JOINT STOCK COMPANY
“FIRST UKRAINIAN INTERNATIONAL BANK”

Management Report

Financial Statements

for the Year Ended 31 December 2024,
together with Independent Auditor’s Report

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Dear Clients and Partners!

Despite all circumstances the year 2024 has become a period of stable growth and improved financial performance for FUIB. According to the year's results the bank demonstrated sustainable growth of approximately 20% across all key areas. We achieved the most significant growth in retail lending and in the corporate segment, we consistently maintain a position in the TOP-5 banks by portfolio size. Therefore, we can clearly state that our bank is moving in the right direction.

In recent years the main direction of FUIB's development has been the digitalization of all our services and products and this is already showing significant results. Today the share of customers coming from Digital channels has increased to 75%. Over 80% of our individual customers actively use the FUIB mobile application. Today there are already about 1.9 million users and this number continues to grow steadily. We are also actively implementing AI applications to optimize and improve the bank's business processes and services. This has enabled us to significantly increase FUIB's young audience share and, consequently, to grow the bank's loan and deposit portfolio.

We also continue to actively help the country and its economy. Since the full-scale invasion FUIB has directed over UAH 829 million to support various units of the Security and Defence Forces and social initiatives. In 2024 social investments amounted to over UAH 341 million.

We will continue working to improve results and support the country and its economy.

Serhiy Chernenko
Chairman of the Management Board of JSC "FUIB"

Dear clients and partners!

The year 2024 has just passed – the third year of the full-scale war against Ukraine. It was the third year of boundless heroic courage, astounding resilience and titanic work. Including the work of FUIB as one of the largest and most stable banks in Ukraine.

This year, the bank demonstrated high profitability and significant growth in both corporate and retail segments. First and foremost, this is the achievement of our professional team.

And such results are significant not only for the bank but also for our state. According to the year's results FUIB entered the TOP-4 banks in terms of taxes paid. And since the beginning of the full-scale invasion FUIB has contributed over 13.5 billion UAH to the budget. This is substantial assistance to the country.

Another important event of the past year was the bank's rebranding. Its purpose was to once again declare our leadership intentions, showcase our powerful energy, readiness to move forward, renovate and stay modern.

So, we're not stopping and continue working for the good of the country and our victory!

Valentin Mihov
Chairman of the Supervisory Board of JSC "FUIB"

Nature of business

JOINT STOCK COMPANY "FIRST UKRAINIAN INTERNATIONAL BANK" (hereinafter, the "Bank" or "FUIB") was established on 20 November 1991. The Bank commenced its operations in April 1992. The Bank provides a full range of banking services, including attracting deposits and granting loans, investing in securities, servicing payments in Ukraine and transferring funds abroad, exchanging currencies, issuing and processing transactions with payment cards.

The Bank is a member of the Individual Deposit Guarantee Fund effective from 2 September 1999 (Registration Certificate No. 102 dated 6 November 2012), which operates in accordance with the Law of Ukraine No. 2740-III "On Individual Deposit Guarantee Fund". Starting from 13 April 2022, during the martial law period in Ukraine and three months after the termination or abolition of the martial law in Ukraine, the Individual Deposit Guarantee Fund reimburses each depositor of the bank in full amount (2022: UAH 200 thousand per person).

As at 31 December 2024 and 2023, the Bank's shareholders were SCM FINANCE (92.3% in the share capital) and SCM HOLDINGS LIMITED (Cyprus) (7.7% in the share capital). The ultimate controlling party of the Bank is Mr. R. L. Akhmetov, a citizen of Ukraine.

The Bank's registered address is at: 4 Andriivska Str, Kyiv, Ukraine. As at 31 December 2024, the Bank had five regional centers and 218 outlets in Ukraine (31 December 2023: five regional centers and 215 outlets in Ukraine).

FUIB is a universal bank that has been operating in the Ukrainian financial market for 33 years and servicing large and medium enterprises, small and medium entities, and private individuals.

FUIB is included into the group of the largest banking institutions of the country according to the classification of the National Bank of Ukraine. The Bank is among TOP-10 Ukrainian banks in terms of key financial performance indicators, such as volume of assets, equity, loan portfolio, amounts from corporate clients, private individuals, and others.

In accordance with the Law of Ukraine "On Banks and Banking" and on the basis of the licenses and written permissions obtained from the National Bank of Ukraine, FUIB is engaged in the following activities:

- Accepting deposits from legal entities and individuals;
- Opening and maintaining current accounts of banks and customers;
- Placing attracted funds on its own behalf and at its own risk;
- Providing guarantees, sureties, and other obligations from/to third parties;
- Providing custody services, renting safe-deposits for valuables and documents;
- Issuing, purchasing, selling, and servicing checks, promissory notes, and other negotiable payment instruments;
- Issuing payment cards and processing card transactions;
- Performing foreign currency operations;
- Carrying out securities purchase and sale transactions on its own behalf and on behalf of clients;
- Issuing its own securities;
- Investing in statutory funds and shares of other legal entities;
- Performing depositary activities and registered securities register keeping.

Many hopes and expectations were placed on the year 2022. The COVID-19 pandemic was on the decline. Albeit slowly, the economy demonstrated signs of post-crisis recovery. Unfortunately, the positive dynamics of recovery was rudely disrupted by russia's military aggression, which brought a full-scale war, thousands of deaths, torture, the destruction of everything that contained beauty and life, the death of relatives, the destruction of houses, the burning of entire territories. Millions of children and families were forced to leave the country, hundreds of thousands of able-bodied citizens were engaged at the front, tens of thousands of entities stopped operating.

Despite the colossal loss of human lives and the country's production potential, the enemy's attacks on the state system and government institutions, the country's economy continues to function as an integrated system, and the Government retains full power and all opportunities for making and implementing political decisions. Decisive actions of the state authorities of Ukraine at the initial stage of the war made it possible to consolidate strong international support for Ukraine, both in obtaining weapons and in financial aid. In 2022, thanks to the heroic deeds of the Armed Forces of Ukraine, Ukraine succeeded to liberate 40% of the territories captured after February 24 and 28% of all the territories occupied by russia.

The year 2023 was marked by stabilization, establishment of new defense industry processes and laying the foundation for innovative economic development. While the first year of war brought numerous casualties and losses, Ukraine achieved several decisive victories on the frontline. During the first and second years of war a coalition of countries providing military and financial support to Ukraine was formed which appeared reliable and steadfast. The Ukrainian economy faced a situation where millions of people left the country, hundreds of thousands of able-bodied citizens were mobilized to the front and tens of thousands of enterprises were forced to cease operations. The key objective of domestic policy was to transition the national economy to a war footing, creating an effective model for mobilizing and redistributing economic resources (financial, labor, material) to maximize support for the military-defense complex and armed forces.

By the end of 2024, Ukraine's economy had recovered from the initial war shock. The decline in production was halted, new technological processes were established, the conversion of the real sector continued, and the maritime transport corridor was restored. According to NBU estimates, Ukraine's real GDP increased by 3.4% in 2024, despite economic productivity being only about 80% of pre-war levels. The main factors constraining the economy continue to be war consequences: destruction of critical infrastructure and production facilities, as well as workforce shortages due to migration and mobilization processes. Despite these challenges, the NBU expects the economy to grow by approximately 4% annually in 2025-2027.

From February 2022 to October 2024, allied nations committed to providing Ukraine with military, financial, and humanitarian aid totaling USD 421 billion, of which USD 176 billion constituted military assistance (according to the Kiel Institute data).

Concluded agreements provide optimistic expectations regarding full coverage of external financing deficit in 2025 as well. Next year, anticipated receipts include USD 13.7 billion from the EU (Ukraine Facility), USD 19.1 billion under income flow from frozen russian assets through the Extraordinary Revenue Acceleration for Ukraine (ERA) program from G7 countries, USD 3.1 billion from the IBRD, USD 2.7 billion from the IMF, USD 1 billion from the United Kingdom. Continuation of program cooperation with the IMF is important for expanding financing from other international organizations and private investors, a sign of quality and effectiveness of implemented market reforms.

The domestic economy continues transitioning to a war footing for conducting military-defense operations and preserving state sovereignty. During the war, defense-industrial complex (DIC) capacities have increased 20-fold. Over 500 companies of various ownership forms operate in the domestic DIC.

The Verkhovna Rada on November 19, 2024, adopted in the second reading and as a whole the draft law on the state budget of Ukraine for 2025. In 2025, 26.3% of the country's GDP will be directed to security and defense: expenditures will increase to UAH 2.23 trillion, which is UAH 47.6 billion more compared to 2024. In particular, UAH 1.16 trillion is provided for military personnel payroll, which is UAH 10 billion more than last year. In 2024, one day of war cost Ukraine UAH 5.7 billion or USD 142 million. Overall defense expenditures from the state budget fund amounted to almost UAH 2.1 trillion or USD 51.9 billion. Meanwhile, in 2025, they plan to spend UAH 2.2 trillion on defense - this is over a quarter of GDP.

For comparison, according to the russian federation's budget law for 2025, about one-third of state funds will go to defense. Total russian budget revenues are planned at over 40 trillion rubles. Of these, 13.5 trillion rubles (over USD 145 billion), or 32.5% of budget funds, will go to defense. This is more compared to 2024, when 28.3% of the budget was allocated for this purpose.

The war generally has not had a negative impact on the banking system's condition. Capital adequacy and liquidity indicators multiply exceed regulatory values. According to NBU estimates, the banking system's profit before taxation for 2024 will amount to approximately UAH 187 billion. The banking system has significant potential for expanding lending, which is one of the factors in economic recovery.

According to preliminary data prior to the completion of annual audit for 2024, solvent banks earned UAH 103.7 billion in net profit due to steady growth in high-quality loans and investments in government bonds. While loan yields stabilized in 2024, their volumes continued to grow. Over the year, the net hryvnia loan portfolio for businesses increased by 21%, and for households by almost 40%. An additional factor in maintaining bank profitability in 2024 was the 35% year-over-year increase in government bond investments. Meanwhile, banks' funding costs decreased somewhat due to lower market deposit rates in the first half of 2024, allowing banks to maintain sufficiently high net interest margins. Net fee and commission income also grew by 11.3%. In December, for the first time since the full-scale war began, its monthly volume reached pre-war levels. High loan portfolio quality resulted in low provisions for credit risks. Provisions for assets at year-end were almost half the 2023 figure. Despite further increases in banks' administrative expenses, their operational efficiency remains high. By the end of 2024, only nine small banks out of 61 solvent institutions were unprofitable, with aggregate losses of UAH 418 million. These were primarily institutions with inefficient business models and a number of long-standing problems. Strong financial performance and a repeated increase in the bank profit tax rate to 50% increased banks' accrued profit taxes for 2024 to UAH 83.7 billion. However, their final amount will only be clear following the annual audit of banks' statements. Preliminary estimates indicate that return on equity in the sector for 2024 is approximately 30%. Overall, the banking system remains profitable and adequately capitalized, maintaining its ability to lend to the economy.

The budget system operates uninterrupted, but with a significant fiscal deficit of about 25% of GDP excluding grants in revenues. International financial support covers approximately 35% of state budget needs related to expenditure financing and public debt repayment. Stable fiscal deficit financing has allowed meeting critically important defense sector needs. However, public debt already amounts to about 90% of GDP and in 2025 will likely exceed 100% of GDP, signaling high risks to public finance debt sustainability.

The NBU key policy rate as of December 31, 2024, was 13.5%, but was increased to 14.5% from January 24, 2025, and further to 15.5% on March 6, 2025. According to the NBU inflation report, inflation accelerated to 12.0% year-over-year by the end of 2024. Under the NBU's updated forecast, inflation will rise in the coming months but begin declining from mid-2025. By the end of 2025, it will be 8.4%, and by the end of 2026 will return to the NBU's target of 5%. The NBU's baseline forecast scenario assumes maintained sufficient international support and gradual normalization of economic conditions, which will particularly facilitate partial return of forced migrants and investment growth.

The ratio of consolidated budget revenues (excluding foreign grants) to GDP reached 40% in 2024, significantly exceeding both the pre-war level (30.5% of GDP in 2021) and the first year of war (32.7% of GDP). In 2024, real revenue volume recovered to pre-war levels. Positive revenue dynamics were demonstrated by VAT, corporate profit tax, single tax for entrepreneurs, own revenues of budgetary institutions, and profit transfers from state and municipal enterprises.

In August 2024, government Eurobonds worth USD 24.3 billion, including capitalized deferred interest, were exchanged for new securities with a 37% reduction in their nominal value. As a result, Ukraine's state and state-guaranteed debt was reduced by almost USD 9 billion.

Concessional loans received by businesses and households in 2024 amount to approximately UAH 230 billion and constitute 30% of the banking portfolio of performing loans, specifically 39% among business loans and 10% among household loans. Implementation of these programs improved the efficiency of national savings redistribution for supporting economic functioning.

Thanks to the restoration of the Black Sea transport corridor and improvement of land logistics routes, merchandise exports from Ukraine increased by 12.7% over ten months compared to the same period in 2023. Meanwhile, merchandise import growth rates were only 6.9%. The trade balance remains significantly negative (USD 28.5 billion), however, its level improved by USD 2.9 billion compared to the previous year. Food products, ferrous metals, and mineral products play the main role in exports.

Economic recovery remains weak. High security risks, tight monetary policy, energy generation deficit, labor shortage, and low investment rates determine the low growth rates of real GDP. The real sector urgently needs investments in restoration and expansion of production facilities.

A structural foreign currency deficit persists. According to the IMF, the structural balance of payments deficit for 2024 expanded by USD 8.4 billion to USD 37 billion per year, taking into account the compensatory effect from debt restructuring. High import dependence of the economy and high demand for cash foreign currency are the key factors of the currency deficit.

The main risk for 2025 is the continuation of war. It is impossible to predict its impact on the economy. Escalation may result in additional reduction of the country's production potential and loss of labor resources. This will destroy the productive forces of the economy and undermine possibilities for its recovery.

Reduction in volume and disruption of international support rhythm for Ukraine due to political processes in partner countries may cause significant damage to financial stability and defense capability of the country.

Renewal of cargo transportation blockade on the western border and restrictions on maritime transport routes will negatively affect the foreign trade balance, generating risks for currency stability.

Due to russian occupiers' strikes on critical civilian infrastructure, risks of accidents are intensifying, which will require additional budget expenditures and reduce economic productivity.

The key task of the wartime economy for 2025 is maximum possible mobilization of material, financial, and human resources.

It is necessary to resolve the issue of stable and rhythmic financing of state budget needs. Efforts must be maximized to attract funds from all possible sources: external partner assistance, tax payments, optimization of inter-budgetary relations, and domestic borrowing market.

The state will require a larger volume of budget revenues to support defense capabilities, cover social and economic needs during the war and after its completion. Therefore, the course of tax reforms initiated in 2024 needs to be continued with a focus on increasing tax system fairness, growing fiscal potential of taxes, and adoption of EU tax regulations.

The warfare hostilities in the territory of Ukraine and the currently unpredictable impact of the ongoing war affect the important assumptions underlying management's projections and cause a material uncertainty regarding the Bank's ability to continue as a going concern in the foreseeable future.

These financial statements have been prepared on a going concern basis. The Bank's management has assessed its ability to continue as a going concern in light of the current and potential consequences of russia's military aggression against Ukraine. Based on the results of the iterative assessment of the actual and prospective state of the payment discipline of customers in accordance with the movements in business during the wartime and the physical state of preservation of the collateral received, the Bank has estimated the extent of a potential deterioration of the financial positions of customers, a possible level of defaults, and, as a result, a probable change in the amount of allowances for expected credit losses.

Management bodies and corporate governance

During 2024, the Supervisory Board of the Bank performed its duties directed to protect the rights of depositors, other creditors, and the Bank's shareholders and, within its authority limits defined by the Bank's Charter and the Ukrainian legislation, directed and controlled the activities of the Bank's Management Board. The Supervisory Board of the Bank participated in all important and strategic decisions according to its authority limits and after conducting a deep analysis of the events and the situation in the banking sector.

In 2024, the Management Board of the Bank provided information to the Supervisory Board on a regular basis and reported in a timely manner and comprehensively on: the strategy and business plan implementation, the Bank's performance, changes in regulatory requirements, execution of risk management policies and strategies, functioning of the internal control system, etc. Thus, the Supervisory Board of the Bank continuously performed oversight and advisory functions after in-depth analysis and taking into account all relevant facts.

The Supervisory Board of the Bank, in its activities, is governed by the laws of Ukraine "On Banks and Banking", "On Joint Stock Companies", other laws and regulations of Ukraine, regulations of the National Bank of Ukraine, the Charter of the Bank, decisions of the General Shareholders' Meetings, as well as the Bank's Regulation "On the Supervisory Board of JOINT STOCK COMPANY "FIRST UKRAINIAN INTERNATIONAL BANK".

Members of the Supervisory Board as at the end of 2024 were as follows:

Members of the Supervisory Board

Mihov, Valentin Lubomirov	Chairperson of the Supervisory Board;
Dugadko, Hanna Oleksandrivna	Member of the Supervisory Board;
Povazhna, Margaryta Viktorivna	Member of the Supervisory Board;
Katanov, Georgi Bogomilov	Member of the Supervisory Board;
Kurilko, Serhii Yevhenovych	Member of the Supervisory Board;
Stalker, Catherine Elizabeth Ann	Member of the Supervisory Board – Independent Director;
Grasmanis, Ansis	Member of the Supervisory Board – Independent Director;
Meigas, Helo	Member of the Supervisory Board – Independent Director.

With the beginning of the armed aggression of the russian federation against Ukraine, the work of the Supervisory Board was directed to the prevention and/or elimination of the phenomena unfavorable to the effective operation of the Bank. Thus, by Resolution of the Supervisory Board dated 24 February 2022, in accordance with the Anti-Crisis Plan of Measures to Restore the Financial Stability of JSC “FUIB” in the Event of Unforeseen Circumstances Regarding Management of Continuous Activities as approved by the Supervisory Board of JSC “FUIB” No. 374 dated 16 September 2021, the Anti-Crisis Management for Restoration of Activities was implemented in the Bank headed by Committee for Crisis Management and Restoration of Financial Stability of JSC “FUIB”. Also, at quarterly meetings, reports on anti-crisis management, management reports on the current situation in the Bank relating to the imposition of the martial law in Ukraine, in particular, on the state of loan portfolios, created allowances, losses incurred as a result of the destruction and damage of the Bank’s properties, were considered on an ongoing basis. In order to support business, issues related to the introduction of forgiveness programs and debt restructuring of the Bank’s customers were considered. A special attention was paid to the assessment of capital adequacy, taking into account the risks of the war, ensuring the uninterrupted operation of the Bank’s critical IT infrastructure and cyber security. The Bank’s risk appetite indicators, in particular, credit, operating, and market risks, liquidity risks were under constant control. Decision of the Management Board dated 7 February 2023 cancelled the anti-crisis management in the Bank and adopted the transfer to full-time operation.

Members of the Management Board as at the end of 2024 were as follows:

Members of the Management Board

Chernenko, Serhii Pavlovych	Chairperson of the Management Board;
Shkoliarenko, Kostiantyn Oleksandrovych	Deputy Chairperson of the Management Board – Chief Financial Officer (CFO);
Mahdych, Serhii Borysovych	Deputy Chairperson of the Management Board;
Polishchuk, Dmytro Ihorovych	Deputy Chairperson of the Management Board;
Kosenko, Nataliia Feliksivna	Deputy Chairperson of the Management Board;
Zahorodnykov, Artur Hermanovych	Deputy Chairperson of the Management Board;
Yeremenko, Fedot Yevheniiovych	Deputy Chairperson of the Management Board – Chief Risk Officer (CRO);
Kostiuchenko, Tetiana Vasylivna	Deputy Chairperson of the Management Board;
Skalozub, Leonid Pavlovych	Deputy Chairperson of the Management Board;
Pohodziaieva, Olena Evgenivna	Member of the Management Board, Responsible Office for conducting financial monitoring (CCO).

Within its corporate governance, the Bank is governed by the Corporate Governance Code of JOINT STOCK COMPANY “FIRST UKRAINIAN INTERNATIONAL BANK” as adopted by the Extraordinary General Shareholders’ Meeting, as amended on 20 September 2023. The Code is publicly available at https://about.pumb.ua/management.

Key corporate governance principles governing the Bank’s activities are as follows:

- Honesty, integrity, and respect in relations with owners (shareholders) and investors, as well as constant readiness to ensure adequate protection of their interests and maximize their wealth;
- Avoidance of unreasonably complex and excessively costly procedures to exercise the rights of the Bank's shareholders, while complying with the Ukrainian legislation and the Charter of the Bank;
- Equal treatment of all shareholders, including open communications with minority ones;
- Determining strategic objectives of the Bank and monitoring their implementation;
- Implementing high-quality and effective management system in the Bank;
- Accountability of the Management Board to the General Shareholders’ Meeting and to the Supervisory Board of the Bank, which controls the activities of the Management Board;
- Setting standards, rules, and practices of corporate behavior for all employees of the Bank and the procedures of informing on misconduct, including fraud or corruption, according to the Bank’s Code of Conduct that reflects key principles and standards of the Bank;
- Effective management of compliance and other risks which the Bank faces, including conflict of interests in order to protect the interests of its depositors, clients, counterparties, owners (shareholders), and employees in accordance with the Bank’s internal procedures implemented;

- Transparency of the Bank's activities which is ensured by timely disclosure of accurate, objective, and relevant information on the activities undertaken;
- Responsibility which relates to the Bank's recognizing the rights of all interested parties assigned by the current legislation of Ukraine and the Bank's focus on the mutually beneficial cooperation with those parties to ensure financial stability and development of the Bank.

The Bank has a defined and functional transparent corporate governance structure in place that provides for:

- General management at the highest level by the General Shareholders' Meeting of the Bank;
- Regulation and control by the Supervisory Board of the Bank, with the delegation of some of its powers to the Supervisory Board's committees or working groups established in accordance with the effective legislation, the Charter of the Bank, and other internal documents and decisions of the Supervisory Board, which act on the basis of the regulation approved by the Supervisory Board;
- Managing operating activities by the Management Board, with the delegation of some of its powers to the Management Board's committees established in accordance with the effective legislation, the Charter of the Bank, and other internal documents and decisions of the Management Board, which act on the basis of the regulation approved by the Management Board;
- Segregation of duties among all units of the Bank using the model of three lines of defense to create the Bank's risk management system, which should provide for ongoing risk analysis to make timely and adequate management decisions in order to mitigate risks and reduce the associated losses.

The Bank's shareholders, the General Shareholders' Meeting, the Supervisory Board, the Management Board are subjects of the corporate governance structure, together with the Corporate Secretary as the person responsible for the Bank's interaction with shareholders and fulfilling other functions in the field of corporate governance.

The existing corporate governance model provides for a high level of organization, which is supported by the Bank's impeccable reputation in the market. At the core of FUIB activities are effective functions of control and risk management, as well as timely response to legislative changes.

Current organizational structure: https://about.pumb.ua/management/structure

Management's objectives and strategies for achieving them

FUIB strives to remain one of the leading players in the Ukrainian banking market, above all in service quality, innovations and technology, while providing the best in industry economic effect for shareholders in terms of business value appreciation and return on invested capital in the long-term perspective.

FUIB is a universal bank of national scale that offers leading financial products and services to both legal entities and individuals.

FUIB conducts a transparent business and values its reputation.

FUIB's main principle is maximum client orientation and in-depth understanding of their needs, as well as building a business structure in accordance with the best international standards.

In accordance with the Development Strategy, the Bank is going to take measures on improving the business management system and increasing the efficiency of business processes. An important component of internal changes will be the upgrading of the Bank's staff skills. The implementation of the Bank's internal improvement projects aims at supporting the development of commercial activities, reducing operating costs, and providing for tight control over varied risks.

The Bank's main objective is to achieve a position of modern, universal, and competitive bank in Ukraine, a leader in banking services that would satisfy the needs of customers in state-of-the-art banking and financial instruments.

To increase profits and intensify the efficiency of its business activities, the Bank is going to further support and develop retail and small businesses, increase its customer base by building lasting trust-based relations with customers, expand the Bank's network, reengineer processes, automate, increase stability, and optimize business processes.

The main directions of development within the Development Strategy are as follows:

- Focus on building an efficient and sustainable banking model;
- Concentrate on two main customer segments: corporate and retail;
- Diversify the resource base by sources and loan portfolio by major borrowers and industries;
- Ensure high liquidity ratios;
- Ensure risk control and maintain the level of provision costs at planned levels with the help of rigorous borrowers' selection;
- Implement the best banking services standards.

FUIB is an innovative bank ready to outperform the market by using technologies. The Bank introduces new products and processes in customer service, by using both traditional and alternative channels for providing financial products and services. At the same time, FUIB improves quality of the services and develops individual solutions for customers, which will increase the market share in each of the product and customer segments. Such development is aimed at achieving the business objectives set out by the Development Strategy and supporting changes to the management model that require the introduction of new modern mechanisms and a qualitatively different level of management information.

Expenditures for development in 2023 are aimed at implementing the Bank's approved Development Strategy in the Ukrainian banking market.

The main criteria for the Bank's success are to fulfill the planned targets: by the number of customers actively engaged in operations with the Bank, customers' satisfaction with banking services, the share of non-performing loan portfolio, return on equity, and net profits.

The Bank regularly carries out operating monitoring of the objectives implementation and introduces the best banking practice standards to put them into action.

Resources and risks

Resources

The Bank's customers are represented by a significant number of individuals and entities from various industries. Payment cards business plays an important role in expanding the customer base.

The Bank is a principal member of the international payment systems of Visa and MasterCard and operates its own processing center, which serves a large number of cards from other domestic banks. The presence of a widely-developed network of own ATMs and the Bank's affiliation with the financial and industrial group contribute to attracting a large number of enterprises for servicing payroll projects.

The resource base of FUIB is diversified by sources of attraction (clients' funds, funds attracted in international markets, funds from domestic banks, etc.) and by major counterparties, client deposit portfolio – by major depositors, and funds of legal entities – by types of economic activities. This diversification mitigates the sensitivity to liquidity risk.

FUIB is a universal bank. The main share of loan portfolio belongs to corporate customers. The share of retail business is about one fourth from the total customer loan portfolio. Short-term loans prevail in the loan portfolio by the terms of using borrowed funds, and loans to finance current activities by the target apportionment. Diversification of corporate loan portfolio of the Bank by types of economic activities is acceptable.

Considering the currency structure of customer accounts and attraction of funds in international markets, about a fifth part of the clients' loan portfolio is in the form of foreign currency denominated loans granted in freely convertible currencies. In terms of the borrowers with foreign currency denominated loans the vast majority is among the largest legal entity borrowers. The absence of foreign currency inflows from certain borrowers increases the Bank's sensitivity to currency and credit risks. Amounts due from Top-20 largest borrowers constitute 13% of the total loan portfolio, before allowance for expected credit losses (31 December 2023: 13%). Currently, the customer loan portfolio is diversified by major borrowers.

The concentration of loans in relation to Tier 1 capital, which varies depending on the change in the volume and structure of regulatory capital, was due to the devaluation of the national currency in 2014 and 2022, taking into account the currency structure of loans to the largest borrowers.

The war has had a strong impact on the quality of the customer loan portfolio, but key indicators remain within the controllable range. The quality of the customer loan portfolio is satisfactory. As at 31 December 2024, the weight of Class 10 due from legal entities and Class 5 due from individuals (classes calculated in accordance with Resolution No. 351 of the National Bank of Ukraine) was 10.3%.

For the purpose of mitigating the sensitivity to credit risk, a significant amount of funds was directed to create allowances for active operations, especially in 2022. The allowances created as at 31 December 2024 covered the loan portfolio by 9.1% (31 December 2023: 12.5%). Such a significant increase in the provisioning rate is related to the maturing of credit losses and the large-scale write-offs against the allowance for irrecoverable amounts due, which was directly related to the full-scale military invasion of russia.

Despite the war, the amount of customer accounts increased by 21.8% in 2024: the increase in the customer accounts of individuals amounted to 15.7%, and the funds of corporate clients increased by 25.5%. As a result, the share of corporate accounts in liabilities to the Bank's customers increased from 62.3% to 64.2%, and retail accounts decreased from 37.7% to 35.8%. A significant amount of funds on current customer accounts increases the Bank's sensitivity to liquidity risk. Diversification of the resource base by major lenders reduces the Bank's sensitivity to liquidity risk. The quality of the resource base is satisfactory.

The operating efficiency ratio during the reporting period was high. The Bank generates a stable positive cash flow both on interest-bearing assets and on commissions and trading activities. In connection with the war, based on the 2022 performance, the Bank received UAH 398 million of net losses, primarily due to significant expenses for the creation of allowances, however, based on the 2023 performance, the Bank received UAH 3,955 million of net profits and UAH 3,942 million of net profits upon 2024, and this is taking into account the significant costs of paying income tax at an increased rate according to the amended legislation.

Quality of FUIB's equity was satisfactory, and FUIB's capital adequacy ratio was acceptable. According to the asset quality analysis conducted by the National Bank of Ukraine as at 1 April 2024, there was no capital shortage in FUIB. As at 31 December 2024, the Bank's capital adequacy exceeded the statutory ratio prescribed by the NBU (FUIB's capital adequacy ratio of N2 = 16.27% with statutory of at least 8,5% (according to changes to the legislation from 01.08.2024) and average by the Ukrainian banking system – 17.35%).

Taking into account the structure of the Bank's liabilities by maturity, the amount and share of highly liquid assets were significant.

About 60% of highly liquid assets were represented by investments in DGLBs and saving (deposit) certificates issued by the National Bank of Ukraine (31 December 2023: 63%). The funds on the correspondent account with the NBU were maintained to the extent necessary for servicing customers' operations and fulfilling the Bank's obligations. The majority of term deposits on interbank accounts were placed with non-resident investment class banks.

FUIB's liquidity indicators were acceptable. As at the end of 2024, the Bank's liquidity ratios were above the required levels set by the National Bank of Ukraine:

- Liquidity Cover age Ratio (LCR) for all currencies – 338%, with the minimum required by the NBU – 100%;
- Liquidity Coverage Ratio (LCR) in foreign currencies – 186%, with the minimum required by the NBU – 100%;
- Net Stable Funding Ratio (NSFR) – 179%, with the minimum 100% required.

In 2024, the Bank plans to finance its activities, the adequacy of working capital and liquidity by:

- Increased attraction of funds from corporate customers;
- Increased attraction of funds from retail customers.

The Bank invests funds or acquires certain assets under the FUIB's Growth Strategy. Financing is performed through internal procedures with the funds received from operating activities or profit reinvestment.

As at 31 December 2024, the Bank had capital expenditure commitments stipulated in the contracts for equipment purchases in the amount of UAH 59,850 thousand. The Bank's management had already allocated the necessary resources to fulfill the obligations. The Bank's management believes that future net income and financing will be sufficient to meet those and other similar obligations.

Plans for expanding or improving property, plant, and equipment and the reasons for their implementation are also carried out in accordance with the FUIB's Growth Strategy and are financed through internal sources. Investment plans presuppose expanding the network of outlets, ATMs, POS-terminals, investments in IT – in order to implement the effective changes in business processes.

FUIB adheres to high standards in ensuring decent and safe working conditions for employees and development of their professional skills. FUIB carries out its activities by observing the principles of conscientious working practices and respecting human rights.

The Bank's employees include economists and financiers, people of intellectual and creative professions, people who work in offices, branches, sales outlets, and remotely. Employees are the Bank's main asset and the key to sustainable development of the financial institution.

The Bank has a Collective Agreement in place which guarantees the protection of rights and interests of each FUIB's employee. Everyone has equal rights and opportunities regardless of gender, race, age, place of residence, religion, and political beliefs.

In 2024, FUIB traditionally invested in the improvement of workplace safety, preservation of employees' life and health. The Bank conducted laboratory studies of workplaces in terms of the presence of harmful factors, preliminary and periodic medical examinations of employees, financed the inspections of buildings to identify potential dangers in the facilities, conducted examinations of newly opened branches' compliance with fire safety rules, the pre-trip medical examinations of motor vehicle drivers, and many other things.

Development of employees is one of the main strategic directions. The Bank trains its employees remotely at trainings, seminars, master classes, and workshops. By raising the level of knowledge and skills, our colleagues will be able to implement more complicated projects and tasks, thereby strengthening their competencies and developing the Bank.

For beginners, the Bank offers trainings, which allows them quickly to adapt and fulfill their new responsibilities easily. For professionals, in order to discover their potential, it is possible, with the help of their mentors, to select training programs and inspiring projects.

For the fans of new technologies, the Bank implements the IT Drive project. Employees of Information Technology Department initiate and implement the ideas aimed at improving the internal processes and experience of customers in using the Bank's products.

Managers of the Bank are trained in the School of Management, from mastering their basic skills of managers to managing changes and projects.

The employees who have anything to share with others can be trained in the Institute of Internal Coaching. They may develop and conduct trainings to their colleagues.

The Bank has the Code of Conduct in place that reflects the basic principles of corporate conduct and ethical standards for employees of FUIB. The Code of Conduct is based on the principles of honesty and integrity and defines minimum requirements for the behavior of the Bank's employee. The Code of Conduct of FUIB is intended to help each employee to get an idea of the ideology and system of values of the Bank, its corporate culture, established ethical norms for employees' behavior, the manner of communication with colleagues, clients, and partners, how to resolve complex ethical situations, to prevent situations of conflicts of interests arising during the work process. The Bank expects that all employees and representatives of the Bank be governed by the highest standards of personal and professional integrity in all aspects of their activities and comply with all relevant laws, rules, practices, and principles of the Bank. Under no circumstances should employees jeopardize the reputation of the Bank, as well as the principles of integrity, even if it may grant the Bank with potential benefits. When commencing the work at FUIB, each employee is responsible for their behavior, including compliance with the laws, this Code of Conduct, corporate principles, and internal documents of the Bank.

When implementing innovative technologies into business processes and customer services, FUIB supports 'green' standards and makes its contribution to the preservation of the environment.

Not only are self-service online systems convenient for customers and profitable for business, but they are also beneficial to the environment. Thus, Internet banking FUIB Online 2.0 offers savings in terms of customer's time and money and, instead of visiting standard offices, it offers a wide range of online services without leaving home. This, in turn, reduces the load on the Bank. Overall, this is a significant economy of natural resources and energy that would be required for the organization and operation of outlets.

Every day, FUIB employees make efforts to preserve the environment: apply principles of the Green Office: save energy resources, save paper, optimally use the equipment and procedures for electronic document management, collect waste paper, and participate in other environmental initiatives.

FUIB in the conditions of the war

The day of 24 February 2022 divided the life of every Ukrainian into before and after. FUIB immediately changed its strategy to daily risk discussion and rapid decision-making to support people and systems. Most of the employees found themselves in the war zone on the very first day. Due to forced migration to safe regions, not everyone could work. However, the team supported each other: those who were in relative safety worked and helped their colleagues move to Western Ukraine. The Bank paid everyone's salary. Today, the priorities of FUIB's activities are the preservation of business, customers, and the team, as well as assistance to Ukrainian defenders.

Team support. Since the beginning of the war, the Bank has actively invested in employee support. Some of the colleagues work in dangerous regions and receive a salary supplement. The Bank provides financial assistance in case of loss or damage to housing, injury of employees, and death of their family members as a result of the hostilities, in case of withdrawal of families from the occupied territories. Mobilized colleagues continue to receive full salary. Many employees from the outlets in temporarily occupied territories and from the zones of active hostilities are employed in other outlets of the Bank. During the war, many employees were retrained and work in other units of the Bank.

The Bank created the Fund of Support to help mobilized employees of FUIB – collect funds by employees for the needs of our defenders. Together, we provided assistance to our mobilized employees. The initiative group of the Bank created the Coordination Center for the resettlement of employees in Western Ukraine and the provision of necessary assistance. The Center's team supported all willing employees by phone, in Telegram, in chatbot, and in the volunteer community. The assistance was provided to Ukrainian families in difficult situations, military personnel, and hospitals.

Our cash collectors, security experts, and outlet employees are real heroes. They have developed new logistics routes to deliver cash and valuables. Our armored personnel carriers went out, together with the employees, on duty at Territorial Defense lines. Cashiers, during the bombings in Kharkiv, Mykolaiv, Mariupol, and other cities, collected cassettes with money and repeatedly helped in the evacuation of people from the war zone, because they know the safe ways.

In connection with the full-scale military aggression of russia, part of the banking infrastructure was destroyed – they were in the war zone or found themselves in the occupation. The Bank was forced to close those outlets. There were problems with transporting cash to hotspots and replenishing ATMs. However, FUIB never lost operational continuity during the years of the war. Payments are processed, as usual, in the 24/7 mode. As soon as the region becomes safe for the Bank's customers and employees, FUIB immediately resumes the work of its outlets. So, almost immediately after the de-occupation, the Bank opened the doors of outlets in Chernihiv, Irpin, and Kherson. We have set up additional outlets – our invincibility points, where you can get the entire list of services, as well as recharge your phones, connect to WiFi, and warm up.

Despite all the challenges, the FUIB team is going through the most difficult period with dignity. Our people have moved to safe regions. We have maintained and supported our services at a high level. Demonstrated resistance to enemy cyberattacks.

At the beginning of the full-scale war, in order to support its customers, FUIB introduced credit holidays and reduced commissions for using its services. We tried to switch to remote channels for work, service, and communication as much as possible. Our remote channels work continuously.

Despite the war, the conditions for using FUIB's debit cards, in particular, "vseKARTA", remained unchanged: free card opening and maintenance and transfers to cards of any Ukrainian banks in UAH via FUIB Online and payment of utilities and replenishing mobile operator numbers in the application – without any commission.

Customers of the Bank do not need to put themselves in danger, stand in lines, or look for the nearest Bank's outlet – FUIB took care and automatically extended the validity of all FUIB cards until the end of the martial law.

FUIB continues to fulfill all its obligations. Including as an agent bank of the Individual Deposit Guarantee Fund. Thus, during the years 2022-2024, FUIB accurately paid out funds to depositors of other bankrupt banks. As a result of a balanced policy, customers trust the Bank.

The Bank continues to grant loans to businesses. Since the beginning of the war, FUIB has been paying a special attention to agricultural producers. The Bank closely cooperates with customers to assist the Ukrainian agricultural enterprises in conducting field work on schedule. Also, FUIB is an active participant of the state business support program "Affordable Loans 5-7-9". We can confidently call ourselves the most active commercial bank in terms of financing during the martial law period, which continued to lend to businesses at preferential interest rates.

FUIB's priorities include the safety of people, funds, valuables, and data. From the beginning of the full-scale invasion, several powerful DDOS attacks were directed at the Bank, which we withstood without stopping our services. FUIB paid special attention to fraudulent schemes related to social engineering, fundraising for defenders, and renting housing to displaced persons. During the years of the war, we saved funds on the accounts of over 7.5 thousand customers of FUIB thanks to the constant improvement of anti-fraud monitoring. In addition, the Bank checked all its suppliers and refused to cooperate with the counterparties connected to russia or belarus.

The Bank is trusted by more than 142 thousand corporate customers and 1.856 million individual customers.

Assistance to Ukrainian defenders. FUIB supports Ukrainian defenders (both men and women). The Bank directed more than UAH 150 million to support the Armed Forces of Ukraine, the National Guard and the Main Intelligence Directorate for the year 2024. From the beginning of the full-scale invasion such support totaled to UAH 313 million. The funds transferred were used for the purchase of bulletproof vests and helmets, radio stations and thermal imagers, tactical backpacks, clothes and shoes, copters and cars, medicines and fuel. Part of our armored vehicles protect the country and deliver humanitarian aid. Our cash collection armored vehicles handed over to the Armed Forces of Ukraine evacuated severely wounded soldiers from the front line, delivered ammunition to the front line, participated in the interception of saboteurs, and delivered food to the residents of the cities in the hottest spots. Armored vehicles saved more than a dozen lives. From the beginning of the full-scale invasion the Bank directed over UAH 249 million to support its employees. Some colleagues work in dangerous regions and receive salary supplements. The bank provides financial assistance in case of loss or damage to housing, injury to employees and death of their family members as a result of military operations, in case of families leaving occupied territories. Among the partners of FUIB in supporting the Armed Forces of Ukraine are well-known charitable foundations, such as the KSE Foundation and Serhii Prytula, as well as small volunteer organizations, and, together, we are doing one big important thing.

The constant need of Ukrainian soldiers is hemostatic means of tactical medicine and blood components in hot spots. Therefore, FUIB initiated the social project "We Are of One Blood" to support Ukrainian small business and art, promote donor initiatives and help the wounded. This is a large-scale partnership project of the Bank, the logistics company Nova Poshta, six Ukrainian manufacturers, and four illustrators, and two public organizations. FUIB transfers half of the cost of each order of patriotic merch which is created by Ukrainian manufacturers, to DonorUA and Blood Agents charitable funds. The collected funds are directed to meeting the needs of donor blood, delivery of blood components to hot spots, and purchases of tactical medicine for Ukrainian soldiers. Under the "We Are of One Blood" initiative, the funds collected were used to purchase hemostatic tourniquets, occlusive stickers, hemostatic bandages, compression bandages, intraosseous NIO accesses, ULV-200b low-temperature freezers for blood plasma storage in Kherson, and deliveries of blood components to hot spots, and each such delivery are thousands of saved lives. Thanks to this project, many Ukrainians have become donors, and this has saved many lives.

FUIB held a traditional Donor Day as part of the social project "We Are of One Blood". Many liters of blood were donated for the wounded. And more our defenders got a chance for life.

Our customers also constantly help FUIB to bring us closer to victory. Since the beginning of the war, FUIB has organized a possibility of quick transfer of any amount without any commission to support our army through all bank channels.

FUIB, together with customers, friends, and partners, raised funds for surgical equipment for the front-line operating rooms. Emergency medical care will be provided in the hospitals close to the combat zone of the front section of the South operational command.

As a primary dealer, our Bank has launched a service for the sale of military government bonds, the issue of which was initiated by the Ministry of Finance of Ukraine to support the budget of Ukraine through investments.

FUIB conducted training of the first pre-medical aid teams of the outlet network. In one month, the training program was held in 10 cities of Ukraine: Zaporizhzhia, Dnipro, Kyiv, Mykolaiv, Odesa, Kharkiv, Kryvyi Rih, Kremenchuk, Lviv, Rivne. As part of the course, the professional instructors of the control and rescue service "Pivnich" taught our colleagues the theory and helped practice skills according to the NATO protocol – M.A.R.C.H.

The work of the Psychological Support Service for employees was resumed.

FUIB joined the initiative of the First Lady of Ukraine Olena Zelenska "Self-Help Plus" – a group stress management course for adults who suffered from extremely adverse circumstances developed by the WHO. The self-regulation skills that employees receive in this course will help them use self-help approaches to overcome stress.

The knowledge sharing program "Knowledge Sharing" has been extended. FUIB employees are involved as speakers who share useful information, skills in working with programs and applications. To date, many webinars have been held with a total of over 5,290 participants, on such relevant topics as: life with LEAN in the conditions of the war; artificial intelligence and Data Science; security of corporate devices in the face of modern threats; cyber hygiene and cyber warfare, etc.

In November and December, FUIB, together with DGM, Israel, also implemented the Leaders Development Sessions program, in the framework of which the Bank's managers could listen to experts from various business segments from Israel and learn how Israel overcame similar difficulties during the war. For more details about social responsibility and social initiatives please visit: https://about.pumb.ua/growth/war_in_ukraine.

Anti-corruption program

Compliance Control Division of FUIB performs monitoring of the compliance with the principles of conscientiousness when providing services to customers, bank secrecy, protection of the database, compliance of offered products with customers' orders. Compliance Control Division also monitors the reliability, completeness, objectivity, and timeliness of the information provided by the Bank in accordance with the laws and regulations to public authorities, partners, clients, and the public.

The Bank provides the society with truthful and accurate information about its processes, products, and services. FUIB constantly improves business transparency. The Bank timely discloses the complete and reliable information, including information about its financial position and economic indicators. Thus, shareholders and investors can make informed decisions, and customers have the necessary information about their financial partner.

The Bank implements the Procedure for Declaring External Activities of Personnel according to which employees should necessarily notify the Bank about their external activities. This information is analyzed, and it is determined whether or not there is a conflict of interest between the employee, the Bank, its customers, and counterparties. Furthermore, the Bank implements the Procedure for Granting and Receiving Gifts and Invitations.

In its activities, the Bank implements Anti-Monopoly Compliance Policy, the main purpose of which is to prevent violations in the field of competition law on the part of responsible units of the Bank.

In 2016, FUIB adopted the Anti-Corruption Program of JSC "FUIB" and updated it in 2019. The Program establishes a set of rules, standards, and procedures for identifying, counteracting, and preventing corruption and is applied in all areas of the Bank's activities.

A transparent system of corporate management has been implemented in FUIB. In 2023, there were no incidents of prosecution of employees related to corruption issues.

Ethics and Business Conduct Committee comprising top managers of the Bank has been created and operates in the Bank. The Committee ensures the implementation in FUIB of uniform standards and principles of SCM businesses in the field of corporate ethics and business conduct.

Risks

Risk is inherent to banking and is managed through the process of ongoing identification, measurement, and control of risks, subject to risk limits and other controls. The process of risk management is critical to the Bank's continuing profitability, and each employee within the Bank is accountable for the risk exposures relating to his or her duties. The Bank is exposed to credit risk, liquidity risk, and market risk, the latter being subdivided into trading and non-trading risks. The Bank is also exposed to operating, including information and legal risks, as well as compliance risks.

The independent risk control process does not include business risks, such as changes in the operating environment, technology, and industry. Those risks are monitored by the Bank's strategic planning process.

The risk management policies, monitoring, and control are conducted by a number of specialized bodies and units within the Bank. The unit most actively involved in such management is the Risk Management Division of the Bank subordinated to the Deputy Chairperson of the Management Board on Risks (Chief Risk Officer/CRO) and reporting to the Supervisory Board, the Management Board of the Bank, the Credit Council of the Bank, the Assets and Liabilities Management Committee, and the Operating Risk Management Committee of the Bank.

The Bank's risks are measured using methods which reflect both the expected losses likely to arise in the normal circumstances and unexpected losses which are an estimate of the ultimate actual losses based on statistical and expert models. The models make use of probabilities derived from historical experience, adjusted to reflect the current economic environment. The Bank also runs the worst case scenarios that would arise should extreme events, which are unlikely to occur, do, in fact, occur.

The Bank takes on the exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or a group of borrowers. Such risks are monitored on a consistent basis and are subject to a regular review. Limits on the level of credit risk per borrower are approved regularly by the Credit Council of the Bank and the Credit Committee of the Bank.

The exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing those lending limits where appropriate. The exposure to credit risk is also managed, in part, by obtaining collateral and corporate guarantees.

Liquidity risk is the risk that the Bank will be unable to discharge its payment obligations when due in the course of usual economic activities and under stress circumstances. To limit this risk, management has ensured diversified funding sources in addition to the Bank's core deposit base, manages assets in compliance with its liquidity principles, and monitors future cash flows and liquidity on a daily basis.

The Bank, with the view to ensuring proper discharge of both its own and customers' obligations, has implemented the policy aimed at maintaining the liquid assets at the level sufficient to cover any unplanned withdrawal of a part of the client deposits placed with the Bank as a precaution against further deterioration in the economic situation, specifically, through formation of so called 'liquidity cushion'. To assess the adequacy of the secondary liquidity cushion, the Bank uses the methodology of calculating the minimum required level of secondary liquidity for three stress outflow scenarios: light, medium, and heavy. The scenarios are based on the Bank's own customer funds outflow statistics. Based on the liquidity risk stress testing results as at 31 December 2024, the secondary liquidity cushion created by the Bank covers the stress outflows under three business scenarios. Liquidity risk is measured by the Bank by using the gap analysis and forecasts of the expected future cash flows during a one-year term.

In addition, the liquidity position is assessed and managed by the Bank based on certain liquidity ratios established by the NBU. As at the end of 2024 the Bank had safety margins on most economic NBU's ratios.

Interest rate risk is a potential threat of loss occurrence, decrease in income, or decrease in value of the Bank's capital as a result of unfavorable changes in interest rates in the market. The risk appears primarily as a result of differences in maturities of assets and liabilities of the Bank by terms of sensitivity to changes in interest rates. Thus, interest rate risk is the result of the unbalanced structure of the statement of financial position by assets and liabilities by residual term to re-measurement date that are sensitive to changes in interest rates.

To assess interest rate risk, the Bank uses gap analysis of interest-bearing assets and liabilities, conducts sensitivity analysis of the value of interest-bearing assets and liabilities to changes in interest rates. Interest rate risk control is carried out according to the spread and margin change report.

In 2023, the Bank developed new scenarios for calculating interest rate risk of the banking book by using the NII method (the impact of interest rate risk on net interest income). The historical method is used to calculate shock changes in interest rates. The period of rate changes in 2022-2023 was chosen as a stressed period. For the current calculation of interest rate risk, the Bank uses the actual changes in interest rates over the recent year. As at 31 December 2024, interest rate risk of the banking book calculated under the standard scenario of actual changes in interest rates over the recent year amounted to UAH 128 million to the decrease in net interest income. A similar calculation as at 31 December 2023 amounted to UAH 399 million to the decrease in net interest income. During 2024 interest rate risk reduced due to a decrease in the annual volatility of interest rates.

Had there been increase in yield to maturity by 1 pp, the revaluation reserve for securities in equity would be lower by UAH 366,845 thousand as at 31 December 2024 (31 December 2023: by UAH 316,270 thousand).

The Bank assesses the above level of interest rate risk as acceptable and controllable, which will not affect significantly the Bank's yield and stable financial position.

Currency risk is the risk associated with the impact of foreign exchange rates fluctuation on the value of financial instruments.

The Bank performs currency risk assessment using Value-at-Risk assessment methodology (VaR) taking into consideration recommendations of International Convergence of Capital Measurement and Capital Standards, June 2006 and Revision to Basel II Market Risk Framework, December 2010. VaR allows to assess maximum possible extent of losses with the set confidence level for a certain period of time.

The Bank performs VaR calculation using historical modelling method so as to assess currency risk in the normal and stressed conditions of financial market development. VaR calculation is based on 251 days disregarding the historical data on market currency rates; the calculation period during which the Bank would be probably able to close open foreign currency positions is 10 days, and one-sided confidence level is 99%. When determining currency risk, the estimated VaR is multiplied by the sum of number "3" and mark-up in the amount "1" in accordance with the Basel recommendations.

The results of currency risk calculation using VaR method as at 31 December were as follows:

Indicators	**2024**	**2023**
Currency risk without diversification consideration		
USD	164,394	66,686
EUR	36,414	115,409
Other currencies	10,161	20,078
Total currency risk without diversification consideration	**210,969**	**202,173**
Effect of diversification	(194,481)	(176,162)
Currency risk with diversification consideration	**16,488**	**26,011**

The above data are calculated based on internal management accounts of the Bank on the basis of the operating financial statements prepared in accordance with IFRS.

Assets and Liabilities Management Committee of the Bank examines the results of currency risk assessment on a monthly basis.

The Bank maintains and actively manages the capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored by using, among other measures, the ratios established by the Basel Capital Accord 1988 and the ratios established by the NBU in supervising the Bank. The Bank considers the total capital under management to be the total regulatory capital.

The NBU requires that banks maintain a capital adequacy ratio of 8.5% (according to changes in the legislation from 01.08.2024) of risk-weighted assets computed based on the Ukrainian accounting rules. As at 31 December 2024 and 2023, the Bank complied with capital adequacy ratio and requirements to regulatory capital.

The existing risk management system evolves along with the growth of the Bank and is based, among other things, on the experience of overcoming major systemic crises in 1999, 2004, 2008, and 2014. Management believes that, at the current stage, the mature system of risk management has been formed, which allows to effectively eliminate both current and strategic challenges.

As a part of its overall financial risk management process, for the purpose of interest rate, currency, credit, and liquidity risks management, the Bank uses a system of limits and restrictions that ensures that actual risk measures are at the levels that do not exceed the Bank's tolerance to those risks. The Bank actively uses collateral to reduce its credit risks.

The Bank does not utilize hedge accounting defined in IFRS 9 "Financial Instruments". To mitigate market risks, the Bank may use derivatives to a limited extent, including forwards and swaps in the foreign exchange and capital markets. Such financial instruments are held for trading and are 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 are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from those instruments are included in the statement of comprehensive income, profit or loss as net gains/(losses) from financial derivatives. Further details about derivative financial instruments are disclosed in the Bank's financial statements.

Relations with shareholders and related parties

In the normal course of business, the Bank enters into transactions with significant shareholders, companies under common control, and other related parties. Those transactions include settlements, loans, deposits, trade finance, and foreign currency transactions. The outstanding balances as at 31 December 2024 and income and expenses for the year ended 31 December 2024 were as follows:

As at and for the year ended 31 December 2024	**Parent**	**Entities under common control**	**Management**	**Other related parties**
Assets				
Loans and advances to customers	-	424,024	198	2
(UAH – interest rate, % p.a.)	-	-	*(13,43),*	*(46,00),*
(USD, EUR – interest rate, % p.a.)	-	*(0,01),*	-	-
Allowance for loan impairment	-	(249,629)	(5)	-
Other financial and non-financial assets	5	11,736	-	-
Liabilities				
Customer accounts	(182)	(18,709,952)	(104,462)	(216,622)
(UAH – interest rate, % p.a.)	-	*(5,06),*	*(12,26),*	*(12,83),*
(USD, EUR – interest rate, % p.a.)	-	*(0,51),*	*(0,05),*	*(1,38),*
Other financial and non-financial liabilities	-	(29,994)	(18)	(4)
Credit related liabilities				
Revocable commitments to extend loans	-	10,289	1,000	640
Guarantees and avals	-	859,698	-	-
Income/(expense)				
Interest income	-	24,530	35	1
Interest expense	(172)	(685,935)	(6,032)	(6,908)
Commission income	227	180,229	342	243
Other income	-	194	27	5
Charges to allowance for commitments, guarantees, and letters of credit	-	1,299	-	-
Allowance for loan impairment	-	74,189	6	-
Operating expense and other income/(expense)	-	(618,084)	(322)	(1)

As of December 31, 2024, the interest rate for management loans consists of:

- Credit cards and overdrafts: 35.88% to 46% after grace period
- Consumer loans: nominal 0.01% (effective 10.62% to 28.29%)
- Cash loans: nominal 0.01% (effective 54.39%)

For comparison, as of December 31, 2023, credit cards and overdrafts rates were 35.88% to 41.88% after grace period.

During 2024, the Bank received software development and IT support services from a related party amounting to UAH 1,172,180 thousand (2023: UAH 833,847 thousand), which were recognized by the Bank as intangible assets.

The loan loss provision for related party loans was created using both portfolio and individual approaches.

In 2024, remuneration for 10 Management Board members consisted of:

- Salaries: UAH 156,121 thousand (2023: UAH 123,445 thousand)
- Mandatory state fund contributions: UAH 3,083 thousand (2023: UAH 2,653 thousand)
- Accruals for additional short-term compensation: UAH 143,143 thousand (2023: UAH 93,869 thousand)

For 2024, payments to 8 Supervisory Board members amounted to:

- Remuneration: UAH 34,246 thousand (2023: UAH 25,465 thousand)
- Mandatory state fund contributions: UAH 1,847 thousand (2023: UAH 1,393 thousand)

Performance results and further growth prospects

Results of the Bank's business activity

The Bank's assets as of December 31, 2024, amounted to UAH 186,583 million, which is UAH 33,248 million (+21.7%) higher than the previous year (December 31, 2023 – UAH 153,335 million).

The corporate loan portfolio, excluding loan loss provisions, increased by UAH 7,907 million (+17.0%) to UAH 54,385 million. The amount of corporate loan impairment provisions decreased by UAH 482 million (-11.4%) to UAH 3,760 million.

The retail loan portfolio, excluding loan loss provisions, increased by UAH 6,207 million (+47.8%) to UAH 19,204 million. The amount of retail loan impairment provisions decreased by UAH 265 million (-8.3%) to UAH 2,909 million. The decrease in provisions is related to the maturation of credit losses and write-offs against the provision for irrecoverable amounts directly related to russia's full-scale military invasion.

The Bank's assets as of December 31, 2024, had the following structure:

1. Customer loans – 35.9% (December 31, 2023 – 34.0%)
2. Cash, funds in the National Bank of Ukraine and due from other banks – 34.6% (December 31, 2023 – 24.8%)
3. Securities portfolio – 26.7% (December 31, 2023 – 37.9%)
4. Fixed assets, investment property, intangible assets and right-of-use assets – 1.5% (December 31, 2023 – 1.5%)
5. Other assets – 1.2% (December 31, 2023 – 1.9%)

Total equity in 2024 increased by UAH 4,803 million (+27.6%) and as of December 31, 2024, amounted to UAH 22,193 million.

As of December 31, 2024, and December 31, 2023, the Bank's authorized and registered share capital consists of 14,323,880 ordinary shares with a nominal value of UAH 333.75 per share. All shares have equal voting rights. As of December 31, 2024, all shares were fully paid and registered.

The Bank's operating income before provisioning expenses for 2024 amounted to UAH 17,772 million, which is UAH 2,052 million (+13.1%) more than in 2023. This confirms the high efficiency of the management model and business overall.

In 2024, the Bank received UAH 14,650 million in net interest income, which is UAH 2,285 million more than in 2023 (+18.5%).

The Bank's net fee and commission income for 2024 amounted to UAH 2,161 million, which is UAH 17 million (+0.8%) more than in 2023.

The Bank's trading and other income for 2024 amounted to UAH 961 million, which is UAH 250 million less than the previous year.

The Bank's operating expenses in 2024 increased by UAH 2,166 million (+30.8%) and amounted to UAH 9,210 million. As an active market participant, the Bank develops its structure, branch network, invests in employee development, and maintains competitive compensation. Software for providing high-quality services to clients is being actively developed, with a focus on speed and convenience. The Bank launches advertising campaigns to increase public awareness and conducts substantial charitable activities to support the country's defense capabilities.

To mitigate credit risk sensitivity, a significant amount of funds was directed to provisioning for active operations. In 2024, expenses for loan impairment provisions and lending-related commitments amounted to UAH 429 million, which is UAH 10 million less than the previous year. The formed provision covered 9.1% of the customer loan portfolio (12.5% as of December 31, 2023), which is fully aligned with the management's objectives and vision regarding the Bank's credit risk management. The decrease in provisioning expenses is directly related to the loan portfolio quality improvement.

For 2024, the Bank earned a net profit of UAH 3,942 million, considering significant expenses for income tax payment at an increased rate according to legislative changes, amounting to UAH 4,191 million. JSC FUIB ranked fourth among the largest taxpayers in Ukraine's banking sector.

Bank's active operations

The main directions of the Bank's active operations traditionally remained loans and government securities. The volume of loans issued, excluding loan loss provisions, increased by UAH 14,115 million (+23.7%) to UAH 73,589 million as of December 31, 2024. The volume of loan loss provisions decreased by UAH 748 million (-10.1%) to UAH 6,669 million, mainly due to write-offs of irrecoverable amounts and maturation of credit losses.

Lending operations. The Bank's lending activities were carried out in accordance with current Ukrainian legislation, restrictions established by the NBU under refinancing loans, and internal regulatory documents.

The corporate loan portfolio as of December 31, 2024, amounted to UAH 54,385 million, which is UAH 7,907 million (+17.0%) more than as of December 31, 2023. The largest share in the corporate loan portfolio structure by economic sectors belongs to loans to trade and agency services enterprises (34.1%), food industry and agriculture (29.3%). The largest increase was demonstrated by the portfolio of trade and agency services enterprises, which grew by UAH 2,098 million. The largest decrease was shown by the portfolio of machine-building enterprises, which decreased by UAH 19 million.

Loans to individuals at the end of 2024 amounted to UAH 19,204 million, which is UAH 6,207 million (+47.8%) more than as of December 31, 2023.

Interest income from the Bank's lending operations in 2024 amounted to UAH 12,879 million, which is UAH 1,869 million (+17.0%) more than in 2023. The share of the loan portfolio in the structure of interest income was 55.5% (2023: 54.3%).

Securities operations. The securities portfolio as of December 31, 2024, amounted to UAH 79,912 million, which is UAH 11,745 million (+17.2%) higher than as of December 31, 2023.

The total volume of domestic government bonds in the Bank's investment portfolio amounted to UAH 35,513 million, which is UAH 5,067 million (+16.6%) more than as of December 31, 2023.

Interest income from securities operations for 2024 amounted to UAH 9,714 million and increased by UAH 1,103 million (+12.8%) compared to 2023. By the end of 2024, the share of securities operations in the structure of interest income was 41.8% (2023: 42.5%). Securities operations were carried out by the Investment Business Department in accordance with established limits.

Interbank Operations. Funds in banks as of December 31, 2024, amounted to UAH 19,136 million, which is UAH 4,072 million more than in 2023 (+27.0%). Interest income from interbank operations for 2024 amounted to UAH 620 million (2.7% of total interest income) and decreased by UAH 23 million (-3.6%) compared to 2023.

The Bank's transactions with liabilities

The Bank's liabilities increased by UAH 28,445 million or +20.9% to UAH 164,390 million as of December 31, 2024.

Customer accounts volume for 2024 increased by UAH 27,606 million (+21.8%), with their share in the liability structure increasing from 93.1% to 93.8% compared to 2023. Corporate accounts increased by UAH 20,129 million (+25.5%) to UAH 99,001 million, while retail accounts increased by UAH 7,477 million (+15.7%) to UAH 55,148 million. As a result, the share of corporate accounts in customer liabilities increased from 62.3% to 64.2%, while retail accounts decreased from 37.7% to 35.8%.

Amount due to other banks at the end of 2024 increased by UAH 1,157 million (+42.6%) and amounted to UAH 3,873 million.

The dynamics of assets and liabilities, income and expenses, as well as liquidity indicators are fully aligned with the goals, objectives, and management's vision regarding the Bank's operations management, which is used in management analysis during the course of operational activities.

Bank's Achievements in 2024

Since February 24, 2022, Ukraine's banking system, including FUIB, has faced unprecedented challenges due to russia's full-scale invasion. Despite shelling, blackouts, and other risks, the banking system has proven resilient.

FUIB received six awards at the "25 Leading Banks of Ukraine" ceremony across 14 nominations:

- Best Top Manager of Ukrainian Banking Sector – Serhiy Chernenko, Board Chairman
- Best Salary Projects
- Best Retail Customer Service in Branch
- Best Business Development Manager – Arthur Zagorodnikov, Deputy Chairman
- Best Corporate Banker – Serhiy Magdych, Deputy Chairman
- Best Financial Director – Konstantin Shkoliarenko, Deputy Chairman

FUIB was a finalist in the UN Global Compact's "Partnership for Sustainability Award 2024" in the "Society" category. The bank's "Living Forward" platform helps veterans reintegrate into civilian life while fostering understanding between veterans and civilians.

Forbes Ukraine and KPMG ranked FUIB 8th in "Digitalization Champions 2024". The bank's mobile application is among Ukraine's most popular online banking platforms.

Serhiy Chernenko named Best CEO of Financial Market (TopFinance-2025).

"Banker Awards" 2024 prize for "Innovative Banking Mobile Application".

PSM Awards in financial technology:

- Gold: Best Business Credit Product (UAH 1.5M entrepreneur loans)
- Silver: Best Bank for Entrepreneurs, Best Acquiring Bank, Best Online Identification Services
- Bronze: Best Digital Bank, Best International Payments Operator

Credit-Rating agency confirmed FUIB's ratings:

- Long-term credit rating: uaAAA
- Bank deposit reliability: "5" (highest reliability).

One of the priorities of FUIB is the development of products and services for small and medium-sized entities.

FUIB's mission is to provide customers with high quality banking products, perfect and constantly improving service, and an individual approach. FUIB is constantly improving its business processes, implements the latest technological solutions, and improves the level of service and quality of products.

FUIB consistently strives to improve the quality of services provided to its customers.

Sustainable Development

In 2024, the Bank updated the "Declaration of Sustainable Development of JSC FUIB" (approved by the decision of the Supervisory Board of JSC FUIB, Minutes No. 413 dated October 19, 2023, latest revision dated December 19, 2024, No. 433) and throughout 2024 implemented the "Strategy of Sustainable Development of JSC FUIB for 2024-2028" (Minutes of the Supervisory Board dated February 22, 2024, No. 420), which defines 3 main areas of the Bank's sustainable development, strategic goals, 10 main objectives for 2024, and qualitative indicators to measure the achievement of these objectives. In its "Risk Appetite Declaration of JSC FUIB," the Bank has taken into account the negative manifestation of climate risks through their connection with the Bank's existing material risks: credit and operational risks.
The Sustainable Development Strategy is aimed at adhering to and achieving the Bank's strategic sustainable development goals:

- Promoting the comprehensive development of the Bank as a sustainable business that fully acknowledges its responsibility to all stakeholders (assessing the consequences of its activities, products, and services regarding negative impacts on the state and business, environmental situation, and society)
- Compliance with Ukrainian legislation in the field of sustainable development
- Ensuring a unified approach in managing the environmental and social management system
- Prevention and minimization of negative environmental impact in terms of responsible consumption
- Ensuring open and transparent communication on sustainable development issues
- Cooperation with suppliers, clients, contractors, and business partners to ensure that our standards in environmental protection, human rights, and anti-corruption are also their commitments

Key priorities of JSC FUIB's sustainable development are:

- Employee well-being and development
- Quality of products and services
- Development of local communities (increasing financial literacy among the population, helping young people in career choice and employment)
- Development of the business environment in areas of presence (consulting and lending to legal entities for small and medium business development, consulting and lending to private individuals to improve living standards, creating special offers for small business development opportunities, supporting businesses and clients during difficult times)
- Volunteering (promoting Bank employees' participation in volunteer projects with environmental and social components, and Bank sponsorship of such projects)
- Compliance with norms and requirements, as well as best international practices in sustainable development
- Minimizing negative environmental impact from own business operations
- Effective management of environmental and social risks aimed at minimizing negative environmental impact
- Assessment of environmental-social risks of credit projects financed in cooperation with the DGF
- Increasing the level of competence and awareness of employees regarding their own environmental impact
- Ensuring transparency and accessibility of information related to responsible financing, promoting open dialogue with all stakeholders
- Enhancing interaction with third parties (contractors, agents, etc.) regarding compliance with Ukrainian legislation in terms of environmental and social responsibility.

Environmental and Social Risks

Environmental and social risk management has been operational since 2024 and is integrated into the overall risk management system. The Bank conducts environmental and social risk assessments of credit projects within the framework of the "Affordable Loans 5-7-9%" program of the Entrepreneurship Development Fund. The purpose of environmental and social risk management is to identify and reduce the impact of relevant factors that may arise in the process of financing the Bank's clients.
The process of managing environmental and social risks of projects financed under state programs in cooperation with the Entrepreneurship Development Fund relates to JSC FUIB's responsible financing direction in accordance with the "Environmental and Social Risk Management Policy of JSC FUIB." This document establishes general principles and requirements for the identification and assessment of environmental and social risks in lending processes and credit monitoring.
The Bank adheres to environmental and social regulatory requirements stipulated by Ukrainian legislation, World Bank requirements, relevant environmental and social requirements, including those of the Entrepreneurship Development Fund, including the Exclusion List and the IFC Performance Standards on Environmental and Social Sustainability:

- Standard 1 (ESS1) - Assessment and Management of Environmental and Social Risks and Impacts
- Standard 2 (ESS2) - Labor and Working Conditions
- Standard 3 (ESS3) - Resource Efficiency and Pollution Prevention
- Standard 4 (ESS4) - Community Health and Safety
- Standard 5 (ESS5) - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- Standard 6 (ESS6) - Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Standard 7 (ESS7) - Indigenous Peoples
- Standard 8 (ESS8) - Cultural Heritage
- Standard 10 (ESS10) - Stakeholder Engagement and Information Disclosure

The environmental and social risk assessment process includes, in particular:

- Unified classifier of environmental and social risks

Risk Category	Risk Category Description
High Risk	Business activities may significantly impact the environmental situation and/or society and may potentially cause significant and/or long-term environmental or social risks and impacts, but are not included in the list of activities prohibited for lending
Significant Risk	Business activities may significantly impact the environmental situation and/or society, and may potentially cause significant and/or long-term environmental or social risks and impacts, taking into account the scale of activities and compliance with the Bank's Sustainable Development Strategy
Moderate Risk	Business activities have limited environmental or social risks and impacts that can be predicted, prevented and/or mitigated through technically and financially feasible measures
Low Risk	Business activities have minimal/insignificant environmental and social risks and impacts associated with them

- Each project financed under the "Affordable Loans 5-7-9%" program undergoes environmental and social risk assessment. Financing decisions for Clients are made only after completing the environmental and social risk assessment.
- Internal bank monitoring of the approved level of environmental and social risks
- Monthly reports to the World Bank on the "ARISE" "Affordable Loans 5-7-9%" program.

Risk category determination takes into account the NACE code, intended use of funds (according to the requirements of the "Affordable Loans 5-7-9%" program), and the scale of business operations. One of the target areas for fund utilization is environmental orientation. The Bank classifies as environmentally oriented financing that is aimed at achieving positive environmental effects for the Client from project implementation (depending on business conditions), namely:

- Alternative energy (wind, solar, bio, hydro, geothermal), excluding wind power plants with turbine height ≥50 m
- Implementation of environmentally friendly transport (electric vehicles)
- Implementation of energy-efficient technologies (building insulation, energy-saving lamps and equipment)
- Conservation of flora and fauna, water and land resources
- Minimization of waste generation, disposal, and recycling (new resource-saving and low-waste technologies, ecological materials)
- Reduction of emissions into the natural environment (filters, treatment facilities)
- Other projects aimed at environmental protection, implementation of environmental standards, reduction of emissions into the natural environment.

The organizational structure of environmental and social risk management consists of 3 levels of control:

I. First level: Heads of business units/support units
II. Second level: Risk management units and Compliance Control Department
III. Third level: Internal Audit Department

The Bank ensures the creation and maintenance of sufficient capacity and competence for effective environmental and social risk management through:

- Training of Bank employees involved in the environmental and social assessment process on the basic principles and rules of its conduct
- Client consultation as needed
- Enhancement of employee qualification level through external seminars and training

Interaction with Key Stakeholders in 2024:

1. Shareholders:
   - Adherence to unified management and reporting requirements
   - Ensuring disclosure of reliable and timely information about the Bank's performance
2. State / Regulator:
   - Provision of transparent information
   - Conducting regular audits of results and operational processes
   - Compliance with Regulator requirements
   - The Bank became a State partner in implementing the "5-7-9" program
3. Employees:
   - Conducting regular employee satisfaction surveys
   - Organization of training programs for professional and personal skill development
   - Confidential SCM Group Trust Line
4. Clients:
   - Provision of quality products, services, and solutions
   - Improvement of service technologies and ensuring stable access to Bank services
5. Other FUIB Stakeholders:
   - Counterparties, media, financial market participants, associations and others

For more information about sustainable development, visit the Bank's website: https://about.pumb.ua/growth/strategy
For more information about environmental risk management: https://about.pumb.ua/growth/risk_management

Translation from Ukrainian original

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Independent auditor's report

To the Shareholder and the Supervisory Board of Joint Stock Company "FIRST UKRAINIAN INTERNATIONAL BANK"

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of Joint Stock Company "FIRST UKRAINIAN INTERNATIONAL BANK" (hereinafter, the "Bank"), which are presented on pages 20 to 89 and comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 International Financial Reporting Standards (IFRSs), and comply with the requirements for the preparation of financial statements established by Law of Ukraine "On accounting and financial statements in Ukraine" No. 996-XIV.

Basis for qualified opinion

As at 31 December 2024 and 2023, and 1 January 2023 the Bank had investments in 141,170 shares of class B common stock of Mastercard Inc. that were designated as financial assets at fair value through other comprehensive income. IFRS 9, Financial Instruments, requires measurement of such investments at fair value at each reporting date, with fair value changes recognized in other comprehensive income. The Bank carried that investment in the statement of financial position as at 31 December 2024, 31 December 2023 and 1 January 2023 at UAH 59, UAH 54, and UAH 52, respectively, which was below its fair value at those dates, and which therefore constitutes a departure from IFRSs. Had the Bank measured that investment at fair value, investments in securities as at 31 December 2024 and 2023, and 1 January 2023 would have been increased by UAH 3,128,567 thousand, UAH 2,286,320 thousand, and UAH 1,778,314 thousand, respectively, reserve of gains and losses on financial assets measured at fair value through other comprehensive income as at 31 December 2024 and 2023, and 1 January 2023 would have been increased by UAH 3,128,567 thousand, UAH 2,286,320 thousand, and UAH 1,778,314 thousand, respectively, gains on financial assets measured at fair value through other comprehensive income that will not be reclassified to profit or loss, before tax, for the years ended 31 December 2024 and 2023 would have been increased by UAH 842,247 thousand and UAH 508,005 thousand, respectively, total other comprehensive income/(loss) that will not be reclassified to profit or loss after tax for the years ended

Shape the future with confidence

31 December 2024 and 2023 would have been increased by UAH 842,247 thousand and UAH 508,005 thousand, respectively.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's 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' (IESBA) 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 qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Bank's operations have been affected by the Russian Federation's military invasion of Ukraine. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, 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.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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. In addition to the matter described in the *Material uncertainty related to going concern* section and the matter described in the *Basis for Qualified Opinion* section, we have determined the matter described below to be the key audit matter to be communicated in our report. 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	*How our audit addressed the key audit matter*
Assessment of expected credit losses on loans and advances to customers	
Assessment of expected credit losses (ECL) in accordance with IFRS 9, Financial instruments, is complex and inherently	Our audit procedures included assessment of the methodology, approaches and assumptions used by the Bank in respect of

Key audit matter	*How our audit addressed the key audit matter*
subjective process that requires application of judgements and making assumptions by the Bank's management. The Bank's expected credit losses calculations are outputs of complex models with a number of underlying assumptions regarding assessment of the probabilities of default (PD), exposures at default (EAD) and loss given default (LGD), selection of forward-looking macroeconomic scenarios, including impact of the military aggression of the Russian Federation against Ukraine, the estimation of the amount and timing of cash flows in scenarios for the assessment of expected credit losses on loans and advances to customers calculated on an individual basis. The use of different assumptions could produce significantly different estimates of expected credit losses on loans and advances to customers. In addition, the balance of loans and advances to customers represents a significant portion of total assets of the Bank and is a material to the financial statements. Taking into account the significance of loans and advances to customers balances, high level of subjectivity of assumptions and uncertainty related to the impact of the military aggression of the Russian Federation against Ukraine, we considered that assessment of expected credit losses on loans and advances to customers was a key audit matter. Information on expected credit losses and risk management policies is included in Notes 4, 5, 9 and 24 of the financial statements.	historical and macroeconomic information, including changes in economic conditions related to the impact of the military aggression of the Russian Federation against Ukraine based on the facts and circumstances at the reporting date, in the assessments of expected credit losses on loans and advances to customers. With respect to allowance for expected credit losses calculated on a collective basis, our audit procedures comprised obtaining an understanding, evaluating the design, and testing operating effectiveness of the controls related to the process of expected credit losses assessment on loans and advances to customers. We identified and tested controls related to input data and calculations of expected credit losses on loans and advances to customers. We involved our risk management specialists to assist us with the analysis of the Bank's ECL methodology and models. We also tested on a sample basis completeness and accuracy of historical data used as inputs in models and compared forward-looking inputs with external macroeconomic forecasts. For a sample of loans assessed on an individual basis, our audit procedures comprised analysis of assessment of financial condition of the counterparty, review of valuation of underlying collateral and forecasts of future cash flows which were incorporated in multiple scenarios of the assessment of expected cash flows. In addition, we considered whether current conditions related to the military aggression of the Russian Federation against Ukraine included in the assessment of expected credit losses. Also, we analysed the Bank's information about expected credit losses on loans and

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Key audit matter	*How our audit addressed the key audit matter*
	advances to customers included in the notes in the financial statements.

Other matter

The financial statements of the Bank for the year ended 31 December 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on 25 March 2024 in respect of the departures from IFRSs in measurement of Mastercard Inc. shares and accounting for Visa Inc. shares. The auditor's report included a "Material uncertainty related to going concern" section. *Other information included in the Bank's Management report and the Annual Information of the Issuer of Securities for 2024*

Other information comprises the information included in the Bank's Management report for 2024 (but does not include financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Information of the Issuer of Securities (including the Corporate Governance report) for 2024, which is expected to be made available to us after that date. Management is responsible for the other information.

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.

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 obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above the Bank's financial statements are misstated for the matter discussed in that section. We have concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items in the Bank's Management report for 2024 affected by that matter.

When we read the Annual Information of the Issuer of Securities, if we conclude that there is a material misstatement therein, we will communicate the matter to the Supervisory Board.

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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

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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.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

Auditor's 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 auditor's 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 skepticism 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 auditor's 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 auditor's 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 the Supervisory Board 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.

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We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the Supervisory Board, 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.

Report on other legal and regulatory requirements

Pursuant to the requirements of Article 14 paragraph 4 of Law of Ukraine “On audit of financial statements and auditing activity” No. 2258-VIII (the “Law No. 2258-VIII”) and pursuant to the “Requirements to the information applicable to the audit or review of the financial statements prepared by capital market and organized commodity market participants supervised by the National Securities and Stock Market Commission (the NSSMC)” approved by the NSSMC Decision No. 555 dated 25 July 2021 (hereinafter – ”NSSMC Requirements”) we provide the following information in our Independent Auditor’s Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the auditor and period of engagement

We were first appointed as independent auditors to perform a statutory audit of the Bank’s financial statements on 9 July 2024 by the Supervisory Board. The period of total uninterrupted engagement for performing the statutory audit of the Bank is one year.

Consistency of the independent auditor’s report with the additional report to the Supervisory Board

We confirm that this independent auditor’s report is consistent with the additional report to the Supervisory Board of the Bank, which we issued on 22 April 2025 in accordance with Article 35 of Law No. 2258-VIII.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 6 paragraph 4 of Law No. 2258-VIII were provided. In addition, there are no non-audit services which were provided by us to the Bank.

Reporting under the NSSMC requirements

- Full legal name of the Bank, information on the ultimate controlling party as well as the ownership structure are disclosed in Notes 1 to the Bank’s financial statements.

- As at 31 December 2024, the Bank had no subsidiaries and was not a controlling party or a participant of a non-banking group.

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- The Bank is a public interest entity according to the requirements of Law of Ukraine “On accounting and financial statements in Ukraine” No. 996-XIV.

- Prudential ratios, established by the NSSMC for relevant activity of professional capital market and organized commodity market participants, are not applicable to banks, which are engaged in professional stock market activities in accordance with “Regulation on prudential ratios for professional stock market activities and risk management requirements” (as amended) approved by the NSSMC Decision No. 1597 dated 1 October 2015.

- The Revision Committee (revisor) has not performed an examination of the Bank’s financial and economic activities for the financial year due to the fact that the Revision Committee was not created.

- Limited liability company “Ernst & Young Audit Services” (ERDPOU: 33306921, web-site: www.ey.com/ua) have audited the Bank’s financial statements according to agreement No. C-UA50-2024-ASU-2492 dated 25 October 2024. The audit was conducted in the period from 25 October 2024 to 22 April 2025.

The partner in charge of the audit resulting in this independent auditor’s report is Studynska Y.S.

For and on behalf Ernst & Young Audit Services LLC:

Svistich O.M.
General Director

Registration number in the Register of auditors and audit firms: 101250

Електронний підпис
СВІСТИЧ ОЛЕКСАНДР МИХАЙЛОВИЧ
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

Studynska Y.S.
Partner

Registration number in the Register of auditors and audit firms: 101256

Електронний підпис
Студинська Юлія Сергіївна
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

Pryshchepko Y.Y.
Auditor

Registration number in the Register of auditors and audit firms: 101251

Kyiv, Ukraine

22 April 2025

Електронний підпис
Прищепко Юлія Юріївна
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

Електронна печатка
ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
ЄДРПОУ/ІПН 33306921
Підписано у Вчасно

Документ підписано у сервісі Вчасно (продовження)
Independent auditor's report_FUIB_2024.pdf

Документ відправлено: 18:11 22.04.2025

Відправник документу

Електронний підпис
18:11 22.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Головний експерт з аудиту: Прищепко Юлія Юріївна
Час перевірки КЕП/ЕЦП: 18:11 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 2DBD5940D955E12A04000000CD1800005A1E1100
Тип підпису: кваліфікований
Тип сертифікату: кваліфікований

Електронна печатка
18:13 22.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Власник ключа: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Час перевірки КЕП/ЕЦП: 18:13 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 2C9BF40700000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
18:35 22.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Власник ключа: Студинська Юлія Сергіївна
Час перевірки КЕП/ЕЦП: 18:35 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 7992190800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
18:39 22.04.2025
ЄДРПОУ/ІПН: 33306921
Юр. назва: ТОВ "ЕРНСТ ЕНД ЯНГ АУДИТОРСЬКІ ПОСЛУГИ"
Генеральний директор: СВІСТІЧ ОЛЕКСАНДР МИХАЙЛОВИЧ
Час перевірки КЕП/ЕЦП: 18:39 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 18CAF40700000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

(In Ukrainian Hryvnias and in thousands)

	Notes.	2024	2023
Assets			
Cash and cash equivalents	6	59,202,081	33,747,952
Loans and advances to banks	7	5,435,023	4,213,505
Investments in securities	8	49,901,420	58,155,525
Loans and advances to customers	9	66,920,439	52,058,047
Derivative financial assets	17	-	8,510
Other financial assets	12	1,979,208	2,611,752
Other non-financial assets	12	286,232	273,802
Right-of-use assets	11	251,717	234,030
Property, plant, and equipment	10	2,142,633	1,652,243
Investment property	10	68,231	59,168
Intangible assets, other than goodwill	10	395,582	320,312
Total assets		**186,582,566**	**153,334,846**
Liabilities			
Due to other banks	13	3,873,397	2,716,727
Customer accounts	14	154,148,828	126,542,822
Derivative financial liabilities	17	2,664	1,250
Current tax liabilities	23	2,504,344	3,200,277
Lease liabilities	11	284,087	266,294
Other financial liabilities	16	2,075,234	2,188,420
Other non-financial liabilities	16	1,219,255	909,011
Deferred tax liabilities	23	282,184	120,273
Total liabilities		**164,389,993**	**135,945,074**
Equity			
Share capital	18	4,780,595	4,780,595
Share premium		101,660	101,660
Revaluation surplus		606,516	403,283
Reserve of gains and losses on financial assets measured at fair value through other comprehensive income		2,057,642	1,407,291
Statutory reserve		3,107,683	2,909,909
Retained earnings		11,538,477	7,787,034
Total equity		**22,192,573**	**17,389,772**
Total liabilities and equity		**186,582,566**	**153,334,846**

Signed on behalf of the Management Board on 22 April 2025 by

S. P. Chernenko (Chairman of the Management Board)

O. O. Poleshchuk (Chief Accountant)

Документ підписано у сервісі Вчасно (продовження)
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Відправник документу

Електронний підпис
18:52 22.04.2025
ЄДРПОУ/ІПН: 14282829
Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Головний бухгалтер: Полещук Олена Олегівна
Час перевірки КЕП/ЕЦП: 18:52 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 22C20A0800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
18:53 22.04.2025
ЄДРПОУ/ІПН: 14282829
Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Голова Правління: Черненко Сергій Павлович
Час перевірки КЕП/ЕЦП: 18:53 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 24C20A0800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

(In Ukrainian Hryvnias and in thousands)

	Notes	2024	2023
Interest revenue calculated using effective interest rate method	19	22,738,690	19,916,370
Interest income	19	474,222	348,180
Interest expense	19	(8,562,794)	(7,899,066)
Net interest income		**14,650,118**	**12,365,484**
Commission income	20	4,467,644	3,935,528
Commission expenses	20	(2,306,522)	(1,791,291)
Net commission income		**2,161,122**	**2,144,237**
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	6,7,8,9, 12, 26	(429,060)	(439,299)
Net increase (decrease) from trading in foreign currencies		869,008	857,655
Net increase (decrease) from foreign exchange translation		83,463	42,712
Net increase (decrease) from operations with debt financial instruments measured at fair value through other comprehensive income		1,540	(11,549)
Net increase (decrease) from revaluation of investment property	10	9,206	-
Gains (losses) on change in fair value of derivatives		(35,536)	167,524
Gain (loss) arising from derecognition of financial assets measured at amortised cost		(708)	(683)
Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets	12, 27	6,627	38,392
Other gains (losses)	21	27,342	116,768
Profit (loss) from operating activities		**17,343,122**	**15,281,241**
Operating expense	22	(9,209,928)	(7,043,808)
Profit (loss) before tax		**8,133,194**	**8,237,433**
Tax (expense)/income	23	(4,190,827)	(4,281,958)
Profit (loss) for the reporting period		**3,942,367**	**3,955,475**
Earnings per share, basic and diluted (UAH per share)	29	**275,23**	**276,15**

Signed on behalf of the Management Board on 22 April 2025 by

S. P. Chernenko (Chairman of the Management Board)

O. O. Poleshchuk (Chief Accountant)

Електронний підпис
Черненко
Сергій
Павлович
ЄДРПОУ/ІПН
14282829
Підписано у Вчасно

Електронний підпис
Полещук
Олена
Олегівна
ЄДРПОУ/ІПН
14282829
Підписано у Вчасно

The accompanying notes on pages from 25 to 89 form an integral part of these financial statements.

Документ підписано у сервісі Вчасно (початок)
PUIB_IFRS_PL eng - 2024.pdf

Документ підписано у сервісі Вчасно (продовження)
FUIB_IFRS_PL eng - 2024.pdf

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Відправник документу

Електронний підпис
18:53 22.04.2025
ЄДРПОУ/ІПН: 14282829
Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО "ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК"
Головний бухгалтер: Полещук Олена Олегівна
Час перевірки КЕП/ЕЦП: 18:53 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 22C20A08000000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
18:54 22.04.2025
ЄДРПОУ/ІПН: 14282829
Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО "ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК"
Голова Правління: Черненко Сергій Павлович
Час перевірки КЕП/ЕЦП: 18:53 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 24C20A08000000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

(In Ukrainian Hryvnias and in thousands)

	2024	2023
Profit (loss) for the reporting period	**3,942,367**	**3,955,475**
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss, after tax		
Gains (losses) on financial assets measured at fair value through other comprehensive income, before tax	868,675	2,292,089
Amounts removed from equity and adjusted against fair value of financial assets on reclassification out of fair value through other comprehensive income measurement category, before tax	(1,540)	11,549
Income tax relating to financial assets measured at fair value through other comprehensive income included in other comprehensive income	(216,784)	(546,002)
Total other comprehensive income (loss) that will be reclassified to profit or loss, after tax	**650,351**	**1,757,636**
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		
Revaluation of premises	282,285	-
Income tax related to components of other comprehensive income	(72,202)	(19,720)
Total other comprehensive income (loss) that will not be reclassified to profit or loss, after tax	**210,083**	**(19,720)**
Other comprehensive income (loss) for the year, net of tax	**860,434**	**1,737,916**
Total comprehensive income (loss) for the reporting period	**4,802,801**	**5,693,391**

Signed on behalf of the Management Board on 22 April 2025 by

S. P. Chernenko (Chairman of the Management Board)

O. O. Poleshchuk (Chief Accountant)

Електронний підпис
Черненко
Сергій
Павлович
ЄДРПОУ/ІПН
14282829
Підписано у Вчасно

Електронний підпис
Полещук
Олена
Олегівна
ЄДРПОУ/ІПН
14282829
Підписано у Вчасно

Документ підписано у сервісі Вчасно (продовження)
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Відправник документу

Електронний підпис
18:53 22.04.2025
ЄДРПОУ/ІПН: 14282829
Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Головний бухгалтер: Полещук Олена Олегівна
Час перевірки КЕП/ЕЦП: 18:53 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 22C20A0800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
18:53 22.04.2025
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Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Голова Правління: Черненко Сергій Павлович
Час перевірки КЕП/ЕЦП: 18:53 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 24C20A0800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

(In Ukrainian Hryvnias and in thousands)

	2024	**2023**
Cash flows from operating activities		
Interest received	22,354,436	19,128,951
Interest paid	(8,543,353)	(7,718,539)
Commission income received	4,445,581	3,916,779
Commission expenses paid	(2,228,674)	(1,668,402)
Net increase in operations with foreign currencies	869,008	857,655
Net increase in operations with financial instruments measured at fair value through profit or loss	(25,589)	66,268
Other cash receipts from operating activities	77,937	75,415
Administrative expenses and other paid operating expenses	(6,929,759)	(4,797,727)
Income taxes paid	(5,013,849)	(1,290,857)
Net cash flows from operations	**5,005,738**	**8,569,543**
Net (increase)/decrease in operating assets		
Loans and advances to banks	(573,733)	(528,651)
Loans and advances to customers	(13,575,843)	(6,350,145)
Other financial assets	797,794	(177,988)
Other non-financial assets	272	240
Net (decrease)/increase in operating liabilities		
Due to other banks	914,372	297,322
Customer accounts	24,395,281	34,600,070
Other financial liabilities	(201,938)	(571,002)
Net cash flows from operating activities	**16,761,943**	**35,839,389**
Cash flows from investing activities		
Purchase of property, plant, and equipment	(624,866)	(445,106)
Proceeds on sales of property, plant, and equipment	5,489	81,819
Purchase of intangible assets	(1,524,903)	(890,131)
Purchase of securities	(101,299,181)	(113,642,541)
Proceeds on sales and repayment of investments in securities	111,571,774	70,151,714
Net cash flows from (used in) investing activities	**8,128,313**	**(44,744,245)**
Cash flows from financing activities		
Due to the central bank	-	(4,200,500)
Payments of lease liabilities	(131,033)	(122,883)
Net cash flows from (used in) financing activities	**(131,033)**	**(4,323,383)**
Effect of exchange rate changes on cash and cash equivalents	699,206	519,054
Impact of expected credit losses on cash and cash equivalents	(4,300)	1,268
Net increase (decrease) in cash and cash equivalents	**25,454,129**	**(12,707,917)**
Cash and cash equivalents at the beginning of the period	33,747,952	46,455,869
Cash and cash equivalents at the end of the period (Note 6)	**59,202,081**	**33,747,952**

Signed on behalf of the Management Board on 22 April 2025 by

S. P. Chernenko (Chairman of the Management Board)

O. O. Poleshchuk (Chief Accountant)

The accompanying notes on pages from 25 to 89 form an integral part of these financial statements.

Документ підписано у сервісі Вчасно (продовження)
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Відправник документу

Електронний підпис
18:52 22.04.2025
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Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Головний бухгалтер: Полещук Олена Олегівна
Час перевірки КЕП/ЕЦП: 18:52 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 22C20A080000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

Електронний підпис
18:53 22.04.2025
ЄДРПОУ/ІПН: 14282829
Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Голова Правління: Черненко Сергій Павлович
Час перевірки КЕП/ЕЦП: 18:53 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 24C20A080000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

(In Ukrainian Hryvnias and in thousands)

	Share capital	Share premium	Revaluation surplus	Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	Statutory reserve	Retained earnings	Total equity
Equity as at 1 January 2023	**4,780,595**	**101,660**	**430,759**	**(350,345)**	**2,909,909**	**3,823,803**	**11,696,381**
Profit	-	-	-	-	-	3,955,475	3,955,475
Other comprehensive income	-	-	(19,720)	1,757,636	-	-	1,737,916
Total comprehensive income (loss) for the reporting period	**-**	**-**	**(19,720)**	**1,757,636**	**-**	**3,955,475**	**5,693,391**
Increase (decrease) through other changes, equity	-	-	(7,756)	-	-	7,756	**-**
Equity as at 31 December 2023	**4,780,595**	**101,660**	**403,283**	**1,407,291**	**2,909,909**	**7,787,034**	**17,389,772**
Profit	-	-	-	-	-	3,942,367	3,942,367
Other comprehensive income	-	-	210,083	650,351	-	-	860,434
Total comprehensive income (loss) for the reporting period	**-**	**-**	**210,083**	**650,351**	**-**	**3,942,367**	**4,802,801**
Increase (decrease) through other changes, equity	-	-	(6,850)	-	-	6,850	-
Distribution of previous years' profit (Note 18)	-	-	-	-	197,774	(197,774)	-
Equity as at 31 December 2024	**4,780,595**	**101,660**	**606,516**	**2,057,642**	**3,107,683**	**11,538,477**	**22,192,573**

Signed on behalf of the Management Board on 22 April 2025 by

S. P. Chernenko (Chairman of the Management Board)

O. O. Poleshchuk (Chief Accountant)

Електронний підпис
Черненко
Сергій
Павлович
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14282829
Підписано у Вчасно

Електронний підпис
Полещук
Олена
Олегівна
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14282829
Підписано у Вчасно

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19:23 22.04.2025
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Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Головний бухгалтер: Полещук Олена Олегівна
Час перевірки КЕП/ЕЦП: 19:23 22.04.2025
Статус перевірки сертифікату: Сертифікат діє
Серійний номер: 22C20A0800000000000000000000000000000001
Тип підпису: удосконалений
Тип сертифікату: кваліфікований

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Юр. назва: АКЦІОНЕРНЕ ТОВАРИСТВО “ПЕРШИЙ УКРАЇНСЬКИЙ МІЖНАРОДНИЙ БАНК”
Голова Правління: Черненко Сергій Павлович
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(In Ukrainian Hryvnias and in thousands)

1. Principal activities

JOINT STOCK COMPANY "FIRST UKRAINIAN INTERNATIONAL BANK" (hereinafter, the "Bank") was established on 20 November 1991. The Bank commenced its operations in April 1992. The Bank provides a full range of banking services, including attracting deposits and granting loans, investing in securities, servicing payments in Ukraine and transferring funds abroad, exchanging currencies, issuing and processing transactions with payment cards.

The Bank is a member of the Individual Deposit Guarantee Fund effective from 2 September 1999 (Registration Certificate No. 102 dated 6 November 2012), which operates in accordance with the Law of Ukraine No. 2740-III "On Individual Deposit Guarantee Fund". Effective from 13 April 2022, during the martial law period in Ukraine and within three months after its termination or cancellation, the Individual Deposit Guarantee Fund ensures the repayment of individual deposits to each depositor of the Bank in full (2024 – in full).

As at 31 December 2023 and 2022, the Bank's shareholders were SCM FINANCE (92.3% in the share capital) and SCM HOLDINGS LIMITED (Cyprus) (7.7% in the share capital). The ultimate controlling party of the Bank is Mr. R. L. Akhmetov, a citizen of Ukraine.

The Bank's registered address is at: 4 Andriivska Str, Kyiv, Ukraine. As at 31 December 2024, the Bank had five regional centers and 218 outlets in Ukraine (31 December 2023 − five regional centers and 215 outlets in Ukraine).

2. Operating environment of the Bank

In 2024, the full-scale war which started in February 2022 as a result of the armed aggression of the russian federation continued in the whole territory of Ukraine. These events led to significant infrastructure destruction, displacement of large numbers of people and disruption of economic activity in the country. Ukraine is resisting intensified enemy pressure on several front lines where the enemy has achieved certain tactical successes at the cost of significant losses. Massive russian air strikes have significantly intensified. Ukraine's economy continues to demonstrate resilient growth under extremely challenging conditions. At the same time, significant budget deficits, current account deficits and consequently foreign currency shortages in the market persist. Ukraine's funding needs are met by substantial international support, sufficient amount of which have been confirmed for the next year.

Ukraine is adapting to threats and investing in strengthening its defense capabilities. As a result, domestic production of military equipment is increasing. The circle of countries with which Ukraine has concluded security agreements is gradually expanding – 27 such agreements have already been signed, particularly with all G7 countries, the EU and most of its member states. This confirms partners' readiness to provide further military assistance.

Ukraine's economic recovery continues. Following a 28.8% GDP decline in 2022, the economy recovered by 5.3% in 2023 and for the year 2024 growth is expected to be in range from 3.4% (NBU estimate) to 3.6% (Ministry of Economy estimate) year-on-year. As of the end of December 2024 inflation accelerated to 12.0% year-on-year, to which the National Bank responded by raising the key policy rate by 0.5 percentage points to 13.5% in December to avoid destabilization of inflation expectations. By the end of 2024, the state budget deficit amounts to approximately 24% of GDP (excluding grants in budget revenues). Next year, according to the Ministry of Finance of Ukraine estimates, the budget deficit will moderately decrease to 19% of GDP. The government will finance it almost entirely through international aid.

In 2024, Ukraine's economic recovery continued, primarily supported by sustainable domestic consumer demand. Economic growth was also facilitated by significant government capital expenditures, particularly in the military-industrial complex, and export growth due to stable operation of seaports and expanded production in metallurgy and mining industries. These positive factors will continue to operate. However, the continuation of active warfare hostilities and air attacks will suppress private sector investment sentiment. Risks of continued attacks on port infrastructure also persist. Additionally, production growth will be constrained by labor shortages and structural imbalances in the labor market. Significant uncertainty will remain at the beginning of next year due to risks of further damage to the energy sector. As of the end of December 2024, businesses can operate without significant interruptions, however, the growth of the energy system deficit is quite noticeable. The NBU forecasts that, despite all challenges, real GDP growth will accelerate to 4.3% in 2025. This will be ensured by the reconstruction of energy infrastructure. Growth will also be supported by maintaining significant budget incentives, sustainable domestic and external demand, as well as better weather conditions.

International support for Ukraine remains substantial. In October 2024 G7 leaders agreed to allocate approximately USD 50 billion in aid to Ukraine under the ERA (Extraordinary Revenue Acceleration) program. Interest and principal amounts of these loans will be paid from proceeds of frozen russian assets. These funds will be directed to budget and military support and will be provided based on bilateral agreements. The EU has already committed to allocate a significant portion of this amount to Ukraine. The provision of funds under this program will depend on meeting Ukraine Facility conditions. Terms of receiving USD 20 billion from the USA within G7 arrangements through the World Bank have also been agreed upon. The new ERA mechanism has ensured the use of current and future income from frozen russian assets for Ukraine's benefit, however, it does not resolve the issue of transferring all these assets to compensate for war losses. Overall, the international aid announced for 2025 will be sufficient to finance the budget deficit and maintain the NBU's international reserves at required levels. Given significant government defense expenditures and persistent security risks, continued global financial support remains critical for macroeconomic and financial stability in Ukraine.

2. Operating environment of the Bank (continued)

On 28 November 2024, Law No. 4015-IX on tax increases, including an increase in the profit tax for financial institutions to 50%, titled "On Amendments to the Tax Code and Other Laws of Ukraine Regarding Balancing Budget Revenues During Martial Law" was signed. The law came into effect on 1 December 2024 (Note 23).

The war between Ukraine and the russian federation continues, resulting in significant destruction of property, assets in Ukraine and other substantial consequences. The war's consequences change daily, and their long-term impact cannot be determined. The further impact on the Ukrainian economy depends on how the full-scale war ends, successful implementation of new reforms by the Ukrainian government, the strategy for country recovery and transformation aimed at EU membership, as well as cooperation with international funds. The search for a peace formula for Ukraine continues with international partners' participation. However, currently the parameters and possible timeframes for achieving peace remain uncertain and the risks of prolonged war remain high.

In preparing these financial statements, known and estimated results of the above-mentioned events on the Bank's financial position and performance in the reporting period were taken into account. Management monitors the development of the current situation and takes measures, where necessary, to minimize any negative consequences to the extent possible. Further adverse developments in political, macroeconomic conditions and/or foreign trade conditions may continue to negatively affect the Bank's financial position and performance in a manner that cannot currently be determined.

3. Basis of preparation

General information

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding the financial statements preparation. The financial statements have been prepared on the historical cost basis, except for financial instruments and investment property carried at fair value, as well as buildings and works of art recognized at revalued amounts.

The financial statements for the year ended 31 December 2024 were authorized for issue in accordance with the decision of the Supervisory Board dated 27 March 2025.

Going concern

The hostilities in the territory of Ukraine and the currently unpredictable impact of the ongoing war affect the important assumptions underlying management's projections and cause a material uncertainty regarding the Bank's ability to continue as a going concern in the foreseeable future.

These financial statements have been prepared on a going concern basis. The Bank's management has assessed its ability to continue as a going concern in light of the current and potential consequences of russia's military aggression against Ukraine. Based on the results of the iterative assessment of the actual and prospective state of the payment discipline of customers in accordance with the business condition dynamics during the wartime and the physical state of preservation of the collateral received, the Bank has estimated the extent of a potential deterioration of the financial positions of customers, a possible level of defaults, and, as a result, a probable change in the amount of allowances for expected credit losses.

The Bank's management estimates that the expenses incurred to create the allowances will not lead to a violation of the NBU's regulatory requirements regarding capital adequacy, even in the event of a worse scenario than determined by the analysis results. The assessment of expected credit losses has been based on the consideration of the location of the Bank's borrowers in relation to the map of military operations as at the end of December 2024.

The Bank constantly monitors its liquidity position. As at the reporting date, current and potential liabilities (off-balance sheet commitments – guarantees, letters of credit) exceeded current assets by UAH 14 864 945 thousand (Note 24). When assessing the liquidity and the ability to fulfill its obligations, the Bank takes into account the stability of customer account balances by using models. The excess of current and potential financial liabilities over current financial assets does not lead to an increase in liquidity risk, since the Bank has a high specific weight of stable balances on customer accounts. The analysis of forecast balances of cash funds, funds on correspondent accounts, investments in domestic government loan bonds (hereinafter, "DGLBs"), and the NBU's deposit certificates indicates a sufficient reserve of liquidity. At the same time, during the martial law period balances on customer accounts have significantly increased, which is a sign of customer confidence. The Bank's approaches, principles, indicators, and instruments regarding the liquidity risk management are disclosed in Note 24.

For the reporting year of 2025, based on the current assessment of changes in the operating environment, the Bank forecasts that the balance sheet structure will be preserved close to the one available at the reporting date, with an increase in the balance sheet total as a result of an increase in corporate and retail loan portfolios, current and deposit accounts of customers, and investments in securities. The forecast of the Bank's performance indicators has been based on the assumption regarding a moderate growth in real GDP, a similar inflation rate, a further weakening of the exchange rate of UAH against key currencies, an inflow of liquidity, an increase in operating income and almost the same level of net interest margin.

3. Basis of preparation (continued)

The Bank’s management undertakes consistent measures to ensure the uninterrupted operation of outlets, provided there is no threat to the life and health of employees and customers. The Bank constantly replenishes ATMs with cash.

The Bank has a long-standing history of profitable activities and successful experience of recovering from the losses incurred in the crises of 2008-2009 and 2014-2015, successful experience of adapting the activities and crisis management during the COVID-19 pandemic. After losses in 2022, the Bank recovered profitability in 2023, as confirmed also by profitability in 2024.

There is a material uncertainty, primarily due to an unpredictable impact of ongoing hostilities on the territory of Ukraine, which may affect the assumptions underlying Bank’s management’s assessments, that may cast significant doubt on the Bank’s ability to continue as a going concern, and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Bank's Management believes that despite the above factors that may give rise to significant doubts about the Bank's ability to continue as a going concern, forecasts of capital adequacy and liquidity ratios, forecast of the Bank’s operating results and forecast of expected credit losses provide sufficient grounds for preparation of these financial statements on a going concern basis.

4. Material accounting policy information

Adoption of new or revised Standards and Interpretations

Summarized below are key changes in accounting policies related to adoption of Standards and Interpretations that were first applied in 2024.

RS amendments that come into effect from 1 January 2024:

- IAS 1 “Presentation of Financial Statements” – “Liabilities classification on current and non-current”;
- IFRS 16 “Lease” – “Lease liability in a sale and leaseback”;
- IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: Disclosures” – “Supplier finance arrangements”.

The amendments provided had no material effect on the Bank’s financial statements.

The material accounting policy information applied in the preparation of these financial statements are described below. This policy has been consistently applied to all years presented in the financial statements, unless otherwise indicated.

Classification – financial assets

Under IFRS 9, all debt financial assets that do not meet SPPI (solely payment of principal and interest) criterion are classified at initial recognition as financial assets at fair value through profit or loss (FVTPL). Under this criterion, debt instruments that do not belong to a “basic lending arrangement”, such as instruments containing embedded conversion options or “non-recourse” loans, are measured at FVTPL.

All regular way purchases and sales of financial assets are recognized on the settlement date, i.e. the date when the Bank obtains or transfers an asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

After assessment of the business model and SPPI test, a financial asset is classified at initial recognition as measured at amortised cost, at fair value through other comprehensive income (FVTOCI), or at fair value through profit or loss.

A financial asset is measured at amortised cost only if it meets both of the following conditions and is not classified as measured at fair value through profit or loss:

- The financial asset is held within a business model whose objective is to hold financial assets in order 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 (SPPI) on the principal amount outstanding.

4. Material accounting policy information (continued)

Classification – financial assets(continued)

A debt instrument is measured at fair value through other comprehensive income only if it meets both the following conditions and is not classified, at the Bank's discretion, as measured at fair value through profit or loss:

- The debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the debt instrument 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 fair value through other comprehensive income, gains and losses are recognized in other comprehensive income, except for the following items that are recognized in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest rate method;
- Expected credit losses (ECLs); and
- Gains and losses on translation differences.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

en it comes to the initial recognition of investments in equity instrument not intended for trading, the Bank may, at its own discretion, take a decision, without the right of further cancellation, to recognize subsequent changes in their fair value in other comprehensive income. Such an option is chosen for each investment separately.

Gains and losses on such equity instruments are never reclassified to net income, and no impairment loss is recognized in profit or loss. Dividends are recognized in profit or loss, unless it is evident that they represent a return of the initial cost of the investment, in which case the dividends are recognized in other comprehensive income. When an investment is disposed, cumulative gains and losses recognized in other comprehensive income are reclassified to retained earnings.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, at the initial recognition, the Bank may, at its own discretion, classify, without the right to further reclassification, a financial asset that meets the criteria for measurement at amortised cost or at fair value through other comprehensive income as measured at fair value through profit or loss, if this would eliminate or significantly reduce the accounting inconsistency that would otherwise have occurred.

Business model assessment

The Bank assesses the objective of a business model within which an asset is held at the level of financial instrument portfolio, insofar as this best reflects the way the business is managed and information provided to management personnel. At that, the following information is considered:

- Policies and objectives set for this portfolio of financial assets, as well as those set for the policies in practice, in particular, whether the strategy of management personnel is aimed at obtaining interest income provided for by an agreement, support for a certain structure of interest rates, ensuring matching of maturities of financial assets with maturities of financial liabilities used to finance those assets or obtaining cash flows through the sale of assets.
- How the portfolio effectiveness is evaluated and how this information is communicated to the Bank's management personnel.
- Risks impacting the effectiveness of a business model (and financial assets held within this business model) and how those risks are managed.
- How the managers who manage the business are remunerated (e.g., whether this remuneration depends on the fair value of the assets they manage or on the contractual cash flows they receive from the assets).
- Frequency, volume, and terms of sales in past periods, the reasons for such sales, as well as expectations about the future level of sales. However, the information on sale levels is considered not separately, but as part of a single comprehensive analysis of how the Bank's objective of managing financial assets is achieved and how cash flows are managed.

Financial assets held for trading which are managed and the effectiveness is evaluated based on fair value are measured at fair value through profit or loss, since they are held neither for the purpose of obtaining contractual cash flows nor for the purpose of both obtaining contractual cash flows and selling financial assets.

4. Material accounting policy information (continued)

Assessment of whether contractual cash flows are solely the payment of principal and interest

For the purposes of this assessment, principal amount is defined as the fair value of a financial asset at its initial recognition. The interest is defined as compensation for time value of money, credit risk related to a principal outstanding for a certain period of time, and other basis risks and expenses related to lending (e.g., liquidity risk and administrative expenses), as well as profit margins.

In assessing whether contractual cash flows are solely the payment of principal and interest on the outstanding part of the principal (test “SPPI”), the Bank analyzes the contractual terms of a financial instrument.

Reclassification

The classification of financial assets after initial recognition does not change, except in the period following the one in which the Bank changes its business model for managing financial assets. The Bank should reclassify its financial assets only if it has changed the business model used to manage those financial assets. It is expected that such changes occur rarely. Such changes are determined by the Bank’s senior management as a consequence of external or internal changes and are significant for the Bank’s operations and obvious to external parties.

The classification of financial liabilities after initial recognition is not subject to change.

Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognized where:

- The contractual rights to receive cash flows from the asset have expired;
- The Bank has transferred its rights to receive cash flows from the asset or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and
- The Bank either has transferred substantially all the risks and rewards from the asset, or has neither transferred nor retained substantially all the risks and rewards from the asset, but has transferred control over the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Any accumulated profit/loss recognized in other comprehensive income from equity investment securities classified, at the Bank’s discretion, as measured at fair value through other comprehensive income is not subject to reclassification into net income or loss upon derecognition of such securities. Any participation interest in the transferred financial asset that meets the criteria for derecognition that has arisen or was retained by the Bank is recognized as a separate asset or liability.

Write offs

Loans and debt securities are subject to write-offs (partially or in full) when overdue exceed 36 months and there are no reasonable expectations of their recoverability. In such cases, the Bank generally determines that a borrower has no assets or sources of income which can generate cash flows in the amount sufficient to repay debts that are subject to write-offs.

However, the Bank may continue to pursue activities aimed at collecting debts on written off financial assets in accordance with the policy of collecting amounts due.

Modification of financial assets and financial liabilities

Financial assets

As part of credit risk management, the Bank reviews the terms of loans to customers facing financial difficulties (the “policy of reviewing the terms of loan agreements”). If the Bank plans to change the terms of a financial asset in such a manner that this change would result in the forgiveness of a part of the existing contractual cash flows, the part of an asset is written off until the substantiality of the modification of terms is assessed. The Bank performs a qualitative assessment of the substantiality of this modification following the Bank’s policy for reviewing the terms of loan agreements.

4. Material accounting policy information (continued)

Modification of financial assets and financial liabilities (continued)

If cash flows differ significantly (“substantial modification of terms”), the validity of rights to the contractual cash flows related to the original financial asset is deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. Changes in cash flows related to the existing financial assets or financial liabilities are not considered to be a modification of terms if they result from current terms of the agreement, e.g., changes in interest rates by the Bank due to changes in the discount rate of the National Bank of Ukraine if the relevant loan agreement allows for the Bank to change interest rates.

The Bank makes a quantitative and qualitative assessment of whether the modification of terms is substantial, i.e. whether cash flows from the original financial asset and cash flows from the modified asset or a financial asset that changed it differ substantially. The Bank makes a quantitative and qualitative assessment of the sustainability of the terms modification by analyzing qualitative factors, qualitative factors, and the cumulative effect of qualitative and quantitative factors. If cash flows differ substantially, the validity of rights to the contractual cash flows related to the original financial asset is deemed to have expired.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the new liability is treated with recognition of the resulting difference in the respective carrying amounts. Financial guarantees represent irrevocable commitment to make payments in the event that a customer cannot meet its obligations to third parties and carry the same credit risk as loans. Financial guarantees are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment. At each reporting date, financial guarantees are measured based on the allowance for ECLs. Any increase in the liability relating to financial guarantees is recorded in the statement of profit or loss.

Other credit related commitments

In the normal course of business, the Bank enters into other credit related commitments, including loan commitments and letters of credit and applies the requirements to measurement of ECLs in respect of such commitments as to financial assets.

Impairment – Financial assets, loan commitments, and financial guarantees

The impairment model applies to the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that are debt instruments;
- Receivables under lease contracts;
- Loan commitments and liabilities under financial guarantees.

Impairment losses on investments in equity instruments are not recognized.

Allowances for expected credit losses are recognized in the amount equal to either expected credit losses for 12 months or expected credit losses over the life of an instrument for the financial instruments in respect of which a significant increase in credit risk was identified. Expected credit losses over the life of an instrument are the expected credit losses arising from all possible default events over the whole contractual life of a financial instrument, while expected credit losses for 12 months represent a part of the expected credit losses arising from the default events possible within 12 months after the reporting date.

To estimate the allowance for expected credit losses on financial receivables, the Bank uses a practical expedient in accordance with IFRS 9.

The Bank recognizes allowances for expected credit losses in the amount equal to expected credit losses for the life of an instrument, except for the instruments in respect of which the amount of recognized allowance will be equal to the expected credit loss for 12 months:

- Debt securities, if it has been determined that they have a low credit risk at the reporting date. The Bank believes that a debt security has a low credit risk if its credit rating corresponds to the world generally accepted definition of the “investment quality” rating;
- Other financial instruments (other than receivables under lease contracts), in respect of which there has been no significant increase in credit risk from their initial recognition;
- Allowances for losses on receivables under lease contracts will always be measured at the amount equal to the expected credit losses over the lifetime of an instrument.

The notion of expected credit losses measurement, definitions of default, and other interpretations of the key approaches to impairment are provided in the Note 24.

4. Material accounting policy information (continued)

Fair value measurement

The Bank measures financial instruments carried at fair value through profit or loss, as well as at fair value through other comprehensive income and such non-financial assets as investment property, buildings, and works of art at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair vale measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market should be accessible by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses the fair value measurement techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Statement of comprehensive income

The amounts withdrawn from equity and adjusted at fair value of financial assets as a result of reclassification and withdrawn from the category of measured at fair value through other comprehensive income, before tax, represent the realized revaluation of securities measured at fair value through other comprehensive income and recognized in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include balances on correspondent accounts and overnight deposits due from other banks, deposit certificates issued by the National Bank of Ukraine with maturities up to one business day, cash on hand and in transit, and balances with the National Bank of Ukraine.

Repossessed collateral

Repossessed collateral represents non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognized at fair value when acquired and included in property, plant and equipment, other financial assets, or inventories within other assets depending on their nature and the Bank's intention in respect of recovery of those assets and are subsequently measured and accounted for in accordance with the accounting policies for those categories of assets. As part of other assets, such assets are stated at cost, less impairment.

Derivative financial instruments

In the normal course of business, the Bank enters into various derivative financial instruments, including forwards and swaps in the foreign exchange and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market or contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from those instruments are included in the statement of profit or loss as gains/(losses) from changes in the fair value of derivative financial instruments.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The right to set off should not be contingent on a future event and should be legally enforceable in all of the following circumstances:

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity or any of the counterparties.

This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

4. Material accounting policy information (continued)

Income taxes

Income taxes have been provided for in the financial statements in accordance with the Ukrainian legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognized in the statement of profit or loss, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes, other than on income, are recorded within operating expense.

Deferred income tax is provided for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction, other than a business combination, if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Property, plant, and equipment

Property, plant, and equipment, other than buildings and works of arts, are stated at cost, less accumulated depreciation and any impairment, where required.

Upon initial recognition at cost, the Bank's buildings and works of arts are carried at revalued amounts, which is the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the statement of profit or loss, in which case the increase is recognized in the statement of profit or loss. A revaluation deficit is recognized in the statement of profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation surplus for buildings and recognized in other comprehensive income.

When an item of buildings is revalued, any accumulated depreciation is restated pro rata to the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals to its revalued amount.

The revaluation surplus is allocated directly to the retained earnings if the revaluation amount is realized, i.e. if an asset is realized or written off in the process of use of that asset by the Bank. In the latter case, the realized revaluation represents the difference between the depreciation accrued based on the revalued carrying amount of the asset and the depreciation accrued based on its historical cost.

Construction in progress is carried at historical cost, less any allowance for impairment. Upon completion, assets are reclassified to the category of buildings or leasehold improvements at their carrying amounts. Construction in progress is not depreciated until the asset is available for use, in which case it is transferred to another category of property, plant, and equipment.

At each reporting date, the carrying amounts of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicated that the carrying amount may not be recoverable. If any such indication exists, management of the Bank estimates the recoverable amount, which is determined as the higher of an asset's fair value, less costs to sell, and its value in use. The carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss for the year. The impairment loss recognized for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value, less costs to sell.

Gains or losses on disposals determined by comparing the proceeds on disposal with the carrying amounts of assets are recognized in profit or loss for the year (within other operating income or expense).

Costs related to repairs and renewals are charged when incurred and included in operating expense, unless they qualify for capitalization.

4. Material accounting policy information (continued)

Property, plant, and equipment (continued)

Depreciation of an asset begins from the date when it is available for use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. For the key categories of property, plant, and equipment, the following annual depreciation rates are used:

Buildings	2%-5%	
Leasehold improvements	20%	Or over the term of the lease, if shorter than 5 years
Computers and other equipment	20%-33%	

The works of arts are not amortised. The assets' residual values, useful lives, and depreciation methods are revised and adjusted, as appropriate, at each financial year-end.

Intangible assets, other than goodwill

All intangible assets, other than goodwill, of the Bank have definite useful lives and include capitalized computer software and licenses.

The acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The development costs that are directly associated with identifiable and unique software controlled by the Bank are recorded as intangible assets if inflow of incremental economic benefits exceeding costs is probable.

The capitalized costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g., its maintenance, are treated as expenses when incurred. The capitalized computer software and licenses are amortised on a straight-line basis over the expected useful lives from 1 month to 10 years and are presented as operating expense in the statement of profit or loss.

Investment property

Investment property is the property, which is held by and not occupied by the Bank, to earn rental income or for capital appreciation.

Investment property is initially recognized at cost and subsequently measured at fair value, which reflects market conditions at the reporting date.

Gains and losses resulting from changes in the fair value of investment property are recorded in the statement of profit or loss in net increase (decrease) from revaluation of investment property in the year in which they arise.

If the investment property becomes owner-occupied, it is reclassified to property, plant, and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated.

Leases

A lease is entered into by a contract which conveys to a user (lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset may be separated as a separate identified asset if it is physically distinct. If it cannot be physically distinct, then a portion of an asset is not a separately identified asset, unless it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset.

If a contractual payment contains more than one lease component or a combination of lease and non-lease component, the contract is based on the relative values of the payment itself.

The Bank as a lessee

For short-term leases not exceeding 12 months from the inception date, as well as for the leases of underlying assets of low value, the Bank applies a practical expedient not to recognize the right-of-use assets and lease liabilities. Lease payments under such contracts are recognized as operating expense over the whole term of the contract.

In other cases, the net present value of lease payments is recognized as a financial liability. And the lease payments are divided into payments of principal and interest by using the effective interest rate method.

4. Material accounting policy information (continued)

Leases (continued)

Correspondingly, the right-of-use asset is recognized at the net present value of lease liabilities on a contract commencement date, including other direct related costs. Preliminary payments made prior to the commencement date, as well as consideration received from a lessor are included in right-of-use assets. The right-of-use assets are amortised on a straight-line basis over the lease term or over the useful life of the asset, if this term is shorter than the lease term.

In the event of a change in the amount of expected lease payments, e.g., due to an indexed calculation, or based on new estimates of contractual options, the liability is revalued. The adjustment is made together with a relevant recalculation of the right-of-use.

The Bank as a lessor

A lease under which the Bank acts as a lessor and all the risks and rewards incidental to ownership of an underlying asset are transferred to a lessee is classified as a finance lease. In this case, the net present inflows of minimum lease payments are recognized as an asset in the form of receivables. Payments from the lessee are divided to repayment of the carrying amount of the asset and interest income recognized over the term of finance leases by using the effective interest rate method.

All other lease contracts under which the Bank acts as a lessor are classified as operating leases: a lease item continues to be stated in the Bank's statement of financial position, and lease payments are generally recognized as income on a straight-line basis over the lease term.

Retirement and other employee benefit obligations

The Bank pays the unified social tax and contributes to the social insurance funds to the state budget in respect of its employees. The Bank's contributions are expensed as incurred. The Bank has no other post-retirement benefit plans.

Accounts payable attributable to the principal activities and other accounts payable

Accounts payable attributable to the principal activities are recognized when a counterparty has performed its obligations under the contract and are carried at amortised cost.

Share capital

Ordinary shares are classified as equity. Share premium represents the excess of contributions over the nominal value of the shares issued. Gains and losses arising on the sale of treasury shares are stated as adjustments to share premium.

Contingent assets and liabilities

Contingent liabilities are not recognized in the statement of financial position, but are disclosed unless the possibility of any outflow in settlement is remote. Contingent assets are not recognized in the statement of financial position, but are disclosed when an inflow of economic benefits is probable.

Interest income and expense

Effective interest rate

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

- Gross carrying amount of a financial asset; or
- Amortised cost of a financial liability.

When calculating the effective interest rate for non-credit impaired financial assets, the Bank estimates future cash flows based on all contractual terms of financial instruments, but not expected credit losses. For credit-impaired financial assets (POCI), the credit-adjusted effective interest rate is calculated using the estimated future cash flows, including expected credit losses.

The effective interest rate calculation includes transaction costs, as well as all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include additional expenses directly related to the acquisition or issue of a financial asset or a financial liability.

4. Material accounting policy information (continued)

Interest income and expense (continued)

Amortised cost and gross carrying amounts

The amortised cost of a financial asset or a financial liability is the amount at which the financial asset or the financial liability is measured at initial recognition, minus any repayments of the principal, plus or minus the cumulative amortization using the effective interest rate method of any difference between the amount at initial recognition and the maturity amount and minus, in the case of a financial asset, an allowance for expected credit losses.

The gross carrying amount of financial assets measured at amortised cost is the amortised cost of financial assets before recognizing the expected credit losses.

Calculation of interest income and expense

When calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of an asset (when an asset is not credit-impaired) or the amortised cost of a liability.

However, for the financial assets that have become credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate method to the net carrying amount of a financial asset. If a financial asset is no longer credit-impaired, the interest income is once again calculated on the basis of gross carrying amount.

For the financial assets that were credit-impaired at the initial recognition, interest income is calculated by applying the effective interest rate to the net amortised cost of a financial asset adjusted for credit risk. The calculation of interest income on such assets is not carried out based on the gross carrying amount, even if the credit risk related to them will subsequently decrease.

Commission income

Fees, commissions, and other income and expense items, including fees for issuance of guarantees, are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Commitment fees on loans or borrowings which are probable of being drawn down are deferred (together with related direct costs) and recorded as an adjustment to the effective interest rate on the loan or borrowed funds. Commissions and fees arising from negotiating or participating in the negotiation of a transaction for the third party, such as the acquisition of loans, shares, or other securities or the purchase or sale of businesses, are recorded on completion of the underlying transaction.

Foreign currency translation

Ukrainian Hryvnia (UAH) is the Bank's functional currency as it is the currency of the primary economic environment in which the Bank operates. Transactions in other currencies are treated as transactions in foreign currencies. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official exchange rates of the National bank of Ukraine at the reporting date. Gains or losses resulting from the translation of foreign currency transactions are recognized in the statement of profit or loss as foreign exchange translation results. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the relevant transactions.

New accounting pronouncements

The Standards and Interpretations that have been issued, but are not yet effective, up to the date of issuance of the Bank's financial statements are described below. The Bank intends to adopt those Standards, if applicable, when they become effective.

Effective from 1 January 2025, the following new IFRS and amendments to IFRS come into force:

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of exchangeability (from 1 January 2025)

These amendments deal with exchangeable currencies definition. The standard is amended with a definition of exchangeable currency and contains guidance to specify when a currency is exchangeable and how to determine the spot rate when the currency is not convertible as well as how to disclose it.

4. Material accounting policy information (continued)

New accounting pronouncements (continued)

It is required to determine if a currency is exchangeable into another currency. When a currency is not exchangeable an entity estimates the spot exchange rate and discloses information that would enable users of its financial statements to evaluate how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The Bank analyzes the future impact on the financial statements.

Amendments IFRS 7 “Financial Instruments: Disclosures” and IFRS 9 “Financial instruments”: “Amendments to Classification and Measurement” (from 1 January 2026)

On 30 May 2024, the International Accounting Standards Board (IASB) issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. These amendments specify:

- clarification that a financial liability is derecognised on the “settlement date” and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features.
- clarifications have been made to non-recourse loans and what characteristics are of contractually linked instruments.
- additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

The amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for financial asset classification only and respective disclosure. The Bank has no intention to early adopt these amendments.

Regarding changes to the derecognition of financial liabilities settled through electronic payment systems, the Bank is currently assessing all significant electronic payment systems used across various jurisdictions under its management to evaluate whether the changes will lead to material changes in current practices and whether they meet the conditions for applying the accounting policy option for derecognition of such financial liabilities before the settlement date. Additionally, the Bank is reviewing its other payment systems to ensure derecognition of respective financial assets when the right to cash flows ceases and derecognition of respective financial liabilities on the settlement date.

Furthermore, the Bank is assessing the impact of changes on its financial assets that include environmental, social and governance (ESG)-related features and other similar contingent features, as well as non-recourse financing and contract-linked instruments. Based on the preliminary assessment performed, the changes in these areas are not expected to have a material impact on the financial statements, however, the assessment is not yet complete.

The Bank analyzes the future impact on the financial statements.

Also the following amendments are effective from 1 January 2026:

- amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards";
- amendments to IFRS 7 “Financial Instruments: Disclosures”;
- amendments to IFRS 9 "Financial Instruments";
- amendments to IFRS 10 "Consolidated Financial Statements".

The Bank analyzes the future impact on the financial statements.

IFRS 18 “Presentation and Disclosure in Financial Statements" (from 1 January 2027)

The new IFRS 18 “Presentation and Disclosure in Financial Statements" is replacing the current 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 the provision of relevant information that faithfully represents the entity's assets, liabilities, equity, income, and expenses. The implementation of IFRS 18 will not affect the entity's net profit but will only change the way results are presented in the statement of comprehensive income and in the notes to the financial statements.

IFRS 18 standardizes financial results presentation formats, eliminating discrepancies that previously complicated comparative analysis of financial results between different companies, and introduces the term "operating profit" as an important indicator for evaluating 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 special types of main activities. The new standard defines and requires entities to disclose management performance measures (MPMs), which must include information about their reconciliation with the most directly comparable subtotals of financial results required by IFRS 18 and will be subject to mandatory audit as part of the financial statements.

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

4. Material accounting policy information (continued)

New accounting pronouncements (continued)

IFRS 18 aims to enhance the quality of entity reporting, increase the level of trust from investors and other users, and improve the consistency of information for analysis and comparison. Entities need to begin studying and preparing for reporting under the new standard, primarily by determining impact assessment, reviewing accounting policies, aggregating data, and adapting systems and processes for financial statement preparation.

The Bank analyzes the future impact on the financial statements.

Also effective from 1 January 2027 the following financial statement standart come into force:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”.

The Bank analyzes the future impact on the financial statements.

5. Critical accounting estimates and judgments used in applying accounting policies

The Bank makes estimates and judgments that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgments are consistently evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management of the Bank also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause significant adjustments to the carrying amounts of assets and liabilities within the next financial year include:

Impairment of loans and advances to customers

The Bank regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Bank makes judgments as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a repayment of the borrower’s debts before the decrease can be identified with an individual loan in that loan portfolio.

When calculating future cash flows, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment for groups of loans. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The total allowance for loans and advances to customers at the end of 2024 amounts to UAH 6,668,804 thousand (2023: UAH 7,416,486 thousand) (Note 9).

The Bank regularly assesses assets pledged as collateral for the individually impaired loans (Stage 3) to estimate the amount of losses likely to be incurred. The amount of the future cash flow from sales of assets is influenced by the value of the assets and the expected term of sale. A simultaneous 10% decrease in the value of assets held by the Bank as collateral and 50% increase in the expected term of exposure of those assets would result in an increase in impairment losses on individually impaired loans by UAH 209,324 thousand (2023: UAH 331,785 thousand).

A 10% increase in the value of collateral for impaired loans without change in the exposure term would result in a decrease of the impairment loss on the individually impaired loans by UAH 90,090 thousand (2023: UAH 114,268 thousand).

Allowance for expected credit losses on corporate loans which is assessed on a collective basis (Stage 1 and a part of loans to customers that fail to meet the materiality criterion at Stage 2) may be influenced by the probability of borrower’s default (PD) and the level of loss incurred when a borrower defaults (Loss Given Default/LGD). A simultaneous 10% increase in PD and LGD would result in an increase in expected credit losses on impairment by UAH 169,779 thousand (2023: UAH 142,408 thousand). A simultaneous 10% decrease in PD and LGD would result in a decrease in expected credit losses on impairment by UAH 153,609 thousand (2023: UAH 128,931 thousand).

Expected credit losses on collectively assessed retail loans may be influenced by the probability of borrower’s default (PD) and the Recovery Rate (RR). A simultaneous 10% increase in PD and 10% decrease in RR would result in the increase in the expected impairment losses by UAH 192,227 thousand (2023: UAH 146,813 thousand). A simultaneous 10% decrease in PD and 10% increase in RR would result in the decrease in the expected impairment losses by UAH 185,830 thousand (2023: UAH 144,194 thousand).

Fair value of own buildings used by the Bank, works of arts, and investment property

As stated in Note 4, the Bank’s buildings, works of art, and investment property are subject to revaluation on a regular basis. Such revaluations are based on the results of work of an independent appraiser. The basis for their work is the sales comparison approach, which is further confirmed by the income approach. When performing the revaluation, certain judgments and estimates are applied by the appraisers in determination of the comparable buildings to be used in sales comparison approach, useful lives of the assets revalued, and capitalization rates to be applied for the income approach. In 2024 the Bank performed the revaluation of the fair value of own buildings by engaging independent appraisers, as the result the Bank accounted for revaluation in the amount of UAH 285,127 thousand.

5. Critical accounting estimates and judgments used in applying accounting policies (continued)

Lease term assessment

The Bank considers all available facts and circumstances that give rise to an economic incentive to exercise an option to extend the lease or not to exercise the option to terminate the lease. The Bank determines the total lease term considering an option to extend the lease term and an option to terminate longer lease terms. Where practicable, the Bank seeks to include extension options in new leases to ensure operating flexibility. The Bank assesses, at the lease commencement date, whether it is reasonably certain to exercise the options if there are a significant evet or significant changes in the circumstances within its control. As a result, the lease term of the majority of leases was determined to be in the range from 3 to 5 years. If the lease term were determined to be one year longer, right-of-use assets and lease liabilities would be higher by UAH 111,216 thousand (2023: UAH 208,425 thousand).

Fair value measurements

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable market where possible, but where this is not possible, a degree of judgment is required in establishing fair values. Additional details are provided in Note 25.

For shares and other securities issued by non-bank financial companies, the Bank uses information from open sources to determine the fair value. If information is not available, then assumptions by analogy or financial models are used. However, in rare cases, cost may act as the best estimate of fair value if the access to the market is limited and there are reasonable barriers to sales that make it impossible to obtain reliable information, or if it is not possible to talk about a free sale in the open market due to limiting factors, or there are many different estimates of the fair value, and the cost reflects the best estimate among them.

Business model assessment

Classification and measurement of deposit certificates of the National bank of Ukraine depends on the results of the SPPI and the business model tests. The Bank determines a business model at the level that reflects how deposit certificates of the National bank of Ukraine are managed together to achieve a particular business objective. This assessment includes judgments reflecting all relevant evidences, including how the performance of assets is evaluated and their performance measured, the risks that affect the performance of assets and how those are managed and how managers of the assets are compensated. The Bank monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Bank's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and, correspondingly, a prospective change to the classification of those assets.

Determining and estimating the scenarios of expected cash flows and their probabilities on the loans measured on an individual basis

In estimating the degree of expected credit losses on loans and advances to customers measured on an individual basis, the Bank uses significant judgments of management to determine the expected future cash flows on the basis of probable scenarios. The Bank considers several scenarios in respect of the recovery of funds from borrowers and takes into account each of the scenarios, with reference to their relative probabilities. In analyzing future cash flows, all information is taken into account available at the moment of allowance calculation, both internal and external, that is based on open sources, as well as assumptions and projections. The Bank determines the probability for exercising each scenario for the financial instruments measured on an individual basis, with reference to the information available in respect of borrowers and their financial positions, current and forward-looking macroeconomic conditions, as well as considering the Bank's experience, based on judgments and reasonable assumptions. The Bank uses all available and accessible information obtained without excessive efforts that may have an effect on probability of one or several scenarios.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral.

(In Ukrainian Hryvnias and in thousands)

5. Critical accounting estimates and judgments used in applying accounting policies (continued)

Determining the number, a relevant weight of forward-looking scenarios, and determining the forward-looking information relating to each of the scenarios

In estimating the expected credit losses, the Bank uses reasonable and supportable forward looking information that is based on assumptions regarding future movements of varied economic factors and the way those factors are going to affect each other.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that, should credit risk characteristics change, there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs, but the amount of ECL changes because the credit risk of the portfolios differs.

Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets, as well as in estimating ECLs. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

For the corporate portfolio of loans to customers, the Bank includes macroeconomic forward-looking information in the impairment assessment system by analyzing various credit risk assessment scenarios. Scenarios are defined as baseline (scenario weight – 55% (2023: 40%)), positive (scenario weight – 15% (2023: 5%)) and negative (scenario weight – 30% (2023: 55%)). The Bank used its own GDP and unemployment projections for the positive and negative scenarios, which are based on the official NBU forecasts used for the baseline scenario.

In 2024 the Bank additionally developed and applied a forward-looking regression model for assessing the probability of default in the retail loan portfolio, which establishes the dependency of future expected losses on macroeconomic indicators. The scenario determination approach in this model is aligned with the approach used for the corporate loan portfolio. These changes in accounting estimates led to an increase expected credit losses by UAH 480,000 thousand compared to the previous approach . However, the model update incorporating 2024 statistical data neutralized this effect, providing a more balanced assessment of credit losses.

6. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2024	2023
Cash on hand and in transit	4,679,019	2,886,363
Current account with the National Bank of Ukraine	10,810,563	9,998,708
Current accounts and overnight deposits with other banks of Ukraine	235,674	108,802
Current accounts and overnight deposits with other banks of other countries	13,476,747	10,748,438
Current accounts and overnight deposits with other foreign banks – expected credit losses	(10,988)	(6,688)
Deposit certificates issued by the National Bank of Ukraine	30,011,066	10,012,329
Total cash and cash equivalents	**59,202,081**	**33,747,952**

In accordance with the NBU requirements, the Bank’s mandatory reserve balance is computed as a percentage of certain liabilities of the Bank for the prior provisioning month. As at 31 December 2024 and 2023, the National Bank of Ukraine did not require that the banks hold the mandatory reserves on a separate account. The control over the creation of mandatory reserves is carried out on a monthly basis based on the average data for the entire period of holding.

As at 31 December 2024, deposit certificates issued by the National Bank of Ukraine with the nominal value of UAH 30,011,066 thousand (31 December 2023 – UAH 10,012,329 thousand) with the maturity of up to 1 business day were classified by the Bank as cash and cash equivalents.

(In Ukrainian Hryvnias and in thousands)

6. Cash and cash equivalents (continued)

The following is the analysis of changes in the gross carrying value and the allowance for impairment of cash and cash equivalents during the year ended 31 December 2024:

Cash and cash equivalents	Stage 1
Gross carrying amounts as at 1 January 2024	**33,754,640**
New assets	30,011,066
Assets repaid	(12,422,334)
Change in carrying amounts during the period	7,003,878
Translation differences	865,819
As at 31 December 2024	**59,213,069**

Cash and cash equivalents	Stage 1
Expected credit losses as at 1 January 2024	**6,688**
Assets repaid	(406)
Change in expected credit risk estimation	4,103
Translation differences	603
As at 31 December 2024	**10,988**

The following is the analysis of changes in the gross carrying value and the allowance for impairment of cash and cash equivalents during the year ended 31 December 2023:

Cash and cash equivalents	Stage 1
Gross carrying amounts as at 1 January 2023	**46,464,416**
New assets	10,140,981
Assets repaid	(25,253,681)
Change in carrying amounts during the period	1,883,747
Translation differences	519,177
As at 31 December 2023	**33,754,640**

Cash and cash equivalents	Stage 1
Expected credit losses as at 1 January 2023	**8,547**
New assets	70
Assets repaid	(16)
Change in expected credit risk estimation	(2,207)
Recovery of earlier written-off items	56
Translation differences	238
As at 31 December 2023	**6,688**

The following is the analysis of current accounts and overnight deposits with other banks by credit quality as at 31 December 2024:

	Current accounts and overnight deposits with other banks in Ukraine	Current accounts and overnight deposits with other banks in other countries	Total
Stage 1			
- AA- to AA+ rated +	-	8,796,360	8,796,360
- A- to A+ rated	-	4,676,630	4,676,630
- BBB- to BBB+ rated +	-	3,757	3,757
- CCC- to CCC+ rated	235,674	-	235,674
Total	**235,674**	**13,476,747**	**13,712,421**
Less: Expected credit losses	-	(10,988)	(10,988)
Total current accounts and overnight deposits with other banks	**235,674**	**13,465,759**	**13,701,433**

(In Ukrainian Hryvnias and in thousands)

6. Cash and cash equivalents (continued)

The following is the analysis of current accounts and overnight deposits with other banks by credit quality as at 31 December 2023:

	Current accounts and overnight deposits with other banks in Ukraine	Current accounts and overnight deposits with other banks in other countries	Total
Stage 1			
- AA- to AA+ rated	-	6,251,727	6,251,727
- A- to A+ rated	-	4,492,304	4,492,304
- BBB- to BBB+ rated	-	4,407	4,407
- CCC- to CCC+ rated	108,802	-	108,802
Total	**108,802**	**10,748,438**	**10,857,240**
Less: Expected credit losses	-	(6,688)	(6,688)
Total current accounts and overnight deposits with other banks	**108,802**	**10,741,750**	**10,850,552**

To determine the credit rating, the Bank analyzes all available data from the rating agencies Fitch, Moody’s and S&P. If there are ratings assigned by two rating agencies at the same time, the Bank takes into account the rating of the rating agency that corresponds to the higher level of risk. If there are ratings assigned by three rating agencies, the Bank first selects the ratings of the two rating agencies that correspond to the lower level of risk. If the risk level of the two selected ratings is different, the Bank takes into account the rating of the rating agency that corresponds to the higher level of risk. The resulting ratings are converted to the Fitch rating scale.

7. Loans and advances to banks

	2024	2023
Term deposits with other banks, including:		
- OECD countries	4,936,016	3,769,730
- Domestic	48,371	28,809
- Other countries	454,570	418,988
Total term deposits with other banks	**5,438,957**	**4,217,527**
Less: Expected credit losses	*(3,934)*	*(4,022)*
Total loans and advances to banks	**5,435,023**	**4,213,505**

The analysis of changes in the gross carrying value and expected credit losses on loans and advances to banks during the year ended 31 December 2024 was as follows:

Loans and advances to banks	**Stage 1**
Gross carrying amounts as at 1 January 2024	**4,217,527**
New assets	775,741
Assets repaid	(92,715)
Change in carrying amounts during the period	70,728
Translation differences	467,676
As at 31 December 2024	**5,438,957**

Loans and advances to banks	**Stage 1**
Expected credit losses as at 1 January 2024	**4,022**
New assets	1,854
Assets repaid	(80)
Change in expected credit risk estimation	(2,468)
Translation differences	606
As at 31 December 2024	**3,934**

(In Ukrainian Hryvnias and in thousands)

7. Loans and advances to banks (continued)

The analysis of changes in the gross carrying value and expected credit losses on loans and advances to banks during the year ended 31 December 2023 was as follows:

Loans and advances to banks	Stage 1
Gross carrying amounts as at 1 January 2023	**3,493,936**
New assets	622,265
Assets repaid	(158,741)
Change in carrying amounts during the period	65,123
Translation differences	194,944
As at 31 December 2023	**4,217,527**

Loans and advances to banks	Stage 1
Expected credit losses as at 1 January 2023	**3,020**
New assets	1,168
Assets repaid	(702)
Change in expected credit risk estimation	208
Translation differences	328
As at 31 December 2023	**4,022**

As at 31 December 2024, the term deposits placed with other banks in the OECD for the total amount of UAH 5,438,957 thousand (31 December 2023: UAH 4,217,527 thousand) were represented by security deposits against import letters of credit and guarantees issued by the Bank in favor of its customers, including guarantee deposits against settlements in international payment systems.

The analysis by credit quality of term deposits with other banks as at 31 December 2024 was as follows:

	Term deposits with other banks
Stage 1	
- AA- to AA+ rated	3,018,544
- A- to A+ rated	2,337,862
- BBB- to BBB+ rated	5,597
- B- to B+ rated	28,583
- CCC- to CCC+ rated	39,064
- Unrated	9,307
Total	**5,438,957**
Less: Expected credit losses	(3,934)
Total loans and advances to banks	**5,435,023**

To determine the credit rating, the Bank analyzes all available data from the rating agencies Fitch, Moody’s and S&P. If there are ratings assigned by two rating agencies at the same time, the Bank takes into account the rating of the rating agency that corresponds to the higher level of risk. If there are ratings assigned by three rating agencies, the Bank first selects the ratings of the two rating agencies that correspond to the lower level of risk. If the risk level of the two selected ratings is different, the Bank takes into account the rating of the rating agency that corresponds to the higher level of risk. The resulting ratings are converted to the Fitch rating scale.

(In Ukrainian Hryvnias and in thousands)

7. Loans and advances to banks (continued)

The analysis by credit quality of term deposits with other banks as at 31 December 2023 was as follows:

	Term deposits with other banks
Stage 1	
- AA- to AA+ rated	2,326,228
- A- to A+ rated	1,823,326
- BBB- to BBB+ rated	14,886
- CCC- to CCC+ rated	21,156
- Unrated	31,931
Total	**4,217,527**
Less: Expected credit losses	(4,022)
Total loans and advances to banks	**4,213,505**

8. Investments in securities

Investments in securities measured at fair value through other comprehensive income

	2024	2023
Government debt securities of Ukraine	35,512,877	30,446,002
Deposit certificates issued by the National Bank of Ukraine	3,749,533	20,225,884
Government debt securities of other countries	10,631,953	7,476,582
Total debt securities	**49,894,363**	**58,148,468**
Shares	7,057	7,057
Total investments in securities measured at fair value through other comprehensive income	**49,901,420**	**58,155,525**

The analysis of changes in the gross carrying value and the allowance for expected credit losses on investments in securities measured at fair value through other comprehensive income during the year ended 31 December 2024 was as follows:

Investments in securities	Stage 1	Stage 2	Total
Gross carrying amounts as at 1 January 2024	**53,269,718**	**6,538,796**	**59,808,514**
New assets	33,377,411	-	**33,377,411**
Assets repaid or sold	(35,347,142)	(6,538,796)	**(41,885,938)**
Change in carrying amounts during the period	(246,177)	-	**(246,177)**
Translation differences	1,215,229	-	**1,215,229**
As at 31 December 2024	**52,269,039**	**-**	**52,269,039**

Investments in securities	Stage 1	Stage 2	Total
Expected credit losses as at 1 January 2024	**1,409,232**	**243,757**	**1,652,989**
New assets	1,363,902	-	**1,363,902**
Assets repaid or sold	(316,713)	(243,757)	**(560,470)**
Change in expected credit risk estimation	(88,802)	-	**(88,802)**
As at 31 December 2024	**2,367,619**	**-**	**2,367,619**

(In Ukrainian Hryvnias and in thousands)

8. Investments in securities (continued)

The analysis of changes in the gross carrying value and the allowance for expected credit losses on investments in securities measured at fair value through other comprehensive income during the year ended 31 December 2023 was as follows:

Investments in securities	Stage 1	Stage 2	Total
Gross carrying amounts as at 1 January 2023	**7,057**	**12,790,108**	**12,797,165**
New assets	52,918,861	-	**52,918,861**
Assets repaid or sold	-	(6,705,847)	**(6,705,847)**
Change in carrying amounts during the period	-	524,968	**524,968**
Translation differences	343,800	(70,433)	**273,367**
As at 31 December 2023	**53,269,718**	**6,538,796**	**59,808,514**

Investments in securities	Stage 1	Stage 2	Total
Expected credit losses as at 1 January 2023	**-**	**210,394**	**210,394**
New assets	1,409,232	-	**1,409,232**
Assets repaid or sold	-	(70,572)	**(70,572)**
Change in expected credit risk estimation	-	103,935	**103,935**
As at 31 December 2023	**1,409,232**	**243,757**	**1,652,989**

The analysis by credit quality of debt securities measured at fair value through other comprehensive income as at 31 December 2024 was as follows:

	Government debt securities	Deposit certificates issued by the NBU	Government debt securities of other countries	Total
Stage 1				
- AA+ rated	-	-	9,756,553	**9,756,553**
- AA- rated	-	-	875,400	**875,400**
- CC rated	35,512,877	3,749,533	-	**39,262,410**
Total debt securities	**35,512,877**	**3,749,533**	**10,631,953**	**49,894,363**

The analysis by credit quality of debt securities measured at fair value through other comprehensive income as at 31 December 2023 was as follows:

	Government debt securities	Deposit certificates issued by the NBU	Government debt securities of other countries	Total
Stage 1				
- AA+ rated	–	–	6,218,581	**6,218,581**
- AA- rated	–	–	1,258,001	**1,258,001**
- CC rated	24,150,962	20,225,884	–	**44,376,846**
Stage 2				
- CC rated	6,295,040	–	–	**6,295,040**
Total debt securities	**30,446,002**	**20,225,884**	**7,476,582**	**58,148,468**

The credit ratings for the issuers of government debt securities, deposit certificates issued by the National Bank of Ukraine and the issuers of governments debt securities of other countries based on data from Moody's rating agency and scaled to the Fitch rating scale.

The primary factor that the Bank considers in determining whether a debt security is impaired is an issuer's credit risk.

(In Ukrainian Hryvnias and in thousands)

8. Investments in securities (continued)

As at 31 December 2024, deposit certificates with the nominal value of UAH 30,011,066 thousand (31 December 2023: UAH 10,012,329 thousand) with the maturity of up to one business day, were classified by the Bank as cash and cash equivalents (Note 6).

As at 31 December 2024, government debt securities included domestic government loan bonds with maturities ranging from 15 January 2025 to 10 may 2028 and effective interest rates ranging from 14% to 27% per annum (31 December 2023: maturities ranging from 14 February 2024 to 4 November 2026 and effective interest rates ranging from 13% to 27% per annum).

As at 31 December 2024, governments debt securities of other countries with maturities ranging from 7 January 2025 to 28 November 2025 and effective interest rates ranging from 3% to 5% per annum (31 December 2023: maturities ranging from 4 January 2024 to 9 May 2024 and effective interest rates ranging from 3% to 5% per annum).

Deposit certificates issued by the National Bank of Ukraine had ultimate maturities ranging from 31 January 2025 to 14 February 2025 and effective interest rate from 16% per annum (31 December 2023: maturities ranging from 5 January 2024 to 15 March 2024 and effective interest rates ranging from 20% to 22% per annum).

9. Loans and advances to customers

	2024	2023
Corporate loans	51,862,862	44,724,306
Finance leases	2,522,542	1,753,696
Less: Expected credit losses	(3,760,050)	(4,242,807)
Total corporate loans, less expected credit losses	**50,625,354**	**42,235,195**
Loans to individuals		
Consumer loans	6,891,573	4,669,359
Credit cards and overdrafts	12,184,147	8,197,873
Mortgage loans	127,972	129,105
Car loans	147	194
Less: Expected credit losses	(2,908,754)	(3,173,679)
Total loans to individuals, less expected credit losses	**16,295,085**	**9,822,852**
Total loans and advances to customers	**66,920,439**	**52,058,047**

The analysis of the gross carrying amounts by stages of impairment as at 31 December 2024 was as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate loans	44,297,495	4,333,287	3,210,953	21,127	,51,862,862
Finance leases	2,287,714	97,421	137,407	-	,2,522,542
Consumer loans	5,810,674	524,106	556,793	-	,6,891,573
Credit cards and overdrafts	10,894,954	401,023	888,170	-	,12,184,147
Mortgage loans	21,928	862	104,318	864	,127,972
Car loans	-	-	147	-	,147
Less: Expected credit losses	(1,763,090)	(930,615)	,(3,958,948)	,(16,151)	,(6,668,804)
Total loans and advances to customers	**61,549,675**	**4,426,084**	**,938,840**	**,5,840**	**,66,920,439**

The analysis of the gross carrying amounts by stages of impairment as at 31 December 2023 was as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate loans	35,061,609	5,558,727	4,079,579	24,391	44,724,306
Finance leases	1,436,202	156,389	161,105	-	1,753,696
Consumer loans	3,380,544	721,516	567,299	-	4,669,359
Credit cards and overdrafts	5,675,592	1,142,366	1,379,915	-	8,197,873
Mortgage loans	8,253	20,413	99,374	1,065	129,105
Car loans	-	-	194	-	194
Less: Expected credit losses	(1,035,278)	(1,295,520)	(5,070,019)	(15,669)	(7,416,486)
Total loans and advances to customers	**44,526,922**	**6,303,891**	**1,217,447**	**9,787**	**52,058,047**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost

The tables below disclose the changes in expected credit losses on loan contracts with the Bank's customers. New financial assets originated include ECL charges on the loans issued during the current or prior periods. The assets repaid represent the winding up of allowances as a result of full repayment and sales of loans. Changes in the expected credit risk estimation during the period include increases or decreases in the expected credit losses under the contracts that existed at the beginning and the end of the reporting or prior periods, including changes due to partial repayments or use of funds within credit limits.

The analysis of changes in the gross carrying amounts and relevant expected credit losses on corporate loans during the year ended 31 December 2024 was as follows:

Corporate loans	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amounts as at 1 January 2024	**35,061,609**	**5,558,727**	**4,079,579**	**24,391**	**44,724,306**
New assets	22,548,896	-	-	-	**22,548,896**
Assets repaid or sold	(11,869,380)	(1,126,397)	(512,952)	-	**(13,508,729)**
Transfers to Stage 1	1,346,855	(1,346,754)	(101)	-	**-**
Transfers to Stage 2	(722,067)	1,265,777	(543,710)	-	**-**
Transfers to Stage 3	(116,379)	(215,342)	331,721	-	**-**
Change in carrying amounts during the period	(2,549,978)	(45,890)	205,625	(54,755)	**(2,444,998)**
Changes in contractual cash flows due to modifications not resulting in derecognition and other changes within the existing contractual terms and conditions	(57,802)	(660)	(238)	-	**(58,700)**
Use of allowance	-	-	(547,057)	-	**(547,057)**
Recovery of POCI loan's value	-	-	-	51,486	**51,486**
Translation differences	655,741	243,826	198,086	5	**1,097,658**
As at 31 December 2024	**44,297,495**	**4,333,287**	**3,210,953**	**21,127**	**51,862,862**

Corporate loans	Stage 1	Stage 2	Stage 3	POCI	Total
Expected credit losses as at 1 January 2024	**519,119**	**583,064**	**3,051,284**	**14,604**	**4,168,071**
New assets	294,127	-	-	-	**294,127**
Assets repaid or sold	(157,660)	(74,731)	(141,439)	-	**(373,830)**
Transfers to Stage 1	170,952	(170,847)	(105)	-	**-**
Transfers to Stage 2	(14,503)	382,210	(367,707)	-	**-**
Transfers to Stage 3	(2,440)	(31,356)	33,796	-	**-**
Change in expected credit risk estimation	(126,353)	(220,702)	30,043	(50,804)	**(367,816)**
Recovery of allowances for loans written off in prior periods	-	-	3,329	-	**3,329**
Changes in contractual cash flows due to modifications not resulting in derecognition and other changes within the existing contractual terms and conditions	(1,068)	(130)	(611)	-	**(1,809)**
Use of allowance	-	-	(547,057)	-	**(547,057)**
Adjustment of interest income	-	-	277,960	1	**277,961**
Recovery of POCI loan's value	-	-	-	51,486	**51,486**
Translation differences	12,252	34,323	153,110	-	**199,685**
As at 31 December 2024	**694,426**	**501,831**	**2,492,603**	**15,287**	**3,704,147**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

The analysis of changes in the gross carrying amounts and relevant expected credit losses on finance leases during the year ended 31 December 2024 was as follows:

Finance leases	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at 1 January 2024	**1,436,202**	**156,389**	**161,105**	**1,753,696**
New assets	1,714,359	-	-	**1,714,359**
Assets repaid or sold	(357,510)	(32,791)	(30,948)	**(421,249)**
Transfers to Stage 1	68,445	(68,445)	-	**-**
Transfers to Stage 2	(45,332)	82,294	(36,962)	**-**
Transfers to Stage 3	(100,685)	(5,537)	106,222	**-**
Change in carrying amounts during the period	(427,765)	(34,489)	(61,854)	**(524,108)**
Use of allowance	-	-	(156)	**(156)**
As at 31 December 2024	**2,287,714**	**97,421**	**137,407**	**2,522,542**

Finance leases	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2024	**12,536**	**12,165**	**50,035**	**74,736**
New assets	9,777	-	-	**9,777**
Assets repaid or sold	(4,544)	(3,633)	(5,974)	**(14,151)**
Transfers to Stage 1	1,625	(1,625)	-	**-**
Transfers to Stage 2	(212)	8,561	(8,349)	**-**
Transfers to Stage 3	(624)	(100)	724	**-**
Change in expected credit risk estimation	(5,329)	(7,918)	(3,051)	**(16,298)**
Use of allowance	-	-	(156)	**(156)**
Adjustment of interest income	-	-	1,995	**1,995**
As at 31 December 2024	**13,229**	**7,450**	**35,224**	**55,903**

The analysis of changes in the gross carrying amounts and relevant expected credit losses on consumer loans to individuals during the year ended 31 December 2024 was as follows:

Consumer loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at 1 January 2024	**3,380,544**	**721,516**	**567,299**	**4,669,359**
New assets	5,383,100	-	-	**5,383,100**
Assets repaid or sold	(2,397,064)	(184,825)	(99,327)	**(2,681,216)**
Transfers to Stage 1	34,483	(34,483)	-	**-**
Transfers to Stage 2	(76,225)	76,225	-	**-**
Transfers to Stage 3	(94,945)	(154,207)	249,152	**-**
Change in carrying amounts during the period	(419,203)	99,897	72,696	**(246,610)**
Use of allowance	(16)	(17)	(233,027)	**(233,060)**
As at 31 December 2024	**5,810,674**	**524,106**	**556,793**	**6,891,573**

Consumer loans	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2024	**99,082**	**239,165**	**541,188**	**879,435**
New assets	146,125	-	-	**146,125**
Assets repaid or sold	(65,807)	(43,775)	(65,539)	**(175,121)**
Transfers to Stage 1	8,660	(8,660)	-	**-**
Transfers to Stage 2	(3,437)	3,437	-	**-**
Transfers to Stage 3	(5,123)	(63,490)	68,613	**-**
Change in expected credit risk estimation	(17,479)	90,959	6,459	**79,939**
Recovery of allowances for loans written off in prior periods	-	-	150,677	**150,677**
Use of allowance	(16)	(17)	(233,027)	**(233,060)**
Adjustment of interest income	-	-	50,062	**50,062**
As at 31 December 2024	**162,005**	**217,619**	**518,433**	**898,057**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

The analysis of changes in the gross carrying amounts and relevant expected credit losses on credit cards and overdrafts to individuals during the year ended 31 December 2024 was as follows:

Credit cards and overdrafts	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at 1 January 2024	**5,675,592**	**1,142,366**	**1,379,915**	**8,197,873**
New assets	3,523,759	-	-	**3,523,759**
Assets repaid or sold	(199,107)	(67,516)	(113,255)	**(379,878)**
Transfers to Stage 1	733,659	(733,659)	-	**-**
Transfers to Stage 2	(176,125)	176,125	-	**-**
Transfers to Stage 3	(182,229)	(135,185)	317,414	**-**
Change in carrying amounts during the period	1,519,448	18,902	174,766	**1,713,116**
Use of allowance	(44)	(9)	(872,535)	**(872,588)**
Translation differences	1	(1)	1,865	**1,865**
As at 31 December 2024	**10,894,954**	**401,023**	**888,170**	**12,184,147**

Credit cards and overdrafts	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2024	**403,982**	**457,263**	**1,340,381**	**2,201,626**
New assets	490,438	-	-	**490,438**
Assets repaid or sold	(14,487)	(19,723)	(74,253)	**(108,463)**
Transfers to Stage 1	278,283	(278,283)	-	**-**
Transfers to Stage 2	(14,135)	14,135	-	**-**
Transfers to Stage 3	(18,094)	(66,826)	84,920	**-**
Change in expected credit risk estimation	(233,520)	97,029	(30,719)	**(167,210)**
Recovery of allowances for loans written off in prior periods	-	-	233,676	**233,676**
Use of allowance	(44)	(9)	(872,535)	**(872,588)**
Adjustment of interest income	-	-	137,863	**137,863**
Translation differences	49	2	1,848	**1,899**
As at 31 December 2024	**892,472**	**203,588**	**821,181**	**1,917,241**

The analysis of changes in the gross carrying amounts and relevant expected credit losses on mortgage loans to individuals during the year ended 31 December 2024 was as follows:

Mortgage loans	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amounts as at 1 January 2024	**8,253**	**20,413**	**99,374**	**1,065**	**129,105**
Assets repaid or sold	(133)	(1,523)	(1,072)	-	**(2,728)**
Transfers to Stage 1	17,853	(17,853)	-	-	**-**
Transfers to Stage 2	(74)	74	-	-	**-**
Transfers to Stage 3	(407)	-	407	-	**-**
Change in carrying amounts during the period	(3,600)	(347)	4,171	(63)	**161**
Use of allowance	-	-	(3,936)	(243)	**(4,179)**
Translation differences	36	98	5,374	105	**5,613**
As at 31 December 2024	**21,928**	**862**	**104,318**	**864**	**127,972**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

Mortgage loans	Stage 1	Stage 2	Stage 3	POCI	Total
Expected credit losses as at 1 January 2024	**559**	**3,863**	**86,937**	**1,065**	**92,424**
Assets repaid or sold	(8)	(310)	(710)	-	**(1,028)**
Transfers to Stage 1	3,328	(3,328)	-	-	**-**
Transfers to Stage 2	(7)	7	-	-	**-**
Transfers to Stage 3	(98)	-	98	-	**-**
Change in expected credit risk estimation	(2,826)	(130)	(8,803)	(202)	**(11,961)**
Recovery of allowances for loans written off in prior periods	-	-	6,023	-	**6,023**
Use of allowance	-	-	(3,936)	(243)	**(4,179)**
Adjustment of interest income	-	-	6,806	140	**6,946**
Translation differences	10	25	4,945	104	**5,084**
As at 31 December 2024	**958**	**127**	**91,360**	**864**	**93,309**

The analysis of changes in the gross carrying amounts and relevant expected credit losses on car loans to individuals during the year ended 31 December 2024 was as follows:

Car loans	Stage 3
Gross carrying amounts as at 1 January 2024	**194**
Assets repaid or sold	(53)
Change in carrying amounts during the period	1
Translation differences	5
As at 31 December 2024	**147**

Car loans	Stage 3
Expected credit losses as at 1 January 2024	**194**
Assets repaid or sold	(30)
Change in expected credit risk estimation	(3,524)
Recovery of allowances for loans written off in prior periods	3,515
Adjustment of interest income	(13)
Translation differences	5
As at 31 December 2024	**147**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

The analysis of changes in the gross carrying amounts and relevant expected credit losses on corporate loans during the year ended 31 December 2023 was as follows:

Corporate loans	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amounts as at 1 January 2023	**26,718,331**	**5,421,511**	**7,062,457**	**73,189**	**39,275,488**
New assets	18,810,747	-	-	-	**18,810,747**
Assets repaid or sold	(8,978,935)	(743,879)	(464,891)	-	**(10,187,705)**
Transfers to Stage 1	759,678	(582,106)	(177,572)	-	**-**
Transfers to Stage 2	(1,631,873)	1,631,873	-	-	**-**
Transfers to Stage 3	(25,258)	(398,667)	423,925	-	**-**
Change in carrying amounts during the period	(968,661)	58,170	(61,906)	(54,773)	**(1,027,170)**
Changes in contractual cash flows due to modifications not resulting in derecognition and other changes within the existing contractual terms and conditions	19,206	(3,369)	4,135	-	**19,972**
Use of allowance	-	-	(2,805,649)	-	**(2,805,649)**
Recovery of POCI loan's value	-	-	-	5,881	**5,881**
Translation differences	358,374	175,194	99,080	94	**632,742**
As at 31 December 2023	**35,061,609**	**5,558,727**	**4,079,579**	**24,391**	**44,724,306**

Corporate loans	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Expected credit losses as at 1 January 2023	**410,945**	**673,139**	**5,762,592**	**18,745**	**6,865,421**
New assets	231,259	-	-	-	**231,259**
Assets repaid or sold	(122,241)	(54,825)	(223,181)	-	**(400,247)**
Transfers to Stage 1	83,894	(51,179)	(32,715)	-	**-**
Transfers to Stage 2	(30,006)	30,006	-	-	**-**
Transfers to Stage 3	(546)	(105,763)	106,309	-	**-**
Change in expected credit risk estimation	(62,516)	78,017	(173,467)	(10,042)	**(168,008)**
Recovery of allowances for loans written off in prior periods	-	-	2,582	-	**2,582**
Changes in contractual cash flows due to modifications not resulting in derecognition and other changes within the existing contractual terms and conditions	236	(280)	1,986	-	**1,942**
Use of allowance	-	-	(2,805,649)	-	**(2,805,649)**
Adjustment of interest income	2,243	-	339,451	11	**341,705**
Recovery of POCI loan's value	-	-	-	5,881	**5,881**
Translation differences	5,851	13,949	73,376	9	**93,185**
As at 31 December 2023	**519,119**	**583,064**	**3,051,284**	**14,604**	**4,168,071**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

The analysis of changes in the gross carrying amounts and relevant expected credit losses on finance leases during the year ended 31 December 2023 was as follows:

Finance leases	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at 1 January 2023	**752,503**	**647,400**	**240,244**	**1,640,147**
New assets	970,400	-	-	**970,400**
Assets repaid or sold	(201,688)	(48,199)	(58,683)	**(308,570)**
Transfers to Stage 1	317,328	(317,328)	-	**-**
Transfers to Stage 2	(57,674)	57,674	-	**-**
Change in carrying amounts during the period	(344,667)	(183,158)	(20,417)	**(548,242)**
Use of allowance	-	-	(39)	**(39)**
As at 31 December 2023	**1,436,202**	**156,389**	**161,105**	**1,753,696**

Finance leases	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2023	**5,980**	**105,122**	**60,140**	**171,242**
New assets	7,829	-	-	**7,829**
Assets repaid or sold	(3,274)	(2,127)	(8,885)	**(14,286)**
Transfers to Stage 1	64,145	(64,145)	-	**-**
Transfers to Stage 2	(200)	200	-	**-**
Change in expected credit risk estimation	(61,944)	(26,885)	(7,608)	**(96,437)**
Use of allowance	-	-	(39)	**(39)**
Adjustment of interest income	-	-	6,427	**6,427**
As at 31 December 2023	**12,536**	**12,165**	**50,035**	**74,736**

The analysis of changes in the gross carrying amounts and relevant expected credit losses on consumer loans to individuals during the year ended 31 December 2023 was as follows:

Consumer loans	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at 1 January 2023	**2,851,629**	**848,983**	**2,092,157**	**5,792,769**
New assets	3,059,998	-	-	**3,059,998**
Assets repaid or sold	(1,824,019)	(215,408)	(348,726)	**(2,388,153)**
Transfers to Stage 1	65,716	(65,716)	-	**-**
Transfers to Stage 2	(239,913)	239,913	-	**-**
Transfers to Stage 3	(119,361)	(349,931)	469,292	**-**
Change in carrying amounts during the period	(413,506)	263,675	236,076	**86,245**
Use of allowance	-	-	(1,881,500)	**(1,881,500)**
As at 31 December 2023	**3,380,544**	**721,516**	**567,299**	**4,669,359**

Consumer loans	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2023	**225,044**	**471,138**	**1,984,225**	**2,680,407**
New assets	86,750	-	-	**86,750**
Assets repaid or sold	(137,774)	(82,842)	(272,227)	**(492,843)**
Transfers to Stage 1	18,726	(18,726)	-	**-**
Transfers to Stage 2	(25,354)	25,354	-	**-**
Transfers to Stage 3	(13,803)	(223,507)	237,310	**-**
Change in expected credit risk estimation	(54,539)	67,748	36,294	**49,503**
Recovery of allowances for loans written off in prior periods	-	-	109,149	**109,149**
Use of allowance	-	-	(1,881,500)	**(1,881,500)**
Adjustment of interest income	32	-	327,937	**327,969**
As at 31 December 2023	**99,082**	**239,165**	**541,188**	**879,435**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

The analysis of changes in the gross carrying amounts and relevant expected credit losses on credit cards and overdrafts to individuals during the year ended 31 December 2023 was as follows:

Credit cards and overdrafts	Stage 1	Stage 2	Stage 3	Total
Gross carrying amounts as at 1 January 2023	**6,769,369**	**943,140**	**4,688,941**	**12,401,450**
New assets	727,081	-	-	**727,081**
Assets repaid or sold	(274,587)	(65,975)	(349,436)	**(689,998)**
Transfers to Stage 1	243,340	(243,340)	-	**-**
Transfers to Stage 2	(1,093,258)	1,093,258	-	**-**
Transfers to Stage 3	(404,788)	(595,991)	1,000,779	**-**
Change in carrying amounts during the period	(291,565)	11,274	412,089	**131,798**
Use of allowance	-	-	(4,373,846)	**(4,373,846)**
Translation differences	-	-	1,388	**1,388**
As at 31 December 2023	**5,675,592**	**1,142,366**	**1,379,915**	**8,197,873**

Credit cards and overdrafts	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2023	**732,054**	**475,632**	**4,458,699**	**5,666,385**
New assets	59,023	-	-	**59,023**
Assets repaid or sold	(31,910)	(16,578)	(230,686)	**(279,174)**
Transfers to Stage 1	95,146	(95,146)	-	**-**
Transfers to Stage 2	(126,143)	126,143	-	**-**
Transfers to Stage 3	(60,508)	(334,766)	395,274	**-**
Change in expected credit risk estimation	(263,686)	301,974	18,180	**56,468**
Recovery of allowances for loans written off in prior periods	-	-	159,328	**159,328**
Use of allowance	-	-	(4,373,846)	**(4,373,846)**
Adjustment of interest income	-	-	912,087	**912,087**
Translation differences	6	4	1,345	**1,355**
As at 31 December 2023	**403,982**	**457,263**	**1,340,381**	**2,201,626**

The analysis of changes in the gross carrying amounts and relevant expected credit losses on mortgage loans to individuals during the year ended 31 December 2023 was as follows:

Mortgage loans	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amounts as at 1 January 2023	**12,280**	**22,166**	**68,015**	**945**	**103,406**
Assets repaid or sold	(79)	(1,419)	(1,789)	-	**(3,287)**
Transfers to Stage 1	402	(402)	-	-	**-**
Transfers to Stage 2	(3,151)	3,151	-	-	**-**
Transfers to Stage 3	-	(72)	72	-	**-**
Change in carrying amounts during the period	(1,228)	(3,053)	35,935	6	**31,660**
Use of allowance	-	-	(4,616)	75	**(4,541)**
Translation differences	29	42	1,757	39	**1,867**
As at 31 December 2023	**8,253**	**20,413**	**99,374**	**1,065**	**129,105**

(In Ukrainian Hryvnias and in thousands)

9. 9. Loans and advances to customers (continued)

Changes in the gross carrying amounts and expected credit losses on loans measured at amortised cost (continued)

Mortgage loans	Stage 1	Stage 2	Stage 3	POCI	Total
Expected credit losses as at 1 January 2023	**730**	**4,423**	**53,470**	**945**	**59,568**
Assets repaid or sold	(4)	(273)	(1,029)	-	**(1,306)**
Transfers to Stage 1	122	(122)	-	-	**-**
Transfers to Stage 2	(125)	125	-	-	**-**
Transfers to Stage 3	-	(13)	13	-	**-**
Change in expected credit risk estimation	(171)	(292)	12,119	(127)	**11,529**
Recovery of allowances for loans written off in prior periods	-	-	19,827	-	**19,827**
Use of allowance	-	-	(4,616)	75	**(4,541)**
Adjustment of interest income	-	-	5,583	133	**5,716**
Translation differences	7	15	1,570	39	**1,631**
As at 31 December 2023	**559**	**3,863**	**86,937**	**1,065**	**92,424**

The analysis of changes in the gross carrying amounts and relevant expected credit losses on car loans to individuals during the year ended 31 December 2023 was as follows:

Car loans	Stage 3
Gross carrying amounts as at 1 January 2023	**188**
Change in carrying amounts during the period	4
Translation differences	2
As at 31 December 2023	**194**

Car loans	Stage 3
Expected credit losses as at 1 January 2023	**188**
Change in expected credit risk estimation	(1 891)
Recovery of allowances for loans written off in prior periods	1 888
Adjustment of interest income	8
Translation differences	1
As at 31 December 2023	**194**

The use of allowance for the year ended 31 December 2024 amounted to UAH 1,657,040 thousand (2023: UAH 9,065,575 thousand). The recovery of debt at the cost of loan sales during the year ended 31 December 2024 amounted to UAH 13,072 thousand (2023: UAH 283,393 thousand).

The amounts due under loan contracts on the financial assets written off during the year ended 31 December 2024 and for which the Bank continued working on debt recovery amounted to UAH 1,540,825 thousand (31 December 2023: UAH 7,829,921 thousand).

Modified loans

The Bank derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial instrument, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be a POCI-asset.

If the modification does not result in derecognition, based on the changes in cash flows discounted at the original effective interest rate, the Bank recognizes a modification gain or loss, to the extent that the impairment loss has not already been recorded. If the loan was modified due to the borrower's financial difficulties, the Bank continues to monitor the risk until the borrower improves its financial situation or is completely and permanently written off from the balance.

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Modified loans (continued)

The table below demonstrates Stages 2 and 3 assets modified during the period, with the related modification gains or losses:

	2024	2023
Loans and advances to customers modified during the period		
Amortised cost before modification	1,695,148	2,996,143
Net modification gain (loss)	(157)	(940)
Gross carrying amounts of loans and advances to customers as at the end of the reporting period under which the expected credit losses after modification changed from lifetime expected credit losses to 12-month expected credit losses	421,295	23,032

Collateral and other credit enhancements

The amount and type of collateral required by the Bank depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For corporate lending: real estate and movable items, inventories, and property rights to deposits;
- For retail lending: property rights to movable and immovable properties and to deposits.

The Bank also obtains guarantees from parents on loans to their subsidiaries.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreements, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for loan impairment.

As at 31 December 2024, loans were secured by customer deposits with the Bank with the carrying amount of UAH 741,349 thousand (31 December 2023: UAH 504,494 thousand) (Note 14).

Credit quality of the loan portfolio

The loan portfolio quality is managed by using the Bank's internal credit ratings in respect of borrowers. The Bank's policies presuppose assigning accurate and unified credit ratings in respect of the total loan portfolio. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. The attributable risk ratings are assessed and updated regularly.

While determining a corporate borrower's rating, the Bank uses the rating calculated under the internal model.

High rating has the following characteristics: expanding operating activities of a borrower, stable financial position (sufficient equity, low dependency on external sources of funding), high efficiency of the business model. The entities with a high rating are either market leaders or have a stable market position, highly effective management, and organization structure. The risk of loan quality deterioration is minimal, credit history is excellent. High rating can also be assigned to transactions with full deposit coverage.

Standard rating is assigned to the borrowers with stable volumes of operating activities, with performance effectiveness at industry average. There is some dependency on external sources of funding. The risk of default is low. The entities with standard rating have a stable market position at the regional and national level. Those are the entities with adequate management and organization structure. Credit history is positive, with insignificant technical delays in repayment of borrowings.

Below standard rating is assigned to the borrowers with unstable or decreasing operating activities, low business efficiency, high dependency on external sources of funding, repayment of loans with cash inflows may be problematic and, therefore, the risk of default is high. Credit history can be characterized by the existence of significant overdue payments. The market position is not stable, the decrease or loss of the market share is possible.

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Credit quality of the loan portfolio (continued)

The analysis by credit quality of corporate loans outstanding, other than factoring operations, as at 31 December 2024 was as follows:

As at 31 December 2024	Stage	High rating	Standard rating	Below standard rating	Impaired	Total
Loans and advances to customers:						
- Corporate loans	Stage 1	16,366,596	22,603,616	2,538,444	-	**41,508,656**
	Stage 2	227,020	2,626,022	978,269	-	**3,831,311**
	Stage 3	705	-	-	717,645	**718,350**
	POCI	-	-	-	5,840	**5,840**
- Finance leases	Stage 1	481,600	1,519,486	273,399	-	**2,274,485**
	Stage 2	17,781	27,260	44,930	-	**89,971**
	Stage 3	-	-	-	102,183	**102,183**
Total		**17,093,702**	**26,776,384**	**3,835,042**	**825,668**	**48,530,796**

The analysis by credit quality of corporate loans outstanding, other than factoring operations, as at 31 December 2023 was as follows:

As at 31 December 2023	Stage	High rating	Standard rating	Below standard rating	Impaired	Total
Loans and advances to customers:						
- Corporate loans	Stage 1	15,549,467	16,135,180	1,086,392	−	**32,771,039**
	Stage 2	152,711	3,109,615	1,713,337	−	**4,975,663**
	Stage 3	−	−	−	1,028,295	**1,028,295**
	POCI	−	−	−	9,787	**9,787**
- Finance leases	Stage 1	287,971	898,918	236,777	−	**1,423,666**
	Stage 2	34,214	57,304	52,706	−	**144,224**
	Stage 3	−	−	−	111,070	**111,070**
Total		**16,024,363**	**20,201,017**	**3,089,212**	**1,149,152**	**40,463,744**

Ни The analysis of retail loans by days past due as at 31 December 2024 was as follows:

As at 31 December 2024	Stage	Not past due	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	More than 365 days	Total
- Consumer loans	Stage 1	5,544,377	104,262	16	9	-	5	-	5,648,669
	Stage 2	240,008	43,184	14,507	8,788	-	-	-	306,487
	Stage 3	1,254	725	283	361	16,886	14,399	4,452	38,360
- Credit cards and overdrafts	Stage 1	8,716,196	1,201,499	84,689	28	42	23	5	10,002,482
	Stage 2	108,632	26,919	10,241	32,195	19,445	1	2	197,435
	Stage 3	1,144	839	424	482	26,538	32,254	5,308	66,989
- Mortgage loans	Stage 1	20,823	147	-	-	-	-	-	20,970
	Stage 2	697	-	38	-	-	-	-	735
	Stage 3	785	280	196	-	-	2,084	9,613	12,958
Total		**14,633,916**	**1,377,855**	**110,394**	**41,863**	**62,911**	**48,766**	**19,380**	**16,295,085**

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Credit quality of the loan portfolio (continued)

The analysis of retail loans by days past due as at 31 December 2023 was as follows:

As at 31 December 2023	Stage	Not past due	1-30 days	31-60 days	61-90 days	91-180 days	181-365 days	More than 365 days	Total
	Stage 1	3,221,560	59,527	366	1	7	1	–	**3,281,462**
- Consumer loans	Stage 2	389,395	58,087	25,268	9,601	–	–	–	**482,351**
	Stage 3	1,394	566	363	349	9,809	10,521	3,109	**26,111**
	Stage 1	4,489,088	728,201	54,223	25	46	17	10	**5,271,610**
- Credit cards and overdrafts	Stage 2	531,197	90,054	22,245	28,206	13,389	3	9	**685,103**
	Stage 3	2,212	1,423	494	497	10,049	17,224	7,635	**39,534**
	Stage 1	7,471	223	–	–	–	–	–	**7,694**
- Mortgage loans	Stage 2	15,629	891	16	14	–	–	–	**16,550**
	Stage 3	359	63	104	–	266	2,671	8,974	**12,437**
Total		**8,658,305**	**939,035**	**103,079**	**38,693**	**33,566**	**30,437**	**19,737**	**9,822,852**

For credit cards, the Bank determines a significant increase in credit risk in case the exposure is overdue for over 35 days and default if the exposure is overdue by more than 95 days. For the Credit Card product, the Bank shifts the period for determining of significant increase in credit risk and default by 5 days to smooth out statistical outliers when calculating loan portfolio quality indicators due to the concentration of payment dates for this product at the end of the month, which does not lead to a change in the assessment of the level of expected credit losses.

Concentration of loans to customers

As at 31 December 2024, the gross carrying value of loans in the amount of UAH 9,776,175 thousand issued to the Bank’s 20 top borrowers represented 13% of the gross loan portfolio, before allowances (31 December 2023: loans in the total of UAH 7,728,826 thousand issued to the Bank’s 20 top borrowers represented 13% of the gross loan portfolio, before allowances).

The loans and advances to customers of the Bank by economic sectors, the credit risk of which has an impact on the credit quality, are as follows:

	2024	2023
Individuals	19,203,839	12,996,531
Trade and agency services	18,550,297	16,452,466
Food processing industry and agriculture	15,941,422	15,763,597
Transport, communication services, and infrastructure	4,784,454	3,900,054
Construction and real estate	2,879,904	2,212,927
Metallurgy	2,821,443	1,803,854
Mining and energy	2,557,818	2,561,504
Non-banking financial institutions	1,615,896	82,200
Chemical industry	1,555,433	686,306
Engineering	1,124,215	1,143,513
Woodworking	1,015,867	879,372
Other	1,538,655	992,209
Total loans and advances to customers, before allowance for expected credit losses	**73,589,243**	**59,474,533**

The Bank’s lending activities are conducted in Ukraine. The ability of borrowers to repay their debt is dependent on several factors, including the overall financial health of the borrower and the situation in the Ukrainian economy.

The financial effect of collateral is presented by disclosing collateral values separately for:

- Those financial assets where collateral and other credit enhancements are equal to, or exceed, the carrying amount of the asset (“over-collateralized assets”);
- Those financial assets where collateral and other credit enhancements are less than the carrying amount of the asset (“under-collateralized assets”).

(In Ukrainian Hryvnias and in thousands)

9. Loans and advances to customers (continued)

Concentration of loans to customers (continued)

The effect of collateral as at 31 December 2024 was as follows:

	Over-collateralized assets		Under-collateralized assets	
	Carrying amounts of assets, net of allowance	**Fair value of collateral**	**Carrying amounts of assets, net of allowance**	**Fair value of collateral**
Corporate loans	23,489,845	38,615,635	24,668,870	11,020,288
Finance leases	2,009,302	3,546,846	457,337	64,940
Consumer loans	216	2,096	5,993,300	-
Credit cards and overdrafts	-	-	10,266,906	-
Mortgage loans	24,636	130,790	10,027	3,361
Total	**25,523,999**	**42,295,367**	**41,396,440**	**11,088,589**

As at 31 December 2024, the effect of collateral on loans to customers included the value of collateral in the form of commodities in circulation and goods taken into storage and amounted to UAH 311,974 thousand for the over-collateralized assets (31 December 2023: UAH 366,093 thousand for the over-collateralized assets and UAH 1,696,274 thousand for the under-collateralized assets).

The effect of collateral as at 31 December 2023 was as follows:

	Over-collateralized assets		Under-collateralized assets	
	Carrying amounts of assets, net of allowance	**Fair value of collateral**	**Carrying amounts of assets, net of allowance**	**Fair value of collateral**
Corporate loans	18,127,213	33,480,643	22,429,022	13,590,836
Finance leases	1,492,118	2,805,340	186,842	153,001
Consumer loans	134	1,902	3,789,790	451
Credit cards and overdrafts	–	–	5,996,247	–
Mortgage loans	25,616	135,573	11,065	35,516
Car loans	–	267	–	–
Total	**19,645,081**	**36,423,725**	**32,412,966**	**13,779,804**

As at 31 December 2024, the net book value of collateralized loans to customers that were credit-impaired (Stage 3 and POCI) amounted to UAH 944,682 thousand (2023: UAH 1,227,236 thousand), and the fair value of the corresponding collateral received for the purpose of reducing potential losses under those loans amounted to UAH 1,394,206 thousand (2023: UAH 5,083,783 thousand).

The analysis of finance leases receivable was as follows:

	2024	**2023**
Up to 1 year	1,506,778	1,222,702
From 1 to 2 years	863,068	595,463
From 2 to 3 years	329,790	241,765
From 3 to 4 years	145,462	42,509
From 4 to 5 years	82,968	13,984
Total gross investments in finance leases	**2,928,066**	**2,116,423**
Unearned future finance income on finance leases	(405,524)	(362,727)
Net investments in finance leases	**2,522,542**	**1,753,696**

Financial leasing debt includes various movable property that is transferred to customers for use until the debt is repaid, after which the owner's right passes to the lessee.

(In Ukrainian Hryvnias and in thousands)

10. Property, plant, and equipment, investment property, and intangible assets, other than goodwill

	Buildings	Leasehold impro-vements	Works of art	Computers and other equipment	Capital investments in property, plant, and equipment	Total property, plant, and equipment	Intangible assets, other than goodwill	Total
Cost or revalued amounts as at 1 January 2023	**1,144,869**	**300,226**	**17,120**	**1,994,329**	**24,091**	**3,480,635**	**1,698,681**	**5,179,316**
Accumulated depreciation/ amortization	(376,726)	(193,365)	-	(1,200,168)	-	**(1,770,259)**	(1,043,870)	**(2,814,129)**
Carrying amounts as at 1 January 2023	**768,143**	**106,861**	**17,120**	**794,161**	**24,091**	**1,710,376**	**654,811**	**2,365,187**
Additions	8,771	75,572	-	333,265	5,492	**423,100**	890,224	**1,313,324**
Disposals/write-offs	(3,269)	(328)	-	(74,202)	-	**(77,799)**	(136)	**(77,935)**
Transfers to another category	989	3,338	-	19,567	(23,894)	**-**	-	**-**
Depreciation and amortization charges	(23,502)	(49,457)	-	(330,475)	-	**(403,434)**	(1,224,587)	**(1,628,021)**
Carrying amounts as at 31 December 2023	**751,132**	**135,986**	**17,120**	**742,316**	**5,689**	**1,652,243**	**320,312**	**1,972,555**
Cost or revalued amounts as at 31 December 2023	**1,149,209**	**376,402**	**17,120**	**2,097,208**	**5,689**	**3,645,628**	**2,536,653**	**6,182,281**
Accumulated depreciation/ amortization	(398,077)	(240,416)	-	(1,354,892)	-	**(1,993,385)**	(2,216,341)	**(4,209,726)**
Carrying amounts as at 31 December 2023	**751,132**	**135,986**	**17,120**	**742,316**	**5,689**	**1,652,243**	**320,312**	**1,972,555**
Additions	25,052	20,558	-	588,203	42,590	**676,403**	1,525,108	**2,201,511**
Disposals/write-offs	-	(2,270)	-	(4,025)	(1,485)	**(7,780)**	(1,012)	**(8,792)**
Transfers to another category	1,473	162	-	2,026	(3,661)	**-**	-	**-**
Transfers from investment property	143	-	-	-	-	**143**	-	**143**
Revaluation	285,127	-	-	-	-	**285,127**	-	**285,127**
Depreciation and amortization charges	(23,990)	(48,359)	-	(391,154)	-	**(463,503)**	(1,448,826)	**(1,912,329)**
Carrying amounts as at 31 December 2024	**1,038,937**	**106,077**	**17,120**	**937,366**	**43,133**	**2,142,633**	**395,582**	**2,538,215**
Cost or revalued amounts as at 31 December 2024	**1,459,013**	**356,611**	**17,120**	**2,626,980**	**43,133**	**4,502,857**	**3,819,788**	**8,322,645**
Accumulated depreciation/ amortization	(420,076)	(250,534)	-	(1,689,614)	-	**(2,360,224)**	(3,424,206)	**(5,784,430)**
Carrying amounts as at 31 December 2024	**1,038,937**	**106,077**	**17,120**	**937,366**	**43,133**	**2,142,633**	**395,582**	**2,538,215**

(In Ukrainian Hryvnias and in thousands)

10. Property, plant, and equipment, investment property, and intangible assets, other than goodwill (continued)

As at 31 December 2024, property, plant, and equipment and intangible assets, other than goodwill, included assets at historical or revalued amounts in the amount of UAH 3,514,427 thousand (31 December 2023: UAH 1,768,763 thousand), that were fully depreciated and amortised. The Bank continues using those assets.

As at 1 December 2024, an independent valuation of the Bank’s own buildings and investment properties was carried out, based on which the Bank performed revaluation of own buildings in the amount of UAH 285,127 thousand and investment properties in the amount of UAH 9,206 thousand. The positive result of revaluation recognized in the statement of comprehensive income amounted to UAH 282,285 thousand, and in the statement of comprehensive income, profit or loss in the amount of UAH 2,842 thousand, as an unrealized result from revaluation. When performing the valuation, certain judgments and estimates were applied by the appraiser in determination of the comparable buildings to be used in the sales comparison approach, the useful lives of the assets revalued, the capitalization rate to be applied for the income approach.

As at 31 December 2024, the carrying value of buildings and works of art would have amounted to UAH 316,955 thousand (31 December 2023: UAH 302,014 thousand), had those assets been measured using the cost model. The amount reconciled with the carrying amounts of buildings was as follows:

	2024	2023
Buildings at revalued amounts in the statement of financial position	1,038,937	751,132
Revaluation surplus for buildings presented in equity, before tax	(724,908)	(452,044)
Buildings at cost, less accumulated depreciation and impairment	**314,029**	**299,088**
Works of art at revalued amounts in the statement of financial position	17,120	17,120
Revaluation surplus for works of art presented in equity, before tax	(14,194)	(14,194)
Works of art at cost, less accumulated depreciation and impairment	**2,926**	**2,926**
Total buildings and works of art	**316,955**	**302,014**

Changes in the carrying amounts of investment property were as follows:

	2024	2023
Fair value of investment property at the beginning of the period	**59,168**	**59,168**
Transfers to the category of owner-occupied buildings	(143)	-
Gains on revaluation at fair value	9,222	-
Losses on revaluation at fair value	(16)	-
Fair value of investment property at the end of the period	**68,231**	**59,168**

The rental income received from investment property for the year ended 31 December 2024 amounted to UAH 6,677 thousand (2023: UAH 5,549 thousand) (Note 21). Operating expense and expenses on maintenance of investment property for the year ended 31 December 2024 amounted to UAH 6,098 thousand (2023: UAH 3,309 thousand).

11. Right-of-use assets

Movements in the right-of-use assets for the year ended 31 December 2024 were as follows:

	Buildings and premises
Carrying amounts as at 1 January 2024	**234,030**
Additions	4,496
Reassessment of cash flows and lease terms and lease modifications	160,921
Disposals	(16,098)
Depreciation	(131,632)
Carrying amounts as at 31 December 2024	**251,717**

(In Ukrainian Hryvnias and in thousands)

11. Right-of-use assets (continued)

Movements in the right-of-use assets for the year ended 31 December 2023 were as follows:

	Buildings and premises
Carrying amounts as at 1 January 2023	**259,282**
Additions	714
Reassessment of cash flows and lease terms and lease modifications	113,872
Disposals	(3,252)
Depreciation	(136,586)
Carrying amounts as at 31 December 2023	**234,030**

During the years ended 31 December 2024 and 2023, there were no expenses under short-term leases in respect of which the simplification for recognition under IFRS 16 was applied. Expenses for the year ended 31 December 2024 relating to the low-value leases to which the exemption for recognition was applied amounted to UAH 6,400 thousand (2023: UAH 5,400 thousand). During the years ended 31 December 2024 and 2023, there were no expenses relating to variable lease payments not included in the estimate of lease liabilities.

12. Other financial and non-financial assets

The balances of other financial assets were as follows:

	2024	2023
Other financial assets		
Settlements on card transactions	1,687,291	1,699,556
Receivables on transfers and payments	174,147	376,883
Accrued income and settlements	109,243	381,449
Settlements on cooperation agreements	27,980	11,633
Foreign currency purchases	464	57,964
Other financial assets	97,656	203,357
Allowance for impairment	(117,573)	(119,090)
Total other financial assets	**1,979,208**	**2,611,752**

The balances of other non-financial assets were as follows:

	2024	2023
Other non-financial assets		
Prepayments for property, plant, and equipment and intangible assets, other than goodwill	95,246	102,373
Prepaid expenses, including insurance of assets	92,344	73,384
Repossessed property	54,508	66,387
Other taxes prepaid	25,416	25,922
Prepayments for services	25,306	11,416
Bank metals	506	362
Other non-financial assets	4,084	6,403
Allowance for impairment	(11,178)	(12,445)
Total other non-financial assets	**286,232**	**273,802**

(In Ukrainian Hryvnias and in thousands)

12. Other financial and non-financial assets (continued)

Movements in the allowance for impairment of other financial assets were as follows:

	2024	2023
Allowance for impairment as at 1 January	**119,090**	**100,616**
Charges to allowance for impairment	775	27,823
Use of allowance	(4,604)	(12,688)
Recovery of allowance	653	131
Effect of changes in exchange rates	1,659	3,208
As at the end of the period	**117,573**	**119,090**

Movements in the allowance for impairment of other non-financial assets were as follows:

	2024	2023
Allowance for impairment as at 1 January	**12,445**	**37,191**
Charges to allowance for impairment	(1,313)	(24,339)
Use of allowance	–	(429)
Effect of changes in exchange rates	46	22
As at the end of the period	**11,178**	**12,445**

13. Due to other banks

	2024	2023
Current accounts of other banks		
- Domestic	1,490,112	370,536
Total current accounts of other banks	**1,490,112**	**370,536**
Term deposits of other banks		
- Domestic	2,383,285	2,246,153
Total term deposits of other banks	**2,383,285**	**2,246,153**
Loans to other banks		
- Domestic	-	100,038
Total loans to other banks	**-**	**100,038**
Total due to other banks	**3,873,397**	**2,716,727**

As at 31 December 2024, the funds placed by 10 largest banks in the amount of UAH 3,567,243 thousand made up 92% of total amounts due to other banks (31 December 2023: UAH 2,472,187 thousand, 91% of total amounts due to other banks).

14. Customer accounts

	2024	2023
Legal entities		
- Current accounts	78,539,216	53,960,152
- Term deposits and saving accounts	20,461,955	24,912,364
Individuals		
- Current accounts	26,484,652	21,940,934
- Term deposits and saving accounts	28,663,005	25,729,372
Total customer accounts	**154,148,828**	**126,542,822**

As at 31 December 2024, the deposits of 10 top customers placed with the Bank in the amount of UAH 5,509,892 thousand made up 4% of customer accounts (31 December 2023: UAH 5,343,727 thousand made up 4%).

(In Ukrainian Hryvnias and in thousands)

14. Customer accounts (continued)

As at 31 December 2024, included in customer accounts were deposits in the amount of UAH 741,349 thousand and UAH 169,099 thousand (31 December 2023: UAH 504,494 thousand and UAH 134,853 thousand) which represented collateral for loans and advances to customers (Note 9) and commitments related to loans and advances, respectively. In addition, the amount of UAH 2,770,081 thousand (31 December 2023: UAH 2,551,786 thousand)) was held as collateral under import letters of credit, guarantees, and promissory notes endorsements (Note 26).

The customer accounts by economic sectors were as follows:

	2024	2023
Trade and agency services	55,147,657	47,670,306
Mining and energy	28,366,200	24,716,290
Transport, communication services, and infrastructure	17,038,191	13,301,666
Construction and real estate	11,007,470	9,772,647
Engineering	9,119,434	6,217,104
Trade and agency services	7,581,508	5,371,016
Food processing industry and agriculture	6,490,577	3,736,670
Non-banking financial institutions	4,573,925	2,846,907
Metallurgy	2,593,504	2,120,495
Computer programming	2,024,565	1,690,329
Chemical industry	1,302,069	868,647
Woodworking	887,380	789,441
Other	8,016,348	7,441,304
Total customer accounts	**154,148,828**	**126,542,822**

15. Lease liabilities

Movements in lease liabilities for the year ended 31 December 2024 were as follows:

	Buildings and premises
Carrying amounts as at 1 January 2024	**266,294**
Additions	4,496
Reassessment of cash flows and lease terms and lease modifications	159,783
Disposals	(16,098)
Interest expense	42,578
Lease payments made	(172,966)
Carrying amounts as at 31 December 2024	**284,087**

Movements in lease liabilities for the year ended 31 December 2023 were as follows:

	Buildings and premises
Carrying amounts as at 1 January 2023	**274,383**
Additions	714
Reassessment of cash flows and lease terms and lease modifications	113,379
Disposals	(3,252)
Interest expense	39,664
Lease payments made	(158,594)
Carrying amounts as at 31 December 2023	**266,294**

(In Ukrainian Hryvnias and in thousands)

16. Other financial and non-financial liabilities

The balances of other financial liabilities were as follows:

	2024	2023
Other financial liabilities		
Accounts payable on operations with plastic cards	1,156,442	564,246
Settlements	775,917	1,398,485
Allowance for commitments, guarantees, and letters of credit (Note 26)	133,901	195,085
Accounts payable on purchases of assets	8,974	30,604
Total other financial liabilities	**2,075,234**	**2,188,420**

The balances of other non-financial liabilities were as follows:

	2024	2023
Other non-financial liabilities		
Amounts payable to employees	901,235	588,828
Deferred income	134,883	159,295
Contributions to the Individual Deposit Guarantee Fund	90,714	75,917
Other taxes payable	59,174	46,264
Allowance for other losses	32,479	37,793
Accounts payable on services	769	913
Other non-financial liabilities	1	1
Total other non-financial liabilities	**1,219,255**	**909,011**

17. Derivative financial assets and liabilities

As at 31 December 2024, the Bank had foreign exchange forward contracts (placement of UAH/attraction of USD) with a nominal value of UAH 2,028,252 thousand to be sent and UAH 2,024,643 thousand to be received. The terms of these contracts do not provide for the delivery of the underlying asset, and settlements will be made by offsetting similar claims. The fair value of such forward contracts is UAH 2,664 thousand.

As at 31 December 2023, the Bank had the following contracts:

	Notional amount at fair value of assets receivable	Notional amount at fair value of liabilities payable	Positive fair value of assets	Negative fair value of liabilities
Forward currency contracts				
Placement of UAH/attraction of USD	101,852	(102,265)	792	(1,205)
Placement of UAH/attraction of EUR	21,153	(21,137)	16	–
Attraction of UAH/placement of USD	866,325	(858,623)	7,702	–
Attraction of USD/placement of EUR	–	(45)	–	(45)
Total forward currency contracts	**989,330**	**(982,070)**	**8,510**	**(1,250)**

(In Ukrainian Hryvnias and in thousands)

18. Share capital and reserves

As at 31 December 2024 and 2023, the approved and authorized share capital of the Bank comprised 14,323,880 ordinary shares with the nominal value of UAH 333.75 per share. All shares have equal voting rights. As at 31 December 2024, all shares were fully paid and registered.

Nature and purpose of reserves

Revaluation surplus

Revaluation surplus is used to reflect the increase in the fair value of buildings and works of art, as well as its decrease, but to the extent this reduction relates to increasing the value of the same asset previously recognized in equity.

Reserve for profit or loss on the financial assets measured at fair value through other comprehensive income

The reserve reflects changes in the fair value of investments in securities measured at fair value through other comprehensive income.

Statutory reserve of the Bank

The Bank’s statutory reserve is created under the Charter and the legislation requirements of Ukraine in order to reach 25 percent of regulatory capital at the beginning of each year. The amount of deductions to the statutory reserve should be no less than 5 percent of the Bank’s annual income. The statutory reserve is created to cover general banking risks, including future losses and other unforeseen losses by all items of assets and off-balance sheet liabilities.

On 26 April 2024, the General Shareholders’ Meeting of the Bank decided to distribute retained earnings in the amount of UAH 197,774 thousand to the Bank's statutory reserve.

19. Interest income and expense

	2024	**2023**
Interest income calculated using effective interest rate method		
Loans to customers	12,404,992	10,662,313
Securities measured at fair value through other comprehensive income and deposit certificates classified as cash and cash equivalents	9,713,678	8,610,592
Due from banks	620,020	643,465
	22,738,690	**19,916,370**
Other interest income		
Finance leases to corporate customers	474,222	348,180
Total interest income	**23,212,912**	**20,264,550**
Interest expense		
Term deposits and saving accounts	(4,666,198)	(5,090,797)
Current accounts	(3,810,841)	(2,632,627)
Due to other banks	(43,177)	(13,764)
Lease liabilities	(42,578)	(39,664)
Due to the National Bank of Ukraine	-	(122,214)
Total interest expense	**(8,562,794)**	**(7,899,066)**
Net interest income	**14,650,118**	**12,365,484**

The information on interest income and expense on related party transactions is disclosed in Note 28.

(In Ukrainian Hryvnias and in thousands)

20. Commission income and expense

	2024	2023
Payment cards	2,009,059	1,655,640
Settlement transactions with customers	964,904	854,486
Cash operations	624,913	580,715
Conversion operations	418,793	364,214
Documentary operations	232,496	249,520
Servicing loans, including under cooperation agreements	178,055	205,501
Fiduciary activities	9,141	8,498
Other	30,283	16,954
Commission income	**4,467,644**	**3,935,528**
Payment cards	(1,703,714)	(1,271,660)
Agency agreements	(321,078)	(335,197)
Purchase and collection of cash	(168,889)	(90,158)
Settlement transactions	(89,337)	(78,173)
Documentary operations	(20,332)	(13,666)
Fiduciary activities	(3,043)	(2,265)
Other	(129)	(172)
Commission expenses	**(2,306,522)**	**(1,791,291)**
Net commission income	**2,161,122**	**2,144,237**

The information on commission income and expense on related party transactions is disclosed in Note 28.

21. Other gains (losses)

	2024	2023
Other rental income	16,214	13,669
Income on sales of commemorative coins	15,660	16,632
Income on disposal of property, plant, and equipment	14,444	19,935
Penalties received	6,944	4,798
Rental income on investment properties (Note 10)	6,677	5,549
Result on modification of leases	6,417	20,987
Income on revaluation increase in property, plant, and equipment and non-current assets	4,135	-
Income on insurance consideration received	2,446	1,583
Income on non-repayable payments	890	3,173
Result on modifications of financial assets that does not lead to derecognition	(56,891)	18,030
Other income	10,406	12,412
Total other gains (losses)	**27,342**	**116,768**

(In Ukrainian Hryvnias and in thousands)

22. Operating expense

	2024	2023
Payroll, employee benefits, and mandatory contributions to the state funds	4,357,497	3,484,624
Depreciation and amortization (Note 10)	1,912,329	1,628,021
Maintenance of buildings and equipment	787,072	351,000
Advertising and entertainment expenses	547,505	230,594
Contributions to the Individual Deposit Guarantee Fund	340,478	280,613
Charity activities	216,132	114,809
Communication services	201,379	132,015
Depreciation of right-of-use assets	131,632	136,586
Audit and consulting services	186,548	111,733
Rent of premises	100,542	84,702
Security services	52,217	42,125
State duties and taxes, other than income taxes	49,410	15,954
Expenses related to the workout on repayment of loans	44,987	71,401
Staff training	19,297	9,044
Decrease in value of the Bank’s properties	2,365	1,364
Other	260,538	349,223
Total operating expense	**9,209,928**	**7,043,808**

Included in payroll, employee benefits, and mandatory contributions to the state funds was the unified social tax in the amount of UAH 627,447 thousand (2023: UAH 513,688 thousand).

Included in rent of premises were the expenses related to low-value leases in respect of which the exemption for recognition under IFRS 16 was applied for the year ended 31 December 2024 in the amount of UAH 6,400 thousand (2023: 5,400 thousand) (Note 11).

23. Income taxes

The income tax expense comprised the following:

	2024	2023
Current tax expense	4,317,902	4,524,082
Deferred tax (benefit)/expense	(127,075)	(242,124)
Income tax expense/(benefits) for the reporting period	**4,190,827**	**4,281,958**

In October 2024, changes were made to the Tax Code of Ukraine to increase banks profit tax rate. A special increased bank profit tax rate of 50% is established for 2024.

The Bank’s income received in the year ended 31 December 2024 was taxable at the rate of 50% (2023: 50%). The reconciliation of expected and actual tax expense is provided below:

	2024	2023
Profit before income tax	**8,133,194**	**8,237,433**
Theoretical tax expense at the applicable statutory tax rate	4,066,597	4,118,717
Tax effect of deductible or non-taxable items:		
- Income recognized only for tax purposes	204	-
- Non-taxable income and other income exempt from taxation	(770)	-
- Non-deductible expenses	132	56,732
- Effect of changes in tax rates (+/-)	124,664	106,509
Income tax expense for the reporting period	**4,190,827**	**4,281,958**

The differences between the national and IFRS taxation result in specific temporary differences arising between the carrying amounts of some assets and liabilities for the purposes of financial reporting and their tax bases. The tax effect of changes in such temporary differences shall be accounted for at the income tax rates expected to be applied in the period when such differences are realized.

(In Ukrainian Hryvnias and in thousands)

23. Income taxes (continued)

As at 31 December 2024 and 2023, deferred tax assets and liabilities and their movements for the respective years were as follows:

	31 December 2023	Credited/ (charged) to other comprehen-sive income	Credited/ (charged) to profit or loss	31 December 2024
Tax effect of deductible and taxable temporary differences				
Expected credit losses on loan commitments	60,679	-	(19,084)	41,595
Securities measured at fair value through other comprehensive income	(469,097)	(216,784)	-	(685,881)
Property, plant, and equipment, and intangible assets, and investment property	262,639	(72,202)	146,364	336,801
Tax losses before carry forward	25,506	-	(205)	25,301
Estimated net deferred tax liability	**(120,273)**	**(288,986)**	**127,075**	**(282,184)**
Deferred tax liability	**(120,273)**	**(288,986)**	**127,075**	**(282,184)**

	1 January 2023	Credited/ (charged) to other comprehen-sive income	Credited/ (charged) to profit or loss	31 December 2023
Tax effect of deductible and taxable temporary differences				
Expected credit losses on loan commitments	63,388	−	(2,709)	60,679
Securities measured at fair value through other comprehensive income	76,905	(546,002)	−	(469,097)
Property, plant, and equipment, and intangible assets, and investment property	44,668	(19,720)	237,691	262,639
Tax losses before carry forward	18,364	−	7,142	25,506
Estimated net deferred tax assets/(liability)	**203,325**	**(565,722)**	**242,124**	**(120,273)**
Deferred tax assets/(liability)	**203,325**	**(565,722)**	**242,124**	**(120,273)**

24. Risk management

Introduction

Risk is inherent to banking and is managed through the process of ongoing identification, measurement, and control of risks, subject to risk limits and other controls. The process of risk management is critical to the Bank’s continuing profitability, and each employee within the Bank is accountable for the risk exposures relating to his or her duties. The Bank is exposed to credit risk, liquidity risk, and market risk, the latter being subdivided into trading and non-trading risks. The Bank is also exposed to operating, including information and legal risks, as well as compliance risks (including money laundering/terrorist financing risk).

The independent risk control process does not include business risks, such as changes in the operating environment, technology, and industry. Those risks are monitored by the Bank’s strategic planning process.

Risk management process

The Bank’s risk management system is organized by defining a clear risk management process through the establishment of risk appetites and risk limits for each type of significant risks, the purpose of which is to implement a systematic process of identifying, measuring, monitoring, controlling, reporting, and mitigating all types of risks at all organizational levels of the Bank.

24. Risk management (continued)

Introduction (continued)

Key responsibilities for ensuring effective risk management are performed by the following structural units:

1) Risk management units subordinated to the CRO (the Chief Risk Manager in the Bank):
   i. Credit risks: Corporate Customer Risk Management Department; Small Business Risk Management Department; Retail Risk Management Department; Microlending Risk Management Department; Pledged Property Work Department;
   ii. Operating risk, market risk, financial institution risk, and liquidity risk: General Banking Risk Management Department.
2) Compliance Control Department subordinated to the CCO (the Chief Compliance Manager).

CRO and CCO are reporting and subordinated to the Supervisory Board of the Bank as the risk management system participants.

Supervisory Board of the Bank

The Bank's Supervisory Board has the greatest authority over the Bank's risk management and is responsible for establishing the effective risk management system within the Bank (strategic level). In accordance with the Bank's Charter and the Regulation on Collegial Bodies, the Credit Council and the Credit Committee, the Supervisory Board is authorized to approve:

- Decisions on granting consents (upon submission of the Management Board and the Credit Council) to perform a significant legal act, if the market value of the property or services, being the subject matter, ranges from 10% to 25% of the assets value based on the recent annual financial statements of the Bank;
- Decisions on performing legal actions with interest in the cases stipulated by the Charter and the legislation;
- Decisions on granting loans, extending the limit terms for related parties of the Bank, which exceed/will exceed 1% of the regulatory capital of the Bank for individuals or 3% of the Bank's regulatory capital for legal entities (upon submission of the Credit Council);
- Decisions on settling potentially non-performing assets of the Bank's related parties, the amount of which exceeds 1% of the regulatory capital of the Bank for individuals and 3% for legal entities (upon submission of the Credit Council);
- Declaration of Risk Appetite.

The Declaration of Risk Appetite determines:

- Aggregate level of risk appetite and the types of risks that the Bank intends to accept and maintain in order to achieve business goals;
- Maximum level of the risk acceptable for the Bank (Risk Capacity);
- Quantitative and qualitative indicators of risk appetite which take into account capital adequacy, liquidity, operating profitability, and cost of risk;
- Risk appetite level for each type of risk (individual level) and a minimum list of quantitative and qualitative indicators of risk appetite for each type of risk.

For 2024, the Bank has distinguished the following 12 significant risks:

- Credit risk of corporate customers (including customers of corporate, small, and micro business);
- Credit risk of retail customers;
- Credit risk of financial institutions;
- Liquidity risk;
- Interest rate risk of the banking book;
- Price risk of UAH-denominated portfolio of DGLBs (within market risk);
- Price risk of Sovereign bonds G7 (within market risk);
- Foreign currency risk (within market risk);
- Risk of default of DGLB issuer;
- Operating risk;
- Compliance risk;
- Risk of funds laundering/financing terrorism (within compliance risk).
- Payment system participant risk

In 2024, the Supervisory Board continued to focus on the risks associated with the negative indicators of military actions: reviewed the results of stress testing in respect of all significant risks on a quarterly basis and assessed the adequacy of funds to cover those risks and the regular report on the negative consequences of the war.

24. Risk management (continued)

Introduction (continued)

Management Board of the Bank

The Management Board of the Bank is generally responsible for the activities of the Bank, including those relating to risk management. The Management Board of the Bank delegates its powers with respect to credit risk – to the credit bodies of the Bank (the Credit Council and the Credit Committee), as to the overall asset and liability management – to the Assets and Liabilities Management Committee of the Bank, authorities on operating risk management – to the Operating Risk Management Committee of the Bank, and approves the composition of those Committees. In addition, the Management Board of the Bank is responsible for development and preliminary approval of the Bank’s credit policies. The final approval of credit policies is within the competence of the Supervisory Board of the Bank.

Decisions of the Bank’s Credit Council on the possibility to carry out assets operations with borrowers in the amount of 10% or more of the regulatory capital of the Bank shall be approved by the Management Board of the Bank. In addition, the Management Board establishes UAH 50 million per customer as a limit for the powers of the Credit Council when lending to individuals.

Credit Council of the Bank

The Credit Council of the Bank is subordinated to the Management Board of the Bank and functions within the delegated powers under the Regulation on Collegial Bodies and the Credit Council. The Credit Council consists of five persons appointed by the Management Board of the Bank upon consultation with the Supervisory Board. Experts with the right of advisory vote appointed by the Supervisory Board of the Bank may also take part in the Credit Council meetings. The Credit Council may consider any lending projects, except for the powers being the competence of the Supervisory Board/Management Board.

The Bank’s Credit Council also approves credit product standards for corporate customers, limit parameters of credit products for retail customers and sets limits for transactions with other banks and financial institutions. The Bank’s Credit Council meets twice a week.

Assets and Liabilities Management Committee of the Bank

The Assets and Liabilities Management Committee of the Bank is responsible for managing the Bank’s assets and liabilities and the overall financial structure. The Committee is also responsible for monitoring the interest rate, currency, and liquidity risks of the Bank.

Operating Risk Management Committee of the Bank

The Operating Risk Management Committee (the “ORMC”) is responsible for operating risk management with the aim to decrease operating losses, improve banking processes, systems, and technologies, ensuring cyber security, develop, approve, and implement measures aimed at ensuring the Bank’s going concern.

For the purpose of operating management and response to identified operating risks and managing factors of operating risks, the Bank has established five subcommittees based on the Operating Risk Management Committee:

Personnel Subcommittee

Personnel Subcommittee analyzes matters on intentional and unintentional actions/errors by the personnel, assesses their qualifications and sufficiency, etc.

Processes Subcommittee

Processes Subcommittee analyzes the matters related to organization of processes, efficiency of the existing processes, and the need for optimization.

External Factors Subcommittee

External Factors Subcommittee analyzes incidents of intentional actions of third parties, liquidation of force-majeure consequences, and intentional damage to the Bank’s reputation.

Systems Subcommittee

Systems Subcommittee analyzes the issues of IT systems quality, shapes common understanding of IT risks, and develops balanced solutions as to IT risks, with reference to the specifics and interests of the Bank’s business units.

24. Risk management (continued)

Introduction (continued)

Information Security Subcommittee

Information Security Subcommittee considers matters related to development of the Information Security Management System, development of IT risk management culture, and management of IT incidents.

At each meeting, the Operating Risk Management Committee (the “ORMC”) reviews the standard quarterly report on the operating risk events recorded in the reporting period, on the implementation of ORMC’s decisions, on the effectiveness of the ICS based on the quarterly KCI (Key Control Indicator) monitoring, on the results of KPIs annual monitoring, and approves the KPIs list, as well as their threshold values for the next year. It approves the results of regular stress testing in respect of operating risk by the heads of structural units of JSC “FUIB” and approves the amount of risk appetite for operating risk and risk limits for a year.

The ORMC also takes decisions on the administration of the realized operating risk events, exercises control over the efficiency of the decisions made by the ORMC’s Subcommittees, and evaluates the functioning efficiency:

- The Information Security Management System;
- The Fraud Risk Management System;
- The Physical Security Management System;
- The Continuity Operation System;
- The Third-Party Risk Management System;

The ORMC approves the results of the annual Assessment of Adverse Factors on the Bank’s Processes (Business Impact Analysis/BIA), approves the results of the annual practical testing of HQ’s Business Continuity Plan (BCP), and monitors the results of distant training on the key mandatory distant courses.

Risk Management of the Bank

The risk management vertical of the Bank is responsible for the development of risk management methodologies, procedures, and reporting allowing the Bank to perform a quantitative assessment of credit, market, operating, and liquidity risks. The structural units within the risk management vertical are responsible for implementation and compliance with the procedures related to risk management, execute current control in respect of the above risks on a consistent basis, and control the execution of the decisions taken by the Credit Council, the Bank’s Assets and Liabilities Management Committee, and the Bank’s Operating Risk Management Committee.

Risk Measurement and Reporting System

The Bank’s risks are measured using the methods that reflect both the expected losses likely to arise in the normal circumstances and unexpected losses which represent an estimate of the maximum actual losses based on statistical and expert models. The models make use of probabilities derived from historical experience, adjusted to reflect the current economic environment. The Bank also works out worst-case scenarios that would occur in the event of extraordinary events, the probability of which is very low (including military actions).

Risk monitoring and control are primarily performed based on the limits established by the Bank. Those limits reflect the business strategy and market environment of the Bank, as well as the level of the risk that the Bank is willing to accept, with an additional emphasis on the selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. The information compiled from all the businesses is examined and processed in order to analyze, control, and early identify the risks. This information is presented and explained to the Management Board of the Bank, the Assets and Liabilities Management Committee of the Bank, the Operating Risk Management Committee of the Bank, the Credit Council of the Bank, and the head of each relevant business unit. The report includes the information on the aggregate credit exposure, credit risk forecasts, limit exceptions, liquidity and interest rate risks and changes in the risk profile, and the information on operating risk. On a monthly basis, the detailed reporting on liquidity, currency, interest rate, and operating risks, as well as risks related to certain industries and customers is prepared. Management assesses the appropriateness of the allowance for expected credit losses on a monthly basis.

In addition, the Bank has a risk planning and limiting approach in place within the risk appetite (risk acceptance and/or limits) approved by the Supervisory Board for the reporting period, as well as mechanisms for escalating limit violations.

Risk mitigation

As a part of its overall financial risk management process, for the purpose of managing interest rate, currency, credit, and liquidity risks, the Bank uses a system of limits and restrictions that ensures that actual risk measures are at the levels that do not exceed the Bank’s tolerance to those risks.

The Bank actively uses collateral to reduce its credit risks (see below for more details).

To mitigate market risks, the Bank may use derivative financial instruments to a limited extent.

24. Risk management (continued)

Credit risk

The Bank takes on the exposure to credit risk, which is the risk that a counterparty will be unable to pay the amounts in full when due. The Bank structures the levels of credit risk by placing limits on the amount of the risk accepted in relation to one borrower or a group of borrowers. Such risks are monitored on a continuous basis and are subject to a regular review. Limits on the level of credit risk per borrower are approved regularly by the Credit Council of the Bank and the Credit Committee of the Bank.

The exposure to credit risk is managed through the regular analysis of the ability of borrowers and potential borrowers to meet interest and principal repayment obligations and by changing those lending limits where appropriate. The exposure to credit risk is also managed, in part, by obtaining collateral; and corporate guarantees.

Considering the martial law, the Bank performs an additional regular analysis of movements in the situation:

- Different “risk zones” are determined according to territorial characteristics – a high risk zone is selected, “red zone” is a territory that, according to the internal division of the Bank, has a high risk. The Bank includes into the “red zone” those customers who: 1) are located in the territory of hostilities, or are temporarily occupied; 2) do not have assets and cash flow outside the “red zone”; 3) do not have an opportunity to move business/assets outside the “red zone”. The territorial feature is taken into account by the Bank when determining lending conditions, setting lending limits and approaches to allowances;
- In the case of individual consideration of borrowers and potential borrowers, the impact on the financial and economic condition of risks that have increased in connection with the martial law (logistics, export of products, dependence on electricity supply, loss of suppliers and buyers, etc.) is considered. The increase in risks is reflected in the borrower’s rating and, accordingly, affects the terms of lending and allowances.

Derivative financial instruments

The credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

Credit related commitment risks

The Bank makes guarantees and letters of credit available to its customers which may require that the Bank make payments on their behalf. They expose the Bank to similar risks as loans, and those are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the components of statement of financial position, including derivatives before the effect of mitigation through the use of netting or collateral agreements, is shown in their carrying amounts as accurately as possible.

If recorded at fair value, their carrying amounts represent the current credit risk exposure, but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more details on the maximum exposure to credit risk for each class of financial instruments, references shall be made to the specific notes. The effect of collateral and other risk mitigation techniques is shown below.

Credit quality of financial assets

The credit quality of financial assets is managed by using by the Bank of both external and internal credit ratings of borrowers. The credit quality by classes based on the external ratings and the Bank’s credit rating system is disclosed in Notes 7, 8, and 9.

Impairment assessment

The allowance for expected credit losses is calculated based on the following: if, for a financial instrument, there is no evidence of increase in credit risk since origination, the ECL allowance is based on the 12 month expected credit loss (12m ECLs); if there is a significant increase in credit risk since origination or a financial instrument has been determined as impaired, the assessment is based on credit losses expected to arise over the life of a financial instrument (lifetime expected credit losses or LT ECLs).

The Bank has developed the methodology for identifying evidence of impairment and increase in credit risk since origination of a financial instrument and determined the required criteria on termination of such evidence. The Bank analyzes the loan portfolio (carried at amortised cost or at fair value through other comprehensive income) to identify and terminate the evidence of impairment and increase in credit risk since origination of a financial instrument on a monthly basis.

24. Risk management (continued)

Credit risk (continued)

Based on this methodology, the Bank groups loans as follows (Stages):

- Stage 1 – For the financial instruments without evidence of impairment or increase in credit risk, the ECL allowance is based on 12m ECLs (on a portfolio basis). Stage 1 includes the financial instruments at initial recognition, loans with no evidence of increase in credit risk since origination of the financial instruments for which the credit risk has improved, and they have been reclassified from Stage 2.
- Stage 2 – For the financial instruments with evidence of increase in credit risk, the ECL allowance is based on lifetime ECLs (the allowance can be assessed on both individual and portfolio bases). Stage 2 included the financial instruments for which evidence of increase in credit risk has been identified, or the financial instruments for which the credit risk has improved, and they have been reclassified from Stage 3.
- Stage 3 – For the financial instruments with evidence of impairment, the ECL allowance is based on lifetime ECLs (the allowance can be assessed on both individual and portfolio bases).
- POCI – Purchased or originated credit-impaired financial assets that are credit impaired on initial recognition. At initial recognition, the amount of the financial instrument's lifetime ECLs is included in the calculation of a credit adjusted effective interest rate. Subsequently, the Bank recognizes in profit or loss at each reporting date the amount of changes in the expected credit losses on such financial instruments for the lifetime as an impairment gain or loss.

Significant increase in credit risk and termination of evidence of increased credit risk

In determining whether there is a significant increase in credit risk of a financial instrument, the Bank considers reasonable and verified information that is relevant and accessible without excessive cost or effort, including both quantitative and qualitative information, as well as the analysis based on the Bank's historical experience and the expert credit quality assessment.

To assess a significant increase in credit risk, the Bank identifies whether there has been a significant increase in credit risk as compared to the probability of default since the initial recognition of a financial instrument.

The key considerations in the analysis of a significant increase in credit risk include the identification of whether payments of the principal amount or interest on the loan are overdue for more than 30 days (for legal entities and individuals, except for credit cards for individuals – 35 days) and three days (for banks).

The additional evidences of a significant increase in credit risk of a financial instrument are, in particular, the following observable data:

- The Bank's restructuring of the loan on the terms of repayment re-scheduling which the Bank does not consider to be a deterioration in the creditor's terms, but which may indicate probable difficulties in fulfillment of an agreement in the future;
- Identification of indicators of a probable increase in credit risk determined as part of the "early warning signals" procedure;
- A customer included in "red zone" category;
- A decrease in the Bank's internal rating by 2 points for resident banks;
- A decrease in the international rating (according to a rating agency's bulletin, such as Standard & Poor's, Moody's, Fitch) by 3 points or a recall of international rating for non-resident banks.

Termination of all of the above evidence of a significant increase in credit rating and fulfillment of contractual obligations by the customer for at least three months after the elimination of all evidence is considered a criterion that the credit risk has decreased to such a level that a financial instrument may be reclassified to Stage 1.

Impairment (default) and termination of evidence of impairment

In assessing the occurrence of a default event on the Bank's borrower's obligations, the qualitative and quantitative indicators developed within the Bank are taken into account.

The key considerations in the analysis of loan impairment include the identification of whether payments of the principal amount or interest on the loan are overdue for more than 90 days (for legal entities and individuals) and 7 days (for banks).

24. Risk management (continued)

Credit risk (continued)

The additional evidences of a credit impairment of a financial instrument are, in particular, the following observable data:

- A borrower’s or issuer’s significant financial difficulties;
- The Bank’s restructuring of a loan on the terms which the Bank would not consider in other circumstances (i.e. with a deterioration in the creditor’s terms);
- Probability of a borrower’s bankruptcy or liquidation;
- Probability of the Bank’s taking such actions as sales of collateral (if any) or the forgiveness/sale of the loan at a discount;
- For resident banks, the public recognition of a bank as insolvent and imposing the temporary administration;
- For non-resident banks, a decrease in international ratings (according to a rating agency’s bulletin, such as Standard & Poor’s, Moody’s, Fitch) to default rating.

Evidence of default termination is the elimination of all of the above evidence of impairment and fulfillment of contractual obligations by the customer for at least six months after the elimination of all evidence of default.

Lifetime ECL allowance

For Stage 2 and 3 and POCI loans, the Bank calculates an allowance for expected credit losses for the lifetime of financial instruments either on a portfolio or on an individual basis.

The Bank determines the amount of allowance for expected credit losses for each significant loan (the Bank determines a materiality threshold separately for each type of lending – corporate lending, retail lending, and interbank transactions) on an individual basis. The items considered when determining the allowance amounts include the feasibility of the counterparty’s business plan, it ability to improve the performance once a financial difficulty has arisen, projected receipts and the realizable value of collateral, and the timing of the expected cash flows.

The Bank determines the ECL allowance on financial instruments provided to customers, each of which is not individually significant, on a portfolio basis. The expected credit losses are determined considering the following information: loss in a portfolio in the prior periods, current economic environment, the time period until a possible loss in the future.

12 month ECL allowance

For Stage 1 loans, the Bank calculates the allowance based on 12-month expected credit losses on a portfolio basis. To calculate the allowance, the Bank classifies the portfolio of financial instruments to groups with similar characteristics (e.g., segment, customer rating, type of loan product, etc.). The expected credit losses are determined taking into account the following information: loss in the portfolio on a 12-month horizon in the prior periods, current economic environment, the time period until a possible loss in the future.

Input data for ECL assessment

The key inputs for ECL assessment on a portfolio basis are:

- Probability of default (PD);
- Loss given default (LGD).

These figures are derived from internal statistical models and other historical data. The probability of default (PD) is an estimate at a specific date calculated based on the Bank’s statistical data and evaluated using valuation tools adapted to different categories of counterparties. If counterparties facing a credit risk migrate between rating levels, this results in a change in the assessment of the respective probability of default.

The accumulated probability of default over the lifetime of a financial instrument is the probability that a financial instrument will be exposed to default over its lifetime. This probability is calculated for a group of homogeneous assets. The probability of default is based on the Bank’s historical data.

The LGD rate is an amount of probable loss in the event of default. The Bank assesses the LGD based on the information regarding the collection rates of counterparty defaulters. The collection amount is calculated based on the discounting of cash flows using the effective interest rate as a discount factor.

The ECL allowance is reviewed by the credit risk management divisions to ensure its alignment with the Bank’s overall policies.

The financial guarantees and letters of credit are assessed based on the methods applied for loans; when the loss is considered probable, the allowances are recorded against other credit related commitments.

(In Ukrainian Hryvnias and in thousands)

24. Risk management (continued)

Liquidity risk and funding management

Liquidity risk is the risk that the Bank will be unable to discharge its payment obligations when due in the course of normal economic activities and under stress circumstances. To limit this risk, management has ensured diversified funding sources in addition to the Bank's core deposit base, manages assets in compliance with its liquidity principles, and monitors future cash flows and liquidity on a daily basis.

The Bank has implemented an internal liquidity adequacy assessment process (ILAAP). The ILAAP process is an integral part of the Bank's overall business continuity process. Liquidity adequacy is monitored from two perspectives:

- The economic perspective - the Bank's own assessment of liquidity adequacy. Primary VLA1 and secondary VLA2 liquidity adequacy ratios by major currencies;
- Regulatory perspective – liquidity adequacy ratios of the National Bank of Ukraine: LCR, NSFR.

To ensure a proper discharge of both its own and customers' obligations, the Bank has implemented the policy aimed at maintaining liquid assets at the level sufficient to cover any unplanned withdrawal of a part of the customer deposits placed with the Bank as a precaution against further deterioration in the economic situation, specifically, through formation of so called "liquidity cushion" (the in-house standard VLA2). To assess the adequacy of the secondary liquidity cushion, the Bank uses the methodology of calculating the minimum required level of secondary liquidity for three stress outflow scenarios: light, medium, and heavy. The scenarios are based on the Bank's own statistics regarding outflows of customer accounts. Based on the liquidity risk stress testing results as at 31 December 2024, the secondary liquidity cushion created by the Bank covers the stress outflows under three business scenarios. The liquidity risk is measured by the Bank by using the gap analysis and forecasts regarding the expected future cash flows during a 1-year terms. In addition, the liquidity position is assessed and managed by the Bank based on certain liquidity ratios established by the NBU.

ILAAP regulatory perspective. Changes in the National Bank of Ukraine's regulations as of the end of 2024 and 2023:

Ratio	2024, %	2023, %
LCR - Liquidity Coverage Ratio LCR. The value of the ratio should be no less than 100%		
LCR in total for all currencies	338	395
LCR in foreign currencies	186	232
NSFR - Net Stable Funding Ratio (NSFR), no less than 100%	179	191

Despite martial law, throughout 2024 the banking system was in a significant surplus of hryvnia liquidity, as evidenced by significant volumes of hryvnia placements in certificates of deposit of the National Bank of Ukraine.

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Bank's financial liabilities as at 31 December 2024. The table shows the undiscounted liabilities repayable under the contract. The exception is trade derivatives delivered through the supply of underlying assets or by offsetting similar counterclaims which are presented as the amounts receivable and payable by the remaining maturities. The repayments subject to the notice receipt are treated as repayable immediately. However, the Bank expects that many customers will not request the repayments to be made on the earliest date the Bank could be required to pay, and the table does not reflect the expected cash flows indicated in the Bank's deposit retention history.

As at 31 December 2024	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Due to other banks	2,193,399	2,973	4,585	1,687,113	-	**3,888,070**
Customer accounts	131,279,646	13,076,905	6,453,108	3,522,638	597,940	**154,930,237**
Derivative financial instruments:						
- Contractual amounts payable	2,664	-	-	-	-	**2,664**
Lease liabilities	18,526	26,914	42,064	74,003	153,969	**315,476**
Other financial liabilities	2,075,234	-	-	-	-	**2,075,234**
Total undiscounted financial liabilities	**135,569,469**	**13,106,792**	**6,499,757**	**5,283,754**	**751,909**	**161,211,681**

(In Ukrainian Hryvnias and in thousands)

24. Risk management (continued)

Liquidity risk and funding management (continued)

As at 31 December 2023	**Up to 1 month**	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 12 months**	**Total**
Due to other banks	1,192,444	–	–	1,523,823	500	**2,716,767**
Customer accounts	105,565,139	11,393,769	7,548,460	2,414,017	495,811	**127,417,196**
Derivative financial instruments:						
- Contractual amounts payable	14,829	–	–	–	–	**14,829**
- Contractual amounts receivable	(13,579)	–	–	–	–	**(13,579)**
Lease liabilities	18,526	26,914	42,064	74,003	153,969	**315,476**
Other financial liabilities	2,188,420	–	–	–	–	**2,188,420**
Total undiscounted financial liabilities	**108,965,779**	**11,420,683**	**7,590,524**	**4,011,843**	**650,280**	**132,639,109**

The table below summarizes the contractual maturities of the Bank's potential financial liabilities:

	Up to 1 month	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 12 months**	**Total**
2024	510,542	1,490,717	1,833,552	4,024,108	1,406,396	**9,265,315**
2023	664,237	799,073	983,493	3,649,744	942,270	**7,038,817**

The financial commitments and contingencies include guarantees and letters of credit the drawdowns on which are possible at any time after the reporting date until the contractual maturity under the instrument. The Bank expects that not all contingent liabilities or commitments will be drawn before the relevant contracts expire.

The table below summarizes the analysis of assets and liabilities by final contractual maturities of assets and liabilities as at 31 December 2024 (the amounts are stated at carrying values):

	Up to 1 month	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 12 months**	**Total**
Assets						
Cash and cash equivalents	59,202,081	-	-	-	-	**59,202,081**
Loans and advances to banks	9,219	1,411,215	1,594,236	2,392,537	27,816	**5,435,023**
Investments in securities	8,170,712	3,996,784	11,400,360	7,286,552	19,047,012	**49,901,420**
Loans and advances to customers	20,902,109	12,495,773	10,335,901	12,880,479	10,306,177	**66,920,439**
Other financial assets	1,979,208	-	-	-	-	**1,979,208**
Total financial assets	**90,263,329**	**17,903,772**	**23,330,497**	**22,559,568**	**29,381,005**	**183,438,171**
Liabilities	,					
Due to other banks	2,188,669	-	-	1,684,728	-	**3,873,397**
Customer accounts	131,028,534	12,828,404	6,291,199	3,418,868	581,823	**154,148,828**
Lease liabilities	30,141	22,760	33,787	51,808	145,591	**284,087**
Derivative financial liabilities	2,664	-	-	-	-	**2,664**
Other financial liabilities	2,075,234	-	-	-	-	**2,075,234**
Total financial liabilities	**135,325,242**	**12,851,164**	**6,324,986**	**5,155,404**	**727,414**	**160,384,210**
Potential off-balance sheet liabilities	9,265,315	-	-	-	-	9,265,315
Liquidity gap arising from financial instruments	**(54,327,228)**	**5,052,608**	**17,005,511**	**17,404,164**	**28,653,591**	**13,788,646**

(In Ukrainian Hryvnias and in thousands)

24. Risk management (continued)

Liquidity risk and funding management (continued)

Included in "Customer Accounts" are term deposits of individuals. In accordance with the Ukrainian legislation, the Bank is obliged to repay such deposits upon the depositor's demand (Note 14). Management of the Bank believes that most of the term deposits of individuals will not be withdrawn before the maturity date, thus, customer accounts are recorded by the contractual maturities. Total deposits of individuals as at 31 December 2024 amounted to UAH 28,663,005 thousand (2023: UAH 25,729,372 thousand).

Term deposits of individuals	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
2024	10,760,909	9,220,415	4,967,454	3,135,093	579,134	**28,663,005**
2023	8,075,419	8,405,855	6,619,637	2,146,093	482,368	**25,729,372**

The table below summarizes the analysis of assets and liabilities by final contractual maturities of assets and liabilities as at 31 December 2023 (the amounts are stated at carrying values):

	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Assets						
Cash and cash equivalents	33,747,952	–	–	–	–	**33,747,952**
Loans and advances to banks	24,278	956,782	1,059,391	2,165,714	7,340	**4,213,505**
Investments in securities	12,836,810	13,828,150	6,230,852	7,958,247	17,301,466	**58,155,525**
Loans and advances to customers	13,727,499	10,036,344	9,914,572	9,985,364	8,394,268	**52,058,047**
Derivative financial assets	8,510	–	–	–	–	**8,510**
Other financial assets	2,611,752	–	–	–	–	**2,611,752**
Total financial assets	**62,956,801**	**24,821,276**	**17,204,815**	**20,109,325**	**25,703,074**	**150,795,291**
Liabilities						
Due to other banks	1,192,404	–	–	1,523,823	500	**2,716,727**
Customer accounts	105,286,163	11,083,220	7,347,076	2,341,440	484,923	**126,542,822**
Lease liabilities	18,799	33,238	33,063	46,987	134,207	**266,294**
Derivative financial liabilities	1,250	–	–	–	–	**1,250**
Other financial liabilities	2,188,420	–	–	–	–	**2,188,420**
Total financial liabilities	**108,687,036**	**11,116,458**	**7,380,139**	**3,912,250**	**619,630**	**131,715,513**
Potential off-balance sheet liabilities	7,038,817	–	–	–	–	**7,038,817**
Liquidity gap arising from financial instruments	**(52,769,052)**	**13,704,818**	**9,824,676**	**16,197,075**	**25,083,444**	**12,040,961**

Loans and advances to banks includes cash coverage for various transactions placed in other banks in the amount of UAH 5,435,023 thousand (31 December 2023: UAH 4,213,505 thousand), which disclosed under contractual terms but can be prematurely withdrawn.

The maturity analysis does not reflect the historical stability of current liabilities. Their realization historically took place within the period exceeding the one indicated in the table above. These balances are included in the table above as the amounts with the maturity dates in the period of up to one month.

The Bank's ability to repay its liabilities depends on its ability to attract the equivalent amount of assets within the same period of time. The current volume of liquid assets will enable the Bank to operate in a stable manner even under the situation when there may a partial withdrawal of customers' deposits from the Bank and in case of further deterioration of the economic situation.

24. Risk management (continued)

Liquidity risk and funding management (continued)

As at 31 December 2024, the Bank had a cumulative inconsistency between the 12-month maturities of financial assets and liabilities in the amount of UAH 14,864,945 thousand (31 December 2023: UAH 13,042,483 thousand). Such a liquidity inconsistency arises due to the fact that the important source for the Bank's funding is represented by customers funds on current accounts. The Bank has the investment securities measured at fair value through other comprehensive income in the amount of UAH 19,047,012 thousand with the maturity over 12 months that may be early sold by the Bank, if needed (31 December 2023 – UAH 17,301,466 thousand).

The Bank's management believes that, in spite of a substantial portion of the customers' demand deposits, the diversification of those deposits by the number and types of depositors, as well as the past experience of the Bank would indicate that those customer accounts provide for a long-term and stable source of funding for the Bank.

Market risk

Market risk – non-trading

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates, exchange rates, and other prices. The Bank manages its exposures to market risk for non-trading portfolios. Non-trading positions are managed and monitored by using the sensitivity analysis.

Interest rate risk

Interest rate risk is a potential threat of loss occurrence, decrease in income or decrease in cost of capital of the bank as a result of unfavorable changes in interest rates in the market. The risk arises primarily as a result of differences in maturities of assets and liabilities of the Bank in terms of sensitivity to changes in interest rates. Thus, the interest rate risk is the result of the unbalanced structure in the statement of financial position by assets and liabilities by the residual term to the repricing date that are sensitive to changes in interest rates.

To assess its interest rate risk, the Bank uses the gap analysis if interest-bearing assets and liabilities, performs the sensitivity analysis of interest-bearing assets and liabilities to changes in interest rates.

Interest risk control is performed in accordance with the report of spread and margin changes.

In 2023, the Bank developed new scenarios for calculating the interest rate risk of the banking book using the NII method (the impact of interest rate risk on net interest income). The historical method is used to calculate shock changes in interest rates. The period of interest rate changes in 2022-2023 was chosen as a stressful period. For the current calculation of the interest rate risk, the Bank uses the actual changes in the interest rate over the previous year. As at 31 December 2024, the interest rate risk of the banking book calculated according to the standard scenario of actual changes in interest rates over the previous year was UAH 128 million (decrease of net interest income). A similar calculation for 31 December 2023 amounted to UAH 399 million (decrease of net interest income). During 2024, a reduction was observed in the interest rate risk due to a decrease in the annual volatility of interest rates.

As at 31 December 2024, had there been increase in the yield to maturity by 1 percentage point, the revaluation surplus for securities in equity would lower by UAH 366,845 thousand (31 December 2023: UAH 316,270 thousand).

The Bank assesses the above level of interest rate risk as acceptable and controllable, which is not to affect significantly the Bank's yield and stable financial position. Interest rates are set by the Tariff Commercial Committee of the Bank taking into consideration the transfer interest rates and cost of risks set by the Bank's Assets and Liabilities Management Committee. In accordance with the internal policies of the Bank, the delegation of authority regarding the change in interest rates is established. The control over transaction efficiency with interest-bearing instruments is performed by the Tariff Commercial Committee of the Bank on a monthly basis.

Foreign currency risk

Currency risk is the risk connected with the impact of foreign exchange rate fluctuations on the value of financial instruments.

The Bank performs a currency risk assessment using Value-at-Risk assessment methodology (VaR) taking into consideration the recommendations of International Convergence of Capital Measurement and Capital Standards, June 2006 and Revision to Basel II Market Risk Framework, December 2010. VaR allows to assess maximum possible extent of losses with the set confidence level for a certain period of time.

The Bank performs a VaR calculation using the historical modelling method to assess the currency risk in the normal and stressed conditions of the financial market development. The VaR calculation is based on 251 days of unweighted historical data on market currency rates, the calculation period during which the Bank would be potentially able to close open foreign currency positions is 10 days and one-sided confidence level is 99%.

In determining the currency risk, the estimated VaR is multiplied by the sum of number "3" and mark-up in the amount of "1" in accordance with the Basel recommendations.

(In Ukrainian Hryvnias and in thousands)

24. Risk management (continued)

Foreign currency risk (continued)

Disregarding the fact that VaR allows obtaining a currency risk assessment, it is needed to consider the following weaknesses in the method, in particular:

- Using previous exchange rate changes in respect of currencies and precious metals does not allow to fully estimate possible fluctuations in foreign currency and bank metals exchange rates in the future;
- Using a 10-day calculation period stipulates that all open positions in foreign currencies and precious metals may be closed within 10 trading days. This estimation may inaccurately reflect the currency risk value in the periods of diminished market liquidity, whereby the period of position closing by the Bank may increase;
- Using 99% one-sided confidence level does not allow to estimate the volume of losses expected with 1% probability; and
- VaR calculation is performed based on the open positions of the Bank in foreign currencies and precious metals as at the end of the day and may not reflect the risk accepted by the Bank during the day.

The results of currency risk calculations using the VaR method as at 31 December are provided in the table below:

Index	2024	2023
Currency risk, without the diversification considered		
USD	164,394	66,686
EUR	36,414	115,409
Other currencies	10,161	20,078
Total currency risk, without the diversification considered	**210,969**	**202,173**
Diversification effect	(194,481)	(176,162)
Currency risk, with the diversification considered	**16,488**	**26,011**

The above data are calculated on the basis of internal management reporting of the Bank based on the financial statements prepared in accordance with IFRS.

The Bank’s Asset and Liability Management Committee reviews the results of currency risk assessment on a monthly basis.

Operating risk

The Operating Risk Management System has been effective from 2011, and it is integrated into the Bank’s overall risk management system. The Bank calculates the value of acceptable operating risk on an annual basis – “risk appetite” for the next 12 months. The risk appetite is approved by the Operating Risk Management Committee (the “ORMC”) and considered in the course of budgeting (for 2024, the risk appetite of UAH 61 million has been approved, including losses from the war). The Supervisory Board monitors, on a quarterly basis, the Bank’s compliance with the “risk appetite” set. If there emerge any significant operating risk events, an immediate notification to the ORMC, the Management Board, and the Supervisory Board is provided for, as well as a detailed investigation of their reasons is performed and measures to be undertaken for avoidance of those events recurrence in the future are taken, in accordance with the internal procedures.

The Operating Risk Management System includes, in particular:

- Single classifier of operating risks and the internal database of operating risk events (where the war related risks are included in force-majeure circumstances);
- Weekly consolidation of operating risk events occurred across the Bank received from the Risk Officers of Structural Units;
- Quarterly monitoring of key risk indicators (“KRIs”);
- Annual self-assessment of operating risk;
- Quarterly stress testing of operating risk in accordance with the requirements of the National Bank of Ukraine;
- Annual calculation of the risk appetite and risk limits.

All registered operating risk events are subject to a detailed review and assessment in respect of adverse consequences, and the events requiring additional management decisions or development of additional mitigation measures are considered by the ORMC Subcommittees or the Operating Risk Management Committee.

The Bank accumulates external operating risk events to work out its stress test scenarios. To obtain a uniform assessment of the level of operating risk, a comparative analysis of the results by different approaches is carried out (the resulting risk level is assessed in accordance with the scale: low, medium, high).

24. Risk management (continued)

Operating risk (continued)

The Bank pays a special attention to managing IT security, fraud risks and physical security risks in respect of which management has established zero tolerance and introduced separate reporting to the ORMC and the Supervisory Board. Information and legal risks are managed within the Operating Risk Management System.

To ensure continuous operations, the Bank carries out a hands-on testing of the Business Continuity Plan and the Plan for Returning to Normal Business Operations.

The ORMC approves, on a quarterly basis, a list of the Bank's critical personnel responsible for fulfilling critical functions in emergencies.

Also, to control the quality of outsourcing, the Bank has the Third Party Risk Management System in place that enables timely identification and minimization of risks of cooperation with counterparties.

The efficiency of the Operating Risk Management System is evidenced by the results of the 3-Tier Internal Control System (current control, risk management control, and internal audit). The Internal Control System also includes three tiers of protection:

- Tier 1: Business units and supporting units;
- Tier 2: Risk management units and Compliance Control Department;
- Tier 3: Internal Audit Department.

The Bank organizes annual personnel trainings on operating risk management (with a special focus on fraud risk and information security, requirements to business continuity) and rules of the Internal Control System functioning.

Sustainable development

In 2024, the Bank updated the "Sustainable Development Declaration of JSC "FUIB", approved by the decision of the Supervisory Board, and during 2024 implemented the "Sustainable Development Strategy of JSC "FUIB" for 2024-2028", which defines the three main areas of sustainable development of the Bank, strategic goals, the main 10 tasks for 2024 and qualitative indicators for measuring the achievement of these tasks. In the "Declaration of Risk Propensity of JSC "FUIB"", the Bank took into account the negative manifestation of climate risks due to the connection with the Bank's existing material risks: credit and operational risks.

The sustainable development strategy is aimed at compliance with and achieving the Bank's strategic sustainable development goals.:

- ► Promoting the comprehensive development of the Bank as a sustainable business that is fully aware of its responsibility to all stakeholders (evaluates the consequences of its activities, products and services in terms of negative impact on the state and business, the environmental situation and society));
- ► Compliance with Ukrainian legislation in the field of sustainable development;
- ► Ensuring a unified approach to managing the environmental and social management system;
- ► Preventing and minimizing negative environmental impacts through responsible consumption;
- ► Ensuring open and transparent communication on sustainable development issues;
- ► Working with suppliers, customers, contractors and business partners to ensure that our environmental, human rights and anti-corruption standards are also their commitments.

The key priorities of sustainable development of JSC "FUIB" are:

- Employee well-being and development;
- Quality of products and services;
- Development of local communities (increasing the level of financial literacy among the population, helping the younger generation in choosing a profession and finding employment);
- Development of the business environment in the territories of presence (consulting and lending to legal entities for the development of small and medium-sized businesses, consulting and lending to individuals to improve the standard of living of the population, creating special offers for the development of small businesses, supporting businesses and clients in difficult times);
- Volunteering (promoting the participation of Bank employees in volunteer projects that have an environmental and social component, and sponsorship support from the Bank for such projects);
- Compliance with norms and requirements, as well as best international practices in the field of sustainable development;
- Minimizing the negative impact on the environment from one's own economic activities;
- Effective management of environmental and social risks aimed at minimizing negative environmental impacts;
- Assessment of environmental and social risks of loan projects financed in cooperation with the EDF;
- Increasing the level of competence and awareness of the role of employees regarding their own impact on the environment;
- Ensuring transparency and accessibility of information related to responsible financing, which promotes open dialogue with all stakeholders;
- Increasing interaction with third parties (contractors, agents, etc.) regarding compliance with Ukrainian legislation in terms of environmental and social responsibility.

24. Risk management (continued)

Environmental and social risks

Environmental and social risk management has been in place since 2024 and is integrated into the overall risk management system. The Bank assesses the environmental and social risks of loan projects within the framework of the "Affordable Loans 5-7-9" program of the Entrepreneurship Development Fund. The purpose of environmental and social risk management is to identify and reduce the impact of relevant factors that may arise in the process of financing the Bank's clients.

The process of managing environmental and social risks of projects financed under state programs in cooperation with the Entrepreneurship Development Fund belongs to the Bank's responsible financing direction in accordance with the "Policy of Environmental and Social Risk Management of JSC “FUIB”". This document establishes general principles and requirements for the identification and assessment of environmental and social risks in the lending and loan monitoring processes.

The Bank complies with environmental and social regulatory requirements stipulated by the legislation of Ukraine, the requirements of the World Bank, relevant environmental and social requirements, in particular the requirements of the Entrepreneurship Development Fund, including the List of Exceptions and the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation.

The environmental and social risk assessment process includes, in particular:

- Unified classifier of environmental and social risks;
- Each project financed under “Affordable Loans 5-7-9” program undergoes an environmental and social risk assessment, the decision to finance clients is made only after an assessment of environmental and social risks;
- Internal bank monitoring of agreed level of environmental and social risks;
- Monthly reports for the World Bank under the "ARISE" program "Affordable Loans 5-7-9".

The risk category determination takes into account CTEA, the intended use of funds (in accordance with the requirements of "Affordable Loans 5-7-9" program) and the scale of business activity. One of the areas of targeted use of funds is environmental. The Bank considers financing aimed at obtaining a positive environmental effect by the client from the implementation of the project (depending on the conditions of economic activity) to be an environmental direction, namely:

- Alternative energy (wind, solar, bio, hydro, geothermal), except wind power plants with turbine height ≥50 m;
- Introduction of environmentally friendly transport (electric vehicles);
- Introduction of energy-efficient technologies (building insulation, energy-saving lamps and equipment);
- Conservation of flora and fauna, water and land resources;
- Minimization of waste generation, utilization and recycling (new resource-saving and low-waste technologies, environmentally friendly materials);
- Reduction of emissions into the environment (filters, treatment plants);
- Another project aimed at protecting the environment, implementing environmental standards, and reducing emissions into the environment.

The organizational structure of the environmental and social risk management process consists of 3 levels of control:

- First level: Heads of business units/support units;
- Second level: Risk Management Units and Compliance Control Department;
- Third level: Internal Audit Department.

The Bank ensures the creation and maintenance of sufficient capacity and competence for effective management of environmental and social risks:

- Training of Bank employees involved in the environmental and social assessment process on the basic principles and rules of its implementation;
- Consulting clients as necessary;
- Improving the qualification level of employees through external seminars and trainings.

(In Ukrainian Hryvnias and in thousands)

25. Fair value disclosures

Fair value of financial assets and liabilities not carried at fair value

Set out below is the comparison by class of the carrying amounts and fair value of the Bank's financial instruments that are carried at amortised cost in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

	2024			2023		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Cash and cash equivalents	59,202,081	59,202,081	-	33,747,952	33,747,952	-
Loans and advances to banks						
- Term deposits with other banks	5,435,023	5,435,023	-	4,213,505	4,213,505	-
Loans and advances to customers						
- Corporate loans	48,158,716	48,172,047	13,331	40,556,235	40,954,071	397,836
- Finance leases	2,466,639	2,562,061	95,422	1,678,960	1,754,829	75,869
- Consumer loans	5,993,515	5,993,515	-	3,789,924	3,789,924	-
- Credit cards and overdrafts	10,266,906	10,266,906	-	5,996,247	5,996,247	-
- Mortgage loans	34,663	27,883	(6,780)	36,681	,28,951	(7,730)
Other financial assets	1,979,208	1,979,208	-	2,611,752	2,611,752	-
Financial liabilities						
Due to other banks:						
- Current accounts of other banks	1,490,112	1,490,112	-	370,536	370,536	-
- Term deposits of other banks	2,383,285	2,383,285	-	2,246,153	2,246,153	-
- Borrowings from other banks	-	-	-	100,038	100,038	-
Customer accounts						
- Legal entities	99,001,171	99,031,134	(29,963)	78,872,516	78,950,921	(78,405)
- Individuals	55,147,657	55,224,665	(77,008)	47,670,306	47,736,314	(66,008)
Other financial liabilities	2,075,234	2,075,234	-	2,188,420	2,188,420	-
Total unrecognized change in unrealized fair value			**(4,998)**			**321,562**

The following describes the methods and assumptions used in determining the fair values of the financial instruments that are not recorded at fair value in the financial statements.

Assets the fair value of which approximates the carrying amounts

For the financial assets and financial liabilities that are liquid or have a short-term maturity (up to three months), it is assumed that their carrying amounts approximate their fair values. Such an assumption is also applied to demand deposits, savings accounts without a specific maturity, and financial instruments with variable interest rates.

Financial assets and financial liabilities carried at amortised cost

For the quoted bonds, the fair value is calculated based on the quoted market prices at the reporting date. For the instruments the quoted market prices of which are not available and the fair values of which differ from their carrying amounts, in particular, loans and advances to customers, loans and advances to banks, due to the central bank, due to others banks, customer accounts, other financial assets and liabilities, a discounted cash flow model is used based on the current market rates offered for similar financial instruments with similar terms and conditions, similar credit risk and maturities.

Assets and liabilities measured at fair value or the fair value of which is disclosed

All assets and liabilities the fair value of which is measured or disclosed in the financial statements are classified by the fair value sources hierarchy presented below on the lowest level input that is significant to the fair value measurement taken as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which all inputs which have a significant effect on the fair value recorded belong to the lowest hierarchy level and are, directly or indirectly, based on the market data; and
- Level 3: Valuation techniques which use inputs which have a significant effect on the fair value recorded belong to the lowest hierarchy level and are not observable in the market.

(In Ukrainian Hryvnias and in thousands)

25. Fair value disclosures (continued)

Assets and liabilities measured at fair value or the fair value of which is disclosed (continued)

For the assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest input that is significant to the fair value measurement taken as a whole) at the end of each reporting period.

The fair value measurement at Level 3 of the fair value hierarchy has been calculated using the discounted cash flow method based on the estimated future expected cash flows discounted using the interest rate prevailing at the reporting date on similar products of the Bank and the remaining period.

For the purpose of disclosing fair values, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy:

		Fair value measurement			
31 December 2024	**Measurement date**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value					
Government debt securities of Ukraine	31 December 2024	-	35,512,877	-	**35,512,877**
Government debt securities of other countries	31 December 2024	10,631,953	-	-	**10,631,953**
Deposit certificates issued by the NBU	31 December 2024	-	3,749,533	-	**3,749,533**
Property, plant, and equipment – buildings	1 December 2024	-	-	1,038,937	**1,038,937**
Works of art	1 December 2016	-	-	17,120	**17,120**
Investment property	1 December 2024	-	-	68,231	**68,231**
Assets the fair value of which is disclosed					
Loans and advances to customers	31 December 2024	-	-	67,022,412	**67,022,412**
Liabilities measured at fair value					
Derivative financial liabilities	31 December 2024	-	2,664	-	**2,664**
Liabilities the fair value of which is disclosed					
Customer accounts	31 December 2024	-	-	154,255,799	**154,255,799**

		Fair value measurement			
31 December 2023	**Measurement date**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value					
Government debt securities of Ukraine	31 December 2023		30,446,002	−	**30,446,002**
Government debt securities of other countries	31 December 2023	7,476,582	−	−	**7,476,582**
Derivative financial assets	31 December 2023	−	8,510	−	**8,510**
Deposit certificates issued by the NBU	31 December 2023	−	20,225,884	−	**20,225,884**
Property, plant, and equipment – buildings	1 December 2023	−	−	751,132	**751,132**
Works of art	1 December 2016	−	−	17,120	**17,120**
Investment property	1 December 2023	−	−	59,168	**59,168**
Assets the fair value of which is disclosed					
Loans and advances to customers	31 December 2023	−	−	52,524,022	**52,524,022**
Liabilities measured at fair value					
Derivative financial liabilities	31 December 2023	−	1,250	−	**1,250**
Liabilities the fair value of which is disclosed					
Customer accounts	31 December 2023	−	−	126,687,235	**126,687,235**

The following is the description of the fair value determination for the financial instruments carried at fair value by using valuation techniques. Those incorporate the Bank's estimates and judgments that a market participant would make when assessing the instruments.

Derivative financial instruments

The derivative financial instruments measured using the valuation techniques that are based on market observations are mainly represented by currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models using the present value calculations. Those models incorporate varied inputs, including the credit quality of counterparties, forward exchange spot and forward rates and interest rate curves.

25. Fair value disclosures (continued)

Investments in securities

The securities measured using the valuation techniques are primarily represented by unquoted debt securities. Those securities are measured using the discounted cash flows models which, sometimes, incorporate only the data observable in the market, such as interest rate.

Buildings, works of art, and investment property

The basis for assessment is the sales comparison approach which is further confirmed by the income approach. In the course of revaluation, independent appraiser use certain judgments and estimates when determining the comparable buildings to be used in the sales comparison approach and useful lives of the assets revalued and capitalization rates to be applied for the income approach.

As at 31 December 2024, the range of assumptions for 1 sq. meter is:

buildings - from UAH 308 to UAH 77,909 (2023: from UAH 307 to UAH 43,753);
land plots - from UAH 3,868 to UAH 22,050 (2023: from UAH 3,817 to UAH 21,810);
investment property – from UAH 4,383 to UAH 38,476 (2023: from UAH 4,345 to UAH 30,173).

With an increase/decrease of 1 sq. meter of real estate / 1 hundredth of a land plot of buildings, land and investment property, their fair value will increase/decrease accordingly.

During the years ended 31 December 2024 and 2023, the Bank did not transfer any financial assets or financial liabilities between levels of the fair value hierarchy.

26. Contingencies and other commitments

Legal proceedings

From time to time and in the normal course of business, the Bank acts as a party in varied litigation and disputes under the claims filed against it. Based on its own estimates and comments of in-house specialists, management believes that, the ultimate amount of obligations that may arise as a result of legal proceedings and disputes will not have a material adverse impact on the Bank's financial position or performance.

Tax and other regulatory compliance

The Ukrainian legislation and regulations regarding taxation and other operating matters, including currency exchange control and customs regulations, continue to evolve. The legislation and regulations are not always clearly written and are subject to varying interpretations by local, regional, and national authorities, as well as other government bodies. Instances of inconsistent interpretations are not unusual. The Bank's management believes that its interpretation of the relevant legislation is appropriate, and that the Bank has complied with all regulations and paid or accrued all taxes and withholdings that are applicable.

The Bank complies with all requirements of the current tax legislation.

Capital expenditure commitments

As at 31 December 2024, the Bank had capital expenditure commitments in respect of purchases of equipment in the amount of UAH 59,850 thousand (31 December 2023: UAH 23,894 thousand). The Bank's management has already allocated the required resources in respect of those commitments. The Bank's management believes that the future net income and funding will be sufficient to cover those commitments and similar obligations.

Credit related commitments

The guarantees and standby letters of credit which represent irrevocable assurances that the Bank will make payments in the event that a customer fails to meet its obligations to third parties, carry the risk of the clients' defaults, or inability to fulfill the contracts with third parties. The Bank manages its risk of loss by requiring a significant proportion of guarantees to be secured with deposits in the Bank. Documentary and commercial letters of credit, which are written undertakings of the Bank on behalf of the customers authorizing third parties to draw drafts on the Bank up to a stipulated amount under the specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits, and, therefore, carry a lower risk than direct borrowings.

(In Ukrainian Hryvnias and in thousands)

26. Contingencies and other commitments (continued)

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans. The Bank is exposed to potential loss on credit related commitments. However, due to its revocable nature, the Bank may refuse from granting loans due to the deterioration of the customer’s solvency.

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash needs, as those financial instruments may expire or terminate without being funded.

The letters of credit issued by the Bank were as follows:

	2024	2023
Confirmed import letters of credit	30,019	-
Non-confirmed import letters of credit	563,429	245,586
Cash collateral (Note 14)	(39,488)	-
Total letters of credit, less cash collateral	**553,960**	**245,586**

As at 31 December 2024, the allowance for letters of credit amounted to UAH 2,848 thousand (2023: UAH 2,581 thousand).

The guarantees issued were as follows:

	2024	2023
Guarantees and promissory notes	8,671,867	6,793,231
Cash collateral (Note 14)	(2,730,593)	(2,551,786)
Total guarantees and promissory notes, less cash collateral	**5,941,274**	**4,241,445**

As at 31 December 2024, the allowance for letters of credit amounted to UAH 131,053 thousand (2023: UAH 192,504 thousand).

As at 31 December 2024, the maximum credit risk exposure for off-balance sheet commitments amounted to UAH 15,142,099 thousand (31 December 2023: UAH 9,792,372 thousand).

The amount of undrawn revocable commitments to extend credit issued by the Bank as at 31 December 2024 was UAH 54,744,485 thousand (31 December 2023: UAH 34,608,358 thousand). Management considers the commitments to extend credit as revocable due to the fact that the Bank can stop further financing of the customer or early cancel the credit limit funds based on the agreements providing for a wide range of the trigger events for early cancellation of credit limits. Such events include, inter alia, a deterioration in the financial position of the customer, a reduction in cash flows to a customer’s current account, loss of collateral or a significant decrease in its fair value, decisions of the regulatory authorities affecting the Ukrainian monetary market.

Movements in the allowance for credit-related commitments, guarantees, and letters of credit during the year ended 31 December 2024 were as follows:

Commitments, guarantees, and letters of credit	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2024	**28,879**	**27**	**166,179**	**195,085**
New commitments, guarantees, and letters of credit	23,825	-	-	23,825
Repaid commitments, guarantees, and letters of credit	(10,776)	-	(67,665)	(78,441)
Transfers to Stage 1	27	(27)	-	-
Change in expected credit risk estimation	(5,202)	28	(10,532)	(15,706)
Translation differences	1,072	-	8,066	9,138
As at 31 December 2024 (Note 16)	**37,825**	**28**	**96,048**	**133,901**

Movements in the allowance for credit-related commitments, guarantees, and letters of credit during the year ended 31 December 2023 were as follows:

Commitments, guarantees, and letters of credit	Stage 1	Stage 2	Stage 3	Total
Expected credit losses as at 1 January 2023	**24,759**	**112**	**237,599**	**262,470**
New commitments, guarantees, and letters of credit	14,400	–	–	**14,400**
Repaid commitments, guarantees, and letters of credit	(10,270)	(112)	(72,649)	**(83,031)**
Change in expected credit risk estimation	(849)	27	(8,356)	**(9,178)**
Translation differences	839	–	9,585	**10,424**
As at 31 December 2023 (Note 16)	**28,879**	**27**	**166,179**	**195,085**

(In Ukrainian Hryvnias and in thousands)

26. Contingencies and other commitments (continued)

Credit related commitments (continued)

The analysis of credit related commitments, guarantees, and letters of credit, by credit quality, as at 31 December 2024 was as follows:

As at 31 December 2024	Rating	Stage 1	Stage 2	Stage 3	Total
Letters of credit issued by the Bank					
Corporate customers	High rating	574,848	-	-	**574,848**
Corporate customers	Standard rating	4,026	-	-	**4,026**
Corporate customers	Below standard rating	14,574	-	-	**14,574**
Guarantees issued					
Corporate customers	High rating	3,596,023	921	-	**3,596,944**
Corporate customers	Standard rating	2,902,669	1,871	-	**2,904,540**
Corporate customers	Below standard rating	284,149	-	-	**284,149**
Corporate customers	Impaired	-	-	111,625	**111,625**
Banks	from A- to A+	1,476	-	-	**1,476**
Banks	from B- to B+	1,770,040	-	-	**1,770,040**
Banks	Unrated	3,093	-	-	**3,093**

The analysis of credit related commitments, guarantees, and letters of credit, by credit quality, as at 31 December 2023 was as follows:

As at 31 December 2023	Rating	Stage 1	Stage 2	Stage 3	Total
Letters of credit issued by the Bank					
Corporate customers	High rating	60,443	–	–	**60,443**
Corporate customers	Standard rating	185,143	–	–	**185,143**
Guarantees issued					
Corporate customers	High rating	2,516,850	161	–	**2,517,011**
Corporate customers	Standard rating	2,293,707	4,224	–	**2,297,931**
Corporate customers	Below standard rating	154,161	1,524	–	**155,685**
Corporate customers	Impaired	–	–	278,055	**278,055**
Banks	From B- to B+	1,543,319	–	–	**1,543,319**
Banks	Unrated	1,230	–	–	**1,230**

Corporate customers are rated using the internal rating model (Note 9). Credit rating of financial institutions the Bank analyzes all available data from the rating agencies Fitch, Moody's and S&P. If there are ratings assigned by two rating agencies at the same time, the Bank takes into account the rating of the rating agency that corresponds to the higher level of risk. If there are ratings assigned by three rating agencies, the Bank first selects the ratings of the two rating agencies that correspond to the lower level of risk. If the risk level of the two selected ratings is different, the Bank takes into account the rating of the rating agency that corresponds to the higher level of risk. The resulting ratings are converted to the Fitch rating scale.

27. Financial assets pledged as collateral

As at 31 December 2024, the Bank transferred the securities measured at fair value through other comprehensive income, with the carrying value of UAH 3,970,426 thousand as collateral under a business agreement with the National Bank of Ukraine (31 December 2023: UAH 3,860,611 thousand).

(In Ukrainian Hryvnias and in thousands)

28. Related party transactions

For the purpose of these financial statements, parties are considered to be related if they are under common control or one party has the ability to control the other party or can exercise a significant influence over the other party in making financial and operating decisions, in accordance with the requirements of IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is paid to the substance of the relationship, not merely the legal form.

In the normal course of business, the Bank enters into transactions with significant shareholders, entities under common control, and other related parties. These transactions include making settlements, granting loans, attracting deposits, financing commercial activities, and conducting foreign currency transactions.

The outstanding balances as at 31 December 2024 and 2023, as well as income and expense for the years ended 31 December 2024 and 2023 were as follows:

As at and for the year ended 31 December 2024	Parent	Entities under common control	Management	Other related parties
Assets				
Loans and advances to customers	-	424,024	198	2
(UAH – interest rate, % p.a.)	-	-	*(13,43),*	*(46,00),*
(USD, EUR – interest rate, % p.a.)	-	*(0,01),*	-	-
Allowance for loan impairment	-	(249,629)	(5)	-
Other financial and non-financial assets	5	11,736	-	-
Liabilities				
Customer accounts	(182)	(18,709,952)	(104,462)	(216,622)
(UAH – interest rate, % p.a.)	-	*(5,06),*	*(12,26),*	*(12,83),*
(USD, EUR – interest rate, % p.a.)	-	*(0,51),*	*(0,05),*	*(1,38),*
Other financial and non-financial liabilities	-	(29,994)	(18)	(4)
Credit related liabilities				
Revocable commitments to extend loans	-	10,289	1,000	640
Guarantees and avals	-	859,698	-	-
Income/(expense)				
Interest income	-	24,530	35	1
Interest expense	(172)	(685,935)	(6,032)	(6,908)
Commission income	227	180,229	342	243
Other income	-	194	27	5
Charges to allowance for commitments, guarantees, and letters of credit	-	1,299	-	-
Allowance for loan impairment	-	74,189	6	-
Operating expense and other income/(expense)	-	(618,084)	(322)	(1)

(In Ukrainian Hryvnias and in thousands)

28. Related party transactions (continued)

As at and for the year ended 31 December 2023	Parent	Entities under common control	Management	Other related parties
Assets				
Loans and advances to customers	–	518,749	179	–
(UAH – interest rate, % p.a.)	–	–	*(38.66)*	–
(USD, EUR – interest rate, % p.a.)	–	*(6.00)*	–	–
Allowance for loan impairment	–	(298,266)	(15)	–
Other financial and non-financial assets	6	13,421	95	–
Liabilities				
Customer accounts	(168)	(16,712,558)	(89,535)	(256,303)
(UAH – interest rate, % p.a.)	–	*(10.39)*	*(13.59)*	*(12.26)*
(USD, EUR – interest rate, % p.a.)	–	*(0.39)*	*(0.75)*	*(1.18)*
Other financial and non-financial liabilities	(2)	(5,318)	(12)	(4)
Credit related liabilities				
Revocable commitments to extend loans	–	32,004	1,062	714
Guarantees and avals	–	1,026,870	–	–
Income/(expense)				
Interest income	–	26,282	25	2
Interest expense	–	(1,088,291)	(3,860)	(9,215)
Commission income	76	149,581	2,704	5,103
Other income	–	432	15	4
Charges to allowance for commitments, guarantees, and letters of credit	–	1,456	–	–
Allowance for loan impairment	–	(109,640)	(6)	1
Operating expense and other income/(expense)	–	(138,768)	(784)	(6)

As at 31 December 2024, the interest rate on loans to management was the interest rate on credit cards and overdrafts in the amount from 35.88% to 46% after a grace period, for commercial loans, a nominal rate of 0.01% (effective: from 10.62% to 28.29%) and for cash loans, a nominal rate of 0.01% (effective: 54.39%) (as at 31 December 2023: on credit cards and overdrafts in the amount from 35.88% to 41.88%, after a grace period).

During the year ended 31 December 2024, the Bank was rendered services on development and support of software by a related party in the amount of UAH 1,172,180 thousand (2023: UAH 833,847 thousand) which were recognized by the Bank as intangible assets..

Allowance for loan impairment in respect of loans to related parties was created on both a collective and individual basis.

During the year ended 31 December 2024, remuneration to 10 members of the Management Board comprised salaries in the amount of UAH 156,121 thousand (2023: UAH 123,445 thousand), mandatory contributions to the state funds in the amount of UAH 3,083 thousand (2023: UAH 2,653 thousand) and accruals for additional short-term remuneration payment in the amount of UAH 143,143 thousand (2023: UAH 93,869 thousand). For 2024, payments to eight members of the Supervisory Board amounted to UAH 34,246 thousand (2023: UAH 25,465 thousand) including mandatory contributions to the state funds in the amount of UAH 1,847 thousand (2023: UAH 1,393 thousand).

(In Ukrainian Hryvnias and in thousands)

29. Earnings per share

Basic earnings per share are calculated by dividing annual net profit or loss attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period, without taking into account treasury shares repurchased from shareholders. The Bank has no converted preferred shares, thus, diluted earnings per share is equal to basic earnings per share.

	2024	**2023**
Profit for the reporting period	3,942,367	3,955,475
Weighted average number of ordinary shares outstanding during the period	14,323,880	14,323,880
Earnings per share, basic and diluted (in UAH per share)	**275.23**	**276.15**

30. Changes in liabilities relating to financing activities

Changes in cash flows from financing activities as recorded in the statement of cash flows for the years ended 31 December 2024 and 2023 were as follows:

	Due to the central bank	**Lease liabilities**
Carrying amounts as at 1 January 2023	**4,188,304**	**274,383**
Repayment	(4,200,500)	(122,883)
Other	12,196	114,794
Carrying amounts as at 31 December 2023	**-**	**266,294**
Repayment	-	(131,033)
Other	-	148,826
Carrying amounts as at 31 December 2024	**-**	**284,087**

The item “Other” includes accrued and paid interest on due to the central bank and lease, modifications of leases which, in the statement of cash flows, is related to cash flows from operating activities. The Bank classifies the interest paid as cash flows from operating activities.

31. Capital

The Bank maintains an actively managed capital base to cover risks inherent in the banking business. The adequacy of the Bank’s capital is monitored by using, among other measures, the ratios established by the National Bank of Ukraine. Management believes that the total capital under management is equal to the total regulatory capital. As at 31 December 2024, the total amount of the Bank's regulatory capital is UAH 16,997,163 thousand (2023: UAH 14,696,501 thousand).

The primary objectives of the Bank’s capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and maximize the shareholders’ value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and risks associated with its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amounts of dividend payments to shareholders, return the capital to shareholders, or issue capital securities. There were no changes in the objectives, policies, and processes compared to the previous years.

Capital adequacy ratio established by the National Bank of Ukraine

The NBU requires that all banks maintain a capital adequacy ratio at the level of 8.5% of risk-weighted assets calculated in accordance with National Accounting Provisions (Standards) of Ukraine. The Bank has switched to a new three-tier capital structure since 6 August 2024. The National Bank of Ukraine has introduced a transition period for the implementation of these changes. As at 31 December 2024 and 2023, the Bank complied with the capital adequacy ratio and the amount of regulatory capital.

Regulatory capital consists of the core capital which comprises paid-in registered share capital, share premium, and reserves created in accordance with the Ukrainian legislation, less net book value of intangible assets and non-core assets.

(In Ukrainian Hryvnias and in thousands)

31. Capital (continued)

Another component of the regulatory capital is additional capital which includes property, plant and equipment revaluation surplus, current year profit decreased by the amount of accrued and outstanding income not received for more than 30 days, overdue accrued income, net of the provision for overdue accrued interest, retained earnings of prior years decreased by the amount of uncovered credit risk.

The amount of the additional capital should not exceed the amount of the core capital. In addition, regulatory capital is reduced by the carrying value of unlisted securities and the carrying value of securities not in circulation on stock exchanges.

As at 31 December 2024 and 2023, the Bank complied with the regulatory requirements to capital.

The NBU performs stress testing on a regular basis by using certain stress test assumptions to check whether banks comply with the regulatory requirements. In the event results of stress testing show that the required capital adequacy could fall below the required level in the future, the NBU may require that banks increase the regulatory capital above the minimum regulatory requirements.

32. Events after the reporting period

From the beginning of 2025 until the approval of the financial statements, the National Bank of Ukraine increased the Key Policy Rate in several stages from 13.5% at the end of 2024 to 15.5% in March 2025.