed mainly through international aid and domestic borrowing, including the placement of domestic government bonds. Government expenditures reached a historic high in the last months of the year, driven by both the needs of the defence sector and the financing of social programs. This also supported the growth of real wages, which increased by 14.4% p.a. in December. At the same time, large budget expenditures increased pro-inflationary pressures, as they contributed to the expansion of demand amid a limited supply of goods and services.

The labour market remained tight, and the shortage of skilled workers continued to grow. The consequences of the war further limited the supply of labour, with the number of migrants abroad increasing by 500,000 in 2024. Despite a slight improvement in November, the labour shortage became even more pronounced at the end of the year, supporting further wage increases. At the same time, the unemployment rate gradually declined, although it remained higher than before the war. Many companies reported difficulties filling vacancies, especially in manufacturing and services. The labour shortage forced companies to compete more actively for staff, which resulted in higher labour costs, which became one of the key drivers of inflationary pressure in December.

The situation on the foreign exchange market remained relatively stable, although the hryvnia exchange rate was affected by both internal and external factors. The National Bank of Ukraine continued to actively support the market through foreign exchange interventions, compensating for the shortage of foreign currency in the private sector. The significant inflow of international financing helped to avoid sharp exchange rate fluctuations, which helped to maintain confidence in the hryvnia. At the same time, demand for foreign currency from businesses and households remained stable, which, together with the NBU's measures, helped to maintain the market balance. NBU's net purchases of foreign currency increased in December, indicating a relatively stable supply of dollars and euros on the interbank market.

The National Bank of Ukraine continued its tight monetary policy, raising its key policy rate to 14.5% (by 0.5 pp in December and by 1 pp in January 2025) to curb inflationary pressures and maintain FX market stability. Although the cost of corporate loans remained high, the NBU gradually reduced lending rates in the fourth quarter of the year under review, which contributed to the growth of bank lending. Demand for hryvnia deposits remained stable, and the government's fundraising through domestic government bonds supported the liquidity of the banking system. At the same time, the NBU continued to ease currency restrictions, aiming to gradually return to a flexible exchange rate. The NBU continued to actively use monetary policy instruments to ensure price stability and maintain macrofinancial balance.

In these economic conditions, PJSC "CB 'AKORDBANK' took measures to increase attraction of clients' funds, maintain a high level of liquidity with placement of resources mainly in government bonds and NBU deposit certificates, ensure energy independence of the regional network and software and hardware of the Bank. Thus, highly liquid assets in the structure of the Bank's balance sheet, which were formed by government bonds, cash and cash equivalents, and NBU deposit certificates, accounted for 90% of assets as of the end of the day of December 31, 2024 (UAH 15.94 billion in equivalent).

As at the end of 2024, the Bank's regional network amounted to 161 points of sale (160 branches and outlets). The regional network operates with due regard to safety factors for customers and employees; some branches are temporarily suspended in the areas of hostilities and temporarily occupied territories (6% of temporarily non-operating branches).

The Bank complied with all the standards set by the NBU. In particular, liquidity ratios significantly exceeded the thresholds set by the regulator.

The Bank's profit since the beginning of 2024 amounted to UAH 150.2 million, exceeding the profit of 2023 almost threefold, including due to a significant reduction in the cost of forming provisions for impairment of financial assets, which as of the reporting date were fully formed taking into account the assessment of potential credit risks.

During the reporting period, the equity of PJSC "CB 'AKORDBANK' increased by 68.4% compared to the same period last year - from UAH 450.97 million to UAH 759.62 million.

At the same time, PJSC "CB 'AKORDBANK' had high growth rates of key items, in particular, commission and trading income due to the Bank's 'transactional' business model, which proved to be stable even under martial law, an extensive network of branches and its own cash collection service, which ensured high-quality cash turnover. Thus, the Bank's fee and commission income increased by 11.5% to UAH 883.8 million compared to the same period in 2023. Net interest income as at December 31, 2024, amounted to UAH 1057.26 million. Assets as at the reporting date amounted to UAH 17.6 billion.

In 2025, in accordance with the adopted Bank's Development Strategy, assets will grow with the placement of customer funds in highly liquid resources (government bonds and NBU certificates of deposit). It is also planned to increase the loan portfolio of individuals and legal entities, further expand the Bank's regional network and increase the number of clients of banks and legal entities in the area of cash collection and transportation of valuables.

Note 3. Basis of preparation of financial statements

Statement of compliance

The financial statements as at December 31, 2023, were prepared in accordance with the International Financial Reporting Standards (hereinafter - IFRS), which are applicable for the financial statements for the year ended on December 31, 2023, in accordance with the requirements of the National Bank of Ukraine for the preparation and publication of financial statements of banks of Ukraine and the Law of Ukraine *On Accounting and Financial Reporting in Ukraine*.

Changes in going concern assumptions

These financial statements are prepared assuming that the Bank would be able to operate as a going concern in the near future.

The Bank's management is aware of the risks caused by the military actions of the Russian Federation against Ukraine and may continue to persist/increase in the conditions of war, so the collegial bodies (Supervisory Board, Management Board and Committees of the Supervisory Board and Management Board) continue to properly perform their functions and fully ensure their fulfilment without losing control and stopping the vital processes of the Bank's activities.

The Bank monitors liquidity on a daily basis as part of its operational and strategic liquidity risk management to ensure compliance with prudential liquidity ratios, matching the actual liquidity of assets to their required level, and ensuring long-term liquidity security. The Bank continues to operate without violation of economic standards and with a sufficient liquidity reserve.

Management and shareholders have the intention to further operate the Bank in Ukraine. Management believes that the use of assumptions regarding the Bank's ability to continue as a going concern is appropriate given its adequate capital position, strong liquidity position and profitable operations. The Bank continues to serve customers in 94% of its network branches and continues to open new branches (6 new branches in 2024). The Bank has no outstanding or deferred liabilities. The Bank continues to operate without violating economic standards. The Bank has the resources to continue its operations in the near future.

These financial statements do not include any adjustments that would be necessary if the Bank was unable to continue as a going concern.

However, significant uncertainty exists largely due to the unpredictable impact of the hostilities on the territory of Ukraine and, consequently, factors that the Bank is neither able to predict nor control, which may affect the assumptions underlying management's estimates, potentially casting significant doubt on the Bank's ability to continue as a going concern.

Functional and presentation currency

The Bank keeps its accounting records in UAH as required by national accounting rules. Based on the economic essence of operations and circumstances of activity, the Bank has determined UAH as a functional currency. Based on this, operations in currencies other than UAH are considered as operations in foreign currencies. UAH is also used as a currency of presentation of financial statements. All amounts in these financial statements are presented in UAH thousand (unless stated otherwise).

As at December 31, 2024, and December 31, 2023, the principal official exchange rates set by the National Bank of Ukraine used to translate foreign currency balances into UAH were as follows

	31.12.2024	**31.12.2023**
USD	42,0390	37,9824
EUR	43,9266	42,2079

Note 4. Accounting policies

Basis of preparation of financial statements

These financial statements are individual financial statements of the Bank prepared based on historical value principle except for measurement of certain financial instruments in accordance with IFRS 9 *Financial Instruments*. The Bank does not prepare consolidated financial statements.

Significant accounting policies

Date of recognition

Financial assets and liabilities, except for customers’ funds, are initially recognized at the date of entering into a contract, i.e., as at the date when the Bank becomes a party under a contract that sets the terms of the respective instrument. Customers’ funds are recognized as of the moment when the funds arrive to the Bank account.

Initial measurement of financial instruments

All financial assets and liabilities are recognized initially at fair value, including directly attributable transaction costs and other payments, except for financial assets and liabilities at fair value through profit or loss.

The Bank determines the classification of its financial assets at the time of their initial recognition.

If, at the date of initial recognition, the fair value of a financial asset differs from its contractual amount (excluding transaction costs), the Bank recognizes the difference as follows: - for transactions with shareholders - in equity; - for other transactions - in profit or loss

Classification – financial assets

Classification and determination of category of measurement of all financial assets at initial recognition is based on a business model used by the Bank to manage a certain group of assets that includes this financial asset and characteristics of contractual cash flows under this asset.

All debt financial assets are covered by one of the three business models:

- business model 1: holding an asset to generate contractual cash inflows;
- business model 2: holding an asset to generate contractual cash inflows or for sale;
- business model 3: use of an asset to generate maximal cash flows through sale.

As at the date of initial recognition of each debt financial asset except for those classified at fair value through profit or loss, the Bank analyses contractual cash flows for these financial assets. Maor purpose of SPPI test is to determine whether terms of the contract on financial asset correspond to basic loan contract that may result in additional risks and/or additional volatility of contractual cash flows that are not inherent to basic loan contract

The Bank performs SPPI test at the level of separate debt financial assets/group of debt financial assets of respective category of assets managed under business models 1 or 2.

Depending on the business model and results of SPPI test, debt financial assets may be classified as follows.

The Bank measures and disclose a debt financial asset in accounting at ***amortized cost*** if the following conditions are met at the same time:

- ✓ the financial asset is held within the framework of a business model, the purpose of which is to hold financial assets to obtain contractual cash flows;
- ✓ the contract for a financial asset provides for the receipt of cash flows on specified dates, which are exclusively payments to the account of the principal and interest on the outstanding part of the principal.

These assets are disclosed at amortized cost using an effective interest rate (except for the assets where it is not applicable under accounting policies of the Bank. Profit and loss are disclosed in the Statement of profit and loss and other comprehensive income at derecognition or impairment or at amortization.

The Bank measures and discloses a debt financial asset ***at fair value through other comprehensive income (FVOCI)*** if the following conditions are met at the same time:

- ✓ the financial asset is held within the framework of a business model, the purpose of which is achieved both by obtaining contractual cash flows and by selling financial assets;
- ✓ the contract for the financial asset provides for the receipt of cash flows on specified dates, which are exclusively payments on account of the principal and interest on the outstanding part of the principal.

Debt instruments measured at FVOCI are subsequently measured at fair value while profit or loss generated by changes in fair value are recognized in other comprehensive income. Interest income and profit or loss from FX rate change are recognized in profit or loss in a manner similar to financial assets at amortized cost. If a debt financial instrument measured at FVOCI is disposed of, the accumulated profit or loss earlier recognized in other comprehensive income, are reclassified from other comprehensive income into profit or loss. The Bank recognizes allowance for ECL for all debt financial instruments at FVOCI. Rules of recognition of ECL for these assets are presented in Note 25.

The Bank measures and discloses all other debt financial assets at ***fair value through profit or loss*** (***FVTPL)*** if these financial assets do not comply with criteria of their subsequent measurement at amortized cost or at fair value through other comprehensive income.

Impairment and principles of setting allowances for ECL

The impairment model is used for financial assets that are debt financial instruments and financial receivables.

The Bank recognizes allowance for ECL in an amount equal to ECL for 12 months (stage 1) or ECL during the life of an instrument (stages 2 and 3).

ECL during the life of an instrument is ECL resulting through all possible events of default during the whole expected life of financial instrument, while *ECL for 12 months* are the important part of ECL resulting from default events that are probable within 12 months after the reporting date.

The Bank recognizes allowance for ECL in an amount equal to ECL for total life of an instrument except for instruments without any significant increase of credit risk as of the moment of their initial recognition. For these financial instruments, the allowance recognized would be equal to 12-months ECL

The Bank applies simplified approach to measurement of ECL for financial receivables. The Bank measures the allowance for these assets in an amount equal to ECL for the whole life of the financial asset, using matrix of allowance depending on the number of days overdue.

Measurement of impairment is complex requiring application of judgements and assumptions whether there was a significant increase of credit risk under financial instrument as of its initial recognition and including of forecast information into measurement of credit losses.

Allowance for ECL is formed by allocation of respective amount to expenses in *Net loss/profit from impairment of financial assets* item in the Statement of profit or loss and other comprehensive income.

Reclassification of financial assets
In 2024, the Bank did not reclassify its financial assets between categories.

Derecognition of financial assets
The Bank derecognizes financial asset or a group of financial assets if:

- the term of right to cash flows under financial asset as set by contractual term is terminated;
- The bank transfers the right to cash flows under the asset or if the Bank keeps the right to cash flows under the asset but undertake the contractual obligation to transfer them in full to a third party under the terms of transit agreement;
- The bank transfers practically all risks and benefits under the asset or does not transfer and does not keep practically all risks and benefits under the asset, but transfers control over the asset.

Write-off of financial assets
Financial assets that cannot be settled in full or in part are written off at the expense of the allowance for ECL after termination of necessary procedures to compensate the asset if there are no substantiated expectations of recovery of contractual cash flows.

The Bank determines the absence of substantiated expectations on recovery of the financial asset if the allowance for ECL under this asset is formed in full amount of its gross carrying amount, and there are one or several of the following criteria:

- • delay of settlement of the debt or its part (principal and/or accrued income) under financial asset is over 36 months;
- • during previous 36 months the Bank did not receive any substantial payments under the financial asset;
- for financial asset secured by collateral the Bank did not receive any substantial cash flows from sale of mortgaged asset/foreclosure of collateral, or the Bank had no access/right of redemption/collection of collateral during previous 36 months;
- the Bank was not able to sell the financial asset in three consecutive attempts of open bidding(s) using e-trade systems or by any other way;
- the Bank has information that the debt of the borrower under financial asset was written off by another bank.

Additional criterium for write-off of impaired financial asset is recognition of the debt under the asset by the Bank as bad debt in accordance with the indications set by Tax Code of Ukraine.

Modification of financial assets
A modified financial asset is the asset with the contractual cash flows that were revised by agreement of the parties or modified.

If the terms of financial asset are changed the Bank assesses whether the cash flows under this modifies asset would change significantly. If cash flows change significantly (by 30%), it is believed that the period of right to contractual cash flows under initial financial asset is over. In this case, the initial financial asset is derecognized, while a new financial asset is classified as initially impaired.

All commissions received within the modification are accounted for as follows:

- commissions included into fair value of new financial asset and commissions representing compensation of permitted transaction expenses, and included into initial value of the asset; and
- other commissions are included into profit or loss as profit or loss through derecognition.

When assessing whether a financial asset should be derecognized, the Bank takes into account the following factors – change of currency of financial asset, change of the borrower except for change in case of death of the borrower, and whether the modification results in non-compliance of the asset with criteria of SPPI test. At initial recognition, the loans are measured as stage 1 for assessment of ECL except for cases when the created asset is recognized as acquired or created credit-impaired financial asset

If modification of financial asset measured at amortized cost or at fair value through other comprehensive income does not result in derecognition of the asset, the Bank recalculates gross carrying amount of the financial asset using initial effective interest rate and recognizes the respective adjustment as profit or loss through modification in Other administrative and operating expenses item of the Statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, unrestricted balances on correspondent accounts in the National Bank of Ukraine and other banks, interbank loans and overnight deposits in other banks, as well as deposit certificates issued by the National Bank of Ukraine.

Cash and cash equivalents are recorded at amortized cost at the balance sheet date and disclosed in the Statement of financial position.

Banknotes and coins in cash registers and ATMs, the presence of which is unconfirmed, and over which control has been lost, are recognized as other financial assets, and the provision for them is a provision for cash losses. The formation of such a provision is disclosed in the financial results in the Statement of profit and loss and other comprehensive income.

Loans and due from customers

Loans to customers are managed by the Bank in accordance with business model 1. Initial loans to customers are disclosed at acquisition cost representing fair value of funds provided. Subsequently loans to customers are disclosed at amortized cost. Amortized cost is based on fair value of the loan calculated based on market interest rates for similar loans as at the date of issuance of loan. Profit and loss are disclosed as components of profit or loss through modification, derecognition or impairment of loans, as well as in the process of recognition of interest income and are disclosed in the Statement of profit or loss and other comprehensive income.

Loans to customers are disclosed in accounting as of the moment of provision of funds to borrowers.

Investments in securities

Depending on the business model selected, the Bank classifies investments in securities by three categories, namely, securities at amortized cost, securities at fair value through other comprehensive income, securities at fair value through profit/loss.

As at 31.12.2024 the Bank does not have securities at fair value through profit/loss.

Securities at amortized cost

This category includes debt securities with market quotes, fixed payments and defined maturity that the Bank intends and is able to keep until their settlement date. The Bank manages these assets within the framework of business model 1. The Bank classifies securities as those at amortized cost at their initial recognition and checks the reasonability of this classification as at each reporting date.

Securities at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivative financial assets in the form of securities that management intends to hold for an indefinite period of time to receive contractual cash flows that are solely payments of principal and interest on the outstanding principal amount, and which may be sold depending on liquidity requirements or changes in interest rates, exchange rates or securities prices. The Bank's management classifies securities into the appropriate category at the time of their acquisition.

Classification of financial liabilities

Financial liabilities are classified as either financial liabilities at amortized cost or at fair value through profit/loss.

After initial recognition, the Bank measures and discloses in accounting all financial liabilities at amortized cost, with the exception of:

- Financial liabilities at fair value through profit/loss;
- Financial liabilities arising when transfer of financial asset does not comply with conditions for derecognition or the principle of continued participation is applied;
- Financial guarantee contracts, aval, surety;
- Loan commitments at the rate below market rate.

The Bank does not reclassify financial liabilities.

Derecognition of financial liabilities and modification

The Bank ceases to recognize financial liability or its part in the balance sheet if such liability is repaid, cancelled or the term of its performance has expired.

The exchange between the borrower and the creditor of debt financial obligations under significantly different terms is reflected in the repayment of the original financial obligation and recognition of a new financial obligation. Similarly, significant changes in terms (modification) of a financial liability or its part are disclosed in accounting as repayment of the original financial liability and recognition of a new financial liability.

The following conditions are significantly different, according to which the net current value of cash flows under new conditions, discounted using the original effective interest rate (for a financial liability with a floating interest rate - the effective interest rate calculated at the time of the last change in the nominal interest rate), differs by at least 10% from the discounted the present value of cash flows remaining until the maturity of the original financial obligation.

Any costs or fees are derecognition income/expenses if the change in terms of the financial liability is reflected in the accounting records as the settlement of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of the financial liability (or part of the financial liability) settled or transferred to another party and the amount of compensation paid is income/expense from derecognition.

If an exchange of debt financial liabilities or a change in their terms (modification) does not result in derecognition, any costs and fees from the exchange/modification adjust the carrying amount of the financial liability and are amortized over the term of the new liability (effective rate interest is not recalculated but is adjusted to reflect the specified costs/rewards).

Financial Liabilities at amortized cost

Financial liabilities disclosed at amortized cost using the method of effective interest rate include due to other banks and due to customers.

Respective expenses are disclosed as interest expense using the method of effective interest rate in the Statement of profit or loss and other comprehensive income. The carrying amount of financial liabilities is disclosed in the Statement of financial position.

Due to customers. Due to customers is a non-derivative financial liability toward individual, state and corporate customers.

Offsetting of financial instruments

Financial assets and liabilities are netted, and the statement of financial position shows a net amount only in those cases where there is a statutory right to set off offsets, as well as an intention to either set off or simultaneously realize the asset and settle the liability.

Derivative financial instruments

In the normal course of business, the Bank deals with derivative financial instruments (in particular, foreign currency swaps, interest rate swaps). Such financial instruments are trading in nature and are valued at fair value. The calculation of fair value is based on a valuation model that takes into account the existing market value, the contractual value of the instrument being valued, as well as other factors. Derivatives are recorded as assets if their fair value is positive and as liabilities if their fair value is negative. Changes in fair value are immediately recognized in the statement of profit and loss and other comprehensive income as income/loss as a result of revaluation of derivative financial instruments. Income from the revaluation of derivative financial instruments is recognized as the difference in the increase in their value between the indicators at the end and the beginning of the reporting period.

Investment property

Investment property is the property (land or building, or part of a building, or a combination thereof) that is not used by the Bank and held to generate lease income or increase its value.

The Bank mainly uses objects that are not used in the Bank's activities to generate rental income and recognizes them as investment property.

At the initial recognition of investment real estate, the Bank measures and discloses it in accounting at the historical value. After the initial recognition of investment property objects, they are subsequently measured at fair value reflecting market conditions as at the reporting date, without recognition of depreciation or impairment.

Cost of improvement of objects of investment property increasing initially expected benefits through their use increase historical value of the objects.

The value of investment property is disclosed as a separate item in the Statement of financial position.

Profits or loss resulting from a change in fair value of investment property are disclosed in the Statement of profit or loss and other comprehensive income as profit net of revaluation losses in the year when they originated.

The cost of current maintenance of investment property is recognized as expense when it originates and disclosed in the Statement of profit or loss and other comprehensive income.

Rental income received is disclosed in the Statement of profit or loss and other comprehensive income as a component of other operating income and disclosed in Note 21.

Investment property held for sale is classified as asset held for sale.

Investment property is derecognized if the method of its use changes.

Fixed and intangible assets

Fixed and intangible assets are recorded at historical value less accumulated depreciation and amortization and accumulated impairment losses and disclosed in the Statement of financial position Information on fixed and intangible assets is disclosed in Notes 10 and 11.

Fixed assets and intangible assets are recorded at cost less accumulated depreciation and accumulated impairment losses.

The historical value of acquired fixed and intangible assets consists of acquisition costs and costs of bringing them to a usable state.

Intangible assets of the Bank mainly include software and licenses for the right to use software products and are shown at original cost, which consists of the actual costs of acquisition (production) and bringing them to a state in which they are suitable for use in accordance with the planned purpose. An individual term of use is set for each intangible asset, which is determined by the Bank independently (if the term is not specified in the contract), based on the following criteria: the Bank's experience with similar assets, current trends in the development of software products, operational characteristics.

Depreciation and amortization of fixed and intangible assets starts as of the month following the month in which the objects of fixed or intangible assets are commissioned and ends on the first day of the month after disposal of an asset or for fully depreciated assets (in the latter case, the term of useful life is reviewed and adjusted as necessary).

Depreciation is charged by straight-line method based on the useful life of the asset. Depreciation rates are established based on the useful life of the asset, during which it is expected to be used by the Bank. Capitalized expenses under leased property are amortized over the expected useful life, but not longer than the lease term.

Depreciation and amortization charges for fixed and intangible assets are disclosed in the Statement of profit or loss and other comprehensive income as a component of *Administrative and other operating expenses* item. They are disclosed in Note 22.

Useful lives (in years) of fixed and intangible assets are presented below:

	30
Vehicles	5
Computer equipment	5-10
Furniture and office equipment	5-10
Other fixed assets	3-10
Intangible assets	2-10
Other noncurrent tangible assets	100% in first month

Capital investments in fixed and intangible assets include unfinished costs for the acquisition and improvement of fixed and intangible assets. Upon completion of construction and/or commissioning, the assets are transferred to fixed/intangible assets and are recorded at historical value. Depreciation is not charged on capital investment objects and land plots.

Costs for improvement of fixed and intangible assets, which lead to an increase in the initially expected benefits from their use, are included in the cost of such objects. Expenditures incurred to maintain objects of fixed and intangible assets in a usable condition and to receive initially determined future economic benefits from the use of these objects are reflected in the Statement of Profit and Loss and other comprehensive income in the period in which such expenses have been incurred, except when such expenses are subject to capitalization.

Expenses for replacement of basic parts or components of fixed assets are capitalized, and the depreciated value of the replaced part is attributed to expenses in the Statement of Profit and Loss and other comprehensive income of the reporting period.

The result from the sale of fixed assets, which is calculated as the difference between the amount of funds received and the carrying amount of assets, is recognized as part of financial performance in the Statement of Profit and Loss and other comprehensive income.

The depreciated value, depreciation methods and useful lives of fixed and intangible assets are revised at the end of each financial year and, if necessary, adjusted.

In 2024, the terms of useful use and depreciation rates of fixed assets and intangible assets did not change.

At each annual balance sheet date (once a year), the Bank recognizes impairment of non-current assets if there is evidence of a possible loss of economic benefit.

In 2024, the Bank recognized impairment of property, plant and equipment as disclosed in Note 11 "Property, plant and equipment and right-of-use assets".

Accounting for lease transaction

Lease when the Bank is a lessee

Right-of-use assets

The Bank recognizes right-of-use assets as of the lease commencement date (i.e. the date when an underlying asset becomes accessible for use). Right-of-use assets are measured at historical value less accumulated depreciation and accumulated impairment losses, adjusted by revaluation of lease liabilities. Historical value of right-of-use asset includes recognized lease liabilities, initial direct costs and lease payments paid as at the lease commencement date or prior to that date less incentives received. Right-of-use assets are tested for impairment.

The Bank charges depreciation of right-of-use asset by straight-line method not less than once per month during its period of use as per professional judgement of the Bank but not less than the contractual lease term and/or until the date of the end of lease term (early termination).

Right-of-use assets are presented in the Statement of financial position in *Fixed assets and right-of-use assets* item and disclosed in Note 11.

Lease liabilities

As at the lease commencement date, the Bank recognizes lease liability based on current value of lease payments not paid as at the above date.

Lease payments include fixed payments net of any incentives, variable lease payments that depend on index or rate. Variable payments that do not depend on index or rate are recognized as expenses of the period of the event or condition requiring these payments.

Lease payments are discounted at the contractual interest rate. If the rate cannot be easily determined, the Bank applies the rate of additional borrowing (rate for SB for the term of 1-3 years). As of the lease commencement date, lease liability increases to disclose interest accrued and decreases to disclose lease payments made. The carrying amount of lease liability is revised in case of modification, change of lease term, changes of fixed lease payments.

Lease liabilities are presented in Other financial liabilities item of the Statement of financial position and disclosed in Note 16.

Short-term lease and lease of low-value assets

The Bank does not recognize a contract as a lease if it is a short-term lease or lease where the underlying assets are of low value and does not disclose right-of-use assets and lease liability. Under such contracts lease payments are recognized as expenses on a straight-line basis during the contractual period of lease and are presented in Other administrative and operating expenses item in the Statement of profit or loss and other comprehensive income (Note 22).

The short-term lease is a lease that, as at the date of commencement of lease, has a contractual term of 12 months or less, and the contract does not provide for automatic extension of lease term, while the Bank does not intend the contractual term of lease. Low value of underlying asset is the value below UAH equivalent of USD 5000,00 at the official FX rate of NBU as at the date of signing of respective lease contract.

Significant judgements regarding lease term in contracts with extension option

The Bank determines the term of lease based on contractual lease term as at the date of signing of respective lease contract.

If the contractual lease term as at the commencement of lease is 12 months or less and the Bank **intends** to extend the lease, contractual lease term is defined as contractual term increased by term of extension.

Lease with the Bank is a lessor

The Bank as ***a lessor*** classifies each lease either as operating lease or financial lease.

The Bank leases its investment property including land plots and certain property objects. The Bank classifies these contracts as operating lease as it does not transfer all risks and benefits related to ownership of the assets.

The Bank discloses income under operation lease in a regular manner in the period of their origination as a component of other operating income in the Statement of profit or loss and other comprehensive income.

The total value of rebates offered to lessees is uniformly disclosed as a decrease in lease income during the period of lease. Initial direct costs incurred in relation to the operating lease contract are included in carrying out the amount of the leased object.

Assets transferred to the bank as a pledge holder

Pledged assets foreclosed by the Bank are financial and non-financial assets received by the Bank through settlement of overdue loans. These assets are initially recognized at fair value (not higher than carrying amount of overdue loans settled) and are included into fixed assets, other financial assets or other assets depending on their nature and Bank intentions regarding compensation of value of the assets with subsequent accounting for the assets in accordance with accounting policies for this category of assets.

As at 31.12.2024 assets received by the Bank as pledge holder are disclosed as a component of other assets in the Statement of financial position (see Note 12).

As at the date of measurement these assets are recognized in accounting as lower of cost or net realizable value. Depreciation or amortization of these assets is not recognized.

Noncurrent assets held for sale

The Bank recognizes noncurrent assets as held for sale if the carrying amount of the asset will be recovered primarily as a result of a sale transaction rather than current use.

To define non-current assets as held for sale, the assets must be available for immediate sale and this sale must be highly probable.

Noncurrent assets recognized as held for sale are measured at the lower of carrying amount or fair value less costs to sell. If the book value of the objects on the date of recognition as held for sale exceeds their fair value after deducting the costs of sale, then a preliminary valuation of such objects is carried out.

Depreciation is not accrued on noncurrent assets held for sale.

In 2024, the Bank transferred its assets into the noncurrent assets held for sale with the intention to sell them.

Foreign currency transactions

Transactions in foreign currency are converted into the functional currency at the exchange rate on the date of the transaction. Monetary assets and liabilities, which in the financial statements as of the reporting date were accounted for by the Bank in foreign currency, are presented in hryvnias at the official exchange rate of the National Bank of Ukraine as at the reporting date. Exchange differences on monetary items are the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for the effective interest rate and payments during the year, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities in foreign currency valued at fair value are translated into the functional currency at the exchange rate on the date of such measurement.

Taxation

The amount of current income tax is determined in accordance with the tax legislation of Ukraine. Income tax expense in the financial statements consists of current tax and changes in deferred tax amounts.

Income tax expense are reflected in net income, excluding those amounts that are directly included in other comprehensive incomes.

Deferred tax amounts are calculated using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the recognized deferred tax assets will be realized.

Deferred tax assets and liabilities are calculated in accordance with the tax rate that will be in effect in the period in which the asset is realized, or the liability is settled, based on the legal regulations in effect at the reporting date.

Other existing taxes in Ukraine, which are accrued and paid by the Bank in the course of its activities in accordance with current legislation, are taken into account in the Statement of Profit and Loss and other comprehensive income in Other operating and administrative expenses.

The basis for determining the taxable profit is the financial result, determined according to accounting rules in accordance with IFRS, taking into account possible adjustments provided by the Tax Code of Ukraine, by which the financial result before taxation increases or decreases.

The Law of Ukraine No. 4015-IX of October 10, 2024, *On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Ensuring the Balance of Budget Revenues during the Period of Martial Law* changed the approaches to taxation of bank profits, in particular:

- set the basic (main) corporate income tax rate at 50 percent for 2024 (including for the payment of advance dividend payments).

The Bank has no tax losses and unused tax benefits.

The Bank has no subsidiaries or associated companies.

During the reporting year 2024 and as at December 31, 2024, no activity of the Bank was terminated, therefore there is no amount of Income tax expense (income) related to profit (loss) from the discontinued operations.

Pension and other liabilities
The Bank pays contributions to the state pension system of Ukraine, the implementation of which involves current accruals and payment by employers of such contributions, which are calculated as a percentage of the total amount of wages. In the Statement of Profit and Loss and Other Comprehensive Income, expenses from such contributions refer to the period in which the corresponding amount of wages is accrued to the employee and are disclosed as a component of administrative and other operating expenses (Note 22). The Bank does not have other pension plans and does not have additional retirement benefit programs or other significant compensation programs that would require additional accruals in the financial statements.

Share capital and share premium
Share capital is divided into ordinary registered shares. Contributions to share capital are recorded at their fair value on the date of the transaction. External costs directly related to the issue of new shares are paid by shareholders. Any excess of the fair value over the par value of the issued shares is recognized as issue income. Stock dividends are recognized in equity as a deduction in the period in which they are declared. Information about dividends declared after the date of the financial statements is disclosed in the notes to the financial statements.

The Bank paid no dividends in 2024.

Redeemed shares
Redeemed shares are accounted for at the cost of the actual redemption. Profits and losses from the sale of redeemed shares are disclosed in capital (issue differences).

In 2024, the Bank did not redeem its shares.

Reserve and other funds
The Bank forms a reserve fund to cover unforeseen losses on all items of assets and off-balance sheet liabilities. Allocation to the reserve fund from the profit of the reporting year is made after the approval of the annual financial statements by the General meeting and the decision on the allocation of profit. Annual allocations to the reserve fund must be not less than 25% of the Bank's profit until they reach 25% of the Bank's regulatory capital. Based on the profit generated as a result of its statutory activity, the Bank may, including but not limited to create the following funds: dividend payment fund; bank development fund; financial stimulation fund.

Loan commitments
In the course of its, the Bank issues guarantees in the form of letters of credit, sureties and acceptances. Guarantee contracts are initially recognized at fair value as a component of other financial liabilities in the statement of financial position in an amount of commission received. After initial recognition, liabilities of the Bank under each guarantee contract are measured at higher of amortized commission and estimated allowance for ECL. The increase in liability related to guarantee contract is disclosed in the Statement of profit and loss. Commission received is uniformly disclosed as a component of income during the life of guarantee contract in the Statement of profit or loss and other comprehensive income.

Provisions for liabilities
Provisions are recognized if, as a result of a certain event in the past, the Bank has legal or voluntarily assumed obligations, the settlement of which with a greater degree of probability will require an outflow of resources containing future economic benefits, and which can be estimated with a sufficient degree of reliability.
Allowance for ECL under liabilities is formed by allocating the appropriate amount to expenses as part of the item Net loss/(profit) from increase/(decrease) in provision for liabilities of the Statement of profit and loss and other comprehensive income.

Recognition of income and expenses
Income is recognized when it is highly probable that economic benefits will flow to the Bank and the revenue can be measured reliably. The following criteria must be met in order to recognize income in financial statements:
Interest and similar income and expense

For all financial instruments measured at amortized cost, as well as for interest-bearing financial instruments classified at fair value through other comprehensive income, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts expected future payments and cash inflows over the expected life of the financial instrument or a shorter period, where applicable, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, the right to early repayment) and all fees or additional costs that are directly related to the financial instrument and are an integral part of the effective interest, but do not take into account future losses on loans. For purchased or created impaired financial assets, the Bank calculates the effective interest rate adjusted for credit risk, taking into account initially expected credit losses in cash flows, during initial recognition. The book value of a financial asset or financial liability is adjusted when the Bank revises its assessment of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate, and changes in the carrying amount are recorded as interest income or expense.

The Bank recognizes interest income using the original effective interest rate on the gross book value of financial assets for which a valuation allowance is recognized at the first and second stages of impairment, and on the amortized cost (reduced by the amount of the reserve) of such assets for which a valuation allowance is recognized at 3 stages of depreciation.

Interest income calculated using the effective interest method presented in the Statement of Profit and Loss and other comprehensive income includes:

- Interest income on financial assets, which are accounted for at amortized cost;
- Interest income on debt securities (bonds) that are accounted for at fair value through other comprehensive income.

Interest expense presented in the Statement of profit and loss and other comprehensive income includes the cost of financial liabilities measured at amortized cost.

Commission income and expenses

The bank receives commission income from several types of services provided to clients. Commission income in particular belongs to the following category:

- Commission income received for the provision of services during a certain period

Commission income received from the provision of services during a certain period is accrued during that period. Such items include commission income and fees for asset management, custody and other management and advisory services. Fees on loan commitments that are likely to be used and other fees related to the provision of loans are carried forward (together with any additional costs) and recognized as an adjustment to the effective interest rate on the loan.

- Commission income from the provision of services for conducting operations

Commission income received for conducting or participating in negotiations for the implementation of a transaction on behalf of a third party, for example, concluding an agreement for the purchase of shares or other securities or the purchase or sale of a company, is recognized upon completion of the relevant transaction. Commissions or part of commissions related to certain indicators of profitability are recognized after meeting the relevant criteria.

Commission income/expenses are recorded, as a rule, according to the accrual method depending on the degree of completion of a specific transaction as services are provided/received and are recognized in the Statement of profit and loss and other comprehensive income**.**

Earnings per share

The Bank presents data on basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated as the ratio of profit or loss attributable to ordinary shares to the weighted average number of ordinary shares circulated during the year. Diluted earnings per share are determined by adjusting earnings per ordinary share and weighted average number of ordinary shares for the dilutive effect of potential ordinary shares.

Operating segments

The Bank does not have any debt or equity securities traded on the open market and has a limited number of shareholders. These criteria, in accordance with paragraph 2 of IFRS 8 Operating Segments, allow the Bank not to report operating segments.

Estimates and judgments used in the preparation of financial statements

The principles of preparation of financial statements require the Bank's management to use estimates and assumptions that may affect the reflected amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of financial statements, as well as the calculated amounts of profit for the reporting period. These estimates and assumptions are based on information available at the date of the financial statements. Although these estimates are based on management's best understanding of current events and operations, actual results may differ materially from these estimates and assumptions.

The main reasons for the uncertainty of estimates are as follows:

Impairment of loans
Management assesses impairment by assessing the probability of repayment of loans based on an analysis of individual borrowers for individually significant loans and, in total, for loans with similar terms and risk characteristics.

When evaluating individual loans, factors considered include repayment history, the borrower's current financial condition, the timeliness of payments and collateral, if any. To determine the amount of impairment, the management evaluates the amounts and terms of future payments for repayment of principal and interest and proceeds from the sale of collateral, if any. These cash flows are then discounted using the original effective rate for the position. Actual principal and interest payments depend on the borrower's ability to generate cash flow from operations or obtain alternative financing and may differ from management's estimates.

Factors taken into account when assessing the impairment of loans assessed in total include accumulated credit loss assessment experience, the percentage of delinquent debt in the loan portfolio and general economic conditions. Note 7 provides information on the book value of loans to customers and the amount of recognized provisions for impairment. If the actual repayment amounts were lower than management estimates, the Bank would have to record additional impairment losses.

Lease
Determining the lease terms, the Bank applies judgments that take into account the bank's strategy regarding the purpose of maintaining individual leased properties, plans regarding the procedure for opening and closing bank divisions, the Bank's practice in drawing up lease agreements, and historical data regarding their maintenance.

Prior to 01.04.2023 the Bank set the lease term of 5 years (60 months) under long-term lease contracts with the possibility to extend the lease if the Bank already leases the premises and the Bank intends to continue to lease them. As of 01.04.2023, as a result of continuing martial law in the country and uncertain situation with activity of the Bank in the areas close to front line where the Bank has premises leased for its branches and keeping in mind previous experience of relocation of acting branches prior to termination of lease term, the Bank revised its estimates and started to set the term for discounting of lease payments for new contracts – not longer than contractual lease term. In order to discount the reduced value of lease payments when forming lease liabilities, the Bank uses average rate of SB profitability for a respective term (1 - 3 years) in UAH adjusted by credit risk of the Bank approved by decision of Management Board.

The Bank revises the rate two times per year – as at January 1 and as at July 1.

Tax laws
Due to the presence of provisions in the Ukrainian economic and, in particular, tax legislation, which allow more than one interpretation option, as well as due to the practice that has developed in a generally unstable economic environment due to the arbitrary interpretation by tax authorities of various aspects of economic activity, the Bank may be forced recognize additional tax liabilities, fines and penalties in case the tax authorities question a certain interpretation based on the judgment of the Bank's management. Tax records remain open for review by tax authorities for five years.

Note 5. New and revised standards

The adopted accounting policy corresponds to the accounting policy applied in the previous reporting year, with the exception of the adopted new standards that came into force on January 1, 2023.

The Bank has not applied any standards, clarifications or amendments that have been issued but have not yet entered into force.

Changes and amendments to IFRS in force as of January 1, 2024:

- ***Amendments to IAS 1 "Presentation of Financial Statements***" - *Classification of Liabilities as Current and Non-current.*
- ***Amendments to IAS 1 "Presentation of Financial Statements****"* - *Non-current Liabilities with Covenants*
- ***Amendments to IFRS 16 Leases*** - *Lease Obligations in Sales and Leaseback Transactions*
- ***Amendments to IFRS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures***" - "Supplier *Financing Arrangements"*

- ***Amendments to IAS 1 "Presentation of Financial Statements" -*** *Classification of Liabilities as Current and Non-current.*

It is clarified that a liability is classified as non-current if the entity has the right to defer settlement of the liability for at least 12 months - this right must exist at the end of the reporting period. The right to defer settlement of the obligation for at least 12 months after the end of the reporting period must be real and must exist at the end of the reporting period, regardless of whether the entity expects to exercise the right.

If a right to defer settlement of a liability is conditional on an entity meeting certain conditions, the right exists at the end of the reporting period only if the entity has met those conditions at the end of the reporting period. The conditions must be met at the end of the reporting period, even if the creditor verifies that they are met at a later date. The classification of a liability is not affected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Amendments to IAS 1 "Presentation of Financial Statements " *-* *Non-current Liabilities with Covenants* provide that an entity may classify liabilities arising from a loan agreement as non-current if the entity's right to defer repayment of those liabilities is conditional on the entity meeting specific conditions within twelve months after the end of the reporting period.

In particular, the notes should disclose information that enables users of the financial statements to understand the risk that the liabilities may become collectible within 12 months after the end of the reporting period:

(a) information about special conditions (including the nature of the special conditions and when the entity is required to comply with them) and the carrying amount of the related liabilities;

(b) facts and circumstances, if any, that indicate that the entity may have difficulty complying with the special conditions, such as that the entity has taken actions during or subsequent to the reporting period to avoid or limit the effects of the potential breach.

The amendments did not have any impact on the Bank's financial statements...

Amendments to IFRS 16 Leases - *Lease Obligations in Sales and Leaseback Transactions* explain how an entity should account for sales and leases back after the date of the transaction.

A sale and leaseback transaction is a transaction in which an entity sells an asset and leases the same asset from a new owner for a specified period of time.

The amendments supplement the requirements of IFRS 16 on sale and leaseback, thereby supporting the consistent application of the standard. Specifically, the amendments clarify that a lessee-seller does not recognize any gain or loss in respect of a right of use retained by the lessee-seller. However, this does not deprive a lessee-seller of the right to recognize in profit or loss any gain or loss on the partial or total termination of such a lease.

The amendments did not have any impact on the Bank's financial statements.

Amendments to IFRS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" - "Supplier *Financing Arrangements"* requires disclosures about its supplier financing arrangements that enable users of financial statements to evaluate the effects of those arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

The key changes to IFRS 7 and IAS 7 include disclosure requirements:

- the terms of financing arrangements;
- the carrying amount of financial liabilities that are part of financing arrangements with suppliers and the line items in which those liabilities are recorded;
- the carrying amount of financial liabilities for which suppliers have already received payment from financial service providers;
- the range of payment terms for financial liabilities that are part of these arrangements.

The amendments require entities to disclose the type and effect of non-cash changes in the carrying amount of financial liabilities that are part of a supplier financing arrangement.

The amendments are effective for annual periods beginning on or after January 1, 2024, with no comparative information required for the first year.

The amendments did not have any impact on the Bank's financial statements.

The new standards and interpretations that will be mandatory for the Bank in the future are set out below.

The following amendments to IFRS will become effective on and after **January 1, 2025**:

- Amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates - Non-convertibility*.

Amendments to IAS 21 The Effects of Changes Exchange Rates - Non-convertibility are mandatory for application from January 1, 2025. Early adoption is permitted.

The amendments relate to the definition of a convertible (exchangeable) currency. The standard has been amended to define what a convertible currency is, provide guidance on how to determine whether a currency is convertible, how to determine the spot rate if the currency is not convertible, and how to disclose this in the financial statements.

The amendments are not expected to have a material impact on the Bank's financial statements.

The following amendments to IFRS will become effective on and after **January 1, 2026**:

- Amendments to IFRS 7 “Financial Instruments: Disclosures” and IFRS 9 “Financial Instruments” : "Amendments to the Classification and Measurement of Financial Instruments;
- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”;
- Amendments to IFRS 7 “Financial Instruments: Disclosures”;
- Amendments to IFRS 9 “Financial Instruments”;
- Amendments to IFRS 10 “Consolidated Financial Statements”;
- Amendments to IAS 7 Statement of Cash Flows.

Amendments to IFRS 7 “Financial Instruments: Disclosures” and IFRS 9 “Financial Instruments” : *"Amendments to the Classification and Measurement of Financial Instruments.*

The amendments relate to the requirements for settling financial liabilities using electronic payment systems and assessing the contractual cash flow characteristics of financial assets, including those related to environmental, social and governance (ESG) aspects. In addition, the NBU amended the disclosure requirements for investments in equity instruments designated as at fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features that do not directly relate to major credit risks and losses.

Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards”. In particular, IFRS 1 was amended to align with the requirements of IFRS 9 “Financial Instruments” (hereinafter - IFRS 9), and cross-references were added to improve the clarity of IFRS 1.

Under the amendments, entities are not required to recognize in their first statement of financial position under IFRS any hedging relationship that does not qualify for hedge accounting under IFRS 9.

Amendments to IFRS 7 “Financial Instruments: Disclosures”.

The amendments relate to disclosures related to the recognition of differences between the transaction price and fair value at initial recognition. The amendments were made to align the wording of the Guidance on Implementation of IFRS 7 “Financial Instruments: Disclosures” with the relevant provisions of IFRS 7 and the concepts in IFRS 9 and IFRS 13.

Amendments to IFRS 9 “Financial Instruments”.

The amendments relate to the termination of lease obligations by a lessee in accordance with the requirements of IFRS 9. The term “transaction price” was also removed from certain provisions of IFRS 7 to eliminate inconsistencies between IFRS 7 and IFRS 9 and IFRS 15.

Amendments to IFRS 10 Consolidated Financial Statements.

The amendments are made to eliminate an inconsistency between paragraphs in IFRS 10 to clarify that the relationship described in paragraph B74 is only one example of a circumstance in which judgment is required to determine whether a party is acting as an effective agent or not.

Amendments to IAS 7 Statement of Cash Flows.

The amendment is to update the terminology in IFRS 7 Statement of Cash Flows in relation to cash flows associated with investments in subsidiaries, associates and joint ventures.

The following new IFRSs are effective from **January 1, 2027,** and later:

- IFRS 18 “Presentation and Disclosure of Information in Financial Statements”;

- IFRS 19 "Subsidiaries not Reporting to the Public: Disclosures".

IFRS 18 "Presentation and Disclosure of Information in Financial Statements"
The new accounting standard IFRS 18 "Presentation and Disclosure of Information in Financial Statements" (hereinafter - IFRS 18) replaces IAS 1 "Presentation of Financial Statements".

IFRS 18 sets out the requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to provide relevant information that gives a true and fair view of the assets, liabilities, equity, income and expenses of an entity. The adoption of IFRS 18 will not affect the entity's net profit but will only change the way it is presented in the statement of comprehensive income and in the notes to the financial statements.

IFRS 18 standardizes the presentation of financial results, eliminating the differences that previously made it difficult to compare financial results between different companies, and introduces the term "operating profit" as an important measure of operating performance. The standard requires entities to clearly allocate revenues and expenses to categories such as operating, investing and financing, taking into account the existence of specific types of principal activities. The new standard defines and requires entities to disclose performance measures determined by management (management performance measures), which must be reconciled to the most directly comparable interim financial results required by IFRS 18 and will be subject to statutory audit as part of the financial statements.

The standard also establishes enhanced requirements for aggregation and disaggregation of information in the main financial statements and/or notes.

IFRS 18 is aimed at improving the quality of reporting by entities, enhancing investor and other user confidence, and providing consistent information for analysis and comparison. Entities need to start considering and preparing for reporting under the new standard, primarily by determining an impact assessment, reviewing accounting policies, aggregating data, and adapting systems and processes to prepare financial statements.

IAS 19 "Subsidiaries not Reported to the Public: Disclosures". Early adoption is permitted.
IFRS 19 simplifies the reporting processes for subsidiaries in the scope of IFRS 19, reducing costs and preserving the usefulness of financial statements to their users.

IFRS 19 allows subsidiaries to prepare only one set of financial statements to meet the needs of both the parent company and its own users and reduces the disclosure requirements for subsidiaries.

A subsidiary is eligible to apply IFRS 19 if:

- the subsidiary is not publicly accountable/accountable to the public (i.e., its debt or equity instruments are not traded in a public market or in the process of being issued for trading in a public market) and is not a financial institution; and
- the intermediate or ultimate parent prepares consolidated financial statements that are available for public use and that meet the requirements of IFRS.

The introduction of IFRS 19 will result in changes to other IFRSs.
The amendments are not expected to have a material impact on the Bank's financial statements.

Note 6. Cash and cash equivalents

Table 6.1. Cash and cash equivalents

(UAH'000)

		31.12.2024	**31.12.2023**
1	Cash and cash equivalents	2 967 940	1 623 162
2	Funds in the National Bank of Ukraine	462 584	1 064 581
3	NBU deposit certificates	3 723 570	10 798 429
4	Correspondent accounts, deposits and overnight loans with banks:	1 013 611	782 524
4.1	Ukraine	784 861	780 926
4.2	Other countries	228 750	1 598
5	Provision for impairment of cash	(33 647)	(18 925)
6	**Total cash and cash equivalents**	**8 134 058**	**14 249 771**

The following data were used for the purpose of preparation of the Statement of cash flows

(UAH'000)

		31.12.2024	31.12.2023
1	Cash and cash equivalents	8 134 058	14 249 771
2	Provision for impairment of cash	33 647	18 925
3	Less accrued income	(3 571)	(227 429)
4	**Total cash and cash equivalents for preparation of the Statement of cash flows**	**8 164 134**	**14 041 267**

Table 6.2. Changes of provision for impairment of cash and cash equivalents in 2024

(UAH'000)

		Correspondent accounts in banks	Total
1	**Balance as at January 1, 2024**	**(18 925)**	**(18 925)**
2	Increase (decrease) in the provision during the period	(14 219)	(14 219)
3	FX differences	(503)	(503)
4	**Balance as at December 31, 2024**	**(33 647)**	**(33 647)**

Table 6.3. Changes in provision for impairment of cash and cash equivalents in 2023

(UAH'000)

		Correspondent accounts in banks	Total
1	**Balance as at January 1, 2023**	**(6 252)**	**(6 252)**
2	Increase (decrease) in the provision during the period	(12 498)	(12 498)
3	FX differences	(175)	(175)
4	**Balance as at December 31, 2023**	**(18 925)**	**(18 925)**

During the reporting periods of 2024 and 2023, the gross carrying amount of cash and cash equivalents changed only due to initiation and repayment of financial assets.

As at December 31, 2024, the amount of funds on correspondent accounts of banks in other countries, which are restricted in accordance with the NBU Resolution No. 18 of February 24, 2022, and other regulations in connection with the military aggression of the Russian Federation against Ukraine, namely UAH 12930 thousand, is classified by the Bank as restricted cash within "Other financial assets".

Table 6.4. Credit quality of cash and cash equivalents as at December 31, 2024

(UAH'000)

		Funds in the National Bank of Ukraine	Correspondent accounts	Total
1	High rating	4 186 154	1 013 611	5 199 765
2	Cash and cash equivalents, provision for impairment included	4 186 154	1 013 611	5 199 765
3	Provision for impairment of cash and cash equivalents	-	(33 647)	(33 647)
4	**Total cash and cash equivalents (except cash in hand) net of provision**	**4 186 154**	**979 964**	**5 166 118**

Table 6.5. Credit quality of cash and cash equivalents as at December 31, 2023

(UAH'000)

		Funds in the National Bank of Ukraine	Correspondent accounts	**Total**
1	High rating	11 863 010	782 524	12 645 534
2	Cash and cash equivalents, provision for impairment included	11 863 010	782 524	12 645 534
3	Provision for impairment of cash and cash equivalents	-	(18 925)	(18 925)
4	**Total cash and cash equivalents (except cash in hand) net of provision**	**11 863 010**	**763 599**	**12 626 609**

Note 7. Loans and due from customers

Table 7.1. Loans and due from customers at amortized cost

(UAH'000)

		31.12.2024	**31.12.2023**
1	Loans to legal entities	525 241	1 080 211
2	Loans to private entrepreneurs	1	3
3	Mortgage loans	5 083	2 638
4	Consumer loans	468 487	305 406
5	Provision for impairment of loans at amortized cost	(354 605)	(632 810)
6	**Total loans at amortized cost less provisions**	**644 207**	**755 448**

Table 7.2. Credit quality of loans and due from customers at amortized cost as at December 31, 2024

(UAH'000)

		Stage 1	**Stage 2**	**Stage 3**	**Total**
1	Loans and due from customers at amortized cost	565 581	148 357	284 874	998 812
1.1	Minimal credit risk	12 073	-	-	12 073
1.2	Low credit risk	35 070	18 768	-	53 838
1.3	Medium credit risk	518 438	127 251	-	645 689
1.4	High credit risk	-	2 338	122 037	124 375
1.5	Defaulted assets	-	-	162 837	162 837
2	Total gross carrying amount of loans and due from customers at amortized cost	565 581	148 357	284 874	998 812
3	Provision for impairment of loans and due from customers at amortized cost	(88 328)	(12 876)	(253 401)	(354 605)
4	**Total loans and due from customers at amortized cost**	**477 253**	**135 481**	**31 473**	**644 207**

Table 7.3. Credit quality of loans and due from customers at amortized cost as at December 31, 2023

(UAH’000)

		Stage 1	Stage 2	Stage 3	Total
1	Loans and due from customers at amortized cost	582 827	219 016	586 415	1 388 258
1.1	Minimal credit risk	97 489	-	-	97 489
1.2	Low credit risk	33 530	49 039	-	82 569
1.3	Medium credit risk	451 808	166 994	-	618 802
1.4	High credit risk	-	2 983	167 706	170 689
1.5	Defaulted assets	-	-	418 709	418 709
2	Total gross carrying amount of loans and due from customers at amortized cost	582 827	219 016	586 415	1 388 258
3	Provision for impairment of loans and due from customers at amortized cost	(58 031)	(22 621)	(552 158)	(632 810)
4	**Total loans and due from customers at amortized cost**	**524 796**	**196 395**	**34 257**	**755 448**

The gross carrying amount of loans to the 10 largest customers as at December 31, 2024, is UAH 338858 thousand (as at December 31, 2023 - UAH 616629 thousand). The amount of income accrued on such loans in 2024 is UAH 48620 thousand (2023: UAH 31953 thousand).

Table 7.4. Changes of allowance for ECL for loans and due from customers at amortized cost as at December 31, 2024

(UAH’000)

		Stage 1	Stage 2	Stage 3	Total
1	**Balance as at January 1, 2024**	**(58 031)**	**(22 621)**	**(552 158)**	**(632 810)**
2	(Increase)/decrease of allowance during the period	(36 174)	4 312	8 569	(23 293)
3	Total effect of transfers between stages	5 877	5 577	13 550	25 004
3.1	Transfer to/from stage 1*	7 380	(129)	(2 181)	5 070
3.2	Transfer to/from stage 2*	(1 200)	5 706	(1 317)	3 189
3.3	Transfer to/from stage 3*	(303)	-	17 048	16 745
4	Adjustment of interest income measured at amortized cost	-	-	(8 203)	(8 203)
5	Write-off of financial assets through consumption of allowance	-	-	295 130	295 130
6	FX differences	-	(144)	(10 289)	(10 433)
7	**Balance as at December 31, 2024**	**(88 328)**	**(12 876)**	**(253 401)**	**(354 605)**

* Includes ECL under assets as at the moment of transfer between stages and changes in measurement of ECL after transfer

Table 7.5. Changes of allowance for ECL for loans and due from customers at amortized cost as at December 31, 2023

(UAH’000)

		Stage 1	Stage 2	Stage 3	Total
1	**Balance as at January 1, 2023**	**(30 633)**	**(23 338)**	**(735 076)**	**(789 047)**
2	(Increase)/decrease of allowance during the period	(24 100)	10 192	4 119	(9 789)
3	Total effect of transfers between stages	(3 298)	(9 111)	(59 173)	(71 582)
3.1	Transfer to/from stage 1*	278	(6 647)	(3 044)	(9 413)

		Stage 1	Stage 2	Stage 3	Total
3.2	Transfer to/from stage 2*	(2 944)	(2 246)	(47 273)	(52 463)
3.3	Transfer to/from stage 3*	(632)	(218)	(8 856)	(9 706)
4	Adjustment of interest income measured at amortized cost	-	-	(14 975)	(14 975)
5	Write-off of financial assets through consumption of allowance	-	-	255 649	255 649
6	FX differences	-	(364)	(2 702)	(3 066)
7	**Balance as at December 31, 2023**	**(58 031)**	**(22 621)**	**(552 158)**	**(632 810)**

* Includes ECL under assets as at the moment of transfer between stages and changes in measurement of ECL after transfer

Table 7.6. Changes in gross carrying amount of provision for impairment of loans and due from customers at amortized cost as at December 31, 2024

(UAH'000)

		Stage 1	Stage 2	Stage 3	Total
1	**Gross carrying amount as at January 1, 2024**	**582 827**	**219 016**	**586 415**	**1 388 258**
2	Acquired/initiated financial assets	442 647	17 737	1 425	461 809
3	Financial assets derecognized or repaid (except for those written off)	(371 380)	(30 605)	(2 659)	(404 644)
4	Transfer to/from stage 1*	(96 563)	415	2 310	(93 838)
5	Transfer to/from stage 2*	5 779	(66 179)	1 319	(59 081)
6	Transfer to/from stage 3*	1 439	1 077	(21 334)	(18 818)
7	Write-off of financial assets through consumption of allowance	-	-	(295 130)	(295 130)
8	FX differences	832	6 896	12 528	20 256
9	**Gross carrying amount as at December 31, 2024**	**565 581**	**148 357**	**284 874**	**988 812**

* Includes ECL under assets as at the moment of transfer between stages and changes in measurement of ECL after transfer.

Table 7.7. Changes in gross carrying amount of provision for impairment of loans and due from customers at amortized cost as at December 31, 2023

(UAH'000)

		Stage 1	Stage 2	Stage 3	Total
1	**Gross carrying amount as at January 1, 2023**	**553 271**	**408 387**	**807 404**	**1 769 062**
2	Acquired/initiated financial assets	451 974	41 434	73 608	567 016
3	Financial assets derecognized or repaid (except for those written off)	(383 365)	(300 722)	(109 049)	(793 136)
4	Transfer to/from stage 1*	(60 139)	74 838	3 181	17 880
5	Transfer to/from stage 2*	17 131	(13 383)	63 562	67 310
6	Transfer to/from stage 3*	3 350	922	(53)	4 219
7	Write-off of financial assets through consumption of allowance	-	-	(255 649)	(255 649)
8	FX differences	605	7 540	3 411	11 556
9	**Gross carrying amount as at December 31, 2023**	**582 827**	**219 016**	**586 415**	**1 388 258**

* Includes ECL under assets as at the moment of transfer between stages and changes in measurement of ECL after transfer.

All loans written off by the Bank in 2024 are the object of claims and court claims (2022: are the object of claims and court claims).

Modified loans

The Bank derecognizes financial assets if the contractual terms are revised in such a way that it becomes a new financial instrument while the difference is recognized as profit or loss from derecognition before the impairment loss is recognized. At initial recognition, loans are recorded at Stage 2 or measurement of ECL if there are no indicators of default.

If the modification does not result in derecognition, the Bank recognizes profit or loss from modification based on changes in cash flows discounted at initial effective interest rate prior to recognition of impairment loss.

The Table below presents assets of Stage 3 with the terms revised during the period and disclosure of profit or loss from modification:

(UAH’000)

Loans to customers modified during the period	**31.12.2024**	**31.12.2023**
Amortized cost prior to modification	-	31 227
Net income/loss) from modification	-	(9 092)

As at December 31, 2024, there were no assets whose terms were renegotiated from the date of initial recognition and at the time of renegotiation these assets were classified as Stage 3, and which were transferred to Stage 1 during the reporting period.

Table 7.8. The structure of loans by types of economic activity

	Type of economic activity	**31.12.2024**		**31.12.2023**	
		amount	**%**	**amount**	**%**
1	Extraction of other minerals and quarrying	18 108	1,81	16 462	1,18
2	Manufacturing	19 057	1,91	161 610	11,64
3	Wholesale and retail trade	155 702	15,59	266 723	19,21
4	Auxiliary activities in the fields of financial services and insurance; provision of financial services other than insurance and pension funding	47 491	4,76	65 115	4,69
5	Real estate activities	19 564	1,96	49 039	3,53
6	Activities of travel agencies, travel operators, and other reservation services	25 033	2,50	28 543	2,06
7	Supply of electricity, gas, steam and air conditioning	48 482	4,85	240 783	17,34
8	Construction of buildings; construction of structures; specialized construction work	60 775	6,09	24 968	1,80
9	.Computer programming, consulting and related activities	-	-	65 069	4,69
10	Rents and leasing	19 846	1,99	32 654	2,35
11	Agriculture, hunting and related services	47 701	4,77	41 446	2,99
12	Individuals	470 558	47,11	308 044	22,19
13	Other	66 495	6,66	87 802	6,33
14	**Total loans and advances to customers without provisions**	**998 812**	**100**	**1 388 258**	**100**

The Bank provides loans to businesses in a wide range of economic activities. The concentration of credit risk is focused on trade, construction, and power supply.

Table 7.9. Information on loans by type of collateral as at December 31, 2024

(UAH'000)

		Loans to legal entities	Loans to private entrepreneurs	Mortgage loans	Consumer loans to individuals	Total
1	Unsecured loans	120 657	1	-	444 885	565 543
2	Secured loans:	404 584	-	5 083	23 602	433 269
2.1	cash	13 719	-	-	-	13 719
2.2	real estate	179 592	-	5 083	10 094	194 769
2.2.1	including residential premises	47 792	-	2 071	9 777	59 640
2.3	other assets	211 273	-	-	13 508	224 781
3	**Total loans and dues from customers net of allowance**	**525 241**	**1**	**5 083**	**468 487**	**998 812**

Table 7.10. Information about loans by type of collateral as at December 31, 2023

(UAH'000)

		Loans to legal entities	Loans to private entrepreneurs	Mortgage loans	Consumer loans to individuals	Total
1	Unsecured loans	471 943	3	1 062	281 240	754 248
2	Secured loans:	608 268	-	1 576	24 166	634 010
2.1	cash	97 040	-	-	-	97 040
2.2	real estate	217 461	-	1 576	10 420	229 457
2.2.1	including residential premises	37 234	-	1 576	9 662	48 472
2.3	other assets	293 767	-	-	13 746	307 513
3	**Total loans and dues from customers net of allowance**	**1 080 211**	**3**	**2 638**	**305 406**	**1 388 258**

These tables show the amount of loans secured by collateral, not the fair value of the collateral itself.

The bank provides loans on the territory of Ukraine. Borrowers' ability to repay their debts depends on a number of factors, including the general financial condition of individual borrowers and the state of Ukraine's economy. In the event of the borrower's inability to repay debts, the Bank, acting within the framework of current legislation and the terms of concluded contracts (loans, pledges, mortgages, etc.), may apply the following methods in relation to the pledged property:

- acceptance of the subject of pledge (mortgage) into the ownership of the Bank in order to repay the debt;
- sale of the subject of pledge (mortgage) by the Bank to a third party;
- execution of a notary's writ of execution on foreclosure on pledged property and sale of the subject of pledge (mortgage) through the law-enforcement service.

Only if it is impossible to resolve the issue of debt collection out of court, the Bank applies to the court with a claim for debt collection and/or foreclosure on the subject of the pledge (mortgage), since the process of considering the case in court is quite long in time and in the further implementation of the court decision is related to the professionalism of executive services, that is, it no longer fully depends on the actions of the Bank.

Table 7.11. Impact of collateral value on credit quality as at December 31, 2024

(UAH'000)

		Carrying amount	Expected cash flows from sale of collateral	Effect of collateral
1	Loans to legal entities	307 900	1 563 876	(1 255 976)
2	Mortgage loans	4 432	12 870	(8 438)
3	consumer loans	331 875	53 980	277 895

4	**Total loans to individuals**	**644 207**	**1 630 726**	**(986 519)**

Table 7.12. Impact of collateral value on credit quality as at December 31, 2023

(UAH'000)

		Carrying amount	**Expected cash flows from sale of collateral**	**Effect of collateral**
1	Loans to legal entities	556 910	1 621 637	(1 064 727)
2	Mortgage loans	2 638	6 338	(3 700)
3	Consumer loans	195 900	70 764	125 136
4	**Total loans to individuals**	**755 448**	**1 698 739**	**(943 291)**

Security in the form of real estate (residential and other), other property is evaluated by independent experts accredited by the Bank. Security in the form of property rights to funds is accepted in an amount sufficient to cover the loan and interest.

Note 8. Investments in securities

Table 8.1. Investments in securities

(UAH'000

		31.12.2024	**31.12.2023**
1	Securities at amortized cost	2 913 310	4 337 206
2	Securities at fair value through other comprehensive income	4 897 138	189 214
3	**Total securities**	**7 810 448**	**4 526 420**

Table 8.2. Investments in securities at amortized cost

(UAH'000)

		31.12.2024	**31.12.2023**
1	Debt securities:	3 007 182	4 481 716
1.1	State bonds	3 007 182	4 481 716
2	Allowance under debt securities at amortized cost	(93 872)	(144 510)
3	**Total debt securities at amortized cost**	**2 913 310**	**4 337 206**

As at December 31, 2024, state bonds include medium- and long-term interest-bearing state bonds denominated in UAH.

Table 8.3. Investments in securities carried at fair value through other comprehensive income

(UAH'000)

		31.12.2024	**31.12.2023**
1	Debt securities:	5 090 195	208 116
1.1	State bonds	5 090 195	208 116
2	Allowance under debt securities through other comprehensive income	(193 057)	(18 902)
3	**Total securities at fair value through other comprehensive income less allowance**	**4 897 138**	**189 214**

As at December 31, 2024, domestic government bonds include short-term non-interest-bearing EUR-denominated state bonds, medium- and long-term interest-bearing UAH and USD-denominated state bonds.

As at December 31, 2024, all available state bonds are classified as financial assets with minimal credit risk (Stage 1).

Table 8.4. Changes of allowance for ECL under debt securities at amortized cost as at December 31, 2024

(UAH’000)

		Stage 1	Total
1	**Balance as at January 01, 2024**	**(144 510)**	**(144 510)**
2	(Increase)/decrease in provision during the period	50 626	50 626
3	Sale of assets	12	12
4	**Balance as at December 31, 2024**	**(93 872)**	**(93 872)**

Table 8.5. Changes of allowance for ECL under debt securities at fair value through other comprehensive income as at December 31, 2023

(UAH’000)

		Stage 1	Total
1	**Balance as at January 1, 2023**	**-**	**-**
2	(Increase)/decrease of allowance during the period	(144 510)	(144 510)
3	**Balance as at January 31, 2023**	**(144 510)**	**(144 510)**

Table 8.6. Analysis of changes in allowances for expected credit losses on debt securities at fair value through other comprehensive income as at 31 December 2024

(UAH’000)

		Stage 1	Total
1	**Balance as at January 01, 2024**	**(18 902)**	**(18 902)**
2	(Increase)/decrease in allowance during the period	(195 748)	(195 748)
3	Sale of assets	21 593	21 593
4	**Balance as at December 31, 2024**	**(193 057)**	**(193 057)**

Table 8.7. Analysis of changes in allowances for expected credit losses on debt securities at fair value through other comprehensive income as at 31 December 2023

(UAH’000.)

		Stage 1	Total
1	**Balance as at January 01, 2023**	**-**	**-**
2	(Increase)/decrease in allowance during the period	(18 902)	(18 902)
3	**Balance as at December 31, 2023**	**(18 902)**	**(18 902)**

Table 8.8. Analysis of changes in the gross carrying amount of debt securities carried at amortized cost as at December 31, 2024

(UAH’000)

		Stage 1	Total
1	**Gross carrying amount as at January 01, 2024**	**4 481 716**	**4 481 716**
2	Purchased/initiated financial assets	656 859	656 859
3	Financial assets derecognized or redeemed	(2 146 523)	(2 146 523)
4	Foreign exchange differences	15 130	15 130
5	**Gross carrying amount as at December 31, 2024**	**3 007 182**	**3 007 182**

Table 8.9. Analysis of changes in the gross carrying amount of debt securities carried at amortized cost as at December 31, 2023

(UAH'000)

		Stage 1	Total
1	**Gross carrying amount as at January 01, 2023**	**4 049 469**	**4 049 469**
2	Purchased/initiated financial assets	4 390 195	4 390 195
3	Financial assets derecognized or redeemed	(3 957 948)	(3 957 948)
4	**Gross carrying amount as at December 31, 2023**	**4 481 716**	**4 481 716**

Table 8.10: Analysis of changes in the gross carrying amount of debt securities at fair value through other comprehensive income as at 31 December 2024

(UAH 000)

		Stage 1	Total
1	**Gross carrying amount as at January 01, 2024**	**208 116**	**208 116**
2	Purchased/initiated financial assets	5 330 002	5 330 002
3	Financial assets derecognized or extinguished	(688 704)	(688 704)
4	Revaluation of financial assets	220 302	220 302
5	Foreign exchange differences	20 479	20 479
6	**Gross carrying amount as at December 31, 2024**	**5 090 195**	**5 090 195**

Table 8.11. Analysis of changes in the gross carrying amount of debt securities at fair value through other comprehensive income as at December 31, 2023

(UAH 000)

		Stage 1	Total
1	**Gross carrying amount as at January 01, 2023**	**19 403**	**19 403**
2	Purchased/initiated financial assets	231 200	231 200
3	Financial assets derecognized or extinguished	(62 676)	(62 676)
4	Revaluation of financial assets	20 189	20 189
5	**Gross carrying amount as at December 31, 2023**	**208 116**	**208 116**

As at December 31, 2024, the Bank owns securities with non-fixed income, namely shares of PFTS Stock Exchange JSC, which are carried at fair value through other comprehensive income with a nominal value of UAH 60 thousand and a carrying value of zero.

Note 9. Investment property

Table 9.1. Investment property measured at fair value

(UAH'000)

		31.12.2024	31.12.2023
1	**Fair value of investment property at the beginning of the period**	**53 530**	**6 207**
2	Proceeds from repossession of collateral to satisfy loans outstanding	-	18 415
3	Gains/Losses on remeasurement to fair value	(575)	28 908
4	Transfer to non-current assets held for sale	(12 845)	-
5	**Fair value of investment property at the end of the period**	**40 110**	**53 530**

As at December 31, 2024, investment property includes non-residential premises with a total area of 136,737.6 sq. m., which the Bank acquired by way of foreclosure in repayment of debt under loan agreements and is used by the Bank for lease.

During the reporting period, a part of investment property, namely 17 land plots for the total amount of UAH 12,845 thousand, was transferred to non-current assets held for sale.

The Bank accounts for investment property at fair value. As at December 31, 2024, the fair value of investment property is determined by Level 3 of the fair value hierarchy. The Bank regularly monitors the fair value of its investment property and revalues it at least once a year based on the valuation by independent professional appraisers using comparative, income and cost methods within the following assumptions and limitations.

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

(UAH'000)

		31.12.2024	31.12.2023
1	Income from lease of investment property	10 649	6 631

Table 9.3. Minimal future lease payments under non-cancellable operating lease if the bank is a lessor

(UAH'000)

		31.12.2024	31.12.2023
1	Up to 1 year	8 543	9 556
2	1 - 5 years	-	5 637
3	**Total**	**8 543**	**15 193**

The Bank acts as a lessor of a part of non-residential premises with a total area of 136,737.6 sq.m., to which the Bank acquired ownership in 2023.

Note 10. Intangible assets

Table 10.1. Changes in intangible assets, except for goodwill

(UAH'000)

		Computer software	Licenses and franchise	Copyright, patents/ other rights to industrial rights, rights of servicing and use	Rights to trademarks	Capital investments in intangible assets in progress	Total intangible assets
1	**Carrying amount as of January 01, 2023**	**11 996**	**7 576**	**636**	**6**	**835**	**21 049**
1.1	**Initial (revalued) cost**	**23 657**	**11 334**	**2 982**	**6**	**835**	**38 814**
1.2	**Amortization as at January 01, 2023**	**(11 661)**	**(3 758)**	**(2 346)**	**-**	-	**(17 765)**
2	Acquisition	7	111	-	-	1 634	1 752
3	Improvements to intangible assets	1 118	1 234	-	2	-	2 354
4	Amortization charges	(3 020)	(1 474)	(432)	(3)	-	(4 929)
5	Reclassification from capital investments in progress to the appropriate group of IA	-	-	-	-	(2 469)	(2 469)
6	**Carrying amount as at December 31, 2023/ January 01, 2024**	**10 101**	**7 447**	**204**	**5**	-	**17 757**
6.1	**Historical (revalued) value**	**24 782**	**12 679**	**2 982**	**8**	-	**40 451**
6.2	**Amortization as at December 31, 2023/ January 01, 2024**	**(14 681)**	**(5 232)**	**(2 778)**	**(3)**	-	**(22 694)**
7	Acquisition	3 334	-	-	-	6 844	10 178
8	Improvements to intangible assets	1 056	2 454	-	-	-	3 510
9	Amortization charges	(3 278)	(1 817)	(136)	(2)	-	(5 233)
10	Reclassification from capital investments in progress to the appropriate group of IA	-	-	-	-	(6 844)	(6 844)
11	**Carrying amount as at December 31, 2024**	**11 213**	**8 084**	**68**	**3**	-	**19 368**
11.1	**Historical (revalued) value**	**29 172**	**15 133**	**2 982**	**8**	-	**47 295**
11.2	**Amortization as at December 31, 2024**	**(17 959)**	**(7 049)**	**(2 914)**	**(5)**	-	**(27 927)**

As at December 31, 2024, the Bank did not pledge intangible assets as collateral.

The cost of fully amortized intangible assets is UAH 8974 thousand (December 31, 2023: UAH 8974 thousand). The Bank continues to use these assets.

The Bank had no ownership restrictions on intangible assets as at the end of the day December 31, 2024.

No intangible assets were created.

There were no increases or decreases during the reporting period arising from revaluations and impairment losses recognized or reversed directly in equity.

Noye 11. Fixed assets and right-of-use assets

Table 11.1. Fixed assets and right-of-use assets

		31.12.2024	**31.12.2023**
1	Fixed assets	396 516	202 274
2	Right-of-use assets	126 395	159 912
3	**Total fixed assets and right-of use assets**	**522 911**	**362 186**

Table 11.2. Fixed assets

(UAH'000)

		Buildings, structures and transmitters	Machinery and equipment	Vehicles	Instruments and tools, fixtures (furniture)	Other fixed assets	Other noncurrent tangible assets	Capital investments into fixed assets in progress	Total
1	**Carrying amount as at January 01, 2023:**	-	**16 203**	**50 571**	**4 193**	**23 367**	**3 998**	**74 349**	**172 681**
1.1	**Original (revalued) cost**	-	**29 044**	**70 582**	**8 343**	**33 786**	**41 150**	**74 349**	**257 254**
1.2	**Depreciation as at January 01, 2023:**	-	**(12 841)**	**(20 011)**	**(4 150)**	**(10 419)**	**(37 152)**	-	**(84 573)**
2	Acquisition	-	12 112	3 492	1 092	7 336	10 745	67 282	102 059
3	Improvements to fixed assets	-	541	2 022	14	1 921	933	-	5 431
4	Disposal of fixed assets	-	(96)	-	(21)	(298)	(26)	(805)	(1 246)
4.1	Initial (revalued) cost	-	(566)	-	(84)	(1 501)	(3 225)	(805)	(6 181)
4.2	Depreciation	-	470	-	63	1 203	3 199	-	4 935
5	Depreciation charges	-	(4 909)	(10 982)	(837)	(5 888)	(13 621)	-	(36 237)
6	Restoration of usefulness	-	-	2 284	-	-	-	-	2 284
7	Reclassification from capital investments in progress to the appropriate group of fixed assets	-	-	-	-	-	-	(42 698)	(42 698)
8	**Carrying amount as at December 31, 2023/ January 01, 2024**	-	**23 851**	**47 387**	**4 441**	**26 438**	**2 029**	**98 128**	**202 274**
8.1	**Historical (revalued) value**	-	**41 131**	**76 096**	**9 365**	**41 542**	**49 603**	**98 128**	**315 865**
8.2	**Depreciation as at December 31, 2023/ January 01, 2024**	-	**(17 280)**	**(28 709)**	**(4 924)**	**(15 104)**	**(47 574)**	**-**	**(113 591)**
9	Acquisition	116 858	34 001	77 188	4 179	21 187	15 479	253 508	**522 400**
10	Improvements of fixed assets	55 965	895	1 663	16	813	517	-	**59 869**
11	Disposal of fixed assets	-	(23)	(483)	-	(154)	-	-	**(660)**
11.1	Initial (revalued) cost	-	(406)	(843)	(116)	(275)	(3 422)	-	**(5 062)**
11.2	Depreciation	-	383	360	116	121	3 422	-	**4 402**
12	Depreciation and amortization charges	(320)	(7 174)	(20 791)	(868)	(6 650)	(16 446)	-	**(52 249)**
13	Impairment	-	-	(6 127)	-	-	-	-	**(6 127)**
14	Reversal of impairment	-	-	802	-	-	-	-	**802**
15	Reclassification from capital investments in progress to the appropriate group of property, plant and equipment	-	-	-	**-**	**-**	**-**	**(329 793)**	**(329 793)**
16	**Carrying amount as at December 31, 2024**	**172 503**	**51 550**	**99 639**	**7 768**	**41 634**	**1 579**	**21 843**	**396 516**
16.1	**Historical (revalued) value**	**172 823**	**75 621**	**154 104**	**13 444**	**63 267**	**62 177**	**21 843**	**563 279**
16.2	**Depreciation as at December 31, 2024**	**(320)**	**(24 071)**	**(54 465)**	**(5 676)**	**(21 633)**	**(60 598)**	**-**	**(166 763)**

There are no fixed assets subject to statutory restrictions on ownership, use and disposal.

As at December 31, 2024, the Bank did not pledge any property, plant and equipment.

The Bank does not have any property, plant and equipment that are temporarily not in use or withdrawn from operation for sale.

The cost of fully depreciated property, plant and equipment as at December 31, 2024, amounted to UAH 95371 thousand (December 31, 2023: UAH 70649 thousand). The Bank continues to use these assets.

There were no increases or decreases during the reporting period arising from revaluations, as well as from impairment losses recognized or reversed directly in equity.

In 2024, the Bank recognized an impairment of UAH 6127 thousand on vehicles transferred in accordance with the applicable law during martial law to the Armed Forces of Ukraine and other formations and also restored the usefulness of UAH 802 thousand of a part of assets (one collection vehicle) transferred to the Armed Forces of Ukraine in previous years and returned during the reporting period.

Table 11.3. Right-of-use assets

(UAH'000)

		31.12.2024	31.12.2023
1	Historical value of right-of-use asset	241 885	265 159
2	Depreciation of right-of-use asset	(115 490)	(105 247)
3	**Carrying amount of right-of-use asset**	**126 395**	**159 912**

Table 11.4. Change in right-of-use assets during the period ending on December 31, 2024

(UAH'000)

Cost	Buildings	Vehicles	Total
January 01, 2024, in accordance with IFRS 16	263 652	1 507	265 159
Additions	83 271	1 594	84 865
Disposals	(108 139)	-	(108 139)
December 31, 2024	238 784	3 101	241 885
Accumulated depreciation			
January 01, 2024, in accordance with IFRS 16	(104 511)	(736)	(105 247)
Accrued for the period	(118 122)	(309)	(118 431)
Disposals	108 188	-	108 188
December 31, 2024	(114 445)	(1 045)	(115 490)
Depreciated value			
January 01, 2024, in accordance with IFRS 16	159 141	771	159 912
December 31, 2024	124 339	2 056	126 395

Table 11.5. Change in right-of-use assets during the period ending on December 31, 2023

(UAH'000)

Cost	Buildings	Vehicles	Total
January 1, 2023, in accordance with IFRS 16	291 123	1 507	292 630
Acquisition	40 802	-	40 802
Disposal	(68 273)	-	(68 273)
December 31, 2023	263 652	1 507	265 159
Accumulated depreciation			
January 1, 2023, in accordance with IFRS 16	(72 606)	(425)	(73 031)
Acquisition	(100 107)	(311)	(100 418)
Disposal	68 202	-	68 202
December 31, 2023	(104 511)	(736)	(105 247)
Depreciated value			
January 1, 2023, in accordance with IFRS 16	218 517	1 082	219 599
December 31, 2023	159 141	771	159 912

The Bank exercised the option to extend the lease so that the total term of all leases concluded before 01.04.2024, in accordance with IFRS 16, is 60 months, except for leases where the right to use assets are located in the temporarily occupied territories. Starting from 01.04.2023, the lease term, as a non-cancellable lease period, is the term specified in the lease agreements. The lease agreements do not contain any guarantees of residual value and sale of property with subsequent (leaseback). The leased assets are leased by the Bank to conduct its statutory activities.

As at December 31, 2024, the Bank accounted for 157 leases in accordance with the standard.

Note 12. Other assets

Table 12.1. Other assets

(UAH'000)

		31.12.2024	31.12.2023
1	*Other financial assets*	*337 193*	*221 334*
1.1	Receivables under transactions with pay cards	26 302	64 231
1.2	Cash limited in use	161 154	118 133
1.3	Nonconfirmed cash	370	347
1.4	Receivables under transactions with customers	17 081	15 394
1.5	Receivables under transactions with banks	109 158	3 719
1.6	Accrued income under bank transactions	23 128	19 510
2	Provision for impairment of other financial assets	(24 174)	(21 731)
3	***Total other financial assets less provisions***	**313 019**	**199 603**
4	Nonconfirmed cash	*44 148*	*164 879*
4.1	Receivables under transactions with customers	33 292	82 680
4.2	Receivables under transactions with banks	1 647	1 096
4.3	Accrued income under bank transactions	6 419	4 603
4.4	Assets received by the Bank as a mortgagor	2 790	76 500
5	Provision for impairment of other non-financial assets	(650)	(693)
6	***Total other non-financial assets less provisions***	**43 498**	**164 186**

Restricted cash includes amounts of cash cover placed with JSC "FUIB", JSC CB "PrivatBank" and the National Bank of Ukraine to ensure settlements on payment card transactions, with PJSC "BANK FAMILY" to ensure money transfers of individuals, with JSC NBC Bank to ensure counter-guarantee, as well as funds on correspondent accounts of banks in russia and belarus, which are restricted in accordance with the NBU Resolution No. 18 of 24. 02.2022 and other regulations in connection with the military aggression of the russian federation against Ukraine.

Table 12.2. Provision for impairment of other financial assets in 202

(UAH'000)

	Provision	Cash limited in use	Non-confirmed cash	Accrued income under bank transactions	Receivables under transactions with banks	Total
1	**Balance as at January 1, 2024**	**(16 327)**	**(347)**	**(1 338)**	**(3 719)**	**(21 731)**
2	(Increase)/decrease of provision for impairment during the period	(2 666)	-	(304)	-	(2 970)
3	Assets written off through provision	-	-	218	-	218
4	FX difference	674	(23)	-	(342)	309
5	**Balance as at December 31, 2024**	**(18 319)**	**(370)**	**(1 424)**	**(4 061)**	**(24 174)**

In 2024, the bad debts on other financial assets written off at the expense of the provision for bad debts on other financial assets in the amount of UAH 2 thousand and bad debts on other financial assets written off in previous reporting periods in the amount of UAH 3 thousand were repaid, which is reflected by reducing the net loss from impairment of financial assets in the Statement of Profit or Loss and Other Comprehensive Income.

Table 12.3. Changes of provision for impairment of other financial assets in 20232

(UAH'000)

	Provision	Cash limited in use	Non-confirmed cash	Accrued income under bank transactions	Receivables under transaction with customers	Receivables under transactions with banks	Total
1	**Balance as at January 1, 2023**	**(2 511)**	**(382)**	**(1 593)**	**(157)**	**(3 375)**	**(8 018)**
2	(Increase)/decrease of provision for impairment during the period	(13 782)	43	66	-	-	(13 673)
3	Assets written off through provision	-	-	189	156	-	345
4	FX difference	(34)	(8)	-	1	(344)	(385)
5	**Balance as at December 31, 2023**	**(16 327)**	**(347)**	**(1 338)**	**-**	**(3 719)**	**(21 731)**

Table 12.4. Changes of provision for impairment of other non-financial assets in 2024

(UAH'000)

	Provision	Receivables under prepaid assets and services	Receivables under business transactions	Total
1	**Balance as at January 01, 2024**	**(107)**	**(586)**	**(693)**
2	(Increase)/decrease in provision for impairment during the reporting period	85	19	104
3	FX difference	-	(61)	(61)
4	**Balance as at December 31, 2024**	**(22)**	**(628)**	**(650)**

Table 12.5. Changes of provision for impairment of other non-financial assets in 2024

3UAH'000)

	Provision	Receivables under prepaid assets and services	Receivables under business transactions	Total
1	**Balance as at January 1, 2023**	**(1 008)**	**(604)**	**(1 612)**
2	(Increase)/decrease of provision for impairment during the period	901	30	931
3	Assets written off through provision	-	10	10
4	FX difference	-	(22)	(22)
5	**Balance as at December 31, 2023**	**(107)**	**(586)**	**(693)**

Table 12.6. Credit quality of other financial assets as at December 31, 2024

(UAH'000)

		Receivabl under pay ca transactio	**Cash imited in use**	**Non-confirmed cash**	**Receivables under transactions vith customers**	**Receivables under transactions with banks**	**Accrued income under bank transactions**	**Total**
1	Not overdue and not impaired receivables	26 302	100	-	17 081	105 097	20 955	169 535
1.1	Small companies	26 302	-	-	17 081	-	14 980	58 363
1.2	Receivables from financial institutions	-	100	-	-	105 097	5 975	111 172
2	Overdue but not impaired debt	-	-	-	-	-	71	71
3	Debt impaired at group basis	-	-		-	-	951	951
3.1	0 – 7 days delay	-	-		-	-	47	47
3.2	8 - 30 days delay	-	-		-	-	46	46
3.3	31 – 60 days delay	-	-		-	-	51	51
3.4	61 - 80 days delay	-	-		-		37	37
	81 – 90 days delay	-	-		-	-	1	1
3.5	Over 90 days delay	-	-		-		769	769
4	Debt impaired at individual basis	-	161 054	370	-	4 061	1 151	166 636
5	Total other financial assets, provision included	26 302	161 154	370	17 081	109 158	23 128	337 193
6	Provision for impairment of other financial assets	-	(18 319)	(370)	-	(4 061)	(1 424)	(24 174)
7	**Total other financial assets net of provision**	**26 302**	**142 835**	**-**	**17 081**	**105 097**	**21 704**	**313 019**

Table 12.7. Credit quality of other financial assets as at December 31, 2023

(UAH'000)

		Receivabl under pay ca transactio	**Cash imited in use**	**Non-confirmed cash**	**Receivables under transactions vith customers**	**Receivables under transactions with banks**	**Accrued income under bank transactions**	**Total**
1	Not overdue and not impaired receivables	64 231	100	-	15 394	-	17 398	97 123
1.1	Small companies	64 231	-	-	15 394	-	13 588	93 213

		Receivabl under pay ca transactio	Cash imited in use	Non-confirmed cash	Receivables under transactions vith customers	Receivables under transactions with banks	Accrued income under bank transactions	Total
1.2	Receivables from financial institutions	-	100	-	-	-	3 810	3 910
2	Overdue but not impaired debt	-	-	-	-	-	116	116
3	Debt impaired at group basis	-	-		-	-	929	929
3.1	0 – 7 days delay	-	-		-	-	35	35
3.2	8 - 30 days delay	-	-		-	-	22	22
3.3	31 – 60 days delay	-	-		-	-	47	47
3.4	61 - 80 days delay	-	-		-		43	43
	81 – 90 days delay	-	-		-	-	1	1
3.5	Over 90 days delay	-	-		-		781	781
4	Debt impaired at individual basis	-	118 033	347	-	3 719	1 067	123 166
5	Total other financial assets, provision included	64 231	118 133	347	15 394	3 719	19 510	221 334
6	Provision for impairment of other financial assets	-	(16 327)	(347)	-	(3 719)	(1 338)	(21 731)
7	**Total other financial assets net of provision**	**64 231**	**101 806**	**-**	**15 394**	**-**	**18 172**	**199 603**

Table 12.8. Assets received by the Bank as a mortgagor

(UAH'000)

		31.12.2024	**31.12.2023**
1	Property received by the Bank	76 500	104 338
2	Impairment of property received by the Bank as mortgagor	(16 342)	(30 628)
3	Inflow	(57 368)	2 790
4	**Total assets received by the Bank as a mortgagor**	**2 790**	**76 500**

The property transferred to the Bank as a mortgagor consists of residential real estate (apartment) with a total area of 78.7 square meters with an estimated value of UAH 2,790 thousand, which the Bank has foreclosed on to repay the debt under loan agreements.

The property transferred to the Bank as a collateral holder is accounted for at net realizable value, which as at December 31, 2024, amounted to UAH 2,790 thousand.

Note 13. Non-current assets held for sale

Table 13.1. Non-current assets held for sale

(UAH'000)

Non-current assets held for sale		31.12.2024	31.12.2023
1	Other assets	57 368	-
1.1.	Property transferred to the bank as a mortgagor	57 368	
3	**Total non-current assets held for sale**	**57 368**	**-**

Table 13.2. Changes in non-current assets held for sale:

(UAH'000)

		31.12.2024	31.12.2023
1	**Non-current assets held for sale as at the beginning of the period**	-	-
2	Transfer from "Other assets" (property transferred to the bank as a mortgagor	57 368	-
3	Transfer from "Investment property"	12 845	-
4	Sale of non-current assets held for sale	(12 845)	-
5	**Non-current assets held for sale as at the end of the period**	**57 368**	**-**

In 2024, the Bank transferred to "Non-current assets held for sale":

- from "Investment property" 17 land plots for a total amount of UAH 12845 thousand and sold them at a price of UAH 8365 thousand, the loss from the transaction amounted to UAH 4480 thousand

- from "Other assets" (property transferred to the bank as a pledgee) - four non-residential real estate objects (garages) with a total area of 76.1 sq.m. with an estimated value of UAH 4935 thousand and two residential real estate objects (apartments) with a total area of 395.5 sq.m. with an estimated value of UAH 52433 thousand. The sale of these objects is scheduled for January 2025.

Mote 14. Due to customers

Table 14.1. Due to customers

(UAH'000)

		31.12.2024	31.12.2023
1	Other legal entities	10 449 278	12 843 750
1.1	Current accounts	7 425 977	6 406 614
1.2	Term deposits	3 023 301	6 437 136
2	Individuals	5 977 742	6 628 361
2.1	Current accounts	1 231 661	1 466 911
2.2	Term deposits	4 746 081	5 161 450
3	**Total due to customers**	**16 427 020**	**19 472 111**

Accrued interest expense on current accounts and term deposits of legal entities in the amount of UAH 8330 thousand (31.12.2023: UAH 11167 thousand) and individuals in the amount of UAH 42726 thousand (31.12.2023: UAH 60003 thousand) is included in amounts due to customers.

Restricted cash balances (arrested) amount to UAH 1041770 thousand

Table 14.2. Due to customers by type of economic activity

(UAH'000)

	Type of business	31.12.2024		31.12.2023	
		amount	**%**	**amount**	**%**
1	Agriculture, forestry and fisheries	605 835	3,69%	122 187	0,63%
2	Manufacture of food, beverages and tobacco products	22 721	0,14%	161 925	0,83%
3	Manufacture of basic pharmaceuticals and pharmaceutical products	10 485	0,07%	28 347	0,15%
4	Manufacture of rubber and plastic products, other non-metallic mineral products	118 257	0,72%	194 329	1,00%
5	Manufacture of electrical equipment	1 489 804	9,07%	448 190	2,30%
6	Manufacture of machinery and equipment	8 257	0,05%	11 897	0,06%
7	Manufacture of vehicles	229 424	1,40%	172 679	0,89%
8	Supply of electricity, gas, steam and air conditioning	1 404 673	8,55%	716 004	3,68%
9	Construction	406 532	2,48%	1 481 927	7,61%
10	Transportation, warehousing, postal and courier activities	226 798	1,38%	443 190	2,28%
11	Wholesale and retail trade; repair of motor vehicles and motorcycles	1 922 122	11,70%	2 259 646	11,60%
12	Publishing, radio and television broadcasting	44 534	0,27%	26 064	0,13%
13	Finance and insurance	633 235	3,85%	846 300	4,35%
14	Real estate transactions	182 761	1,11%	364 219	1,87%
15	Law, accounting, architecture and engineering, technical testing and research	193 571	1,18%	220 927	1,13%
16	Other professional, research and technical activities	841 301	5,12%	842 275	4,32%
17	Administrative and support services	237 341	1,44%	141 041	0,72%
18	Arts, entertainment and recreation	704 817	4,29%	2 713 439	13,94%
19	Non-resident legal entities	315 600	1,92%	447 630	2,30%
20	Individuals	5 977 742	36,39%	6 628 361	34,04%
21	Other	851 210	5,18%	1 201 534	6,17%
22	**Total due to customers**	**16 427 020**	**100%**	**19 472 111**	**100%**

Table 14.3. Customers' funds used as a security under loan-related liabilities

(UAH'000)

		31.12.2024	31.12.2023
1	Loans	16 521	116 012
1.1	funds of individuals funds of legal entities	15 050	114 683
1.2	Guarantees	1 471	1 329
2	funds of legal entities	92 712	84 930

		31.12.2024	31.12.2023
2.1	funds of individuals	91 847	82 322
2.2	Aval promissory notes	865	2 608
3	funds of legal entities	10 658	10 258
3.1	funds of individuals	10 258	10 258
3.2	**Total**	400	-
4		**119 891**	**211 200**

Note 15. Provisions for liabilities

Table 15.1. Changes in provisions for liabilities in 2024

(UAH’000)

	Changes	Loan commitments	Total
1	**Balance as at January 1, 2024**	**7 044**	**7 044**
2	Setting and/or increase of provision	988	988
3	**Balance as at December 31, 2024**	**8 032**	**7 044**

Table 15.2. Chanes in provisions for liabilities in 2023

(UAH’000)

	Changes	Loan commitments	Total
1	**Balance as at January 1, 2023**	**4 820**	**4 820**
2	Setting and/or increase of provision	2 224	2 224
3	**Balance as at December 31, 2023**	**7 044**	**7 044**

The Bank has formed provisions for loan commitments, namely overdraft liabilities to individuals and legal entities, as well as guarantees to corporate customers.

Note 16. Other liabilities

Table 16.1. Other liabilities

(UAH’000)

		31.12.2024	31.12.2023
1	***Other financial liabilities***	**211 037**	**270 748**
1.1	Lease liabilities	132 747	171 870
1.2	Payables under transactions with customers	50 559	65 867
1.3	Payables under transactions with pay cards	16 455	24 244
1.4	Payables under off-balance sheet transactions	9 471	5 566
1.5	Payables under lease	47	224
1.6	Accrued expenses under banking transactions	1 758	2 977
2	***Other non-financial liabilities***	**110 950**	**81 940**
2.1	Payables for settlements with bank employees	66	109

		31.12.2024	31.12.2023
2.2	Provision for vacation payments	63 738	45 613
2.3	Deferred income	2 364	3 170
2.4	Payables under taxes and duties other than income tax	22 914	23 394
2.5	Payables under acquisition of assets	781	318
2.6	Payables for services	21 087	9 336

Table 16.2. Lease liabilities

(UAH’000)

		31.12.2024	31.12.2023
1	Lease liabilities recognized	131 052	170 022
2	Accrued interest expense under lease liabilities	1 695	1 848
3	**Carrying amount of lease liabilities at the end of the reporting period**	**132 747**	**171 870**

Applying the principle of consistency, the Bank believes that lease concessions in the context of martial law in Ukraine, as well as during the pandemic (COVID-19), do not result in a modification of the right-of-use asset, but only affect the reduction of recognized lease liabilities under IFRS 16 “Leases”. The Bank recognizes changes in lease payments in the income statement as “Other operating income”. As of the end of the day of December 31, 2024, the lease payment amounted to UAH 5,982 thousand.

Note 17. Share capital and share premium

The registered and paid share capital of the Bank as at December 31, 2024, amounted to UAH 284,540 thousand (December 31, 2023: UAH 284,540 thousand), divided into ordinary registered shares in the amount of 277,600 shares with a nominal value of UAH 1,025 each.

There were no changes in the Bank's share capital during the reporting period. The Bank's share capital is presented as follows:

(UAH’000)

		Number of shares in circulation (thousands of units)	Ordinary shares	Total
1	**Balance as at January 01, 2023**	**278**	**284 540**	**284 540**
2	**Balance as at December 31, 2023/January 01, 2024**	**278**	**284 540**	**284 540**
3	**Balance as at December 31, 2024**	**278**	**284 540**	**284 540**

Note 18. Assets and liabilities by maturities

(UAH'000)

		Note	31.12.2024 Less than 12 months	31.12.2024 Over 12 months	31.12.2024 Total	31.12.2023 Less than 12 months	31.12.2023 Over 12 months	31.12.2023 Total
ASSETS								
1	Cash and cash equivalents	6	8 134 058	-	**8 134 058**	14 249 771	-	**14 249 771**
2	Loans and due from customers	7	382 433	261 774	**644 207**	574 406	181 042	**755 448**
3	Investments in securities	8	4 498 828	3 311 620	**7 810 448**	1 635 003	2 891 417	**4 526 420**
4	Investment property	9	-	40 110	**40 110**	-	53 530	**53 530**
5	Receivables under current income tax		2	-	**2**	-	-	-
6	Deferred tax asset	23	-	-	-	3 067	-	**3 067**
7	Intangible assets	10	-	19 368	**19 368**	-	17 757	**17 757**
8	Fixed assets and right-of-use assets	11	-	522 911	**522 911**	-	362 186	**362 186**
9	Other financial assets	12	313 019	-	**313 019**	199 603	-	**199 603**
10	Other non-financial assets	12	40 708	2 790	**43 498**	87 686	76 500	**164 186**
11	Non-current assets held for sale	13	57 368	-	**57 368**	-	-	-
12	**Total assets**		**13 426 416**	**4 158 573**	**17 584 989**	**16 749 536**	**3 582 432**	**20 331 968**
LIABILITIES								
13	Due to customers	14	16 416 762	10 258	**16 427 020**	19 461 844	10 267	**19 472 111**
14	Liabilities under current income tax		31 860	-	**31 860**	49 160	-	**49 160**
15	Provisions for liabilities		36 472	-	**36 472**	-	-	-
16	Other financial liabilities	15	8 032	-	**8 032**	7 044	-	**7 044**
17	*Including lease liabilities*	16	143 604	67 433	**211 037**	153 578	117 170	**270 748**
	Other non-financial liabilities		*68 088*	*64 659*	***132 747***	*55 249*	*116 621*	***171 870***
18	**Total liabilities**	16	110 950	-	**110 950**	81 940	-	**81 940**
19	Due to customers		**16 747 680**	**77 691**	**16 825 371**	**19 753 566**	**127 437**	**19 881 003**

Note 19. Interest income and expense

(UAH'000)

		2024	2023
INTEREST INCOME CALCULATED BASED ON EFFECTIVE INTEREST RATE			
Interest income on financial assets at amortized cost:			
1	Loans and advances to customers	205 159	219 312
2	NBU deposit certificates	1 271 958	1 106 736
3	Debt securities	656 858	653 447

The notes on pages 8-76 are an integral part of these 2024 annual financial statements.

		2024	2023
4	Correspondent accounts with other banks	203	263
5	**Total interest income on financial assets at amortized**	**2 134 178**	**1 979 758**
	Interest income on financial assets at fair value through other comprehensive income		
6	Debt securities	255 094	4 011
7	Total interest income on financial assets at fair value through other comprehensive income	255 094	4 011
8	**Total interest income calculated at the effective interest rate**	**2 389 272**	**1 983 769**
9	**Total interest income**	**2 389 272**	**1 983 769**
	INTEREST EXPENSE CALCULATED BASED ON EFFECTIVE INTEREST RATE		
	Interest expense on financial liabilities at amortized cost		
11	Term deposits of legal entities	(374 644)	(390 774)
12	Term deposits of individuals	(674 817)	(379 331)
13	Time deposits of other banks	-	(41 703)
14	Current accounts of other banks	(250 527)	(310 749)
15	Other	(11 350)	(9 426)
16	**Total interest expense calculated at the effective interest rate**	**(1 311 338)**	**(1 131 983)**
17	Lease liabilities	(20 677)	(25 009)
18	**Total interest expense**	**(1 332 015)**	**(1 156 992)**
19	**Net interest income**	**1 057 257**	**826 777**

Note 20. Commission income and expense

(UAH’000)

		2024	2023
	COMMISSION INCOME		
1	Cash settlements transactions	775 552	651 973
2	Debt servicing	3 160	1 891
3	Currency market transactions	88 529	118 552
4	Guarantees issued	15 233	18 893
5	Other	1 296	1 211
6	**Total commission income**	**883 770**	**792 520**
	COMMISSION EXPENSE:		
7	Cash settlements transactions	(133 615)	(120 391)
8	Bank services under pay card transactions	(27 452)	(18 292)
9	Other	(503)	(1 414)
10	**Total commission expense**	**(161 570)**	**(140 097)**
11	**Net commission income**	**722 200**	**652 423**

Note 21. Other operating income

(UAH'000)

		2024	2023
1	Operating lease income *including income from lease of investment property*	13 069 *10 649*	8 666 *6 631*
2	Sublease income	370	418
3	Income under agency agreements	295	341
4	Gain on disposal of fixed and intangible assets	19	-
5	Revaluation (impairment) of right-of-use assets and lease liabilities *incl. lease concession*	13 458 *5 982*	17 949 *13 631*
6	Gain on derecognition of financial liabilities at amortized cost	2 473	3 744
7	Fines and penalties on credit transactions	62	20
8	Gain on restoration to market value of fixed assets to market value	802	2 284
9	Income from receipt of pledged property	-	882
10	Revaluation of property acquired by the bank as a mortgagor	1 100	-
11	Other	1 179	1 065
12	**Total operating income**	**32 827**	**35 369**

Note 22. Administrative and other operating expenses

Table 22.1. Employee benefits

(UAH'000)

		2024	2023
1	Salaries and bonuses	865 426	725 104
2	Payroll charges	133 796	94 485
3	Other payments to employees	10 817	8 670
4	**Total labour cost**	**1 010 039**	**828 259**

Table 22.2. Depreciation and amortization

(UAH'000)

		2024	2023
1	Depreciation of fixed assets	52 249	36 237
2	Amortization of software and intangible assets	5 233	4 929
3	Depreciation of fight-of-use asset	66 265	58 509
4	**Total depreciation and amortization**	**123 747**	**99 675**

Table 22.3. Other administrative and other operating expenses

(UAH'000)

		2024	2023
1	Cost of maintenance of fixed and intangible assets,	123 675	102 914

The notes on pages 8-76 are an integral part of these 2024 annual financial statements.

		2024	2023
	telecommunications and other operating services		
2	Expenses under operating lease (low-value and short-term leases)	11 429	10 929
3	Professional services	7 089	4 471
4	Marketing and advertising	8 111	7 484
5	Insurance costs	112 003	56 688
6	Security costs	21 840	15 576
7	Payment of other taxes and dues other than income tax	54 879	38 099
8	Business expenses	17 803	21 905
9	Expenses for utilities	28 161	19 489
10	Expenses for collection and transportation of valuables	1 762	879
11	Expenses for sponsorship and charity	18 580	7 073
12	Expenses under agency agreements	111 998	112 040
13	Royalties	3 898	9 146
14	Expenses from modification of financial assets	-	9 092
15	Fines and penalties	580	21 139
16	Lease concessions	11	57
17	Expenses on transactions with self-service terminals	38 167	15 923
18	Loss on sale of non-current assets held for sale	4 480	-
19	Impairment losses through financial results	6 127	-
20	Impairment of property acquired by the bank as a mortgagor	17 442	30 628
21	Other expenses	9 686	6 305
22	**Total administrative and other operating expenses**	**597 721**	**489 837**

Note 23. Income tax expense

Table 23.1. Income taxes paid

(UAH’000)

		2024	2023
1	Current income tax	162 095	80 369
2	Change in deferred income tax related	(2 152)	(2 362)
2.1	to: origination or reversal of temporary differences at 18% rate	-	(154)
2.2	Origination or reversal of temporary differences at the rate of 25%.	(2 152)	(2 208)
3	Other changes (adjustment to income tax for prior periods)	(1 033)	-
4	**Total Income tax expense**	**158 910**	**78 007**

Table 23.2. Reconciliation of financial income (loss) and taxable income (loss)

(UAH’000)

		2024	2023
1	Earnings before taxes	309 115	132 558
2	Theoretical tax charges at respective tax rate *	154 557	66 279
ADJUSTMENT OF FINANCIAL INCOME (LOSS):			
3	Effect of non-deductible expenses recognized in accounting	120 943	29 586
4	Effect of non-deductible expenses recognized in the financial statements	(113 405)	(15 496)
5	Effect of changes in deferred income tax	(2 152)	(2 362)
6	Other changes (adjustments to income tax of prior periods)	(1 033)	-

		2024	2023
7	**Total income tax expense (loss)**	**158 910**	**78 007**

* income tax rate in 2023 and 2024 - 50%

Table 23.3. Tax effects of recognition of deferred tax assets and liabilities in 2024

(UAH'000)

		Balance as at 01.01.2024	**Recognized in profit /loss**	**Recognized in other comprehensive income**	**Balance as at 31.12.2024**
1	Tax effect of temporary differences decreasing (increasing) taxable object and tax loss carry-forward	3 067	2 152	(41 691)	(36 472)
1.1	Fixed and intangible assets	5 614	1 897	-	7 511
1.2	Other assets	507	8	-	515
1.3	Other liabilities	1 761	247	-	2 008
1.4	Revaluation of securities through equity	(4 815)	-	(41 691)	(45 506)
2	**Net deferred tax asset (liability**	**3 067**	**2 152**	**(41 691)**	**(36 472)**
3	**Deferred tax asset recognized**	**3 067**	**2 152**	**(41 691)**	**(36 472)**

Table 23.4. effects of recognition of deferred tax assets and liabilities in 2023

(UAH'000)

		Balance as at 01.01.2023	**Recognized in profit /loss at the rate of**		**Recognized in other comprehensive income**	**Balance as at 31.12.2023**
			18%	**25%**		
1	Tax effect of temporary differences decreasing (increasing) taxable object and tax loss carry-forward	5 639	154	2 208	(4 934)	3 067
1.1	Fixed and intangible assets	4 053	(11)	1 572	-	5 614
1.2	Other assets	599	(234)	142	-	507
1.3	Other liabilities	868	399	494	-	1 761
1.4	Revaluation of securities through equity	119	-	-	(4 934)	(4 815)
2	**Net deferred tax asset (liability**	**5 639**	**154**	**2 208**	**(4 934)**	**3 067**
3	**Deferred tax asset recognized**	**5 639**	**154**	**2 208**	**(4 934)**	**3 067**

Note 24. Earnings/(loss) per ordinary share

Table 24.1. Net and adjusted earnings/(loss) per ordinary share

(UAH'000)

		2024	2023
1	Earnings (loss) attributable to owners of ordinary shares of the Bank	150 205	54 551
2	Profit of the reporting period	150 205	54 551
3	Average number of ordinary shares circulating (thou pcs) *	278	278
4	**Net and adjusted earnings per ordinary share (UAH per share)**	**541,08**	**196,51**

* In 2024, the average annual number of outstanding ordinary shares was 277,600.

The Bank has no dilutive potential ordinary shares, so the net profit does not differ from the adjusted profit.

Note 25. Financial risk management

CB «ACCORDBANK» PJSC has been created a risk management system that corresponds to the size, business model, scale of operations, types, and complexity of the bank's operations and provides detection, measurement (assessment), monitoring, reporting, control and mitigation of all significant bank risks in order to determine the amount of capital required by the bank to cover all significant risks inherent in its activities.

The process of risk management consists in identifying (identifying) risks, assessing their magnitude, controlling risk positions, as well as continuous monitoring of risks to ensure timely response in view of their dynamics.

Risk management in the Bank is based on the following basic principles:

- efficiency – ensuring an objective assessment of the size of the bank's risks and the completeness of risk management measures with optimal use of financial resources, personnel and information systems for the bank's risk management;
- timeliness – ensuring timely (at an early stage) detection, measurement, monitoring, control, reporting and mitigation of all types of risks at all organizational levels;
- structuredness – a clear distribution of functions, responsibilities and risk management powers between all structural units and employees of the bank, and their responsibilities in accordance with such distribution;
- segregation of duties (separation of the control function from the execution of bank operations) – avoiding a situation in which the same person conducts bank operations and performs control functions;
- versatility and comprehensiveness – coverage of all types of bank activity at all organizational levels and in all its structural divisions, assessment of the mutual impact of risks;
- proportionality – compliance of the risk management system with the bank's business model, its systemic importance, as well as the level of complexity of operations conducted by the bank;
- independence – freedom from circumstances that pose a threat to the impartial performance of the risk management unit and the compliance control unit of their functions;
- confidentiality – restricting access to information that must be protected from unauthorized access;
- transparency – disclosure by the bank of information on the risk management system and risk profile.

The internal regulatory framework for risk management, which meets internal and external requirements for modern risk management, is based on domestic and foreign practice and is constantly updated. The main task of the internal regulatory framework for risk management is the formation of a methodological basis for the implementation of risk management in the Bank.

The organizational structure of the Bank's risk management system is based on the division of responsibilities between the Bank's divisions using the model of three lines of defence:

1) **on the first line of defence** are the bank's business units and support units. They are the owners of all the risks arising in the area of their responsibility. These divisions are responsible for identifying and assessing risks, taking management measures and reporting on such risks;

2) **on the second line of defence**, the Department of Risk Management and the Department of Control over Observance of Norms (Compliance), which manage risks;

3) **on the third line of defence**, the Internal Audit Office assesses the effectiveness of the risk management system by units of the first and second levels of defence.

The organizational structure of the risk management system in the Bank is defined in the internal document «Regulations on the organizational structure of the risk management system of «CB «ACCORDBANK» PJSC, which defines the distribution of functions, responsibilities and powers of risk management between all subjects of the risk management system and other employees Bank, and the order of interaction between them...

The system of identification and assessment of certain types of risks assumed by the Bank is based on uniform principles for certain types of risks and modern risk assessment methodology. The main task of the system of identification and assessment of certain types of risks is to ensure timely detection of risks and assessment of their level as an information base for making management decisions regarding risk management. The system includes methods and procedures for identification and assessment of certain types of risks, methods of stress testing of certain types of risks.

The Bank conducts a comprehensive assessment of the following significant types of risks inherent in its activities:

- credit risk;
- liquidity risk;
- interest rate risk of the bank book;

- market risk;
- operational risk;
- compliance risk;
- strategic risk.

A system of risk reporting, control and monitoring, the main tasks of which are:
- regularly informing the Bank's management about the level of risks;
- determination of the Bank's tolerance levels for certain types of risks, which is expressed in the establishment of a system of normative values of indicators or their limits, and their constant updating;
- ensuring compliance with internal risk regulations and NBU regulations through appropriate risk control and monitoring mechanisms.

Limits are set and the departments responsible for their implementation are determined at the ALMC meeting based on the proposals of the Risk Management Department. Approval of these limits is conducted at the meeting of the Supervisory Board of the Bank at the request of the Committee of the Supervisory Board on Risk Management.
Risk management is the basis of banking business and an essential component of banking operations. The main risks inherent in the Bank's operations are risks related to the issuance of loans, liquidity, market fluctuations in interest rates and exchange rates, as well as operational risks.

Credit risk
The Bank identifies and accepts credit risk as the major risk, namely the risk of the Bank incurring losses as a result of non-performance, untimely or incomplete performance by the debtor/counterparty of financial obligations to the Bank in accordance with the terms of the contract. Credit risk in the Bank is determined and managed on the basis of internal bank provisions, credit risk assessment models, including those developed in accordance with the standards of the Basel Committee on Banking Supervision, in accordance with the requirements of NBU Board Resolution No. 351 (Basel II standards), NBU Board Resolution No. 64 , Resolutions of the Board of the NBU No. 97.

The Bank's credit risk management involves the Supervisory Board, the Supervisory Board Committee on Risk Management, the Management Board, the Asset and Liability Management Committee, the Credit Committee, the Risk Management Department, the Internal Audit Department, the Treasury Operations Department, the Credit Department, the Corporate Products Department and service, the Department of Card Business Development and Consumer Credit, the Department of Investment Business, the Department of Security, the Department of Financial Monitoring, units responsible for accounting and reporting.

The credit risk management system is governed by the Bank's Credit Risk Management Policy, the Regulation on the Procedure for Calculation of the Amount of Credit Risk Based on Active Banking Operations, the Methodology for Assessing the Bank's Financial Status and Determining the Class of the Bank's Debtor (Counterparty), the Bank's Collateral Property Management Policy and other internal bank documents.

During credit risk management, the Bank:
- calculates the amount of credit risk by assets on an individual and group basis;
- determines the value of each of the credit risk components (PD, LGD and EAD);
- determines quantitative indicators of risk appetite for credit risk;
- measures the risk of concentration;
- establishes credit acceptance criteria;
- establishes the value of credit risk limits;
- applies internal control mechanisms;
- defines a clear process of making credit decisions, taking into account the powers of collegial bodies to make relevant decisions;
- determines the list of documents and information necessary for making credit decisions;
- creates documentation for each credit decision;
- grants loans to persons associated with the Bank on terms that do not differ from the terms of granting such types of loans to other persons;
- does not involve members of the Supervisory Board of the Bank or collegial bodies who have the right to make a credit decision, but who are related parties to the borrower, in the approval of the decision on issuance loans.

The Bank's credit risk management process is continuous and based on the following principles:
- compliance with credit risk standards set by the National Bank of Ukraine;
- distribution of functions and responsibilities for risk management;
- preparation of credit risk reporting on an ongoing basis;

- setting standard values of risk indicators and regular monitoring of their compliance;
- regular review of credit risk standards (at least once a year);
- regular informing of the bank's management on the level of credit risk;
- development of a system for assessing and forecasting expected credit losses (NBU Board Resolution No. 351), formation of provisions for expected credit losses (in accordance with IFRS 9);
- regular stress testing.

When managing credit risk, the Bank uses the following approaches:
- credit risk is subdivided into individual and portfolio risks;
- separate analysis of risk of concentration of assets;
- analytic substantiation of issuance of loans;
- reliability of information base for adequate administering and monitoring of loans;
- proper work with non-performing assets.

The bank uses the following credit risk management methods:
- risk prevention as a method of credit risk management allows you to protect yourself from possible random events by taking preventive actions;
- risk identification – recognition and understanding of existing risks or risks that may arise in connection with new business initiatives;
- risk measurement is the basis for risk control and monitoring. Risk assessment tools must be adequate to the complexity and level of risks assumed by the bank;
- risk control is conducted by establishing restrictions and bringing them to the executors by means of provisions, standards and/or procedures that determine the duties and powers of employees;
- risk monitoring to ensure timely tracking of risk levels and exceptions to certain rules.

The maximum indicators of credit risk for the articles of the Statement of Financial Position are reflected as accurately as possible in their gross carrying amount:

(UAH'000)

	Gross carrying amount as at 31.12.2024	Gross carrying amount as at 31.12.2023
Statement of financial position		
Balances at correspondent account in NBU and other banks	**5 199 765**	**12 645 534**
Loans and due from customers	**998 812**	**1 388 258**
Investments in securities	**8 097 377**	**4 689 832**
Other financial assets	**337 193**	**221 334**
	14 633 147	**18 944 958**
Off-balance sheet items		
Loan commitments	**1 170 863**	**1 101 902**

In order to control the level of portfolio credit risk, the bank has established internal limits for the structure of the loan portfolio, the quality of the loan portfolio, the structure of collateral for loans, the structure of loans to industries, etc. As at December 31, 2024, their actual values are as follows:

	Limit	31.12.2024	31.12.2023
1. Limits of the credit portfolio structure			
- specific weight of overdrafts in the loan portfolio	**< 25%**	**17,89%**	**11,26%**
- specific weight of the guarantees provided in the loan portfolio	**< 40%**	**28,50%**	**26,60%**
2. Credit portfolio quality limits			
– the share of expected losses (losses) on active banking operations due to the realization of credit risk	**< 40%**	**17,18%**	**26,27%**
– the share of non-performing assets (NPA) in the loan portfolio	**< 35%**	**19,82%**	**25,08%**
– the maximum volume of NPA in % of the respective portfolio of loans by types of economic activity	**no limit**	**99,70%**	**100,00%**

	Limit	31.12.2024	31.12.2023
3. Limits of structure of provisions under loans			
– specific weight of blank loans in loan portfolio of the Bank	**< 72%**	**58,42%**	**48,14%**
- including specific weight of blank loans to **legal entities** in loan portfolio of the Bank	**< 37%**	**23,82%**	**29,09%**
- including specific weight of blank loans to **individuals** in loan portfolio of the Bank	**< 35%**	**34,61%**	**19,05%**
– specific weight loans secured by goods	**< 10%**	**0,03%**	**1,12%**
– specific weight of loans secured by movables	**< 40%**	**12,00%**	**29,52%**
– specific weight of loans secured by property	**< 50%**	**24,77%**	**21,37%**
4. Limits of concentration of loan portfolio by industries			
– specific weight of loans to trade entities in loan portfolio	**< 40%**	**36,20%**	**29,53%**
– specific weight of loans to construction entities in loan portfolio	**< 10%**	**1,94%**	**1,93%**
– specific weight of loans to industrial entities in loan portfolio	**< 40%**	**8,76%**	**25,24%**
– specific weight of loans to individuals in loan portfolio	**<40%**	**36,29%**	**20,51%**
– maximal geographic concentration of loan portfolio compared to total loan portfolio	**<15% of LP (except for Kyiv)**	**9,36%**	**5,80%**
5. Limits of maximal credit risk of borrowers			
– maximal risk per one borrower or a group of related borrowers	**<24,8% РК**	**23,36%**	**19,27%**
– maximal scope of large loans	**< 200% РК**	**23,36%**	**58,29%**
– total maximal risk of the Bank-related borrowers	**< 20% РК**	**0,57%**	**0,29%**
– maximal debt per one borrower/a group of related borrowers, % of total loan portfolio	**< 7% КП**	**6,10%**	**5,61%**
– maximal scope of loan portfolio by loan products compared to total loan portfolio	**No limits**	**53,03%**	**77,86%**
Limits of active investments			
- maximum growth of the TOTAL loan portfolio (EAD) as a percentage of its value at the beginning of the year, in particular	**< =23%**	**-28,1%; (actual = 1 005 430,64)**	**-21,2%; (actual = 1 398 554)**
- growth of loans to legal entities in the Bank's loan portfolio as a percentage of its value at the beginning of the year, but not more than the amount (maximum amount of EAD at the end of the period for the respective portfolio), UAH thousand	**< 14%, not over 1 240 000**	**-51,0%; (actual 533 171,66)**	**-25,0%; (actual= 1 088 890)**
- growth of loans to individuals in the Bank's loan portfolio as a percentage of its value at the beginning of the year, but not more than the amount (maximum EAD at the end of the period for the respective portfolio), UAH thousand	**< 54%, not over 477 000**	**52,5%; (actual= 472 258,98)**	**-4,7%; (actual 309 664)**
- share of securities portfolio in assets (except for government securities and NBU certificates of deposit)	**< 5%**	**0,0%**	**0,0%**
- share of receivables in assets	**< 5%**	**1,0%**	**0,5%**
7. Credit risk limits			
- maximum amount of property that the bank may acquire as collateral for repayment of debtors' debts, UAH thousand	**< 200 000**	**100 268**	**130 029**

As at December 31, 2024, the values of the main prudential ratios (according to the 01 file) were as follows:

- N7 (maximum credit risk exposure per counterparty) amounted to 23.36% (2023: 19.27%), with the norm not exceeding 25%;
- N8 (large credit risk exposure ratio) amounted to 23.36% (2023: 58.29%), with the limit of 800%.
- N9 (maximum credit risk exposure ratio for transactions with related parties) amounted to 0.57% (2023: 0.29%), with the limit not exceeding 25% of regulatory capital.

Among the methods of covering credit risk, the Bank uses the following in its activities - obtaining collateral (pledge/mortgage, cash cover, sureties).

As at December 31, 2024, collateral totalling UAH 1,734,097 thousand (2023: UAH 1,793,928 thousand) was recorded on off-balance sheet accounts.

In accordance with the requirements of the internal banking regulations, the following measures are taken to implement a comprehensive system for working with collateral (pledge/mortgage)

- assessment of the market (fair) value of collateral at the stage of making a decision on an active transaction;
- registration of the bank's encumbrances on the collateral in the relevant state registers;
- revaluation of the market value of the collateral/mortgage on a periodic basis;
- monitoring the availability and condition of the property before making a decision on an active transaction and throughout the entire loan term on a periodic basis;
- property insurance with an insurance company accredited by the bank for the term and conditions agreed by the bank.

Work with mortgages assets should comply with the following principles:

- Principle of unimpeded foreclosure;
- Principle of fair valuation;
- Principle of saving;
- Principle of availability;
- Principle of proper protection of Bank interests as the lender.

Limits on the structure of collateral for loans have been set and are being observed. In particular, as at 31.12.2024, the share of loans secured by movable property was 12.0% (2023: 29.5%), with a limit of no more than 40%; the share of loans secured by immovable property was 24.8% (2023: 21.4%), with a limit of no more than 50%; the share of blank loans in the Bank's loan portfolio was 58.4% (2023: 48.1%), with a limit of no more than 72%.

Major principles and terms of acceptance, valuation, revaluation and monitoring of assets offered (accepted) as collateral under active transactions of the Bank are set by Policies of management of pledged assets of the Bank and Credit risk management policies of the Bank.

Credit quality by assets related to the items of the statement of financial position regarding crediting based on external ratings and the Bank system of credit ratings is disclosed in Notes 6 and 7.

The Bank measures ECL under a financial instrument in a way that reflects objective probability-weighted amount measured by review of certain range of possible results taking into account time value of money based on reasonably necessary and confirmable information on past events, current situation and forecast of future economic conditions that may be received without extra cost or efforts as at the reporting date.

On February 24, 2022, a terrorist country (russian federation) launched an armed invasion of Ukraine, which led to a full-scale war throughout Ukraine. Many Ukrainian settlements have suffered significant destruction due to constant rocket attacks and artillery shelling, resulting in thousands of deaths and thousands more injured. The ongoing war continues to have a catastrophic negative impact on both business operations and the lives of all Ukrainians. Currently, active hostilities remain intense, albeit concentrated in the east and south of Ukraine, while the Autonomous Republic of Crimea and a significant part of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation. In 2022-2024, the war will continue, with numerous attacks and destruction, including of energy and other critical infrastructure across Ukraine.

The government has introduced a number of emergency measures to stabilize the economy. The war between Ukraine and the terrorist country (the Russian Federation) continues, resulting in significant destruction of property and assets in Ukraine and significant displacement of people both in Ukraine and abroad - over the years, the number of forced Ukrainian migrants abroad has continued to increase, limiting the recovery of consumer demand. The consequences of the war are changing every day, and their impact in the long term is impossible to determine. The future impact on the Ukrainian economy depends on the outcome of Russia's military intervention in Ukraine and the successful implementation of new reforms and recovery strategies by the Ukrainian government, as well as cooperation with international partners.

In 2022, according to the NBU, real GDP declined by 28.8% year-on-year. This is the deepest annual economic decline in Ukraine's history. In 2024, the economic recovery that began in 2023 continued, albeit at a somewhat slower pace. Thus, in 2024, real GDP grew by 2.9%. On the one hand, GDP growth slowed compared to 2023 (from 5.5%). On the other hand, Ukraine's economy has been recovering for the second year in a row amid a full-scale war and Russia's constant attacks on production facilities and infrastructure. A slowdown in economic growth in 2024 was expected given the deteriorating security situation, renewed electricity shortages, and low harvests. Instead, the economy was supported by strong domestic demand, loose fiscal policy, and significant business adaptability. Economic growth was to some extent supported by significant public capital expenditures, particularly in the defence industry, and by an increase in exports, given the stable operation of seaports and the expansion of production in metallurgy and mining.

In the third quarter of 2023, the NBU started a cycle of key policy rate cuts. This allowed the NBU to reduce the key policy rate by 1000 bp to 15.0% at the end of 2023 and by 200 bp to 13.0% in the first half of 2024. Favourable inflationary dynamics in 2023 and the first half of 2024 led to an active reduction in the key policy rate, which affected other market rates. However, a significant acceleration in inflation in the third quarter of 2024 changed the NBU's plans to ease monetary policy, stabilizing the key policy rate at 13%. The threat of uncontrolled inflation at the end of 2024 convinced the NBU to temporarily switch to a tight monetary policy, raising the key policy rate by 50 bp to 13.50%.

Inflation in 2024 amounted to 12.0% p.a., accelerating significantly in recent months. The second half of the year saw an acceleration in price growth, driven by the negative impact of the heat wave and drought in July, which significantly reduced the supply of a wide range of raw foods compared to the previous year, as well as by higher production costs of goods and services due to additional energy costs and rising labour costs.

In the last months of 2024, the issue of utilizing the frozen assets of the aggressor country and the income from them became more active. In the third quarter of 2024, for the first time, the tax on income from frozen assets was partially used to finance Ukraine's military and humanitarian needs. At the end of 2024, Ukraine received the first tranche of USD 1 billion from the United States under the new program for the use of proceeds of frozen assets of the aggressor country. The ERA program under the auspices of the G7 will become the main source of financial assistance from foreign partners, complementing the EFF program with the IMF and the Ukraine Facility with the EU.

The Bank's expected credit losses are measured based on the risk of default in accordance with one of two time horizons, depending on whether the borrower's credit risk has increased significantly since the initial recognition of the financial asset. The expected credit losses (allowance) for those financial assets whose credit risks have not increased significantly since initial recognition (first stage of impairment, "**Stage 1**") are based on 12-month expected credit losses. Expected credit losses (allowance) for such financial assets that have experienced a significant increase in credit risk ("Stage 2" and "Stage 3") are based on expected credit losses over the entire life of the financial asset.

Stage 2 – financial instruments with significant increase of credit risk without indications of default where ECL is measured for their total life;

Stage 3 – defaulted financial assets where ECL is measured for their total life, including POCI assets (purchased or originated credit-impaired assets).

The Bank measured risk under financial instrument as low if the counterpart has a good ability to fulfil its contractual obligations in the short-term perspective, while probability of changes (objective or subjective) that would negatively affect cash inflows is estimated as low, so the risk of default is low.

Signs indicating a significant increase in credit risk, meaning that there are circumstances to transfer an asset to Stage 2 include:

- Restructuring (except for financial restructuring) of the counterpart's debt related to financial difficulties of the debtor, including restructuring without requirement of prior full settlement of the debt as at the date of restructuring. Restructuring related to extension to total term of crediting (not related to certain tranches) through decrease of interest rate by over 15% of initial rate;
- Existence of overdue debt under financial asset: 31 and more calendar days for legal entities (except for banks) and individuals, 5 and more calendar days for debtor banks;
- Existence of negative dynamics of financial indicators of debtors – legal entities (except for banks), including losses (or negative EBIDTA), absence of clear inflows to the accounts of legal entities – debtors (except for banks) and private entrepreneurs or their insignificant scope (not over 1,5 time of the debt under loan; total clear inflows are calculated for 12 calendar months prior to calculations);
- Allocation of the debtor to classes 9 – 10 (legal entities, except for banks, budget institutions and legal entities – debtors under investment project loan) / to classes 4 – 5 (other debtors) in accordance with Regulation 351 (with changes and amendments) and internal regulations on assessment of credit risk, taking into account the possibility of the situation when, based on assessment/reassessment, a class of

the same debtor under different financial assets differs (change under one asset). The Bank establishes class of such borrower/counterpart at the lowest class under all financial assets – increase of credit risk;

- Significant decrease in the value of collateral during the life of financial asset and/or existence of other encumbrances (except for Bank encumbrances) over collateral during the life of the asset. Significance is measured for each type of collateral, namely, property – decrease of value over 35%, movables – over 50%;
- Negative dynamics of external ratings by Standard & Poor's, Fitch Ratings, Moody's Investors Service and Credit-Rating agency for resident banks.

Qualitative and qualitative indicators developed by the Bank are considered at assessment of default under liabilities of a debtor/counterpart.

Signs of impairment of assets (existence of a single factor) are a precondition for transfer to Stage 3:

- Existence of overdue debt under financial asset: 91 and more calendar days for legal entities (except for banks) and individuals, 91 and more calendar days for debtor banks;
- Existence of overdue debt under restructured financial asset that, as at the date of restructuring, was recognized as NPL (as per requirements of Regulation 351);
- Existence of information on occurrence of default, e.g., the debtor declared bankruptcy, the debtor is recognized as a bankrupt/procedure of liquidation (termination) of legal entity was initiated in accordance with the law/debtor bank was included into category of non-solvent banks by decisions of NBU/bank license was withdrawn rating of debtor bank is declared as RD and/or D;
- Restructuring of debt (considering the signs of allocation of the asset to Stage 2) related to financial difficulties of the debtor, providing for, namely:
    - ✓ Forgiveness of a part of the debt;
    - ✓ Capitalization of interest accrued and not paid (commission) or replacement them with some other asset;
    - ✓ Extension of the total term of crediting with worse terms for the creditor and without clearance of the deb;
    - ✓ Change of interest rate under the loan contract for more than 30% of initial rate.

Signs of termination of default are the removal of all above indications of impairment and fulfilment of contractual obligations by the customer for at least 180 calendar days after elimination of all signs of default.

For loans at Stage 1 the Bank calculates allowance based on ELC for 12 months for individual and portfolio levels. The Bank, in order to calculate allowance, divides financial instruments portfolio into groups with similar characteristics. ECL is calculated based on the following information: portfolio losses at 12-month horizon in previous periods, current economic conditions, respective period prior to possible losses in future.

For loans at Stage 2, Stage 3 and/or initially impaired loans the Bank estimates allowance for ECL considering indications of materiality and specific type of crediting individually or at portfolio level. The following factors are relevant: current economic situation, existence of preconditions for compliance with business plan, analysis of forecasted cash flows, inflow of funds from sale of collateral, portfolio losses in previous periods.

War related risks are included in calculation of ECL to provide for proper level of provisioning. When calculating ECL, the Bank excluded or significantly revised value of collateral, located at temporarily occupied territories and/or damaged because of military aggression and/or lost in hostilities. Bank experts selected the most sensitive industrial segments of loan portfolio, including consumer loans, mechanical engineering, certain lines of wholesale trade and made changes in the ECL forecast. So, the Bank introduces step-up ratios as multipliers for the current level of ECL to account for effect of war:

- For all borrowers in the retail loan portfolio;
- In foreign currency – for all corporate customers.

In 2024, within the framework of the developed Rules for servicing/supporting customers in connection with the introduction of martial law in Ukraine, the Procedure for restructuring and refinancing of loan debt, the following measures were taken

- 142 consumer loans to individuals with a total debt of UAH 13,300.0 thousand were restructured (in 2023: 1221 consumer loans to individuals in the amount of UAH 82,879.1 thousand)
- 8 loans to business entities with a total outstanding amount of UAH 229,052.1 thousand were restructured (2023: 18 loans to business entities with a total outstanding amount of UAH 495,781.4 thousand);

- The Bank continues to analyse and identify the most sensitive customer segments: individuals under consumer loan programs (loss of employment, IDPs, forced emigration, etc.), production entities with assets lost at temporarily occupied territories (mechanical engineering, production of vegetable oils and animal fats, etc.), damage of assets (transactions with real estate, solar generation entities, power generating entities, etc.), lost markets/demands (tourist bureaus, air transportation companies, wholesale of metal scrap, development, construction, etc.), damaged logistic chains (agrarian entities, wholesale trade), losses of financial companies (e.g., leasing companies) moved by the Bank to Stage 2/3 of impairment of assets. Besides, the Bank analyses effect of macro-indicators on operation of Bank borrowers (dynamics of real GDP, inflation index, dynamics of consumer and investment demand, dynamics or rehabilitation of logistic chains, dynamics of added value in different industries). Dynamics of recovery of usefulness under such loans, improvement of servicing and settlements of debts demonstrate balanced individual approach of the Bank to identification and minimization of these risks;

- Scheduled/unscheduled actions were taken to revalue and monitor loan collateral, taking into account the assessment of potential risks (*risks of being in the temporarily occupied territory, damage and/or destruction due to military operations, insurance, exclusion from the calculation of the provision for ECL of the value of damaged or destroyed collateral that generates cash flows necessary for the debtor's operations, etc*.) and realized risks (property damage, loss of property), to timely reflect the impact on the fair value of such collateral.

Thanks to the restructurings and the work done (judicial and out-of-court settlement) with non-performing assets, the level of non-performing loans to individuals was significantly reduced from 60% of the loan portfolio (as of the end of spring 2022) to no more than 30% (at the end of 2022) of the loan portfolio of individuals, and no more than 24% (at the end of 2023) of the loan portfolio of individuals. As of the end of 2024, the level of problematic loans in this portfolio does not exceed 14% of the retail loan portfolio.

Restructuring of corporate segment loans allowed to restore the usefulness of loans in the amount of UAH 145.2 million (27% of the corporate segment portfolio).

In terms of NPL, the Bank ranked 34th among banks operating in Ukraine (62 banks) as at 01.01.2025 (as at 01.01.2024, it ranked 28th among 63 banks).

This level of non-performing loans does not exceed the maximum permissible level of problematic loans determined by the Bank's shareholders and is lower than the average indicators of the banking system of Ukraine.

Starting from 2023, based on the recommendations of the auditors, in accordance with the requirements of International Financial Reporting Standards, taking into account the best practices, approaches and recommendations of audit companies, given the existing market uncertainties, growing negative expectations, undoubtedly primarily due to the full-scale military aggression against Ukraine, significant risks regarding the status of approval of financing for the supply of weapons to support Ukraine (military assistance) in this war and macro-financing to support the economy (economic assistance), the level of counteraction from the terrorist country (the Russian Federation) and the forces supporting it in the United States and the European Union (Hungary, Slovakia), lack of confidence in the completeness and timeliness of implementation (compliance) with the approved indicators of the State Budget of Ukraine, as well as taking into account the Bank's significant portfolio of active operations with government bonds and related risks, the Bank approved the relevant Methodology for estimation of expected credit losses of the securities portfolio and formed the relevant provisions, with the methodology reviewed and updated in 2024.

Approaches used are based on studies of leasing rating agencies - S&P, Moody's Investors Service, Fitch Ratings, namely, annual reviews on defaulted countries/instruments, rates of return by currencies and liabilities, measurement of sovereign ratings of countries, including sovereign ratings of Ukraine (current/actual values), statistical values of respective assessment of defaults by categories, taking into account risk-oriented approach. In the absence of a significant increase in credit risk and/or default, the Bank calculates ECL using an annual 12-month default probability ratio (Stage 1) for SB portfolio in local and foreign currencies.

The approach to measurement of ECL is regularly revised based on forecasts of dynamics of real GDP in the country, weakening of UAH FX rate regarding key currencies, stability of functioning of banking system and their effect on real sector of economy. The Bank continues to take all necessary steps to support the stability of its operations, although possible unexpected events, e.g., in a business environment might worsen expectations in the financial position of the Bank, the nature and impact of which currently are impossible to foresee. The risk management department continuously analyses allowances for ECL in accordance with the internal rules and regulations of the Bank.

Market risk

Market risk is managed to limit possible losses at open positions that may be incurred by the bank over a specified period of time with a specified probability due to an unfavourable change in currency rates, securities quotations, interest rates, by establishing a system of appropriate limits for each type of transactions carried out, and monitoring compliance with the established system of limits.

Major types of market risks are:

- currency risk – the probability of losses associated with an unfavourable exchange rate movement in the presence of an open currency position;
- price risk – the probability of losses associated with an unfavourable change in prices on the stock market, commodity and other markets (if there is an open position);

- interest rate risk – risk of possible losses as a result of unfavourable dynamics of interest rates. Interest rate risk arises when assets and liabilities differ in terms of maturity/revision of rates, a general change in the interest rate curve, a change in interest and placement rates relative to each other, a change in payment flows due to the presence of options (explicit and those embedded in financial instruments).

Control over market risk is conducted through a system of limits and restrictions depending on the type of portfolio and the financial instruments included in it. Based on these indicators, a system of reporting on the level of market risk is formed.

The authority to make decisions regarding the approval of market positions of relevant persons and units is entrusted in accordance with the principles of currency risk management and interest rate risk management.

Currency risk

By currency risk, the Bank understands the existing or potential risk to profit and capital, which arises because of unfavourable changes in exchange rates and prices for bank metals.

The Bank's main instrument for currency risk management is limiting. The bank applies this tool by setting limits on:

- the total open currency position of the bank as a whole, in terms of subdivisions and operations;
- the amount of possible losses from exchange rate changes;
- treasury operations (trade operations, non-trade).

Table 25.1. Currency risk

(UAH’000)

		31.12.2024			31.12.2023		
		monetary assets	**monetary liabilities**	**net position**	**monetary assets**	**monetary liabilities**	**net position**
1	USD	2 980 243	(2 970 370)	**9 873**	1 699 714	(1 687 206)	**12 508**
2	EUR	908 904	(904 235)	**4 669**	839 606	(838 322)	**1 284**
4	Other	20 694	(28 761)	**(8 067)**	21 720	(30 274)	**(8 554)**
5	**Total**	**3 909 841**	**(3 903 366)**	**6 475**	**2 561 040**	**(2 555 802)**	**5 238**

Table 25.2. Change in profit or loss and equity because of possible changes in the official exchange rate of the hryvnia to foreign currencies established at the reporting date, provided that all other variable characteristics remain fixed

The calculation is made for cash balances in currencies different from the functional currency.

(UAH’000)

		31.12.2024		31.12.2023	
		impact on profit/loss	**impact on equity**	**impact on profit/loss**	**impact on equity**
1	Strengthening of USD (by 40% in 2024, 40% in 2023)	3 949	3 949	5 003	5 003
2	Weakening of USD by 20 %.	(1 975)	(1 975)	(2 502)	(2 502)
3	strengthening of EUR (by 40% in 2024, 40% in 2023)	1 868	1 868	514	514
4	Weakening of EUR by 20	(934)	(934)	(257)	(257)
5	Strengthening of other currencies and precious metals by 10%	(807)	(807)	(855)	(855)
6	Weakening of other currencies and precious metals by 20%	1 614	1 614	1 711	1 711

Table 25.3. Change in profit or loss and equity as a result of possible changes in the official exchange rate of the hryvnia to foreign currencies, which is set as a weighted average rate, provided that all other variables stay fixed

(UAH'000)

		Average weighted exchange rate of 2024		**Average weighted exchange rate of 2023**	
		impact on profit/loss	**impact on equity**	**impact on profit/loss**	**impact on equity**
1	Strengthening of USD (by 40% in 2024, 40% in 2023)	3 772	3 772	4 818	4 818
2	Weakening of USD by 20%	(1 886)	(1 886)	(2 409)	(2 409)
3	Strengthening of EUR (by 40% in 2014, 40% in 2013)	1 848	1 848	481	481
4	Weakening of EUR by 20%.	(924)	(924)	(241)	(241)
5	Strengthening of other currencies and precious metals by 10%	(948)	(948)	(929)	(929)
6	Weakening of other currencies and precious metals by 20%	1 896	1 896	1859	1859

Interest rate risk of bankbook

Interest rate risk of bankbook results from:

- the difference in terms of repayment of assets and liabilities and revaluation of the rate;
- the risk of changing the yield curve;
- the absence of a sufficiently close connection between the adjustment of rates received and paid for different instruments;
- the risk of the right to choose, which arises in the event of the right to refuse the execution of the agreement.

Interest rate risk is measured as the sensitivity of the value of portfolios to changes in the interest rate, that is, as a change in the market value of instruments and portfolios as a result of a parallel shift of the yield curve by a certain number of basis points. Interest rate sensitivity is measured based on scenarios that assume a shift in interest rate curves by a certain amount regardless of instruments or currency. The interest rate risk limit is set based on the sensitivity of the value of the portfolios when the yield curve changes by +/-100 basis points.

Also, interest rate risk management instruments are:

- adequate and effective risk assessment procedures - the main assessment methods are the method of coefficients (consists of maintaining a system of indicators that reflect the relationship between the volumes of operations and the correspondingly received/paid revenues and expenses), the method of assessing gaps based on GAP analysis with an assessment of the maximum drop in net interest income (ΔNII) under 5 scenarios of changes in interest rates and assessment of the fall in the economic value of capital (ΔEVE) under 6 scenarios of changes in interest rates;
- risk management control tools - setting limits and restrictions in accordance with the level of the bank's tolerance for this type of risk;
- adequate information system.
- a reporting system for the management bodies regarding interest rate risk.

Table 25.4. General analysis of interest rate risk

(UAH'000)

		On demand and less than 1 month	**1 - 12 months**	**More than 1 year**	**Total**
	2024				
1	Total financial assets	8 745 552	4 582 786	3 573 394	**16 901 732**
2	Total financial liabilities	12 464 379	4 095 987	77 691	**16 638 057**
3	**Net interest rate gap at the end of the period**	(3 718 827)	486 799	3 495 703	**263 675**

		On demand and less than 1 month	1 - 12 months	More than 1 year	Total
	2023				
4	Total financial assets	8 624 369	5 486 970	3 089 301	**17 200 640**
5	Total financial liabilities	10 596 986	8 629 446	116 630	**19 343 062**
6	**Net interest rate gap at the end of the period**	**(1 972 617)**	**(3 142 476)**	**2 972 671**	**(2 142 422)**

The analysis of the interest rate risk of the banking book in 2022 was conducted on the basis of the GAP analysis. Interest gaps, estimates of the decline in net interest income (ΔNII) and the economic cost of capital (ΔEVE) indicated a significant increase in the interest rate risk of the bankbook, caused by the military aggression, when loan servicing significantly worsened at the same time as the cost of funding sharply increased - from June 2022, the discount rate increased 2.5 times from 10% to 25% per annum, gradually going down in 2023 to 15%. Thanks to the diversification of active investments, in particular, the placement of resources in highly liquid financial instruments refinanced by the National Bank of Ukraine, it was possible to avoid a catastrophic drop in net interest income and to stabilize it.

Interest rate risk was also assessed using the ratio method, which calculates the bank's net interest margin and net spread and assesses the dynamics of profitability of interest-bearing assets and the value of interest-bearing liabilities. The net interest margin increased to 7.0% p.a. with the established limit of 3% p.a. (2023: 7.1%), and the net spread increased to 6.1% p.a. with the established limit of 3% p.a. (2023: 3.5%).

Table 25.5. Monitoring of interest rates under financial instruments

(% p.a.)

		2024			**2023**		
		UAH	**USD**	**EUR**	**UAH**	**USD**	**EUR**
	Assets						
1	SB and deposit certificates	16,7	4,6	3,1	18,6	4,5	3,1
2	Loans and due from customers	24,7	4,9	7,3	19,2	7,8	5,8
	Liabilities						
3	Due to customers:	7,9	0,8	0,3	9,8	0,4	0,1
3.1	Current accounts	3,7	0,03	0,02	4,3	0,01	0,002
3.2	Term deposits	13,4	2,4	1,9	13,2	0,8	0,4
4	Lease liabilities	14,9	-	-	12,8	-	-

All the above items bear interest at fixed rates. The Bank has no financial assets and liabilities at floating rates.

Other price risk

Price risk management is carried out to limit the amount of possible losses on open positions that may be incurred by the Bank over a specified period of time with a given probability due to unfavourable changes in foreign exchange rates, securities prices, interest rates by setting appropriate limits for each type of transaction and monitoring compliance with the established limits. The VaR methodology is used to measure price market risk.

Geographical risk

Currently the Bank operates in all regions of Ukraine, except for temporarily occupied territories. In the future, it is planned to expand activities within Ukraine using a client-oriented approach. The expansion will be supported by analytical data on geographic concentrations in the respective reports regularly presented to the Bank's management.

Table 25.6. Geographic concentration of financial assets and liabilities in 2024

(UAH’000)

		Ukraine	OECD	Other countries	Total
	Assets				
1	Cash and cash equivalents	7 910 386	223 672	-	**8 134 058**
2	Loans and due from customers	644 207	-	-	**644 207**
3	Investments in securities	7 810 448	-	-	**7 810 448**
4	Other financial assets	311 680	1 050	289	**313 019**
5	**Total financial assets**	**16 676 721**	**224 722**	**289**	**16 901 732**
	Liabilities				
6	Due to customers	16 063 737	15 784	347 499	**16 427 020**
7	Other financial liabilities	209 060	175	1 802	**211 037**
	Including lease liabilities	*132 747*	-	-	***132 747***
8	**Total financial liabilities**	**16 272 797**	**15 959**	**349 301**	**16 638 057**
9	Net position under financial instruments	403 924	208 763	(349 012)	263 675
10	Loan commitments	1 170 863	-	-	**1 170 863**

Table 25.7. Geographic concentration of financial assets and liabilities in 2023

(UAH’000)

		Ukraine	OECD	Other countries	Total
	Assets				
1	Cash and cash equivalents	14 248 200	1 571	-	**14 249 771**
2	Loans and due from customers	755 448	-	-	**755 448**
3	Investments in securities	4 526 420	-	-	**4 526 420**
4	Other financial assets	197 945	1 006	652	**199 603**
5	**Total financial assets**	**19 728 013**	**2 577**	**652**	**19 731 242**
	Liabilities				
6	Due to customers	18 968 899	56 104	447 108	**19 472 111**
7	Other financial liabilities	270 295	248	205	**270 748**
	Including lease liabilities	*171 870*	-	-	***171 870***
8	**Total financial liabilities**	**19 239 194**	**56 352**	**447 313**	**19 742 859**
9	Net position under financial instruments	488 819	(53 775)	(446 661)	(11 617)
10	Loan commitments	1 101 902	-	-	**1 101 902**

Concentration of other risks

Concentration of other risks is within the established limit values.

Liquidity risk

Liquidity risk is the risk that the Bank will not be able to fulfil its payment obligations when they fall due under normal or unforeseen conditions. Liquidity risk includes the inability to manage unplanned reductions or changes in funding sources. Liquidity risk also arises from the inability to recognize or account for changes in market conditions that affect the ability to quickly realize assets with minimal loss of value.

Liquidity risk management involves the structuring of the bank's assets and liabilities, in which it would be able to fulfil its obligations in due time and in full.

The Bank's liquidity risk management process is continuous and based on the following principles:

- compliance with liquidity standards established by the National Bank of Ukraine;
- division of the risk management process into immediate and long-term liquidity management;
- continuity of instant liquidity management during the operating day;
- assessment of prospective liquidity - based on the analysis of future cash flows in accordance with the real terms of realization of assets and liabilities;
- reporting on liquidity risk on a daily basis;
- establishment of normative values of risk indicators and daily monitoring of their compliance;

- distribution of functions and responsibilities for risk management;
- distribution of functions and responsibilities for risk management;
- regular review of the action plan for maintaining liquidity in case of crisis circumstances;
- regular revision of internal liquidity standards (at least once a year);
- regular reporting to Bank's management (Supervisory Board, Management Board, ALMC) on the level of liquidity risk.

The liquidity risk management mechanism is based on the methods of GAP analysis and construction of future cash flows. The implementation of GAP-analysis involves the calculation of gaps between assets and liabilities with the corresponding final repayment terms in terms of individual currencies, as well as the establishment of normative values of such gaps and ensuring their implementation. The construction of future cash flows is also conducted on a daily basis by currency, with the calculation of cumulative cash flows for certain time intervals, for which the threshold values for daily execution are also set.

For the purpose of determining liquidity risk, the Bank discloses information on assets and liabilities grouped by terms from the reporting date to the maturity date. Grouping and analysis of maturities of assets and liabilities provides an opportunity to assess sources of funding for active operations and the Bank's ability to maintain liquidity at a level sufficient to fulfil its obligations to depositors and customers.

Table 25.8. Financial assets and liabilities by maturity based on expected maturity on a discounted basis in 2024

(UAH'000)

		On demand and less than 1 month	**1 - 12 months**	**1 - 5 years**	**Total**
	Assets				
1	Cash and cash equivalents	8 134 058	-	-	8 134 058
2	Loans and due from customers	35 208	347 225	261 774	644 207
3	Investments in securities	409 092	4 089 736	3 311 620	7 810 448
4	Other financial assets	167 194	145 825	-	313 019
5	**Total financial assets**	**8 745 552**	**4 582 786**	**3 573 394**	**16 901 732**
	Liabilities				
6	Due to customers	12 390 321	4 026 441	10 258	16 427 020
7	Other financial liabilities	74 058	69 546	67 433	211 037
	Including lease liabilities	7 069	61 019	64 659	*132 747*
8	**Total financial liabilities**	**12 464 379**	**4 095 987**	**77 691**	**16 638 057**
9	Net liquidity gap as at the end of the day December 31	(3 718 827)	486 799	3 495 703	263 675
10	Cumulative liquidity gap as at the end of the day December 31	(3 718 827)	(3 232 028)	263 675	-

Table 25.9. Financial assets and liabilities by maturity based on expected maturity on a discounted basis in 2023

(UAH'000)

		On demand and less than 1 month	**1 - 12 months**	**1 - 5 years**	**Total**
	Assets				
1	Cash and cash equivalents	8 077 785	6 155 145	16 841	14 249 771
2	Loans and due from customers	22 194	552 212	181 042	755 448
3	Investments in securities	75 255	1 559 748	2 891 417	4 526 420
4	Other financial assets	82 761	116 842	-	199 603
5	**Total financial assets**	**8 257 995**	**8 383 947**	**3 089 300**	**19 731 242**
	Liabilities				
6	Due to customers	15 525 115	3 936 729	10 267	19 472 111
7	Other financial liabilities	103 914	49 664	117 170	270 748
	Including lease liabilities	*5 927*	*49 322*	*116 621*	*171 870*
8	**Total financial liabilities**	**15 629 029**	**3 986 393**	**127 437**	**19 742 859**
9	Net liquidity gap as at the end of the day December 31	(7 371 034)	4 397 554	2 961 863	(11 617)
10	Cumulative liquidity gap as at the end of the day December 31	(7 371 034)	(2 973 480)	(11 617)	-

Table 25.10. Financial assets and liabilities by maturity based on expected maturity on a discounted basis in 2024

(UAH'000

		On demand and less than 1 month	1 - 12 months	1 - 5 years	Total
	Liabilities				
1	Due to customers	12 390 984	4 028 139	10 261	16 429 384
2	Other financial liabilities	74 580	84 170	72 419	231 169
	Including lease liabilities	7 591	75 643	69 645	152 879
3	**Total financial liabilities**	**12 465 564**	**4 112 309**	**82 680**	**16 660 553**

Table 25.11. Financial liabilities by maturities based on expected maturity on an undiscounted basis in 202

(UAH'000)

		On demand and less than 1 month	1 - 12 months	1 - 5 years	Total
	Liabilities				
1	Due to customers	15 526 218	3 940 233	10 381	19 476 832
2	Other financial liabilities	104 063	65 700	125 726	295 489
	Including lease liabilities	*6 076*	*65 358*	*125 177*	*196 611*
3	**Total financial liabilities**	**15 630 281**	**4 005 933**	**136 107**	**19 772 321**

Note 26. Capital management

The Bank manages capital to ensure that it will be able to function as a going concern while maximizing shareholder returns by optimizing the ratio of borrowed funds to equity.

The bank covers credit, market and operational risks at the expense of its own funds (capital) in order to ensure financial stability and limit the risk of insolvency.

The capital adequacy ratio is defined as the ratio of the size of own funds to assets weighted by the level of risk.

Capital adequacy calculation is conducted by the Consolidated Balance Sheet and Reporting Department, monitored by the Risk Management Department and provided to the bank's management for decision-making.

Based on the reports and conclusions of the Risk Management Department, the ALMC makes the following decisions:

- on the need to reduce the risks (or the possibility of accepting additional risks) inherent in operations on the credit and financial markets by establishing the following restrictions and limits once a quarter:
  - the ratio of the volume of negatively classified assets to the regulatory capital;
  - the ratio of the number of involved deposits of individuals to the regulatory capital;
  - the ratio of accrued but actually unpaid revenues to regulatory capital;
- on the need to change the structure of assets to improve the efficiency of capital use;
- on the need to change the authorized capital of the bank.

In the event of a decision on the need for capital increase, the ALMC and/or the Bank's Management Board formulate appropriate proposals for the Bank's Supervisory Board.

Capital increase can be conducted:

- at the expense of internal sources (increase in income from operations, sale of assets with a profit);

at the expense of external sources (increase in investments in the bank's authorized capital, attracting subordinated debt).

As of the beginning of August 2024, in accordance with the Regulation on the Procedure for Determining the Amount of Regulatory Capital by Ukrainian Banks, approved by the Resolution of the Board of the National Bank of Ukraine No. 196 of 28.12.2023, the Bank transformed the process of calculating regulatory capital from a two-tier structure to a three-tier structure as part of the implementation of EU capital adequacy standards in Ukrainian legislation.

As at the end of the day of December 31, 2024, and December 31, 2023, respectively, the Bank has the following regulatory capital ratios calculated in accordance with the requirements of the Instruction on the Procedure for Regulating the Activities of Banks in Ukraine, approved by Resolution of the Board of the NBU dated August 28, 2001 No. 368 and the Regulation on the Procedure for Determining the Amount of Regulatory Capital by

Banks of Ukraine, approved by Resolution of the Board of the National Bank of Ukraine dated December 28, 2023 No. 196, as amended, based on the daily balance sheet (01x file):

- the amount of regulatory capital is UAH 605,465 thousand (2023: UAH 526,778 thousand) with a regulatory value of at least UAH 200 million;
- regulatory capital adequacy (NCR) amounted to 13.96% with a regulatory value of not less than 9.25% (2023: 20.03%) with a regulatory value of not less than 10%;
- Tier 1 capital adequacy (Tier 1) - 13.96% with a regulatory value of at least 7.5%.
- Tier 1 capital adequacy (Tier 1) - 13.96% with a regulatory value of at least 5.625%.

In the reporting year the Bank did not violate the capital sufficiency (adequacy) standards established by the National Bank of Ukraine, did not experience a shortage of funds, settled its obligations in a timely manner, and fulfilled customer payment instructions without interruption
Table 26.1 Structure of regulatory capital as at December 31, 2024

The structure of regulatory capital is presented in accordance with the elements included in the calculation of regulatory capital (core and additional Tier 1 capital) in accordance with the requirements of the applicable regulations of the National Bank of Ukraine, in particular, in accordance with the requirements of the Regulation on the Procedure for Determining the Amount of Regulatory Capital by Banks of Ukraine, approved by Resolution of the Board of the National Bank of Ukraine No. 196 of 28.12.2023, as amended.

(UAH'000)

		2024
1.	**Tier 1 capital (Tier 1):**	**605 465**
1.1.	**Core tier 1 capital (C1):**	**605 465**
1.1.1.	Actually paid up registered share capital	284 540
1.1.2.	Disclosed reserves created or increased from retained earnings	151 932
1.1.3.	Current year's profit included in Tier 1	287 624
1.1.4.	**Decrease in Tier 1 capital:**	**(118 631)**
1.1.4.1	Intangible assets less amortization	(19 368)
1.1.4.2	Accrued income overdue and uncollected for more than 30 days, less provisions for revaluation/depreciation	(1 165)
1.1.4.3	Negative result of revaluation of equity instruments at fair value through other comprehensive income	(45)
1.1.4.4	Non-core assets	(98 053)
2.	**Regulatory capital (RC)**	**605 465**

Table 26.2 Structure of regulatory capital as at December 31, 2023

The structure of regulatory capital is provided in accordance with the elements included in the calculation of regulatory capital (primary and additional) in accordance with the requirements of the current regulations of the National Bank of Ukraine.

(UAH'000)

		2023
1.1	**Main capital (tier 1 capital):**	**358 197**
1.1.1	Actually paid registered share capital	284 540
1.1.2	Disclosed reserves created or increased through retained earnings	103 048
1.1.3	Decrease in main capital:	(29 391)
1.1.3.1	Intangible assets net of amortization	(17 517)
1.1.3.2	Capital investments in intangible assets	-
1.1.3.3	Losses of previous periods	(5 667)
1.1.3.4	Non-core assets	(6 207)
1.2	**Additional capital (tier 2 capital):**	**168 581**
1.2.1	Estimated profit for the reporting year	168 581
	Total regulatory capital	**526 778**

The Bank does not operate at the international level, it does not report on the full consolidation method, and therefore it does not compile the capital structure calculated based on the Basel Capital Agreement.

Note 27. Contingent liabilities

Litigations

In the course of its current activities, the Bank from time to time has to act as a defendant in lawsuits submitted to judicial authorities in relation to the Bank. In 2024, four lawsuits and one application for a court order were filed against the Bank, which are being supported by the Legal Department. Three lawsuits filed in 2024 are still in progress. One proceeding was closed due to the plaintiff's application to leave the claim without consideration. One court order to recover money from the Bank was cancelled following consideration of the Bank's application for its cancellation. As for the claims filed against the Bank in previous years (2019-2023), three decisions of the previous instances (1st and 2nd) in favour of the Bank were upheld by the courts of the 2nd and 3rd instances, respectively (proceedings closed) and two proceedings are ongoing. The predominant nature of the claims is an obligation to take actions, protection of consumer rights, and recovery of funds.

According to the Bank's assessment, consideration of these court cases does not pose a negative risk to the Bank's financial position and stability.

Taxation

Currently, the Tax Code is in force in Ukraine, which includes income tax, value added tax, personal income tax, as well as other taxes and fees. The basis for determining the taxable profit is the financial result determined according to accounting rules in accordance with IFRS. The sections governing these taxes change frequently and their provisions are often unclear. There is also insufficient judicial precedent on these issues. There are different points of view regarding the interpretation of legal norms among government ministries and organizations (for example, the fiscal service and the Ministry of Finance), which causes general uncertainty and creates grounds for conflict situations. The correctness of the preparation of tax declarations, as well as other issues of compliance with the law, are subject to verification and study by a number of regulatory bodies, which are authorized by law to impose fines and penalties in significant amounts. The listed factors determine the presence of tax risks in Ukraine that are significantly greater than those in countries with a more developed tax system.

Management believes that the Bank's activities are conducted in full compliance with the current legislation governing its activities, and that the Bank has calculated all relevant taxes. In cases where there is uncertainty regarding the amounts of taxes to be paid, the calculation is made based on the estimates of the Bank's management based on the analysis of the information at its disposal.

An increased basic income tax rate of 50% is applied to calculate the income tax for 2024.

Loan commitments

Table 27.1. Loan commitments

(UAH’000)

		31.12.2024	**31.12.2023**
1	Overdraft loam commitments	313 282	194 933
2	Guarantees issued	463 635	583 491
3	Avals issues	12 398	11 998
4	Provision for loan commitments	(8 032)	(7 044)
	Total irrevocable commitments	**781 283**	**783 378**
5	Unused credit lines (non-risk commitments)	381 548	311 480
6	**Total loan commitments net of provision**	**1 162 831**	**1 094 858**

As at December 31, 2024, the Bank had no unforeseen loan commitments.

Table 27.2 Credit quality of loan commitments as at December 31, 2024

(UAH'000)

		Stage 1	Stage 2	Stage 3	**Total**
1	Loan commitments	**1 157 820**	**12 952**	**91**	**1 170 863**
2	Minimal credit risk	759 735	-	-	**759 735**
3	Low credit risk	361 643	12 849	-	**374 492**
4	Medium credit risk	36 442	103	-	**36 545**
5	High credit risk	-	-	-	**-**
6	Defaulted assets	-	-	91	**91**
7	Total loan commitments	**1 157 820**	**12 952**	**91**	**1 170 863**
8	Provision for impairment of loan commitments	(8 010)	(4)	(18)	**(8 032)**
9	**Total loan commitments net of provision**	**1 149 810**	**12 948**	**73**	**1 162 831**

Table 27.3 Credit quality of loan commitments as at December 31, 2023

(UAH'000)

		Stage 1	Stage 2	Stage 3	**Total**
1	Loan commitments	**1 082 868**	**17 235**	**1 799**	**1 101 902**
2	Minimal credit risk	775 128	-	-	**775 128**
3	Low credit risk	40 492	11 904	-	**52 396**
4	Medium credit risk	267 248	5 234	-	**272 482**
5	High credit risk	-	97	1 731	**1 828**
6	Defaulted assets	-	-	68	**68**
7	Total loan commitments	**1 082 868**	**17 235**	**1 799**	**1 101 902**
8	Provision for impairment of loan commitments	(6 931)	(12)	(101)	**(7 044)**
9	**Total loan commitments net of provision**	**1 075 937**	**17 223**	**1 698**	**1 094 858**

Table 27.4. Changes of provision for impairment of loan commitments in 2024

(UAH'000)

		Stage 1	Stage 2	Stage 3	**Total**
1	**Provision for impairment as at January 01, 2024**	**(6 931)**	**(12)**	**(101)**	**(7 044)**
2	Loan commitments granted	(5 015)	(1)	(213)	**(5 229)**
3	Loan commitments derecognized or expired (other than those written off)	7 407	10	296	**7 713**
4	Total effect of transfer between stages:	(3 471)	(1)	-	**(3 472)**
4.1	transfer to stage 1	(3 458)	-	(1)	**(3 459)**
4.2	transfer to stage 2	(6)	(1)	-	**(7)**
4.3	transfer to stage 3	(7)	-	1	**(6)**
5	**Allowance for impairment as at December 31, 2024**	**(8 010)**	**(4)**	**(18)**	**(8 032)**

Table 27.5. Changes of provision for impairment of loan commitments in 2023

(UAH'000)

		Stage 1	Stage 2	Stage 3	Total
1	**Provision for impairment as at January 01, 2023**	**(4 729)**	**(54)**	**(37)**	**(4 820)**
2	Loan commitments granted	(5 403)	(10)	(57)	**(5 470)**
3	Loan commitments derecognized or expired (other than those written off)	3 591	54	1	**3 646**
4	Total effect of transfer between stages:	(390)	(2)	(8)	**(400)**
4.1	Transfer to stage 1	(390)	(1)	(7)	**(398)**
4.2	Transfer to stage 2	-	(1)	-	**(1)**
4.3	Transfer to stage 3	-	-	(1)	**(1)**
5	**Allowance for impairment as at December 31, 2023**	**(6 931)**	**(12)**	**(101)**	**(7 044)**

Table 27.6. Changes of gross carrying amount/nominal value of loan commitments through impairment in 2024

(UAH'000)

		Stage 1	Stage 2	Stage 3	Total
1	**Gross carrying amount as at January 01, 2024**	**1 082 868**	**17 235**	**1 799**	**1 101 902**
2	Loan commitments granted	788 282	19 072	1 058	**808 412**
3	Loan commitments derecognized or expired (other than those written off)	(888 245)	(19 230)	(2 778)	**(910 253)**
4	Transfer to stage 1	173 387	-	17	**173 404**
5	Transfer to stage 2	262	(4 328)	-	**(4 066)**
6	Transfer to stage 3	293	-	(5)	**288**
7	Foreign exchange differences	973	203	-	**1 176**
8	**Gross carrying amount as at December 31, 2024**	**1 157 820**	**12 952**	**91**	**1 170 863**

Table 27.7. Changes of gross carrying amount/nominal value of loan commitments through impairment in 2023

(UAH'000)

		Stage 1	Stage 2	Stage 3	Total
1	**Gross carrying amount as at January 01, 2023**	**1 067 051**	**28 110**	**31 902**	**1 127 063**
2	Loan commitments granted	1 393 665	12 028	282	**1 405 975**
3	Loan commitments derecognized or expired (other than those written off)	(1 294 885)	(28 109)	(29 423)	**(1 352 417)**
4	Transfer to stage 1	(110 710)	5 183	42	**(105 485)**
5	Transfer to stage 2	-	23	-	**23**
6	Transfer to stage 3	26 699	-	(1 004)	**25 695**
7	Foreign exchange differences	1 048	-	-	**1 048**
8	**Gross carrying amount as at December 31, 2023**	**1 082 868**	**17 235**	**1 799**	**1 101 902**

Table 27.8. Loan commitments by currencies

(UAH'000)

		31.12.2024	31.12.2023
1	UAH	1 147 244	1 065 140
2	USD	21 439	23 568
3	EUR	2 180	13 194
4	**Total**	**1 170 863**	**1 101 902**

Assets pledged and assets limited in possession, use and disposal

Table 27.9. Assets pledges without derecognition

(UAH'000)

		31.12.2024		31.12.2023	
		Assets pledged	Secured liability (related to these assets)	Assets pledged	Secured liability (related to these assets)
1	Financial assets carried at amortized cost	144 488	-	104 028	-
1.1	Cash collateral in JSC "FUIB" to ensure settlements with PCs	144 488	-	104 028	-
3	**Total**	**144 488**	**-**	**104 028**	**-**

Note 28. Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer liability in an ordinary transaction between market participants at the measurement date. The best evidence of fair value is the market price of a financial instrument.

The Bank calculates the fair value of financial instruments based on available market information (if any) and using appropriate valuation methods.

Financial instruments measured at fair value, or their fair value is disclosed

The Bank uses the following hierarchy for determination and disclosure of the fair value of financial instruments in accordance with the valuation model:

- Level 1: market quotations (without adjustments) of identical assets or liabilities at active markets;
- Level 2: valuation methods using data from open markets received directly or indirectly, as basic data affecting fair value;
- Level 3: valuation techniques that use non-market data as underlying data affecting fair value.

The fair value measurement at levels 2 and 3 of the fair value hierarchy was calculated using the discounted cash flow method.

Assets with fair value approximately equal to their carrying amount

The Bank believes that the fair value of liquid assets, such as cash and cash equivalents, is approximately equal to their carrying amount.

Due from and to other banks

For assets with a term of up to three months, the fair value is approximately equal to the carrying amount due to the relative short-term nature of these financial instruments.

Investments in securities at fair value

When measuring the fair value of securities at fair value through other comprehensive income, the Bank used all available market information.

Financial assets and financial liabilities at amortized cost

The fair value of quoted bonds is based on quotations on the reporting date. The fair value of instruments that are not quoted and the fair value of which does not approach their carrying amount, namely loans to customers, long-term due from other banks, long-term due to other banks, customer funds, is measured by the method of discounted future cash flows using the rates existing at that moment in debts with similar terms, types of currencies, credit risk and maturity.

Table 26.1. Fair value and hierarchy levels of input data used to measure assets and liabilities in 2024

(UAH'000)

		Fair value by different measurement methods			**Total fair value**	**Total carrying amount**
		Market quotes (level 1)	**All observable data (level 2)**	**Non-market data (level 3)**		
ASSETTS						
1	Cash and cash equivalents	-	7 154 094	979 964	8 134 058	8 134 058
1.1	Cash		2 967 940	-	2 967 940	2 967 940
1.2	Cash in NBU	-	462 584	-	462 584	462 584
1.3	NBU deposit certificates	-	3 723 570	-	3 723 570	3 723 570
1.4	Correspondent accounts, deposits and overnight loans in banks	-	-	979 964	979 964	979 964
2	Loans at amortized cost	-	-	760 535	760 535	644 207
2.1	Corporate loans	-	-	321 676	321 676	307 900
2.2	Loans to private entrepreneurs	-	-	-	-	-
2.3	Mortgage loans	-	-	4 849	4 849	4 432
2.4	Consumer loans	-	-	434 010	434 010	331 875
3	Investments in securities		8 004 653	-	8 004 653	7 810 448
3.1	State bonds		8 004 653	-	8 004 653	7 810 448
4	Other financial assets	-	-	313 019	313 019	313 019
4.1	Receivables under pay card transactions	-	-	26 302	26 302	26 302
4.2	Cash limited in use	-	-	142 834	142 834	142 834
4.3	Other financial assets	-	-	143 883	143 883	143 883
5	Investment property	-	-	40 110	40 110	40 110
6	**Total assets**		**15 158 747**	**2 093 628**	**17 252 375**	**16 941 842**
LIABILITIES						
7	Due to customers		16 451 661	-	16 451 661	16 427 020
7.1	Other legal entities	-	10 470 494	-	10 470 494	10 449 278
7.2	Individuals	-	5 981 167	-	5 981 167	5 977 742
8	Other financial liabilities	-	-	211 037	211 037	211 037
8.1	Payables under pay card transactions	-	-	16 455	16 455	16 455
8.2	Other financial liabilities	-	-	61 835	61 835	61 835
8.3	Lease liabilities		-	132 747	132 747	132 747
9	**Total liabilities**	**-**	**16 451 661**	**211 037**	**16 662 698**	**16 638 057**

Table 28.2. Fair value and hierarchy levels of input data used to measure assets and liabilities in 2023

(UAH'000)

		Fair value by different measurement methods			**Total fair value**	**Total carrying amount**
		Market quotes (level 1)	**All observable data (level 2)**	**Non-market data (level 3)**		
ASSETS						
1	Cash and cash equivalents	-	13 486 172	763 599	14 249 771	14 249 771
1.1	Cash		1 623 162	-	1 623 162	1 623 162
1.2	Cash in NBU	-	1 064 581	-	1 064 581	1 064 581
1.3	NBU deposit certificates	-	10 798 429	-	10 798 429	10 798 429
1.4	Correspondent accounts, deposits and overnight loans in banks	-	-	763 599	763 599	763 599
2	Loans at amortized cost	-	-	835 829	835 829	755 448
2.1	Corporate loans	-	-	572 022	572 022	556 910
2.2	Loans to private entrepreneurs	-	-	-	-	-
2.3	Mortgage loans	-	-	3 608	3 608	2 638
2.4	Consumer loans	-	-	260 199	260 199	195 900
3	Investments in securities		4 698 555	-	4 698 555	4 526 420
3.1	State bonds		4 698 555	-	4 698 555	4 526 420
4	Other financial assets	-	-	199 603	199 603	199 603
4.1	Receivables under pay card transactions	-	-	64 231	64 231	64 231
4.2	Cash limited in use	-	-	101 806	101 806	101 806
4.3	Other financial assets	-		33 566	33 566	33 566
5	Investment property	-	-	53 530	53 530	53 530

		Fair value by different measurement methods			Total fair value	Total carrying amount
		Market quotes (level 1)	All observable data (level 2)	Non-market data (level 3)		
6	**Total assets**		**18 184 727**	**1 852 561**	**20 037 288**	**19 784 772**
LIABILITIES						
7	Due to customers		19 435 894	-	19 435 894	19 472 111
7.1	Other legal entities	-	12 801 539	-	12 801 539	12 843 750
7.2	Individuals	-	6 634 355	-	6 634 355	6 628 361
8	Other financial liabilities	-	-	270 748	270 748	270 748
8.1	Payables under pay card transactions	-	-	24 244	24 244	24 244
8.2	Other financial liabilities	-	-	74 634	74 634	74 634
8.3	Lease liabilities			171 870	171 870	171 870
9	**Total liabilities**	**-**	**19 435 894**	**270 748**	**19 706 642**	**19 742 859**

Changes in assets of Level 3 measured at fair value

Table 28.3. Amounts recognized in 2024 for Level 3 assets measured at fair value

(UAH’000)

		Investment property	Total assets
1	As at January 01, 2024	53 530	53 530
2	Profit (loss) recognized in the income statement	(575)	(575)
3	Disposals	(12 845)	(12 845)
4	As at December 31, 2024	40 110	40 110

Table 28.4. Amounts recognized in 2023 for Level 3 assets measured at fair value

(UAH’000)

		Investment property	Total assets
1	As at January 01, 2023	6 207	6 207
2	Profit (loss) recognized in the income statement	28 908	28 908
3	Proceeds from foreclosure of collateral to repay loans	18 415	18 415
4	As at December 31, 2023	53 530	53 530

Table 28.5. Regular measurements of fair value in 2024

(UAH’000)

Assets measured at fair value	Level 1	Level 2	Level 3	Total
Investments in securities at fair value through other comprehensive income	-	4 897 138	-	4 897 138
Investment property	-	-	40 110	40 110
Total fair value of regularly measured assets	**-**	**4 897 138**	**40 110**	**4 937 248**

Table 28.6. Regular measurements of fair value in 2023

(UAH’000)

Assets measured at fair value	Level 1	Level 2	Level 3	Total
Investments in securities at fair value through other comprehensive income	-	189 214	-	189 214
Investment property	-	-	53 530	53 530
Total fair value of regularly measured assets	**-**	**189 214**	**53 530**	**242 744**

During the reporting period, the Bank did not make transfers between levels of the fair value hierarchy.

Table 28.7. Methods of measurement and input data used in measurement of fair value as at December 31, 2024

(UAH’000

Assets measured at fair value	Fair value	Method of measurement	Input data used
Investments in securities at fair value through other comprehensive income	4 897 138	Market method	Prices of quoted SB at market for similar securities

The notes on pages 8-76 are an integral part of these 2024 annual financial statements.

Investment property	40 110	Market method	Conclusion of independent appraiser
Total regularly measured fair value	**4 937 248**		

Table 28.8. Methods of measurement and input data used in measurement of fair value as at December 31, 2023
(UAH'000

Assets measured at fair value	Fair value	Method of measurement	Input data used
Investments in securities at fair value through other comprehensive income	189 214	Market method	Prices of quoted SB at market for similar securities
Investment property	53 530	Market method	Conclusion of independent appraiser
Total regularly measured fair value	**242 744**		

Note 29. Financial instruments by categories of measurement

Table 29.1. Financial assets by categories of measurement as at December 31, 2024
(UAH'000)

		Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	ASSETS			
1	Cash and cash equivalents	8 134 058	-	8 134 058
2	Loans and due from customers:	644 207	-	644 207
2.1	Corporate loans	307 900	-	307 900
2.2	Mortgage loans	4 432	-	4 432
2.3	Consumer loans	331 875	-	331 875
3	Investments in securities	2 913 310	4 897 138	7 810 448
4	Other financial assets:	313 019	-	313 019
4.1	Receivables under pay card transactions	26 302	-	26 302
4.2	Cash limited in use	142 834	-	142 834
4.3	Other financial assets	143 883	-	143 883
5	**Total financial assets**	**12 004 594**	**4 897 138**	**16 901 732**

Table 29.2. Financial assets by categories of measurement as at December 31, 2023
(UAH'000)

		Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
	ASSETS			
1	Cash and cash equivalents	14 249 771	-	14 249 771
2	Loans and due from customers:	755 448	-	755 448
2.1	Corporate loans	556 910	-	556 910
2.2	Mortgage loans	2 638	-	2 638
2.3	Consumer loans	195 900	-	195 900
3	Investments in securities	4 337 206	189 214	4 526 420
4	Other financial assets:	199 603	-	199 603

		Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Total
4.1	Receivables under pay card transactions	64 231	-	64 231
4.2	Cash limited in use	101 806	-	101 806
4.3	Other financial assets	33 566	-	33 566
5	**Total financial assets**	**19 542 028**	**189 214**	**19 731 242**

All financial liabilities of the Bank are measured at amortized cost.

Note 30. Related party transactions

IAS 24 *Related Party Disclosures* provides disclosure of information necessary to draw attention to the possible impact on the financial condition and on the profit or loss of an economic entity caused by the existence of related parties in the financial statements of an economic entity, as well as transactions and balances, including liabilities between such parties.

Related parties — parties are considered related if a party has the ability to control the other or exercise significant influence over the other party's financial and operational decisions. A related party transaction is an exchange of resources or liabilities between related parties, whether or not a price is assigned.

When considering the relationship of each possible related party, special attention is paid to the substance of the relationship, and not just to its legal form.

Table 30.1. Balances under related party transactions as at December 31, 2024

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Loans and advances to customers (contractual interest rate 26.72%)	-	-	232
2	Customer accounts (contractual interest rate 6.23%)	71 609	9 866	30 187
3	Provisions for liabilities	3	9	2
4	Other liabilities	-	4	12

Interest rates on loans granted to senior management personnel and other related parties, attracted funds of shareholders, senior management and other related parties, were set at the level of normal interest rates for the corresponding loan product and rates for attraction of funds from individuals.

Table 301.2. Income and expenses under related party transactions in 2024

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Interest income	-	-	67
2	Interest expense	(2 171)	(3 252)	(2 126)
3	Commission income	104	264	141
4	Net gain/(loss) on foreign exchange transactions	-	-	30
5	Net loss from impairment of financial assets	-	-	(37)
6	Net profit/(loss) from increase/(decrease) in provisions for liabilities	-	(2)	-
7	Other operating income	-	8	1 752
8	Administrative and other operating expenses	(28 192)	(91 425)	(36 077)
8.1	remuneration expenses*	(28 192)	(91 425)	(30 746)
8.2	other operating expenses	-	-	(5 331)

*- In connection with the fact that the Chair of the Management Board received the permission of the National Bank of Ukraine to acquire a significant interes the information on remuneration for the 1st quarter of 2024 is disclosed in the “Key management personnel” and starting from the second quarter of 2024 - i “The largest shareholders of the Bank”.

Table 30.3. Other rights and obligations under related party transactions as at December 31, 2024

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Unused credit lines	500	602	97
2	Other obligations	-	4	12

Table 30.4. Total loans issued to and repaid by related parties in 2024

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Loans provided to related parties during the period	-	-	196
2	Loans repaid by related parties during the period	-	-	104

Table 30.5. Balances under related party transactions as at December 31, 2023

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Loans and due from customers (contractual interest rate - 19,64%)	-	-	140
2	Due to customers (contractual interest rate - 8,24 %)	4 701	88 814	21 856
3	Provisions for liabilities	3	7	2
4	Other liabilities	-	4	2

Table 30.6. Income and expenses under related party transactions in 2023

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Interest income	-	1	49
2	Interest expense	(76)	(1 670)	(1 731)
3	Commission income	44	40	103
4	Net profit/(loss) from foreign exchange transactions	-	3	6
5	Net loss from impairment of financial assets	-	2	40
6	Net profit/(loss) from increase/(decrease) in provisions for liabilities	-	1	(1)
7	Other operating income	-	9	7
8	Administrative and other operating expenses	(8 400)	(159 659)	(30 623)
8.1	Remuneration expenses	(8 400)	(159 659)	(25 778)
8.2	Other operating expenses	-	-	(4 845)

Table 30.7. Other rights and obligations under related party transactions as at December 31, 2023

(UAH’000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Unused credit lines	500	602	94
2	Other obligations	-	4	2

Table 30.8. Total loans issued to and repaid by related parties in 2023

(UAH'000)

		The largest shareholders of the bank	Key management personnel	Other related parties
1	Loans provided to related parties during the period	-	-	28
2	Loans repaid by related parties during the period	-	19	364

Table 30.9. Payments to top management

(UAH'000)

		2024		2023	
		expense	accrued liability	expense	accrued liability
1	Current payments key management personnel (2024 - 11 people; 2023 - 10 people)	119 617	4 929	159 614	11 541
2	Retirement allowance (1 person)	-	-	45	-

Note 31. Subsequent events

Subsequent to the balance sheet date, the Bank fully sold non-current assets held for sale to a related party at market prices determined by an independent appraiser for a total amount of UAH 57368 thousand.

Resolution of the Board of the National Bank of Ukraine No. 24-рш of January 23, 2025, approved an increase in the key policy rate to 14.5% per annum as of January 24, 2025.

Resolution of the Board of the National Bank of Ukraine No. 75-рш of March 06, 2025, approved an increase in the discount rate to 15.5% per annum as of March 07, 2025.

As at the date of approval of the financial statements, hostilities continue in Ukraine, part of the territories of the south and east are temporarily occupied, and the struggle for which continues.

The management of PJSC "CB 'ACORDBANK' is not aware of any other facts or events after the balance sheet date of December 31, 2024, that could adversely affect future operations and require adjustments to the Bank's financial statements for 2024.

Approved for issue and signed on

April 25, 2025 Chairman of the Management Board ____________Oleksii RUDNIEV

Chief Accountant ____________________ Oksana LITOSH