



# БАНК ЛЬВІВ

## **JSC JSCB "LVIV"**

Financial Statements under IFRS

International Financial Reporting Standards  
and Independent Auditors' Report

31 December 2024





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## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) 31 December 2024

(thousand  
UAH)

| Item                                             | Notes | 31 December<br>2024 | 31<br>December<br>2023 |
|--------------------------------------------------|-------|---------------------|------------------------|
| 1                                                | 2     | 3                   | 4                      |
| <b>ASSETS</b>                                    |       |                     |                        |
| Cash and cash equivalents                        | 6     | 1,327,961           | 1,386,763              |
| Other balances due to banks                      | 7     | 555,236             | 555,590                |
| Loans and advances to customers                  | 8     | 8,873,996           | 6,794,995              |
| Investments in securities                        | 9     | 3,614,378           | 1,488,648              |
| Property, plant and equipment                    | 10    | 432,700             | 272,990                |
| Intangible assets                                | 10    | 51,075              | 60,423                 |
| Other financial assets                           | 11    | 6,404               | 40,551                 |
| Other non-financial assets                       | 11    | 49,736              | 39,118                 |
| <b>Total assets</b>                              |       | <b>14,911,486</b>   | <b>10,639,078</b>      |
| <b>LIABILITIES</b>                               |       |                     |                        |
| Due to banks                                     | 13    | 355,024             | 355,045                |
| Customer accounts                                | 14    | 9,149,027           | 6,774,528              |
| Other borrowings                                 | 15    | 3,125,235           | 2,006,732              |
| Current income tax liabilities                   |       | 105,410             | 92,079                 |
| Deferred income tax liabilities                  | 27    | 8,140               | 16,298                 |
| Provisions for liabilities                       | 16    | 1,789               | 591                    |
| Liabilities for share-based payment transactions |       | 26,048              | 16,590                 |
| Other financial liabilities                      | 17    | 284,538             | 236,140                |
| Other non-financial liabilities                  | 17    | 64,720              | 53,165                 |
| Subordinated debt                                | 18    | 519,193             | 212,645                |
| <b>Total liabilities</b>                         |       | <b>13,639,124</b>   | <b>9,763,813</b>       |
| <b>EQUITY</b>                                    |       |                     |                        |
| Issued capital                                   | 20    | 713,370             | 713,370                |
| Share premium                                    | 20    | 1,661               | 1,661                  |
| Unregistered share capital                       | 20    | 241,696             | -                      |
| Other additional capital                         | 20    | 22,184              | 22,184                 |
| Reserve and other funds of a bank                |       | 50,301              | 17,413                 |
| Revaluation reserves                             | 21    | 82,320              | 84,677                 |
| Retained earnings (accumulated deficit)          |       | 160,830             | 35,960                 |
| <b>Total equity</b>                              |       | <b>1,272,362</b>    | <b>875,265</b>         |
| <b>Total liabilities and equity</b>              |       | <b>14,911,486</b>   | <b>10,639,078</b>      |

Authorized for release and signed on  
24 April 2025

Acting Chairman of the Board

V.V. Kuzyo

V.Y. Makovych  
(032)232-36-40



Chief accountant

M.M. Chypurko



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (INCOME STATEMENT) FOR 2024

(thousand  
UAH)

| Item                                                                      | Notes | 2024           | 2023           |
|---------------------------------------------------------------------------|-------|----------------|----------------|
| 1                                                                         | 2     | 3              | 4              |
| Interest revenue calculated using the effective interest method           | 22    | 1,715,773      | 1,258,810      |
| Interest expense                                                          | 22    | (898,767)      | (685,807)      |
| <b>Net interest income/(net interest expenses)</b>                        |       | <b>817,006</b> | <b>573,003</b> |
| Fee and commission income                                                 | 23    | 235,223        | 207,970        |
| Fee and commission expense                                                | 23    | (82,109)       | (49,542)       |
| Net increase/(decrease) from trading in foreign currencies                |       | 38,899         | 38,294         |
| Net increase (decrease) from foreign exchange translation                 |       | 634            | 27             |
| Losses on modification of financial assets                                |       | (938)          | (1,582)        |
| Provisions for impairment of financial assets                             |       | (9,605)        | (34,608)       |
| Net (gain)/loss from (decrease)/increase in provisions for liabilities    |       | (1,198)        | (509)          |
| Net gain /(loss) from derecognition of financial assets at amortised cost |       | -              | -              |
| Other operating income                                                    | 24    | 7,079          | 11,019         |
| Employee benefits expenses                                                |       | (404,414)      | (284,262)      |
| Depreciation and amortisation expense                                     |       | (57,066)       | (42,478)       |
| Other administrative and operational expenses                             | 25    | (213,812)      | (178,391)      |
| <b>Profit /(loss) before tax</b>                                          |       | <b>329,699</b> | <b>238,941</b> |
| Income tax expense                                                        | 26    | (175,403)      | (132,364)      |
| <b>Profit/(loss) for the year</b>                                         |       | <b>154,296</b> | <b>106,577</b> |
| <b>OTHER COMPREHENSIVE INCOME:</b>                                        |       |                |                |
| <b>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</b>              |       |                |                |
| Revaluation of property, plant and equipment                              |       | 1,105          | 3,072          |
| <b>Other comprehensive income after tax</b>                               |       | <b>1,105</b>   | <b>3,072</b>   |
| <b>Total comprehensive income for the year</b>                            |       | <b>155,401</b> | <b>109,649</b> |

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M.M.Chypurko



## STATEMENT OF CHANGES IN EQUITY (STATEMENT OF EQUITY) FOR 2024

(thousand  
UAH)

| Item                                                                                                                                                | Notes | Owned by the owners of the bank |                                            |                                |                          |                      |                   |           | Non-controlling interest | Total equity |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------|--------------------------------------------|--------------------------------|--------------------------|----------------------|-------------------|-----------|--------------------------|--------------|
|                                                                                                                                                     |       | Statutory capital               | Share premium and other additional capital | Unregistered statutory capital | Reserves and other funds | Revaluation reserves | Retained earnings | Total     |                          |              |
| 1                                                                                                                                                   | 2     | 3                               | 4                                          | 5                              | 6                        | 7                    | 8                 | 9         | 10                       | 11           |
| <b>Balance as at 31 December 2023</b>                                                                                                               |       | 713,370                         | 23,845                                     | -                              | 17,413                   | 84,677               | 35,960            | 875,265   | -                        | 875,265      |
| Impact of changes in accounting policies, correction of errors and the impact of the transition to new and/or revised standards and interpretations |       | -                               | -                                          | -                              | -                        | -                    | -                 | -         | -                        | -            |
| <b>Restated balance as at 31 December 2023</b>                                                                                                      |       | 713,370                         | 23,845                                     | -                              | 17,413                   | 84,677               | 35,960            | 875,265   | -                        | 875,265      |
| Total comprehensive income                                                                                                                          |       | -                               | -                                          | -                              | -                        | 1,105                | 154,296           | 155,401   | -                        | 155,401      |
| profit/ (loss) for the year                                                                                                                         |       | -                               | -                                          | -                              | -                        | -                    | 154,296           | 154,296   | -                        | 154,296      |
| other comprehensive income                                                                                                                          |       | -                               | -                                          | -                              | -                        | 1,105                | -                 | 1,105     | -                        | 1,105        |
| Realized gain/(loss) from revaluation of property and equipment                                                                                     |       | -                               | -                                          | -                              | -                        | (3,462)              | 3,462             | -         | -                        | -            |
| Allocation of retained earnings to reserve and other funds                                                                                          |       | -                               | -                                          | -                              | 32,888                   | -                    | (32,888)          | -         | -                        | -            |
| Unregistered share capital                                                                                                                          |       | -                               | -                                          | 241,696                        | -                        | -                    | -                 | 241,696   | -                        | 241,696      |
| <b>Balance as at 31 December 2024</b>                                                                                                               | 19    | 713,370                         | 23,845                                     | 241,696                        | 50,301                   | 82,320               | 160,830           | 1,272,362 | -                        | 1,272,362    |



## STATEMENT OF CHANGES IN EQUITY (STATEMENT OF EQUITY) FOR 2023

(thousand  
UAH)

| Item                                                                                                                                                | Notes | Owned by the owners of the bank |                                            |                                |                          |                      |                   |         | Non-controlling interest | Total equity |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------|--------------------------------------------|--------------------------------|--------------------------|----------------------|-------------------|---------|--------------------------|--------------|
|                                                                                                                                                     |       | Statutory capital:              | Share premium and other additional capital | Unregistered statutory capital | Reserves and other funds | Revaluation reserves | Retained earnings | Total   |                          |              |
| 1                                                                                                                                                   | 2     | 3                               | 4                                          | 5                              | 6                        | 7                    | 8                 | 9       | 10                       | 11           |
| Balance as at 31 December 2022                                                                                                                      |       | 713,370                         | 23,845                                     | -                              | 11,053                   | 95,293               | (67,329)          | 776,232 | -                        | 776,232      |
| Impact of changes in accounting policies, correction of errors and the impact of the transition to new and/or revised standards and interpretations |       | -                               | -                                          | -                              | -                        | -                    | -                 | -       | -                        | -            |
| Restated balance as at 31 December 2022                                                                                                             |       | 713,370                         | 23,845                                     | -                              | 11,053                   | 95,293               | (67,329)          | 776,232 | -                        | 776,232      |
| Total comprehensive income                                                                                                                          |       | -                               | -                                          | -                              | -                        | -                    | 109,649           | 109,649 | -                        | 109,649      |
| profit/(loss) for the year                                                                                                                          |       | -                               | -                                          | -                              | -                        | -                    | 106,577           | 106,577 | -                        | 106,577      |
| other comprehensive income                                                                                                                          |       | -                               | -                                          | -                              | -                        | -                    | 3,072             | 3,072   | -                        | 3,072        |
| Realized gain/(loss) from revaluation of property and equipment                                                                                     |       | -                               | -                                          | -                              | -                        | (5,777)              | -                 | (5,777) | -                        | (5,777)      |
| Effect of changes related to deferred tax accounting                                                                                                |       | -                               | -                                          | -                              | -                        | (4,839)              | -                 | (4,839) | -                        | (4,839)      |
| Allocation of retained earnings to reserve and other funds                                                                                          |       | -                               | -                                          | -                              | 6,360                    | -                    | (6,360)           | -       | -                        | -            |
| Balance as at 31 December 2023                                                                                                                      |       | 713,370                         | 23,845                                     | -                              | 17,413                   | 84,677               | 35,960            | 875,265 | -                        | 875,265      |

Authorized for release and signed on  
24 April 2025

Acting Chairman of the Board

V.V. Kuzyo

V.Y. Makovych  
(032) 232-36-40



Chief accountant

M.M. Chypurko

## STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR 2024

(thousand  
UAH)

| Item                                                                                       | 31 December<br>2024 | 31 December<br>2023 |
|--------------------------------------------------------------------------------------------|---------------------|---------------------|
| 1                                                                                          | 2                   | 3                   |
| <b>Cash flows from (used in) operating activities</b>                                      |                     |                     |
| Profit (loss)                                                                              | 154,296             | 106,577             |
| <b>Adjustments to reconcile profit (loss)</b>                                              |                     |                     |
| Adjustments for income tax expense                                                         | 175,403             | 132,364             |
| Income accrued                                                                             | (1,715 773)         | (1,258,810)         |
| Expenses accrued                                                                           | 898,767             | 685,807             |
| Adjustments for depreciation and amortisation expense                                      | 57,066              | 42,478              |
| Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss | 9,606               | 34,608              |
| Other adjustments for non-cash items                                                       | 101,424             | 80,732              |
| Adjustments for losses (gains) on disposal of non-current assets                           | (363)               | (156)               |
| <b>Total adjustments to reconcile profit (loss)</b>                                        | <b>(473,870)</b>    | <b>(282,977)</b>    |
| <b>Net cash flows from (used in) operations</b>                                            | <b>(319,574)</b>    | <b>(176,400)</b>    |
| Net (increase)/decrease of investments in securities*                                      | (1,450 000)         | (420,000)           |
| Net (increase)/decrease in other bank balances                                             | 33,878              | 8,376               |
| Net (increase)/decrease in loans and advances to customers                                 | (1,955,425)         | (2,059,412)         |
| Net (increase)/decrease in other financial assets                                          | 33,843              | (21,530)            |
| Net (increase)/decrease in other assets                                                    | (10,235)            | (13,152)            |
| Net increase/(decrease) in customer accounts                                               | 2,181,166           | 2,281,087           |
| Net increase/(decrease) in provisions for liabilities                                      | 30,704              | (115)               |
| Net (increase)/decrease in other financial liabilities                                     | 51,517              | 105,951             |
| Net (increase)/decrease in other liabilities                                               | (1,992)             | 18,040              |
| Interest paid                                                                              | (874,203)           | (636,068)           |
| Interest received                                                                          | 1,707,778           | 1,168,899           |
| Income taxes refund (paid)                                                                 | (169,897)           | (49,206)            |
| <b>Net cash flows from (used in) operating activities</b>                                  | <b>(742,440)</b>    | <b>206,470</b>      |
| <b>Cash flows from (used in) investing activities</b>                                      |                     |                     |
| Purchase of securities                                                                     | (1,328 423)         | (857,892)           |
| Proceeds from sale of investments in securities                                            | 675,866             | 628,735             |
| Proceeds from sale of property, plant and equipment                                        | 7,761               | 38,541              |
| Acquisition of property, plant and equipment                                               | (194,230)           | (83,025)            |
| Proceeds from sales of intangible assets                                                   | -                   | -                   |
| Acquisition of intangible assets                                                           | (17,835)            | (12,155)            |
| <b>Net cash flows from (used in) investing activities</b>                                  | <b>(856,861)</b>    | <b>(285,796)</b>    |

## STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR 2024 (continued)

| Item                                                                                               | 31 December<br>2024 | 31 December<br>2023 |
|----------------------------------------------------------------------------------------------------|---------------------|---------------------|
| 1                                                                                                  | 2                   | 3                   |
| <b>Cash flows from (used in) financing activities</b>                                              |                     |                     |
| <b>Proceeds from issuing shares</b>                                                                | <b>241,696</b>      | <b>-</b>            |
| <b>Issue of ordinary shares</b>                                                                    | <b>241,696</b>      | <b>-</b>            |
| <b>Proceeds from borrowings</b>                                                                    | <b>2,409,264</b>    | <b>982,819</b>      |
| Receipt of subordinated debt                                                                       | 305,837             | 19,773              |
| Receipt of other debt                                                                              | 2,103,427           | 963,046             |
| <b>Repayment of borrowings</b>                                                                     | <b>(1,031 117)</b>  | <b>(559,396)</b>    |
| Return subordinated debt                                                                           | (23,500)            | (13,000)            |
| Return of other debt                                                                               | (1,007 617)         | (546,396)           |
| Payments of lease liabilities                                                                      | (12,554)            | (10,485)            |
| <b>Net cash flows from (used in) financing activities</b>                                          | <b>1,607,289</b>    | <b>412,938</b>      |
| <b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>7,988</b>        | <b>333,612</b>      |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                |                     |                     |
| Effect of exchange rate changes on cash and cash equivalents                                       | (66,790)            | (42,672)            |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                        | <b>(58,802)</b>     | <b>290,940</b>      |
| Cash and cash equivalents at the beginning of the period                                           | 1,386,763           | 1,095,823           |
| Net cash and cash equivalents at the end of the period                                             | 1,327,961           | 1,386,763           |

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24 April 2025

Acting Chairman of the Board

V.V. Kuzyo

V.Y. Makovych  
(032) 232-36-40



Chief accountant

M.M. Chypurko

\* For the purposes of preparation of the Statement of cash flows, deposit certificates are classified as cash and cash equivalents and, accordingly, disclosed in operating activities.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1. Information about the bank

#### **Name of the Bank**

Joint-Stock Company Joint Stock Bank "Lviv", abbreviated name – as JSC JSCB "Lviv", hereinafter - JSCB "Lviv" or the Bank.

Commercial Bank "Lviv" was established in the form of a limited liability company and registered by the National Bank of Ukraine on 14.10.1991. under No. 28, transformed into a closed joint-stock company Joint-Stock Commercial Bank "Lviv" based on the decision of the meeting of the Bank participants dated 16.09.1993, according to the decision of the General Meeting of Shareholders dated 15.11.2001. was renamed into Closed Joint Stock Company Joint-Stock Commercial Bank "Lviv" in accordance with the Laws of Ukraine "On Business Associations", "On Banks and Banking", "On Securities and Stock Exchange", other legislative acts of Ukraine and regulations of the National Bank of Ukraine, the Decision of the General Meeting of Shareholders dated 17.01.2008. On 17.01.2008, upon the Decision of the General Meeting of Shareholders Closed Joint- Stock Company Joint-Stock Commercial Bank "Lviv" changed its name to Open Joint-Stock Company Joint-Stock Commercial Bank "Lviv", which acts as a legal successor of all rights and obligations of JSC JSCB "Lviv".

Subject to the decision of the General Shareholders Meeting dated 14.09.2009 due to making the Charter compliant with the Law of Ukraine "On Joint-Stock Companies", the name of the Open Joint-Stock Company Joint-Stock Commercial Bank "Lviv" was changed to Public Joint-Stock Company Joint-Stock Commercial Bank "Lviv".

To bring the Bank activities in line with the requirements of the legislation of Ukraine, on 14 November 2018, the General Meeting of Shareholders of the Bank resolved to change of the type of joint-stock company from public to private, change of the name of the Bank, approval of the new edition of the Bank Charter. On 8 April 2019, the new wording of Charter of JSC JSB LVIV was registered in the Unified State Register of Legal Entities, Individuals - Entrepreneurs and Public Associations.

#### **Location of the Bank**

Ukraine, 79008, Lviv 1 Serbska St.,

In 2023-2024, no changes were made to the location of JSCB "Lviv".

#### **Country of incorporation.**

The Bank is incorporated and operates in Ukraine.

#### **Management interest in the Bank shares**

As at 31 December 2023 and 31 December 2024, there is no direct ownership of the Bank shares by the members of the Supervisory Board and the Management Board. As of 31 December 2024, Petursson Margeir, a member of the Supervisory Board, indirectly owns 37.469202% of the authorized capital of the Bank (31 December 2023: 37.469202%).

#### **Substantial shareholding.**

As at 31 December 2024, the following persons held direct significant interest in the Bank:

- responsAbility Participations AG (Switzerland) - 48.557189% of the statutory capital (decision of the Committee for Supervision and Regulation of Banking, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 169 dated 23.06.2018) (31 December 2023: 48.557189%);
- New Progress Holding Limited Liability Company (Ukraine) 27.985079% of the authorised capital (31 December 2023: 27.985079 %);
- Nordic Environment Finance Corporation (Finland) – 13.936230% of the authorised capital (decision of the Committee for Supervision and Regulation of Banking, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 111 dated 25.03.2021) (31 December 2023: 13.936230%)

The ultimate beneficiary of LLC New Progress Holding is Petursson Margeir (a citizen of Iceland), who as at 31 December 2024 indirectly owns 37.469202% of the statutory capital of the Bank (31 December 2023: 37.469202%). The acquired indirect significant interest of Margeir Petursson in the Bank was approved 30 December 2015 by decision no. 633 of the Committee for Supervision and Regulation of Banking, Supervision (Oversight) of payment systems of the National Bank of Ukraine.

#### **Participation of foreign investors in the authorised capital**

The share of the foreign investor in the Bank – responsAbility Participations AG (Switzerland), direct parent company of the Bank, constitutes 48.557189% of the authorised capital.

The share of the foreign investor in the Bank, Frontmost Limited (Cyprus), constitutes 7.648921% of the authorised capital.

The share of the Bank foreign investor in the Bank, Nordic Environment Finance Corporation (Finland), constitutes 13.936230% of the authorised capital.

The Bank does not have an ultimate beneficial owner that controls more than 50% of the shares as at 31 December 2024 and 31 December 2023.

### **Legal and organizational form of the Bank.**

Joint-stock company. Type: Private Joint Stock Company.

### **Description of the Bank operations and core business, and specialization**

During the reporting period JSCB "Lviv" operated as a universal commercial bank.

According to the Charter the main purpose of the Bank activities is earning profit by providing banking and other financial services in national and foreign currency and conducting other activities that may be allowed for banks according to the current legislation of Ukraine. If there is a license, permission or consent (agreement) of the National Bank of Ukraine, Securities and Stock Market State Commission, State Property Fund of Ukraine, or any other authorities, required for conducting activities foreseen by the Charter, the Bank conducts such activity after obtaining such licenses, permissions or consents (agreements).

The supreme governing body of the Bank is the General Meeting of Shareholders defining the mission, philosophy and strategy of the activities. Regulatory authority that supervises the activities of the Bank is the Supervisory Board. The Bank Supervisory Board represents the shareholders' interests in the period between the Shareholders' General Meetings. The Board as the executive body of the Bank is responsible for the ongoing management of its activities.

The Bank operates according to the banking license No. 54 issued by the National Bank of Ukraine on 26.10.2011, under which the Bank has a right to provide banking services, determined in the third part of Article 47 of the law of Ukraine "On Banks and Banking" notably:

- 1) acquisition of funds and precious metals in deposits from the unrestricted circle of legal entities and individuals;
- 2) opening and managing current (correspondent) accounts of the clients including accounts in precious metals;
- 3) placing raised deposits, including current account funds and precious metals sui Juris, on one's own terms and at one's own risk.

The Bank has a right to provide its clients (except banks) with financial services including concluding agency contracts with the legal entities. The list of financial services which the Bank has a right to provide its clients (except banks) by concluding the agency contracts is established by the National Bank of Ukraine.

Except providing financial services the Bank has a right to conduct its activities concerning:

- 1) investments;
- 2) issue of own securities;
- 3) storage of valuables (including accounting and storage of securities and other valuables confiscated (arrested) in favour of the state and/or recognized as ownerless) or provision of property lease (lease) of an individual bank safe;
- 4) collection of funds and currency valuables transition;
- 5) provision of administrator services for the issuance of bonds in accordance with the Law of Ukraine "On Capital Markets and Organized Commodity Markets";
- 6) provision of consulting and informational services concerning banking and other financial services.

The Bank makes direct investments and performs portfolio transactions according to the securities, investment activity legislation of Ukraine and regulatory and legal acts of National Bank of Ukraine.

In future periods the Bank does not plan to expand the list of transactions, the performance of which requires the permission of the National Bank of Ukraine.

The Bank focuses on financing and providing services to small and medium-sized enterprises (SMEs), as well as individuals. The core services offered by the Bank to SME clients relate to lending, deposits and transactions. Through its activities, the Bank actively contributes to economic development by keeping special focus on small and medium-sized enterprises in the manufacturing, agricultural sectors and by supporting energy-efficient SME projects. The main services provided to individuals relate to deposits and general banking services. The Bank offers its clients reliable and convenient services tailored to their particular needs.

JSCB “LVIV”

Financial statements as at and for the year ended 31 December 2024

(thousand UAH)

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**Participation in the Individuals Deposits Guarantee Fund.**

The Bank is a permanent member of the Individuals Deposits Guarantee Fund since 1999:

| <b>No. in the Fund Register</b> | <b>Date of registration in the Fund</b> | <b>No. of the Fund member certificate</b> | <b>Certificate issue date</b> |
|---------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------|
| 034                             | 2 September 1999                        | 031                                       | 18 October 2012               |

**Date of financial statements approval for issue.**

These annual financial statements were authorized for issue and signed by the management on 24 April 2025.

## Note 2. Economic environment of the Bank

The business of the Bank is exposed to the economy and financial markets of Ukraine, which have the characteristics of an emerging market. The legal, tax and administrative systems continue to evolve, however, due to the risk of ambiguity in the interpretation of their requirements, which are also subject to frequent changes, which together with other legal and fiscal obstacles create additional problems for companies doing business in Ukraine.

On 24 February 2022, the Russian Federation launched a full-scale military invasion of Ukraine. The ongoing war has resulted in significant human casualties, significant population displacement, infrastructure damage, power outages, and significant disruption of economic activity in Ukraine as a whole. It also had a negative and lasting impact on the political and business environment in Ukraine, including the ability of many businesses to continue their operations as usual. In response to the military invasion, the President of Ukraine imposed martial law, which has now been extended until 6 August 2025.

Throughout 2023 and 2024, the ongoing hostilities remain intense, albeit concentrated in eastern and southern parts of Ukraine, while the Autonomous Republic of Crimea and most of Donetsk, Luhansk, Kherson and Zaporizhzhia regions remain under occupation. In addition, since October 2022, the Russian Federation started missile and drone attacks that impacted power grid as well as other critical civilian infrastructure all over Ukraine.

Despite the ongoing war, the economy remains resilient. In January 2024, the National Bank of Ukraine (hereinafter also referred to as the NBU) downgraded its forecast for real GDP growth in 2024 to 3.4%. Annual inflation increased to 12% in 2024. There have also been some reductions in the NBU policy rate from 15% to 14.5%. However, economic growth is expected to slow in 2025 due to a tightening labour market, ongoing attacks by the Russian Federation on Ukraine's energy infrastructure, and a budget deficit. The forecasts are generally subject to significant risks, primarily due to exceptionally high uncertainty caused by the war, possible delays or reductions in external financing, and the outcome of peace negotiations.

Since the outbreak of the war, the NBU has imposed certain administrative restrictions on foreign exchange transactions and capital flows, including the limitations on interest and dividend payments abroad. Due to these restrictions, UAH lacks exchangeability and is not freely convertible.

After the invasion began, all global rating agencies downgraded Ukraine's ratings. As of December 31, 2024, the ratings are as follows:

- ▶ Fitch: long-term foreign currency issuer default rating - RD and long-term national currency issuer default rating - CCC+;
- ▶ Moody's: long-term issuer default rating in foreign and national currency - Ca;
- ▶ S&P: long-term foreign currency issuer default rating - SD and long-term national currency issuer default rating - CCC+.

In December 2024, amendments were made to the Tax Code of Ukraine, setting the income tax rate for banks based on the results of 2024 at 50%, and, starting from 2025, the income tax rate at 25%. The income tax for 2023 was set at 50%

### Disclosure of uncertainties of entity ability to continue as going concern

As a result of the events disclosed above, for the purposes of its going concern assessment, management has concluded that the Bank will be able to continue as a going concern based on, inter alia, the following considerations.

Management of the Bank is aware of the risks that have arisen with the beginning of the military operations on the territory of Ukraine and may remain at the same level or enhance during the war.

Historically, the Bank has focused on working with clients located mainly in the West of Ukraine - in Lviv, Ivano-Frankivsk, Ternopil, Volyn and Rivne regions. There are no direct hostilities in any of the regions, only missile strikes are possible.

To minimize the negative impact of the consequences of Russian military aggression on the Bank activities and relations with customers, considering the concentration inherent in banking operations, the Bank has taken and continues to apply the following measures:

- cautious lending to customers in the border northern regions is carried out (short-term lending in the presence of sufficient own working capital or subject to the availability of collateral in other regions, etc.);
- in order to increase the resilience of IT systems, backup in the cloud environment was implemented and backup of critical IT systems in AzureCloud was deployed; creation of the main and backup channels of communication with the main and backup data processing centre of the NBU;
- all branches were provided with backup power generators; Starlink stations were purchased for redundancy of communication channels of data processing centres (main and backup), as well as a backup for a network of branches;

- evacuation plans were developed to improve staff safety; emergency supply of food, water and medicines was stockpiled; a backup site for the resumption of operations in Uzhhorod was prepared and a business recovery plan was developed.

As at 31 December 2024, the Bank does not comply with the covenant on the level of transformation of credit funds, which is determined by the terms of agreements on raising loans from the Entrepreneurship Development Fund (EDF).

Prior to the reporting date, on 2 December 2024, the Bank received a letter from the EDF approving the extension of the loan transformation period until 31 January 2026 for the Programs mentioned above. Therefore, there is no breach of this covenant as at 31 December 2024 and the debt under agreements with international and other financial organizations can be presented according to contractual maturities.

In pursuance of NBU Board Decision No. 570/BT dated 12.11.2021, the Bank must comply with the forecast performance indicators of the Capitalization/Restructuring Program in terms of the regulatory capital adequacy ratio (N2) and the fixed capital adequacy ratio (N3). According to the Capitalisation Program, the Bank had to fulfil the conditions for the level of N2 and the level of N3 specified in the Capitalisation Program until 30 June 2022.

As at 31 December 2024, the actual values of these ratios are higher than the planned values that should have been at the end of the Capitalization Program (June 30, 2022) and amount to regulatory capital adequacy ratio NCR (N2) - 13.18%, Tier 1 capital adequacy ratio NCR1 (N3) - 11.6%.

In connection with the Russian invasion, the deadline for finalising the efforts aimed at improving the Bank stability was extended by the NBU by 180 days after the end of martial law. As a result, no sanctions have been imposed on the Bank by the regulator as at 31 December 2024 and at the date of approval of these financial statements.

On 18 December 2024, the Supervisory Board approved the Bank Financial Plan for 2025 that provides for the Bank stable profitable operations. The continuation of hostilities may lead to the continuation of existing or the introduction of additional administrative restrictions by the NBU, which may pose a threat to operations, as well as lead to further disruptions in supply chains and financing for both the Bank and its customers.

Management of the Bank monitors the development of the current situation in Ukraine caused by the full-scale invasion, and takes measures, if necessary, to minimize any negative consequences as much as possible and provide a full range of banking services.

However, the continuation of military operations may have negative consequences for the Bank activities. The continuous hostilities can also lead to extension of the current or introduction of additional administrative restrictions from the NBU, which may pose a threat to the Bank operations and cause further disruption of the Bank supply chains and financing for both the Bank and its customers.

As of the date of approval of these financial statements, further developments regarding the Minerals Agreement between Ukraine and the United States, as well as future military, financial and non-financial assistance from the United States, remain uncertain.

As such, these events or conditions indicate that there is substantial uncertainty, which may cast significant doubt on the Bank ability to continue its operations on a continuing basis. These financial statements have been prepared on a going concern basis and do not include any adjustments that would be required had the Bank been unable to continue as a going concern.

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

### Note 3. Basis of preparation

#### Compliance of financial statements with IFRS, including all previously adopted effective IFRS and interpretations

These financial statements were prepared in accordance with IFRS Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Law of Ukraine "On Accounting and Financial Statements in Ukraine" no. 996-XIV dated 16 July 1999 regarding the preparation of financial statements.

The financial statements are prepared on the historical cost basis, except for the following items: financial assets at fair value through profit or loss; land; buildings.

#### Functional currency of the Bank accounting records, and measurement financial statements units

The Bank maintains its accounting records in Ukrainian hryvnia (UAH) and defines UAH as the functional currency. Transactions in currencies other than UAH are treated as foreign currency transactions.

The financial statements are presented in UAH and all values are rounded to the nearest UAH thousands, except when otherwise indicated.

The UAH exchange rates to the main currencies used in the preparation of the financial statements are as follows:

|     | 31 December<br>2023 | 31 December<br>2024 |
|-----|---------------------|---------------------|
| USD | 37,9824             | 42.0390             |
| EUR | 42,2079             | 43.9266             |

## Note 4. Accounting policies

### 1. Disclosures on Material Aspects of Accounting Policies

The accounting policies have been applied consistently to all periods presented in these financial statements.

During the preparation of the financial statements, the Bank Management adopts estimates and assumptions affecting the recognition of the amounts due in the financial statements. Such estimates and assumptions are based on the existing information at the date of the financial statements preparation. Accordingly, actual results may differ from those estimates and assumptions. Estimates particularly sensitive to changes relate to provisions for impairment losses and fair value of financial instruments.

Information about judgements made in applying accounting policies that had the most significant effects on the amounts recognised in the financial statements as regards the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL is disclosed in the following sections of this Note;

These financial statements are prepared under historical cost basis except for financial instruments at fair value through profit or loss, buildings, land plots and investment property presented at revalued cost.

Under the historical cost basis, the assets are recorded in the amount of actual consideration given to acquire them, while the liabilities are recorded at the amount of proceeds received in exchange for such liabilities.

The criteria for income and losses recognition are used separately per every banking transaction. Every type of income and losses is represented in the accounting statements separately.

### 2. Financial assets and financial liabilities

#### *i. Classification and measurement*

##### **Financial asset**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model within which these instruments are managed. Financial instruments are initially recognised at fair value, which increase or decrease by the amount of transaction costs, except for financial assets and financial liabilities that are recorded at fair value with revaluation recognition in other comprehensive income (FVOCI) or at fair value with revaluation recognition in profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income using the effective interest method;
- ECL and reversals;
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Business model assessment**

The Bank will make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding part of the principal ("SPPI" criterion), the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank claim to cash flows from specified assets – e.g. non-recourse asset arrangements; and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

In some cases, loans made by the Bank that are secured by collateral of the borrower limit the Bank claim to cash flows of the underlying collateral (non-recourse loans). The Bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the Bank risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Bank will benefit from any upside from the underlying assets.

**Reclassification**

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

**Financial liabilities**

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

**Reclassification**

Financial liabilities are not reclassified after their initial recognition.

**ii. Derecognition****Financial assets**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership but ceases to control the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Bank may enter transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or practically all risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Examples of such operations are sales and repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In individual transactions, the Bank retains a commitment to service the transferred financial asset for a commission fee. The Bank derecognises the transferred asset if it meets the criteria for the derecognition. An asset or liability is recognized for the purpose of servicing the contract if the service fee is more than adequate (asset) or less than adequate (obligation) for servicing.

**Financial liabilities**

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Any accumulated gain/loss recognised in other comprehensive income on financial liabilities classified at the discretion of the Bank in the fair value measurement category, with the result of the revaluation reflected in profit or loss, shall not be reclassified to net profit or loss when such financial liabilities are derecognised.

***Modification of financial assets and financial liabilities*****Financial assets**

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired.

The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial asset;

- change in collateral or other credit enhancement;
- change of terms of financial asset that lead to non-compliance with the SPPI criterion.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortized cost does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

### **Financial liabilities**

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of financial liability is not accounted for as a derecognition, the amortized cost of the liability is recalculated by discounting the modified cash flows using the effective interest rate, and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

### **Impairment**

The Bank recognises loss provision for expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss:

- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss provisions at an amount equal to lifetime ECL.

The Bank considers a debt investment security has a low credit risk when its credit rating is equivalent to the globally understood definition of 'investment quality'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

### ***Measurement of ECLs***

ECLs are estimated credit losses weighted by the degree of probability of default. They are measured as follows:

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

### ***Generating the term structure of PD***

Credit risk stages are used as a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by type and borrower and by credit risk grading (individual or collective)

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The default probability (PD) for loans valued by portfolio migration matrix method determined using information on past due payments based on the historical data. The statistics are analysed for a period depending on the lending program, but not less than for three years.

To determine the 12-month PD indicator, the share of customers who default (90+) on the horizon of the last year is calculated. To determine the lifetime PD, the share of customers who default (90+) during the entire life of the loan is calculated, i.e. in accordance with the expected lifetime determined for each lending program.

The resulting PD values for each group of loans reflecting the past events are used in determining the default probability indicator based on historical macroeconomic data, current and macroeconomic forecasts. Based on the above data, statistical significance of macroeconomic indicators on Probability of Default (PD) is determined using regression models, namely, the ridge regression.

The calculated PDs are applied depending on the Stages of the loans:

- 12-month PD for the loans at Stage 1, that is, for the sub-portfolios: "0 days", "1-30 days",
- lifetime PD for the loans at Stage 2, that is, for the sub-portfolios: "31-60 days", "61-90 days".
- 100% for the loans at Stage 3.

### ***Determining whether credit risk has increased significantly***

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant will differ for different types of lending, in particular between corporate and retail.

As a general indicator, credit risk of a particular exposure of a legal entity, individual or individual entrepreneur (whose ratings are assessed individually) is deemed to have increased significantly since initial recognition if, based on the Bank quantitative modelling:

- it was established that the credit rating after its initial recognition worsened two or more times indicating that the financial condition of a particular borrower has deteriorated;
- payments overdue more than 30 days.

As a general indicator, credit risk of assets group assessed on portfolio basis is deemed to have increased significantly since initial recognition if, based on the Bank quantitative modelling:

- it was established that based on the statistical data, a significant increase in the credit risk is observed for the loans with overdue payments for more than 30 days;
- if there is a significant increase in the ECL in case of default depending on the category of overdue loans.

Credit risk can also be considered as having experienced significant increase since its initial recognition based on qualitative factors related to the Bank credit risk management processes that cannot be fully and timely reported in the quantitative analysis. This will be the case for exposures that meet certain heightened risk criteria. Such qualitative factors are based on its expert judgement and relevant historical experience.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and

### ***Definition of default***

The Bank considers a financial asset to be in default when:

- clients have a default rating;
- the debt related to the financial assets for all products of the Bank is overdue by more than 90 days.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: there are signs implying a high credit risk and default of the debtor, initiation of a bankruptcy case or the bankruptcy of the borrower;
- quantitative: determining the maximum days of delay the client has taking into account all his contracts.
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

### ***Incorporating of forward-looking information***

Under IFRS 9, the Bank will incorporate forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs.

The Bank formulates three economic scenarios: a base case, which is the median scenario assigned an 80% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 10% probability of occurring. The Bank takes into account the external information, which includes economic data and forecasts, approved by the IMF as well as the National Bank of Ukraine and published by state authorities on their official sites and available on the Internet resources.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relations between macro-economic variables and credit risk and credit losses.

### ***Measurement of expected credit losses***

The key inputs for loans to the borrowers, assessed individually, that is, for each client, the ECL provision are estimated based on:

- probability of default (PD), determined based on migration matrix using the information about the overdue payments based on the statistical data of the past periods (estimation of the PDs is discussed above under the heading "Generating the term structure of PD");
- loss given default (LGD) that allows for the cash flows that may be received from collateral, using liquidity ratios for each type of security and costs that may arise if materialised;
- macro factor (FLI) (macroeconomic forecast coefficient) - assessment of the forecast information is discussed above under the heading «Incorporating of forward-looking information»;
- (EAD) - exposure at the time of default, default risk at the reporting date.

ECLs are calculated by multiplying the PD, LGD and EAD.

The key inputs for loans assessed on the portfolio basis, that is, the ECL provision are estimated based on:

- probability of default (PD), determined based on migration matrix using the information about the overdue payments based on the statistical data of the past periods (estimation of the PDs is discussed above under the heading "Generating the term structure of PD");
- loss given default (LGD) - the indicator taking into consideration the statistics on the debt repayment;
- macro factor (FLI) (macroeconomic forecast coefficient) - assessment of the forecast information is discussed above under the heading «Incorporating of forward-looking information»;
- EAD - loan debt subject to default risk at the reporting date.

During the period of martial law and 180 calendar days after its termination or cancellation, the Bank has the right not to apply the FLI. In this case, the Bank makes management adjustments to replace the FLI.

The ECLs for positions exposed to credit risk in Stage 1 are calculated by multiplying the 12-month PD, taking into account the LGD discount factor determined taking into account the time of repayment, and the EAD. ECL for the lifetime of a financial instrument is calculated by multiplying the PD for the lifetime of the financial instrument, considering the discount rate (for Stage 1 loans pool), by the LGD determined based on the repayment period and the EAD.

The Bank estimates LGDs based on information on repayment of loans over 90 days. The lifetime LGD estimate model includes loans overdue over 90 days before past due, which is equal to the lifetime of the loan, that is, according to the expected lifetime defined for each lending program and analyses their status after 3 years. The debt repayment amount are estimated by discounting the cash flows using the effective interest rate.

Credit losses are determined by taking into account the value of money in time by discounting the amount of losses by the reporting date using the rate close to the effective one. For fixed interest rate loans the effective rate and its approximate value are calculated for the initial recognition of the asset. For revolving loans the Bank determines the effective interest rate by modelling the conditions of use and gradual repayment of the loan. The discount term is determined by statistical analysis of the defaults "maturing".

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

For renewable credit lines that include both loan and undrawn commitment component, the Bank measures ECLs for the off-balance sheet commitments considering the credit risk management efforts that the Bank expects to undertake, and which are used to mitigate the ECL consequences. The Bank manages used and unused contractual obligations for future operations related to all the cards together as one mechanism. These credit facilities do not have a fixed term and are managed on a collective basis. The Bank can cancel the unused commitments or lower the limits, but this right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. The Bank uses the behavioural characteristics of the cards for the share of used limits set for the card and for the share of cards without movement, the defaults maturing period and the share of cards which credit limit got cancelled on the first day as the debt became overdue. For the expected additional amounts used the Bank uses a credit conversion rate, which is an estimate of the share of the unused part of the commitment at the reporting date that will be used by the customer till its default.

#### ***Classification of provision for ECLs in the statement of financial position***

Loss provisions for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of these assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- if the financial instrument contains both a claimed and an unclaimed component, and the Bank is unable to determine the expected credit losses on the assumed loan obligation separately from the expected credit losses on the already claimed part: The Bank presents an aggregate loss provision for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss provision over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no provision for expected credit losses is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss provision is disclosed and is recognised in the fair value reserve.

**Write-offs**

Loans and debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment takes place at the level of an individual asset.

Recoveries of amounts previously written off are included in "Impairment losses on financial instruments" in the statement of profit or loss and other comprehensive income.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank procedures for recovery of amounts due.

**Measurement of impairment losses**

Impairment losses on assets measured at amortised cost were calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses on available-for-sale assets were calculated as the difference between the carrying amount and the fair value.

**Reversal of impairment loss**

*Assets measured at amortised cost*; if an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.

**Presentation**

Impairment losses were recognised in profit or loss and reflected in an provision account against loans and advances to customers. Interest on the impaired assets is recognized through the unwinding of the discount.

**3. Cash and cash equivalents**

Cash and cash equivalents are assets that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents include unrestricted balances with the NBU and all interbank placements with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents.

Cash and cash equivalents are measured at amortized cost.

**4. Other balances due to banks**

Other balances due to other banks are accounted for when the Bank provides counterparty banks with cash that is due and payable on a specified or specified date. At the same time, the Bank does not intend to carry out trading operations with the resulting debt. Such debt is not related to derivative financial instruments and has no market quotations. Loans and other bank balances are accounted for at amortized cost using the effective interest method.

**5. Loans and advances to customers**

Loans and advances to customers are accounted for when the Bank provides funds to customers in the form of payments due on a specified or agreed date that the Bank expects to hold until the final repayment date.

Loans and advances to customers are accounted for at amortised cost using the effective interest method.

Interest income and expense on loans and advances to customers from customers are recognised in accounting taking into account impairment assessed using the effective interest method. The effective interest rate is calculated taking into account all cash flows under the financial instrument in accordance with the terms of the underlying contract, including all commissions and other amounts paid or received, which are an integral part of income (expenses) under respective financial instrument. If it is not practicable to reliably estimate the cash flows or the expected life of the financial instrument, the Bank uses the cash flows provided for in relevant contract during the term of the contract.

They are accrued proportionally to the time (number of days) and amount of the asset or liability according to the actual/actual method, so that the actual number of days in a month and a year is used for calculation purposes.

The item "Loans and advances to customers" in the statement of financial position includes:

- deposit certificates issued to customers and measured at amortised cost; they are initially measured at fair value plus direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- loans issued to customers that are mandatorily measured at fair value through gain or loss due to non-compliance with the SPPI criterion. They are measured at fair value, changes in which are immediately recognised in profit or loss.

**6. Investment property**

Investment property is a property held by the Bank in order to obtain rental income or increase the value of invested capital.

Investment property is carried at fair value, which reflects the current market value and represents potential value of a transaction at market conditions between knowledgeable and willing parties.

Investment property is revalued at each reporting date and the results are recognized in the statement of comprehensive income as gains/losses from investment property revaluation. The resulting rental income is recognized in the statement of comprehensive income within other operating income.

Subsequent expenses for investment property are capitalized only when there is a possibility of future economic benefits associated with it and the amount of expenses can be reliably measured. All other costs for repairs and maintenance are expensed as incurred.

**7. Fixed assets**

Fixed assets (including equipment under operating leases where the Bank is the lessor) are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Before preparing the annual financial statements, to make a decision on the revaluation of the "real property" of the Bank, the professional judgment of internal appraisers who have tested the compliance with the fair value is analysed, and the differences between the fair value of the PPE items according to internal appraisers and their carrying values are calculated.

The calculated difference for each item of the group is analysed for the materiality of the impact on the Bank financial statements.

Professional judgment is considered by the Management Board of the Bank and, depending on the amount of any difference between the fair (market) value of a PPE item and its carrying value, a decision is made on the expediency of revaluation. In case of a significant difference ( $> 10\%$ ), a decision is made to conduct an assessment by independent professional appraisers, and revaluation is carried out based on their conclusions.

If the difference is less than 10%, no revaluation is carried out before the preparation of the annual financial statements.

Upon receipt of valuation reports from independent appraisers, the Settlements Department reflects the revaluation of property, plant and equipment on the accounts.

Depreciation is calculated on a straight-line basis to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Constructions and investment property 50 – 200 years;
- Vehicles 10 years;
- Furniture and equipment 4 – 15 years.

Fixed assets are derecognized on disposal or when no future economic benefits are expected from its use. Income or expense arising from the derecognition of an asset (calculated as the difference between net sales and the carrying amount of the asset) is recognised in the income statement for the year in which derecognition. under the item "Other income".

**8. Intangible assets**

The Bank intangible assets include the value of computer software.

An intangible asset is recognized only when its historical cost can be measured reliably, and it is highly probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized over the useful economic life. The amortization period and the amortization method for intangible assets are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in the accounting estimates. The amortization expense on intangible assets is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Amortization is calculated using a straight-line method of intangible assets' depreciation to their residual value throughout the period of their useful lives:

- Computer software 2 – 10 years;
- Licenses up to 10 years.

## 9. Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

### ***Bank as a lessee***

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component based on its relative stand-alone price. However, for leases of property the Bank has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be paid by the lessee under the residual value guarantee;
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents the right-of-use assets that do not meet the definition of investment property in a separate line, and recognised lease liabilities under "other financial liabilities" caption of the statement of financial position.

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### ***As a lessor***

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component based on its relative stand-alone price.

The Bank, as a lessor, continues to classify each lease as a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is

for a major part of the economic life of the asset.

When the Bank is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Bank recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

## 10. Assets held for sale and disposal groups

Non-current assets held for sale are recognized if their carrying amount (balance-sheet value) is repaid by the sales operations rather than by current usage. At the date when the decision to recognise these assets as those held for sale is taken, the following conditions are to be accomplished: the assets in their current state provide the possibility to sell them immediately, as well as ensure high level of their sale probability during the current year since the date of their classification.

The Bank recognises the impairment losses in case of the non-current assets fair value decrease less expenses on sale; in case of non-current assets fair value increase less expenses on sale, the income is recognised but only in the amount which is not higher than earlier accumulated impairment losses.

Non-current assets held for sale are measured and recognised at lower of: carrying amount and fair value less costs to sell. The depreciation and amortisation of non-current assets held for sale is not accrued.

## 11. Depreciation and amortization

The value of all non-current (tangible and intangible) assets is subject to depreciation and amortization (excluding cost of land, capital investments in progress, non-current assets held for sale).

Depreciation of fixed assets, amortization of intangible assets and costs of leasehold improvements are charged using the straight-line method, i.e. by even writing-off of initial or revalued cost of fixed and intangible assets to their residual values over the established useful lives of the respective assets, based on the classification of non-current assets by groups and useful lives.

The residual value of an asset is the estimated amount that the Bank would have received due to disposal of the asset, less the estimated costs of disposal.

The residual value of non-current assets (fixed assets and low value non-current tangible assets) and intangible assets on the Bank balance sheet is set at zero cost, since the Bank intends to use the assets until the end of their useful lives.

Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

## 12. Derivative financial instruments

Derivative financial instruments, including currency swaps are carried at their fair value.

In the normal course of business, the Bank enters into various derivative financial instruments including forwards in the foreign exchange and securities markets and foreign currency swaps. Such financial instruments are held for trading and recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives with a positive fair value are recorded in assets and those with a negative fair value in liabilities. Gains and losses on these instruments are included in profit or loss as net gains on foreign exchange transactions, depending on the nature of the instruments. Derivatives may be embedded in other contractual relationships (the "master contract"). The Bank recognises an embedded derivative separately from the underlying contract when:

- the host contract is not an asset within the scope of IFRS 9.
- The main contract itself does not qualify for fair value measurement through profit or loss.
- the terms of the embedded derivative met the 6 definition of a derivative if they were contained in a separate contract;
- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the underlying contract.

Separable embedded derivatives are measured at fair value, all changes of which are recognised in profit or loss, unless

they are part of a qualifying hedging relationship in a cash flow hedge or net investment.

Derivatives used by the Bank are not designated for hedging and are not qualified for hedge accounting.

### **13. Borrowings**

Borrowings are the deposits of legal entities and private individuals in national and foreign currencies.

Financial liabilities for borrowings are initially recognized based on the contract which determines the amount and maturity of liabilities. An obligatory condition for recognition is a proof that the Bank is a party to the contract under a financial instrument and has a legal repayment obligation. The basic principle of the recognition is the fact that there is a probability of an outflow of future economic benefits and a liability has an actual or another value that can be measured reliably.

Borrowings are initially recognized by the Bank at the fair value including the expenses on a transaction. After the initial recognition the loans received as well as deposits are estimated at the amortized cost using the effective interest rate.

Income and expenses from borrowings are recognized by the accrual principle using the effective interest rate method.

#### **Financial liabilities at fair value through profit or loss**

The Bank has no financial liabilities at fair value through profit or loss.

### **14. Debt securities issued by the Bank**

The debt securities issued by the Bank are recognized in the structure of the funds raised.

The debt securities issued by the Bank are initially recognized at the fair value and further are recorded at the amortized cost using the effective interest rate method. The income and expenses from the debt securities issued by the Bank are recognized by the accrual principle using the effective interest rate method.

The Bank issued no debt securities in 2023-2024.

### **15. Provisions for liabilities**

A financial guarantee agreement is an agreement that obliges the Bank to make certain payments to the holder of the guarantee to compensate for the loss incurred by the latter due to the fact that the debtor specified in the agreement was unable to make the payment within the time limits established by the terms of the debt instrument. A loan obligation is a firm commitment to provide credit on pre-agreed terms and within a specified time frame.

Financial guarantees issued or commitments to extend loans at a rate below the market rate are initially measured at fair value. Subsequently to the initial recognition, they are accounted for at a higher of the loss provision determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

The Bank did not issue commitments for loans assessed under FVTPL.

For other loan commitments, the Bank recognises a provision for losses.

Liabilities recognised in respect of financial guarantees issued and loan commitments issued are included in provisions for liabilities.

### **16. Subordinated debt**

Subordinated debt is long-term funds, which, in the case of liquidation of the Bank, will be repaid after meeting the claims of all other creditors. Subordinated debt is accounted for at amortized cost.

The Bank recognizes expenses for subordinated debt pursuant to the contract, but not less than once a month.

### **17. Income tax.**

#### **(i) Current Taxes**

Tax assets and current tax liabilities for current and prior periods are measured as the expected amount to be recovered by the tax authorities or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Income tax rate established by the legislation of Ukraine amounted to 25% in the reporting period. According to the final provisions of the TCU, the income tax rate for 2024 for banks is 50%.

#### **(ii) Deferred taxes**

Deferred tax is recognised at the date of the statement of financial position in respect of temporary differences between the taxable base of assets and liabilities and their carrying amount for the purpose of preparing financial statements. A

deferred tax liability is recognised in respect of all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are determined at the tax rates that will apply during the period of the asset's realisation or liability settlement based on the tax rates (and tax laws) that have been adopted or actually accepted as of the date of the statement of financial position.

Current tax and deferred tax related to items recognised directly in equity are recognised in equity rather than in the income statement.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, and the deferred taxes relate to the same taxpayer and tax authority.

### **18. Share capital and share premium**

Share capital is a sum of cash payments for the Bank shares made by its shareholders. Issue differences are the excess of the contributions over the par value of the issued shares. Profits or losses for the reporting year are distributed subject to the decisions of the General Meeting of Shareholders.

### **19. Dividends**

Dividends on ordinary shares are recognised as liabilities and deducted from equity after they are approved by the Bank shareholders. Interim dividends are deducted from equity after they have been declared and become mandatory for payment by the Bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

### **20. Income and expense recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### ***(i) Interest income and expenses***

##### ***Effective interest rate***

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset;
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes the costs of transactions, as well as the remuneration and amounts paid or received, which are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

#### ***(ii) Commission income***

Commission income and expenses that are an integral part of the effective interest rate on a financial asset or financial liability are included in the calculation of the effective interest rate.

Other commission income is recognized as the related services are provided. If there is no high probability that a loan will be issued to the borrower as part of the loan obligation, the loan commission payments are recognised evenly over the life of the loan obligation.

#### ***(iii) Dividend Income***

Dividend income is recognized when the Bank right to receive the payment is established.

**(iv) Net income from trading operations**

Financial results derived from trading operations include all income and expenses from changes in fair value, related income or expenses and dividends on financial assets and financial liabilities held for trading.

**21. Foreign currency translation**

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated into functional currency at the exchange rate in effect at the date of the statement of financial position. All differences arising from non-trading activities are accounted for under "Other operating income" in the income statement.

Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**22. Assets under trust management**

The Bank provides trust asset management services at the expense of construction financing funds. The Bank acts as an agent under such agreements. Accordingly, the Bank has no obligations regarding funds in trust. The funds have current accounts with the Bank on which cash is deposited not yet invested into assets that meet certain fund investment program.

**23. Employee benefits and related charges**

Wages, salaries, contributions to state social funds, paid annual leave, payment of medical certificate, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

The Bank under the laws of Ukraine shall make the Single Social Contribution to the national Pension Fund. Contributions made to the Pension Fund are expensed as incurred. Costs of provisioning for payment of vacations and premiums are recognized as a part of staff costs.

The Bank has no other obligations for post-retirement benefits or other significant compensated benefits requiring accrual.

**24. Business segment information**

The Bank segment reporting is based on the following operating segments: retail banking, corporate banking, investment banking activities and other transactions. An operating segment is a component of a Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Bank); whose operating results are regularly reviewed by the Board to make decisions about resources to be allocated to the segment and assess its performance. An operating segment is characterized by existence of separable financial information.

Transfer result is calculated as the difference between transfer revenue and transfer expense per each segment based on transfer prices set by major currencies and maturities.

For corporate and retail segments, transfer revenue is calculated as estimated revenue from sales of attracted resources to treasury at acquisition transfer prices; transfer expenses are calculated as estimated expenses on purchase of resources from treasury segment at transfer prices on placements.

The Bank recognizes the income which is directly related to the respective segment and the respective part of the Bank income, which can be related to the respective segment from external activity or from operations between other segments within the Bank as the income of reporting segment.

Reportable segment expenses are expenses related to the segment's core activities that are directly attributable to it and the relevant part of expenses that can reasonably be attributed to the segment, including expenses from external activities. The segment expenses do not include:

- income tax expenses;
- general administrative expenses and other expenses that arise at the level of a primary bank and at the level of the Bank and relate to the Bank as a whole.

The basis for allocating income and expenses by segments is the internal (management) financial statements.

**25. Related party transactions.**

The agreements concluded by the Bank with related entities may not provide more favourable conditions than those concluded with other persons.

Transactions with related parties are recorded in accordance with the same principles and rules that are established for accounting for other similar transactions not with related parties carried out by the Bank.

Provisions for possible risks for active transactions with related parties are formed in accordance with the generally established procedure, reflecting the amounts of reserves in the Bank expenses.

## **26. Accounting for unregistered authorized capital**

Contributions to authorized capital awaiting state registration are recognized in equity as a separate line item - "Unregistered authorized capital" - if there is a commitment by the founders to contribute the relevant funds or property in accordance with the decision of the authorized governing body.

Such contributions are recognized when the liability is incurred and measured at the fair value of the assets to be contributed.

Upon completion of the legal procedure for registration of capital, the respective amounts are reclassified to authorized capital.

The notes to the financial statements disclose information about the amount of unregistered capital, the expected timing of its registration, and the risks associated with its contribution.

## **27. Share-based payments**

The Bank applies the requirements of IFRS 2 "Share-based Payment" (IFRS 2) to account for transactions in which employees, management or other counterparties receive share options, company shares or other equity instruments as consideration for performance of work or provision of services.

If the Bank undertakes to make a cash payment, the amount of the obligation is recognized in the statements as a liability, and the expenses are included in the expenses of the reporting period. The amount of the obligation is reviewed at each reporting date until the final settlement.

In the case of payments that are made partly in the form of equity instruments and partly in cash, the Bank recognizes both components separately according to their nature.

The Bank discloses in the notes to the financial statements information about the terms of share-based programs, the number of options granted/exercised, methods for estimating fair value, key valuation assumptions, and the impact of such payments on financial results and equity.

## Note 5. New and revised standards

### *New standards effective 1 January 2025*

From January 1, 2025, amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates” – “Impossibility of Exchange” are mandatory, with early application permitted.

The Bank expects that this change will not have a significant impact on the financial statements.

### *New standards effective 1 January 2026*

Amendments to IFRS 7 “Financial Instruments: Disclosures” and IFRS 9 “Financial Instruments”: “Amendments to the Classification and Measurement of Financial Instruments” come into effect from 1 January 2026. 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 disclosure requirements for investments in equity instruments designated as at fair value through other comprehensive income have been changed, and disclosure requirements have been added for financial instruments with conditional characteristics that do not directly relate to underlying credit risks and losses.

“Annual Improvements to IFRS Accounting Standards” – Volume 11, effective for annual periods beginning on or after 1 January 2026. Early application is permitted.

The changes are minor, but entities need to consider the extent of the impact to ensure that they result in a change in accounting policy.

These changes are made to:

- ▶ IFRS 1 “First-time Adoption of International Financial Reporting Standards”. In particular, amendments were made to IFRS 1 to ensure its compliance with the requirements of IFRS 9 “Financial Instruments” (hereinafter referred to as IFRS 9), cross-references were added to improve the clarity of IFRS 1. According to the amendments, entities should not reflect in their first IFRS statement of financial position any hedging relationships that do not meet the criteria for hedge accounting under IFRS 9;
- ▶ IFRS 7 “Financial Instruments: Disclosures”. The amendments relate to disclosures related to the recognition of differences between the transaction price and fair value at the date of initial recognition. The amendments are made to align the wording of the guidance provisions on the implementation of IFRS 7 “Financial Instruments: Disclosures” with the relevant provisions of IFRS 7 and the concepts of IFRS 9 and IFRS 13;
- ▶ IFRS 9 “Financial Instruments”. The amendments relate to the termination of lease obligations by a lessee in accordance with the requirements of IFRS 9.
- ▶ Also, the term “transaction price” has been excluded from some provisions of IFRS 7 to eliminate inconsistencies between IFRS 7 and IFRS 9, IFRS 15;
- ▶ IFRS 10 Consolidated Financial Statements. The amendments are made to remove an inconsistency between paragraphs of IFRS 10 to clarify that the relationship described in paragraph B74 is only one example of a circumstance in which judgment is required to be applied to determine whether a party is acting as a de facto agent or not;
- ▶ IAS 7 “Statement of Cash Flows”. The change consists of updating the terminology of IAS 7 “Statement of Cash Flows” regarding cash flows related to investments in subsidiaries, associates and joint ventures.

The amendments “Contracts Referenced to Electricity from Natural Resources” to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” are effective for annual periods beginning on or after 1 January 2026. Early application is permitted.

The Bank expects that the other changes mentioned above will not have a significant impact on the financial statements.

### *New standards effective 1 January 2027*

IFRS 18 “Presentation and Disclosures in Financial Statements” The new accounting standard IFRS 18 “Presentation and Disclosures in Financial Statements” (hereinafter – IFRS 18) replaces IAS 1 “Presentation of Financial Statements”.

IFRS 18 establishes requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to ensure that relevant information is provided that fairly reflects the assets, liabilities, equity, income and expenses of an entity.

The implementation of IFRS 18 will not affect the net profit of the entity but will only change the way the results are presented in the statement of profit or loss and other comprehensive income and in the notes to the financial statements.

IFRS 18 standardizes the presentation formats for 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 indicator for assessing operating results. The standard requires companies to clearly allocate income and expenses into categories such as operating, investing and financing, taking into account the presence of specific types of main activities.

The new standard defines and requires entities to disclose performance indicators determined by management (management performance indicators), for which information on their agreement / reconciliation with the most directly comparable interim financial results, the presentation of which is required by IFRS 18, and as part of the financial statements will be subject to mandatory audit.

The standard also establishes improved requirements for the aggregation and disaggregation of information in the main financial statements and / or notes. IFRS 18 is aimed at improving the quality of reporting by business entities, increasing the level of confidence from investors and other users, and consistency of information for analysis and comparison. Business entities need to start studying and preparing for reporting under the new standard, primarily by determining the impact assessment, reviewing accounting policies, data aggregation, and adapting systems and processes for preparing financial statements.

IFRS 19 "Non-Publicly Reportable Subsidiaries: Disclosures." Early application permitted.

IFRS 19 simplifies reporting processes for subsidiaries within the scope of IFRS 19, reducing costs and maintaining the usefulness of financial statements for 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 of financial statements, reducing the disclosure requirements of subsidiaries. A subsidiary is entitled to apply IFRS 19 if: the subsidiary is not publicly accountable / accountable to the public (i.e. its debt obligations 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 interim or ultimate parent company prepares consolidated financial statements that are available for public use and comply with IFRS requirements.

In connection with the introduction of IFRS 19, amendments are being made to other IFRS accounting standards.

The Bank expects that the other amendments mentioned above will not have a significant impact on the financial statements, except for IFRS 18 regarding the impact on disclosure and presentation. The Bank currently is in progress definition the impact *of the above standard*.

**Note 6. Cash and cash equivalents****Table 1. Cash and cash equivalents**(thousand  
UAH)

| Line     | Item                                                           | 31<br>December<br>2024 | 31<br>December<br>2023 |
|----------|----------------------------------------------------------------|------------------------|------------------------|
| 1        | 2                                                              | 3                      | 4                      |
| 1        | Cash on hand                                                   | 339,992                | 191,808                |
| 2        | Cash balances on the correspondent account with the NBU        | 450,005                | 369,377                |
| 3        | Correspondent accounts, deposits and overnight loans due from: | 538,534                | 826,195                |
| 3.1      | Ukraine                                                        | 11,146                 | 34,434                 |
| 3.2      | other country                                                  | 527,388                | 791,761                |
| 4        | Cash reserves for which there is no evidence                   | (570)                  | (617)                  |
| <b>4</b> | <b>Total cash and cash equivalents</b>                         | <b>1,327,961</b>       | <b>1,386,763</b>       |

The credit quality of the funds placed in correspondent accounts with banks, determined on the basis of Moody's rating, is as follows:

(thousand  
UAH)

| Loan quality category (debtor's class)                                               | 31<br>December<br>2024 | 31<br>December<br>2023 |
|--------------------------------------------------------------------------------------|------------------------|------------------------|
| Rating A1 – A3                                                                       | 492,558                | 791,761                |
| Rating B1 – B3                                                                       | 34,830                 | -                      |
| Rating Caa1 – C                                                                      | 11,151                 | 34,453                 |
| Unrated                                                                              | -                      | -                      |
| <b>Cash equivalents on correspondent accounts with banks gross of provisions</b>     | <b>538,539</b>         | <b>826,214</b>         |
| Provision for expected credit losses expected within 12 months                       | (5)                    | (19)                   |
| <b>Total cash equivalents on correspondent accounts with banks net of provisions</b> | <b>538,534</b>         | <b>826,195</b>         |

Cash deposited in correspondent accounts with banks is classified as Stage 1– for which a provision is recognised for expected credit losses that are expected within 12 months and do not show signs of impairment.

The National Bank of Ukraine determines the procedure for the formation and establishes requirements for the storage of required reserves, which banks must comply with.

In accordance with the requirements of the NBU, the amount of the required reserve is calculated as a percentage of certain liabilities of the Bank for the previous reserve period and must be kept in a current account with the NBU.

As at 31 December 2024 and 2023, the mandatory provision balances are fully included in cash and cash equivalents, as they are not restricted for use.

The Bank complied with the requirements on mandatory provision balances as at 31 December 2024 and 2023.

**Note 7. Other balances due to banks****Table 1. Other balances due to banks**(thousand  
UAH)

| Line | Item                                                             | 31 December<br>2024 | 31 December<br>2023 |
|------|------------------------------------------------------------------|---------------------|---------------------|
| 1    | 2                                                                | 3                   | 4                   |
| 1    | Deposits with other banks                                        | 558,821             | 558,572             |
| 1.1  | short-term deposits                                              | 558,821             | 142,855             |
| 1.2  | long-term deposits                                               | -                   | 415,717             |
| 2    | Purchase and reverse repurchase agreements made with other banks | -                   | -                   |
| 3    | Loans to other banks                                             | -                   | -                   |
| 4    | Provision for impairment of due from banks                       | (3,585)             | (2,982)             |
| 5    | <b>Total funds in banks less reserves</b>                        | <b>555,236</b>      | <b>555,590</b>      |

From line 1 - "Deposits in other banks":

(thousand  
UAH)

|                                                                                             | 31 December<br>2024 | 31 December<br>2023 |
|---------------------------------------------------------------------------------------------|---------------------|---------------------|
| Balances of guarantee deposits under card-based payments                                    | 149,395             | 142,855             |
| Funds placed with the National Bank of Ukraine as collateral for refinancing loans received | 409,426             | 415,717             |
|                                                                                             | <b>558,821</b>      | <b>558,572</b>      |

As at 31 December 2024 and 2023, other balances of banks were neither impaired nor past due and were classified as Stage 1 credit risk.

As at 31 December 2024 and 31 December 2023, the credit quality of funds placed as security deposits for card settlements, determined on the basis of the rating agency Moody's, is rated Caa1-C.

**Table 2. Analysis of credit quality of other bank balances as at 31 December 2024**(thousand  
UAH)

| Line | Item                                                | Deposits       | Reverse<br>purchase/<br>repurchase<br>contracts<br>with other<br>banks | Loans | Total          |
|------|-----------------------------------------------------|----------------|------------------------------------------------------------------------|-------|----------------|
| 1    | 2                                                   | 3              | 4                                                                      | 5     | 6              |
| 1    | Neither overdue nor impaired                        | 558,821        | -                                                                      | -     | 558,821        |
| 2    | <b>Other banks balances, gross of provisions</b>    | <b>558,821</b> | -                                                                      | -     | <b>558,821</b> |
| 3    | Provision for impairment of due from banks          | (3,585)        | -                                                                      | -     | (3,585)        |
| 4    | <b>Total other bank balances, net of provisions</b> | <b>555,236</b> | -                                                                      | -     | <b>555,236</b> |

**Table 3. Analysis of credit quality of other bank balances as at 31 December 2023**(thousand  
UAH)

| Line | Item                                                | Deposits       | Reverse purchase/<br>repurchase contracts<br>with other banks | Loans    | Total          |
|------|-----------------------------------------------------|----------------|---------------------------------------------------------------|----------|----------------|
| 1    | 2                                                   | 3              | 4                                                             | 5        | 6              |
| 1    | Neither overdue nor impaired                        | 558,572        | -                                                             | -        | 558,572        |
| 2    | <b>Other banks balances, gross of provisions</b>    | <b>558,572</b> | <b>-</b>                                                      | <b>-</b> | <b>558,572</b> |
| 3    | Provision for impairment of due from banks          | (2,982)        | -                                                             | -        | (2,982)        |
| 4    | <b>Total other bank balances, net of provisions</b> | <b>555,590</b> | <b>-</b>                                                      | <b>-</b> | <b>555,590</b> |

**Table 4. Analysis of movements in provision for impairment of other bank balances**(thousand  
UAH)

| Line | Movements in provisions                                       | 31 December 2024        |                               | 31 December 2023        |                               |
|------|---------------------------------------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|
|      |                                                               | Due from<br>other banks | Reverse<br>Repo<br>Agreements | Due from<br>other banks | Reverse<br>Repo<br>Agreements |
| 1    | 2                                                             | 3                       | 4                             | 5                       | 6                             |
| 1    | Provision for impairment at the beginning of the period       | (2,982)                 | -                             | (1,940)                 | -                             |
| 2    | Increase/(decrease) of impairment provision during the period | (597)                   | -                             | (1,013)                 | -                             |
| 3    | Bad debts written off against provision                       | -                       | -                             | -                       | -                             |
| 4    | Reversal of bad debts previously written off                  | -                       | -                             | -                       | -                             |
| 5    | Reclassification to disposal group assets                     | -                       | -                             | -                       | -                             |
| 6    | Disposal of subsidiaries                                      | -                       | -                             | -                       | -                             |
| 7    | Impact of translation to reporting currency                   | (6)                     | -                             | (29)                    | -                             |
| 8    | <b>Provision for impairment at the end of the period</b>      | <b>(3,585)</b>          | <b>-</b>                      | <b>(2,982)</b>          | <b>-</b>                      |

**Note 8. Loans and advances to customers****Table 1. Loans and advances to customers**(thousand  
UAH)

| Line | Item                                        | 31 December<br>2024 | 31 December<br>2023 |
|------|---------------------------------------------|---------------------|---------------------|
| 1    | 2                                           | 3                   | 4                   |
| 1    | Loans to local self- governments            | -                   | -                   |
| 2    | Loans to corporate customers                | 7,227,292           | 5,352,104           |
| 3    | Loans granted under repurchase transactions | -                   | -                   |
| 4    | Loans to individuals-entrepreneurs          | 1,615,497           | 1,338,392           |
| 5    | Mortgage loans to individuals               | 33,535              | 46,982              |
| 6    | Consumer loans to individuals               | 131,556             | 180,381             |
| 7    | Other loans to individuals                  | 2,291               | 18,170              |
| 8    | Provision for impairment of loans           | (136,175)           | (141,034)           |
| 9    | <b>Total loans net of provisions</b>        | <b>8,873,996</b>    | <b>6,794,995</b>    |

There were no securities that are a collateral for loans to customers and advances to customers under repo transactions.

**Table 2. Analysis of movements in provisions for loans receivable as at 31 December 2024**(thousand  
UAH)

| Line | Movements in provisions                                               | Loans to local self- government bodies | Loans to corporate customers | Loans granted under repurchase transactions | Loans to individuals-entrepreneurs | Mortgage loans to individuals | Consumer loans to individuals | Other loans to individuals | Total            |
|------|-----------------------------------------------------------------------|----------------------------------------|------------------------------|---------------------------------------------|------------------------------------|-------------------------------|-------------------------------|----------------------------|------------------|
| 1    | 2                                                                     | 3                                      | 4                            | 5                                           | 6                                  | 7                             | 8                             | 9                          | 10               |
| 1    | Balance at the beginning of the period                                | -                                      | (54,110)                     | -                                           | (44,008)                           | (4,596)                       | (36,797)                      | (1,523)                    | (141,034)        |
| 2    | (Increase)/decrease of the provision for impairment during the period | -                                      | (18,650)                     | -                                           | (5,194)                            | 2,179                         | 4,092                         | 1,222                      | (16,351)         |
| 3    | Bad debts written off against provision                               | -                                      | 3,007                        | -                                           | 8,299                              | 85                            | 10,108                        | 192                        | 21,691           |
| 4    | Recovery of loans previously written off from provisions              | -                                      | -                            | -                                           | -                                  | -                             | -                             | -                          | -                |
| 5    | Reclassification to disposal group assets                             | -                                      | -                            | -                                           | -                                  | -                             | -                             | -                          | -                |
| 6    | Disposal of subsidiaries                                              | -                                      | -                            | -                                           | -                                  | -                             | -                             | -                          | -                |
| 7    | Impact of translation to reporting currency                           | -                                      | (215)                        | -                                           | (264)                              | -                             | (2)                           | -                          | (481)            |
| 8    | <b>Balance at the end of the period</b>                               | -                                      | <b>(69,968)</b>              | -                                           | <b>(41,167)</b>                    | <b>(2,332)</b>                | <b>(22,599)</b>               | <b>(109)</b>               | <b>(136,175)</b> |

**Table 3. Analysis of movements in loan loss provisions as at 31 December 2023**

(thousand UAH)

| Line | Movements in provisions                                               | Loans to local self-government bodies | Loans to corporate customers | Loans granted under repurchase transactions | Loans to individuals-entrepreneurs | Mortgage loans to individuals | Consumer loans to individuals | Other loans to individuals | Total     |
|------|-----------------------------------------------------------------------|---------------------------------------|------------------------------|---------------------------------------------|------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------|
| 1    | 2                                                                     | 3                                     | 4                            | 5                                           | 6                                  | 7                             | 8                             | 9                          | 10        |
| 1    | Balance at the beginning of the period                                | -                                     | (24,400)                     | -                                           | (52,037)                           | (8,777)                       | (72,259)                      | (1,026)                    | (158,499) |
| 2    | (Increase)/decrease of the provision for impairment during the period | -                                     | (35,486)                     | -                                           | (4,586)                            | 4,181                         | (1,966)                       | (941)                      | (38,798)  |
| 3    | Bad debts written off against provision                               | -                                     | 5,966                        | -                                           | 12,905                             | -                             | 37,434                        | 444                        | 56,749    |
| 4    | Recovery of loans previously written off from provisions              | -                                     | -                            | -                                           | -                                  | -                             | -                             | -                          | -         |
| 5    | Reclassification to disposal group assets                             | -                                     | -                            | -                                           | -                                  | -                             | -                             | -                          | -         |
| 6    | Disposal of subsidiaries                                              | -                                     | -                            | -                                           | -                                  | -                             | -                             | -                          | -         |
| 7    | Impact of translation to reporting currency                           | -                                     | (190)                        | -                                           | (290)                              | -                             | (6)                           | -                          | (486)     |
| 8    | <b>Balance at the end of the period</b>                               | -                                     | (54,110)                     | -                                           | (44,008)                           | (4,596)                       | (36,797)                      | (1,523)                    | (141,034) |

**Table 4. Analysis of changes in ECL on loans and advances to customers by stages for 2024**

(thousand UAH)

| Line | Item                                               | Stage 1 – 12-months ECL | Stage 2 – credit losses expected during the life of the credit instrument for non-impaired loans | Stage 3 – lifetime ECLs, loans impaired | Acquired (constructed) impaired assets | Total          |
|------|----------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|----------------|
| 1    | 2                                                  | 3                       | 4                                                                                                | 5                                       | 6                                      | 7              |
| 1    | <b>Balance at the beginning of the period</b>      | <b>51,103</b>           | <b>30,528</b>                                                                                    | <b>59,399</b>                           | <b>4</b>                               | <b>141,034</b> |
| 2    | Increase due to issue of loans during the year     | 19,805                  | -                                                                                                | -                                       | -                                      | 19,805         |
| 3    | Decrease due to repayment of loans during the year | (18,857)                | (5,872)                                                                                          | (14,203)                                | -                                      | (38,932)       |
| 4    | Net change in the level of ECLs                    | (16,667)                | 34,008                                                                                           | 15,826                                  | 2,312                                  | 35,479         |
| 5    | Amounts written off against provisions             | (6)                     | (2,306)                                                                                          | (19,379)                                | -                                      | (21,691)       |
| 6    | Effect of changes in foreign exchange rates        | 257                     | 94                                                                                               | 129                                     | -                                      | 480            |
| 7    | Transfer to stages:                                | 7,691                   | (8,728)                                                                                          | 1,037                                   | -                                      | -              |
| 7.1  | from Stage 1                                       | (2,604)                 | 1,311                                                                                            | 1,293                                   | -                                      | -              |
| 7.2  | from Stage 2                                       | 8,493                   | (12,930)                                                                                         | 4,437                                   | -                                      | -              |
| 7.3  | from Stage 3                                       | 1,802                   | 2,891                                                                                            | (4,693)                                 | -                                      | -              |
| 8    | <b>Balance at the end of the period</b>            | <b>43,326</b>           | <b>47,724</b>                                                                                    | <b>42,809</b>                           | <b>2,316</b>                           | <b>136,175</b> |

**Table 5. Analysis of changes in ECL on loans and advances to customers by stages for 2023**

(thousand UAH)

| Line | Item                                               | Stage 1 –<br>12-months<br>ECL | Stage 2 -<br>credit losses<br>expected<br>during the life<br>of the credit<br>instrument<br>for non-<br>impaired<br>loans | stage 3 -<br>credit losses<br>expected<br>during the life<br>of the credit<br>instrument<br>for<br>impaired<br>loans | Acquired<br>(construct<br>ed)<br>impaired<br>assets | Total    |
|------|----------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------|
| 1    | 2                                                  | 3                             | 4                                                                                                                         | 5                                                                                                                    | 6                                                   | 7        |
| 1    | Balance at the beginning of the period             | 39,174                        | 63,940                                                                                                                    | 52,656                                                                                                               | 2,729                                               | 158,499  |
| 2    | Increase due to issue of loans during the year     | 25,565                        | -                                                                                                                         | -                                                                                                                    | -                                                   | 25,565   |
| 3    | Decrease due to repayment of loans during the year | (8,946)                       | (11,228)                                                                                                                  | (4,883)                                                                                                              | (963)                                               | (26,020) |
| 4    | Net change in the level of ECLs                    | (27,265)                      | 22,848                                                                                                                    | 45,508                                                                                                               | (1,838)                                             | 39,253   |
| 5    | Amounts written off against provisions             | (58)                          | (6,390)                                                                                                                   | (50,301)                                                                                                             | -                                                   | (56,749) |
| 6    | Effect of changes in foreign exchange rates        | 195                           | 112                                                                                                                       | 103                                                                                                                  | 76                                                  | 486      |
| 7    | Transfer to stages:                                | 22,438                        | (38,754)                                                                                                                  | 16,316                                                                                                               | -                                                   | -        |
| 7.1  | from Stage 1                                       | (3,759)                       | 2,288                                                                                                                     | 1,471                                                                                                                | -                                                   | -        |
| 7/2  | from Stage 2                                       | 25,394                        | (41,073)                                                                                                                  | 15,679                                                                                                               | -                                                   | -        |
| 7/3  | from Stage 3                                       | 803                           | 31                                                                                                                        | (834)                                                                                                                | -                                                   | -        |
| 8    | Balance at the end of the period                   | 51,103                        | 30,528                                                                                                                    | 59,399                                                                                                               | 4                                                   | 141,034  |

**Table 6. Loans structure by economic sector**

(thousand UAH)

| Line | Sector                                                           | 31 December 2024 |      | 31 December 2023 |      |
|------|------------------------------------------------------------------|------------------|------|------------------|------|
|      |                                                                  | amount           | %    | amount           | %    |
| 1    | 2                                                                | 3                | 4    | 5                | 6    |
| 1    | Trade, repair of autos and consumer and household items          | 2,363,447        | 26%  | 1,981,573        | 29%  |
| 2    | Processing industry                                              | 2,369,378        | 26%  | 1,654,811        | 24%  |
| 3    | Agriculture, hunting, forestry                                   | 2,068,266        | 23%  | 1,401,403        | 20%  |
| 4    | Individuals                                                      | 167,382          | 2%   | 245,534          | 4%   |
| 5    | Transactions with real estate, leasing, engineering and services | 447,144          | 5%   | 464,409          | 7%   |
| 6    | Transportation, warehousing, postal and courier activities       | 708,715          | 8%   | 495,533          | 7%   |
| 7    | Construction                                                     | 294,608          | 3%   | 249,635          | 4%   |
| 8    | Production and distribution of electric power, gas and water     | 36,646           | 1%   | 33,972           | 0%   |
| 9    | Governance                                                       | -                | 0%   | -                | 0%   |
| 10   | Other                                                            | 554,585          | 6%   | 409,159          | 6%   |
| 11   | Total loans and advances to customers, net of provisions         | 9,010,171        | 100% | 6,936,029        | 100% |

The Bank analyses monthly the credit risk concentration on the amounts of loans granted to the economy sectors. This analysis identifies the largest concentration of loans in the loan portfolio by economic activity and is an integral part of credit risk management.

Total loans to the Bank 10 largest borrowers as at 31 December 2024 amounted to UAH 981,608 thousand, or 11% of the loan portfolio before expected credit losses (31 December 2023: UAH 712,640 thousand (10%)).

The note below represents the carrying amounts of loans by types of collateral as at 31 December 2024 and 31 December 2023.

**Table 7. Loans by types of collateral as at 31 December 2024**

(thousand  
UAH)

| Line  | Item                                                            | Loans to local self-governments | Loans to corporate customers | Loans granted under repurchase transactions | Loans to individuals-entrepreneurs | Mortgage loans to individuals | Consumer loans to individuals | Other loans to individuals | Total     |
|-------|-----------------------------------------------------------------|---------------------------------|------------------------------|---------------------------------------------|------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------|
| 1     | 2                                                               | 3                               | 4                            | 5                                           | 6                                  | 7                             | 8                             | 9                          | 10        |
| 1     | Unsecured loans                                                 | -                               | 606,822                      | -                                           | 353,241                            | 1,479                         | 59,839                        | 2,291                      | 1,023,672 |
| 2     | Loans secured by:                                               | -                               | 6,620,470                    | -                                           | 1,262,256                          | 32,056                        | 71,717                        | -                          | 7,986,499 |
| 2.1   | cash                                                            | -                               | 34,293                       | -                                           | 4,078                              | -                             | 1,590                         | -                          | 39,961    |
| 2.2   | securities                                                      | -                               | -                            | -                                           | -                                  | -                             | -                             | -                          | -         |
| 2.3.  | real estate                                                     | -                               | 3,665,037                    | -                                           | 720,314                            | 32,056                        | 67,238                        | -                          | 4,484,645 |
| 2.1.3 | <i>including residential real estate</i>                        | -                               | 759,742                      | -                                           | 304,780                            | 32,056                        | 57,911                        | -                          | 1,154,489 |
| 2.4   | guarantees and suretyships                                      | -                               | 824,429                      | -                                           | 321,880                            | -                             | -                             | -                          | 1,146,309 |
| 2.5   | other assets                                                    | -                               | 2,096,711                    | -                                           | 215,984                            | -                             | 2,889                         | -                          | 2,315,584 |
| 3     | <b>Total loans and advances to customers, net of provisions</b> | -                               | 7,227,292                    | -                                           | 1,615,497                          | 33,535                        | 131,556                       | 2,291                      | 9,010,171 |

The Bank estimates that as at 31 December 2024, the provision for expected credit losses on impaired loans would amount to UAH 133,222 thousand net of collateral (31 December 2023: UAH 1564,494).

**Table 8. Loans by types of collateral as at 31 December 2023**(thousand  
UAH)

| Line  | Item                                                            | Loans to local self- governments | Loans to corporate customers | Loans granted under repurchase transactions | Loans to individuals- entrepreneurs | Mortgage loans to individuals | Consumer loans to individuals | Other loans to individuals | Total            |
|-------|-----------------------------------------------------------------|----------------------------------|------------------------------|---------------------------------------------|-------------------------------------|-------------------------------|-------------------------------|----------------------------|------------------|
| 1     | 2                                                               | 3                                | 4                            | 5                                           | 6                                   | 7                             | 8                             | 9                          | 10               |
| 1     | Unsecured loans                                                 | -                                | 235,173                      | -                                           | 198,869                             | 720                           | 82,554                        | 18,170                     | 535,486          |
| 2     | Loans secured by:                                               | -                                | 5,116,931                    | -                                           | 1,139,523                           | 46,262                        | 97,827                        | -                          | 6,400,543        |
| 2.1   | cash                                                            | -                                | 31,694                       | -                                           | 1                                   | -                             | 7,211                         | -                          | 38,906           |
| 2.2   | securities                                                      | -                                | -                            | -                                           | -                                   | -                             | -                             | -                          | -                |
| 2.3.  | real estate                                                     | -                                | 3,063,345                    | -                                           | 735,533                             | 46,262                        | 80,588                        | -                          | 3,925,728        |
| 2.1.3 | <i>including residential real estate</i>                        | -                                | 574,372                      | -                                           | 313,924                             | 46,262                        | 67,952                        | -                          | 1,002,510        |
| 2.4   | guarantees and suretyships                                      | -                                | 729,358                      | -                                           | 244,389                             | -                             | -                             | -                          | 973,747          |
| 2.5   | other assets                                                    | -                                | 1,292,534                    | -                                           | 159,600                             | -                             | 10,028                        | -                          | 1,462,162        |
| 3     | <b>Total loans and advances to customers, net of provisions</b> | -                                | <b>5,352,104</b>             | -                                           | <b>1,338,392</b>                    | <b>46,982</b>                 | <b>180,381</b>                | <b>18,170</b>              | <b>6,936,029</b> |

**Table 9. Analysis of credit quality of loans as of 31 December 2024**

(thousand UAH)

| Line     | Item                                                                    | Loans to local self-governments | Loans to corporate customers | Loans to individuals-entrepreneurs | Mortgage loans to individuals | Consumer loans to individuals | Other loans to individuals | Total     |
|----------|-------------------------------------------------------------------------|---------------------------------|------------------------------|------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------|
| 1        | 2                                                                       | 3                               | 4                            | 5                                  | 6                             | 7                             | 8                          | 9         |
| <b>1</b> | <b>Stage 1 impairment - credit losses are expected within 12 months</b> | -                               | 6,548,623                    | 1,420,749                          | 32,364                        | 104,634                       | 2,276                      | 8,108,646 |
| 1.1      | not overdue                                                             | -                               | 6,547,202                    | 1,418,152                          | 32,364                        | 101,824                       | 1,829                      | 8,101,371 |
| 1.2      | overdue up to 31 days                                                   | -                               | 1,421                        | 2,597                              | -                             | 2,810                         | 296                        | 7,124     |
| 1.3      | overdue from 32 to 92 days                                              | -                               | -                            | -                                  | -                             | -                             | 50                         | 50        |
| 1.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | 29                         | 29        |
| 1.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | 54                         | 54        |
| 1.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | 18                         | 18        |
| <b>2</b> | <b>Stage 2 impairment – lifetime ECLs, loans not impaired</b>           | -                               | 569,864                      | 170,263                            | 568                           | 3,558                         | 15                         | 744,268   |
| 2.1      | not overdue                                                             | -                               | 565,137                      | 166,546                            | -                             | 2,037                         | -                          | 733,720   |
| 2.2      | overdue up to 31 days                                                   | -                               | 2,730                        | 2,295                              | -                             | 679                           | -                          | 5,704     |
| 2.3.     | overdue from 32 to 92 days                                              | -                               | 1,997                        | 1,422                              | 568                           | 842                           | -                          | 4,829     |
| 2.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | 15                         | 15        |
| 2.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 2.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>3</b> | <b>Stage 3 impairment – lifetime ECLs, loans impaired</b>               | -                               | 78,996                       | 16,184                             | 603                           | 23,364                        | -                          | 119,147   |
| 3.1      | not overdue                                                             | -                               | 11,512                       | 1,754                              | 228                           | 5,433                         | -                          | 18,927    |
| 3.2      | overdue up to 31 days                                                   | -                               | -                            | -                                  | -                             | 87                            | -                          | 87        |
| 3.3      | overdue from 32 to 92 days                                              | -                               | 216                          | 3,480                              | 13                            | 4,654                         | -                          | 8,363     |
| 3/4      | overdue from 93 to 183 days                                             | -                               | 3,117                        | 2,747                              | 362                           | 6,492                         | -                          | 12,718    |
| 3.5      | overdue from 184 to 365 (366) days                                      | -                               | 53,011                       | 7,003                              | -                             | 6,192                         | -                          | 66,206    |
| 3.6      | overdue more than 366 (367) days                                        | -                               | 11,140                       | 1,200                              | -                             | 506                           | -                          | 12,846    |
| <b>4</b> | <b>Acquired (constructed) impaired assets</b>                           | -                               | 28,799                       | 6,941                              | -                             | -                             | -                          | 35,740    |
| 4.1      | not overdue                                                             | -                               | 22,957                       | 6,941                              | -                             | -                             | -                          | 29,898    |
| 4.2      | overdue up to 31 days                                                   | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 4.3      | overdue from 32 to 92 days                                              | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 4.4      | overdue from 93 to 183 days                                             | -                               | 5,842                        | -                                  | -                             | -                             | -                          | 5,842     |
| 4.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 4.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>5</b> | <b>Assets measured at fair value</b>                                    | -                               | 1,010                        | 1,360                              | -                             | -                             | -                          | 2,370     |
| 5.1      | not overdue                                                             | -                               | 1,010                        | 1,360                              | -                             | -                             | -                          | 2,370     |
| 5/2      | overdue up to 31 days                                                   | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.3      | overdue from 32 to 92 days                                              | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>6</b> | <b>Gross loans</b>                                                      | -                               | 7,227,292                    | 1,615,497                          | 33,535                        | 131,556                       | 2,291                      | 9,010,171 |
| 7        | Provision for impairment of loans                                       | -                               | (69,968)                     | (41,167)                           | (2,332)                       | (22,599)                      | (109)                      | (136,175) |
| <b>8</b> | <b>Total loans net of provisions</b>                                    | -                               | 7,157,324                    | 1,574,330                          | 31,203                        | 108,957                       | 2,182                      | 8,873,996 |

**Table 10. Analysis of credit quality of loans as at 31 December 2023**

(thousand UAH)

| Line     | Item                                                                    | Loans to local self-governments | Loans to corporate customers | Loans to individuals-entrepreneurs | Mortgage loans to individuals | Consumer loans to individuals | Other loans to individuals | Total     |
|----------|-------------------------------------------------------------------------|---------------------------------|------------------------------|------------------------------------|-------------------------------|-------------------------------|----------------------------|-----------|
| 1        | 2                                                                       | 3                               | 4                            | 5                                  | 6                             | 7                             | 8                          | 9         |
| <b>1</b> | <b>Stage 1 impairment - credit losses are expected within 12 months</b> | -                               | 4,833,367                    | 1,154,957                          | 37,264                        | 143,961                       | 17,873                     | 6,187,422 |
| 1.1      | not overdue                                                             | -                               | 4,832,653                    | 1,152,514                          | 36,600                        | 140,935                       | 3,054                      | 6,165,756 |
| 1.2      | overdue up to 31 days                                                   | -                               | 714                          | 2,443                              | 664                           | 2,732                         | 14,819                     | 21,372    |
| 1.3      | overdue from 32 to 92 days                                              | -                               | -                            | -                                  | -                             | 294                           | -                          | 294       |
| 1.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 1.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 1.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>2</b> | <b>Stage 2 impairment – lifetime ECLs, loans not impaired</b>           | -                               | 398,342                      | 132,891                            | 8,955                         | 7,464                         | 58                         | 547,710   |
| 2.1      | not overdue                                                             | -                               | 384,762                      | 122,020                            | 8,662                         | 2,593                         | 15                         | 518,052   |
| 2.2      | overdue up to 31 days                                                   | -                               | 1,784                        | 7,517                              | -                             | 2,183                         | 43                         | 11,527    |
| 2.3      | overdue from 32 to 92 days                                              | -                               | 11,796                       | 3,354                              | 293                           | 2,688                         | -                          | 18,131    |
| 2.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 2.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 2.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>3</b> | <b>Stage 3 impairment – lifetime ECLs, loans impaired</b>               | -                               | 106,602                      | 36,506                             | 763                           | 28,956                        | 239                        | 173,066   |
| 3.1      | not overdue                                                             | -                               | 79,241                       | 6,194                              | 279                           | 8,614                         | 55                         | 94,383    |
| 3.2      | overdue up to 31 days                                                   | -                               | 487                          | 955                                | -                             | 1,706                         | -                          | 3,148     |
| 3.3      | overdue from 32 to 92 days                                              | -                               | 11,561                       | 3,226                              | 484                           | 3,891                         | 63                         | 19,225    |
| 3/4      | overdue from 93 to 183 days                                             | -                               | 13,004                       | 2,912                              | -                             | 5,346                         | 121                        | 21,383    |
| 3.5      | overdue from 184 to 365 (366) days                                      | -                               | 2,309                        | 21,135                             | -                             | 7,709                         | -                          | 31,153    |
| 3.6      | overdue more than 366 (367) days                                        | -                               | -                            | 2,084                              | -                             | 1,690                         | -                          | 3,774     |
| <b>4</b> | <b>Acquired (constructed) impaired assets</b>                           | -                               | 9,893                        | 9,478                              | -                             | -                             | -                          | 19,371    |
| 4.1      | not overdue                                                             | -                               | 1,925                        | 9,478                              | -                             | -                             | -                          | 11,403    |
| 4.2      | overdue up to 31 days                                                   | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 4.3      | overdue from 32 to 92 days                                              | -                               | 7,968                        | -                                  | -                             | -                             | -                          | 7,968     |
| 4.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 4.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 4.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>5</b> | <b>Assets measured at fair value</b>                                    | -                               | 3,900                        | 4,560                              | -                             | -                             | -                          | 8,460     |
| 5.1      | not overdue                                                             | -                               | 3,794                        | 4,560                              | -                             | -                             | -                          | 8,354     |
| 5/2      | overdue up to 31 days                                                   | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.3      | overdue from 32 to 92 days                                              | -                               | 106                          | -                                  | -                             | -                             | -                          | 106       |
| 5.4      | overdue from 93 to 183 days                                             | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.5      | overdue from 184 to 365 (366) days                                      | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| 5.6      | overdue more than 366 (367) days                                        | -                               | -                            | -                                  | -                             | -                             | -                          | -         |
| <b>6</b> | <b>Gross loans</b>                                                      | -                               | 5,352,104                    | 1,338,392                          | 46,982                        | 180,381                       | 18,170                     | 6,936,029 |
| 7        | Provision for impairment of loans                                       | -                               | (54,110)                     | (44,008)                           | (4,596)                       | (36,797)                      | (1,523)                    | (141,034) |
| <b>8</b> | <b>Total loans net of provisions</b>                                    | -                               | 5,297,994                    | 1,294,384                          | 42,386                        | 143,584                       | 16,647                     | 6,794,995 |

**Table 11. Total amount of minimum lease payments receivable under finance lease and their present value as at 31 December 2024**

(thousand UAH)

| Line | Item                                                                                                                            | Less than 1 year | From 1 year to 5 years | More than 5 years | Total |
|------|---------------------------------------------------------------------------------------------------------------------------------|------------------|------------------------|-------------------|-------|
| 1    | 2                                                                                                                               | 3                | 4                      | 5                 | 6     |
| 1    | The total amount of minimum lease payments under financial leasing (lease) to be received as of the end of the reporting period | 1,168            | (163)                  | -                 | 1,005 |
| 2    | Future finance income                                                                                                           | 13               | -                      | -                 | 13    |
| 3    | Provision for amounts due from financial leases at the end of the reporting period                                              | (13)             | -                      | -                 | (13)  |
| 4    | Present value of minimum lease payments at the end of the reporting period                                                      | 986              | -                      | -                 | 986   |

**Note 9. Investments in securities****Table 1. Investments in securities measured at amortised cost**

(thousand UAH)

| Line | Item                                                              | 31 December 2024 | 31 December 2023 |
|------|-------------------------------------------------------------------|------------------|------------------|
| 1    | 2                                                                 | 3                | 4                |
| 1    | Ukrainian government debt securities                              | 659,991          | 317,107          |
| 2    | Deposit certificates issued by the NBU                            | 2,650,977        | 1,201,479        |
| 3    | Debt securities issued by other countries                         | 345,631          | -                |
| 4    | Provision for impairment of investment in securities              | (42,221)         | (29,938)         |
| 5    | <b>Total investments in the Bank securities net of provisions</b> | <b>3,614,378</b> | <b>1,488,648</b> |

**Table 2. Analysis of changes in provision for impairment of investments in securities at amortised cost as at 31 December 2024**

(thousand UAH)

| Line | Item                                                                  | State treasury bills | Total           |
|------|-----------------------------------------------------------------------|----------------------|-----------------|
| 1    | 2                                                                     | 3                    | 4               |
| 1    | Balance at the beginning of the period                                | (29,938)             | (29,938)        |
| 2    | Increase/(decrease) of the provision for impairment during the period | (12,283)             | (12,283)        |
| 3    | Impact of translation to reporting currency                           | -                    | -               |
| 4    | <b>Balance at the end of the period</b>                               | <b>(42,221)</b>      | <b>(42,221)</b> |

**Table 3. Analysis of changes in provision for impairment of investments in securities at amortised cost as at 31 December 2023**

(thousand UAH)

| Line | Item                                                                  | State treasury bills | Total           |
|------|-----------------------------------------------------------------------|----------------------|-----------------|
| 1    | 2                                                                     | 3                    | 4               |
| 1    | Balance at the beginning of the period                                | (3,339)              | (3,339)         |
| 2    | Increase/(decrease) of the provision for impairment during the period | (26,471)             | (26,471)        |
| 3    | Impact of translation to reporting currency                           | (128)                | (128)           |
| 4    | <b>Balance at the end of the period</b>                               | <b>(29,938)</b>      | <b>(29,938)</b> |

**Table 4. Credit quality analysis of investments in securities at amortised cost as at 31 December 2024**

(thousand UAH)

| Line | Item                                                     | State treasury bills | Securities issued by other countries | Total            |
|------|----------------------------------------------------------|----------------------|--------------------------------------|------------------|
| 1    | 2                                                        | 3                    | 4                                    | 5                |
| 1    | Not overdue and non-impaired debt securities             | 3,310,968            | 345,631                              | 3,656,599        |
| 1.1  | State institutions and enterprises                       | 3,310,968            | 345,631                              | 3,656,599        |
| 2    | Provision for impairment of investments in securities    | (42,221)             | -                                    | (42,221)         |
| 3    | <b>Total investments in securities net of provisions</b> | <b>3,268,747</b>     | <b>345,631</b>                       | <b>3,614 378</b> |

**Table 5. Credit quality analysis of investments in securities at amortised cost as at 31 December 2023**

(thousand UAH)

| Line | Item                                                     | State treasury bills | Securities issued by other countries | Total            |
|------|----------------------------------------------------------|----------------------|--------------------------------------|------------------|
| 1    | 2                                                        | 3                    | 4                                    | 5                |
| 1    | Not overdue and non-impaired debt securities             | 1,518,586            | -                                    | 1,518,586        |
| 1.1  | State institutions and enterprises                       | 1,518,586            | --                                   | 1,518,586        |
| 3    | Provision for impairment of investments in securities    | (29,938)             |                                      | (29,938)         |
| 4    | <b>Total investments in securities net of provisions</b> | <b>1,488,648</b>     | <b>-</b>                             | <b>1,488,648</b> |

As at 31 December 2024, the Bank classified investments in Ukrainian government bonds and deposit certificates measured at amortized cost into Stage 1 (as at 31 December 2023, investments in Ukrainian government bonds measured at amortized cost were classified into Stage 1, investments in securities represented by deposit certificates measured at amortized cost were classified into Stage 1).

To determine the ECL for Ukrainian government bonds, the Bank applied PD of 14.341% and LGD of 47% from Moody's based on the credit rating of Ukraine as at 31 December 2024 (to determine the ECL for Ukrainian government bonds, the Bank applied PD in the range of 17.84% - 19.07% and LGD of 50% from Moody's based on the credit rating of Ukraine as at 31 December 2023).

As at 31 December 2024, the Bank classified investments in debt securities of other countries carried at amortized cost into Stage 1.

To measure the ECL for debt securities of the USA and Germany, the Bank applied PD and LGD at the level of 0.00%, which were determined based on the data from the international credit agency Moody's based on the credit rating of the respective countries as at 31 December 2024.



## Note 10. Property, equipment and intangible assets

(thousand  
UAH)

| Line | Item                                                                                              | Land   | Buildings, constructions and transmission facilities | Machinery and equipment | Vehicles | Furniture, fixtures and fittings | Other property, plant and equipment | Right-of-use asset | Other non-current tangible assets | Capital investments in property, equipment and intangible assets in progress | Intangible assets | Goodwill | Total     |
|------|---------------------------------------------------------------------------------------------------|--------|------------------------------------------------------|-------------------------|----------|----------------------------------|-------------------------------------|--------------------|-----------------------------------|------------------------------------------------------------------------------|-------------------|----------|-----------|
| 1    | 2                                                                                                 | 3      | 4                                                    | 5                       | 6        | 7                                | 8                                   | 9                  | 10                                | 11                                                                           | 12                | 12.1     | 13        |
| 1    | Carrying amount at the beginning of 2023                                                          | 11,398 | 172,531                                              | 21,060                  | 6,051    | 4,442                            | 3,526                               | 37,413             | -                                 | 1,169                                                                        | 59,640            | -        | 317,230   |
| 1.1  | cost (revalued cost)                                                                              | 11,398 | 200,969                                              | 46,585                  | 9,713    | 9,088                            | 6,054                               | 64,657             | 14,190                            | 1,169                                                                        | 87,108            | -        | 450,931   |
| 1.2  | depreciation at the beginning of 2023                                                             | -      | (28,438)                                             | (25,525)                | (3,662)  | (4,646)                          | (2,528)                             | (27,244)           | (14,190)                          | -                                                                            | (27,468)          | -        | (133,701) |
| 2    | Acquisition related to business combination                                                       | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 3    | Additions                                                                                         | 32     | 320                                                  | 7,878                   | -        | 954                              | 360                                 | 66,292             | 1,312                             | 5,877                                                                        | 12,155            | -        | 95,180    |
| 4    | Capital investments in property, plant and equipment completion and intangible assets improvement | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 5    | Reclassification to non-current assets held for sale and disposal groups                          | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 6    | Other reclassifications                                                                           | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 7    | Disposals                                                                                         | (459)  | (22,263)                                             | (459)                   | -        | (226)                            | (52)                                | (34,491)           | (95)                              | -                                                                            | -                 | -        | (58,045)  |
| 8    | Depreciation charge                                                                               | -      | (4,473)                                              | (7,208)                 | (972)    | (829)                            | (525)                               | (9,083)            | (1,312)                           | -                                                                            | (18,076)          | -        | (42,478)  |
| 9    | Impairment                                                                                        | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 10   | Reversal of impairment                                                                            | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 11   | Revaluation                                                                                       | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 12   | Impact of translation to reporting currency                                                       | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 13   | Other movements                                                                                   | -      | 3,258                                                | 445                     | -        | 187                              | 18                                  | 17,523             | 95                                | -                                                                            | -                 | -        | 21,526    |



### Note 10. Property, equipment and intangible assets (continued)

| Line | Item                                                                                              | Land   | Buildings, constructions and transmission facilities | Machinery and equipment | Vehicles | Furniture, fixtures and fittings | Other property, plant and equipment | Right-of-use asset | Other non-current tangible assets | Capital investments in property, equipment and intangible assets in progress | Intangible assets | Goodwill | Total     |
|------|---------------------------------------------------------------------------------------------------|--------|------------------------------------------------------|-------------------------|----------|----------------------------------|-------------------------------------|--------------------|-----------------------------------|------------------------------------------------------------------------------|-------------------|----------|-----------|
| 1    | 2                                                                                                 | 3      | 4                                                    | 5                       | 6        | 7                                | 8                                   | 9                  | 10                                | 11                                                                           | 12                | 12.1     | 13        |
| 14   | Carrying amount at the end of 2023 (at the beginning of 2024)                                     | 10,971 | 149,373                                              | 21,716                  | 5,079    | 4,528                            | 3,327                               | 77,654             | -                                 | 7,046                                                                        | 53,719            | -        | 333,413   |
| 14.1 | cost (revalued cost)                                                                              | 10,971 | 179,026                                              | 54,004                  | 9,713    | 9,816                            | 6,362                               | 96,458             | 15,407                            | 7,046                                                                        | 99,263            | -        | 488,066   |
| 14.2 | depreciation at the end of 2023 (at the beginning of 2024)                                        | -      | (29,653)                                             | (32,288)                | (4,634)  | (5,288)                          | (3,035)                             | (18,804)           | (15,407)                          | -                                                                            | (45,544)          | -        | (154,653) |
| 15   | Acquisition related to business combination                                                       | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 16   | Additions                                                                                         | -      | 3,238                                                | 19,330                  | 9,687    | 1,026                            | 69                                  | 78,173             | 3,475                             | 79,232                                                                       | 17,835            | -        | 212,065   |
| 17   | Capital investments in property, plant and equipment completion and intangible assets improvement | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 18   | Reclassification to non-current assets held for sale and disposal groups                          | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 19   | Other reclassifications                                                                           | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 20   | Disposals                                                                                         | -      | (7,014)                                              | (1,624)                 | -        | (274)                            | -                                   | (8,415)            | (320)                             | -                                                                            | -                 | -        | (17,647)  |
| 21   | Depreciation charge                                                                               | -      | (3,411)                                              | (8,695)                 | (1,215)  | (723)                            | (439)                               | (16,921)           | (3,475)                           | -                                                                            | (22,187)          | -        | (57,066)  |
| 22   | Impairment                                                                                        | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 23   | Reversal of impairment                                                                            | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 24   | Revaluation                                                                                       | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 24.1 | historical cost                                                                                   | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 24.2 | depreciation                                                                                      | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 25   | Impact of translation to reporting currency                                                       | -      | -                                                    | -                       | -        | -                                | -                                   | -                  | -                                 | -                                                                            | -                 | -        | -         |
| 26   | Other movements                                                                                   | -      | 3,067                                                | 1,519                   | -        | 248                              | -                                   | 7,856              | 320                               | -                                                                            | -                 | -        | 13,010    |
| 27   | Carrying value as at 31 December 2024                                                             | 10,971 | 145,253                                              | 32,246                  | 13,551   | 4,805                            | 2,957                               | 138,347            | -                                 | 86,278                                                                       | 49,367            | -        | 483,775   |
| 27.1 | cost (revalued cost)                                                                              | 10,971 | 175,250                                              | 71,710                  | 19,400   | 10,568                           | 6,431                               | 166,216            | 18,562                            | 86,278                                                                       | 117,098           | -        | 682,484   |
| 27.2 | depreciation as at 31 December 2024                                                               | -      | (29,997)                                             | (39,464)                | (5,849)  | (5,763)                          | (3,474)                             | (27,869)           | (18,562)                          | -                                                                            | (67,731)          | -        | (198,709) |

Lines 13 and 26 "Other changes" report the depreciation/amortisation of property, equipment and intangible assets disposed in the reporting period.

**Note 10. Property, equipment and intangible assets (continued)**

After initial recognition of PPE/intangible item as an asset, it is measured at:

- revalued cost (fair value) less accumulated depreciation and accumulated impairment losses (land plots and buildings);
- historical cost (cost) less accumulated depreciation and accumulated impairment losses (for other groups of property, plant and equipment and intangible assets).

Revaluation of property, plant and equipment is carried out at the financial statements date in order to bring the carrying value of property, plant and equipment compliant in line with market prices in case of substantial difference (more than 10%) between market and carrying values.

As the difference between book and market values of buildings and land plots at 31 December 2024 and 31 December 2023 was immaterial, no revaluation was carried out.

For revaluation, income and comparative approaches were used. The profits approach is based on the principles of expectation and the most efficient use. The comparative approach is based on the principles of replacement and demand and supply of similar property with appropriate adjustments for differences between the items.

The fair values of the Bank land plots and buildings are categorised into Level 3 of the fair value hierarchy.

The Bank rents office space in the course of its operations. The leases typically run for a period from 3 to 10 years, with an option to renew the lease after that date.

Some property leases contain extension options exercisable by the Bank up to one year before the end of the non-cancellable contract period. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.



## Note 11. Other assets

Table 1. Other financial assets

| (thousand UAH) |                                                                |                  |                  |
|----------------|----------------------------------------------------------------|------------------|------------------|
| Line           | Item                                                           | 31 December 2024 | 31 December 2023 |
| 1              | 2                                                              | 3                | 4                |
| 1              | Receivable on transactions with payment cards                  | 2,738            | 38,370           |
| 2              | Other receivables from transactions with customers of the Bank | 2,798            | 908              |
| 3              | Other due from banks                                           | -                | 463              |
| 4              | Shortages and other charges on the Bank employees              | 32               | -                |
| 5              | Other accrued income                                           | 661              | 666              |
| 6              | Accrued income from cash management services                   | 702              | 456              |
| 7              | Provision for impairment of other financial assets             | (527)            | (312)            |
| 8              | <b>Total other financial assets net of provisions</b>          | <b>6,404</b>     | <b>40,551</b>    |

Table 2. Analysis of changes in provision for impairment of other financial assets as at 31 December 2024  
(thousand UAH)

| Line | Movements in provisions                                               | Receivables on securities | Finance lease receivables | Receivable on transactions with payment cards | Receivable on foreign exchange operations | Cash with restricted right to use | Other financial assets | Total |
|------|-----------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------------------------|-------------------------------------------|-----------------------------------|------------------------|-------|
| 1    | 2                                                                     | 3                         | 4                         | 5                                             | 6                                         | 7                                 | 8                      | 9     |
| 1    | Balance at the beginning of the period                                | -                         | -                         | -                                             | -                                         | -                                 | (312)                  | (312) |
| 2    | Increase/(decrease) of the provision for impairment during the period | -                         | -                         | -                                             | -                                         | -                                 | (138)                  | (138) |
| 3    | Bad debt written off                                                  | -                         | -                         | -                                             | -                                         | -                                 | (77)                   | (77)  |
| 4    | Balance at the end of the period                                      | -                         | -                         | -                                             | -                                         | -                                 | (527)                  | (527) |

Table 3. Analysis of changes in provision for impairment of other financial assets as at 31 December 2023

(thousand UAH)

| Line | Movements in provisions                                               | Receivables on securities | Finance lease receivables | Receivable on transactions with payment cards | Receivable on foreign exchange operations | Cash with restricted right to use | Other financial assets | Total   |
|------|-----------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------------------------|-------------------------------------------|-----------------------------------|------------------------|---------|
| 1    | 2                                                                     | 3                         | 4                         | 5                                             | 6                                         | 7                                 | 8                      | 9       |
| 1    | Balance at the beginning of the period                                | -                         | -                         | -                                             | -                                         | -                                 | (1,363)                | (1,363) |
| 2    | Increase/(decrease) of the provision for impairment during the period | -                         | -                         | -                                             | -                                         | -                                 | 1,075                  | 1,075   |
| 3    | Bad debt written off                                                  | -                         | -                         | -                                             | -                                         | -                                 | (24)                   | (24)    |
| 4    | Balance at the end of the period                                      | -                         | -                         | -                                             | -                                         | -                                 | (312)                  | (312)   |



**Table 4. Credit quality analysis of other financial assets as of 31 December 2024**

(thousand UAH)

| Line | Item                                          | Not impaired | Impaired   | Total        |
|------|-----------------------------------------------|--------------|------------|--------------|
| 1    | 2                                             | 3            | 4          | 5            |
| 1    | Receivable on transactions with payment cards | 2,737        | -          | 2,737        |
| 2    | Other financial assets                        | 3,419        | 775        | 4,194        |
| 3    | <b>Total</b>                                  | <b>6,156</b> | <b>775</b> | <b>6,931</b> |

**Table 5. Credit quality analysis of other financial assets as at 31 December 2023**

(thousand UAH)

| Line | Item                                          | Not impaired  | Impaired   | Total         |
|------|-----------------------------------------------|---------------|------------|---------------|
| 1    | 2                                             | 3             | 4          | 5             |
| 1    | Receivable on transactions with payment cards | 38,370        | -          | 38,370        |
| 2    | Other financial assets                        | 2,204         | 289        | 2,493         |
| 3    | <b>Total</b>                                  | <b>40,574</b> | <b>289</b> | <b>40,863</b> |

**Table 6. Other assets**

(thousand UAH)

| Line | Item                                                    | Notes | 31 December 2024 | 31 December 2023 |
|------|---------------------------------------------------------|-------|------------------|------------------|
| 1    | 2                                                       | 3     | 4                | 5                |
| 1    | Receivables on purchase of assets                       |       | 5,070            | 4,595            |
| 2    | Prepayment for services                                 |       | 2,938            | 7,956            |
| 3    | Precious metals                                         |       | -                | -                |
| 4    | Reposessed collateral                                   |       | 5,592            | 5,592            |
| 5    | Inventory in stock                                      |       | 330              | 306              |
| 6    | Inventory at accountable persons                        |       | 838              | 733              |
| 7    | Prepaid expenses                                        |       | 36,090           | 20,430           |
| 8    | Transit account for other settlements                   |       | 406              | -                |
| 9    | Receivables from taxes and duties other than income tax |       | 10               | 14               |
| 11   | Provision for other assets                              |       | (1,538)          | (508)            |
| 12   | <b>Total other assets net of provisions</b>             |       | <b>49,736</b>    | <b>39,118</b>    |

The property transferred to the ownership of the Bank as a pledge holder consists of industrial buildings, apartments, construction in progress of a residential building, etc.

The transfer of property by debtors into the Bank ownership to repay liabilities is governed by the corresponding internal regulations.

According to the above regulations, it is appropriate for the Bank to repossess the property, further sale of which will allow the Bank to compensate the liabilities outstanding, unless otherwise provided by a mortgage agreement (pledge agreement).

The Management Board of the Bank annually approves plans of sale of property foreclosed by the Bank as a pledgee.

**Table 7. Analysis of movements in provision for impairment of other assets**(thousand  
UAH)

| Line | Movements in provisions                                               | Receivables<br>from<br>acquisition of<br>assets | Prepayment<br>for services | Other assets |
|------|-----------------------------------------------------------------------|-------------------------------------------------|----------------------------|--------------|
| 1    | 2                                                                     | 3                                               | 4                          | 5            |
| 1    | Balance as at 31 December 2023                                        | -                                               | -                          | (508)        |
| 2    | (Increase)/decrease of the provision for impairment during the period | -                                               | -                          | (1,030)      |
| 3    | Balance as at 31 December 2024                                        | -                                               | -                          | (1,538)      |

**Note 12. Impairment loss measured under IFRS 9****Table 1. Provisions for impairment of financial assets**

Impairment losses on financial assets in 2024 and 2023 were as follows:

(thousand UAH)

| Line | Item                                                                          | 2024           | 2023            |
|------|-------------------------------------------------------------------------------|----------------|-----------------|
| 1    | 2                                                                             | 3              | 4               |
| 1    | Provision for expected credit losses on loans and advances to customers       | (16,805)       | (18,943)        |
| 2    | Repayment of loans by customers that were previously written off as bad loans | 21,380         | 11,174          |
| 3    | Provision for impairment of loans and other bank balances                     | (360)          | (1,042)         |
| 4    | Provision for impairment in cash and cash equivalents                         | (220)          | (3)             |
| 5    | Provision for impairment of investments                                       | (12,283)       | (26,601)        |
| 6    | Provision for impairment losses on other financial assets                     | (304)          | 807             |
| 7    | Provision for impairment of other assets                                      | (1,013)        |                 |
| 8    | <b>Total</b>                                                                  | <b>(9,605)</b> | <b>(34,608)</b> |

**Note 13. Due to banks and funds received from the National Bank of Ukraine****Table 1. Due to banks**

(thousand UAH)

| Line | Item                                             | 31 December 2024 | 31 December 2023 |
|------|--------------------------------------------------|------------------|------------------|
| 1    | 2                                                | 3                | 4                |
| 1    | Funds received from the National Bank of Ukraine | 355,024          | 355,045          |
| 2    | <b>Total due to banks</b>                        | <b>355,024</b>   | <b>355,045</b>   |

The Bank timely and fully complies with its liabilities regarding the amounts due and interest on them.

As at 31 December 2024, to secure its obligations on funds received, the Bank provided to the National Bank of Ukraine a collateral represented by cash in the amount of UAH 409,426 thousand (31 December 2023: cash in the amount of UAH 415,717 thousand).



## Note 14. Customer accounts

Table 1. Customer accounts

(thousand UAH)

| Line | Item                                | 31 December 2024 | 31 December 2023 |
|------|-------------------------------------|------------------|------------------|
| 1    | 2                                   | 3                | 4                |
| 1    | State-owned and civil organizations | 419,330          | -                |
| 1.1  | current accounts                    | 419,330          | -                |
| 2    | Other legal entities                | 4,516,660        | 3,314 053        |
| 2.1  | current accounts                    | 3,649,194        | 2,685 724        |
| 2.2  | term deposits                       | 867,466          | 628,329          |
| 3    | Individuals                         | 4,213,037        | 3,460 475        |
| 3.1  | current accounts                    | 853,399          | 678,883          |
| 3.2  | term deposits                       | 3,359,638        | 2,781,592        |
| 4    | <b>Total customer accounts</b>      | <b>9,149,027</b> | <b>6,774 528</b> |

Table 2. Due to customers by economic sector

(thousand UAH)

| Line | Sector                                                           | 31 December 2024 |             | 31 December 2023 |             |
|------|------------------------------------------------------------------|------------------|-------------|------------------|-------------|
|      |                                                                  | amount           | %           | amount           | %           |
| 1    | 2                                                                | 3                | 4           | 5                | 6           |
| 1    | Individuals                                                      | 4,213,037        | 46%         | 3,460,475        | 51%         |
| 2    | Trade, repair of autos and consumer and household items          | 1,321,343        | 14%         | 999,022          | 15%         |
| 3    | Processing industry                                              | 1,144,177        | 13%         | 760,923          | 11%         |
| 4    | Financing & insurance                                            | 468,906          | 5%          | 241,467          | 4%          |
| 5    | Agriculture, hunting, forestry                                   | 369,918          | 4%          | 300,166          | 4%          |
| 6    | Transactions with real estate, leasing, engineering and services | 498,551          | 5%          | 462,268          | 7%          |
| 7    | Construction                                                     | 252,921          | 3%          | 231,985          | 3%          |
| 8    | Transportation, warehousing, postal and courier activities       | 128,357          | 1%          | 103,225          | 2%          |
| 9    | Non-resident legal entities                                      | 1,930            | 0%          | 46,141           | 1%          |
| 10   | Production and distribution of electric power, gas and water     | 42,908           | 1%          | 21,041           | 0%          |
| 11   | Governance                                                       | 419,330          | 5%          | -                | 0%          |
| 12   | Other                                                            | 287,649          | 3%          | 147,815          | 2%          |
| 13   | <b>Total customer accounts</b>                                   | <b>9,149,027</b> | <b>100%</b> | <b>6,774,528</b> | <b>100%</b> |

As at 31 December 2024, the carrying amount of due to customers that represents a collateral for credit operations, irrevocable commitments under import letters of credit, guarantees, sureties, etc., comprised UAH 52,868 thousand (31 December 2023: UAH 51,432 thousand).

There are no significant concentrations on deposit accounts.



## Note 15. Other borrowings

Table 1. Other borrowings

(thousand UAH)

| Line | Item                                                      | 31<br>December<br>2024 | 31<br>December<br>2023 |
|------|-----------------------------------------------------------|------------------------|------------------------|
| 1    | 2                                                         | 3                      | 4                      |
| 1    | Loans from international and other financial institutions | 3,125,235              | 2,006,732              |
| 2    | <b>Total</b>                                              | <b>3,125,235</b>       | <b>2,006,732</b>       |

Other borrowed funds are the loans received by the Bank from international and other financial organizations. As at 31 December 2024 and 31 December 2023, they are as follows:

| Creditor                                                | Agreement No. & Date                 | Maturity date | Currency | Loan amount            |                        |
|---------------------------------------------------------|--------------------------------------|---------------|----------|------------------------|------------------------|
|                                                         |                                      |               |          | 31<br>December<br>2024 | 31<br>December<br>2023 |
| Green For Growth Fund (GGF)                             | no. XXUADLVIV101 dated 18.12.2020    | 15.12.2025    | UAH      | 48,449                 | 96,811                 |
| Green For Growth Fund (GGF)                             | no. XXUADLVIV102 dated 16/12/2021    | 15.12.2026    | UAH      | 52,767                 | 79,089                 |
| Green For Growth Fund (GGF)                             | no. XXUADLVIV103-A dated 20.03.2024  | 15.03.2028    | UAH      | 213,055                | -                      |
| Green For Growth Fund (GGF)                             | no. XXUADLVIV103-B dated 20.03.2024  | 15.03.2028    | UAH      | 45,577                 | -                      |
| Green For Growth Fund (GGF)                             | no. XXUADLVIV104 dated 17.12.2024    | 15.12.2028    | UAH      | 219,269                | -                      |
| The European Fund for Southeast Europe (EFSE)           | no. XXUARLVIV002 dated 18.06.2021    | 17.06.2024    | UAH      | -                      | 64,089                 |
| The European Fund for Southeast Europe (EFSE)           | no. XXUASLVIV001 dated 11/9/2023     | 15.03.2023    | UAH      | 52,921                 | 158,927                |
| The European Fund for Southeast Europe (EFSE)           | no. XXUASLVIV002-B dated 11.06.2024  | 15.12.2028    | UAH      | 226,500                | -                      |
| The European Fund for Southeast Europe (EFSE)           | no. XXUASLVIV002-A dated 11.06.2024  | 15.12.2028    | UAH      | 222,292                | -                      |
| The European Fund for Southeast Europe (EFSE)           | no. XXUASLVIV003-B dated 15.11.2024  | 15.12.2028    | UAH      | 217,572                | -                      |
| The European Fund for Southeast Europe (EFSE)           | no. XXUASLVIV003-A dated 15.11.2024  | 15.12.2028    | UAH      | 216,020                | -                      |
| Legal Owner Triodos Funds B.V.                          | no. INS2021002688/1 dated 24.06.2021 | 29/06/2024    | UAH      | -                      | 82,844                 |
| Triodos SICAV II                                        | no. INS2021002688/2 dated 24.06.2021 | 29/06/2024    | UAH      | -                      | 83,065                 |
| Finance Ministry of Ukraine                             | no. 13010-05/91 dated 10.04.2020     | 30.04.2025    | EUR      | -                      | 33,655                 |
| European Bank for Reconstruction and Development (EBRD) | no. 51727/B dated 01.12.2020         | 01.12.2024    | UAH      | -                      | 24,444                 |
| European Bank for Reconstruction and Development (EBRD) | no. 53049 dated 03.11.2021           | 10.06.2026    | UAH      | -                      | 30,595                 |
| European Bank for Reconstruction and Development (EBRD) | no. 53858/A dated 25.08.2022         | 07.09.2024    | EUR      | -                      | 54,400                 |
| European Bank for Reconstruction and Development (EBRD) | no. 53858/B dated 25.08.2022         | 07.09.2024    | EUR      | -                      | 61,562                 |
| European Bank for Reconstruction and Development (EBRD) | no. 54453/1 dated 01/08/2023         | 21.08.2023    | UAH      | 333,280                | 417,961                |
| European Bank for Reconstruction and Development (EBRD) | no. 54453/2 dated 01/08/2023         | 18.12.2026    | UAH      | 159,511                | 198,800                |
| European Bank for Reconstruction and Development (EBRD) | no. 55295/1 dated 07.06.2024         | 23.07.2027    | UAH      | 236,228                |                        |
| European Bank for Reconstruction and Development (EBRD) | no. 55295/2 dated 07.06.2024         | 31.10.2027    | UAH      | 225,284                |                        |
| Entrepreneurship Development Fund (EDF)                 | no. 015/3-03 dated 03.06.2019        | 31.05.2024    | UAH      | -                      | 35,218                 |
| Entrepreneurship Development Fund (EDF)                 | no. 015/1-04 dated 08.11.2019        | 07/11/2024    | EUR      | -                      | 177,958                |
| Entrepreneurship Development Fund (EDF)                 | no. 015/1-07 dated 08.12.2021        | 08.12.2026    | EUR      | 44,157                 | 42,408                 |
| Entrepreneurship Development Fund (EDF)                 | no. 015/3-08 dated 16.02.2022        | 15.02.2027    | UAH      | 20,636                 | 20,680                 |



|                                         |                               |            |     |                  |                  |
|-----------------------------------------|-------------------------------|------------|-----|------------------|------------------|
| Entrepreneurship Development Fund (EDF) | no. 015/4-10 dated 01.06.2022 | 31.05.2024 | UAH | -                | 20,680           |
| Entrepreneurship Development Fund (EDF) | no. 015/1-09 dated 31.03.2022 | 30.03.2027 | EUR | 88,402           | 84,943           |
| Entrepreneurship Development Fund (EDF) | no. 015/4-11 dated 29.12.2022 | 28.12.2024 | UAH | -                | 31,031           |
| Entrepreneurship Development Fund (EDF) | no. 015/5-12 dated 26/01/2023 | 24.01.2025 | UAH | 123,127          | 123,282          |
| Entrepreneurship Development Fund (EDF) | no. 015/1-13 dated 19/12/2023 | 18.12.2028 | EUR | 88,335           | 84,290           |
| Entrepreneurship Development Fund (EDF) | no. 015/1-17 dated 28.11.2024 | 27.11.2029 | EUR | 184,460          | -                |
| Entrepreneurship Development Fund (EDF) | no. 015/3-15 dated 10.07.2024 | 06.07.2029 | UAH | 41,221           | -                |
| Entrepreneurship Development Fund (EDF) | no. 015/4-13 dated 10.07.2024 | 08.07.2026 | UAH | 20,615           | -                |
| Entrepreneurship Development Fund (EDF) | no. 015/5-16 dated 18.11.2024 | 17.11.2026 | UAH | 45,557           | -                |
| <b>TOTAL</b>                            |                               |            |     | <b>3,125,235</b> | <b>2,006,732</b> |

Information about the weighted average interest rate on other borrowed funds is provided in Note 29: Financial Risk Management (Table 5: Monitoring interest rates on financial instruments).

In 2024, the Bank received the following loans:

| <b>Creditor</b>                                         | <b>Loan issued date</b> | <b>Loan agreement in thousand units of currency</b> | <b>Currency</b> |
|---------------------------------------------------------|-------------------------|-----------------------------------------------------|-----------------|
| GREEN FOR GROWTH FUND (GGF)                             | 26.03.2024              | 213,829                                             | UAH             |
| EDF                                                     | 10.07.2024              | 40,000                                              | UAH             |
| EDF                                                     | 10.07.2024              | 20,000                                              | UAH             |
| European Bank for Reconstruction and Development (EBRD) | 23.07.2024              | 226,729                                             | UAH             |
| GREEN FOR GROWTH FUND (GGF)                             | 16.08.2024              | 45,257                                              | UAH             |
| The European Fund for Southeast Europe (EFSE)           | 09.10.2024              | 225,949                                             | UAH             |
| The European Fund for Southeast Europe (EFSE)           | 15.10.2024              | 224,968                                             | UAH             |
| European Bank for Reconstruction and Development (EBRD) | 31.10.2024              | 223,488                                             | UAH             |
| EDF                                                     | 19.11.2024              | 45,000                                              | UAH             |
| The European Fund for Southeast Europe (EFSE)           | 21.11.2024              | 217,141                                             | UAH             |
| The European Fund for Southeast Europe (EFSE)           | 27.11.2024              | 218,678                                             | UAH             |
| EDF                                                     | 28.11.2024              | 4,200                                               | EUR             |
| GREEN FOR GROWTH FUND (GGF)                             | 23.12.2024              | 218,424                                             | UAH             |

As at 31 December 2024, the non-withdrawn funds under the Bank fund-raising agreements amount to:

- under the agreement with the European Bank for Reconstruction and Development No. 55295 dated 07.06.2024 - UAH equivalent of 10.0 million. EUR;
- within the framework of agreements between the Bank, the Ministry of Finance of Ukraine and JSC "Ukreximbank" - the deadlines for receiving funds have expired, after which the Lender should have redistributed the limits. As at 31 December 2024, no redistribution was made.

The Bank had no overdue debts related to the loan principal and interest.

Loan agreements from international and other financial organizations contain requirements for the financial condition and activities of the Bank by establishing appropriate additional conditions (the so-called "covenants"). One of such covenants specified in the agreements with the EDF is the requirement for the level of transformation of loan funds under the Programs at a level of at least 70%. 31 December 2024, the actual level of transformation of credit funds under MSME Lending Programs in priority sectors, support for financing investment projects of small and medium-sized enterprises in priority industries and support for financing energy efficient investments of small and medium-sized enterprises is 335%, 49% and 64% respectively.

Prior to the reporting date, on 2 December 2024, the Bank received a letter from the EDF approving the extension of the loan transformation period until 31 January 2026 for the Programs mentioned above. In this regard, there is no violation



of this covenant as of 31 December 2024 and debt under agreements with international and other financial organizations can be presented according to the contractual repayment terms.

As of 31 December 2023, the Bank was not in compliance with the covenant requirement set forth in the agreements with the EBRD to cover the debt with the nominal value of collateral not exceeding 150%. As at 31 December 2023, the actual value was 163%. In accordance with the agreements on raising loans from international and other financial organizations, the amounts of debt as at 31 December 2023 are reported as "on demand", namely:

- EBRD: under agreements for the debt as at 31 December 2023 - UAH 787,762 thousand;
- EFSE: under loan agreements as at 31 December 2023 – UAH 223,017 thousand;
- EFSE: under loan agreements as at 31 December 2023 – UAH 175,900 thousand;
- Triodos Custody B.V./ Triodos SICAV II - Triodos Microfinance Fund - under the agreement for the amount of debt as at 31 December 2023 - UAH 165,909 thousand.
- EDF: under loan agreements as at 31 December 2023 – UAH 620,490 thousand;

As at 31 December 2024, the Bank provided as collateral for the loan received from the FED, the property rights under the loan agreements made by the Bank with certain entities, and the property rights under the pledge/financial guarantee agreements that ensure the fulfilment of credit liabilities for UAH 638,982 thousand of the above business entities to the Bank (31 December 2023: UAH 669,271 thousand).



## Note 16. Provisions for liabilities

Table 1. Movements in provisions for liabilities during 2024

(thousand  
UAH)

| Line | Movements in provisions           | Notes | Credit liabilities | Tax risks | Other | Total |
|------|-----------------------------------|-------|--------------------|-----------|-------|-------|
| 1    | 2                                 | 3     | 4                  | 5         | 6     | 7     |
| 1    | Balance as at 31 December 2023    |       | 591                | -         | -     | 591   |
| 2    | Provision created and/or increase |       | 1,198              | -         | -     | 1,198 |
| 3    | Balance as at 31 December 2024    |       | 1,789              | -         | -     | 1,789 |

## Note 17. Other liabilities

(thousand  
UAH)

| Line | Item                                                               | 31<br>December<br>2024 | 31<br>December<br>2023 |
|------|--------------------------------------------------------------------|------------------------|------------------------|
| 1    | 2                                                                  | 3                      | 4                      |
| 1    | <b>Other liabilities</b>                                           | <b>64,720</b>          | <b>53,165</b>          |
| 1.1  | Taxes and duties payable, other than income tax                    | 15,415                 | 12,479                 |
| 1.2  | Payable for services                                               | 1,614                  | 1,614                  |
| 1.3  | Deferred income                                                    | 18,663                 | 18,550                 |
| 1.4  | Provisions for unused vacations                                    | 29,028                 | 20,522                 |
| 2    | <b>Other financial liabilities</b>                                 | <b>284,538</b>         | <b>236,140</b>         |
| 2.1  | Payables on securities                                             | 6                      | 6                      |
| 2.2  | Payable on transactions with payment cards                         | 21,453                 | 7,086                  |
| 2.3. | Payables on foreign exchange operations                            | 25                     | 13                     |
| 2.4  | Financial lease liabilities                                        | 145,618                | 79,921                 |
| 2.5  | Dividends payable                                                  | 6                      | 6                      |
| 2.6  | Payables on payments received                                      | 205                    | 184                    |
| 2.4  | Due to customers from inactive accounts                            | 1,698                  | 54                     |
| 2.8  | Other payables from transactions with customers of the Bank        | 63,731                 | 114,803                |
| 2.9  | Payables on transactions with other financial instruments          | 9                      | 14                     |
| 2.10 | Transit account for other settlements                              | 926                    | 1,709                  |
| 2.11 | Other accrued expenses                                             | 14,023                 | 5,526                  |
| 2.12 | Accrued expenses on cash and settlement services                   | 858                    | 1,196                  |
| 2.13 | Payables on suspense accounts                                      | 14,579                 | 7,415                  |
| 2.14 | Escrow accounts of the Fund for Entrepreneurship Development (FED) | 1,353                  | 1,483                  |
| 2.15 | Other payables for accrued consideration                           | 20,048                 | 16,724                 |
| 3    | <b>Total</b>                                                       | <b>349,258</b>         | <b>289,305</b>         |

**Note 18. Subordinated debt**

The Bank subordinate liabilities include the following agreements:

(thousand UAH)

| Lender                                         | Currency | Attracted date | Maturity date | 31 December 2024 | 31 December 2023 |
|------------------------------------------------|----------|----------------|---------------|------------------|------------------|
| responsAbility Investments AG                  | UAH      | 30.06.2017     | 03.07.2026    | -                | 23,620           |
| German State Development Bank (KfW)            | USD      | 26.10.2018     | 30.06.2028    | 217,694          | 189,025          |
| Investment Fund for Developing Countries (IFU) | EUR      | 07.11.2024     | 21.11.2030    | 301,499          | -                |
| <b>Total</b>                                   |          |                |               | <b>519,193</b>   | <b>212,645</b>   |

Information about the weighted average interest rate on subordinated debt is provided in Note 29: Financial Risk Management (Table 5: Monitoring interest rates on financial instruments).

Subordinated debt agreements contain no conditions for the exchange of debt for shares.

On 17 October 2018, an agreement was signed between the German State Development Bank (KfW) and the Bank on the provision of a subordinated loan in US dollars in the amount equivalent to EUR 3,097 thousand. euro. The funds were provided under the "Agrifinance" program, which is aimed at strengthening the equity of financial institutions of Ukraine and promoting the development of micro, small and medium-sized enterprises in the field of agriculture. In accordance with the Amendment dated 19.10.2022 to the Agreement dated 17.10.2018, its validity period was extended from 30.12.2025 to 30.12.2027. In this regard, the decision of the NBU Committee on Supervision and Regulation of Banks, Supervision (Oversight) of Payment Systems dated 12.12.2022 No. 20/1707-rk amended the authorisation No. 405 dated 19.12.2018 to include these funds in the Bank capital for extending its validity until 30.12.2027.

On 28 March 2023, the Bank and KfW signed an Amendment to the Subordinated Loan Agreement, which increased the amount of subordinated debt by USD 540,700 and extended the maturity of the agreement until 30 June 2028. The funds were attracted for the purpose of future financing by the Bank of agricultural projects of small and medium-sized enterprises of Ukraine.

On 07 November 2024, an Agreement was signed between the Investment Fund for Developing Countries (IFU) and the Bank for the subordinated loan for EUR 7,000 thousand. The funds were provided to increase the regulatory capital adequacy ratio of the Bank. At the reporting date, the Bank is taking the necessary actions stipulated by the Regulation on the Procedure for Determining the Amount of Regulatory Capital by Banks of Ukraine (approved by the Resolution of the Board of the National Bank of Ukraine No. 196 dated 28.12.2023) to seek the permission of the National Bank of Ukraine to include subordinated debt in the regulatory capital.



## Note 19. Changes in liabilities relating to financing activities.

Table 1. Changes in the NBU funds and other borrowings in 2023 and 2024

(thousand  
UAH)

|                                                        | NBU funds      | Other borrowings | Total            |
|--------------------------------------------------------|----------------|------------------|------------------|
| <b>Balance as at 1 January 2023</b>                    | <b>342,403</b> | <b>1,522,130</b> | <b>1,864,533</b> |
| Changes from financing cash flows in 2023              |                |                  |                  |
| Proceeds from borrowings                               | -              | 963,046          | 963,046          |
| Borrowings repaid                                      | -              | (546,396)        | (546,396)        |
| <b>Total changes from financing cash flows in 2023</b> | <b>-</b>       | <b>416,650</b>   | <b>416,650</b>   |
| Interest paid                                          | (109,662)      | (149,058)        | (258,720)        |
| Effect of foreign exchange differences                 | -              | 37,230           | 37,230           |
| Interest expense                                       | 109,662        | 186,491          | 296,153          |
| Other movements                                        | 12,642         | (6,711)          | 5,931            |
| <b>Total other changes</b>                             | <b>12,642</b>  | <b>67,952</b>    | <b>80,594</b>    |
| <b>Balance as at 31 December 2023</b>                  | <b>355,045</b> | <b>2,006,732</b> | <b>2,361,777</b> |
| Changes from financing cash flows in 2024              |                |                  |                  |
| Proceeds from borrowings                               | -              | 2,103,427        | 2,103,427        |
| Borrowings repaid                                      | -              | (1,007,596)      | (1,007,596)      |
| <b>Total changes from financing cash flows in 2024</b> | <b>-</b>       | <b>1,095,831</b> | <b>1,095,831</b> |
| Interest paid                                          | (48,563)       | (261,487)        | (310,050)        |
| Effect of foreign exchange differences                 | -              | 27,996           | 27,996           |
| Interest expense                                       | 48,563         | 274,739          | 323,302          |
| Other movements                                        | (21)           | (18,576)         | (18,597)         |
| <b>Total other changes</b>                             | <b>(21)</b>    | <b>256,163</b>   | <b>256,142</b>   |
| <b>Balance as at 31 December 2024</b>                  | <b>355,024</b> | <b>3,125,235</b> | <b>3,480,259</b> |

Table 2. Changes in lease liabilities in 2023 and 2024

(thousand UAH)

|                                                                                                         |                |
|---------------------------------------------------------------------------------------------------------|----------------|
| Balance as at 1 January 2023                                                                            | <b>43,165</b>  |
| <b>Changes from financing cash flows in 2023:</b>                                                       |                |
| Payment of lease liabilities - principal                                                                | (10,485)       |
| <b>Other changes:</b>                                                                                   |                |
| Revaluation                                                                                             | -              |
| Additions of new leases                                                                                 | 66,291         |
| Expiry of contracts and decrease in other assets by the guaranteed payments for the last month of lease | (19,646)       |
| Interest expense                                                                                        | 4,745          |
| Interest paid                                                                                           | (4,149)        |
| <b>Balance as at 31 December 2023</b>                                                                   | <b>79,921</b>  |
| <b>Changes from financing cash flows in 2024:</b>                                                       |                |
| Payment of lease liabilities - principal                                                                | (12,554)       |
| <b>Other changes:</b>                                                                                   |                |
| Revaluation                                                                                             | -              |
| Additions of new leases                                                                                 | 78,173         |
| Expiry of contracts and decrease in other assets by the guaranteed payments for the last month of lease | (614)          |
| Interest expense                                                                                        | 14,593         |
| Interest paid                                                                                           | (13,901)       |
| Other movements                                                                                         | -              |
| <b>Balance as at 31 December 2024</b>                                                                   | <b>145,618</b> |

**Table 3. Changes in subordinated debt in 2023 and 2024 were as follows:**(thousand  
UAH)

|                                                        |                |
|--------------------------------------------------------|----------------|
| <b>Balance as at 1 January 2023</b>                    | <b>191,985</b> |
| Changes from financing cash flows in 2023              |                |
| Proceeds from borrowings                               | 19,773         |
| Borrowings repaid                                      | (13,000)       |
| <b>Total changes from financing cash flows in 2023</b> | <b>6,773</b>   |
| Effect of foreign exchange differences                 | 7,095          |
| Other movements                                        |                |
| Interest expense                                       | 8,738          |
| Interest paid                                          | (1,870)        |
| Other movements                                        | (76)           |
| <b>Total other changes</b>                             | <b>6,792</b>   |
| <b>Balance as at 31 December 2023</b>                  | <b>212,645</b> |
| Changes from financing cash flows in 2024              |                |
| Proceeds from borrowings                               | 305,837        |
| Borrowings repaid                                      | (23,500)       |
| <b>Total changes from financing cash flows in 2024</b> | <b>282,337</b> |
| Effect of foreign exchange differences                 | 20,601         |
| Other movements                                        |                |
| Interest expense                                       | 10,586         |
| Interest paid                                          | -              |
| Other movements                                        | (6,198)        |
| <b>Total other changes</b>                             | <b>4,388</b>   |
| <b>Balance as at 31 December 2024</b>                  | <b>519,193</b> |



## Note 20. Share capital and share premium

(thousand UAH)

| Line | Item                                                                   | Shares outstanding (in thousands of shares) | Ordinary shares | Share premium | Preference share capital | Treasury shares (participatory interest) | Effect of IFRS 29 application | Total          |
|------|------------------------------------------------------------------------|---------------------------------------------|-----------------|---------------|--------------------------|------------------------------------------|-------------------------------|----------------|
| 1    | 2                                                                      | 3                                           | 4               | 5             | 6                        | 7                                        | 8                             | 9              |
| 1    | <b>Balance as at 31 December 2022</b>                                  | <b>7,084,053</b>                            | <b>708,405</b>  | <b>1,661</b>  | -                        | -                                        | <b>4,965</b>                  | <b>715,031</b> |
| 2    | New shares (participatory interest) issue                              | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 3    | Treasury shares (participatory interest)                               | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 4    | Treasury shares (participatory interest) sold                          | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 5    | Treasury shares (participatory interest) cancelled                     | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 6    | <b>Balances as at 31 December 2023 (Balances as at 1 January 2024)</b> | <b>7,084,053</b>                            | <b>708,405</b>  | <b>1,661</b>  | -                        | -                                        | <b>4,965</b>                  | <b>715,031</b> |
| 7    | Contributions for new share (participatory interest) issue             | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 8    | Treasury shares (participatory interest)                               | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 9    | Treasury shares (participatory interest) sold                          | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 10   | Treasury shares (participatory interest) cancelled                     | -                                           | -               | -             | -                        | -                                        | -                             | -              |
| 11   | <b>Balance as at 31 December 2024</b>                                  | <b>7,084,053</b>                            | <b>708,405</b>  | <b>1,661</b>  | -                        | -                                        | <b>4,965</b>                  | <b>715,031</b> |

At the end of 31 December 2024, there were no shares declared for issue.

The issued and paid shares amount to 7,084,053,380 shares. All shares are paid in full.

The difference between the nominal value of shares (UAH 708,405 thousand) and the value reported in these financial statements (UAH 713,370 thousand) is due to the implementation of transformational adjustments due to the need to apply IAS 29 "Financial Reporting in Hyperinflation" - as Ukraine was considered a country with a hyper-inflationary economy during the ten-year period ended 31 December 2000, the Bank listed in the financial statements the non-monetary items in units of measurement valid as at 31 December 2000 using the consumer price index, and those indicators became the basis of accounting in subsequent accounting periods.

A share nominal value is UAH 0.10.

Each ordinary share of the Bank gives the shareholder the same set of rights, including the rights to:

- 1) participate in the management of the Bank;
- 2) participate and vote at the General Meeting of Shareholders in person or via their representatives, the number of votes of the shareholder is determined by the number of shares he purchased;
- 3) make proposals as to the Bank activities;
- 4) make proposals to the agenda of the General Meeting of Shareholders no later than 30 days before their convening;
- 5) to elect and be elected to the governing bodies of the Bank;
- 6) participate in the distribution of the Bank profit, receive dividends;
- 7) receive in case of the Bank liquidation a certain part of its property or value;
- 8) receive information about the Bank activities, except for information being the banking secrecy;
- 9) other rights provided for by the current laws.

An ordinary share of the Bank provides the shareholder with one vote to resolve any issue at the General Meeting of Shareholders, except for the cases of cumulative voting.

The Bank shareholders are obliged to:

- 1) perform their duties to the Bank and the National Bank of Ukraine;
- 2) comply with the statute and other internal documents of the Bank;
- 3) comply with the decisions of the General Meeting of Shareholders and other bodies of the Bank;
- 4) pay for shares in the amount, in the manner and by the means provided by the Bank statute;



- 5) not to disclose commercial secrets and confidential information about the Bank activities;
- 6) notify the Bank about changes in their details;
- 7) promote the development of the Bank;
- 8) not to take any actions that contradict the realization of the goals of the Bank activity;
- 9) perform other duties provided by the current laws of Ukraine.

Amount and term of dividend payout:

- 1) Dividends are paid once a year based on the results of the calendar year, after the approval of the annual report no later than six months after the end of the reporting year;
- 2) the dividends less tax in the calculation of interest per share are determined and approved by the General Meeting of Shareholders according to the register of owners of the Bank registered shares;
- 3) the right to receive dividends will have the persons who are registered with the register system at the beginning of the period for the payment of dividends set by the General Meeting of Shareholders, in proportion to the number of shares they own.

Other additional capital for UAH 22,184 thousand is represented by the forgiven part of the current subordinated debt from the shareholder FRONTMOST LIMITED (agreement dated 11 March 2013) totaling USD 850 thousand. The permission was granted to the Bank by the decision of the Committee for Supervision and Regulation of Banks, Supervision (Oversight) of NBU Payment Systems No. 223 dated 30 June 2017. On this basis, the Bank accounted for forgiveness in the amount of UAH 22,184 thousand as additional capital.

On 18 December 2023, the Extraordinary General Meeting of Shareholders decided to increase the authorised capital of the Bank by issuing additional shares with the existing par value through additional contributions (without making a public offer) and to issue shares of the Bank. The decision provides for the issue of 2,500,000,000 (two billion five hundred million) ordinary registered shares with the existing par value of 0.10 (ten kopecks) each, with a total par value of UAH 250,000,000.00. (two hundred and fifty million UAH 00 kopecks).

By the decision of the National Securities and Markets Commission of Ukraine dated 21 March 2024, No. 322, a temporary certificate of the shares issue registration was issued and the issue of 2,500,000,000 shares with a total nominal value of UAH 250,000,000.00 was registered. As at 31 December 2024, the placement of shares was completed in the amount of 2,416,960,000 pieces. The issue is at the stage of registration of the report on its placement. New shareholder of the Bank, Stichting fondsbecher DGGF local IKB (Stichting fondsbeheer DGGF lokal MKB), acquired ownership of 1,946,960,000 shares. responsAbility Participations AG acquired an additional 470,000,000 shares. The contributions to the authorized capital were paid in full in 2024.



## Note 21. Movements in revaluation reserves (components of other comprehensive income)

Table 1. Movements in revaluation reserves (components of other comprehensive income)

(thousand UAH)

| Line | Item                                                                                                                           | Notes | 31 December 2024 | 31 December 2023 |
|------|--------------------------------------------------------------------------------------------------------------------------------|-------|------------------|------------------|
| 1    | 2                                                                                                                              | 3     | 4                | 5                |
| 1    | Balance at the beginning of the year                                                                                           |       | 84,677           | 95,293           |
| 2    | Revaluation of securities available-for-sale                                                                                   |       | -                | -                |
| 3    | Revaluation of property and equipment, and intangible assets                                                                   |       | (1,989)          | (5,777)          |
| 3.1  | change in fair value revaluation                                                                                               |       | 1,473            | (3,287)          |
| 3.2  | impairment                                                                                                                     |       | -                | -                |
| 3.3  | realized revaluation gain/(loss) allocated to retained earnings                                                                |       | (3,462)          | (2,490)          |
| 4    | Revaluation of hedging transactions                                                                                            |       | -                | -                |
| 5    | Accumulated foreign currency differences arising from the translation of the financial statements to the presentation currency |       | -                | -                |
| 6    | Share of other comprehensive income of the associate                                                                           |       | -                | -                |
| 7    | Income tax resulting from:                                                                                                     |       | (368)            | (4,839)          |
| 7.1  | change in securities available-for-sale revaluation reserves                                                                   |       | -                | -                |
| 7/2  | change in property, equipment and intangible assets revaluation reserves                                                       |       | (368)            | (4,839)          |
| 7/3  | change in hedging transactions revaluation reserves                                                                            |       | -                | -                |
| 7.4  | change in accumulated foreign currency differences revaluation reserves                                                        |       | -                | -                |
| 7.5  | share in change in other comprehensive income of associates                                                                    |       | -                | -                |
| 8    | Total changes in revaluation reserves (other comprehensive income) less income tax                                             |       | (2,357)          | (10,616)         |
| 9    | Balance at the year-end                                                                                                        |       | 82,320           | 84,677           |

Table 2. Changes in retained earnings of previous years (components of other comprehensive income)

(thousand UAH)

| Line | Item                                                                      | 31 December 2024 | 31 December 2023 |
|------|---------------------------------------------------------------------------|------------------|------------------|
| 1    | 2                                                                         | 4                | 5                |
| 1    | Balance at the beginning of the year                                      | 3,072            | -                |
| 2    | Gain (loss) from sale of PPE                                              | 3,462            | 3,072            |
| 2.1  | realized revaluation gain/(loss) allocated to retained earnings           | 3,462            | 2,490            |
| 2.2  | the portion of deferred tax after disposal allocated to retained earnings | -                | 582              |
| 3    | Balance at the year-end                                                   | 6,534            | 3,072            |



## Note 22. Maturity analysis of assets and liabilities

Table 1. Maturity analysis of assets and liabilities

(thousand  
UAH)

| Line               | Item                                             | Notes | 31 December 2024    |                     |                   | 31 December 2023    |                     |                   |
|--------------------|--------------------------------------------------|-------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------|
|                    |                                                  |       | Less than 12 months | More than 12 months | Total             | Less than 12 months | More than 12 months | Total             |
| 1                  | 2                                                | 3     | 4                   | 5                   | 6                 | 7                   | 8                   | 9                 |
| <b>ASSETS</b>      |                                                  |       |                     |                     |                   |                     |                     |                   |
| 1                  | Cash and cash equivalents                        |       | 1,327,961           | -                   | 1,327,961         | 1,386,763           | -                   | 1,386,763         |
| 2                  | Other balances due to banks                      |       | 555,236             | -                   | 555,236           | 139,876             | 415,714             | 555,590           |
| 3                  | Loans and advances to customers                  |       | 3,201,901           | 5,672,095           | 8,873,996         | 2,711,250           | 4,083,745           | 6,794,995         |
| 4                  | Investments in securities                        |       | 3,199,323           | 415,055             | 3,614,378         | 1,257,184           | 231,464             | 1,488,648         |
| 5                  | Property, plant and equipment                    |       | -                   | 432,700             | 432,700           | -                   | 272,990             | 272,990           |
| 6                  | Intangible assets                                |       | -                   | 51,075              | 51,075            | -                   | 60,423              | 60,423            |
| 7                  | Other financial assets                           |       | 5,847               | 557                 | 6,404             | 39,900              | 651                 | 40,551            |
| 8                  | Other non-financial assets                       |       | 44,170              | 5,566               | 49,736            | 37,640              | 1,478               | 39,118            |
| 9                  | <b>Total assets</b>                              |       | <b>8,334,438</b>    | <b>6,577,048</b>    | <b>14,911,486</b> | <b>5,572,613</b>    | <b>5,066,465</b>    | <b>10,639,078</b> |
| <b>LIABILITIES</b> |                                                  |       |                     |                     |                   |                     |                     |                   |
| 10                 | Funds received from the National Bank of Ukraine |       | 355,024             | -                   | 355,024           | -                   | 355,045             | 355,045           |
| 11                 | Customer accounts                                |       | 9,098,974           | 50,053              | 9,149,027         | 6,718,328           | 56,200              | 6,774,528         |
| 12                 | Other borrowings                                 |       | 667,618             | 2,457,617           | 3,125,235         | 2,006,732           | -                   | 2,006,732         |
| 13                 | Current income tax liability                     |       | 105,410             | -                   | 105,410           | 92,079              | -                   | 92,079            |
| 14                 | Deferred income tax liabilities                  |       | -                   | 8,140               | 8,140             | 16,298              | -                   | 16,298            |
| 15                 | Provisions for liabilities                       |       | 1,746               | 43                  | 1,789             | 515                 | 76                  | 591               |
| 16                 | Liabilities on share-based payment transactions  |       | -                   | 26,048              | 26,048            | -                   | 16,590              | 16,590            |
| 17                 | Other financial liabilities                      |       | 284,408             | 130                 | 284,538           | 236,024             | 116                 | 236,140           |
| 18                 | Other non-financial liabilities                  |       | 64,720              | -                   | 64,720            | 53,165              | -                   | 53,165            |
| 19                 | Subordinated debt                                |       | -                   | 519,193             | 519,193           | 120                 | 212,525             | 212,645           |
| 20                 | <b>Total liabilities</b>                         |       | <b>10,577,900</b>   | <b>3,061,224</b>    | <b>13,639,124</b> | <b>9,123,261</b>    | <b>640,552</b>      | <b>9,763,813</b>  |



## Note 23. Interest income and expense

(thousand  
UAH)

| Line                    | Item                                                  | 31 December<br>2024 | 31 December<br>2023 |
|-------------------------|-------------------------------------------------------|---------------------|---------------------|
| 1                       | 2                                                     | 3                   | 4                   |
| <b>INTEREST INCOME</b>  |                                                       |                     |                     |
| 1                       | Loans and advances to customers                       | 1,453,244           | 1,024,452           |
| 2                       | Securities in the Bank portfolio at amortised cost *  | 251,005             | 217,537             |
| 3                       | Other balances due to banks                           | 4,045               | 3,036               |
| 4                       | Financial assets at fair value through profit or loss | 701                 | 1,804               |
| 5                       | Correspondent accounts with other banks               | 6,828               | 12,012              |
| 6                       | Financial lease payable                               | (50)                | (31)                |
| 7                       | <b>Total interest income</b>                          | <b>1,715,773</b>    | <b>1,258,810</b>    |
| <b>INTEREST EXPENSE</b> |                                                       |                     |                     |
| 8                       | Term deposits from legal entities                     | (71,328)            | (71,071)            |
| 9                       | Other borrowings                                      | (274,739)           | (186,492)           |
| 10                      | Term deposits from individuals                        | (312,046)           | (214,352)           |
| 11                      | Term funds from the National Bank of Ukraine          | (48,563)            | (109,662)           |
| 12                      | Current accounts                                      | (166,911)           | (90,748)            |
| 13                      | Lease liabilities                                     | (14,594)            | (4,745)             |
| 14                      | Interest expenses on subordinated debt                | (10,586)            | (8,737)             |
| 15                      | <b>Total interest expense</b>                         | <b>(898,767)</b>    | <b>(685,807)</b>    |
| 16                      | <b>Net other income/(expenses)</b>                    | <b>817,006</b>      | <b>573,003</b>      |

\* The item "Interest income on securities in the portfolio of the bank at amortized cost" for 2024 includes accrued income on Deposit certificates of the National Bank of Ukraine for UAH 178,879 thousand (income is 10.42% of interest income of the Bank for 2024).

Interest income on securities in the Bank portfolio at amortised cost for 2023 includes accrued income on Certificates of Deposit of the National Bank of Ukraine in the amount of UAH 167,699 thousand (comprising 11.35% of the Bank total income for 2023).



## Note 24. Fee and commission income and expense

Table 1. Fee and commission income and expense

(thousand  
UAH)

| Line                              | Item                                    | 31<br>December<br>2024 | 31<br>December<br>2023 |
|-----------------------------------|-----------------------------------------|------------------------|------------------------|
| 1                                 | 2                                       | 3                      | 4                      |
| <b>COMMISSION INCOME</b>          |                                         |                        |                        |
| 1                                 | Cash and settlement transactions        | 218,977                | 195,322                |
| 2                                 | Transactions with securities            | 8                      | 1                      |
| 3                                 | Other                                   | 15,917                 | 12,531                 |
| 4                                 | Guarantees issued                       | 321                    | 116                    |
| 5                                 | <b>Total fee and commission income*</b> | <b>235,223</b>         | <b>207,970</b>         |
| <b>FEE AND COMMISSION EXPENSE</b> |                                         |                        |                        |
| 6                                 | Cash and settlement transactions        | (60,197)               | (44,020)               |
| 7                                 | Transactions with securities            | (814)                  | (526)                  |
| 8                                 | Other                                   | -                      | (35)                   |
| 9                                 | Guarantees issued                       | (21,098)               | (4,961)                |
| 10                                | <b>Total fee and commission expense</b> | <b>(82,109)</b>        | <b>(49,542)</b>        |
| 11                                | <b>Net commission income/expenses</b>   | <b>153,114</b>         | <b>158,428</b>         |

\* Total fee and commission income from customer transactions for 2024 amounted to UAH 234,902 thousand (2023: UAH 207,854 thousand).

## Note 25. Other operating income

Table 1. Other operating income

(thousand  
UAH)

| Line | Item                                                           | Notes | 31<br>December<br>2024 | 31<br>December<br>2023 |
|------|----------------------------------------------------------------|-------|------------------------|------------------------|
| 1    | 2                                                              | 3     | 4                      | 5                      |
| 1    | Operating lease income                                         |       | 5                      | 16                     |
| 2    | Income from sub-lease                                          |       | 243                    | 151                    |
| 3    | Gain on disposal of property, equipment, and intangible assets |       | 763                    | 372                    |
| 4    | Income from financial advisory services provided               |       | 19                     | 62                     |
| 5    | Fines and penalties received by the Bank                       |       | 4                      | -                      |
| 6    | Other operating income                                         |       | 1,475                  | 1,121                  |
| 7    | Other income                                                   |       | 4,570                  | 9,297                  |
| 8    | Income from repossessed collateral                             |       | -                      | -                      |
| 9    | <b>Total operating income</b>                                  |       | <b>7,079</b>           | <b>11,019</b>          |



## Note 26. Other administrative and other operating expenses

Table 1. Administrative and other operating expenses

(thousand  
UAH)

| Line | Item                                                                                                       | Notes | 31<br>December<br>2024 | 31<br>December<br>2023 |
|------|------------------------------------------------------------------------------------------------------------|-------|------------------------|------------------------|
| 1    | 2                                                                                                          | 3     | 4                      | 5                      |
| 1    | Impairment of property, equipment and intangible assets                                                    |       | (400)                  | (60)                   |
| 2    | Maintenance of property, equipment and intangible assets, telecommunication and other operational services |       | (86,231)               | (63,139)               |
| 3    | Operating leasing expenses                                                                                 |       | (464)                  | (292)                  |
| 4    | Professional services                                                                                      |       | (57,945)               | (48,289)               |
| 4.1  | <i>including the cost of obtaining consulting services from I.D Inspiring Development GmbH</i>             |       | <i>(42,318)</i>        | <i>(39,608)</i>        |
| 5    | Marketing and advertisement                                                                                |       | (9,311)                | (14,495)               |
| 6    | Insurance                                                                                                  |       | (814)                  | (1,966)                |
| 7    | Taxes, other than income tax                                                                               |       | (39,223)               | (34,009)               |
| 8    | Cash collection and transportation                                                                         |       | (1,466)                | (1,444)                |
| 9    | Travel expense                                                                                             |       | (2,106)                | (2,011)                |
| 10   | Hospitality                                                                                                |       | (664)                  | (616)                  |
| 11   | Fines, penalties paid by the bank                                                                          |       | (296)                  | -                      |
| 12   | Sponsorship and charity                                                                                    |       | (535)                  | (1,755)                |
| 13   | Other operating expenses                                                                                   |       | (4,578)                | (1,940)                |
| 14   | Other expenses                                                                                             |       | (9,779)                | (8,375)                |
| 15   | <b>Total administrative and other operating expenses</b>                                                   |       | <b>(213,812)</b>       | <b>(178,391)</b>       |

In 2017, due to the acquire a share in the capital by a new shareholder, namely, responsAbility Participations AG (Switzerland), the Bank signed the Management Service Agreement for a period of 6 years with the German consulting company I.D. Inspiring Development GmbH (Frankfurt, Germany). In 2021, the management agreement was amended to extend its validity until 31 December 2026.



## Note 27. Income tax expense

Table 1. Income tax expense

(thousand  
UAH)

| Line | Item                                  | 31 December<br>2024 | 31 December<br>2023 |
|------|---------------------------------------|---------------------|---------------------|
| 1    | 2                                     | 3                   | 4                   |
| 1    | Current income tax                    | (183,228)           | (132,654)           |
| 2    | Change of deferred income tax expense | 7,825               | 290                 |
| 3    | <b>Total income tax expense</b>       | <b>(175,403)</b>    | <b>(132,364)</b>    |

Table 2. Reconciliation of accounting income (expense) and tax income (expense)

(thousand UAH)

| Line                                   | Item                                                               | 31 December<br>2024 | 31 December<br>2023 |
|----------------------------------------|--------------------------------------------------------------------|---------------------|---------------------|
| 1                                      | 2                                                                  | 3                   | 4                   |
| 1                                      | <b>Profit before tax</b>                                           | <b>329,698</b>      | <b>258,074</b>      |
| 2                                      | Estimated income tax expense at effective statutory tax rate (50%) | (164,849)           | (129,037)           |
| ADJUSTMENT OF ACCOUNTING PROFIT (LOSS) |                                                                    |                     |                     |
| 3                                      | Permanent differences between tax and accounting profits           | (17,636)            | (3,327)             |
| 4                                      | Other adjustments                                                  | (743)               | (290)               |
| 5                                      | <b>Income tax expense</b>                                          | <b>(183,228)</b>    | <b>(132,654)</b>    |

**Table 3. Tax effects of deferred tax assets and liabilities recognized for 2024**

(thousand UAH)

| Line     | Item                                                                                              | Balances as at 1 January 2024 | Recognised in other comprehensive income | Recognised in profit/loss for 2024 | Balances as at 31 December 2024 |
|----------|---------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------|------------------------------------|---------------------------------|
| 1        | 2                                                                                                 | 3                             | 4                                        | 5                                  | 6                               |
| 1        | Tax effect of temporary differences that decrease (increase) taxes and tax losses carried forward | (16,298)                      | 333                                      | 7,825                              | (8,140)                         |
| 1.1      | Property, plant and equipment                                                                     | (17,123)                      | 333                                      | 151                                | (16,639)                        |
| 1.2      | Provision for assets impairment                                                                   | 825                           | -                                        | (26)                               | 799                             |
| 1.3      | Revalued assets                                                                                   | -                             | -                                        | -                                  | -                               |
| 1.4      | Cash flow hedge                                                                                   | -                             | -                                        | -                                  | -                               |
| 1.5      | Associates                                                                                        | -                             | -                                        | -                                  | -                               |
| 1.6      | Accrued income (expenses)                                                                         | -                             | -                                        | 7,700                              | 7,700                           |
| 1/7      | Tax losses carry-forward                                                                          | -                             | -                                        | -                                  | -                               |
| 1/8      | Other                                                                                             | -                             | -                                        | -                                  | -                               |
| <b>2</b> | <b>Net deferred tax asset (liability)</b>                                                         | <b>(16,298)</b>               | <b>333</b>                               | <b>7,825</b>                       | <b>(8,140)</b>                  |
| <b>3</b> | <b>Recognised deferred tax asset</b>                                                              | <b>-</b>                      | <b>-</b>                                 | <b>-</b>                           | <b>-</b>                        |
| <b>4</b> | <b>Recognized deferred tax liability</b>                                                          | <b>(16,298)</b>               | <b>333</b>                               | <b>7,825</b>                       | <b>(8,140)</b>                  |



Table 4. Tax effects of deferred tax assets and liabilities recognized for 2023

(thousand UAH)

| Line | Item                                                                                              | Balance at the beginning of the period | Recognised in profit/loss for 2023 (for PPE sold in 2023) | Recognised in other comprehensive income | Recognised in profit/loss for 2023 | Balance at the beginning of the period as at 1 January 2023 | Recognised in profit/loss for 2023 | Balance at the end of the period as at 1 January 2024 |
|------|---------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------------------------------------------|------------------------------------------|------------------------------------|-------------------------------------------------------------|------------------------------------|-------------------------------------------------------|
|      | Income tax rate                                                                                   |                                        | 18%                                                       | Adjustment of balances                   |                                    | 25%                                                         | 25%                                | 25%                                                   |
| 1    | 2                                                                                                 | 3                                      | 4                                                         | 5                                        | 6                                  | 7                                                           | 8                                  | 9                                                     |
| 1    | Tax effect of temporary differences that decrease (increase) taxes and tax losses carried forward | (12,955)                               | 10                                                        | (4,839)                                  | 274                                | (16,304)                                                    | 6                                  | (16,298)                                              |
| 1.1  | Property, plant and equipment                                                                     | (13,661)                               | 10                                                        | (4,839)                                  |                                    | (17,284)                                                    | 161                                | (17,123)                                              |
| 1.2  | Provision for assets impairment                                                                   | 706                                    | -                                                         | -                                        | 274                                | 980                                                         | (155)                              | 825                                                   |
| 2    | Net deferred tax asset (liability)                                                                | (12,955)                               | 10                                                        | (4,839)                                  | 274                                | (16,304)                                                    | 6                                  | (16,298)                                              |
| 3    | Recognised deferred tax asset                                                                     | -                                      | -                                                         | -                                        | -                                  | -                                                           | -                                  | -                                                     |
| 4    | Recognized deferred tax liability                                                                 | (12,955)                               | 10                                                        | (4,839)                                  | 274                                | (16,304)                                                    | 6                                  | (16,298)                                              |



## Note 28. Operating segments

For management purposes, the Bank has three operating segments, selected based on product and service characteristics:

1. Services for individuals - deposits for individuals, providing loans for consumer needs, overdrafts, servicing of credit cards and money transfers.
2. Services for corporate clients - lending, opening deposits and current accounts for legal entities and institutions.
3. Treasury: the business segment includes trading in financial instruments, securities and derivatives transactions, including REPO transactions, foreign exchange transactions, borrowing and lending in interbank lending markets, interest rate arbitrage for SWAP transactions. In addition, the scope of treasury business includes short-term liquidity and currency risk management.

The management monitors the results of operations of each unit individually for the purposes of making decision as to the allocation of resources and evaluation of performance. The results of segments performance are estimated based on profit before income tax expenses. Income tax is accounted for on a group basis and are not allocated to operating segments.

The Tables below present the information on profit/loss and assets and liabilities by operating segments of the Bank.

The statement of income, expenses and results of reporting segments contains information on transfer (internal) results of the main segments.

Transfer result is calculated as the difference between transfer revenue and transfer expense per each segment based on transfer prices set by major currencies and maturities. For corporate and retail segments, transfer revenue is calculated as estimated revenue from sales of attracted resources to Investment Banking segment at acquisition transfer prices; transfer expenses are calculated as estimated expenses on purchase of resources from and Investment Banking segment at transfer prices on placements.

In 2024, the Bank accrued income on Deposit Certificates of the National Bank of Ukraine in the amount of UAH 178,879 thousand, which is 10.42% of the Bank interest income for 2024.



Table 1. Income, expense and results of reportable segments for 2024

(thousand  
UAH)

| Line      | Item                                                              | Reporting segments |                  |                     | Other segments and operations | Elimination | Total            |
|-----------|-------------------------------------------------------------------|--------------------|------------------|---------------------|-------------------------------|-------------|------------------|
|           |                                                                   | Corporate banking  | Retail banking   | Treasury operations |                               |             |                  |
| 1         | 2                                                                 | 3                  | 4                | 5                   | 6                             | 7           | 8                |
|           | <b>Income from external customers</b>                             | <b>1,590,283</b>   | <b>96,631</b>    | <b>262,090</b>      | <b>9,071</b>                  | -           | <b>1,958,075</b> |
| 1         | Interest income                                                   | 1,399,395          | 48,763           | 261,878             | 5,737                         | -           | <b>1,715,773</b> |
| 2         | Fee and commission income                                         | 187,678            | 47,343           | 202                 | -                             | -           | <b>235,223</b>   |
| 3         | Other operating income                                            | 3,210              | 525              | 10                  | 3,334                         | -           | <b>7,079</b>     |
|           | <b>Income from other segments</b>                                 | <b>(595,338)</b>   | <b>312,077</b>   | <b>283,261</b>      | -                             | -           | <b>(0)</b>       |
| 4         | Interest income (transfer)                                        | (595,338)          | 312,077          | 283,261             | -                             | -           | <b>(0)</b>       |
| <b>5</b>  | <b>Total segment income</b>                                       | <b>994,945</b>     | <b>408,708</b>   | <b>545,351</b>      | <b>9,071</b>                  | -           | <b>1,958,075</b> |
| 6         | Interest expense                                                  | (230,288)          | (318,091)        | (333,888)           | (16,500)                      | -           | <b>(898,767)</b> |
| 7         | Allocated to provision for impairment of loans and due from banks | 17,646             | (9,666)          | (12,863)            | (4,722)                       | -           | <b>(9,605)</b>   |
| 8         | Losses on modification of financial assets                        | (916)              | (22)             | -                   | -                             | -           | <b>(938)</b>     |
| 9         | Gains less losses arising from dealing in foreign currencies      | 10,613             | 27,852           | 2,375               | (1,941)                       | -           | <b>38,899</b>    |
| 10        | Revaluation gain/(loss) on foreign currency transactions          | -                  | -                | 634                 | -                             | -           | <b>634</b>       |
| 11        | Fee and commission expense                                        | (33,401)           | (42,559)         | (6,149)             | -                             | -           | <b>(82,109)</b>  |
| 12        | Allocated to provisions for liabilities                           | (1,198)            | -                | -                   | -                             | -           | <b>(1,198)</b>   |
| 13        | Administrative and other operating expenses                       | (375,582)          | (195,066)        | (47,542)            | (36)                          | -           | <b>(618,226)</b> |
| 14        | Amortisation                                                      |                    |                  |                     | (57,066)                      |             | <b>(57,066)</b>  |
| <b>15</b> | <b>SEGMENT RESULT Profit (loss)</b>                               | <b>381,819</b>     | <b>(128,844)</b> | <b>147,918</b>      | <b>(71,194)</b>               | -           | <b>329,699</b>   |



Table 2. Income, expenses and results of reportable segments for 2023

(thousand  
UAH)

| Line      | Item                                                              | Reporting segments |                 |                     | Other segments and operations | Elimination | Total            |
|-----------|-------------------------------------------------------------------|--------------------|-----------------|---------------------|-------------------------------|-------------|------------------|
|           |                                                                   | Corporate banking  | Retail banking  | Treasury operations |                               |             |                  |
| 1         | 2                                                                 | 3                  | 4               | 5                   | 6                             | 7           | 8                |
|           | <b>Income from external customers</b>                             | <b>1,117,785</b>   | <b>117,204</b>  | <b>232,660</b>      | <b>10,150</b>                 | -           | <b>1,477,799</b> |
| 1         | Interest income                                                   | 958,595            | 67,113          | 232,585             | 517                           | -           | <b>1,258,810</b> |
| 2         | Fee and commission income                                         | 158,210            | 49,743          | 17                  | -                             | -           | <b>207,970</b>   |
| 3         | Other operating income                                            | 980                | 348             | 58                  | 9,633                         | -           | <b>11,019</b>    |
|           | <b>Income from other segments</b>                                 | <b>(437,540)</b>   | <b>213,910</b>  | <b>223,630</b>      | -                             | -           | -                |
| 4         | Interest income (transfer)                                        | (437,540)          | 213,910         | 223,630             | -                             | -           | -                |
| <b>5</b>  | <b>Total segment income</b>                                       | <b>680,245</b>     | <b>331,114</b>  | <b>456,290</b>      | <b>10,150</b>                 | -           | <b>1,477,799</b> |
| 6         | Interest expense                                                  | (156,796)          | (219,374)       | (304,891)           | (4,746)                       | -           | <b>(685,807)</b> |
| 7         | Allocated to provision for impairment of loans and due from banks | (10,762)           | 2,993           | (27,646)            | 807                           | -           | <b>(34,608)</b>  |
| 8         | Losses on modification of financial assets                        | (1,490)            | (92)            | -                   | -                             | -           | <b>(1,582)</b>   |
| 9         | Gains less losses arising from dealing in foreign currencies      | 1,191              | 35,493          | 2,250               | (640)                         | -           | <b>38,294</b>    |
| 10        | Revaluation gain/(loss) on foreign currency transactions          | -                  | -               | (3)                 | 30                            | -           | <b>27</b>        |
| 11        | Fee and commission expense                                        | (22,790)           | (25,285)        | (1,467)             | -                             | -           | <b>(49,542)</b>  |
| 12        | Allocated to provisions for liabilities                           | (509)              | -               | -                   | -                             | -           | <b>(509)</b>     |
| 13        | Administrative and other operating expenses                       | (252,773)          | (137,017)       | (59,555)            | (13,308)                      | -           | <b>(462,653)</b> |
| 14        | Amortisation                                                      |                    |                 |                     | (42,478)                      |             | <b>(42,478)</b>  |
| <b>15</b> | <b>SEGMENT RESULT Profit (loss)</b>                               | <b>236,316</b>     | <b>(12,168)</b> | <b>64,978</b>       | <b>(50,185)</b>               | -           | <b>238,941</b>   |

**Table 3. Assets and liabilities of the reportable segments as at 31 December 2024**(thousand  
UAH)

| Li<br>ne            | Item                      | Reporting segments |                  |                    | Other<br>segments<br>and<br>operations | Total             |
|---------------------|---------------------------|--------------------|------------------|--------------------|----------------------------------------|-------------------|
|                     |                           | Corporate banking  | Retail banking   | Investment banking |                                        |                   |
| 1                   | 2                         | 3                  | 4                | 5                  | 6                                      | 7                 |
| SEGMENT ASSETS      |                           |                    |                  |                    |                                        |                   |
| 1                   | Segments assets           | 8,731,655          | 142,341          | 5,497,575          |                                        | 14,371,571        |
| 2                   | Total segment assets      | 8,731,655          | 142,341          | 5,497,575          |                                        | 14,371,571        |
| 3                   | Unallocated assets        | -                  | -                | -                  | 539,915                                | 539,915           |
| 4                   | <b>Total assets</b>       | <b>8,731,655</b>   | <b>142,341</b>   | <b>5,497,575</b>   | <b>539,915</b>                         | <b>14,911,486</b> |
| SEGMENT LIABILITIES |                           |                    |                  |                    |                                        |                   |
| 5                   | Segment liabilities       | 4,935,990          | 4,213,038        | 3,999,452          | -                                      | 13,148,480        |
| 6                   | Total segment liabilities | 4,935,990          | 4,213,038        | 3,999,452          | -                                      | 13,148,480        |
| 7                   | Unallocated liabilities   | -                  | -                | -                  | 490,644                                | 490,644           |
| 8                   | <b>Total liabilities</b>  | <b>4,935 990</b>   | <b>4,213 038</b> | <b>3,999,452</b>   | <b>490,644</b>                         | <b>13,639,124</b> |
| OTHER SEGMENT ITEMS |                           |                    |                  |                    |                                        |                   |
| 9                   | Capital investments       | -                  | -                | -                  | 82,626                                 | 82,626            |
| 10                  | Amortisation              | -                  | -                | -                  | (57,066)                               | (57,066)          |



Table 4. Assets and liabilities of the reportable segments as at 31 December 2023

(thousand  
UAH)

| Line                | Item                      | Reporting segments |                  |                    | Other segments and operations | Total             |
|---------------------|---------------------------|--------------------|------------------|--------------------|-------------------------------|-------------------|
|                     |                           | Corporate banking  | Retail banking   | Investment banking |                               |                   |
| 1                   | 2                         | 3                  | 4                | 5                  | 6                             | 7                 |
| SEGMENT ASSETS      |                           |                    |                  |                    |                               |                   |
| 1                   | Segments assets           | 6,592,378          | 202,617          | 3,431,464          |                               | 10,226,459        |
| 2                   | Total segment assets      | 6,592,378          | 202,617          | 3,431,464          | -                             | 10,226,459        |
| 3                   | Unallocated assets        | -                  | -                | -                  | 412,619                       | 412,619           |
| 4                   | <b>Total assets</b>       | <b>6,592,378</b>   | <b>202,617</b>   | <b>3,431,464</b>   | <b>412,619</b>                | <b>10,639,078</b> |
| SEGMENT LIABILITIES |                           |                    |                  |                    |                               |                   |
| 5                   | Segment liabilities       | 3,314,053          | 3,460,475        | 2,574,421          | -                             | 9,348,949         |
| 6                   | Total segment liabilities | 3,314,053          | 3,460,475        | 2,574,421          | -                             | 9,348,949         |
| 7                   | Unallocated liabilities   | -                  | -                | -                  | 414,864                       | 414,864           |
| 8                   | <b>Total liabilities</b>  | <b>3,314,053</b>   | <b>3,460,475</b> | <b>2,574,421</b>   | <b>414,864</b>                | <b>9,763,813</b>  |
| OTHER SEGMENT ITEMS |                           |                    |                  |                    |                               |                   |
| 9                   | Capital investments       | -                  | -                | -                  | 6,859                         | 6,859             |
| 10                  | Amortisation              | -                  | -                | -                  | (42,478)                      | (42,478)          |



## Note 29. Financial risk management

### 1) Credit risk

Credit risk is the current or potential risk for proceeds and capital arising from the failure of a party that assumed an obligation to comply with the terms and conditions of any financial agreement with the bank or otherwise fulfil its obligations.

The Bank is consciously exposed to credit risk due to its lending activities (which are the basis of its business model). Credit risk is carefully managed within a defined limit system that is strictly controlled. As credit risk is the major risk for the Bank, there is a comprehensive set of policies and other internal regulations regulating the full lending cycle in detail.

Credit risks include:

- the risk of an individual borrower or transaction (individual);
- portfolio risk.

The source of individual credit risk is a specific counterparty of the Bank - the borrower, the debtor, the issuer of securities. That is, there emerges a risk that the borrower may default its obligations to the Lending Bank in terms of payment of the principal and interest specified in the terms and conditions of the agreement and the Bank will not be able to timely and fully use collateral to cover possible losses.

The main areas of individual credit risk evaluation include:

- creditworthiness (financial condition) of an individual counterparty, i.e. its individual ability to timely and fully settle its liabilities;
- credit project (profit margin, payback, deadlines, financial and material sources of its implementation);
- conditions of the borrower business (business risk);
- loan collateral (collateral quality, price, liquidity, use, insurance).

Portfolio credit risk is a decrease in the value of the Bank assets (other than due to changes in the market interest rate). The source of portfolio credit risk is the total debt due to the Bank for transactions exposed to the credit risk, i.e. loan portfolio, securities portfolio, receivables portfolio, etc.

Portfolio credit risk evaluation involves: analysis of the balance sheet structure, working assets structure (in terms of items, currencies and the degree of their impact on the Bank activities) and evaluation of the concentration and diversification of loans and other credit instruments.

The key principles based on which the Bank loan portfolio is created are those of the maximum diversification of the loan portfolio among individual borrowers and by types of economic activity (i.e. by sectors of the economy).

The key methods of credit risk management by the Bank include:

- evaluation of the financial condition of borrowers and counterparty banks, follow-up monitoring of their financial condition;
- provisioning;
- limits setting;
- loan portfolio diversification;
- control over the loans issued before;
- collateral;
- segregation of staff authorities;
- setting of limit values of mandatory standards in accordance with current laws and internal regulations of the Bank.

As at 31 December 2024, the Bank complies with the NBU standards regarding the credit risk, namely: the maximum of credit risk per counterparty (H7), large credit risks (H8), and the maximum amount of credit risk for transactions with related parties (H9).

Credit decisions are made by the Bank's Credit Committee or the Bank's Authorized Bodies (Credit Commissions and Bank's Authorized Persons), to which the Credit Committee sets limits for making credit decisions. If the amount of debt for a group of related parties exceeds the equivalent of 2 million. USD. Credit decisions are made by the Supervisory Board, based on the results of preliminary approval by the Bank's Credit Committee.

The basis for decision-making by the Credit committee is the proposal for the financing and collateral structure, which is tailored to the customer needs and dependent on his risk profile. As a rule, the loans exposed to a higher risk are secured by appropriate collateral.



The Bank has introduced the early risk-detection indicators and developed a comprehensive system of early warning indicators aimed at early detection in the financial condition, activities/behaviour of debtors/counterparties of the signs of potential problems and actions that indicate/may indicate an intention to avoid fulfilling the commitments to the Bank. The early detection of increases in credit risk at the borrower level is incorporated into all lending-related processes, resulting in prompt identification and timely assessment of the financial difficulties faced by clients. Regular recording and analysis of these early warning indicators helps to manage the performing portfolio, identify potential default risks at an early stage and take the required measures to avoid a significant increase in credit risk.

The report on the loan portfolio analysis with detailed analysis of credit risk exposure per overall loan portfolio and per lending segment is presented to governing bodies of the Group on a monthly basis. In addition, the Bank follows a system of limits as to the internal concentration for certain segments of the loan portfolio and the concentration limits set for certain sectors of the economy. To prevent exceeding the concentration of the limits, they are monitored (controlled). The concentration limits are monitored on a monthly basis by the Credit Risk and Portfolio Analysis Department. The monitoring results are included into the loan portfolio quality report.

### Management adjustments

The war had a particular impact on the quality of the retail loan portfolio due to a decrease/drop in personal income, migration and uncertainty regarding borrowers' desire to have liquidity in case of a greater escalation of the war in the western region of Ukraine (the Bank region of operations). Given the Bank small retail lending portfolio, the impact on the overall portfolio was limited. The Bank temporarily suspended lending in this segment and actively introduced credit holidays for borrowers. After the resumption of lending, the Bank acted cautiously, setting additional stop factors and other restrictions, including capping loan amounts in the regions with the highest risk. Regarding risks in lending to legal entities, the lending approach and technology together with the Bank presence in the western region have fully justified themselves - despite the war, the quality of the loan portfolio is generally stable.

However, in order to take into account such factors as the possible severity and duration of economic shocks, increased credit risk in certain sectors of the economy and lending areas, the Bank did not apply adjustments for forecast information and macroeconomic indicators when calculating the amount of expected credit losses (ECLs), replacing them with management's adjustment that reflects the significant uncertainty caused by military operations in Ukraine.

As at 31 December 2024, in order to take into account the full impact of military actions on the borrowers' activities, the probability of default (PD) parameter was calculated using adjustments for the growth of default rates by segments for 2024. The effect of this adjustment on the amount of ECL was UAH 7,158 thousand in respect of loans assessed on a collective basis in Stages 1 and 2. The effect of the adjustment on PD parameters is presented below.

(thousand UAH)

| Segment Type                       | Gross carrying amounts | Expected Credit Loss (ECL) | ECL for Stage 1-2 (collective basis) | Effect of adjustments by management | Effect of adjustments by management, % |
|------------------------------------|------------------------|----------------------------|--------------------------------------|-------------------------------------|----------------------------------------|
| 1                                  | 2                      | 3                          | 4                                    | 5                                   | 6                                      |
| Loans to corporate customers       | 7,227,292              | (69,967)                   | (6,756)                              | (1,452)                             | 21%                                    |
| Loans to individuals-entrepreneurs | 1,615,497              | (41,167)                   | (15,484)                             | (2,156)                             | 14%                                    |
| Mortgage loans to individuals      | 33,535                 | (2,332)                    | (1,959)                              | (656)                               | 33%                                    |
| Consumer loans to individuals      | 131,556                | (22,599)                   | (7,901)                              | (2,852)                             | 36%                                    |
| Other loans to individuals         | 2,291                  | (109)                      | (109)                                | (42)                                | 39%                                    |
| TOTAL                              | 9,010,171              | (136,175)                  | (32,209)                             | (7,158)                             | 22%                                    |

For the loans measured on an individual basis, the average default rate for the Q2 2022 - Q4 2024 was less than historical defaults and the Bank decided not to apply any adjustments to the historical values.

As at 31 December 2023, in order to take into account the full impact of military actions on the borrowers' activities, the probability of default (PD) parameter was calculated using adjustments for the growth of default rates by segments for 2023. The effect of this adjustment on the amount of ECL was UAH 14,275 thousand in respect of loans assessed on a collective basis in Stages 1 and 2. The effect of the adjustment on PD parameters is presented below.



(thousand UAH)

| Segment Type                       | Gross carrying amounts | Expected Credit Loss (ECL) | ECL for Stage 1-2 (collective basis) | Effect of adjustments by management | Effect of adjustments by management, % |
|------------------------------------|------------------------|----------------------------|--------------------------------------|-------------------------------------|----------------------------------------|
| 1                                  | 2                      | 3                          | 4                                    | 5                                   | 6                                      |
| Loans to corporate customers       | 5,352,104              | (54,110)                   | (9,700)                              | (2,907)                             | 30%                                    |
| Loans to individuals-entrepreneurs | 1,338,392              | (44,008)                   | (29,079)                             | (3,449)                             | 12%                                    |
| Mortgage loans to individuals      | 46,982                 | (4,596)                    | (4,219)                              | (1,407)                             | 33%                                    |
| Consumer loans to individuals      | 180,381                | (36,797)                   | (29,079)                             | (3,449)                             | 16%                                    |
| Other loans to individuals         | 18,170                 | (1,523)                    | (1,523)                              | (598)                               | 39%                                    |
| <b>TOTAL</b>                       | <b>6,794,995</b>       | <b>(141,034)</b>           | <b>(81,276)</b>                      | <b>(14,275)</b>                     | <b>18%</b>                             |

For the loans measured on an individual basis, the average default rate for the Q2 2022 - Q4 2023 was less than historical defaults and the Bank decided not to apply any adjustments to the historical values.

## 2) Market risk

Market risk is the probability of losses or additional losses or loss of expected income due to adverse changes in foreign exchange rates, interest rates, and the value of financial instruments.

The market risk management is the process of managing the Bank trading operations with parallel control of open trading positions, taking into consideration the aspects of hedging market risks and strict control over trading (arbitrage) transactions.

In the course of market (price) risk management, the Bank aims to:

- comply with risk appetite for market risks by setting limits (restrictions), implement of instrument procedures and management reporting, both for individual groups of operations and at the portfolio level as a whole;
- assess the impact of market risks on the Bank income and market value of capital;
- assess all material risk associated with the assets and liabilities of the Bank, positions in off-balance sheet accounts;
- use reliable tools to measure market risks;
- provide the Bank management bodies with an opportunity to have a consolidated view of market risks;
- control financial instruments associated with increased risks;
- optimal, in the understanding of the consolidated financial result, distribution of discrepancy limits (positions) among the Bank profit centres;
- maintain diversified trading positions in currencies, financial instruments, issuers, etc.;
- ensure the implementation of banking operations strictly following the established limits, procedures and regulations;
- segregate the functions and responsibilities of the special committees and divisions of the bank in the process of market (price) risk management.

The Bank uses one of the following methods of market risk management:

- a single pool of common open positions (used for rapid analysis, when there is no opportunity or time to analyse the structure of open positions);
- expanded open positions in terms of currencies, financial instruments, issuers of securities, etc.

Market risks include the following risks:

- the risk of default arising from the issuer's default on a debt security or other instrument contained in the Bank trading book, its contractual obligations;
- interest rate risk of the trading book, which arises due to adverse changes in market interest rates that affect the value of a debt security or other fixed income instrument, the value of a derivative financial instrument (derivative), the base variable of which is the market interest rate contained in the trading book bank;
- credit spread risk arising from the widening (increase) of the credit spread between the yield to maturity of a security or other fixed income financial instrument contained in the Bank trading book and the risk-free yield to maturity (yield to maturity of domestic government bonds denominated in national currency) with a similar duration, which affects the market value of such instruments. The widening of the credit spread may be associated with a decrease in the credit quality of the issuer of the financial instrument, as well as with general changes in market conditions;
- stock risk arising from adverse changes in the market value of shares and other fixed income securities contained in the Bank trading book;



- currency risk arising from adverse fluctuations in foreign exchange rates that affect the assets, liabilities and off-balance sheet items contained in the trading and banking books of the bank;
- commodity risk arising from adverse changes in the market value of goods, including precious metals contained in the trading and banking books of the bank;
- volatility risk arising from adverse changes in the volatility of market prices, interest rates, market indices and exchange rates that reduce the value of options, including embedded options in other financial instruments. The Bank evaluates the risk of volatility if the amount of options on its balance sheet, including embedded options in other financial instruments, the basic variables of which are market prices of shares or commodities, interest rates, market indices or exchange rates excluding the position sign, exceeds 1% of regulatory capital bank.

The Bank uses the following instruments to measure market risks:

- for default risk - the procedure for evaluation of credit risk for asset banking operations, established by the NBU regulations;
- for interest rate risk of the trading book and credit spread risk - the method of modified duration, which evaluates the relative change in the fair value of debt instruments in the trading book of the bank in case of change in their yield to maturity by one basis point;
- for volatility risk, stock, currency and commodity risks - the method of value at risk (VaR) or the method of expected losses (Expected Shortfall, ES).

Taking into account the specifics of its own business model, the Bank set zero risk-appetite for risks inherent in trading book instruments, namely default risk, interest rate risk of trading book, credit spread risk, volatility risk, stock risk and commodity risk.

The main goal of the Bank in managing and controlling market risk is to minimize the losses of the Bank capital in the formation of assets and liabilities using foreign currencies. The Bank adheres to a conservative approach when it comes to currency risk, mitigating it by setting limits for the common open currency positions.



## 3) Currency risk

Table 1. Currency risk analysis

(thousand UAH)

| Line | Currency       | 31 December 2024 |                      |                                  |              | 31 December 2023 |                      |                                  |              |
|------|----------------|------------------|----------------------|----------------------------------|--------------|------------------|----------------------|----------------------------------|--------------|
|      |                | Monetary assets  | Monetary liabilities | Derivative financial instruments | Net position | Monetary assets  | Monetary liabilities | Derivative financial instruments | Net position |
| 1    | 2              | 3                | 4                    | 5                                | 6            | 7                | 8                    | 9                                | 10           |
| 1    | USD            | 1,898,657        | 1,900,364            | -                                | (1,707)      | 1,652,227        | 1,649,262            | -                                | 2,965        |
| 2    | EUR            | 1,991,572        | 1,992,962            | -                                | (1,390)      | 1,137,110        | 1,135,025            | -                                | 2,085        |
| 3    | British pounds | 1,683            | 4                    | -                                | 1,679        | 3,511            | 152                  | -                                | 3,359        |
| 4    | CAD            | 530              | 505                  | -                                | 25           | 3,759            | 1,492                | -                                | 2,267        |
| 5    | PLN            | 7,130            | 4,371                | -                                | 2,759        | 8,471            | 5,664                | -                                | 2,807        |
| 6    | RUB            | 690              | 776                  | -                                | (86)         | 746              | 222                  | -                                | 524          |
| 7    | Total          | 3,900,262        | 3,898,982            | -                                | 1,280        | 2,805,824        | 2,791,817            | -                                | 14,007       |

Table 2. Sensitivity of profit or loss before tax and equity to potential changes in official UAH exchange rates at the reporting date, assuming that all other variables remain constant.

(thousand UAH)

| Line | Item                                                 | 31 December 2024        |                  | 31 December 2023        |                  |
|------|------------------------------------------------------|-------------------------|------------------|-------------------------|------------------|
|      |                                                      | Effect on profit (loss) | Effect on equity | Effect on profit (loss) | Effect on equity |
| 1    | 2                                                    | 3                       | 4                | 5                       | 6                |
| 1    | US Dollar strengthening by 10%                       | (171)                   | (171)            | 297                     | 297              |
| 2    | 10% weakening of USD                                 | 171                     | 171              | (297)                   | (297)            |
| 3    | Euro strengthening by 10%                            | (139)                   | (139)            | 209                     | 209              |
| 4    | Euro weakening by 10%                                | 139                     | 139              | (209)                   | (209)            |
| 5    | GBP strengthening by 10%                             | 168                     | 168              | 336                     | 336              |
| 6    | GBP weakening by 10%                                 | (168)                   | (168)            | (336)                   | (336)            |
| 7    | Strengthening of other currencies and banking metals | 270                     | 270              | 560                     | 560              |
| 8    | Weakening of other currencies and banking metals     | (270)                   | (270)            | (560)                   | (560)            |



**Table 3. Changes in profit or loss and equity due to possible changes in the official exchange rates of UAH to foreign currencies set as a weighted average FX rate, provided that all other variables remain unchanged**

(thousand UAH)

| Line | Item                                                 | Weighted average FX rate, - 2024 |                  | Weighted average FX rate, - 2023 |                  |
|------|------------------------------------------------------|----------------------------------|------------------|----------------------------------|------------------|
|      |                                                      | Effect on profit (loss)          | Effect on equity | Effect on profit (loss)          | Effect on equity |
| 1    | 2                                                    | 3                                | 4                | 5                                | 6                |
| 1    | US Dollar strengthening by 10%                       | (163)                            | (163)            | 286                              | 286              |
| 2    | 10% weakening of USD                                 | 163                              | 163              | (286)                            | (286)            |
| 3    | Euro strengthening by 10%                            | (138)                            | (138)            | 195                              | 195              |
| 4    | Euro weakening by 10%                                | 138138                           | (195)            | (195)                            |                  |
| 5    | GBP strengthening by 10%                             | 163                              | 163              | 315                              | 315              |
| 6    | GBP weakening by 10%                                 | (163)                            | (163)            | (315)                            | (315)            |
| 7    | Strengthening of other currencies and banking metals | 263                              | 263              | 1,005                            | 1,005            |
| 8    | Weakening of other currencies and banking metals     | (263)                            | (263)            | (1,005)                          | (1,005)          |

#### 4) Interest rate risk

Interest rate risk of the banking book is the probability of losses or additional losses or loss of planned income due to the impact of adverse changes in interest rates on the banking book. The interest rate risk of the banking book affects the economic value of the Bank capital and the Bank net interest income.

The management of interest rate risk in the banking book is to form a structure of interest-bearing assets and liabilities of the bank, which would not threaten with the unacceptable loss of net interest income from possible future changes in interest rates in the market.

The Bank measures the interest rate risk of the banking book as the amount of change in the economic value of the Bank capital (EVE method) and the Bank net interest income (NII method) based on a complete and economically sound list of changes in interest rates and stress scenarios.

The Bank sets interest rate risk limits for the banking book at least in terms of significant currencies in relation to:

- the maximum decline in the Bank net interest income over the next 12 months, which is defined as the worst of the indicator values, calculated based on all scenarios of changes in interest rates used by the Bank;
- the maximum decline in the economic value of the Bank capital, which is defined as the worst decrease in the value of this indicator, calculated based on all scenarios of changes in interest rates used by the Bank.

Additional information on interest rate risk management is provided in the following tables.

**Table 4. Interest rate risk overview**

In this Table, the financial assets and liabilities are stated at carrying amount at the dates when interest rates are revised in accordance with the agreements or maturities, whichever is earlier.

For the fixed rate assets and liabilities, the maturity is determined based on the period from the balance sheet date to the maturity date under the contract, and for the variable rate assets and liabilities, based on the nearest term of interest rate review or maturity date, depending on whichever is earlier.

The net gap is calculated as the difference between assets and liabilities. If the liabilities exceed the assets, the net gap is indicated in parentheses.

(thousand UAH)

| Line | Item                                                                                        | On demand and less than 1 month | From 1 to 12 months | More than 1 year | Total             |
|------|---------------------------------------------------------------------------------------------|---------------------------------|---------------------|------------------|-------------------|
| 1    | 2                                                                                           | 3                               | 4                   | 5                | 6                 |
| 2024 |                                                                                             |                                 |                     |                  |                   |
| 1    | Total financial assets                                                                      | 2,984,761                       | 3,267,138           | 6,087,828        | <b>12,339,727</b> |
| 2    | Total financial liabilities                                                                 | 3,541,424                       | 3,559,554           | 2,976,687        | <b>10,077,665</b> |
| 3    | <b>Net gap on financial assets with interest income/expenses accrued at the end of 2024</b> | <b>(556,663)</b>                | <b>(292,416)</b>    | <b>3,111,141</b> | <b>2,262,062</b>  |
| 2023 |                                                                                             |                                 |                     |                  |                   |
| 4    | Total financial assets                                                                      | 1,437,164                       | 2,365,294           | 4,385,062        | <b>8,187,520</b>  |
| 5    | Total financial liabilities                                                                 | 4,288,285                       | 2,551,026           | 233,025          | <b>7,072,336</b>  |
| 6    | <b>Net gap on financial assets with interest income/expenses accrued at the end of 2023</b> | <b>(2,851,121)</b>              | <b>(185,732)</b>    | <b>4,152,037</b> | <b>1,115,184</b>  |

In the analysis of interest rate risk, the following assumptions were made regarding the mismatch between assets and liabilities sensitive to changes in interest rates:

- all loans issued to legal entities at a fixed rate fall due;
- all loans issued to individuals at a fixed interest rate fall due;
- all deposits attracted from legal entities at a fixed interest rate are due on time before the interest rate changes according to the maturity date.

**Interest risk sensitivity analysis**

To analyse the sensitivity to interest rate risk, the following scenarios for interest rate changes are used:

| Line | Description                                                               | UAH      | USD      | EUR      |
|------|---------------------------------------------------------------------------|----------|----------|----------|
| 1    | <b>Increase/ decrease in interest rates for maturities up to 1 year</b>   | +2% p.a. | +2% p.a. | +2% p.a. |
| 2    | (parallel shock up/down)                                                  | -2% p.a. | -2% p.a. | -2% p.a. |
| 3    | <b>Increase/ decrease in interest rates for maturities up to 6 months</b> | +2% p.a. | +2% p.a. | +2% p.a. |
| 4    | (short rates shock up / down)                                             | -2% p.a. | -2% p.a. | -2% p.a. |

At the end of 2024, according to the worst-case scenario, interest rate risk as a possible change in net interest income for 1 year is UAH (23,149) thousand (scenario - "Increase/ decrease in interest rates for maturities up to 6 months inclusive (short rates shock up) by UAH +2% p.a.; USD +2% p.a.; EUR +2% p.a.").

At the end of 2023, according to the worst-case scenario, interest rate risk as a possible change in net interest income for 1 year amounts to UAH (32,263) thousand (scenario - "Increase/ decrease in interest rates for maturities up to 6 months inclusive (short rates shock up) by UAH +2% p.a.; USD +2% p.a.; EUR +2% p.a.").



Table 5. Monitoring of interest rates on financial instruments

(%)

| Line               | Item                            | 2024  |      |      |       | 2023  |      |      |       |
|--------------------|---------------------------------|-------|------|------|-------|-------|------|------|-------|
|                    |                                 | UAH   | USD  | EUR  | other | UAH   | USD  | EUR  | other |
| 1                  | 2                               | 3     | 4    | 5    | 6     | 7     | 8    | 9    | 10    |
| <b>Assets</b>      |                                 |       |      |      |       |       |      |      |       |
| 1                  | Other balances due to banks     | 3.92  | 0.47 | 0.90 | -     | 3.97  | 1.76 | 0.85 | -     |
| 2                  | Loans and advances to customers | 22.97 | 8.43 | 8.44 | -     | 22.42 | 8.12 | 8.73 | -     |
| 3                  | Investments in securities       | 14.30 | 5.03 | 2.41 | -     | 19.91 | 4.65 | -    | -     |
| <b>Liabilities</b> |                                 |       |      |      |       |       |      |      |       |
| 4                  | Due to banks                    | 13.64 | -    | -    | -     | 23.18 | -    | -    | -     |
| 5                  | Customer accounts               | -     | -    | -    | -     | -     | -    | -    | -     |
| 5.1                | current accounts                | 6.01  | 0.00 | 0.00 | -     | 5.29  | 0.03 | 0.01 | -     |
| 5.2                | term deposits                   | 15.05 | 2.05 | 1.29 | -     | 15.43 | 1.70 | 1.02 | -     |
| 6                  | Other borrowings                | 15.40 | -    | 3.82 | -     | 14.63 | -    | 3.63 | -     |
| 7                  | Subordinated debt               | 6.00  | 5.00 | 5.00 | -     | 6.00  | 5.00 | -    | -     |

The Table presents the data on the weighted average interest rate. The interest rate is calculated as a percentage on an annualized basis.

At the same time:

- "Other bank balances" - interest is accrued at fixed rates;
- "Loans and advances to customers" - interest depending on the product type is accrued at fixed or floating rates;
- "Investments in securities" - the rate is a fixed one;
- "Due to banks" - interest is accrued at fixed rates;
- "Customers funds" - interest is accrued at fixed rates;
- "Other borrowed funds" - the rates for some borrowings are floating, and for other are fixed ones;
- "Subordinated debt" - the rate is a fixed one.



## 5) Other Price Risk

Other market price risk arises in connection with the Bank investments in securities. Securities risk is the risk of loss and loss of expected income associated with adverse changes in the value of securities in the stock market. The purpose of securities risk management is to identify the securities risk area, determine its size and take measures to limit the risk of securities.

At the end of 2023-2024, the Bank had no securities exposed to price risk.

## b) Geographic risk

Concentrations indicate the sensitivity of the Bank operations to the developments affecting a particular industry or geographical area. Concentration arises when several counterparties carry out the same economic activity in the same geographical region or have similar economic characteristics. The Bank determines the geographical concentration in accordance with the principles established by the NBU.

The Bank does not have a significant concentration of risks in certain industries, economic sectors or geographical regions.

**Table 6. Analysis of geographic concentration of financial assets and financial liabilities for 2024**

(thousand UAH)

| Li<br>ne           | Item                                             | Ukraine           | OECD               | Other<br>countries | Total             |
|--------------------|--------------------------------------------------|-------------------|--------------------|--------------------|-------------------|
| 1                  | 2                                                | 3                 | 4                  | 5                  | 6                 |
| <b>Assets</b>      |                                                  |                   |                    |                    |                   |
| 1                  | Cash and cash equivalents                        | 800,573           | 527,387            | -                  | 1,327,960         |
| 2                  | Other balances due to banks                      | 555,236           | -                  | -                  | 555,236           |
| 3                  | Loans and advances to customers                  | 8,857,886         | 16,110             | -                  | 8,873,996         |
| 4                  | Securities available-for-sale                    | 3,614,379         | -                  | -                  | 3,614,379         |
| 5                  | Other financial assets                           | 6,335             | 50                 | 19                 | 6,404             |
| <b>6</b>           | <b>Total financial assets</b>                    | <b>13,834,409</b> | <b>543,547</b>     | <b>19</b>          | <b>14,377,975</b> |
| <b>Liabilities</b> |                                                  |                   |                    |                    |                   |
| 7                  | Due to banks                                     | 355,024           | -                  | -                  | 355,024           |
| 8                  | Customer accounts                                | 9,059,497         | 62,265             | 27,265             | 9,149,027         |
| 9                  | Other borrowings                                 | 656,514           | 2,468,721          | -                  | 3,125,235         |
| 10                 | Liabilities for share-based payment transactions | -                 | 11,230             | 14,818             | 26,048            |
| 11                 | Other financial liabilities                      | 281,013           | 3,524              | 1                  | 284,538           |
| 12                 | Subordinated debt                                | -                 | 519,193            | -                  | 519,193           |
| <b>13</b>          | <b>Total financial liabilities</b>               | <b>10,352,048</b> | <b>3,064,933</b>   | <b>42,084</b>      | <b>13,459,065</b> |
| <b>14</b>          | <b>Net position on financial instruments</b>     | <b>3,482,361</b>  | <b>(2,521,386)</b> | <b>(42,065)</b>    | <b>918,910</b>    |
| 15                 | Credit-related commitments                       | 432,301           | -                  | -                  | 432,301           |

**Table 7. Analysis of geographic concentration of financial assets and financial liabilities for 2023**

(thousand UAH)

| Line               | Item                                             | Ukraine          | OECD             | Other countries | Total             |
|--------------------|--------------------------------------------------|------------------|------------------|-----------------|-------------------|
| 1                  | 2                                                | 3                | 4                | 5               | 6                 |
| <b>Assets</b>      |                                                  |                  |                  |                 |                   |
| 1                  | Cash and cash equivalents                        | 595,002          | 791,761          | -               | 1,386,763         |
| 2                  | Other balances due to banks                      | 555,590          | -                | -               | 555,590           |
| 3                  | Loans and advances to customers                  | 6,785,039        | 7,422            | 2,534           | 6,794,995         |
| 4                  | Investments in securities                        | 1,488,648        | -                | -               | 1,488,648         |
| 5                  | Other financial assets                           | 40,541           | 7                | 3               | 40,551            |
| 6                  | <b>Total financial assets</b>                    | <b>9,464,820</b> | <b>799,190</b>   | <b>2,537</b>    | <b>10,266,547</b> |
| <b>Liabilities</b> |                                                  |                  |                  |                 |                   |
| 7                  | Due to banks                                     | 355,045          | -                | -               | 355,045           |
| 8                  | Customer accounts                                | 6,682,438        | 75,100           | 16,990          | 6,774,528         |
| 9                  | Other borrowings                                 | 654,144          | 1,352,588        | -               | 2,006,732         |
| 10                 | Liabilities for share-based payment transactions |                  | 7,491            | 9,099           | 16,590            |
| 11                 | Other financial liabilities                      | 228,327          | 7,811            | 2               | 236,140           |
| 12                 | Subordinated debt                                | -                | 212,645          | -               | 212,645           |
| 13                 | <b>Total financial liabilities</b>               | <b>7,919,954</b> | <b>1,655,635</b> | <b>26,091</b>   | <b>9,601,680</b>  |
| 14                 | <b>Net position on financial instruments</b>     | <b>1,544,866</b> | <b>(856,445)</b> | <b>(23,554)</b> | <b>664,867</b>    |
| 15                 | Credit-related commitments                       | 660,712          | -                | -               | 660,712           |

Concentrations indicate the sensitivity of the Bank operations to the developments affecting a particular industry or geographical area. Concentration arises when several counterparties carry out the same economic activity in the same geographical region or have similar economic characteristics. The Bank determines the geographical concentration in accordance with the principles established by the NBU.

The Bank does not have a significant concentration of risks in certain industries, economic sectors or geographical regions.

## 7) Liquidity Risk

Liquidity risk is the risk of default.

The purpose of liquidity risk management is to ensure the Bank ability to meet its obligations to all counterparties in a timely and complete manner.

Liquidity management is the balancing of the Bank assets and liabilities by amounts and maturities, taking into account concentrations in the balance sheet structure, as well as the market environment.

In the course of liquidity risk management, the Bank aims to:

- comply with risk appetite for liquidity risks by setting limits (restrictions), implement of instrument procedures and management reporting, both for individual groups of operations and at the portfolio level as a whole;
- make cash available in sufficient amount at the Bank to cover its operational and planned liquidity needs;
- comply with the requirements of the NBU on liquidity standards, mandatory reservation of borrowed funds on the correspondent account, etc.;
- make sure the Bank is able to cover the outflow of funds in a crisis scenario (in the event of a crisis related to the Bank itself, a systemic crisis or liquidity close to a systemic crisis) for a certain period, which is determined by the risk appetite;
- optimally distribute in the sense of the consolidated financial result of the bank the liquidity limits distribution by time intervals and currencies;
- concentrate liquidity risk, and hence manage the risk centrally;
- segregate the functions and responsibilities of the governing bodies, special committees, and divisions of the bank in the process of liquidity risk management;
- ensure the implementation of banking operations strictly following the established limits, procedures and regulations;

In the process of liquidity management the Bank is guided by the following basic principles:

- liquidity management is carried out daily and continuously;
- in making decisions, the Bank resolves the conflict between liquidity and profitability in favor of liquidity;
- any agreement that affects the liquidity situation shall take into account liquidity risk. When placing assets in various financial instruments, the Bank properly takes into account the urgency of the source of resources and its volume.

The Bank sets the following quantitative indicators of risk appetite for liquidity risk:



- the Bank ability to fully and timely fulfil its payment obligations during a stressful situation without attracting loans from the National Bank for emergency support based on the results of stress testing in a specific scenario for the Bank;
- maximum risk during a stressful situation under the combined (worst case) scenario of the liquidity crisis as a percentage of the Bank regulatory capital;
- the maximum negative cumulative GAP between the urgency of assets and liabilities as a percentage of assets;
- the maximum amount of funds of individuals as a percentage of the Bank total liabilities;
- maximum amount of 20 largest depositors as a percentage of the Bank total deposits portfolio (term and savings ones);

**Table 8. Maturity analysis for financial liabilities for 2024**

This Table presents the maturities that are determined from the reporting date to the maturity date under the contract. Such amount are undiscounted cash flows that differ from the amounts reported in the balance sheet, since the amounts in the balance sheet are based on discounted cash flows. The derivative financial instruments calculated on a net basis are presented as net amount.

(thousand UAH)

| Line | Item                                                                | On demand and less 1 month | From 1 to 12 months | 12 months - 5 years | Over 5 years   | Total             |
|------|---------------------------------------------------------------------|----------------------------|---------------------|---------------------|----------------|-------------------|
| 1    | 2                                                                   | 3                          | 4                   | 5                   | 6              | 7                 |
| 1    | Due to banks                                                        | 4,070                      | 394,001             | -                   | -              | 398,071           |
| 2    | Customer accounts                                                   | 6,067,941                  | 3,171,200           | 48,645              | 2,064          | 9,289,850         |
| 2.1  | Deposits from individuals                                           | 1,593,384                  | 2,694,862           | 48,645              | 1              | 4,336,892         |
| 2.2  | Other                                                               | 4,474,558                  | 476,338             | -                   | 2,064          | 4,952,960         |
| 3    | Other borrowings                                                    | 173,850                    | 851,388             | 2,931,173           | -              | 3,956,411         |
| 4    | Liabilities for share-based payment transactions                    | -                          | -                   | 26,048              | -              | 26,048            |
| 5    | Subordinated debt                                                   | 2,240                      | 24,138              | 309,071             | 321,218        | 656,667           |
| 6    | Other financial liabilities                                         | 106,302                    | 28,810              | 99,500              | 77,674         | 312,286           |
| 6.1  | Lease commitments                                                   | 2,522                      | 27,587              | 99,388              | 77,655         | 207,152           |
| 7    | Financial guarantees                                                | 6,929                      | -                   | -                   | -              | 6,929             |
| 8    | Other credit commitments                                            | 3,319                      | -                   | -                   | -              | 3,319             |
| 9    | <b>Total contingent future payments under financial obligations</b> | <b>6,364,651</b>           | <b>4,469,537</b>    | <b>3,414,437</b>    | <b>400,956</b> | <b>14,649,581</b> |

\* The irrevocable commitments as at 31 December 2024 amounted to UAH 3,319 thousand.

**Table 9. Maturity analysis for financial liabilities for 2023**

(thousand UAH)

| Line | Item                                                                | On demand and less 1 month | From 1 to 12 months | 12 months - 5 years | Over 5 years  | Total            |
|------|---------------------------------------------------------------------|----------------------------|---------------------|---------------------|---------------|------------------|
| 1    | 2                                                                   | 3                          | 4                   | 5                   | 6             | 7                |
| 1    | Due to banks                                                        | 4,510                      | 48,740              | 402,857             | -             | 456,107          |
| 2    | Customer accounts                                                   | 4,210,266                  | 2,622,442           | 57,032              | 273           | 6,890,013        |
| 2.1  | Deposits from individuals                                           | 1,196,972                  | 2,313,123           | 57,032              | 273           | 3,567,400        |
| 2.2  | Other                                                               | 3,013,294                  | 309,319             | -                   | -             | 3,322,613        |
| 3    | Other borrowings                                                    | 1,986,310                  | 30,347              | -                   | -             | 2,016,657        |
| 4    | Liabilities for share-based payment transactions                    | -                          | -                   | 16,590              | -             | 16,590           |
| 5    | Subordinated debt                                                   | 929                        | 10,035              | 250,119             | -             | 261,083          |
| 6    | Other financial liabilities                                         | 7,614                      | 17,759              | 57,918              | 42,347        | 125,638          |
| 6.1  | Lease commitments                                                   | 1,645                      | 16,502              | 57,817              | 42,333        | 118,297          |
| 7    | Financial guarantees                                                | 5,520                      | -                   | -                   | -             | 5,520            |
| 8    | Other credit commitments                                            | 3,589                      | -                   | -                   | -             | 3,589            |
| 9    | <b>Total contingent future payments under financial obligations</b> | <b>6,218,738</b>           | <b>2,729,323</b>    | <b>784,516</b>      | <b>42,620</b> | <b>9,775,197</b> |

\* The irrevocable commitments as at 31 December 2023 amounted to UAH 3,589 thousand.



## Note 30. Capital management

To ensure the ongoing operation of the Bank, its capital shall be maintained at a level sufficient to cover the risks that the Bank accepts in the course of its activities, as well as the risks that may arise in a crisis situation.

To maintain capital at a sufficient level, the Bank uses:

- 1) capital planning (business plan for the next periods of activity or capitalization program);
- 2) monitoring of capital adequacy in the current activity of the Bank under normal conditions (compliance with standards and limits on capital adequacy);
- 3) assessment of capital adequacy under adverse conditions (the impact of the results of stress testing of risks on capital adequacy).

The National Bank of Ukraine, as the main regulatory authority, sets the capital requirements for the Bank as a whole and monitors compliance with these requirements based on reporting according to national standards. The Bank and its individual operations are under direct supervision by national regulatory authorities.

In August 2024, the process of implementing the requirements of the new Regulation on the procedure for determining the amount of regulatory capital by banks of Ukraine, approved by Resolution of the NBU Board No. 196 dated December 28, 2023, was completed. From 6 August 2024, the calculation of regulatory capital and capital adequacy ratios is carried out in accordance with the new regulatory requirements for the three-tier capital structure, as well as taking into account the minimum amount of market risk.

As of 31 December 2024, the specified minimum regulatory capital adequacy ratio was 8.5%, the minimum Tier 1 capital adequacy ratio was 7.5%, the minimum Tier 1 core capital adequacy ratio was 5.625% (in accordance with the new regulatory requirements for calculating capital adequacy), as of 31 December 2023, the minimum regulatory capital adequacy ratio was 10%, and the minimum core capital adequacy ratio was 7%. The Bank complies with regulatory requirements for capital level indicators as of 31 December 2024 and 31 December 2023.

As of 31 December 2024, and 2023, the regulatory capital adequacy ratio was 13.18 % and 11.89% and exceeds the regulatory level set by the NBU (8.5% as of 31 December 2024 and 10% as of 31 December 2023).

### The capital structure of the bank, calculated on the basis of the Basel I Capital Accord

(thousand UAH)

| Line           | Item                                                                             | 31<br>December<br>2024 | 31<br>December<br>2023 |
|----------------|----------------------------------------------------------------------------------|------------------------|------------------------|
| 1              | 2                                                                                | 3                      | 4                      |
| 1              | Tier 1 capital                                                                   |                        |                        |
| 1.1            | Issued capital                                                                   | 955,066                | 713,370                |
| 1.2            | Share premium                                                                    | 1,661                  | 1,661                  |
| 1.3            | Accumulated deficit                                                              | 191,094                | 35,960                 |
|                | <b>Total Tier 1 capital</b>                                                      | <b>1,147,821</b>       | <b>750,991</b>         |
| 2              | Tier 2 capital                                                                   |                        |                        |
| 2.1            | Revaluation surplus                                                              | 82,320                 | 84,677                 |
| 2.2            | Subordinated debt                                                                | 137,575                | 169,474                |
|                | <b>Total Tier 2 capital</b>                                                      | <b>219,895</b>         | <b>254,151</b>         |
| 3              | <b>Total regulatory capital</b>                                                  | <b>1,367,716</b>       | <b>1,005,142</b>       |
| 4              | <b>Total risk-weighted assets</b>                                                | <b>9,020,769</b>       | <b>6,920,086</b>       |
| Capital ratios |                                                                                  |                        |                        |
| 5              | Total regulatory capital expressed as a percentage of total risk-weighted assets | 15.2%                  | 14.5%                  |
| 6              | Total Tier 1 capital expressed as a percentage of total risk-weighted assets     | 12.7%                  | 10.9%                  |



## Note 31. Contingent liabilities of the Bank

### 1) Litigations

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

### 2) Tax contingencies

The management believes that the Bank operations are fully comply with applicable laws and that the Bank has assessed all relevant taxes and paid all tax liabilities, and, therefore, the financial statements do not include provisions for tax losses.

The Bank performs its operations in Ukraine and therefore within the jurisdiction of the Ukrainian tax authorities. The Ukrainian tax system can be characterised by numerous taxes and frequently changing legislation which may be applied retroactively, open to wide interpretation and in some cases are conflicting. Instances of inconsistent opinions between local, regional, and national tax authorities and between the Ministry of Finance and other state authorities are not unusual. Tax declarations are subject to review and investigation by a number of authorities that are enacted by law to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These facts create tax risks substantially more significant than typically found in countries with more developed systems. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

### 3) Capital investments commitments

As at 31 December 2024, the Bank had no capital commitments under contracts for premises and equipment.

As at 31 December 2023, the Bank had capital commitments under the contracts in respect of intangible assets in the amount of UAH 1,775 thousand.

The Bank has allocated the resources necessary to meet these commitments.

The Bank management believes that future net income and funding will be sufficient to cover these and any similar commitments.

**Table 1. Credit-related commitments structure**

(thousand UAH)

| Line | Item                                                   | Notes | 31 December 2023 | 31 December 2022 |
|------|--------------------------------------------------------|-------|------------------|------------------|
| 1    | 2                                                      | 3     | 4                | 5                |
| 1    | Undrawn credit facilities                              |       | 425,868          | 655,783          |
| 2    | Guarantees given                                       |       | 6,929            | 5,520            |
| 3    | Provision for credit-related commitments               |       | (496)            | (591)            |
| 4    | <b>Total credit-related commitments less provision</b> |       | <b>432,301</b>   | <b>660,712</b>   |

The undrawn credit facilities at the end of 2024 in the amount of UAH 422,549 thousand are revocable (2023: UAH 652,196 thousand are revocable). The irrevocable liabilities amounted to UAH 3,319 thousand as at 31 December 2024 and UAH 3,589 thousand as at 31 December 2023.

**Table 2. Credit quality of credit-related commitments as at 31 December 2024**



(thousand UAH)

| Line | Item                                                   | Stage 1        | Stage 2    | Stage 3  | Total          |
|------|--------------------------------------------------------|----------------|------------|----------|----------------|
| 1    | 2                                                      | 3              | 4          | 5        | 6              |
| 1    | Undrawn credit facilities of legal entities            | 377,280        | 396        | -        | 377,676        |
| 2    | Undrawn credit facilities of individuals-entrepreneurs | 39,866         | -          | -        | 39,866         |
| 3    | Undrawn credit facilities of individuals               | 8,326          | -          | -        | 8,326          |
| 4    | Guarantees given                                       | 6,929          | -          | -        | 6,929          |
| 5    | <b>Total credit-related commitments</b>                | <b>432,401</b> | <b>396</b> | <b>-</b> | <b>432,797</b> |
| 6    | Provision for credit-related commitments               | (496)          | -          | -        | (496)          |
| 7    | <b>Total credit-related commitments less provision</b> | <b>431,905</b> | <b>396</b> | <b>-</b> | <b>432,301</b> |

**Table 3. Credit quality of credit-related commitments as at 31 December 2023**

(thousand UAH)

| Line | Item                                                   | Stage 1        | Stage 2      | Stage 3  | Total          |
|------|--------------------------------------------------------|----------------|--------------|----------|----------------|
| 1    | 2                                                      | 3              | 4            | 5        | 6              |
| 1    | Undrawn credit facilities of legal entities            | 605,776        | 5,055        | -        | 610,831        |
| 2    | Undrawn credit facilities of individuals-entrepreneurs | 37,354         | -            | -        | 37,354         |
| 3    | Undrawn credit facilities of individuals               | 7,592          | -            | 6        | 7,598          |
| 4    | Guarantees given                                       | 5,520          | -            | -        | 5,520          |
| 5    | <b>Total credit-related commitments</b>                | <b>656,242</b> | <b>5,055</b> | <b>6</b> | <b>661,303</b> |
| 6    | Provision for credit-related commitments               | (590)          | -            | (1)      | (591)          |
| 7    | <b>Total credit-related commitments less provision</b> | <b>655,652</b> | <b>5,055</b> | <b>5</b> | <b>660,712</b> |

**Table 4. Outstanding credit-related commitments by currency**

(thousand UAH)

| Line | Item         | 31 December 2024 | 31 December 2023 |
|------|--------------|------------------|------------------|
| 1    | 2            | 3                | 4                |
| 1    | UAH          | 353,941          | 611,756          |
| 2    | USD          | 14,299           | 29,054           |
| 3    | EUR          | 64,556           | 20,493           |
| 4    | Other        | -                | -                |
| 5    | <b>Total</b> | <b>432,796</b>   | <b>661,303</b>   |

The Bank does not own any associates, therefore, there is no information about the share in contingent liabilities of the associate for which the Bank is jointly and severally liable with other investors and on contingent liabilities arising from the investor separate liability for all or part of the associate liabilities.



## Note 32. Fair values of financial assets and liabilities

Fair value measurements are analysed by level in the fair value hierarchy as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: measurement methods the inputs for which, having a material impact on fair values recognised in the consolidated financial statements, are based on observable market data, either directly or indirectly.
- Level 3: measurement methods the inputs for which, having a material impact on fair values recognised in the consolidated financial statements, are not based on observable market data.

### Assets which fair value is approximately equal to their carrying amount

The book value of the liquid or short-term (up to 3 months) financial assets and financial liabilities are believed to be approximately equal to the fair value. This assumption also applies to deposits on-demand, savings deposits without a fixed maturity, financial instruments with a variable interest rate and loans to individuals in foreign currencies (as foreign currency lending for this group of customers is prohibited by the National Bank of Ukraine).

### Fixed rate financial instruments

The fair value of unquoted fixed-interest rate instruments was estimated based on estimated future expected cash flows discounted at the current weighted average interest rate for new instruments with similar credit risk and maturity.

### Office property and investment property

The fair value of the property item is estimated using a market-based comparable methodology based on market prices for sale-purchase contracts for similar items adjusted accordingly for the difference in characteristics, location and condition of the real estate item.

As at 31 December 2024, no signs of impairment of the real estate and land owned by the Bank based on private property rights were identified. As at 31 December 2024 and 31 December 2023, the difference between the carrying value and the market value of buildings and land was insignificant, and, therefore, no revaluation was conducted.

For revaluation, income and comparative approaches were used. The profits approach is based on the principles of expectation and the most efficient use. The comparative approach is based on the principles of replacement and demand and supply of similar property with appropriate adjustments for differences between the items.

In 2023-2024, the Bank did not transfer financial assets between levels of the hierarchy.

The table below contains an analysis of the assets measured at fair value by the level of the fair value hierarchy into which the fair value measurement is categorised. The amounts in the table are based on the values recognized in the statement of financial position:

**Table 1. Financial instruments of the Bank presented at fair value in the financial statements of the Bank for 2024**

(thousand UAH)

| Line                          | Item                                       | Level 1 | Level 2 | Level 3        | Total          |
|-------------------------------|--------------------------------------------|---------|---------|----------------|----------------|
| 1                             | 2                                          | 3       | 4       | 5              | 6              |
| Assets measured at fair value |                                            |         |         |                |                |
| 1                             | Loans and advances to customers            | -       | -       | 2,370          | 2,370          |
| 2                             | Premises                                   | -       | -       | 145,253        | 145,253        |
| 3                             | <b>Total assets measured at fair value</b> | -       | -       | <b>147,623</b> | <b>147,623</b> |

**Table 2. Financial instruments of the Bank presented at fair value in the financial statements of the Bank for 2023**

(thousand UAH)

| Line                          | Item                                       | Level 1 | Level 2 | Level 3        | Total          |
|-------------------------------|--------------------------------------------|---------|---------|----------------|----------------|
| 1                             | 2                                          | 3       | 4       | 5              | 6              |
| Assets measured at fair value |                                            |         |         |                |                |
| 1                             | Loans and advances to customers            |         |         | 8,460          | 8,460          |
| 2                             | Premises                                   | -       | -       | 149,373        | 149,373        |
| 3                             | <b>Total assets measured at fair value</b> | -       | -       | <b>157,833</b> | <b>157,833</b> |

The fair value of loans and advances to customers has been categorised as Level 3 of the fair value hierarchy.



Movements in customer loans and advances to customers measured at fair value and categorised as Level 3 of the fair value hierarchy during 2023-2024 were as follows:

(thousand UAH)

| Line | Item                           | 31 December 2024 | 31 December 2023 |
|------|--------------------------------|------------------|------------------|
| 1    | 2                              | 3                | 4                |
| 1    | <b>Balances at 1 January</b>   | <b>8,460</b>     | <b>16,287</b>    |
| 2    | Loans issued                   | -                | -                |
| 3    | Loans repaid within the period | (5,928)          | (7,754)          |
| 4    | Commission income accrued      | 701              | 1,690            |
| 5    | Commission income paid         | (863)            | (1,763)          |
| 6    | Change in fair value           | -                | -                |
| 7    | <b>Balances at 31 December</b> | <b>2,370</b>     | <b>8,460</b>     |

The Tables below contain the comparison of the fair and book value of classes and subclasses of financial instruments not reported at fair value in the Bank financial statements. The Tables include no fair values of non-financial assets and non-financial liabilities.

**Table 3. Fair value and levels of inputs in the fair value hierarchy used to measure assets and liabilities for 2024**

(thousand UAH)

| Line                   | Item                                             | Fair value by different measurement methods |                                                         |                                                                       | Total fair values | Total carrying value |
|------------------------|--------------------------------------------------|---------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|-------------------|----------------------|
|                        |                                                  | Quoted market price<br>(Level 1)            | Valuation technique with observable inputs<br>(Level 2) | valuation technique with significant unobservable inputs<br>(Level 3) |                   |                      |
| 1                      | 2                                                | 3                                           | 4                                                       | 5                                                                     | 6                 | 7                    |
| <b>I. ASSETS</b>       |                                                  |                                             |                                                         |                                                                       |                   |                      |
| 1                      | Cash and cash equivalents                        | -                                           | 1,327,961                                               | -                                                                     | 1,327,961         | 1,327,961            |
| 2                      | Other balances due to banks                      | -                                           | 555,236                                                 | -                                                                     | 555,236           | 555,236              |
| 3                      | Loans and advances to customers                  | -                                           | -                                                       | 9,685,287                                                             | 9,685,287         | 8,871,626            |
| 4                      | Investments in securities                        | -                                           | 3,660,207                                               | -                                                                     | 3,660,207         | 3,614,378            |
| 5                      | Other financial assets                           | -                                           | 6,404                                                   | -                                                                     | 6,404             | 6,404                |
| 6                      | <b>Total assets</b>                              | -                                           | <b>5,549,808</b>                                        | <b>9,685,287</b>                                                      | <b>15,235,095</b> | <b>14,375,605</b>    |
| <b>II. LIABILITIES</b> |                                                  |                                             |                                                         |                                                                       |                   |                      |
| 7                      | Due to banks                                     | -                                           | 355,024                                                 | -                                                                     | 355,024           | 355,024              |
| 8                      | Customer accounts                                | -                                           | 9,181,030                                               | -                                                                     | 9,181,030         | 9,149,027            |
| 9                      | Other borrowings                                 | -                                           | -                                                       | 3,149,071                                                             | 3,149,071         | 3,125,235            |
| 10                     | Liabilities for share-based payment transactions | -                                           | 26,048                                                  | -                                                                     | 26,048            | 26,048               |
| 11                     | Other financial liabilities                      | -                                           | 284,538                                                 | -                                                                     | 284,538           | 284,538              |
| 12                     | Subordinated debt                                | -                                           | -                                                       | 519,193                                                               | 519,193           | 519,193              |
| 13                     | <b>Total liabilities</b>                         | -                                           | <b>9,846,640</b>                                        | <b>3,668,264</b>                                                      | <b>13,514,904</b> | <b>13,459,065</b>    |

**Table 4. Fair value and levels of inputs in the fair value hierarchy used to measure assets and liabilities for 2023**

(thousand UAH)

| Line                   | Item                                             | Fair value by different measurement methods |                                                             |                                                                           | Total fair values | Total carrying value |
|------------------------|--------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|-------------------|----------------------|
|                        |                                                  | Quoted market price<br><br>(Level 1)        | Valuation technique with observable inputs<br><br>(Level 2) | valuation technique with significant unobservable inputs<br><br>(Level 3) |                   |                      |
| 1                      | 2                                                | 3                                           | 4                                                           | 5                                                                         | 6                 | 7                    |
| <b>I. ASSETS</b>       |                                                  |                                             |                                                             |                                                                           |                   |                      |
| 1                      | Cash and cash equivalents                        | -                                           | 1,386,763                                                   | -                                                                         | 1,386,763         | 1,386,763            |
| 2                      | Other balances due to banks                      | -                                           | 555,590                                                     | -                                                                         | 555,590           | 555,590              |
| 3                      | Loans and advances to customers                  | -                                           | -                                                           | 7,166,384                                                                 | 7,166,384         | 6,786,535            |
| 4                      | Investments in securities                        | -                                           | 1,503,856                                                   | -                                                                         | 1,503,856         | 1,488,648            |
| 5                      | Other financial assets                           | -                                           | 40,551                                                      | -                                                                         | 40,551            | 40,551               |
| 6                      | <b>Total assets</b>                              | -                                           | <b>3,471,552</b>                                            | <b>7,166,384</b>                                                          | <b>10,637,936</b> | <b>10,258,087</b>    |
| <b>II. LIABILITIES</b> |                                                  |                                             |                                                             |                                                                           |                   |                      |
| 7                      | Due to banks                                     | -                                           | 355,045                                                     | -                                                                         | 355,045           | 355,045              |
| 8                      | Customer accounts                                | -                                           | 6,803,547                                                   | -                                                                         | 6,803,547         | 6,774,528            |
| 9                      | Other borrowings                                 | -                                           | -                                                           | 2,049,114                                                                 | 2,049,114         | 2,006,732            |
| 10                     | Liabilities for share-based payment transactions | -                                           | 16,590                                                      | -                                                                         | 16,590            | 16,590               |
| 11                     | Other financial liabilities                      | -                                           | 236,140                                                     | -                                                                         | 236,140           | 236,140              |
| 12                     | Subordinated debt                                | -                                           | -                                                           | 192,603                                                                   | 192,603           | 212,645              |
| 13                     | <b>Total liabilities</b>                         | -                                           | <b>7,411,322</b>                                            | <b>2,241,717</b>                                                          | <b>9,653,039</b>  | <b>9,601,680</b>     |



## Note 33. Presentation of financial instruments by measurement category

Table 1. Financial assets by measurement category for 2024

(thousand UAH)

| Line   | Item                                           | Financial asset measured at amortised cost | A financial asset measured at fair value through other comprehensive income | A financial asset measured at fair value through profit or loss | Total             |
|--------|------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------|
| 1      | 2                                              | 3                                          | 4                                                                           | 5                                                               | 6                 |
| ASSETS |                                                |                                            |                                                                             |                                                                 |                   |
| 1      | Cash and cash equivalents                      | 1,327,961                                  | -                                                                           | -                                                               | 1,327,961         |
| 2      | Other balances due to banks                    | 555,236                                    | -                                                                           | -                                                               | 555,236           |
| 2.1    | Deposits with other banks                      | 555,236                                    | -                                                                           | -                                                               | 555,236           |
| 3      | Loans and advances to customers                | 8,871,626                                  | -                                                                           | 2,370                                                           | 8,873,996         |
| 3.1    | corporate loans                                | 7,156,315                                  | -                                                                           | 1,010                                                           | 7,157 325         |
| 3.2    | Loans to individuals-entrepreneurs             | 1,572,970                                  | -                                                                           | 1,360                                                           | 1,574,330         |
| 3.3    | Mortgage loans to individuals                  | 31,202                                     | -                                                                           | -                                                               | 31,202            |
| 3/4    | Loans for current needs to individuals         | 108,957                                    | -                                                                           | -                                                               | 108,957           |
| 3.5    | Other loans to individuals                     | 2,182                                      | -                                                                           | -                                                               | 2,182             |
| 4      | Investments in securities                      | 3,614,378                                  | -                                                                           | -                                                               | 3,614,378         |
| 5      | Other financial assets                         | 6,404                                      | -                                                                           | -                                                               | 6,404             |
| 5.1    | Receivables from operations with payment cards | 2,737                                      | -                                                                           | -                                                               | 2,737             |
| 5/2    | Other financial assets                         | 3,667                                      | -                                                                           | -                                                               | 3,667             |
| 6      | <b>Total financial assets</b>                  | <b>14,375,605</b>                          | <b>-</b>                                                                    | <b>2,370</b>                                                    | <b>14,377,975</b> |

**Table 2. Financial assets by measurement category for 2023**

(thousand UAH)

| Line          | Item                                           | Financial asset measured at amortised cost | A financial asset measured at fair value through other comprehensive income | A financial asset measured at fair value through profit or loss | Total             |
|---------------|------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------|
| 1             | 2                                              | 3                                          | 4                                                                           | 5                                                               | 6                 |
| <b>ASSETS</b> |                                                |                                            |                                                                             |                                                                 |                   |
| 1             | Cash and cash equivalents                      | 1,386,763                                  | -                                                                           | -                                                               | <b>1,386,763</b>  |
| 2             | Other balances due to banks                    | 555,590                                    | -                                                                           | -                                                               | <b>555,590</b>    |
| 2.1           | Deposits with other banks                      | 555,590                                    | -                                                                           | -                                                               | <b>555,590</b>    |
| 3             | Loans and advances to customers                | 6,786,535                                  | -                                                                           | 8,460                                                           | <b>6,794,995</b>  |
| 3.1           | corporate loans                                | 5,294,094                                  | -                                                                           | 3,900                                                           | <b>5,297,994</b>  |
| 3.2           | Loans to individuals-entrepreneurs             | 1,289,824                                  | -                                                                           | 4,560                                                           | <b>1,294,384</b>  |
| 3.3           | Mortgage loans to individuals                  | 42,386                                     | -                                                                           | -                                                               | <b>42,386</b>     |
| 3/4           | Loans for current needs to individuals         | 143,584                                    | -                                                                           | -                                                               | <b>143,584</b>    |
| 3.5           | Other loans to individuals                     | 16,647                                     | -                                                                           | -                                                               | <b>16,647</b>     |
| 4             | Investments in securities                      | 1,488,648                                  | -                                                                           | -                                                               | <b>1,488,648</b>  |
| 5             | Other financial assets                         | 40,551                                     | -                                                                           | -                                                               | <b>40,551</b>     |
| 5.1           | Receivables from operations with payment cards | 38,370                                     | -                                                                           | -                                                               | <b>38,370</b>     |
| 5/2           | Other financial assets                         | 2,181                                      | -                                                                           | -                                                               | <b>2,181</b>      |
| <b>6</b>      | <b>Total financial assets</b>                  | <b>10,258,087</b>                          | <b>-</b>                                                                    | <b>8,460</b>                                                    | <b>10,266,547</b> |



## Note 34. Transactions with related parties

Table 1. Balances of the related party transactions as at 31 December 2024

(thousand UAH)

| Line | Item                                                     | Parent Company | Bank largest shareholders | Companies that provide key management personnel services | Key management personnel | Other related parties |
|------|----------------------------------------------------------|----------------|---------------------------|----------------------------------------------------------|--------------------------|-----------------------|
| 1    | 2                                                        | 3              | 4                         | 5                                                        | 6                        | 7                     |
| 1    | Loans and receivables (contractual interest rate 20.44%) | -              | 9,596                     | -                                                        | 6,597                    | -                     |
| 2    | Provision for payables on loans                          | -              | (389)                     | -                                                        | -                        | -                     |
| 3    | Other assets                                             | -              | 75                        | -                                                        | -                        | 3                     |
| 4    | Due to customers (contractual interest rate 1.61%)**     | -              | 5,007                     | -                                                        | 50,610                   | 2,862                 |
| 5    | Liabilities for share-based payment transactions         | -              | -                         | -                                                        | 14,818                   | 11,230                |
| 6    | Other financial liabilities                              | -              | -                         | -                                                        | 2,901                    | 7,476                 |

\* Loan interest rates range from 18.77% to 21.59% in UAH

\*\* Customer accounts interest rates range from 1.56% to 2.32% in USD

Table 2. Income and expense arising from related party transactions as at 31 December 2024

(thousand UAH)

| Line | Item                                                              | Parent Company | Bank largest shareholders | Companies that provide key management personnel services | Key management personnel | Other related parties |
|------|-------------------------------------------------------------------|----------------|---------------------------|----------------------------------------------------------|--------------------------|-----------------------|
| 1    | 2                                                                 | 3              | 4                         | 5                                                        | 6                        | 7                     |
| 1    | Interest income                                                   | -              | 154                       | -                                                        | 851                      | -                     |
| 2    | Interest expense                                                  | -              | (1,527)                   | -                                                        | (1,116)                  | (455)                 |
| 3    | Change in provision for impairment of loans and due from banks    | -              | -                         | -                                                        | 244                      | -                     |
| 4    | Allocated to provision for impairment of loans and due from banks | -              | (389)                     | -                                                        | -                        | -                     |
| 5    | Fee and commission income                                         | -              | 39                        | -                                                        | 8                        | 20                    |
| 6    | Other operating income                                            | -              | 46                        | -                                                        | -                        | 7                     |
| 7    | Administrative and other operating expenses                       | -              | -                         | -                                                        | -                        | (42,318)              |

**Table 3. Total loans issued to and repaid by related parties in 2024**

(thousand UAH)

| Line | Item                                                  | Parent Company | Bank largest shareholders | Entities under common control | Subsidiaries | Key management personnel | Associates | Other related parties |
|------|-------------------------------------------------------|----------------|---------------------------|-------------------------------|--------------|--------------------------|------------|-----------------------|
| 1    | 2                                                     | 3              | 4                         | 5                             | 6            | 7                        | 8          | 9                     |
| 1    | Total loans to related parties over the period        | -              | 9,596                     | -                             | -            | -                        | -          | -                     |
| 2    | Total loans repaid by related parties over the period | -              | -                         | -                             | -            | (3,205)                  | -          | -                     |

**Table 4. Balances with related party as at 31 December 2023**

(thousand UAH)

| Line | Item                                                       | Parent Company | Bank largest shareholders | Companies that provide key management personnel services | Subsidiaries | Key management personnel | Associates | Other related parties |
|------|------------------------------------------------------------|----------------|---------------------------|----------------------------------------------------------|--------------|--------------------------|------------|-----------------------|
| 1    | 2                                                          | 3              | 4                         | 5                                                        | 6            | 7                        | 8          | 9                     |
| 1    | Loans and receivables (contractual interest rate 17.54%)   | -              | -                         | -                                                        | -            | 9,802                    | -          | -                     |
| 2    | Provision for payables on loans                            | -              | -                         | -                                                        | -            | (244)                    | -          | -                     |
| 3    | Other assets                                               | -              | 9                         | -                                                        | -            | -                        | -          | 17                    |
| 4    | Due to customers (contractual interest rate 4.49%)         | -              | 25,402                    | -                                                        | -            | 44,111                   | -          | 2,426                 |
| 5    | Subordinated debt (contractual interest rate 6.00% in UAH) | -              | 23,620                    | -                                                        | -            | -                        | -          | -                     |
| 6    | Liabilities for share-based payment transactions           | -              | -                         | -                                                        | -            | 9,099                    | -          | 7,491                 |
| 7    | Other financial liabilities                                | -              | -                         | -                                                        | -            | 2,688                    | -          | 5,417                 |

\* Loan interest rates range from 12.8% to 47.36% in UAH

\*\* Customer accounts bear interest rates in the range of 0.01% to 2.50% in USD, 5.00% to 18.00% in UAH and 0.01% to 1.75% in EUR

**Table 5. Income and expense arising from related party transactions as at 31 December 2023**

(thousand UAH)

| Line | Item                                                              | Parent Company | Bank largest shareholders | Entities under common control | Subsidiaries | Key management personnel | Associates | Other related parties |
|------|-------------------------------------------------------------------|----------------|---------------------------|-------------------------------|--------------|--------------------------|------------|-----------------------|
| 1    | 2                                                                 | 3              | 4                         | 5                             | 6            | 7                        | 8          | 9                     |
| 1    | Interest income                                                   | -              | -                         | -                             | -            | 2,344                    | -          | -                     |
| 2    | Interest expense                                                  | -              | (3,191)                   | -                             | -            | (2,360)                  | -          | (474)                 |
| 3    | Allocated to provision for impairment of loans and due from banks | -              | -                         | -                             | -            | (185)                    | -          | -                     |
| 4    | Fee and commission income                                         | -              | 86                        | -                             | -            | 24                       | -          | 44                    |
| 5    | Fee and commission expense                                        | -              | -                         | -                             | -            | -                        | -          | -                     |
| 6    | Other operating income                                            | -              | 79                        | -                             | -            | -                        | -          | 13                    |
| 7    | Administrative and other operating expenses                       | -              | -                         | -                             | -            | (12)                     | -          | (39,608)              |

As at 31 December 2024, the following persons held direct significant interest in the Bank:

- responsAbility Participations AG (Switzerland) - 48.557189% of the statutory capital (decision of the Committee for Supervision and Regulation of Banking, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 169 dated 23.06.2018) (31 December 2023: 48.557189%);
- New Progress Holding Limited Liability Company (Ukraine) 27.985079% of the authorised capital (31 December 2023: 27.985079 %);
- Nordic Environment Finance Corporation (Finland) – 13.936230% of the authorised capital (decision of the Committee for Supervision and Regulation of Banking, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 111 dated 25.03.2021) (31 December 2023: 13,936230%)

The ultimate beneficiary of LLC New Progress Holding is Petursson Margeir (a citizen of Iceland ), who as at 31 December 2024 indirectly owns 37.469202% of the statutory capital of the Bank (31 December 2023: 37.469202%). The acquired indirect significant interest of Margeir Petursson in the Bank was approved 30 December 2015 by decision no. 633 of the Committee for Supervision and Regulation of Banking, Supervision (Oversight) of payment systems of the National Bank of Ukraine.

Table 6. Remuneration to key management personnel<sup>1</sup>(thousand  
UAH)

| Line | Item                                                  | 31 December 2024 |                   | 31 December 2023 |                   |
|------|-------------------------------------------------------|------------------|-------------------|------------------|-------------------|
|      |                                                       | expense          | accrued liability | expense          | accrued liability |
| 1    | 2                                                     | 3                | 4                 | 5                | 6                 |
| 1    | Current benefits to employees                         | 37,552           | 2,901             | 30,096           | 3,188             |
| 2    | Post-employment employee benefits                     | -                | -                 | -                | -                 |
| 3    | Other long-term employee benefits                     | -                | -                 | -                | -                 |
| 4    | Payments on termination of employment                 | 1,353            | -                 | 1,043            | -                 |
| 5    | Share-based payments - equity instruments of the Bank | 5,719            | 14,818            | 4,145            | 9,099             |

**Note 35. Subsequent events**

At the date of these financial statements authorisation for issue, military operations continue, and war-related uncertainties are high. The military forces of the Russian Federation continue to destroy infrastructure and production facilities, and part of the territory of Ukraine is under occupation. The Parliament of Ukraine extended martial law and mobilization until 6 August 2025.

On 10 January 2025, a new version of the Charter of Joint Stock Company Joint Stock Commercial Bank Lviv was registered, according to which the authorized capital of the Bank amounts to UAH 950,101,338.00.

The Board of the National Bank of Ukraine decided to increase the key policy rate from 13.5% to 14.5% effective 24 January 2025 and to 15.5% effective 7 March 2025.

On 21 January 2025, due to the relocation of the Head Office departments to the new office, the management board of the Bank decided to start the prospective sale of the building at the following address: Lviv, Serbska str. 1

Authorized for release and signed on  
24 April 2025

Acting Chairman of the Board

V.V. Kuzyo

V.Y. Makovych  
(032)232-36-40



Chief accountant

M.M. Chypurko

<sup>1</sup> Key management personnel are those having authority and responsibility, directly or indirectly, for planning, directing and controlling the operations of an entity.



# Independent Auditors' Report

## To the Shareholders of the Bank of Joint-Stock Company Joint Stock Bank "Lviv"

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Joint-Stock Company Joint Stock Bank "Lviv" (the "Bank"), which comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Law of Ukraine "On accounting and financial statements in Ukraine" on preparation of the financial statements.

#### Basis for Opinion

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which describes the negative impact of the Russian Federation's military invasion of Ukraine on 24 February 2022, on the Bank's operations. As also stated in Note 2, these events or conditions, along with other matters as set forth in that Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Private Joint-Stock Company "KPMG Audit"

32/2 Knyaziv Ostrozkykh Str., Kyiv, Ukraine 01010  
tel. +380 44 490 5507, fax +380 44 490 5508, kpmg.ua

Website: <https://home.kpmg.ua/uk/home.html>  
PJSC "KPMG Audit", a company incorporated under the Laws of Ukraine, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registration No. 31032100 in the Unified State  
Register of Legal Entities, Individual  
Entrepreneurs and Public Organizations.

Registration No. 2397  
in the Register of Auditors  
and Auditing Entities.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section we have determined the matters described below to be the key audit matters to be communicated in our report:

### Expected credit losses on loans and advances to customers

The gross amount of loans and advances to customers and the total related allowance for expected credit losses as at 31 December 2024: UAH 9 010 171 thousand and UAH 136 175 thousand, respectively; gain on reversal of impairment loss for the year then ended: UAH 4 575 thousand (31 December 2023: UAH 6 936 029 thousand and UAH 141 034 thousand, respectively; gain on reversal of impairment loss for the year then ended: UAH 7 769 thousand).

Please refer to the Notes 4, 8, 12 and 29 in the financial statements.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Loss allowances for loans and advances to customers represent management's best estimate of the expected credit losses ("ECLs") within loans and advances to customers (collectively, "loans", "exposures") at amortized cost at the reporting date.</p> <p>The impairment allowances for exposures below UAH 2 million estimated collectively are determined by modelling techniques relying on parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account historical experience, identification of exposures with a significant increase in credit risk, forward-looking information and management judgment in the form of management overlay.</p> <p>The impairment allowances for exposures equal to or above UAH 2 million estimated individually are determined by similar modelling techniques, however, LGD for such exposures is determined on an individual basis by means of a discounted cash flows analysis and not based on collective recoveries. The process involves subjectivity and reliance on a number of significant assumptions, including, those in respect of the expected proceeds from the sale of the related collateral.</p> <p>We focused on this area as the measurement of expected credit losses requires the</p> | <p>Our procedures in the area performed, where applicable, with the assistance of our own financial risk-management, information technology (IT) and valuation specialists, included, among other things:</p> <ul style="list-style-type: none"> <li>Inspecting the Bank's ECL methodology and models and assessing their compliance with the relevant requirements of the financial reporting standards.</li> <li>Assessing whether the level of the sophistication in the model is appropriate given the nature, size and complexity of the Banks' loan portfolio.</li> <li>Testing the design, implementation and, where appropriate, operating effectiveness, of selected key controls within the loan impairment process;</li> <li>Independently assessing management overlay used in the Bank's ECL, by means of recalculation of parameters, corroborating inquiries of the relevant credit risk personnel;</li> <li>Challenging the LGD and PD parameters through sample-based testing of historical defaults and recoveries;</li> </ul> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Management to make complex and subjective judgements and assumptions. In the light of the above factors and the uncertainty caused by military invasion launched by the Russian Federation on the territory of Ukraine, we considered expected credit losses for loans and advances to customers to be associated with a significant risk of material misstatement in the financial statements.</p> <p>Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.</p> | <ul style="list-style-type: none"> <li>• For a sample of loans, testing the EAD parameter by reference to the Bank's accounting system, external confirmations obtained independently from the borrowers, and to primary documents, as applicable;</li> <li>• For a sample of loans, testing the determination of segment and internal rating parameter by reference to the Bank's methodology and to primary documents and by performing recalculation, as applicable;</li> <li>• Challenging the appropriateness of the Bank's staging of exposures, including identification of exposures meeting significant increase in credit risk and default criteria;</li> <li>• Comparing valuations to publicly available data to assess their reasonableness.</li> <li>• On a sample basis, assessing whether the definition of default and the standard's staging criteria were applied consistently and appropriately by reference to the underlying loan files and through inquiries of responsible loan officers and credit risk management personnel.</li> </ul> <p>In addition, specifically for expected credit losses estimated individually, for a sample of loans:</p> <ul style="list-style-type: none"> <li>• For credit-impaired loans, we challenged the Bank's cash flow projections and key assumptions used therein, by reference to our knowledge of the relevant industry and of the borrower.</li> </ul> <p>For loan exposures in totality:</p> <ul style="list-style-type: none"> <li>• Examining whether the Bank's allowance for expected credit losses and credit risk-related disclosures in the financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Compliance with loan covenants

Other borrowed funds as at 31 December 2024: UAH 3,125,235 thousand (31 December 2023: UAH 2,006,732 thousand).

Please refer to the Notes 2, 4, 15, 22 and 29 in the financial statements.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Our response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 31 December 2024, the Bank had significant outstanding other borrowed funds due to international and government organisations. In respect of the said indebtedness, pursuant to the terms and conditions of the underlying loan contracts, the Bank was required to comply with a significant number of financial as well as non-financial covenants.</p> <p>Any non-compliance with the covenants creates a risk of incorrect presentation of other borrowed funds in the financial statements as either current or non-current.</p> <p>Due to the above factors, coupled with the multitude of loan arrangements and covenant clauses therein to be considered and concluded upon, we determined this area requires our increased attention in the audit and as such was determined to be a key audit matter.</p> | <p>Our audit procedures in the area included, among other things:</p> <ul style="list-style-type: none"> <li>— Inspecting the underlying loan contracts and any subsequent amendments thereto in force as at 31 December 2024, in order to evaluate whether the Bank has identified all related covenants;</li> <li>— Independently reperforming the calculation of financial covenants and also, through inquiries of the relevant personnel and inspection of underlying confirmations from international and government organisations, assessing whether all significant financial and non-financial covenants were complied with and whether waivers were provided for covenants breached as at reporting date;</li> <li>— For any covenant non-compliance identified, evaluating whether it was appropriately considered in presenting the related loans and as either current or non-current considering waivers obtained from international and government organisations.</li> </ul> |

## Other Information

Management is responsible for the other information. The other information comprises the information included in:

- the Management Report (including the Corporate Governance Report) as set out in a separate report prepared by management (but does not include the financial statements and our auditors' report thereon), which we obtained prior to the date of this auditors' report;
- Annual Information of the Issuer of Securities (including the Management Report), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Information of the Issuer of Securities, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Law of Ukraine "*On accounting and financial statements in Ukraine*" on preparation of the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

## Report on Other Legal and Regulatory Requirements

Pursuant to the Article 14(4) of the Law of Ukraine *"On audit of financial statements and auditing"*, Section IV(11) of *"Instruction on the procedure for preparation and publication of financial statements of Ukrainian banks"* approved by the Resolution of the Board of the National Bank of Ukraine No. 373 dated 24 October 2011 (the *"Instruction No. 373"*), and *"Requirements for information related to audit or review of financial statements of participants of capital markets and organized commodity markets, which are supervised by the National Securities and Stock Market Commission"* approved by the Resolution of the National Securities and Stock Market Commission (the *"NSSMC"*) No. 555 dated 22 July 2021 we provide the following information in addition to that required by ISAs.

### *Appointment of the Auditor and Period of Engagement*

We were appointed by the Supervisory Board of the Bank on 22 August 2023 to audit the financial statements of the Bank as at and for the year ended 31 December 2024. Our total uninterrupted period of audit engagements is five years.

### *Provision of Non-audit Services and Disclosure of Fee-related Information*

We declare that no prohibited non-audit services referred to in the Article 6(4) of the Law of Ukraine *"On audit of financial statements and auditing"* were provided and that the engagement partner and the audit firm remain independent of the Bank in conducting the audit.

For the period to which our statutory audit relates, we have not provided any other services to the Bank which are not disclosed in the Management Report or in the financial statements.

### *Additional Report to the Audit Committee*

We confirm that our auditors' report is consistent with the additional report to the Audit Committee.

### *Reporting on the NSSMC's Requirements*

- The audit of Joint-Stock Company Joint Stock Bank "Lviv" (Registration number 09801546 in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations) was conducted in accordance with the Engagement Contract No 82-SA/2023 dated 26 October 2023. The audit was performed from 25 November 2024 to the date of this report.
- Information on the ownership structure and the absence of the ultimate controlling party of the Bank is included in Note 1 to the financial statements.

- As at 31 December 2024, the Bank is neither a controlling party, nor a member of non-banking financial group.
- The Bank is a public interest entity in accordance with the Law of Ukraine “*On accounting and financial statements in Ukraine*”.
- As at 31 December 2024, the Bank does not have subsidiaries.
- The Revision Committee did not perform examination of the Bank’s financial performance for the year ended 31 December 2024 as it was liquidated on 31 October 2018.

#### *Reporting on the Management Report*

Solely based on the work we have performed in connection with our audit of the financial statements, in our opinion, the Management Report (including the Corporate Governance Report):

- is consistent, in all material respects, with the financial statements, and
- contains the elements required by the Section IV of the Instruction No. 373 and clauses 1-9 of Article 127(3) of the Law of Ukraine “*On Capital Markets and Organized Commodity Markets*”.

If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

The engagement partner on the audit resulting in this independent auditors’ report is:



Anna Parkhomenko  
Registration No. 701539 in the Register of Auditors and Auditing Entities  
Deputy Director

#### **PJSC “KPMG Audit”**

24 April 2025

Kyiv, Ukraine

# MANAGEMENT REPORT

|                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management report date                                                                                       | The management report is prepared as of 31 December 2024 and for the year ended on that date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Name of the reporting entity                                                                                 | Joint Stock Company Joint-Stock Commercial Bank “Lviv”, abbreviated as JSC JCB “Lviv”, hereinafter referred to as JSC JCB “Lviv” or the Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Disclosure of information about activities and organizational structure</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <i>Disclosure of information about the principal lines of business</i>                                       | The main purpose of the operations of the Bank is to generate profit by providing banking and other financial services in national and foreign currencies and carrying out other operations that may be permitted for banks in accordance with the current legislation of Ukraine. If the types of operations provided for by the Charter require obtaining licenses or consents (approvals) from the National Bank of Ukraine, the National Securities and Stock Market Commission or any other bodies, the Bank may carry out such operations only after obtaining such licenses or consents (approvals).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <i>Disclosure of information about the purpose, objectives and strategies for achieving these objectives</i> | <p>The Bank offers services to individuals and legal entities that share its principles of long-term economic growth and development of Western Ukraine. The main focus is on servicing small and medium-sized businesses. Due to their flexibility, innovation and connection with local culture, such businesses are the drivers of the economic growth and provide jobs. Special emphasis is placed on the manufacturing sector, in particular on agricultural producers, which make a significant contribution to the economy of Ukraine in terms of production volumes and the number of jobs. The Bank does not work with enterprises whose operations harm the environment or society.</p> <p>The Bank serves individuals, including employees, retirees, students, and businesses owners, offering convenient and reliable financial services tailored to their needs. The Bank's flexible and attractive deposit products channel investments into the real economy and contribute to the regional prosperity. The Bank offers personal financing services, including loans for home improvement and energy efficiency projects.</p> <p>Customer service is the basic principle of the operations of the Bank, the Bank's services and business methods are aimed at meeting the needs of customers. Efficiency, transparency and legality of processes, simplicity and convenience of banking services and minimal bureaucracy are the basis of the Bank approach to banking. Being a regional bank located close to its customers, the Bank strives to promptly serve each client using an individual approach.</p> <p>The business model provides an appropriate level of income that is sufficient to maintain the capital and liquidity ratios of the Bank at a level that will enable it to conduct profitable operations and comply with the requirements of the regulatory acts of the National Bank of Ukraine.</p> <p>The resolution of the General Meeting of Shareholders dated 29.04.2024 determined the following main areas of activity of JSC JSCB "Lviv" for 2024 :</p> <ol style="list-style-type: none"> <li>1) maintain a strong position as a stable local bank, increase the funding base and sufficient liquidity;</li> <li>2) improve market position as a leading bank in SME financing;</li> <li>3) after stabilizing of the macroeconomy, update the Bank's business strategy and business model, taking into account current macroeconomic forecasts and an assessment of the current consequences of military aggression;</li> <li>4) continue work to increase regulatory capital by raising subordinated debt and increasing core capital;</li> <li>5) ensure the profitability of the Bank as a source of increasing its own and regulatory capital;</li> <li>6) maintain constant communication with international financial organizations to inform about the operations of the Bank, conduct negotiations to maintain and increase funding received from them;</li> <li>7) maintain conservative approaches to risk assessment, ensure proper recognition of credit risk/provisioning and maximize capital requirements;</li> </ol> |

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|                                                                                     | 8) maintain an up-to-date business continuity plan, ensure the continuity of banking services;<br>9) ensure the safety of the employees of the Bank;<br>10) resume projects to develop digital banking;<br>11) implement tools to improve the effectiveness of information security risk management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <i>Disclosure of information about subsidiaries</i>                                 | There are no subsidiaries. The Bank is not a controller or member of a non-bank financial group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Disclosure of information on the branches or other separate structural units</i> | <p>The organizational structure of the Bank includes the following structural divisions of the Bank:</p> <ul style="list-style-type: none"> <li>• Head Office;</li> <li>• Branch.</li> </ul> <p>The Head Office performs the functions of a strategic management center that forms the Bank's policy, in particular regarding: the Bank's strategy; financial planning; offering products and services tailored to customer needs; introducing new technologies; compliance with organizational structures; limiting risk and ensuring the Bank's security; ensuring the functioning and development of internal control system; personnel management policy, developing internal regulatory documents and implementing certain operational tasks.</p> <p>The Branch is a structural unit of the Bank, the main role of which is to attract and serve clients in order to ensure the implementation of the goals set in the Bank's Financial Plan and the target KPIs of the Branch.</p> <p>The Bank's branch network covers seven regions of Ukraine (19 outlets, including 6 in Lviv, 7 in Lviv region, and one each in Kyiv, Ivano-Frankivsk, Uzhhorod, Ternopil, Rivne, and Lutsk).</p> |
| <i>Disclosure of information about organizational structure and management</i>      | <p>The Bank's organization creates favorable conditions for implementing the goals of the Bank and ensuring the security of the operations of the Bank, meeting the expectations of customers, shareholders and employees of the Bank.</p> <p>The governance bodies of the Bank are:</p> <ol style="list-style-type: none"> <li>1) The General Meeting of Shareholders,</li> <li>2) The Supervisory Board of the Bank,</li> <li>3) The Board of Directors.</li> </ol> <p>The control bodies are:</p> <ol style="list-style-type: none"> <li>1) Chief Risk Manager and Risk Management Vertical,</li> <li>2) Chief Compliance Manager and Compliance Service.</li> <li>3) Internal Audit Service.</li> </ol> <p>The duties and powers of the governance and control bodies are determined by the Charter, the Principle (Code) of Corporate Governance, the Regulations on the Supervisory Board of the Bank, the Regulations on the Management Board of the Bank, the Regulations on the Organization of the Head Office, the organizational regulations of the relevant structural divisions, and issues not</p>                                                                           |

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|                                                                                                                | <p>regulated by these regulations are regulated by the Law of Ukraine "On Banks and Banking Activities", other legislative acts of Ukraine and regulatory legal acts of the National Bank of Ukraine.</p> <p>The operations of the Bank are carried out within functionally and organizationally separated verticals that unite the structural divisions of the Head Office. Supervision of the verticals is carried out by the Members of the Management Board/Executive Risk Director. Supervision of the areas is carried out by Executive Directors (except for the areas of Risk Verticals).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Disclosure of information about the impact of the economic situation on the financial position and performance | <p>Despite the challenges of the large-scale war, the NBU remains committed to its mandate to ensure price and financial stability as a guarantee of a sustainable economic recovery. At the current stage, price stability is achieved through a flexible inflation targeting regime and is ensured by a coordinated combination of interest rate and exchange rate policy instruments, as well as exchange rate restrictions in accordance with the Basic Principles of Monetary Policy for the Medium Term and the Strategy for Mitigating Exchange Rate Restrictions, Transitioning to Greater Exchange Rate Flexibility, and Returning to Inflation Targeting.</p> <p>In particular, the monetary policy is aimed at bringing inflation, measured by the annual consumer price index to the target of 5% over an appropriate policy horizon of no more than three years. The flexibility inherent in the current monetary regime allows for moderate and relatively short-term deviations of inflation from the quantitative target under the influence of internal and external factors. This approach, on the one hand, contributes to the adaptation of the Ukrainian economy to shocks and supports its recovery, and on the other hand, allows for maintaining control over inflation expectations.</p> <p>The NBU is making efforts to strengthen the effectiveness of monetary transmission channels and further restore the effectiveness of the key (discount) rate in fulfilling its role as a monetary instrument. The movements in the discount rate and adjustments to the operational design of interest rate policy take into account significant changes in the balance of risks and are primarily aimed at maintaining the stability of the foreign exchange market and ensuring price stability.</p> <p>Adhering to the principles of managed exchange rate flexibility, the NBU maintains an active presence in the foreign exchange market and compensates for the structural deficit of foreign exchange in the private sector to ensure moderate bilateral exchange rate fluctuations depending on changes in market conditions. Combined with smoothing excessive exchange rate volatility, this contributes to keeping inflation and exchange rate expectations under control, maintaining confidence in the hryvnia and bringing inflation to the 5% target.</p> <p>At the same time, exchange rate flexibility makes it possible to strengthen the resilience of the Ukrainian economy and the foreign exchange market to domestic and external shocks, and reduces the risk of accumulating foreign trade imbalances.<sup>1</sup></p> <p>In the fourth quarter, banks funding and lending volumes continued to grow. Net hryvnia loans to businesses and households have been growing steadily since mid-2023. The share of unsubsidized business loans is increasing, which was facilitated by a further decrease in interest rates on loans to business entities. At the same time, banks increased investments in government bonds. Despite the retrospective accrual of increased income tax, banks maintained high profitability. This was facilitated by stable interest rates and growth in net commission income with moderate costs for reserves. The sector's capital is sufficient to comply with regulatory requirements and further lending.</p> <p>In the fourth quarter, the number of operating banks in Ukraine decreased by one to 61.</p> <p>In December, the NBU raised the discount rate from 13.0% to 13.5%, and in January 2025, to 14.5%, thus completing the cycle of key rate reductions that had been ongoing since mid-2023. As a result, the reduction in rates on household funds was suspended. The cost of new hryvnia deposits from individuals was 9.6% per annum in December. In the fourth quarter, the UIRD yield curve became inverted: the rate on three-month deposits slightly exceeded the rates on annualized loans. This may indicate an expected further decrease in</p> |

<sup>1</sup>[https://bank.gov.ua/admin\\_uploads/article/IR\\_2025-Q1.pdf?v=12](https://bank.gov.ua/admin_uploads/article/IR_2025-Q1.pdf?v=12)

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|                                                           | <p>inflationary pressure and rates. Rates on business funds decreased slightly during the fourth quarter, to 8.3% per annum in December. Rates on hryvnia loans to businesses continued to decrease during the fourth quarter to 14.7% per annum. The lowest rates were offered by foreign banks: for foreign enterprises – 11.4% per annum, for Ukrainian private enterprises – 14.3% per annum. Rates on loans to the population fluctuated at around 28% per annum.</p> <p>Since the beginning of 2025, the assessment of the quality of banks' assets by external auditors has begun as part of the assessment of the stability of the banking sector. In May, the baseline and adverse scenarios for stress testing of the largest institutions will be published. Banks for which increased capital adequacy requirements will be established must develop capitalization or restructuring programs and implement them by the end of the year. Based on the results of the stability assessment, a schedule for the introduction of new regulatory capital requirements will be developed.</p> <p>From the beginning of the year, banks must also calculate NPLs according to requirements updated in accordance with EU standards. According to preliminary estimates, this will not have a noticeable impact on the volume of NPLs, but will contribute to the comparability of relevant statistics and the efficiency of the resolution process.</p> <p>Although management believes that it is taking appropriate measures to support the stable operation of the Bank, as required by the current circumstances, further instability in operating conditions may have a negative impact on the results of operations and financial condition of the Bank, the nature and consequences of which cannot be determined at this time. These financial statements reflect management's current assessment of the impact of operating conditions in Ukraine on the operations of the Bank and its financial position. Future operating conditions may differ from management assessment<sup>2</sup>.</p> |
| Disclosure of information about liquidity and liabilities | <p>At the end of the reporting year, the Bank had a sufficient level of liquidity, which is confirmed by exceeding the liquidity limits for commercial banks established by the NBU:</p> <ul style="list-style-type: none"> <li>the liquidity coverage ratio (LCR) for all currencies was 157.67 % and in foreign currency – 232.84% (norm – not less than 100%),</li> <li>The value of the Net Stable Funding Ratio (NSFR) was 130.09 % (norm - not less than 90%) .</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Disclosure of information on environmental aspects        | <p>In its operations, the Bank is guided by the postulates of the Sustainable Development Strategy, which has been implemented at the system level since 2020, and is accompanied by the expertise of one of the shareholders - the Nordic Environmental Finance Corporation (NEFCO).</p> <p>Environmental operations are focused on five main areas, which, in the Bank's opinion, allow generating a significant contribution to sustainable development through its own and client operations:</p> <ul style="list-style-type: none"> <li>environmental and social risk management;</li> <li>internal operations of the Bank;</li> <li>products and services;</li> <li>partnership;</li> <li>education and involvement.</li> </ul> <p>The Bank cares about the environment and pays attention to the impact of its operations on the environment. Preference is given to businesses using energy-efficient technologies that reduce harmful environmental impacts, as well as to suppliers that pay attention to the environmental balance and measurement of relevant indicators.</p> <p>The Bank takes steps to conduct operations safely, minimize negative environmental impacts and reduce carbon emissions. The Bank expects our suppliers of services and goods to comply with our standards. The Bank seeks to do business with environmentally sound</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>2</sup>[https://bank.gov.ua/admin\\_uploads/article/Banking\\_Sector\\_Review\\_2025-02.pdf?v=12](https://bank.gov.ua/admin_uploads/article/Banking_Sector_Review_2025-02.pdf?v=12)

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|                                                                        | <p>companies. Financing or participating in any operations or projects that pose a risk of significant and long-term negative environmental impacts is not in line with the Bank's business conduct.</p> <p>When making every decisions regarding operations or projects – especially regarding financing – the employees of the Bank must consider the potential negative impact on the environment and the associated potential risk of damage to the Bank's reputation.</p> <p>The Bank has been publishing its own regular environmental impact reports since 2020.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Disclosure of information on social aspects and human resources policy | <p>Thes main non-financial asset of the Bank is human resources (Bank staff) and their intellectual capital.</p> <p>The purpose of the Bank's personnel management policy is to ensure an optimal balance of the processes of renewal and preservation of the headcount and qualitative composition of the personnel in accordance with the needs of the Bank to achieve financial targets and in compliance with the requirements of current legislation taking into account the condition of the labor market.</p> <p>The Bank recruits and evaluates personnel based on the principle of equality. All employees are provided with equal opportunities throughout their career at the Bank.</p> <p>The Bank adheres to the highest ethical standards in every policy, procedure and agreement. Social responsibility and tolerance apply to colleagues and business relationships with customers. In the daily operations, responsibility can be observed in the following areas:</p> <ol style="list-style-type: none"> <li>1) The Bank carries out responsible lending operations.</li> <li>2) The Bank applies an approach that creates a “win-win” effect for all parties involved. The Bank does not enter into an agreement if one of the parties does not benefit from the arrangement.</li> <li>3) The Bank does not seek to maximize profits at any cost.</li> <li>4) The Bank does not finance: operations related to harmful or exploitative forms of forced labor; production or trade in any product or activity recognized as illegal under laws, regulations; hazardous industries; gambling, casinos.</li> </ol> |
| Disclosure of information regarding combatting corruption              | <p>The Bank has adopted the principle of zero tolerance for corruption and bribery, taking a clear position of rejecting all forms of corruption and providing full support in the combatting corruption.</p> <p>A Bank employee may not give or accept gifts (money or other valuables, services, etc.) for their own incentive, to act in the interests of the person giving the gifts or in the interests of third parties, or in circumstances where third parties may view such an act as an opportunity to influence a particular business decision or when such an act may be considered a bribe. Bank employees and the Bank as a whole, when carrying out their operations, must avoid situations where there may even a suspicion may arise that the Bank or its employees are influencing or attempting to influence government authorities.</p> <p>A Bank employee may not use his/her office to promote (provide an advantage in cooperation) the interests of individual partners of the Bank (insurance companies, notaries, property appraisers, etc.), including for the purpose of obtaining additional benefits from the partner.</p> <p>Bribery or corrupt practices by staff, suppliers or others with whom the Bank does business or who act on its behalf are unacceptable. The Bank will not enter into any transaction if it has reason to believe that it involves bribery or corrupt practices.</p>                                                                                                                                                                                                      |
| Employment disclosures                                                 | <p>The Bank adheres to competitive remuneration conditions that support the business strategy, values and long-term goals, and includes measures to avoid conflicts of interest.</p> <p>Fair and equitable hiring practices not only ensure that the Bank complies with applicable labor laws, but also contribute to a culture of respect. The Bank strives to be a company where the best people want to work, where people are hired and promoted on merit (based on performance and professional experience), where opportunities for development are available, and where a reasonable work-life balance can be achieved.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Disclosure of information regarding respect for human rights           | <p>The Bank pays great attention to respect for human rights, which is an important component of corporate social responsibility. We actively support the principles of equality and non-discrimination in all aspects of our operations, ensuring fair working conditions for our employees and creating a favorable environment for customers, regardless of their origin, gender, age or other characteristics. Our internal policies and procedures are aimed at protecting human rights within the framework of banking operations, including transparency of financial services and ethical practices in business.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Disclosure of information about the use of financial instruments if it had a significant effect on the measurement of assets, liabilities, financial position and income or expenses |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <p><i>Financial risk management objectives and policies, including policies for hedging each major type of prospective hedged transaction</i></p>                                    | <p>The operations of the Bank entail the existence of a wide range of risks in various areas: financial instruments, business processes, types of operations, etc. Risk management and their minimization are priorities in the operations of the Bank. The main approach to minimizing banking risks is to determine their qualitative and quantitative parameters and develop risk management methods.</p> <p>The operations of the Bank are based on the following basic principles of organizing and operating the risk management system:</p> <ol style="list-style-type: none"> <li>1) The principle of efficiency is to ensure an objective assessment of the risk exposure and the completeness of risk management measures with optimal use of financial resources, personnel and information systems for managing the risks faced by the Bank;</li> <li>2) The principle of timeliness - ensuring timely (at an early stage) identification, measurement, monitoring, control, reporting and mitigation of all types of risks at all organizational levels;</li> <li>3) The principle of structuring envisages clear distribution of functions, responsibilities and authorities for risk management among all structural divisions and employees of the Bank, and their responsibilities in accordance with such distribution;</li> <li>4) The principle of segregation of duties (separation of the control function from the implementation of the operations of the Bank) allows to avoid a situation in which the same person carries out the operations of the Bank and performs control functions;</li> <li>5) The principle of comprehensiveness and complexity – covering all types of the operations of the Bank at all organizational levels and in all its structural divisions, assessing the mutual impact of risks;</li> <li>6) The principle of proportionality – the compliance of the risk management system with the business model of the Bank, its systemic importance, as well as the level of complexity of the operations carried out by the Bank;</li> <li>7) The principle of independence is freedom from circumstances that pose a threat to the impartial performance of their functions by the Chief Risk Manager, Chief Compliance Manager, risk management units and the Compliance Service;</li> <li>8) The principle of confidentiality is the restriction of access to information that must be protected from unauthorized access;</li> <li>9) The principle of transparency – the Bank's disclosure of information regarding its risk management system and risk profile;</li> <li>10) The principle of compliance with legal requirements and best practices is the organization of risk management processes in accordance with regulatory requirements and best market practices.</li> </ol> <p>Given the current business model, the Bank considers the following types of risks as significant risks in order of their relative magnitude:</p> <ul style="list-style-type: none"> <li>• credit risk;</li> <li>• operational risk,</li> <li>• liquidity risk;</li> <li>• interest rate risk;</li> <li>• market risks;</li> <li>• compliance risk.</li> </ul> <p>The Bank identifies the following types of additional risks that are subject to general qualitative control and for which the Bank plans to develop management and control tools in the future:</p> <ul style="list-style-type: none"> <li>• model risk;</li> <li>• strategic risk,</li> <li>• reputational risk.</li> </ul> <p>The main objectives of risk management are as follows:</p> <ul style="list-style-type: none"> <li>• ensuring the implementation of the business objectives that allow increasing the value of the Bank by determining the level of risk tolerance;</li> <li>• delimitation of functions and responsibilities of the Supervisory Board, Management Board, specialized committees and divisions of the Bank in the risk management process;</li> <li>• establishing a unified methodology for identifying and assessing risks when conducting active operations by the Bank;</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>• establishing an effective system to support management decision-making, taking into account the level of risks to which the Bank is exposed;</li> <li>• ensuring that banking transactions are conducted in accordance with established policies, procedures and regulations;</li> <li>• ensuring the viability of the Bank in crisis situations (in the event of a systemic crisis or a crisis close to a systemic crisis);</li> <li>• optimization of expected profits and expenses and reduction of unexpected losses;</li> <li>• optimization of the risk control process in all organizational units;</li> <li>• ensuring timely optimization of risks and taking measures to optimize them;</li> <li>• resolving conflicts of interest arising in the process of risk management operations and creating provisions to cover possible losses.</li> </ul> <p>The purposes of managing certain types of risks of the Bank are as follows:</p> <ul style="list-style-type: none"> <li>• in the area of credit risk – limiting losses on the loan portfolio and minimizing the risk of debt arising with loss of value, while maintaining the expected level of profitability and the size of the loan portfolio;</li> <li>• in the area of operational risk – increasing the security of the operations of the Bank by improving effective mechanisms for identifying, assessing and measuring, limiting, monitoring and reporting on operational risk, adapted to the profile and scale of activity;</li> <li>• in the area of liquidity risk – timely fulfillment of current and future (in particular, potential) obligations, taking into account the nature of current operations and needs that may arise as a result of changes in the market environment by forming the structure of the balance sheet and off-balance sheet liabilities in a way that provides the necessary amount of resources;</li> <li>• in the area of interest rate risk in the banking book – limiting possible losses due to changes in market interest rates to an acceptable level by forming an appropriate structure of balance sheet and off-balance sheet items;</li> <li>• in the area of market risk – limiting possible losses due to changes in the market value of financial instruments to an acceptable level by optimizing the set of instruments vulnerable to changes in these market parameters, including limiting possible losses due to changes in currency rates to an acceptable level by forming the currency structure of balance sheet and off-balance sheet positions;</li> <li>• in the area of compliance risk – ensuring the Bank's compliance with legislation, accepted standards of conduct and the functioning of the Bank as an institution that is trustworthy, honest, and diligent, by eliminating compliance risk, counteracting the likelihood of the Bank losing its reputation or image as a reliable institution, and counteracting the risk of incurring financial losses or imposing sanctions that may result from violating established requirements and principles of conduct;</li> <li>• in the area of business risk – keeping at an acceptable level the negative financial consequences resulting from adverse changes occurring in the business environment, making wrong decisions, incorrect implementation of decisions made, or failure to take appropriate actions that should be a response to changes occurring in the business environment;</li> <li>• in the area of macroeconomic change risk – identification of macroeconomic factors that have a significant impact on the operations of the Bank and taking actions to limit the adverse impact of potential changes in the macroeconomic situation on the Bank's financial condition;</li> <li>• in the area of model risk – limiting the risk of negative financial consequences or reputational damage resulting from making erroneous business decisions based on operating models;</li> <li>• in the area of reputational risk – protecting the Bank's image and limiting the likelihood of reputational damage.</li> </ul> <p>The complete process of managing significant risks consists of the following elements:</p> <ul style="list-style-type: none"> <li>• risk identification;</li> <li>• risk measurement;</li> <li>• risk control (management actions, including limits, insurance, rejection, acceptance, etc.);</li> </ul> |
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|                                        | <ul style="list-style-type: none"> <li>• risk monitoring.</li> </ul> <p>The process of managing additional risks is simplified in relation to the mandatory standards for significant risks and focuses on the implementation of such organizational and methodological solutions that contribute to limiting these types of risks and allow for general control of the magnitude and trends of the appearance of these risks in operations.</p> <p>The Bank responds to identified banking risks as follows:</p> <ul style="list-style-type: none"> <li>• risk acceptance –determining an acceptable level of exposure and developing emergency action plans in case the specified level is exceeded;</li> <li>• risk reduction – mitigating the impact of risk factors or the consequences of its materialization (for example, by diversifying risk exposure, setting limits, using collateral);</li> <li>• risk transfer – transfer of responsibility for covering possible losses (for example, by transferring the risk to another entity using legal instruments such as insurance contracts, storage contracts or contracts for the protection of the object, acceptance of guarantees);</li> <li>• Risk avoidance – refusal of operations that generate risk or elimination of the probability of a risk factor occurring, in particular, by establishing zero tolerance for risk.</li> </ul> <p>The Bank uses the following banking risk management tools:</p> <ul style="list-style-type: none"> <li>• risk tolerance limits;</li> <li>• other limits and thresholds;</li> <li>• financial, quality, and performance goals used in the motivation system;</li> <li>• security, insurance and guarantees;</li> <li>• emergency plans;</li> <li>• system of control mechanisms.</li> </ul> <p>Depending on the scale, specifics and materiality of this type of risk and the degree of detail of the indicator, limits and threshold values are set at the level of:</p> <ul style="list-style-type: none"> <li>• the Supervisory Board;</li> <li>• the Board / relevant member of the Board;</li> <li>• relevant Committee; or</li> <li>• another level of decision-making, determined by the internal regulatory documents.</li> </ul> |
| <i>Vulnerability to price risks</i>    | <p>Other price risk arises when the Bank invests in securities. Securities risk is the risk of incurring losses and not receiving income associated with an unfavorable change in the value of securities on the stock market.</p> <p>The goal of securities risk management is to identify the scope of securities risk, determine its magnitude, and take measures aimed at limiting securities risk.</p> <p>As of the end of 2023-2024, the Bank had no securities subject to price risk.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <i>Vulnerability to liquidity risk</i> | <p>The purpose of liquidity risk management is to ensure the ability of the Bank to meet its obligations to all counterparties in a timely and full manner.</p> <p>Liquidity management consists of balancing the assets and liabilities by amounts and maturities, taking into account concentrations in the balance sheet structure, as well as the market environment.</p> <p>In the process of liquidity management, the Bank adheres to the following:</p> <ul style="list-style-type: none"> <li>• compliance with risk appetite for liquidity risk by setting limits (restrictions), implementing instrument procedures and management reporting, both in relation to individual groups of transactions and at the portfolio level as a whole;</li> <li>• ensuring that the Bank has sufficient funds to cover operational and planned liquidity needs;</li> <li>• compliance with the NBU's requirements regarding liquidity standards, mandatory reserving of attracted funds on a correspondent account, etc.;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|                                        | <ul style="list-style-type: none"> <li>ensuring the ability of the Bank to cover the outflow of cash under a crisis scenario (in the event of a crisis related to the Bank itself, a systemic crisis or a liquidity crisis close to a systemic crisis) for a certain period determined by the risk appetite;</li> <li>optimal, in terms of the Bank's consolidated financial result, distribution of liquidity limits across time intervals and currencies;</li> <li>concentration of liquidity risk, and therefore centralized management of this risk;</li> <li>delimitation of functions and responsibilities of management bodies, specialized committees and divisions of the Bank in the process of liquidity risk management;</li> <li>ensuring that banking transactions are carried out in strict accordance with established limits, procedures and regulations.</li> </ul> <p>In the process of liquidity management, the Bank is guided by the following basic principles:</p> <ul style="list-style-type: none"> <li>liquidity management is carried out daily and continuously;</li> <li>when making decisions, the Bank resolves the conflict between liquidity and profitability in favor of liquidity;</li> <li>every transaction that affects liquidity must take liquidity risk into account. When placing assets in various financial instruments, the Bank takes into account the urgency of the source of resources and its volume.</li> </ul> <p>The Bank establishes the following quantitative indicators of risk appetite for liquidity risk:</p> <ul style="list-style-type: none"> <li>maximum negative cumulative GAP between the maturities of assets and liabilities in total for all currencies as a percentage of the size of assets;</li> <li>average 30-day volume of due to individuals as a percentage of the Bank's total liabilities;</li> <li>maximum volume of the 20 largest depositors as a percentage of the Bank's total deposit portfolio (term deposits);</li> <li>minimum average LCR in all currencies;</li> <li>minimum average LCR in foreign currency;</li> <li>minimum net stable funding ratio (NSFR).</li> </ul> |
| <i>Vulnerability to cash flow risk</i> | <p>Interest rate risk of the banking book is the risk of financial losses due to adverse changes in interest rates on the Bank's assets, liabilities and off-balance sheet instruments. There is usually no full match between the maturity of the loan portfolio and the deposit portfolio and other sources of funding. Nevertheless, the Bank actively manages the risk and keeps it within strict limits.</p> <p>Interest rate risk management is carried out for all assets and liabilities of the Bank, as well as off-balance sheet accounts that are associated with the occurrence of interest rate risk.</p> <p>The Bank determines the following quantitative indicators of risk appetite for interest rate risk in the banking book:</p> <ul style="list-style-type: none"> <li>maximum drop in the Bank's net interest income over the next 12 months;</li> <li>the maximum drop in the economic value of the Bank's capital as a percentage of regulatory capital.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <i>Vulnerability to currency risk</i>  | <p>The Bank is exposed to currency risk due to open positions in different currencies and bank metals. These positions are calculated as the difference between assets and liabilities in the same currency at the reporting date. The Bank assesses, monitors and sets limits for long and short open currency positions using the Ukrainian hryvnia as the base currency.</p> <p>The Bank takes a conservative approach to currency risk, limiting it by setting conservative limits on total open currency positions.</p> <p>The Bank determines the following quantitative indicators of risk appetite for currency risk:</p> <ul style="list-style-type: none"> <li>maximum possible expected losses from the revaluation of currency positions as a percentage of regulatory capital;</li> <li>maximum total long currency position as a percentage of regulatory capital;</li> <li>maximum total short currency position as a percentage of regulatory capital;</li> </ul> <p>As of 31 December 2024, the Bank adheres to the open currency position limits set by the National Bank - the long position limit is 0.39% of regulatory capital, the short position limit is 0.54% (prescribed ratio - no more than 5%).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <i>Vulnerability to credit risk</i>    | <p>Credit risk is the actual or potential risk to revenues and capital that arises from the inability of a party that has assumed obligations to fulfill the terms of any financial agreement with the Bank or otherwise to fulfill its obligations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

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|  | <p>The Bank consciously accepts credit risk through its lending operations (which are the basis of its business model). Credit risk is carefully managed within a defined limit system that is strictly controlled. Since credit risk is the most important risk for the Bank, there is a comprehensive set of policies and other internal regulatory documents that regulate the full lending cycle in detail.</p> <p>Credit risks are divided into:</p> <ul style="list-style-type: none"> <li>• risk of a single borrower or transaction (individual);</li> <li>• portfolio risk.</li> </ul> <p>The source of individual credit risk is a specific counterparty of the Bank - a borrower, debtor, issuer of securities. That is, there is a risk that the borrower will not fulfill its obligations to the Bank as a lender in terms of paying the principal amount of the debt and interest established by the terms of the agreement, and at the same time the Bank will not be able to use the loan collateral in a timely and full manner to cover possible losses.</p> <p>The main areas of individual credit risk assessment include the assessment of:</p> <ul style="list-style-type: none"> <li>• the creditworthiness (financial condition) of an individual counterparty, i.e. its individual ability to pay its obligations on time and in full;</li> <li>• credit project (profitability, payback, terms, financial and material sources of its implementation);</li> <li>• the borrower's business conditions (business risk);</li> <li>• loan collateral (collateral quality, price, liquidity, use, insurance).</li> </ul> <p>Portfolio credit risk is manifested in a decrease in the value of the Bank's assets (other than due to a change in the market interest rate). The source of portfolio credit risk is the aggregate debt to the Bank under transactions that are inherently subject to credit risk, i.e., the loan portfolio, securities portfolio, receivables portfolio, etc.</p> <p>Portfolio credit risk assessment involves: analysis of the balance sheet structure, structure of working assets (by items, currencies and determination of the degree of their impact on the operations of the Bank) and assessment of the concentration and diversification of loans and other credit instruments.</p> <p>The main principle by which the Bank's loan portfolio is formed is the principle of maximum diversification of the loan portfolio between individual borrowers and by types of economic activity (sectors of the economy).</p> <p>The Bank's main credit risk management methods are:</p> <ul style="list-style-type: none"> <li>• assessment of the financial condition of borrowers and counterparty banks, further monitoring of their financial condition;</li> <li>• provisioning;</li> <li>• limits setting;</li> <li>• diversification of the loan portfolio;</li> <li>• control over loans issued previously;</li> <li>• collateral;</li> <li>• segregation of powers of employees;</li> <li>• establishing the limit values of mandatory ratios in accordance with current legislation and the Bank's internal regulations.</li> </ul> <p>The Bank establishes the following quantitative indicators of risk appetite for credit risk:</p> <ul style="list-style-type: none"> <li>• maximum amount of debt to one debtor / group of debtors as a percentage of the Bank's regulatory capital;</li> <li>• maximum amount of significant loans as a percentage of the Bank's regulatory capital;</li> <li>• maximum amount of total debt from related parties of the Bank as a percentage of regulatory capital;</li> <li>• maximum amount of debt for one debtor / group of debtors as a percentage of the total volume of the Bank's loan portfolio;</li> <li>• maximum growth in the volume of the loan portfolio as a percentage of its value at the beginning of the year;</li> <li>• maximum concentration of the loan portfolio in one sector of the economy as a percentage of the total volume of the business loan portfolio: <ul style="list-style-type: none"> <li>○ agriculture</li> </ul> </li> </ul> |
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|                                                                    | <ul style="list-style-type: none"> <li>○ trade</li> <li>○ manufacturing (except agriculture)</li> <li>○ services</li> </ul> <ul style="list-style-type: none"> <li>• maximum amount of unsecured loans in the portfolio of business clients (legal entities and individual entrepreneurs);</li> <li>• maximum amount of unsecured loans in the portfolio of individuals;</li> <li>• maximum total volume of the portfolio of credit lines and overdrafts as a percentage of the Bank's total credit portfolio;</li> <li>• maximum volume of loans overdue for more than 90 days as a percentage of the total loan portfolio;</li> <li>• ratio of written-off loans to the average loan portfolio over the last 12 months;</li> <li>• minimum coverage by provisions of loans overdue for more than 90 days in percentage (LLP/PAR90).</li> </ul> <p>As of 31.12.2024, the Bank complies with all regulatory requirements of the NBU: the value of the maximum credit risk standard per counterparty (N7) is 14.92% of regulatory capital (statutory ratio - no more than 25%), the large credit risk standard (N8) - 87.88% (statutory ratio - no more than 800%), the maximum credit risk on transactions with persons related to the bank (N9) - 1.53% (statutory ratio - no more than 25 %).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <i>Vulnerability to market risk</i>                                | Taking into account the specifics of its own business model, the Bank defines a zero risk appetite for risks inherent in trading book instruments, namely default risk, trading book interest rate risk, credit spread risk, volatility risk, equity risk and commodity risk.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Vulnerability to other risks</i>                                | <p>Operational risk.</p> <p>In the course of its operations, the Bank is exposed to operational risk. The key factor for mitigating operational risk is the construction and improvement of an effective internal control system and well-trained personnel. Mitigation of operational risks is supported by special tools for its maximum reduction, namely by building a three-level internal control system, process automation, information security risk management and ICT risks, as well as maintaining an up-to-date Business Continuity Plan and other emergency plans. The main components of operational risk, which are subject to regulation in the Bank, are the commission of unauthorized transactions, errors in the work of personnel, violations and failures in the operation of computer networks and equipment.</p> <p>In order to detect and identify operational risk, as well as assess possible losses (losses), the Bank continuously identifies and collects data on internal and external factors of operational risk. Based on the information received, an analytical database is formed on incurred operational losses, which reflects information on the types and amounts of operational losses in terms of the Bank's areas of activity, individual banking transactions and other transactions, the circumstances of their occurrence and detection. The Bank's risk division analyzes and assesses operational risk.</p> <p>The Bank determines the risk appetite for operational risk through the indicator of the maximum amount of losses from operational risk events over the next 12 months.</p> <p>Compliance risk.</p> <p>An important aspect of the policy of the Bank, as well as one of the pillars of its organizational culture is a strict compliance with laws and applicable regulations. Achieving business objectives must at all times be compatible with compliance with legislation and the application of best practices.</p> <p>The Bank establishes a strong governance structure, policies, procedures, systems and effective audit system to avoid any risk regarding supervision and management of prudential standards and laws affecting the Bank.</p> |
| Disclosure of information regarding research and innovation        | The Bank conducts marketing research on the banking market in order to identify promising areas for promoting its products and services. The data from this research is used to develop and improve the Bank's product line.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Disclosure of information regarding acquisition of treasury shares | During the reporting period, the Bank did not purchase its own ordinary registered shares for its own account.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| Disclosure of information on relationships with shareholders/participants and related parties, the impact of these relationships on the operations and their management | Relations between shareholders and the Bank are carried out within the framework provided for by the Charter and the Law of Ukraine “On Joint Stock Companies”. Shareholders' influence on the results of the operations of the Bank and their management is carried out through decisions made by the General Meeting of Shareholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Disclosure of information about financial investments                                                                                                                   | The Bank's financial investments include purchased domestic government bonds and certificates of deposit of the National Bank of Ukraine. The amount of investments in the Bank's securities minus reserves as of 31 December 2024 is UAH 3,614,378 thousand (as of 31 December 2023 – UAH 1,488,648 thousand).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Disclosure of information about likely future development prospects, including information about mergers or acquisitions                                                | The Bank's strategy was approved by the decision of the Supervisory Board of JSC JSCB “Lviv” dated November 23, 2021 for the period 2022-2026. After the end of martial law, the Bank will update its business strategy and business model, taking into account current macroeconomic forecasts and an assessment of the consequences of military aggression.<br><br>The Bank does not plan to carry out mergers or acquisitions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Disclosure of other material information                                                                                                                                | There is no other information that may be material to the assessment of the financial condition and performance of the Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Disclosure of information on corporate governance</b>                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Disclosure of information about the corporate governance code                                                                                                           | To ensure the long-term stability of the Bank, achieve the best results of its operations, gain the ability to instill confidence in the Bank's partners and clients as regards the Bank's economic capacity, avoid conflicts of interest, promote the protection of the interests of the Bank's shareholders, maintain the trust of depositors, creditors and the public, a new edition of the Principles (Code) of Corporate Governance of the Bank was approved by the decision of the General Meeting of Shareholders dated 8 December 2022. The document is posted on the Bank's website at <a href="https://www.banklviv.com/wp-content/uploads/2022/12/Pryntsyvy-Kodeks-korporatyvnoho-upravlinnia-AT-AKB-Lviv-1.pdf">https://www.banklviv.com/wp-content/uploads/2022/12/Pryntsyvy-Kodeks-korporatyvnoho-upravlinnia-AT-AKB-Lviv-1.pdf</a><br><br>During 2024, the Bank adhered to the Corporate Governance Code, did not breach its provisions, and did not make decisions not in compliance with any of the provisions of the Corporate Governance Code.<br><br>There are no corporate governance practices applied beyond the requirements specified by law.                                                                                                                                                    |
| <b>Disclosure of information about the main internal control, audit and risk management systems, including those related to the financial reporting process</b>         | The Bank creates a comprehensive, effective and adequate internal control system in compliance with the following principles:<br>1) comprehensiveness - internal control procedures (hereinafter referred to as control procedures) are embedded in all significant business processes in all divisions of the Bank at all organizational levels. The Bank must ensure the implementation of internal control also in relation to the operations of the Bank that are outsourced to other persons on a contractual basis;<br>2) Effectiveness - procedures and control measures are effective and ensure the Bank achieves its defined business objectives and provides reasonable assurance that: <ul style="list-style-type: none"> <li>the operations carried out by the Bank are efficient and effective;</li> <li>operations are displayed correctly;</li> <li>financial, statistical, management, tax and other reporting is reliable;</li> <li>the Bank's risk management system is comprehensive, effective, adequate, and provides identification, measurement (assessment), monitoring, reporting, control and mitigation of all material risks of the Bank and complies with the requirements of the “Risk Management Strategy of JSC JSCB “Lviv”” and the Bank's Material Risk Management Policies;</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>• the Bank complies with the requirements of the legislation, regulatory legal acts and administrative acts of the National Bank, internal documents of the Bank;</li> <li>• the Bank has implemented each of the five components of the internal control system in its operations and ensures their implementation in an integrated manner, i.e. the results of the implementation of each component are used in the implementation of other components of the internal control system;</li> <li>• the Bank employees have the necessary information about the components of the internal control system control and ensure the implementation of these components within the scope of competence and authority defined in their job descriptions;</li> <li>• the Bank ensures the identification and assessment of deficiencies in the internal control system and takes timely, adequate and sufficient corrective measures to address such deficiencies;</li> </ul> <p>3) adequacy - the internal control system corresponds to the specifics of the operations of the Bank, including size, business model, scale of operations, types, complexity of operations, risk profile of the Bank (hereinafter referred to as the specifics of the operations of the Bank);</p> <p>4) prudence - the Bank provides sufficient confidence to the Bank's executives that the Bank will achieve its business objectives, based on conservative assumptions and taking into account a certain probability of erroneous judgments or decisions by the Bank's executives and/or employees;</p> <p>5) risk-oriented - the Bank ensures the organization and functioning of the internal control system relying on a risk-oriented approach, which involves the application of more in-depth and more frequent control measures to those areas of the Bank's activity that are characterized by higher risks;</p> <p>6) integration - control procedures are an integral part of all significant processes of the operations of the Bank and corporate governance;</p> <p>7) timeliness - the ability of the internal control system to ensure the identification of potential threats of negative impact on the operations of the Bank before such threats actually arise;</p> <p>8) independence - avoidance of circumstances that may pose a threat to the impartial performance of their functions by the subjects of the internal control system;</p> <p>9) proper distribution of duties and authorities - ensuring the distribution of duties and responsibilities of the personnel while simultaneously fulfilling at least the following conditions:</p> <ul style="list-style-type: none"> <li>• employees of the divisions of the Bank that perform internal control functions do not perform any operational tasks that fall within the scope of their control;</li> <li>• the managers responsible for implementing internal control are independent of those responsible for managing the operations subject to such control;</li> <li>• remuneration of the employees of the divisions performing internal control functions is not related to the performance indicators of the business divisions controlled by these employees;</li> </ul> <p>10) continuity - the implementation of internal control operations allows for timely prevention, detection and elimination of deficiencies in the internal control system on an ongoing basis;</p> <p>11) confidentiality - preventing the disclosure of information to persons who are not authorized to receive it.</p> <p>The internal control system of the Bank:</p> <p>1) consists of the following components:</p> <ul style="list-style-type: none"> <li>• control environment;</li> <li>• management of risks inherent in the operations of the Bank;</li> <li>• control operations in the Bank;</li> <li>• control over the Bank's information flows and communications;</li> <li>• monitoring the effectiveness of the internal control system;</li> </ul> <p>2) ensures the achievement of operational, informational, and compliance objectives of the operations of the Bank;</p> |
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|  | <p>3) is implemented at each organizational level of the Bank.</p> <p>The internal control system should ensure the achievement of the following objectives:</p> <ol style="list-style-type: none"> <li>1) operational objectives - ensuring that control procedures are focused on the effectiveness of the asset management operations in order for the Bank to achieve profitability of its operations, avoiding or limiting losses due to the impact of negative internal and external factors, implementing a systematic process of identifying, measuring, monitoring, controlling, reporting and mitigating all types of risks at all organizational levels of the Bank;</li> <li>2) informational goals - ensuring the integrity, completeness and reliability of financial and management information used to make management decisions; creating information systems both vertically and horizontally within the Bank's organizational structure. Such information includes external and internal financial reporting on financial and non-financial issues;</li> <li>3) compliance objectives - ensuring the organization of the operations of the Bank in compliance with the requirements of the legislation, regulatory and administrative acts of the National Bank, internal bank documents, and standards of professional associations applicable to the Bank.</li> </ol> <p>The Supervisory Board and the Management Board of the Bank ensure the creation and functioning of the control environment as a component of the internal control system in the Bank.</p> <p>The Bank implements an internal control system, an integral part of which is the Bank's risk management system.</p> <p>The Bank has established a risk management system that should ensure continuous risk analysis in order to make timely and adequate management decisions to mitigate risks and reduce related losses (damages) and is based on the distribution of responsibilities between the Bank's divisions using the three lines of defense model:</p> <ol style="list-style-type: none"> <li>1) the first line of defense – at the level of the Bank's business units and support units. These units initiate, execute or reflect transactions, assume risks in the course of their operations and are responsible for the ongoing management of these risks, and implement control measures;</li> <li>2) the second line of defense – at the level of the Risk Management Vertical, Compliance Service;</li> <li>3) The third line of defense is at the level of the Internal Audit Service, which carries out an independent assessment of the effectiveness of the first and second lines of defense and an overall assessment of the effectiveness of the internal control system, taking into account the NBU requirements for organizing internal audit in Ukrainian banks.</li> </ol> <p>The Bank assesses risks that arise/may arise due to the influence of internal and external factors.</p> <p>External factors affecting the risks faced by the Bank include:</p> <ul style="list-style-type: none"> <li>• economic - changes in the macro- and microeconomic environment in which the Bank operates;</li> <li>• regulatory - changes in legislative rules, regulatory and administrative acts of the National Bank;</li> <li>• business - changes in market practices for attracting customers, affecting the list of products and services of the Bank, pricing for the Bank's products and services, and mechanisms of communication with its customers;</li> <li>• technological - changes in technologies (technological solutions) used in the operations of the Bank;</li> <li>• physical - force majeure circumstances that may lead to temporary suspension of the operations of the Bank.</li> </ul> <p>Internal factors affecting the Bank's risks include:</p> <ul style="list-style-type: none"> <li>• operational - decisions on the use of the Bank's resources that may affect its operations and/or other actions regarding the use of the infrastructure of the Bank ;</li> <li>• management - changes in the organizational structure, distribution of powers in the Bank, which may affect the implementation of procedures and control measures;</li> <li>• personnel - the availability, level of competence and motivation of the employees of the Bank who carry out internal control in the Bank;</li> <li>• security - the level of organization of the physical and/or information security system in the Bank;</li> </ul> |
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|                                                                                                                                                                            | <ul style="list-style-type: none"> <li>• technological - the possibility of failures in the operation of the Bank's information systems, which may negatively affect its operations.</li> </ul> <p>The Bank assesses the materiality of the risk, taking into account the following criteria:</p> <ul style="list-style-type: none"> <li>• the probability of risk occurrence and the extent of its impact on the operations of the Bank;</li> <li>• the speed of possible impact of external and internal factors on the relevant risks of the Bank;</li> <li>• the duration of the possible impact of external and internal factors on the relevant risks of the Bank.</li> </ul> <p>The Bank manages risks by:</p> <ul style="list-style-type: none"> <li>• risk acceptance, i.e. determining an acceptable level of risk and developing emergency action plans in case the specified level is exceeded;</li> <li>• risk reduction - mitigating the impact of risk factors or the consequences of its materialization (for example, by diversifying risk exposure, setting limits, foreclosure on collateral);</li> <li>• risk transfer - the transfer of responsibility for covering possible losses (for example, by transferring the risk to another entity using legal instruments such as insurance contracts, storage contracts or contracts for the protection of the object, acceptance of guarantees);</li> <li>• risk avoidance - refusal of operations that generate risk or elimination of the probability of a risk factor occurring, in particular, by establishing zero tolerance for risk.</li> </ul> |
| <b>Disclosure of information about the rights of shareholders/participants and methods of their exercise, which apply in addition to the requirements specified by law</b> | <p>Each ordinary share of the Bank grants the shareholder the same set of rights, including the right to:</p> <ul style="list-style-type: none"> <li>• participate in the management of the Bank;</li> <li>• receive dividends;</li> <li>• receive, in the event of liquidation of the Bank, part of its property or the value of part of the Bank's property;</li> <li>• obtain information about the operations of the Bank, with the exception of information constituting banking secret; and</li> <li>• other rights provided for by the applicable law.</li> </ul> <p>One ordinary share of the Bank entitles the shareholder to one vote to resolve each issue of the agenda of the General Meeting of Shareholders, except in cases of cumulative voting.</p> <p>There are no rights of shareholders/participants and methods of their implementation that apply beyond the requirements specified by law.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Disclosure of information about the supreme governance body</b>                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Name and composition of the supreme governance body                                                                                                                        | The supreme governing body of the Bank is the Meeting of Shareholders of the Bank. Persons included in the list of shareholders entitled to participation in the management of the Bank, or their representatives, may attend the Meeting of Shareholders of the Bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Powers of the supreme governance body                                                                                                                                      | <p>The exclusive competence of the Meeting of Shareholders of the Bank includes:</p> <ol style="list-style-type: none"> <li>1) determining the main areas of activity of the Bank;</li> <li>2) approval of the principles (code) of corporate governance of the Bank;</li> <li>3) adoption of decisions on amendments to the Charter of the Bank;</li> <li>4) making a decision to change the type of joint-stock company;</li> <li>5) making a decision to change the management structure of the Bank;</li> <li>6) making a decision on the issue of shares by the Bank, except for cases provided for by the legislation of Ukraine;</li> <li>7) making a decision to cancel shares repurchased or otherwise acquired by the Bank;</li> <li>8) decision on the sale by the Bank of its treasury shares that have been purchased from shareholders or acquired in another way;</li> <li>9) making a decision on the issue of securities that can be converted into shares, as well as on the issue of securities for an amount exceeding 25 percent of the total assets of the Bank;</li> <li>10) making a decision to increase the authorized capital of the Bank (except for the merger of the Bank or the change by the Bank of the organizational and legal form of the legal entity);</li> <li>11) making a decision to reduce the Bank's authorized capital;</li> </ol>                                                                                                                                                                                                                                          |

- 12) making a decision on splitting or consolidating shares;
- 13) approval of the regulations on the Meeting of Shareholders of the Bank, the Supervisory Board of the Bank;
- 14) approval of the regulation on the remuneration of members of the Supervisory Board of the Bank, the requirements for which are established by the National Bank of Ukraine;
- 15) approval of the report on the remuneration of members of the Supervisory Board of the Bank, the requirements for which are established by the National Bank of Ukraine;
- 16) consideration of the report of the Supervisory Board of the Bank, making a decision based on the results of consideration of such a report;
- 17) consideration of the report of the Management Board of the Bank and adoption of a decision based on the results of consideration of such a report, except in cases where the Charter of the Bank places the issue of appointment and dismissal of the Chairman and members of the Management Board of the Bank within the exclusive competence of the Supervisory Board of the Bank;
- 18) review of the conclusions of the auditor's report of the audit entity and approval of measures based on the results of the review of such a report;
- 19) appointment of an audit entity in accordance with the requirements of Article 29 of the Law of Ukraine "On Audit of Financial Statements and Audit Activities";
- 20) approval of the results of the Bank's financial and economic operations for the relevant year, distribution of profits or approval of the procedure for covering the Bank's losses;
- 21) making a decision on the redemption by the Bank of its placed shares, except for cases of mandatory redemption of shares specified by the Law of Ukraine "On Joint-Stock Companies";
- 22) making a decision preventing the Bank's shareholders from exercising their pre-emptive right to purchase additional shares;
- 23) making a decision on the payment of dividends on the Bank's common shares, approving the amount of annual dividends taking into account the requirements stipulated by the legislation of Ukraine, and on the method of their payment;
- 24) making decisions on the procedure for holding the Meeting of Shareholders of the Bank, approving the regulations of the Meeting of Shareholders of the Bank;
- 25) making decisions on the election and termination of the powers of members of the Supervisory Board of the Bank;
- 26) approval of the terms of civil law agreements, employment agreements (contracts) concluded with members of the Supervisory Board of the Bank, fixing of the amount of their remuneration, election of a person authorized to sign agreements (contracts) with members of the Supervisory Board of the Bank;
- 27) making a decision on the termination of the powers of members of the Supervisory Board of the Bank, except for cases established by the Law of Ukraine "On Joint-Stock Companies";
- 28) election of members of the counting commission, as well as adoption of a decision on termination of the powers of members of the counting commission (if the Charter of the Bank provides for the creation of a permanent counting commission of the Meeting of Shareholders of the Bank);
- 29) adoption, in cases provided for by the Law of Ukraine "On Joint-Stock Companies", of a decision to enter into a significant transaction, to provide prior consent to enter into a significant transaction, or to enter into transactions with interested parties;
- 30) making a decision on the spin-off and termination of the Bank (except for merger with another bank), on the liquidation of the Bank, election of a liquidation commission, approval of the procedure for and terms of liquidation, the procedure for distribution among the shareholders of the Bank of property remaining after satisfying the claims of creditors, approval of the liquidation balance sheet;
- 31) making a decision on the application of the Corporate Governance Code approved by the National Securities and Stock Market Commission, or the corporate governance code of an operator of an organized capital market, an association of legal entities, or another corporate governance code;
- 32) election of members of the Bank liquidation commission;

|                                                                                                                                                                                                                                                                                      | 33) resolution of other issues that the Charter of the Bank places under the exclusive competence of the General Shareholders' Meeting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |                                             |                                                                                                                              |                                                                                                                                                                                                                                                          |  |            |                                                                                    |              |                                             |                      |                                                                 |   |   |   |   |   |   |    |                                  |    |   |                                                                                                                              |                                                                                                                                                                                                                                                          |
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| Functioning of the supreme governing body                                                                                                                                                                                                                                            | <p>During 2024, the following meetings were conducted :</p> <p>Regular annual meeting of shareholders held 29.04.2024, which considered the following issues:</p> <ol style="list-style-type: none"><li>1. On the election of the counting commission at the general meeting of shareholders of the Bank.</li><li>2. On consideration of the report of the Board of Directors and adoption of a decision based on the results of its consideration.</li><li>3. On consideration of the report of the Supervisory Board and adoption of a decision based on the results of its consideration.</li><li>4. On consideration of the conclusions of the audit report of the audit entity and approval of measures based on the results of consideration of such report .</li><li>5. On approval of the results of the Bank's financial and economic operations for 2023 and the Bank's annual report.</li><li>6. On the distribution of profits (approval of the procedure for covering losses) of the Bank.</li><li>7. On approval of the report on the remuneration of the members of the Supervisory Board of the Bank.</li><li>8. On approval of the new edition of the “Regulations on the remuneration of members of the Supervisory Board of JSC JSCB “Lviv” .</li><li>9. On determining the main lines of business of the Bank for 2024.</li></ol> <p>On 03.07.2024 , an extraordinary general meeting was held at which the following issues were considered:</p> <ol style="list-style-type: none"><li>1. On the election of the counting commission at the general meeting of shareholders of the Bank.</li><li>2. On amendments and additions to the Charter of JSC JSCB "Lviv", by setting out the Charter of the Bank in a new wording, approving the new wording of the Charter of JSC JSCB "Lviv".</li><li>3. On the election of an authorized person to sign the new wording of the Charter of the Bank and perform all actions related to state registration new wording of the Charter of JSC JSCB "Lviv".</li></ol> <p>On 01.11.2024 , an extraordinary general meeting was held, at which the following issues were considered:</p> <ol style="list-style-type: none"><li>1. On the election of the counting commission at the general meeting of shareholders of the Bank.</li><li>2. On the termination of the powers of the Chairman and members of the Supervisory Board of the Bank .</li><li>3. On the election of members of the Supervisory Board of the Bank.</li><li>4. On approval of the terms of civil law agreements concluded with members of the Supervisory Board. Election of a person authorized to sign civil law agreements with members of the Supervisory Board of the Bank .</li></ol> |              |                                             |                                                                                                                              |                                                                                                                                                                                                                                                          |  |            |                                                                                    |              |                                             |                      |                                                                 |   |   |   |   |   |   |    |                                  |    |   |                                                                                                                              |                                                                                                                                                                                                                                                          |
| Disclosure of information on the list of persons who directly or indirectly own significant interests (including persons who exercise control over the reporting entity), their compliance with the requirements established by law and changes in their composition during the year | <p>The persons who directly or indirectly own significant blocks of shares of the Bank as of 31 December 2024 were as follows:</p> <table><tr><th>No. salary</th><th>Surname, first name and patronymic of an individual or full name of a legal entity</th><th>Type persons</th><th>Type substantial participation<sup>3</sup></th><th>Personal information</th><th>Description of the relationship between the person and the bank</th></tr><tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6</th></tr><tr><td>1.</td><td>responsAbility Participations AG</td><td>LE</td><td>P</td><td>Switzerland, 8005, Zurich, Josefstrasse 59, (Switzerland, 8005, Zurich, Josefstrasse 59).<br/>Registration number - 338680458</td><td>A shareholder of the bank, who owns 48.557189% of the bank's shares (decision of the Committee on Supervision and Regulation of Banking Activities, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 169 dated 06/23/2018)</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              |                                             |                                                                                                                              |                                                                                                                                                                                                                                                          |  | No. salary | Surname, first name and patronymic of an individual or full name of a legal entity | Type persons | Type substantial participation <sup>3</sup> | Personal information | Description of the relationship between the person and the bank | 1 | 2 | 3 | 4 | 5 | 6 | 1. | responsAbility Participations AG | LE | P | Switzerland, 8005, Zurich, Josefstrasse 59, (Switzerland, 8005, Zurich, Josefstrasse 59).<br>Registration number - 338680458 | A shareholder of the bank, who owns 48.557189% of the bank's shares (decision of the Committee on Supervision and Regulation of Banking Activities, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 169 dated 06/23/2018) |
| No. salary                                                                                                                                                                                                                                                                           | Surname, first name and patronymic of an individual or full name of a legal entity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Type persons | Type substantial participation <sup>3</sup> | Personal information                                                                                                         | Description of the relationship between the person and the bank                                                                                                                                                                                          |  |            |                                                                                    |              |                                             |                      |                                                                 |   |   |   |   |   |   |    |                                  |    |   |                                                                                                                              |                                                                                                                                                                                                                                                          |
| 1                                                                                                                                                                                                                                                                                    | 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 3            | 4                                           | 5                                                                                                                            | 6                                                                                                                                                                                                                                                        |  |            |                                                                                    |              |                                             |                      |                                                                 |   |   |   |   |   |   |    |                                  |    |   |                                                                                                                              |                                                                                                                                                                                                                                                          |
| 1.                                                                                                                                                                                                                                                                                   | responsAbility Participations AG                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | LE           | P                                           | Switzerland, 8005, Zurich, Josefstrasse 59, (Switzerland, 8005, Zurich, Josefstrasse 59).<br>Registration number - 338680458 | A shareholder of the bank, who owns 48.557189% of the bank's shares (decision of the Committee on Supervision and Regulation of Banking Activities, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 169 dated 06/23/2018) |  |            |                                                                                    |              |                                             |                      |                                                                 |   |   |   |   |   |   |    |                                  |    |   |                                                                                                                              |                                                                                                                                                                                                                                                          |

<sup>3</sup> P – direct/O – indirect

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|                                                                                                                                                                                                                    | 2.                                                                                                                        | Limited Liability Company 'NEW PROGRESS HOLDINGS'                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | LE  | P  | Ukraine, 01054, Kyiv, Gogolivska St. 17. Registration number - 33694814          | A shareholder of the bank, who owns 27.985079% of the bank's shares (written permission of the National Bank of Ukraine to purchase shares in accordance with Decision No. 17/1 of 24 March 2006).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                                                                                                                    | 3.                                                                                                                        | Nordic Environment Finance Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | IFI | P  | Finland, 00171, Helsinki, Fabianinkatu 34                                        | A shareholder of the bank, who owns 13.936230% of the bank's shares (decision of the Committee on Supervision and Regulation of Banking Activities, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 111 dated 25 March 2021)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                                                                                                                                                                                                                    | 4.                                                                                                                        | (Tangent Holding International BV)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | LE  | AT | Netherlands, 1076AZ, Amsterdam, Locatellikade 1. Registration number - 852481007 | Participant of the Limited Liability Company "New Progress Holding" (shareholding 79.334169%), which owns 27.985079% of the bank's shares (decision of the Committee on Supervision and Regulation of Banking Activities, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 633 dated 30 December 2015)                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                                                                                                                    | 5.                                                                                                                        | Peturson Margeir                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Ind | AT | Citizen of Iceland. Iceland, Reykjavik)                                          | 1. Controller of: <ul style="list-style-type: none"><li>Limited Liability Company "New Progress Holding" (100%: directly 20.665831% and indirectly 79.334169%);</li><li>Limited liability company "Tangent Holding International B.V." (100%);</li><li>Limited Liability Company "Frontmost Limited" (100%);</li><li>private limited liability company "Orange International Investments (UK) Limited" (100%).</li><li>private enterprise "Business Center "Sofiyivskyi Spusk"" (100%).</li></ul> 2. The acquired indirect significant participation in the Bank by Margeir Peturson was approved on 30 December 2015 by decision of the Committee on Supervision and Regulation of Banking Activities, Supervision (Oversight) of Payment Systems of the National Bank of Ukraine No. 633. |
|                                                                                                                                                                                                                    | Changes in the composition of persons who directly or indirectly owned a significant block of shares of the Bank in 2024. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |     |    |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Disclosure of information about the supervisory body that oversees the operations of the executive body and represents the interests of the supreme governance body, and the committees that report to such a body |                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |     |    |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Name and composition of the supervisory body                                                                                                                                                                       |                                                                                                                           | To protect the rights of the Bank's shareholders, and within the scope of competence determined by the Charter and current legislation of Ukraine, to control and regulate the operations of the Management Board of the Bank, the Bank has established a Supervisory Board. In accordance with the Charter, the election of members of the Supervisory Board of the Bank, the adoption of a decision on the termination of the powers of members of the Supervisory Board of the Bank are within the exclusive competence of the Meeting of Shareholders of the Bank.<br>As of the end of the reporting period - 31 December 2024, the number of members of the Supervisory Board of the Bank was 6 persons. During 2024, the Supervisory Board of the Bank operated in the following composition: <ul style="list-style-type: none"><li>Pospelovsky Andrew - Chairman of the Supervisory Board, independent member;</li><li>Peturson Margeir – member of the Supervisory Board, representative of the Shareholder;</li><li>Richards Robert Scott - member of the Supervisory Board, representative of the Shareholder;</li><li>Pott Philipp Georg - member of the Supervisory Board, representative of the Shareholder;</li><li>Kvashnina Marina Volodymyrivna - member of the Supervisory Board, independent member;</li></ul> |     |    |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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|                                                                              | <ul style="list-style-type: none"> <li>• Nazar Ivanovich Kupibida - member of the Supervisory Board, independent member.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Procedure for appointment and dismissal of officials of the supervisory body | <p>- The procedure for the activities of the Chairman and members of the Supervisory Board of the Bank and the payment of their remuneration is determined by the rules of the legislation of Ukraine, the Charter of the Bank, the Regulation on the Supervisory Board of the Bank, the Regulation on the remuneration of members of the Supervisory Board of the Bank, other internal documents and decisions adopted by the General Meeting of Shareholders of the Bank, as well as a civil law or employment agreement (contract) concluded with a member of the Supervisory Board of the Bank.</p> <p>Such an agreement or contract shall be signed on behalf of the Bank by the Chairman of the Board of the Bank or another person authorized by the General Meeting of Shareholders of the Bank on the terms and conditions approved by the decision of the General Meeting of Shareholders of the Bank.</p> <p>In the event of concluding a civil law contract with a member of the Supervisory Board, such a contract may be paid or free of charge.</p> <p>- The Supervisory Board of the Bank consists of at least 5 (five) members, including the Chairman of the Supervisory Board of the Bank.</p> <p>- Members of the Supervisory Board of the Bank may be independent members of the Supervisory Board of the Bank, shareholders (participants) of the Bank and representatives of shareholders (participants) of the Bank.</p> <p>- The Supervisory Board of the Bank shall consist of at least one third of independent members of the Supervisory Board of the Bank.</p> <p>- The Supervisory Board of the Bank includes at least three independent members of the Supervisory Board of the Bank.</p> <p>- Members of the Supervisory Board of the Bank may not be members of the Management Board of the Bank, hold other positions in the Bank under the terms of an employment agreement (contract) or provide services to the Bank in accordance with a civil law agreement. A member of the Supervisory Board of the Bank may not be a manager, officer and/or member of the board of a bank or other governance body of another bank registered in Ukraine, except for cases provided for by the legislation of Ukraine.</p> <p>- Only an individual can be a member of the Supervisory Board of the Bank.</p> <p>- Members of the Supervisory Board of the Bank are elected by the General Meeting of Shareholders of the Bank from among the shareholders of the Bank (or their representatives) and independent members for a term of 3 years.</p> <p>- When electing members of the Supervisory Board of the Bank, along with information about each candidate (surname, first name, patronymic (name) of the shareholder, the size of the block of shares owned by him) as members of the Supervisory Board of the Bank, the cumulative voting ballot shall indicate information on whether such candidate is a shareholder/representative of a shareholder/representative of a group of shareholders (with information about this shareholder or shareholders) or whether he is an independent director.</p> <p>- The election of members of the Supervisory Board of the Bank is carried out exclusively by cumulative voting.</p> <p>- Persons elected as members of the Supervisory Board of the Bank may be re-elected for a new term an unlimited number of times.</p> <p>- The Chairman and members of the Supervisory Board of the Bank shall take office after their approval by the National Bank of Ukraine.</p> <p>- The shareholder(s), whose representative(s) is/are elected as a member of the Supervisory Board of the Bank, may limit the powers of their representative as a member of the Supervisory Board of the Bank.</p> <p>- If the number of members of the Supervisory Board of the Bank, whose powers are valid, is half or less than half of the quantitative composition elected in accordance with the requirements of the Law of Ukraine "On Joint-Stock Companies" by the General Meeting of Shareholders of the Bank, the Supervisory Board of the Bank may not make decisions, except for decisions on convening an extraordinary General Meeting of Shareholders of the Bank to elect members of the Supervisory Board of the Bank by cumulative voting - to elect the entire composition of the Supervisory Board of the Bank.</p> <p>- The Chairman of the Supervisory Board of the Bank is elected by the members of the Supervisory Board of the Bank from among them by a simple majority of votes from the quantitative composition of the Supervisory Board of the Bank. A member of the Supervisory Board of the Bank who was the Chairman of the Management Board of the Bank during the previous year cannot be elected as the Chairman of the Supervisory Board of the Bank.</p> |

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|                                     | <ul style="list-style-type: none"> <li>- By a separate decision of the Supervisory Board of the Bank, a Deputy Chairman of the Supervisory Board of the Bank may be elected from among the members of the Supervisory Board of the Bank by a simple majority of votes from the quantitative composition of the Supervisory Board of the Bank.</li> <li>- The Supervisory Board of the Bank has the right to re-elect the Chairman of the Supervisory Board of the Bank at any time.</li> <li>- The powers of a member of the Supervisory Board of the Bank may be terminated early in accordance with the current legislation of Ukraine in the following cases: <ul style="list-style-type: none"> <li>- at his personal request, provided that he notifies the Bank in writing two weeks in advance;</li> <li>- in case of inability to fulfill the duties of a member of the Supervisory Board of the Bank due to health reasons;</li> <li>- in the event entering into legal force of a court verdict or decision, by which he was sentenced to punishment;</li> <li>- in the event of death, recognition of him as incapacitated, with limited legal capacity, missing, deceased;</li> <li>- in the event that the Bank receives a written notification about the replacement of a member of the Supervisory Board of the Bank who is a representative of a shareholder.</li> </ul> </li> <li>- The General Meeting of Shareholders of the Bank may decide on the early termination of the powers of the members of the Supervisory Board of the Bank and the simultaneous election of new members of the Supervisory Board of the Bank.</li> <li>- A member of the Supervisory Board elected as a shareholder representative may be recalled or replaced by such shareholder at any time. In the event of replacement of a member of the Supervisory Board - a shareholder representative, the powers of the recalled member of the Supervisory Board shall be terminated, and the new member of the Supervisory Board shall assume powers from the moment the Bank receives a written notification from the shareholder represented by the relevant member of the Supervisory Board and after approval by the National Bank of Ukraine (if necessary). The powers of other members of the Supervisory Board shall not be terminated.</li> <li>- With the termination of the powers of a member of the Supervisory Board of the Bank, the agreement (contract) concluded with him shall be terminated simultaneously.</li> </ul> |
| Powers of the supervisory authority | <p>The competence of the Supervisory Board includes:</p> <ul style="list-style-type: none"> <li>• according to the norms of the Law of Ukraine “On Banks and Banking Activities”:</li> </ul> <ol style="list-style-type: none"> <li>1) approval and control over the implementation of the Bank's strategy, business plan, plans for the Bank's recovery, financing the Bank in crisis situations, ensuring the continuity of the operations of the Bank;</li> <li>2) ensuring the organization of effective corporate governance in accordance with the principles (code) of corporate governance approved by the general meeting of the Bank's participants;</li> <li>3) approval and control over the implementation of the Bank's budget, including funding of risk management, compliance and internal audit departments;</li> <li>4) approval and control over the implementation of the Bank's NPLs management strategy and operational plan;</li> <li>5) ensuring the functioning and monitoring the effectiveness of the Bank's comprehensive and adequate internal control system, including the risk management system and internal audit;</li> <li>6) approval and monitoring of compliance with risk management strategies and policies, risk appetite declaration, list of limits (restrictions) on the Bank's risks;</li> <li>7) approval and control of compliance with the code of conduct (ethics), policy for preventing, identifying and managing conflicts of interest in the Bank;</li> <li>8) introduction and monitoring of the functioning of the mechanism for confidential reporting of unacceptable behavior in the Bank and response to such reports;</li> <li>9) determining sources of capitalization and other financing of the Bank;</li> <li>10) determining the Bank's credit policy;</li> <li>11) approval of the Bank's organizational structure, as well as the structure of risk management, compliance, and internal audit units;</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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|  | <ul style="list-style-type: none"> <li>12) approval of internal regulations on the Management Board of the Bank, on committees of the Supervisory Board of the Bank, on structural units of the Bank for risk management, compliance control, internal audit, and on other structural units directly subordinate to the Supervisory Board of the Bank, which, in particular, must include the procedure for reporting to the Supervisory Board of the Bank;</li> <li>13) appointment and termination of the powers of the Chairman and members of the Management Board of the Bank, appointment and dismissal of the Chief Risk Manager, Chief Compliance Manager, Head of the Internal Audit Unit;</li> <li>14) monitoring the operations of the Management Board of the Bank, the Bank's risk management units, compliance control, internal audit and making recommendations for its improvement;</li> <li>15) conducting an annual assessment of the effectiveness of the Management Board of the Bank in general and each member of the Management Board of the Bank in particular, risk management, compliance control, internal audit units, assessing the compliance of the members of the Management Board of the Bank, the Chief Risk Manager, the Chief Compliance Manager, the Head of the Internal Audit Unit with the qualification requirements, assessing the compliance of the collective suitability of the Management Board of the Bank with the size of the Bank, complexity, volumes, types, nature of the operations carried out by the Bank, the organizational structure and risk profile of the Bank, taking into account the specifics of the operations of the Bank as systemically important (if such status exists) and/or the operations of the banking group to which the Bank belongs, as well as taking measures to improve the mechanisms of the Management Board of the Bank and risk management, compliance control, internal audit units based on the results of such assessment;</li> <li>16) determining the working procedures and work plans of the internal audit unit;</li> <li>17) determining an audit firm to conduct an external audit, including for conducting an annual audit of the Bank's financial statements, approving the terms of the contract concluded with the audit firm, and determination of the amount of payment for the services;</li> <li>18) consideration of the external audit report and preparation of recommendations to the Bank's Shareholders' Meeting for decision-making on the external audit report;</li> <li>19) control over the elimination of deficiencies identified by the National Bank of Ukraine and other state authorities and management bodies, which, within their competence, supervise the operations of the Bank, the internal audit unit and the audit firm based on the results of the external audit;</li> <li>20) making decisions on the creation, reorganization and liquidation of legal entities, the establishment of outlets and representative offices of the Bank in the territories of other states, approval of their charters and regulations, as well as on the Bank's participation share in legal entities, which amounts to 10 (ten) percent or more of their authorized capital;</li> <li>21) approval of the terms of employment agreements (contracts) concluded with members of the Management Board of the Bank, the head and employees of the internal audit unit, the chief risk manager, the chief compliance manager, and establishment of the amount of their remuneration;</li> <li>22) control over the timeliness of the Bank's provision (publication) of reliable information about its operations in accordance with the requirements of the legislation of Ukraine, including regulatory legal acts of the National Bank of Ukraine;</li> <li>23) approval and control over compliance with the procedure for conducting transactions with persons related to the Bank, which, in particular, must contain requirements for identifying and controlling transactions with persons related to the Bank;</li> <li>24) determining the remuneration policy at the Bank in accordance with the requirements established by the National Bank of Ukraine, as well as monitoring its implementation;</li> <li>25) conducting an annual assessment of the effectiveness of the Bank's Board in general and each member of the Supervisory Board of the Bank in particular, committees of the Supervisory Board of the Bank, assessing the compliance of the collective suitability of the Supervisory Board of the Bank with the size of the Bank, complexity, volumes, types, nature of the operations carried out by the Bank, organizational structure and risk profile of the Bank, taking into account the specifics of the operations of the Bank as systemically important (if such status exists) and/or the operations of the banking group to which the Bank belongs, as well as taking measures to improve the mechanisms of the Supervisory Board of the Bank's operations based on the results of such assessment;</li> </ul> |
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|  | <ul style="list-style-type: none"> <li>• according to the norms of the Law of Ukraine “On Joint Stock Companies”:             <ol style="list-style-type: none"> <li>1) approval of internal regulations regulating the operations of the Bank, except for those that fall within the exclusive competence of the Meeting of Shareholders of the Bank in accordance with the Law of Ukraine "On Joint Stock Companies", and those that are submitted for approval to the Management Board of the Bank by decision of the Supervisory Board of the Bank;</li> <li>2) preparation and approval of the draft agenda and the agenda of the Meeting of Shareholders of the Bank, decision-making on the date of conduct of the meetings and on the inclusion of proposals in the draft agenda, except in cases where the shareholders convene an extraordinary Meeting of Shareholders of the Bank;</li> <li>3) establishment of a temporary counting commission in the event of convening a Meeting of Shareholders of the Bank by the Supervisory Board of the Bank, unless otherwise established by the Charter of the Bank;</li> <li>4) approval of the format and text of the ballot;</li> <li>5) making a decision to hold an annual or extraordinary Meeting of Shareholders of the Bank in accordance with the Charter of the Bank and in cases established by the legislation of Ukraine;</li> <li>6) making a decision on the placement by the Bank of securities other than shares;</li> <li>7) making a decision on the redemption of securities other than shares placed by the Bank;</li> <li>8) approval of the market value of the Bank's property in cases provided for by the Law of Ukraine "On Joint-Stock Companies";</li> <li>9) election and termination of powers of the Chairman and members of the Management Board of the Bank;</li> <li>10) approval of the terms of contracts concluded with members of the Management Board of the Bank, establishment of the amount of their remuneration; determination of the person who will sign contracts (agreements) with the Chairman and members of the Management Board of the Bank on behalf of the Bank;</li> <li>11) making a decision to remove the Chairman or member of the Management Board of the Bank from exercising his powers, and to elect a person who will temporarily exercise the powers of the Chairman of the Management Board of the Bank;</li> <li>12) election and termination of powers of the Chairman and members of other bodies of the Bank;</li> <li>13) appointment and dismissal of the head of the internal audit unit (internal auditor);</li> <li>14) approval of the terms of employment contracts concluded with employees of the internal audit department (with the internal auditor) of the Bank, establishment of the amount of their remuneration, including incentive and compensation payments;</li> <li>15) monitoring the timeliness of the Bank's publication of information on the principles (Code) of corporate governance used by the Bank;</li> <li>16) consideration of the report of the Management Board of the Bank and approval of measures based on the results of its consideration;</li> <li>17) election of members of the registration commission, except for cases provided for by the Law of Ukraine “On Joint-Stock Companies”;</li> <li>18) agreeing the terms of the contract for the provision of audit services to the Bank and selecting a person authorized to sign such a contract with the audit entity;</li> <li>19) approval and provision of recommendations to the Meeting of Shareholders of the Bank based on the results of consideration of the audit report of the entity conducting auditing operations on the financial statements of the Bank for decision-making on it;</li> <li>20) determining the date of compiling the list of persons entitled to receive dividends, the procedure and terms of payment of dividends within the time limit specified by the Law of Ukraine “On Joint-Stock Companies”;</li> <li>21) determination, according to the procedure established by the Law of Ukraine “On Joint Stock Companies”, of the date of compiling the list of shareholders who must be notified of the Shareholders' Meeting of the Bank and who have the right to participate in the Shareholders' Meeting;</li> <li>22) resolving issues regarding the Bank's participation in industrial and financial groups and other associations;</li> <li>23) resolving issues regarding creation of legal entities by the Bank and/or the Bank's participation in any legal entities, their reorganization and liquidation;</li> </ol> </li> </ul> |
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|                                     | <p>24) resolving issues on the creation, reorganization and/or liquidation of separate structural units and/or structural divisions of the Bank, except for cases when, by decision of the Supervisory Board of the Bank, the resolution of these issues is delegated to the Management Board of the Bank;</p> <p>25) resolving issues falling within the competence of the Supervisory Board of the Bank in accordance with the Law of Ukraine "On Joint Stock Companies", in the event of a merger, acquisition, division, spin-off or transformation of the Bank;</p> <p>26) making a decision to increase the authorized capital of the Bank in cases of termination of the Bank by merger;</p> <p>27) making a decision on amendments to the Charter of the Bank in cases of termination of the Bank by merger, division or spin-off;</p> <p>28) making a decision to enter into significant transactions or transactions with an interested party in cases provided for by the Law of Ukraine "On Joint-Stock Companies";</p> <p>29) determining the probability of the Bank being declared insolvent as a result of its assumption of obligations or their fulfillment, including as a result of the payment of dividends or redemption of shares;</p> <p>30) making a decision on selecting an appraiser of the Bank's property and approving the terms of the contract concluded with him, establishing the amount of payment for his services;</p> <p>31) making a decision on the selection (replacement) of a depository institution that provides additional services to the Bank, approving the terms of the agreement concluded with it, and establishing the amount of payment for its services;</p> <p>32) sending an offer to the owners of the Bank's shares as a result of acquisition of a controlling stake or a significant controlling stake in the Bank;</p> <p>33) approval of the regulations on committees of the Supervisory Board of the Bank, which regulate the issues of establishment and operations of the said committees.</p> <p>The Charter of the Bank may also specify other issues within the exclusive competence of the Supervisory Board of the Bank.</p> |
| Functioning of the supervisory body | <p>The Bank Council carries out its activity within the limits of the powers and functions defined by the current legislation of Ukraine, the Charter of the Bank and the Regulations on the Supervisory Board.</p> <p>In accordance with the Charter of the Bank and the Regulation "On the Supervisory Board", meetings of the Supervisory Board of the Bank are held as necessary with the frequency determined by the Charter of the Bank, but not less than once a quarter.</p> <p>The meeting of the Supervisory Board of the Bank is held in the form of joint presence of the members of the Supervisory Board of the Bank in a designated place for discussion of agenda items and voting. Joint presence includes the possibility of remote participation of the members of the Supervisory Board of the Bank in the meeting, including using electronic communication means (video and voice conferences, etc.) provided that each member of the Supervisory Board of the Bank participating in such a conference can see and hear (or at least hear) and communicate with all other participants in the meeting of the Supervisory Board of the Bank.</p> <p>During 2024, 68 meetings of the Supervisory Board of the Bank were held, of which 5 meetings were held in person and via video conferencing, and 63 were held in absentia via survey.</p> <p>Participation of Supervisory Board members in meetings:</p> <ul style="list-style-type: none"> <li>• Pospelovsky Andrew – 68 meetings (of which 68 remotely) – 100%;</li> <li>• Peturson Margeir – 68 meetings (of which 64 remotely) – 100%;</li> <li>• Richards Robert Scott – 68 meetings (of which 67 remotely) – 100%;</li> <li>• Pott Philipp Georg – 68 meetings (of which 67 remotely) – 100%;</li> <li>• Kupibida Nazar Ivanovych – 68 meetings (of which 67 remotely) – 100%;</li> </ul>                                                                                                                                                                                                                                                                                                                              |

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|                                                  | <ul style="list-style-type: none"> <li>• Kvashnina Maryna Volodymyrivna – 67 meetings (of which 67 remotely) – 98, 53%.</li> </ul> <p>At the meetings of the Board, in particular, the quarterly report of the Management Board, the report on credit, operational and financial risks, the report on the status of work on NPA, the reports of the Internal Audit Service on current audits of the operations of the Bank, the report on compliance risks, the work of the Charitable Foundation of Bank "Lviv", information on the status of implementation of the sustainable development strategy are heard. Considerable attention of the Supervisory Board was paid to attracting funds from international financial organizations.</p> <p>The Supervisory Board meetings also addressed issues regarding:</p> <ul style="list-style-type: none"> <li>• approval of the draft agenda of the General Meeting of Shareholders;</li> <li>• approval of the annual financial report;</li> <li>• approval of strategies and business plan of the Bank;</li> <li>• approval of the organizational structure of the Bank;</li> <li>• reports on stress testing of financial risks and their impact on the Bank's revenues and capital;</li> <li>• making significant transactions;</li> <li>• appointment and termination of powers of members of the Management Board of the Bank ;</li> <li>• determining the remuneration policy ;</li> <li>• making a decision to establish a committee within the Supervisory Board of the Bank;</li> <li>• approval of regulations and other internal regulatory documents of the Bank, as well as amendments to them; and</li> <li>• other important aspects of the operations of the Bank.</li> </ul> <p>The Bank has not appointed an external auditor of the Supervisory Board.</p> |
| Annual remuneration of supervisory board members | <p>The 5 members of the Supervisory Board were paid the following remuneration for 2024:</p> <ul style="list-style-type: none"> <li>• Annual fixed remuneration of members of the Supervisory Board: UAH 3,296 thousand (2023 – UAH 2,618 thousand);</li> <li>• Annual variable remuneration of members of the Supervisory Board: UAH 0 thousand (2023 – UAH 0 thousand);</li> <li>• Total annual remuneration of members of the Supervisory Board: UAH 3,296 thousand (2023 – UAH 2,618 thousand).</li> </ul> <p>The total amount of funds paid by the Bank to the members of the Supervisory Board in the reporting financial year, including the amount of payments as remuneration for the previous financial year: UAH 3,296 thousand (2023 – UAH 2,618 thousand).</p> <p>There are no amounts of unpaid deferred remuneration and amounts of deferred remuneration for previous financial years paid to members of the Supervisory Board during the reporting financial year.</p> <p>There were no payments to members of the Supervisory Board upon hiring made during the financial year.</p> <p>During 2024, the Bank did not make any payments to members of the Supervisory Board upon dismissal.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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| Changes in the composition of the supervisory body during the year    | There were no changes in the composition of the supervisory body in 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Names and composition of committees reporting to the supervisory body | <p>The Audit Committee, the Remuneration and Nomination Committee, and the Sustainable Development and Environment Committee have been established under the Supervisory Board of the Bank .</p> <p>During 2024, the Audit Committee operated as follows:</p> <ul style="list-style-type: none"> <li>• Nazar Ivanovich Kupibida – Chairman of the Committee;</li> <li>• Pospelovsky Andrew - a member of the Committee;</li> <li>• Richards Robert Scott - a member of the Committee.</li> </ul> <p>The Committee on Remuneration and Appointments of the Supervisory Board of JSC JSCB "Lviv" was established on April 25, 2024, and its personal composition is :</p> <ul style="list-style-type: none"> <li>• Pospelovsky Andrew – Chairman of the Committee,</li> <li>• Petursson Margeir - a member of the Committee r ,</li> <li>• Ivanovich Kupibida – a member of the Committee.</li> </ul> <p>During 2024, the Sustainable Development and Environment Committee operated with the following composition:</p> <ul style="list-style-type: none"> <li>• Pospelovsky Andrew – Chairman of the Committee;</li> <li>• Pott Philipp Georg – Deputy Chairman of the Committee;</li> <li>• Richards Robert Scott - a member of the Committee.</li> </ul> |
| Powers of committees reporting to the supervisory body                | <p>The Mission (Goal) of the Audit Committee is to assist the Board in fulfilling its control and oversight responsibilities in the financial reporting process, internal control system, audit processes and monitoring compliance with laws and regulations (compliance) and the code of corporate ethics in the Bank.</p> <p>“The Regulations on the Audit Committee of the Supervisory Board of JSC JSCB “Lviv” were approved by the decision of the Supervisory Board, minutes No. 028/2021 dated 27 April 2021 .</p> <p>The Mission (Goal) of the Sustainable Development and Environment Committee of the Supervisory Board of JSC JSCB “Lviv” is to assist the Board in fulfilling its control and supervisory responsibilities in the process of implementing the Bank's “Sustainable Development Strategy”, and in positioning the Bank as an environmentally responsible entity.</p> <p>“Regulation on the Sustainable Development and Environment Committee of the Supervisory Board of JSC JSCB “Lviv”, approved by the decision of the Supervisory Board, minutes No. 029/2020 dated 20 September 2020 and reviewed for the absence of the need to make changes, minutes of the Supervisory Board No. 041/2021 dated 17 August 2021.</p>     |
| Functioning of committees reporting to the supervisory body           | <p>The committees of the Board hold their meetings, as a rule, at least once a quarter and extraordinary meetings as necessary.</p> <p>The Audit Committee invites representatives of the management, internal and external auditors, and independent consultants to its meetings as necessary to obtain information according to the agenda.</p> <p>The Remuneration and Appointments Committee shall preliminarily review, prepare and submit to the Supervisory Board draft decisions, conclusions, and proposals on issues related to remuneration and appointments. In order to ensure the completeness and quality of the preparation of materials for the meetings, the Committee shall have the right to engage legal, financial, and other independent experts for professional advice.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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|                                                                                                 | <p>The Sustainability and Environment Committee invites representatives of the management, heads of control units, independent consultants/partners of the Bank to its meetings as necessary to obtain information according to the agenda. A representative of the Bank's shareholder - the Nordic Environmental Finance Corporation (NEFCO) is invited to all meetings of the Sustainability and Environment Committee as a permanent guest.</p> <p>During 2024, 6 meetings of the Audit Committee, 2 meetings of the Remuneration and Nomination Committee, and 3 meetings of the Sustainability and Environment Committee were held.</p> <p>Participation of Audit Committee members in meetings:</p> <ul style="list-style-type: none"> <li>• Kupibida Nazar Ivanovych - 6 meetings (5 of them remotely) - 100%;</li> <li>• Pospelovsky Andrew - 6 meetings (6 of them remotely) - 100%;</li> <li>• Richards Robert Scott - 5 meetings (5 of them remotely) - 83.34%.</li> </ul> <p>Participation of members of the Remuneration and Nomination Committee:</p> <ul style="list-style-type: none"> <li>• Pospelovsky Andrew – 2 meetings ( 2 of them remotely) – 100%;</li> <li>• Petursson Margeir – 2 meetings ( 2 of them remotely) – 100%;</li> <li>• Kupibida Nazar Ivanovych – 2 meetings ( 2 of them remotely) – 100% .</li> </ul> <p>Participation of members of the Sustainable Development and Environment Committee in meetings:</p> <ul style="list-style-type: none"> <li>• Pospelovsky Andrew - 3 meetings (3 of them remotely) - 100%;</li> <li>• Pott Philipp Georg – 3 meetings (2 of them remotely) – 100%;</li> <li>• Richards Robert Scott - 3 meetings (3 of them remotely) - 100%.</li> </ul> |
| <b>Disclosure of information about the executive body and committees reporting to such body</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Name and composition of the executive body                                                      | <p>The Management Board is the collegial executive body of the Bank, which, within the scope of competence determined by the legislation of Ukraine and the Charter of the Bank, manages its current operations, forms funds necessary for the statutory operations of the Bank, and is responsible for the efficiency of its work in accordance with the principles and procedure established by the Charter of the Bank, decisions of the Shareholders' Meeting and the Supervisory Board.</p> <p>As of the end of the day on 31 December 2024, the Board acted as a collegial executive body consisting of 4 people:</p> <ul style="list-style-type: none"> <li>• Chairman of the Board - Abrahamyan Ashot Hamletovich (Block/area of general management, legal protection, work with problem loans, credit administration, administration and information);</li> <li>• Deputy Chairman of the Board, Member of the Board - Osadchiy Natalia (Business, Marketing and Personnel Vertical);</li> <li>• Deputy Chairman of the Board, Member of the Board - Tamar Tkheldize (Retail Business Vertical, IT, Project Management and Payments);</li> <li>• Deputy Chairman of the Board, Member of the Board – Kuzyo Volodymyr Viktorovych (Finance, investor relations, treasury, reporting and accounting unit/direction) – assumed office on 30 September 2024.</li> </ul>                                                                                                                                                                                                                                                                                                                                             |
| Procedure for appointment and dismissal of officials of the executive body                      | <p>- At least 3 members of the Management Board of the Bank are appointed by the decision of the Supervisory Board of the Bank for a term of 3 years. The quantitative composition of the Management Board of the Bank may be changed from time to time by the Supervisory Board depending on the current needs. If the quantitative composition of the Management Board of the Bank has not been determined separately, but the number of members of the Management Board of the Bank elected by the Supervisory Board is at least 3 (three) persons, it is considered that the quantitative composition of the Management Board of the Bank is equal to the number of elected members of the Management Board of the Bank. The Supervisory Board may determine a different individual term of office of the members of the Management Board of the Bank upon their appointment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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|                              | <p>- Any member of the Management Board of the Bank (including the Chairman of the Management Board of the Bank) may be recalled early or replaced. A decision on early recalling or replacing members of the Management Board of the Bank may be made in respect of all members of the Management Board of the Bank or only in respect of individual members. A decision on early recalling or replacing members of the Management Board of the Bank (including the Chairman of the Management Board of the Bank) shall be made in the same manner as their election.</p> <p>The powers of the Chairman of the Management Board of the Bank shall be terminated by decision of the Supervisory Board of the Bank with the simultaneous adoption of a decision on the appointment of the Chairman of the Management Board of the Bank, or a person who will temporarily exercise his powers.</p> <p>- The member of the Management Board of the Bank responsible for financial monitoring is appointed and dismissed from his position by the Supervisory Board of the Bank in agreement with the National Bank of Ukraine in cases provided for by the current legislation of Ukraine.</p> <p>- Members of the Supervisory Board of the Bank cannot be appointed as members of the Management Board of the Bank.</p> <p>- The Supervisory Board may appoint a Deputy (Deputies) of the Chairman of the Management Board of the Bank from among the members of the Management Board of the Bank.</p> <p>- The order on the appointment and/or dismissal of the Chairman and/or members of the Management Board of the Bank, based on the relevant decision of the Supervisory Board of the Bank, is issued by the Chairman of the Management Board of the Bank.</p> <p>- The Chairman and members of the Management Board of the Bank must meet the requirements determining their professional suitability and impeccable business reputation established by the current legislation of Ukraine.</p> <p>- The Chairman of the Management Board of the Bank is an officer of the Bank who manages all operations of the Bank in accordance with the powers granted to him by the Charter, the General Meeting of Shareholders of the Bank and the Supervisory Board, and bears personal responsibility for the performance of the tasks assigned to the Management Board of the Bank.</p> <p>The Chairman of the Management Board of the Bank is elected by the Supervisory Board of the Bank.</p> <p>The term of office and grounds for termination of the powers of the Chairman of the Management Board of the Bank are determined by the Supervisory Board of the Bank upon his appointment and are specified in the contract with him.</p> |
| Powers of the executive body | <p>The competence of the Management Board of the Bank includes resolving all issues related to the management of the Bank's current operations, except for issues that fall within the exclusive competence of the Bank's Shareholders' Meeting and the Supervisory Board of the Bank.</p> <p>The Management Board of the Bank is responsible for:</p> <ol style="list-style-type: none"> <li>1) security and financial stability of the Bank;</li> <li>2) compliance of the operations of the Bank with the legislation of Ukraine;</li> <li>3) ongoing management of the Bank;</li> <li>4) implementation of decisions of the Meeting of Shareholders of the Bank and the Supervisory Board of the Bank;</li> <li>5) daily management and control of the operations of the Bank;</li> <li>6) implementation of the strategy and business plan of the Bank;</li> <li>7) compliance of the operations of the Bank with the risk appetite declaration.</li> </ol> <p>The Management Board of the Bank:</p> <ol style="list-style-type: none"> <li>1) resolves all issues of the operations of the Bank (except for those that fall within the exclusive competence of the Meeting of Shareholders of the Bank and the Supervisory Board of the Bank);</li> <li>2) ensures the preparation for approval by the Supervisory Board of the Bank of the draft budget of the Bank, the strategy and business plan of development of the Bank;</li> <li>3) implements the development strategy and business plan of the Bank;</li> <li>4) implements the risk management strategy and policy approved by the Supervisory Board of the Bank, ensures the implementation of procedures for identifying, assessing, controlling and monitoring risks;</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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|  | <ol style="list-style-type: none"> <li>5) forms the organizational structure of the Bank determined by the Supervisory Board of the Bank, approves the staff schedule of the Bank;</li> <li>6) develops regulations regulating the operations of separate structural divisions/structural units of the Bank in accordance with the development strategy;</li> <li>7) ensures the security of the information systems of the Bank and systems used to store the assets of the clients;</li> <li>8) informs the Supervisory Board of the Bank about the Bank's performance indicators, identified violations of the law, internal regulatory documents of the Bank, and any deterioration in the financial condition of the Bank or the threat of such deterioration, and the level of risks arising in the course of the operations of the Bank;</li> <li>9) monitors the Bank's compliance with the requirements of current legislation;</li> <li>10) resolves issues of organizing operations by the Bank, storage of cash and valuables of the Bank, accounting and reporting, internal control and other issues of the operations of the Bank;</li> <li>11) establishes committees of the Management Board of the Bank, approves regulations on committees of the Management Board of the Bank and makes amendments to them, makes decisions on the election (change in the composition) of committee members;</li> <li>12) considers and approves the regulations and other internal regulatory documents of the Bank, as well as amendments thereto, which the Chairman of the Management Board of the Bank or other members of the Management Board of the Bank consider appropriate or necessary to submit for collective consideration by the Management Board of the Bank, and the approval of which does not fall within the competence of the Meeting of Shareholders of the Bank and/or the Supervisory Board of the Bank, including those regulating the Bank's business processes;</li> <li>13) makes decisions on the execution of transactions within the powers determined by the Supervisory Board of the Bank;</li> <li>14) makes a decision to conclude a transaction in the event that the value of liabilities under one transaction or several related transactions does not exceed the equivalent of 1,000,000 (one million) US dollars in the national currency of Ukraine at the exchange rate of the National Bank of Ukraine on the day of making such a decision, unless the Supervisory Board of the Bank has established other limits on the powers of the Management Board of the Bank;</li> <li>15) prepares draft documents for approval by the Supervisory Board of the Bank regarding conclusion of transactions, decisions on the conclusion of which fall within the powers of the Supervisory Board of the Bank;</li> <li>16) prepares the estimate of income and expenses, the annual report of the Bank;</li> <li>17) taking into account the requirements of the legislation of Ukraine, determines the nature of information that is not subject to disclosure;</li> <li>18) after making a decision to reduce the Bank's authorized capital, within 30 days, notify in writing each creditor whose claims to the Bank are not secured by collateral/guarantee/surety about such a decision;</li> <li>19) submits proposals to the Supervisory Board of the Bank regarding holding regular/extraordinary Shareholders' Meetings of the Bank;</li> <li>20) requires the convening of an extraordinary Meeting of Shareholders of the Bank in the event of initiation of proceedings to declare the Bank bankrupt or the need to conclude a significant transaction, as well as in other cases provided for by the Charter of the Bank and the legislation of Ukraine;</li> <li>21) requires the convening of meetings of the Supervisory Board of the Bank;</li> <li>22) at the request of the Supervisory Board of the Bank, members of the Management Board of the Bank participate in the meeting of the Supervisory Board of the Bank or in the consideration of individual issues on the agenda of its meeting;</li> <li>23) in the event of an audit of the operations of the Bank at the request of a shareholder(s) of the Bank who owns more than 10 percent of the Bank's shares, within 10 (ten) calendar days from the date of receipt of a request from such shareholder(s) of the Bank for an audit, the Bank shall provide a response with information on the date of commencement of the audit;</li> <li>24) in the event of an audit of the Bank at the request of a shareholder who owns more than 10 percent of the Bank's shares, provide certified copies of all documents at his request within 5 (five) days from the date of receipt of the relevant request from the audit firm;</li> </ol> |
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|                                                      | <p>25) gives consent to shareholders receiving additional information about the operations of the Bank, if the provision of such information is not mandatory in accordance with the current legislation of Ukraine and the Charter of the Bank;</p> <p>26) resolves issues regarding the Bank's participation in not for profit unions and associations without violating the competence of the Supervisory Board of the Bank, as provided for by the Charter of the Bank and the legislation of Ukraine;</p> <p>27) considers issues that the Chairman of the Management Board of the Bank or other members of the Management Board of the Bank consider appropriate or necessary to submit to the collective decision of the Management Board of the Bank;</p> <p>28) exercises other powers stipulated by the legislation of Ukraine, decisions of the Meeting of Shareholders of the Bank and the Supervisory Board of the Bank.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Functioning of the executive body                    | <p>The organizational form of the activity of the Board, as a collegial body, is the Board meeting.<br/>For the purpose of effective management of the Bank, regular meetings are held twice a month.<br/>In cases where there is a justified need for the Board to make decisions, extraordinary in-person/absentee meetings of the Management Board are held.<br/>A meeting of the Board is held in the form of a joint presence of Board members in a designated place to discuss agenda items and vote. Joint presence includes the possibility of remote participation of Board members in a meeting, including using electronic communication means (video and voice conferences, etc.), provided that each Board member participating in such a conference can see and hear (or at least hear) and communicate with all other participants in the Board meeting.<br/>Members of the Supervisory Board, the Head of the Internal Audit Service with the right to deliberative vote, the Head of the Risk Vertical and the Head of the Compliance Service have the right to be present at the meeting of the Management Board.<br/>Upon agreement with the Chairman of the Board, other persons may be invited to the meeting, but only when discussing issues related to their areas of work or those that concern them personally.<br/>All decisions made at the Board meeting are recorded in the minutes of the Board meeting. The minutes of the Board meeting are kept by the Corporate Secretary.</p> <ul style="list-style-type: none"> <li>During 2024, 75 meetings of the Board were held (including those held in the working order), at which, in particular, issues related to the operations of the Bank were resolved, within the competence of the Board, as determined by the current legislation of Ukraine and the Charter of the Bank.</li> </ul> |
| Annual remuneration of members of the executive body | <p>All members of the Management Board were paid a cash remuneration in 2024:</p> <ul style="list-style-type: none"> <li>Annual fixed remuneration of members of the Management Board: UAH 18,314 thousand (2023 – UAH 22,474 thousand);</li> <li>Annual variable remuneration of members of the Management Board: UAH 11,036 thousand (2023 – UAH 4,231 thousand);</li> <li>Total annual remuneration of the members of the Management Board: UAH 33,277 thousand (2023 – UAH 26,706 thousand).</li> </ul> <p>In 2024, members of the Management Board were paid travel expenses in the amount of UAH 3,928 thousand, which were included in the total amount of funds paid by the Bank.<br/>The total amount of funds paid by the Bank to the members of the Management Board in the reporting financial year, including the amount of payments as remuneration for the previous financial year: UAH 33,277 thousand (2022 - UAH 15,212 thousand).</p> <p>There are no amounts of unpaid deferred remuneration and amounts of deferred remuneration for previous financial years paid to members of the Management Board during the reporting financial year.</p> <p>In 2024 , a payment of UAH 1,353 thousand was made to a member of the Management Board upon dismissal .</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| Changes in the composition of the executive body during the year | <p>As of 31 December 2023, the position of Deputy Chairman of the Board was vacant.</p> <p>On 16 January 2024, Roman Oleksiyovych Masyk was appointed to the position of Deputy Chairman of the Board (Minutes No. 002/2024 of the meeting of the Supervisory Board of the Joint-Stock Company Joint-Stock Commercial Bank "Lviv" dated 16 January 2024)</p> <p>09/27/2024. Roman Oleksiyovych Masyk was dismissed from the position of Deputy Chairman of the Board (Minutes No. 049 /2024 of the meeting of the Supervisory Board of the Joint-Stock Company Joint-Stock Commercial Bank "Lviv" dated 26 September 2024)</p> <p>On September 30, 2024, Volodymyr Viktorovych Kuzyo was appointed Deputy Chairman of the Board (Minutes No. 050 /2024 of the meeting of the Supervisory Board of the Joint-Stock Company Joint-Stock Commercial Bank "Lviv" dated 30 September 2024)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |                    |                |                   |    |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| Names and composition of executive body committees               | <p>Committees are established by the Management Board to ensure the minimization of banking risks, ensuring effective decision-making in various areas of the Bank's activity in accordance with the granted powers and internal regulatory documents of the Bank.</p> <p>The Bank has the following standing committees of the Board:</p> <ol style="list-style-type: none"><li>1) Credit Committee (CC);</li><li>2) Operational Risk Management, Compliance and Information Security Committee (ORCIC);</li><li>3) Credit Risk and Reserve Committee (CRRC);</li><li>4) Assets, Liabilities and Tariffs Management Committee (ALMT);</li><li>5) Human Resources Management Committee (HRMC);</li><li>6) IT Project Management Committee (IPMC);</li><li>7) Committee on Cost Control and Tender Organization (CCTO);</li><li>8) Committee on Sustainable Development and Environment (CSDE);</li><li>9) Committee "Charity Fund Council".</li></ol> <p>The composition of the committees as of 31 December 2024 was as follows:</p> <table><tr><th>No. of the company</th><th>Committee name</th><th>Committee members</th></tr><tr><td>1.</td><td>Credit Committee</td><td><p>The composition of the Credit Committee depends on the individual decision-making limits of its members.</p><p>The following decision-making categories are provided for the Credit Committee:</p><ul style="list-style-type: none"><li>• Category “B” - for banking business employees;</li><li>• Category “P” - for employees of the credit risk department;</li><li>• Category “Y” - for employees of the Legal Defence Department;</li><li>• Category “P” - for employees of the Department for Working with NPLs;</li><li>• “Emergency” category - for Board Members;</li><li>• Category “GP” - for the Chairman of the Board.</li></ul><p>The rights and levels of authority to make decisions at the Credit Committee meeting are personalized and granted to the staff in accordance with their position, qualifications and approved by the Management Board.</p></td></tr></table> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  | No. of the company | Committee name | Committee members | 1. | Credit Committee | <p>The composition of the Credit Committee depends on the individual decision-making limits of its members.</p> <p>The following decision-making categories are provided for the Credit Committee:</p> <ul style="list-style-type: none"><li>• Category “B” - for banking business employees;</li><li>• Category “P” - for employees of the credit risk department;</li><li>• Category “Y” - for employees of the Legal Defence Department;</li><li>• Category “P” - for employees of the Department for Working with NPLs;</li><li>• “Emergency” category - for Board Members;</li><li>• Category “GP” - for the Chairman of the Board.</li></ul> <p>The rights and levels of authority to make decisions at the Credit Committee meeting are personalized and granted to the staff in accordance with their position, qualifications and approved by the Management Board.</p> |
| No. of the company                                               | Committee name                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Committee members                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                    |                |                   |    |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1.                                                               | Credit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>The composition of the Credit Committee depends on the individual decision-making limits of its members.</p> <p>The following decision-making categories are provided for the Credit Committee:</p> <ul style="list-style-type: none"><li>• Category “B” - for banking business employees;</li><li>• Category “P” - for employees of the credit risk department;</li><li>• Category “Y” - for employees of the Legal Defence Department;</li><li>• Category “P” - for employees of the Department for Working with NPLs;</li><li>• “Emergency” category - for Board Members;</li><li>• Category “GP” - for the Chairman of the Board.</li></ul> <p>The rights and levels of authority to make decisions at the Credit Committee meeting are personalized and granted to the staff in accordance with their position, qualifications and approved by the Management Board.</p> |  |                    |                |                   |    |                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|  | 2. | Assets, Liabilities and Tariffs Management Committee (ALMT)                        | <ul style="list-style-type: none"> <li>Chairman of the Board;</li> <li>Deputy Chairman of the Board, responsible for the Finance, Financial Monitoring and Accounting Vertical (Deputy Chairman of the Committee);</li> <li>Deputy Chairman of the Board, responsible for the Retail Business Vertical, IT, Project Management and Payments;</li> <li>Deputy Chairman of the Board, responsible for the business, marketing and human resources vertical;</li> <li>Executive Risk Director;</li> <li>Executive Director (small and medium-sized businesses);</li> <li>Executive Director (retail businesses);</li> <li>Executive Director (investor relations, finance and treasury) (Chairman of the Committee);</li> <li>Head of the Treasury and Cash Management Department;</li> <li>Head of the Financial and Market Risks Department;</li> <li>Head of Corporate Business Department;</li> <li>Chief Economist-Dealer of the Treasury Department and Cash Management Department/Project Manager of the Finance and Investor Relations Department (Secretary, non-voting).</li> </ul> |
|  | 3. | Credit Risk and Reserve Committee (CRRC)                                           | <ul style="list-style-type: none"> <li>Chairman of the Board (Deputy Chairman of the Committee);</li> <li>Executive Risk Director (Chairman of the Committee);</li> <li>Executive Director (Legal Protection, Problem Loans and Credit Administration);</li> <li>Deputy Executive Director for Risk;</li> <li>Head of the Credit Risk and Portfolio Analysis Department (secretary).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|  | 4. | Operational Risk Management, Compliance and Information Security Committee (ORCIC) | <ul style="list-style-type: none"> <li>Deputy Chairman of the Board, responsible for the finance, financial monitoring and accounting vertical (Chairman of the Committee);</li> <li>Deputy Chairman of the Board, responsible for the retail business vertical, IT, Project Management and Payments;</li> <li>Executive Risk Director (Deputy Chairman of the Committee);</li> <li>Executive Director (Project Management and Payments);</li> <li>Head of Compliance Service;</li> <li>Head of the Operational Risk and Control Department (Secretary);</li> <li>Head of the Information Security Department.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|  | 5. | Human Resources Management Committee (HRMC)                                        | <ul style="list-style-type: none"> <li>Chairman of the Board;</li> <li>Deputy Chairman of the Board, responsible for the finance, financial monitoring and accounting vertical;</li> <li>Deputy Chairman of the Board, responsible for the retail business vertical, it, project management and payments (Deputy Chairman of the Committee);</li> <li>Deputy Chairman of the Board, responsible for the business, marketing and human resources vertical (Chairman of the Committee);</li> <li>Head of the Human Resources Department (secretary).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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|                                     | 6.                                                                                                                                                                                                                                                                                                                        | IT Project Management Committee (IPMC)                       | <ul style="list-style-type: none"> <li>• Deputy Chairman of the Board, responsible for the retail business vertical, it, project management and payments (Committee Chairman);</li> <li>• Executive Director (digital business and business architecture) (Deputy Chairman of the Committee);</li> <li>• Executive Director (Project Management and Payments);</li> <li>• Head of IT Department (secretary).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                     | 7.                                                                                                                                                                                                                                                                                                                        | Committee on Cost Control and Tenders (CCTT)                 | <ul style="list-style-type: none"> <li>• Chairman of the Board;*</li> <li>• Deputy Chairman of the Board, responsible for the finance, financial monitoring and accounting vertical (Chairman of the Committee);</li> <li>• Deputy Chairman of the Board, responsible for the retail business vertical, it, project management and payments;*</li> <li>• Deputy Chairman of the Board, responsible for the business, marketing and human resources vertical;*</li> <li>• Executive Director (legal defence, problem loans and credit administration) (Deputy Chairman of the Committee);</li> <li>• Head of Compliance Service;</li> <li>• Deputy Head of the Internal Reporting, Budgeting and Controlling Department (secretary).</li> </ul> <p>The presence of two Board Members is mandatory at the committee meeting.<br/>* Other Board Members who oversee departments that initiate expenditures/investments. Vote on tenders.</p> |
|                                     | 8.                                                                                                                                                                                                                                                                                                                        | Committee on Sustainable Development and Environment (CSDEN) | <ul style="list-style-type: none"> <li>• Deputy Chairman of the Board, responsible for the business, marketing and human resources vertical (Chairman of the Committee);</li> <li>• Executive Director (SMEs) (Deputy Chairman of the Committee);</li> <li>• Deputy Executive Director for Risk;</li> <li>• Coordinator of the implementation of the sustainable development strategy (secretary);</li> <li>• Head of the Administrative and Economic Department;</li> <li>• Head of Marketing Department.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                     | 9.                                                                                                                                                                                                                                                                                                                        | Committee "Charity Fund Council" (Charity Fund Council)      | <ul style="list-style-type: none"> <li>• Deputy Chairman of the Board, responsible for the business, marketing and human resources vertical (Chairman of the Committee);</li> <li>• Deputy Chairman of the Board, responsible for the retail business vertical, IT, Project Management and Payments;</li> <li>• Executive Director (Project Management and Payments);</li> <li>• Executive Director (small and medium-sized business direction);</li> <li>• Executive Director (retail business).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Powers of executive body committees | 1) The Credit Committee makes decisions on the following issues: <ul style="list-style-type: none"> <li>• approval of a financial limit for a client;</li> <li>• loan approval and refinancing;</li> <li>• approval of an extension of an existing loan;</li> <li>• approval of changes to lending conditions;</li> </ul> |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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|  | <ul style="list-style-type: none"> <li>• restructuring of existing loans;</li> <li>• granting exceptions to standard product terms and conditions and the Bank's internal regulatory documents for individual loans;</li> <li>• reduction/forgiveness of accrued interest, commissions, fines, penalties;</li> <li>• reduction/forgiveness of the principal debt on the loan.</li> </ul> <p>2) The Assets, Liabilities and Tariffs Management Committee is a permanent collegial body of the Bank that makes decisions, makes recommendations and defines tasks regarding:</p> <ul style="list-style-type: none"> <li>• ensuring effective resource management to achieve the required operational results;</li> <li>• managing the bank's short-term liquidity in order to ensure the Bank's necessary margin between interest-bearing assets and liabilities to achieve the optimal balance between risk and profitability;</li> <li>• creation and improvement of effective liquidity management mechanisms of the Bank to ensure the implementation of the optimality principle: minimum level of excess liquidity and avoidance of liquidity threats;</li> <li>• ensuring the maintenance of the necessary liquidity reserve to protect the Bank from financial consequences associated with possible changes in the money market and fluctuations in interest rates;</li> <li>• creation and improvement of interest rate risk management tools in order to keep risk indicators within acceptable limits;</li> <li>• ensuring that the acceptable currency risk is maintained;</li> <li>• ensuring the implementation of effective tariff and interest rate policies in order to ensure the Bank's competitiveness, customer satisfaction and achievement of the necessary financial results.</li> </ul> <p>3) The Credit Risk and Reserves Committee is a permanent collegial body of the Bank, which makes decisions on approving the amount of insurance provisions for loans in accordance with approved procedures, and monitors credit risk indicators.</p> <p>4) The Operational Risk Management, Compliance and Information Security Committee is a permanent collegial body of the Bank that makes decisions and recommendations, and defines tasks for managing the Bank's operational risk, compliance and information security in accordance with the requirements of the legislation of Ukraine and regulatory legal acts of the National Bank of Ukraine.</p> <p>5) The Human Resources Management Committee is a permanent collegial body of the Bank, which provides recommendations and conclusions for decision-making regarding the Bank's personnel (hiring, transfer, reduction, dismissal), review of employees' salaries, disciplinary measures and incentives. The Committee approves the annual training plan and measures aimed at positioning the Bank as an effective employer.</p> <p>6) The IT Project Management Committee is a permanent collegial body of the Bank, which is authorized to determine, review and approve priorities for IT projects, provide IT support for the implementation of new products/services and changes to existing ones, and support the Management Board in overseeing and controlling the operations of the Bank and IT-related events.</p> <p>7) The Committee on Cost Control and Tender Organization is a permanent collegial body of the Bank, which is authorized to ensure an effective process of selecting suppliers of goods and services, avoiding conflicts of interest, and their regular analysis.</p> <p>8) The Sustainable Development and Environment Committee is a permanent collegial body of the Bank, which is authorized to manage the process of implementing the Bank's "Sustainable Development Strategy". The Committee determines priorities, approves new projects within the framework of the Strategy implementation, and reviews and monitors the implementation of current projects and tasks.</p> <p>9) The "Charity Fund Council" Committee is a permanent collegial body of the Bank that determines the priorities of the operations of the "Charity Organization "Charity Fund of the Bank Lviv", controls and regulates the work of the executive body of the Fund regarding the implementation of charitable programs (projects) of the Fund, and approves new projects within the framework of charitable operations.</p> |
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| <p>Functioning of executive body committees</p>                                                                                          | <p>The frequency of committees meetings as at 31 December 2024 is determined by the Regulations on Committees of JSC JCB "Lviv" (approved by the decision of the Board of JSC JCB "Lviv", minutes No. 038/2024 dated 2 July 2024), the Regulations on the Bank's Credit Committee and Making Credit Decisions (approved by the decision of the Board of JSC JCB "Lviv", minutes No. 021/2024 dated 23 April 2024), the Regulation on the Committee "Council of the Charitable Foundation of JSC JCB "Lviv" (approved by the decision of the Board of JSC JCB "Lviv", minutes No. 045/2022 dated 27 September 2022).</p> <p>The procedure for submitting and considering issues is defined in the relevant Regulations.</p> <p>Issues considered by the committees are recorded in minutes, which are signed by all members of the relevant committee present at the meeting.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Disclosure of information about the prospects for development and improvement of corporate governance</b></p>                      | <p>The Bank's strategy was approved by the decision of the Supervisory Board of JSC JSCB "Lviv" dated 23 November 2021 for 2022-2026. After the end of the martial law, the Bank will update its business strategy and business model, taking into account current macroeconomic forecasts and an assessment of the consequences of military aggression.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Disclosure of other information that had a significant impact on the state of corporate governance of the reporting entity</b></p> | <p><b>Protection of the rights of the financial services consumers by the Bank</b></p> <p>The Bank protects the rights and legitimate interests of consumers of financial services by ensuring good faith behavior, an appropriate institutional environment, and financial literacy.</p> <p>The Bank strives to provide relevant and reliable information to the clients, ensuring the completeness and clarity of this information. For the effective processing of client applications received by the Bank, the necessary procedures have been developed and implemented, those responsible for processing applications have been identified, effective control over the timeliness and completeness of responses has been introduced, including the submission of relevant information to the Bank's management bodies. In advertising and information materials available to clients, the Bank displays information about the real cost of financial services in formats understandable to clients that fully comply with the legislation of Ukraine.</p> <p>The Bank offers various channels of communication with clients to obtain information about dissatisfaction with the Bank's services (contact center, Bank's website, written applications, etc.).</p> <p>The complaint review mechanism is regulated by the Procedure for Registration, Review and Processing of Appeals to the Bank from Citizens, Legal Entities, and State Bodies, and Review and Processing of Negative Information on the Internet Regarding the Bank (approved by the decision of the Board of JSC JSCB "Lviv", minutes No. 49/2019 dated 11/25/2019, a new version was approved by the decision of the Board No. 001/2023 dated 01/17/2023). All appeals/complaints are subject to mandatory registration, review and response in accordance with the requirements of the legislation of Ukraine. Executive Director (Retail Business Direction) Ulyana Ivanivna Pyatak is authorized to review complaints.</p> <p>During 2024, the Bank received 453 complaints and requests from customers, of which 110 related to deposits/current accounts, 59 - loans, 28 - individual safes, 133 - requests for certificates and 113 – to other requests. The Bank responded to all customer requests and complaints in a timely manner, and appropriate measures were taken to improve the quality of service.</p> <p>As of 31 December 2024, the Bank is a defendant in three litigations.</p> <p><b>The amount of remuneration per year for influential persons</b></p> |

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|                                                      | <p>Influential persons include the Head of the Internal Audit Service, the Executive Director for Risks, the Head of the Compliance Service, the Head of the Financial Monitoring Department, and other persons whose professional operations have a significant impact on the Bank's risk profile (except for members of the governance bodies).</p> <p>In 2024, 9 influential persons were paid monetary remuneration:</p> <ul style="list-style-type: none"> <li>• Annual fixed remuneration of influential persons: UAH 17,678 thousand;</li> <li>• Annual variable remuneration of influential persons: UAH 2,901 thousand;</li> <li>• Total annual remuneration of influential persons: UAH 21,352 thousand.</li> </ul> <p>In 2024, influential persons were paid travel expenses in the amount of UAH 773 thousand, which were included in the total amount of funds paid by the Bank.</p> <p>The total amount of funds paid by the Bank to influential persons in the reporting financial year, including the amount of payments as remuneration for the previous financial year, is UAH 21,352 thousand.</p> <p>There are no amounts of unpaid deferred compensation and amounts of deferred compensation for previous financial years paid to influential persons during the reporting financial year.</p> <p>There were no payments to influential persons during employment made during the financial year.</p> <p>The Bank did not make any payments to individuals upon dismissal during 2024 .</p> |
| <p><b>Information about the external auditor</b></p> | <p>Information on the activity of PrJSC “KPMG Audit”:</p> <ul style="list-style-type: none"> <li>• KPMG has been present in Ukraine since 1992. Experience of PrJSC “KPMG Audit” – since 2001. PrJSC “KPMG Audit” employs over 200 employees, including 28 qualified ACCA auditors, as well as 19 certified auditors (certificates of the Audit Chamber of Ukraine), 7 of whom are bank auditors;</li> <li>• number of years during which PrJSC “KPMG Audit” has been providing audit services to the Bank - PrJSC “KPMG Audit” has been providing audit services to the Bank since 2020 (fifth year);</li> <li>• There were no cases of conflict of interest and/or combination of internal auditor functions during the period of cooperation with the Bank.</li> <li>• There were no penalties applied to PrJSC “KPMG Audit” by the Audit Chamber of Ukraine during the year, and no facts of submission of unreliable reporting by a financial institution, confirmed by an audit opinion, identified by the bodies responsible for state regulation of financial services markets;</li> <li>• There were no recommendations from the bodies that carry out state regulation of financial services markets regarding the audit opinion.</li> </ul> <p>Services provided by KPMG Audit PJSC for 2024 year:</p>                                                                                                                                                                                                 |

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|                                      | <ul style="list-style-type: none"> <li>statutory audit of the Bank's financial statements prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the regulatory legal acts of the National Bank of Ukraine and the requirements of the National Securities and Stock Market Commission as at and for the year ending 31 December 2024;</li> <li>In addition to the statutory audit, KPMG Audit PJSC also provided services in 2024 related to the first stage of the Bank's stability assessment as at 31 December 2024, in accordance with the Regulation on the assessment of the stability of banks and the banking system of Ukraine, NBU No. 141 dated 22 December 2017 (as amended), the Resolution of the Management Board of the National Bank of Ukraine No. 149 dated 16 December 2024, and the Terms of Reference for the assessment of the stability of banks and the banking system of Ukraine, approved by the Decision of the NBU Board No. 452-рш "On approval of the terms of reference for the assessment of the stability of banks and the banking system of Ukraine in 2025" dated 26 December 2024.</li> </ul> <p>No other services were provided to the Bank by KPMG Audit PJSC during the year.</p> <p>Over the past five years, the Bank's financial statements were audited by:</p> <ul style="list-style-type: none"> <li>2020-2024 - PJSC "KPMG Audit"</li> </ul> |
| <b>External auditor remuneration</b> | The amount of remuneration paid to PJSC "KPMG Audit" for the audit of the annual financial statements for 2024 under Agreement No. 82-SA/2023 dated 26 October 2023 is UAH 5,167,196 (excl. VAT).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

Authorized for release and signed on  
24 April 2025

Acting Chairman of the Board

V.V. Kuzyo

V.Y. Makovych  
(032)232-36-40



Chief accountant

M.M. Chypurko