



**RwSbank**

Respect with Stability

**JOINT STOCK COMPANY**

**"RWS BANK"**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
IN ACCORDANCE WITH IFRS**

**for the 3 months ended March 31, 2024**

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JOINT STOCK COMPANY "RWS BANK"

*Interim condensed financial statements for the 3 months ended March 31, 2024*

# INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
AS OF MARCH 31, 2024

thousand UAH

	Notes	March 31, 2024	December 31, 2023
<b>ASSETS</b>			
Cash and cash equivalents	4	632,419	2,109,911
Loans and customer debt	5	593,050	547,842
Investments in securities	6	1,084,012	1,003,060
Investment property	7	107 55 6	104,911
Current income tax receivable		23	-
Deferred tax asset		4,909	4,909
Fixed assets, right-of-use assets and intangible assets	8	40 65 2	36,896
Other assets	9	55,657	68,396
<b>Total assets</b>		<b>2,518,278</b>	<b>3,875,925</b>
<b>OBLIGATION</b>			
Client funds	10	2,152,502	3,519,136
Current income tax liabilities		-	5,678
Provisions for liabilities	11	2,165	2,061
Other obligations	12	59,636	49,171
<b>Total liabilities</b>		<b>2,214,303</b>	<b>3,576,046</b>
<b>EQUITY</b>			
Authorized capital	13	300,039	300,039
Other additional capital		48,000	48,000
Reserve and other funds of the bank		13,793	13,793
Revaluation reserves		4,363	1,431
Retained earnings (uncovered loss)		(62 2 20 )	(63,384)
<b>Total equity</b>		<b>303,975</b>	<b>299,879</b>
<b>Total liabilities and equity</b>		<b>2,518,278</b>	<b>3,875,925</b>

Approved for release and signed on April 29, 2024

Chairman of the Board

Larisa MOVCHAN

Chief Accountant

Olena BURDINA

INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER  
COMPREHENSIVE INCOME (STATEMENT OF FINANCIAL RESULTS) FOR THE 3  
MONTHS ENDED 31 MARCH 2024

thousand UAH

	Notes	For the current interim period (three months)	March 31, 2024 cumulative total since the beginning of the year	For the comparative interim period (three months) of the previous year	March 31, 2023 cumulative total since the beginning of the year
Interest income	16	103 167	103 167	66 158	66 158
Interest expenses		(30,264)	(30,264)	(33,320)	(33,320)
<b>Net interest income/(Net interest expense)</b>		<b>72,903</b>	<b>72,903</b>	<b>32,838</b>	<b>32,838</b>
Commission income	17	56,513	56,513	36,683	36,683
Commission costs	17	(17,941)	(17,941)	(22,970)	(22,970)
Net profit/(loss) from transactions with debt financial instruments carried at fair value through other comprehensive income		1,449	1,449	827	827
Net profit/(loss) from foreign currency transactions		32,615	32,615	37,224	37,224
Net profit/(loss) from foreign currency revaluation		(217)	(217)	(2,920)	(2,920)
Net profit/(loss) from revaluation of investment property		-	-	1,362	1,362
Net gain/(loss) from impairment of financial assets		(18,321)	(18,321)	(12,473)	(12,473)
Net gain/(loss) from impairment of other assets		(338)	(338)	(1,576)	(1,576)
Net loss/(gain) from increase/(decrease) in provisions for liabilities	11	(105)	(105)	(157)	(157)
Other operating income	18	3,503	3,503	2,799	2,799
Employee benefits expenses		(38,541)	(38,541)	(19,733)	(19,733)
Depreciation and amortization expenses		(3,421)	(3,421)	(2,216)	(2,216)
Other administrative and operating expenses	19	(86,935)	(86,935)	(32,695)	(32,695)
<b>Profit/(loss) before tax</b>		<b>1,164</b>	<b>1,164</b>	<b>16,993</b>	<b>16,993</b>
<b>Profit/(loss)</b>		<b>1,164</b>	<b>1,164</b>	<b>16,993</b>	<b>16,993</b>
<b>OTHER TOTAL INCOME:</b>					
ITEMS TO BE RECLASSIFIED TO PROFIT OR LOSS					
Changes in the results of revaluation of debt financial instruments		2,932	2,932	11,846	11,846
<b>Total cumulative income</b>		<b>4,096</b>	<b>4,096</b>	<b>28,839</b>	<b>28,839</b>

Approved for issue and signed on April 29, 2024

Chairman of the Board

Larisa MOVCHAN

Chief Accountant

Olena BURDINA

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (STATEMENT OF  
EQUITY) FOR THE 3 MONTHS ENDED 31 MARCH 2024

## JOINT STOCK COMPANY "RWS BANK"

Interim condensed financial statements for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>Authorized capital</b>	<b>Other additional capital</b>	<b>Reserve and other funds</b>	<b>Revaluatio n reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance as of January 1, 2023</b>	<b>300,039</b>	<b>48,000</b>	<b>12,313</b>	<b>(37,594)</b>	<b>(67,919)</b>	<b>254,839</b>
Total cumulative revenue for 2022	-	-	1,480	39,025	4,535	45,040
<i>profit/(loss)</i>	-	-	-	-	6,015	6,015
<i>other comprehensive income</i>	-	-	-	39,025	-	39,025
<i>Distribution of profits to reserve and other funds</i>	-	-	1,480	-	(1,480)	-
<b>Balance as of December 31, 2023</b>	<b>300,039</b>	<b>48,000</b>	<b>13,793</b>	<b>1,431</b>	<b>(63,384)</b>	<b>299,879</b>
Total cumulative income:	-	-	-	2 93 2	1,164	4 09 6
<i>profit/(loss)</i>	-	-	-	-	1,164	1,164
<i>other comprehensive income</i>	-	-	-	2 93 2	-	2,932
<b>Balance as of March 31, 2024</b>	<b>300,039</b>	<b>48,000</b>	<b>13,793</b>	<b>4 36 3</b>	<b>(62 2 20 )</b>	<b>303,975</b>

Approved for release and signed on April 29, 2024

Chairman of the Board

Larisa MOVCHAN

Chief Accountant

Olena BURDINA

## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE 3 MONTHS ENDED 31 MARCH 2024

<i>thousand UAH</i>	Notes	March 31, 2024	March 31, 2023
<b>OPERATIONAL ACTIVITIES</b>			
Interest income received		90,318	43,584
Interest expenses paid		(31,266)	(31,396)
Commission income received		57,695	37,135
Commissions paid		(17,835)	(23,367)
Result of foreign currency transactions		32,615	37,224
Other operating income received		4,952	3,626
Personnel maintenance payments paid		(37,929)	(20,486)
Income tax paid		(5,700)	-
Administrative and other operating expenses paid		(90,356)	(32,695)
<b>Cash received/(paid) from operating activities before changes in operating assets and liabilities</b>		<b>2,494</b>	<b>13,625</b>
<b>Changes in operating assets and liabilities</b>			
Net (increase)/decrease in loans and advances to customers		(83,860)	(58,822)
Net (increase)/decrease in other assets		30,829	(31,385)
Net increase/(decrease) in banks' funds		-	-
Net increase/(decrease) in customer funds		(1,367,211)	(93,667)
Net increase/(decrease) in other liabilities		9,747	(25,082)
<b>Net cash flows from operating activities</b>		<b>(1,408,001)</b>	<b>(195,331)</b>
<b>INVESTMENT ACTIVITIES</b>			
Purchase of securities		(526,357)	(255,768)
Proceeds from the sale of investments in securities		466,350	146,971
Purchase of investment property		-	-
Proceeds from the sale of investment property		-	68,866
Proceeds from the sale of fixed assets		-	5
Acquisition of fixed assets		(6,069)	(4,095)
Acquisition of intangible assets		(1,108)	(936)
<b>Net cash flows from investing activities</b>		<b>(67,184)</b>	<b>(44,957)</b>
Net exchange rate difference		(217)	(2,920)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,475,402)</b>	<b>(243,208)</b>
<b>Cash at the beginning of the period</b>		<b>2,111,169</b>	<b>889,043</b>
<b>Cash at the end of the period</b>	4	<b>635,767</b>	<b>645,835</b>

Approved for release and signed on April 29, 2024

Chairman of the Board

Larysa MOVCHAN

Chief Accountant

Olena BURDINA

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

### 1. INFORMATION ABOUT THE BANK

Name of the bank: JOINT STOCK COMPANY "RWS BANK".

Abbreviated name of the Bank: JSC "RWS BANK".

Bank location: JOINT STOCK COMPANY "RWS BANK" is located at: Ukraine, 04071, Kyiv, Vvedenska Street, building 29/58.

Country in which the bank is registered: The bank is registered in Ukraine.

JOINT-STOCK COMPANY "RWS BANK" is the legal successor of PUBLIC JOINT-STOCK COMPANY "RWS BANK", which in turn is the legal successor of the property, rights and obligations of PUBLIC JOINT-STOCK COMPANY "TRANSITION BANK "RWS BANK" (banking license No. 277 dated June 25, 2015), which is the legal successor in terms of assets (including rights under security agreements) and obligations under the claims of creditors (depositors) under the transferred obligations of PUBLIC JOINT-STOCK COMPANY "OMEGA" BANK" (name of the insolvent bank), identification code 19356840, registered by the National Bank of Ukraine on October 31, 1991 under number 69.

PJSC "RWS BANK" was established in accordance with the decision of the Executive Directorate of the Deposit Guarantee Fund of Individuals dated June 18, 2015 (minutes No. 132/15) on the creation of a transitional bank in order to implement the method of withdrawing an insolvent bank from the market of PUBLIC JOINT-STOCK COMPANY "OMEGA BANK" (hereinafter referred to as "PJSC "OMEGA BANK"), provided for by paragraph two of part sixteen of Article 42 of the Law of Ukraine "On the Deposit Guarantee System of Individuals".

The founder of the Bank was the Deposit Guarantee Fund for Individuals, which owned 100% of the Bank's shares at the time of the Bank's establishment.

The bank was registered by the State Registrar of the Registration Service of the Main Department of Justice in Kyiv on June 22, 2015, and entered into the State Register of Banks on June 25, 2015 under No. 354.

As of March 31, 2024, the shareholders of the Bank are:

- Oleksandr Volodymyrovych Stetsyuk, who is the owner of a significant stake in the capital of the Bank, owning 99% (ninety-nine percent) of the voting shares of the Bank and
- Demchak, who owns 1% (one percent) of the Bank's voting shares.

Members of the Bank's Management Board and members of the Supervisory Board do not own shares in the Bank's authorized capital.

The bank was registered by the State Registrar of the Registration Service of the Main Department of Justice in Kyiv on June 22, 2015, and entered into the State Register of Banks on June 25, 2015 under No. 354.

Information regarding banking licenses:

- Banking license dated November 24, 2016 No. 277, issued by the National Bank of Ukraine.

The Bank carries out banking activities on the basis of a banking license. According to the banking license, the Bank has the right to provide banking services specified in Part Three of Article 47 of the Law of Ukraine "On Banks and Banking Activities".

The Bank is a member of the Deposit Guarantee Fund for Individuals and was registered in the Register of Banks-Members of the Fund on July 15, 2015 under No. 239. The Bank received a certificate of participation in the Fund on July 15, 2015 under No. 230.

The Bank is a member bank of the National Association of Banks of Ukraine.

The Bank is a member of the Association "Ukrainian National Group of SWIFT Members and Users "UkrSWIFT".

The Bank is a member of the Public Union "UNION OF UKRAINIAN ENTREPRENEURS".

The Bank is a member of the Association of Ukrainian Banks.

## 2. ECONOMIC ENVIRONMENT IN WHICH THE BANK CARRIES OUT ITS ACTIVITIES

In the first quarter of 2024, the ongoing full-scale war and related security threats are a key systemic risk to the economy and the financial sector. Due to significant military spending, the economy will remain highly dependent on international financial assistance, but business activity expectations continued to improve in the first quarter of 2024. Weather conditions continue to support sowing and construction. Consumer demand remained stable, and livestock production continued to recover. The operation of the maritime corridor supported transportation and improved expectations in the metallurgy industry. At the same time, increased shelling in late March, in particular on energy infrastructure, slowed the economic recovery in both the industrial and service sectors. Demand for labor continues to grow, while supply remains limited, including due to a further increase in the number of migrants. Upward pressure on wages increased due to personnel problems. Household income growth is also supported by budget transfers, pension indexation, and increases in the minimum wage. The state budget deficit in March (excluding grants in revenue) was moderate, despite record international aid inflows. Domestic borrowing also remained a significant source of financing budget needs. In February, the current account deficit continued to narrow: the renewal of the blockade on the western borders led to a reduction in imports of goods, and the further adaptation of forced migrants abroad led to a decrease in imports of services under the "Travel" item. Due to the disruption of the regularity of international assistance, gross reserves decreased to \$ 37.1 billion as of the end of February, but in March they increased again due to significant financial inflows from partners. The situation on the foreign exchange market remained controlled, and exchange rate fluctuations were moderate. In the conditions of the NBU's adherence to the principles of managed flexibility, the hryvnia exchange rate moved both towards weakening and strengthening. The NBU resumed the rate reduction cycle, while the profitability of hryvnia assets in real terms remains positive.

### External environment

Growth in the economies of the OTP countries of Ukraine is picking up, inflationary pressures remain stable. The industrial sector of the large OTP countries of Ukraine continues to grow further and the decline in the CEE countries and the Eurozone slows down, primarily due to the gradual reduction in inventories. At the same time, the service sector remained the growth driver in all countries. The change in ship routes due to the crisis in the Red Sea has had a minor impact on supply chains so far. Business confidence reached its highest level in the last two years on expectations of lower interest rates and easing inflationary pressures. However, inflationary pressures from the OTP countries of Ukraine ( UAwCPI ) remained elevated compared to the pre-pandemic period, primarily in the services sector. Inflation remained stable due to pressure from wage increases against the background of strong labor markets.

Global oil prices were rising. Geopolitical tensions due to the Middle East conflict and attacks in the Red Sea increased upward pressure on prices. Additional factors included improving demand in the US and the impact of OPEC+ restrictions. However, still weak demand in most regions of the world and active production in the US, Libya, Iran, Angola and Venezuela kept prices from rising. Gas prices in Europe were falling. Record inventories for the current period (59%) and the growing share of wind power in Europe, forecasts of mild weather and stable LNG exports from the US put downward pressure on prices. However, increased spot demand from China, India, the PSA countries in anticipation of hot summer weather and a possible supply constraint from Australia due to a cyclone led to higher LNG prices in Asia. This, in turn, kept prices from falling in Europe.

Steel and iron ore prices fell under the pressure of sluggish demand in most regions of the world despite the expected spring revival (in particular due to Ramadan). An additional factor was the relatively steady increase in supply, which, in the context of weak demand and high competition, led to further price declines.

Wheat and corn prices fluctuated within narrow ranges. Significant stock sales by Russia and Brazil ahead of expected good new harvests put downward pressure on prices. However, potential disruptions in grain supplies from the Black Sea, reduced U.S. acreage, and robust global demand kept prices from falling sharply.

Given the relative stability of inflation, a more moderate reduction in interest rates is expected by both leading central banks and EM central banks. The Fed and ECB left rates unchanged and continue to emphasize data-driven decisions. The ECB lowered its inflation forecast and signaled a possible easing in June. The Fed sees it appropriate to start cutting rates "at some point this year" (still expects three

reduction in 2024), while some advocate taking their time amid stable inflation and a strong economy. Markets are predicting the start of easing in June, but there is currently no clear consensus on the scale of the rate cut. The Swiss National Bank unexpectedly cut its base rate, the first among developed country central banks. The Bank of Japan, on the other hand, ended its period of negative rates. The Central Bank of Mexico joined the EM rate cut cycle. There is room for further reductions in the Central Bank of China's reserve requirement ratio. At the same time, the Central Bank of Turkey unexpectedly raised its base rate by 500 bps . amid a worsening inflation outlook .

International financial and military assistance to Ukraine in the first quarter of 2024 is characterized by irregularity. In the first two months of 2024, the Ministry of Finance attracted 1.2 billion USD in grants and concessional financing from international partners , but in March the flow of financing rapidly resumed, which made it possible to significantly increase international reserves. Last month, Ukraine received a record amount of external gross financing: 9 billion USD , including 4.5 billion EUR from the EU. Thanks to this, international reserves increased by 6.7 billion USD (+18% m/m) to 43.8 billion USD. This is the maximum wartime level, which corresponds to 5.7-5.8 months of future imports of goods and services. Net international reserves reached 31.75 billion USD .

### Internal environment

Business sentiment improved, but economic recovery slowed due to increased shelling. The Business Expectations Index in March indicated a further recovery in economic activity. Favorable weather and the activation of projects to develop logistics, storage facilities for agricultural products and commercial real estate in the western regions led to an improvement in business sentiment in construction. Sowing of spring crops has begun in all regions. Farmers note a decrease in costs for production components (fertilizers, crop protection products, seeds, fuel) and a higher supply of them, but note an increasing shortage of workers. Livestock breeding continued to recover, although the dairy and meat processing industries seasonally slowed down in March.

Consumer sentiment also improved in March. This supported further growth in consumer demand and retail trade, including new store openings; a number of chains are automating business processes to mitigate the problem of labor shortages. Sales of new passenger cars continued to grow (by 17.5% m/m and 49% y/y). The deterioration in restaurant business turnover in the second half of March slowed the recovery in the services sectors due to increased shelling and power outages.

The stable operation of the maritime corridor supported the revival of the transport and metallurgical industries. In March, a number of metallurgical enterprises carried out equipment repairs, including in view of plans to increase the workload of mining and metallurgical divisions due to improved maritime logistics. State and private coal mining enterprises maintained the pace of production and expanded capacity; new gas production wells were launched. At the same time, activity in the industry slowed down in late March due to shelling and power outages. Fertilizer production intensified against the background of early sowing.

Seaport operations continued to support the transport sector. In March, rail freight traffic continued to grow: by 31% y/y and by 10% m/m compared to the previous month. Although, due to shelling in late March and a decrease in agricultural stocks, a certain slowdown in sea freight is expected compared to February.

In March 2024, consumer inflation slowed down to 3.2% year-on-year (y/y) from 4.3% in February. In monthly terms, prices increased by 0.5%. This is evidenced by data published by the State Statistics Service of Ukraine. The actual rate of price growth was lower than the National Bank's forecast published in the Inflation Report for January 2024 (5.0% y/y). The deviation from the forecast was provided by the dynamics of components that are of a less predictable nature, primarily prices for raw food products. The more rapid decline in the price of raw products is primarily due to temporary factors, the impact of which is likely to be exhausted in the second half of 2024. These include: the effects of last year's significant harvests and this year's mild winter, as well as the consequences of the transport blockade of the western borders. In particular, export restrictions have had an impact on the increase in the supply of certain food products on the domestic market. In addition, fuel prices have risen more slowly than expected, both due to a more moderate increase in global oil prices and due to a warm winter, which led to a lower demand for energy.

Core inflation slowed to 4.2% y/y in March, reflecting carryover effects from lower raw food prices, improved inflation expectations amid relative currency market stability, and the continued attractiveness of hryvnia instruments. At the same time, the more rapid slowdown in core inflation was held back by the effects of the blockade of the western borders, primarily due to higher import prices, as well as a further increase in business labor costs.

The labor market is recovering, but is characterized by a shortage of personnel. Demand for labor continues to grow, but more and more companies face difficulties in finding employees. The growth in the number of new vacancies on job search sites indicates a stable demand for labor in early 2024. At the same time, according to business surveys, more and more companies are facing difficulties in finding both qualified and unqualified personnel. The number of job seekers, measured by the number of resumes on job search sites, continued to decline. This may be a consequence of both the recovery of employment and the limited supply of labor, including through mobilization and further migration. The number of migrants outside Ukraine since the beginning of 2024 as of March 14, according to UN data, increased by almost 150 thousand (or 2%) to 6.5 million people. Due to the mismatch between labor supply and demand, there is increasing pressure on both job seekers and employers to increase wages. The increase in the minimum wage at the beginning of the year had an additional impact. The growth in wages, significant budget expenditures on military personnel, the indexation of pensions (since March) and the increase in payments tied to the minimum wage contributed to an increase in household incomes, which in turn supported consumer demand.

#### **Fiscal sector**

The budget deficit remained moderate, despite record amounts of international aid receipts. In March, the state budget deficit excluding grants in revenues remained at the level of the previous month. In January-March, the deficit was smaller than in 2023. This is due, in particular, to the further growth of revenues in conditions of a moderate increase in expenditures. Budget needs in March were mainly financed by financial assistance from international partners, the volumes of which in March were record high - about 9.0 billion USD. This also made it possible to create a reserve to cover budget needs in the following months. Domestic borrowing, primarily in the national currency, was also a significant source of financing budget needs. Their volumes are gradually increasing (rollover of domestic government bonds in the national currency in the first quarter of 2024 - 187%).

Budget revenues grew despite the negative impact of the blockade of the western borders on revenues from imported goods. In March, general fund revenues excluding grants continued to grow (by over 50% y/y), although the pace of growth slowed down (the latter was due to the advance payment of dividends by state-owned enterprises in February). Growth was supported by both economic (recovery of economic activity, improvement in financial results in 2023, a slightly weaker hryvnia exchange rate), as well as administrative factors (effects of increasing the minimum wage, increasing the bank profit tax rate). At the same time, the negative impact of the

blockade of the western borders on revenues from imported goods remained, although their losses decreased, given the increase in imports in March 2024.

Expenditure growth remained subdued. Expenditures in March increased by about 15% y/y. Traditionally, defense and security remained the priority areas, along with social security. In addition, expenses for military personnel and healthcare were compensated. However, overall expenditure growth was restrained, despite the record volumes of international aid in March. This is likely due to the need to accumulate funds for future periods due to the continued uncertainty regarding the receipt of aid from the United States.

#### **Banking sector**

The situation on the foreign exchange market remained controlled, and exchange rate fluctuations were moderate. During March, the hryvnia exchange rate fluctuated in both directions, moderately devaluing at the end of the month due to some deterioration in the balance of supply and demand in the market in the second half of March. This was due to:

- revival of spring field work, which was accompanied by an increase in demand for foreign currency from importers of fertilizers and plant protection products ;
- increasing need for energy imports, including due to intensification of shelling energy sector
- intensification of budget expenditures with the receipt of significant amounts of international aid in the second half a month;
- the end of the period for paying annual and quarterly taxes.

Under such conditions, the NBU increased its interventions in the sale of foreign currency (up to 1.8 billion USD ).

The NBU has resumed the rate reduction cycle, which will support the recovery of the economy without creating threats to macro-financial stability. Thus, the NBU Board decided to reduce the discount rate from 15% to 14.5% per annum from March 15, 2024. Rates on three-month certificates of deposit (CDs) and refinancing loans were also reduced by 1.5 pp. - to 17.5% and 19.5% per annum, respectively. The overnight CD rate will continue to correspond to the discount rate level. Further slowdown in inflation, a controlled situation in the foreign exchange market, as well as positive developments in obtaining external assistance made it possible to resume the interest rate easing cycle earlier. The new level of rates on NBU operations is sufficient to maintain the attractiveness of hryvnia assets, exchange rate stability and maintain moderate inflation. Operations with three-month DS will remain a significant incentive for banks to increase portfolios of retail hryvnia term deposits.

The yield on hryvnia instruments remained positive in real terms. The yield on bank deposits and government bonds continued to exceed the inflationary expectations of business and citizens. This, together with ensuring a controlled situation on the foreign exchange market, contributed to maintaining the interest of economic agents in savings in the national currency. As a result, the demand for hryvnia assets remained quite high. In particular, Ukrainians' investments in government bonds increased and the population's term hryvnia deposits grew steadily.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

These financial statements have been prepared by the Bank in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") adopted by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements have been prepared on the historical cost basis, excluding financial instruments at fair value and investment property.

The financial statements are presented in hryvnias and all amounts are rounded to the nearest thousand unless otherwise stated.

#### **Business continuity**

The Bank's management believes that the Bank is able to continue its activities in the future and ensure sustainable development of the institution. The management believes that the Bank is able to ensure operational profitability and increase the efficiency of activities in priority areas in the near future while complying with the requirements of the regulatory legal acts of the National Bank of Ukraine and other requirements of the legislation of Ukraine regulating the activities of banking institutions.

The Bank's priority areas of activity are the following:

- ensuring profitability and regulating liquidity by conducting transactions with securities (NBU certificates of deposit, other NBU financial instruments);
- a moderate increase in lending volumes, including through participation in government programs;
- continuation of claims work to repay the balances of problem debt by exercising the rights of the mortgagee in accordance with the terms of the contracts and current legislation;
- obtaining cash flows from the effective use of investment property;

- expanding the range and improving the quality of services for legal entities and individuals.

The Bank's management believes that the resources necessary to ensure the implementation of effective internal control and risk management systems in the Bank in accordance with the requirements of the National Bank of Ukraine are sufficient. The Bank is currently working on updating its internal regulatory framework and ensuring sufficient human resources to meet these requirements.

### 3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

#### a) Foreign currency

Balances on analytical accounts that are recorded on the Bank's balance sheet in a currency other than the functional currency as of the reporting date are translated into the functional currency at exchange rates, with:

- assets and liabilities in the statement of financial position are translated at the exchange rate at the end of the relevant reporting period;
- Capital components, if any, are translated at the historical exchange rate.

Income and expenses are not translated, as accounting for such accounts is maintained on the Bank's balance sheet exclusively in the functional currency.

The financial statements are presented in thousands of hryvnias ("thousands of UAH"), unless otherwise stated.

The main exchange rates used for converting amounts in foreign currency were as follows:

<i>UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
1 US dollar	39.2214	37.9824
1 euro	42.3670	42.2079

#### b) Initial recognition of financial instruments

Financial instruments are any contract that gives rise to a financial asset for one party and a financial liability or equity instrument for the other.

A financial asset is any asset of the Bank that is:

- cash;
- an equity instrument of another company;
- a contractual right to receive cash from another party to the contract or to exchange financial assets or liabilities with another party to the contract on terms potentially favorable to the Bank;
- a contract that will or may be settled in the equity instruments of the other party to the contract, and which is not a derivative that obliges or may oblige the Bank to receive a variable number of its own equity instruments, or a derivative that will or may be settled in a manner other than by exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

A financial liability is any obligation of the Bank that is:

- a contractual obligation (to pay or transfer a financial asset to another party to a contract, or to exchange financial assets or liabilities under conditions that are potentially unfavorable to the Bank), or
- a contract that will or may be settled in the Bank's equity instruments, and which is not a derivative that obliges or may oblige the Bank to deliver a variable number of its own equity instruments, or a derivative that will or may be settled in a manner other than by exchanging a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments.

A Bank's equity instrument is any contract that represents the ultimate ownership interest in the Bank's assets after deducting all of its liabilities.

The Bank recognizes a financial liability in its financial statements when, and only when, it becomes a party to the contractual provision of the instrument.

The Bank, upon initial recognition of financial instruments carried at fair value through profit or loss, measures them at fair value with or without transaction costs. The Bank records transaction costs for the acquisition of such financial instruments in expense accounts on the date of their occurrence.

The Bank measures all other financial instruments upon initial recognition at fair value plus transaction costs.

All financial liabilities, other than those designated as financial liabilities at fair value through profit or loss and financial liabilities arising on the transfer of a financial asset carried at fair value that does not qualify for derecognition, are measured at amortized cost using the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the relevant instrument and amortized using the effective interest method for that instrument.

**c) Diminishing utility**

The Bank assesses impairment in accordance with IFRS 9 for active transactions carried at amortized cost or at fair value through other comprehensive income.

In accordance with the general approach, depending on the degree of deterioration in credit quality since initial recognition, the Bank assigns financial instruments to one of the following stages of impairment assessment:

- Stage 1 – financial instruments for which there are no signs of a significant increase in credit risk. Expected credit losses are calculated for these financial instruments over the next 12 months;
- Stage 2 – financial instruments for which there are indications of a significant increase in credit risk since initial recognition, but there are no indications of impairment. Credit losses are calculated for these financial instruments over the entire life of the financial instruments;
- Stage 3 – financial instruments for which there are indications of a significant increase in credit risk since initial recognition and objective evidence of impairment. According to these financial instruments expected credit losses are calculated for the entire life of the financial instruments.

The Bank applies two approaches to assessing the impairment of financial instruments:

- individual assessment – performed for financial instruments that are considered significant and for which there are indications of a significant increase in credit risk since initial recognition;
- The Bank estimates expected credit losses for each borrower's loan based on probability-weighted discounted cash flows. The Bank considers several scenarios for the borrower's repayment and takes each of them into account.
- Collective assessment - is carried out for financial instruments that are not considered significant or for which there is no evidence of a significant increase in credit risk since initial recognition. The collective approach applies a portfolio-level assessment.

To calculate the amount of expected losses under IFRS 9 (forward-looking expected credit loss, ECL), the Bank uses the following components:

- PD (the Probability of Default) is a component of the calculation of the amount of the reserve, which reflects the probability of the debtor/counterparty ceasing to fulfill its obligations. When calculating the reserve, estimates of the probability of default are adjusted depending on the forecast of the implementation of the economic development scenario;
- LGD (the Loss Given Default) - a component of calculating the amount of the reserve that reflects the level of losses (damages) due to the default of the debtor/counterparty;
- EAD (The Exposure at Default) is a component of calculating the size of the reserve, consisting of the following components: principal debt on the loan, accrued income, discounts / premiums.

The Bank determines whether there is objective evidence of impairment of a financial asset or a group of financial assets at each reporting date. A financial asset or a group of financial assets is considered to be impaired only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event or events have an impact on the expected future cash flows from the financial asset or group of financial assets that can be reliably measured. Objective evidence of impairment may include indications that a borrower or group of borrowers is experiencing significant financial difficulty, is in default on interest or principal payments, is likely to enter bankruptcy or financial reorganization, evidence, based on observable market information, of a moderate decrease in expected future cash flows, for example, changes in the level of delinquencies or in economic conditions that correlate with asset losses, and indicators of external information that have occurred in the technological, market, economic or legal environment in which the entity operates. Impairment losses are recognized in profit or loss as they arise as a result of one or more events ("loss events") that occurred after the initial recognition of a financial asset and have an impact on the amount or timing of estimated cash flows associated with the financial asset or

group of financial assets, if those losses can be reliably measured. If the Bank determines that there is no objective evidence of impairment for an individually assessed financial asset (regardless of its materiality), it includes this asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. The main factors that the Bank considers when determining the impairment of a financial asset are its past due status and the possibility of realising the relevant collateral, if any.

Write-off of financial assets against established reserves occurs in the absence of reasonable expectations of recovery of their value according to the decision of the Bank's management.

**d) Derecognition of financial instruments and modifications**

Derecognition of a financial asset (or part of a financial asset or part of a group of similar financial assets) occurs if:

- the rights to receive cash flows from the financial asset have expired;
- The Bank has transferred the rights to receive cash flows from such an asset, or if the Bank has retained the rights to receive cash flows from the asset, but has assumed a contractual obligation to transfer them in full to a third party under the terms of a "pass-through agreement";
- The Bank has either (a) transferred substantially all the risks and rewards of the asset, or (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Bank has transferred its rights to receive cash flows from an asset, and has not transferred and retained substantially all the risks and rewards of the asset, or transferred control over the asset, such asset continues to be recognized to the extent of the Bank's continued involvement in the asset.

The Bank's continued interest in the asset is measured at the lower of the asset's original carrying amount or the maximum amount of consideration that may be payable to the Bank.

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

When replacing one existing financial liability with another liability to the same creditor on significantly different terms or in the event of significant changes to the terms of an existing liability, the original liability is derecognized, and the new liability is recorded in the accounting with the recognition of the difference in the carrying amount of the liability in profit/loss and other comprehensive income.

The Bank records in its accounting a change in the terms of the contract or a modification to a financial asset that results in a revision of its cash flows as:

- derecognition of the original financial asset and recognition of a new financial asset; or
- continued recognition of the original financial asset with new terms.

If the contractual terms of a financial asset are revised by mutual agreement or any other modification occurs that does not result in derecognition of the original financial asset, the Bank shall recalculate the gross carrying amount of the asset and recognize income or expenses from the modification.

The Bank calculates the new gross carrying amount as the present value of the revised or modified contractual cash flows discounted at the original effective interest rate (or the original effective interest rate adjusted for credit risk for purchased or originated impaired financial assets).

Transaction costs are included in the carrying amount of the modified financial asset and are amortized over its life.

The Bank recognizes the difference between the gross carrying amount under the original terms and the gross carrying amount under the revised or modified terms as modification income or expense.

**e) Cash and cash equivalents**

Cash and cash equivalents include cash, balances on correspondent accounts with the National Bank of Ukraine, funds on correspondent accounts opened with other banks (nostro accounts), highly liquid funds with a maturity of up to 90 days from the date of origination that are not encumbered by any contractual obligations. Cash and cash equivalents are recorded at amortized cost.

**f) Derivative financial instruments**

In the normal course of business, the Bank uses various derivative financial instruments, including forward contracts and swaps on foreign exchange markets, entered into with Ukrainian banks. Derivative instruments are initially recognized at fair value at the date of the contract, after which they are remeasured at fair value.

All derivatives are recorded as assets if their fair value is positive and as liabilities if their fair value is negative. Changes in the fair value of derivatives are recognized immediately in the statement of profit or loss and other

comprehensive income. The Bank estimates and calculates the fair value of forward contracts and recognizes significant changes in it in profit or loss.

**g) Loans and debts**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Based on the Bank's business model and the characteristics of the contractual cash flows, loans and receivables from customers are carried at amortized cost.

***Loans and funds provided to banks***

In the ordinary course of business, the Bank makes loans or places deposits with other credit institutions for certain periods of time. Due from credit institutions are initially recognized at fair value. Due from credit institutions with fixed maturities are measured at amortized cost using the effective interest method and are carried at amortized cost less any allowance for impairment losses.

***Loans granted to customers***

The initial cost of loans to customers is the amount of cash or cash equivalents paid, or the fair value of other resources provided to acquire the asset at the acquisition date, and includes transaction costs.

In cases where the fair value of the compensation provided is not equal to the fair value of the loan, for example, when the loan is provided at rates lower (higher) than market rates, the difference between the fair value of the compensation provided and the fair value of the loan is recognized as a loss (gain) upon initial recognition of the loan and is included in the statement of profit or loss and other comprehensive income in accordance with the nature of such losses (gains).

After recognition, loans are carried at amortized cost using the effective interest rate method.

The Bank includes transaction costs directly attributable to the recognition of a financial instrument in the amount of the discount (premium) on that financial instrument.

The Bank amortizes the discount (premium) over the term of the financial instrument using the effective interest rate. The discount (premium) amount must be fully amortized on the date of repayment (repayment) of the loan (deposit).

Loans to customers that do not have fixed maturities are accounted for using the effective interest method, based on the expected maturity.

The Bank recognizes impairment of loans and advances to customers by establishing provisions for expected credit losses. The carrying amount of the asset is reduced by the amount of the impairment provision. The amount of the loss is recognized in the statement of profit or loss and other comprehensive income.

***Write-off of loans and funds***

If it is impossible to return funds and loans, they are written off against the created reserve for expected credit losses, with a mandatory verification of compliance with the derecognition criteria.

**h) Investments in securities**

Investments in securities are financial assets held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets.

Investments in securities include:

- a) securities carried at amortized cost. They are initially measured at fair value plus additional direct transaction costs and subsequently at amortized cost using the effective interest method;
- b) securities carried at fair value through other comprehensive income;
- c) securities carried at fair value through profit or loss, if such classification eliminates or significantly reduces the inconsistency in the valuation of assets or the recognition of related gains and losses.

For debt securities measured at fair value through other comprehensive income, gains and losses are recognized in other comprehensive income, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

- interest income using the effective interest rate method;
- expected credit losses (ECL) and reversals;
- gains and losses from foreign exchange rate changes.

**i) Investment property**

***Recognition criteria***

The predominant criterion for dividing (defining as) real estate into investment and owner-occupied real estate is the purpose of its use.

The Bank recognizes real estate as investment property if this real estate (land or building or part of a building, or a combination thereof) is held by the Bank to earn rental payments or for capital appreciation or both and meets the following criteria:

- the property is not held for future use as owner-occupied property;
- the real estate is not held for the purpose of sale in the ordinary course of business;
- the property is not built or improved on behalf of third parties;
- real estate that is being constructed or improved for future use as investment property;
- If part of an item of property, plant and equipment is held for the purpose of earning rent and/or for capital appreciation, and the other part of the item is owner-occupied property, and these parts cannot be sold separately, then the item of property, plant and equipment is recognized as investment property provided that it is used primarily for the purpose of earning rent and/or for capital appreciation.

The decision to classify real estate as investment or owner-occupied real estate (including in the case of transfer from the category of investment to owner-occupied real estate and vice versa, during operation) is made by a collegial body and is formalized in the relevant protocol.

The cost of investment property includes the purchase price of the property and all costs directly attributable to its acquisition. Costs for ongoing maintenance, repairs and upkeep of the investment property are recognised as expenses when incurred.

Capital investments in the construction or development and reconstruction of an investment property that will be used as investment property in the long term increase its value.

Upon initial recognition and subsequently, the Bank recognizes investment property on the Bank's balance sheet at fair value.

When determining the fair value of investment property, an independent valuation entity used International Valuation Standards ISA-2011 (9th edition), in particular ISA 300, 230, 233, and International Financial Reporting Standards, in particular IAS 40, IFRS 13. The value of investment property was calculated using the market method annually.

#### **j) Fixed assets and intangible assets**

Fixed assets (intangible assets) are recognized as assets if:

- The Bank obtains control over the asset (meaning that the asset can be sold, exchanged, leased and disposed of/transferred in any other way without losing the economic benefits generated by other assets; and also have economic benefits and restrictions on the access of others to these benefits, which arises from the legal rights to the relevant asset);
- it is highly probable that the Bank will receive future economic benefits associated with the asset;
- the value of the asset can be measured reliably

Accounting for fixed assets and intangible assets is carried out on an object-by-object basis. The unit of accounting for fixed assets and intangible assets is a separate inventory object.

#### ***Initial recognition of property, plant and equipment and intangible assets***

The acquisition of non-current assets on the terms of prepayment (full or partial) until the documents confirming the ownership of the relevant object are received are reflected in the relevant accounts receivable for the acquisition of assets.

Fixed assets and intangible assets are recorded at their original cost, which is calculated taking into account all types of costs incurred by the Bank when recognizing such objects as assets (including costs of delivery, assembly, installation, indirect taxes paid in connection with the acquisition and other costs necessary to bring it into working condition).

#### ***Valuation of non-current assets at the balance sheet date***

The carrying amount of a non-current asset is the amount at which the asset is recorded in the balance sheet after deducting any depreciation and accumulated impairment losses.

After the initial recognition of an item of fixed assets as an asset, its subsequent accounting is carried out using one of two methods:

- at original cost (cost) less accumulated depreciation and accumulated impairment losses;

- at revalued amount (fair value) less accumulated depreciation and accumulated impairment losses.

After the initial recognition of an item of fixed assets as an asset belonging to the group "Buildings, structures and transmission devices", further accounting for such an item is carried out at revalued value.

After the initial recognition of an item of fixed assets as an asset, with the exception of items belonging to the group "Buildings, structures and transmission devices", further accounting for such an item is carried out at its original cost (cost) less accumulated depreciation and accumulated impairment losses.

Revaluation of a fixed asset belonging to the group "Buildings, structures and transmission devices" is carried out if its residual value differs significantly from its fair value as of the balance sheet date. In the case of revaluation of one object of the group, all objects of the fixed asset group to which the revalued object belongs are revalued on the same date. In the future, revaluation is carried out with such regularity that the residual value as of the balance sheet date does not differ significantly from the fair value.

Low-value non-current tangible assets are not subject to revaluation.

No assets in the form of fixed assets were provided as collateral for the Bank's obligations in the first quarter of 2024.

Acquired (created) intangible assets are recognized at historical cost.

After initial recognition of intangible assets, they are subsequently accounted for at cost less accumulated amortization and accumulated impairment losses.

#### ***Procedure and method of calculating depreciation***

***Depreciation*** is the systematic allocation of the cost of fixed assets and intangible assets, which is depreciated over the period of their useful use (operation). The Bank independently establishes and reviews the useful lives of objects, which are approved by an administrative document of the Bank's management.

Intangible assets with indefinite useful lives are not subject to amortization. The Bank considers an intangible asset to have an indefinite useful life if, based on an analysis of all factors (legal, regulatory, contractual, economic, etc.), there is no foreseeable limit to the period during which such an asset is expected to generate net cash flows to the Bank (for example, the right to perpetual use of land).

***The object of depreciation*** is all non-current assets, except for land and objects that are antiques, non-current assets held for sale, and unfinished capital investments in fixed assets.

Depreciation of non-current assets can be carried out separately for each component of the object.

The Bank uses the straight-line depreciation method, which consists in the fact that the current period's expenses are always determined by the same part of the original cost of the object minus the liquidation value throughout the entire specified period of their useful life, with the exception of low-value non-current tangible assets. Depreciation of low-value non-current tangible assets is carried out in the amount of 100 percent of its value at the time of commissioning.

The Bank, based on an internal order, has changed the approach to the valuation of intangible assets with an indefinite useful life. Starting from January 1, 2018, the right to use property, rights to trademarks for goods and services, copyright and related rights, other intangible assets have the following useful life, according to which depreciation deductions are made:

- Rights to use natural resources, rights to use property (land, building, premises, right to rent premises, subscriber telephone numbers, etc.), rights to commercial designations (rights to trademarks (trademarks for goods and services), commercial (company) names, etc.), except for those whose acquisition costs are recognized as royalties - in accordance with the title document;
- Rights to commercial designations (rights to trademarks (marks for goods and services), commercial (brand) names, etc.), except for those whose acquisition costs are recognized as royalties - in accordance with the title document, but not less than 6 years, for indefinite - 6 years;
- Copyright and related rights (rights to literary, artistic, musical works, computer programs, programs for electronic computers, compilations of data (databases), phonograms, videograms, broadcasts (programs) of broadcasting organizations, etc.), except for those whose acquisition costs are recognized as royalties - in accordance with the title document, but not less than 3 years, for indefinite - 3 years;
- Other intangible assets (right to conduct activities, use economic and other privileges, banking licenses, licenses of the State Securities and Markets Commission, patents) - in accordance with the title document, for indefinite - 10 years.

Based on internal policy, the Bank has established the following useful lives of fixed assets and intangible assets:

- Buildings – 20 years;

- Buildings – 15 years;
- Transmission devices – 10 years;
- Machinery and equipment – 5 years;
- Vehicles – 8 years;
- Furniture, appliances – 7 years;
- Inventory, tools – 5 years;
- Other fixed assets - 12 years;
- Copyright and related rights, except for royalties – 3 years;
- Other intangible assets – 10 years;
- Capital investments in premises – lease term.

The useful life of fixed assets and intangible assets is reviewed if the expected economic benefits from their use change and at the end of each financial year.

The depreciation method applied to fixed assets and intangible assets may be revised by the Bank if there have been significant changes in the expected form of economic benefits from the use of these assets.

The Bank assesses intangible assets with indefinite useful lives at the end of each year for any indication that their useful lives may be limited. If there are no such indications, the Bank determines the useful lives of such intangible assets.

Intangible assets with indefinite useful lives are reviewed at the end of each year for any indications of possible impairment.

New depreciation methods are applied from the new fiscal year. In accounting, such a change is reflected as a change in accounting estimates.

#### **k) Rent**

The Bank applies IFRS 16 “Leases”, which requires the recognition of a right-of-use asset and a lease liability at the inception date for all leases, except for short-term leases and leases of low-value assets. Unlike the lessee’s accounting, the lessor’s accounting has remained largely unchanged.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Typically, operating lease agreements provide for the transfer to the lessee of the right to use non-current assets for a period not exceeding their useful life, with the obligation to return such non-current assets to their owner upon the expiration of the lease agreement. Non-current assets transferred under an operating lease are recorded as part of the lessor's non-current assets.

Operating lease income and expenses are recognized in the reporting period to which they relate and are calculated in accordance with the concluded agreements. The amounts of operating lease income and expenses are disclosed in the Notes “Other operating income” and “Administrative and other operating expenses”.

#### **l) Non-current assets held for sale and disposal groups**

The Bank classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through current use. To do this:

- the asset must be suitable for immediate sale in the condition in which it is at the time of sale, on terms that are usually observed in the sale of such assets;
- The bank has a plan to sell the asset and initiate a program to identify a buyer and implement the plan;
- The Bank actively promotes the asset for sale in the market at a price reasonable in view of their current fair value;
- The sale is expected to be considered completed within one year.

If the Bank acquires ownership of pledged assets for the purpose of subsequent sale, such assets are classified as held for sale if they meet the above criteria.

Non-current assets held for sale are measured and recorded in the accounting records at the lower of the two amounts: carrying amount or fair value less costs to sell. Depreciation is not charged on such assets. Impairment loss upon initial or subsequent write-down of an asset to fair value less costs to sell is recognized in the Statement of Profit and Loss and Other Comprehensive Income.

The Bank continues to classify non-current assets as held for sale if no sale was made during the year due to events or circumstances beyond the Bank's control, and if there is sufficient evidence that the Bank continues to implement a plan to sell the non-current asset.

If, at the date of the decision to recognize non-current assets as held for sale, the above conditions are not met, but will be met within three months after the asset is recognized, the bank has the right to classify them as held for sale.

Before initially classifying assets as held for sale, the bank assesses the carrying amount of the assets and reviews them for impairment, just as non-current assets are accounted for at cost.

In the event of a decrease in the fair value of non-current assets, the bank recognizes an impairment loss less costs to sell.

In the event of an increase in the fair value of non-current assets less costs to sell, the bank recognizes income, but in an amount not exceeding previously accumulated impairment losses.

If, during the valuation of assets held for sale, the bank did not recognize impairment and recovery of their useful life, the bank recognizes income or expenses at the date of derecognition. When transferring non-current assets to the category of assets held for sale, the bank adjusts the carrying amount taking into account the amounts of accumulated depreciation, impairment losses with simultaneous recognition of such adjustment in the Statement of financial performance and other comprehensive income.

**m) Raised funds**

Borrowings, including due from credit institutions, due from customers and issued debt securities, are initially recognized at fair value of the proceeds received, taking into account transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition, borrowed funds are carried at amortized cost using the effective interest method. Income and expenses are recognized in the Statement of Profit or Loss and Other Comprehensive Income when the liability is extinguished, as well as during the amortization process.

**n) Provisions for liabilities**

Provisions are non-financial obligations of an indefinite duration or amount. Provisions are recognized in the financial statements when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

**o) Recognition of income and expenses**

***Interest income and expenses***

Interest income and expense are recognized on an accrual basis and calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future payments and receipts through the expected life of the financial instrument or a shorter period (if applicable) to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment) and all fees or additional costs that are directly related to the financial instrument and are an integral part of the effective interest rate, except for future credit losses. The carrying amount of a financial asset or financial liability is adjusted if the Bank revises its estimate of payments and receipts. The adjusted carrying amount is calculated based on the original effective interest rate, and changes in the carrying amount are recorded as interest income or expense.

Commissions that are an integral part of the effective interest rate of a financial instrument (for granting a loan, for opening credit accounts, for assessing the financial condition of the borrower, assessing and reflecting guarantees, collateral, etc.) together with the relevant costs associated with the issuance of the financial instrument are amortized using the effective interest rate.

When a financial asset or group of similar financial assets is written off (partially written off) as a result of an impairment loss, interest income is recognized using the interest rate that was used to discount future cash flows for the purpose of assessing the impairment loss.

When it is probable that a credit commitment will result in a loan, the credit commitment fee, together with related direct costs, is recognized as an adjustment to the effective interest rate of the loan. If it is unlikely that the credit line will be drawn, then the fee is recognized as income on a time-proportionate basis over the period of the commitment.

***Commission income***

The bank receives commission income for a number of services provided to customers.

Commission income can be divided into the following categories:

- Commission income received as a result of providing services during a certain period.

- Income from the provision of transaction services.

Fees received for services rendered during a period are accrued over that period. These fees include fees and commissions from asset management, custody and other management and advisory services. Commissions on commitments to extend credit that are likely to be drawn down and other commissions on loans are carried forward to subsequent periods (together with any additional costs) and are recognised as an adjustment to the effective interest rate on the loans.

Revenue from providing services to third parties is recognized upon completion of the relevant transaction. The amount of remuneration or components of remuneration related to specific activities are recognized after verification of compliance with the relevant criteria.

**p) Income tax**

Income tax is recognized as current and deferred tax. Current income tax is recognized in the amount calculated for the reporting period in accordance with tax legislation.

Deferred tax liability is the amount of income tax that will be paid in future periods on a taxable temporary difference. Deferred tax asset is the amount of income tax that will be recoverable in future periods on a deductible temporary difference. Deferred tax liabilities and assets are measured at the tax rates that will apply in the period in which the asset is realized or used or the liability is settled.

The Bank recognizes as income tax receivables the excess of the amount of income tax paid over the amount payable.

The Bank offsets receivables and current income tax liabilities if the liability is settled as a set-off against these receivables.

**q) Authorized capital and share capital**

**Authorized capital** is the obligation paid by shareholders (unitholders) to contribute funds for subscription to shares (units), the amount of which is registered in accordance with the procedure established by current legislation. Authorized capital is reflected at its original (nominal) value.

Expenses directly related to the issue of new shares of the Bank, in accordance with the requirements of IFRS 32 "*Financial Instruments: Presentation*", are accounted for as a deduction from equity to the extent that they are additional costs directly attributable to the equity transaction and which would otherwise have been avoided.

The excess of the fair value (placement price) of the amounts contributed to the capital over the nominal value of the issued shares is recorded in the Bank's capital as share premium (share premium).

**r) Foreign currency revaluation**

Transactions in foreign currencies are recognized at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into hryvnia at the official exchange rate of the National Bank of Ukraine prevailing at the balance sheet date. Gains and losses arising from such translation are recognized in the statement of comprehensive income on a net basis as exchange rate differences in the period in which they arise.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated at the rate at which the fair value is determined. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date the fair value was determined. If a gain or loss on a non-monetary item is recognized in other comprehensive income, any currency component of that gain or loss is recognized directly in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any currency component of that gain or loss is recognized in profit or loss.

**s) Offsetting of assets and liabilities**

The Bank offsets a financial asset and a financial liability, presenting the net amount in the Statement of Financial Position, if and only if:

- has a legally enforceable right to set off recognized amounts;
- intends to settle the liability on a net basis or to sell the asset and settle the liability at the same time.

A right of set-off is a contractual or other legal right of a debtor to repay or otherwise remove all (or part of) an amount due to a creditor by applying that amount to an amount due from the creditor.

The simultaneous settlement of two financial instruments may occur, for example, through transactions through a clearing house in an organized financial market or an exchange without intermediaries. In such circumstances, the cash flows are effectively equivalent to a single net amount and are not subject to credit or liquidity risk.

In the reporting period, the bank did not perform any netting operations between individual items of assets and liabilities.

**t) Employee benefits and related deductions**

Calculations related to the remuneration of the Bank's employees and employees performing work under civil law contracts (making the specified payments, accrual of wages, withholding taxes and mandatory payments from accrued amounts, accrual of taxes and mandatory payments to the payroll fund) are carried out in accordance with current legislation and internal regulatory documents of the Bank. Accrual of basic and additional wages to the Bank's employees is carried out in accordance with the official salaries determined by the Bank's staffing table.

The Bank calculates and creates provisions for payments for unused vacations of the Bank's employees.

The Bank does not have any additional pension schemes, other than participation in the state pension system of Ukraine, which involves the calculation and payment of current employer contributions as a percentage of current total employee benefits. These expenses are recorded in the reporting period to which the relevant salary relates.

In addition, the Bank does not have any post-employment benefit programs or other significant compensation programs that would require additional accruals.

**u) Pension and other benefit obligations**

The Bank does not have any additional pension schemes, other than participation in the state pension system of Ukraine, which involves the calculation and payment of current employer contributions as a percentage of current total employee benefits. These expenses are recorded in the reporting period to which the relevant salary relates.

In addition, the Bank does not have any post-employment benefit programs or other significant compensation programs that would require additional accruals.

**v) Information by operating segments**

A segment is a distinguishable component of the Bank's business that is engaged in either providing services or products (a business segment) or providing services or products within a particular economic environment (a geographical segment) and that is subject to risks and returns that are different from those of other segments. The Bank presents reportable segments separately if the majority of the segment's revenue is generated from banking activities outside the segment and the segment's revenue is 10% or more of total revenue.

The Bank's main format for reporting segment information is business segments.

Most of the Bank's operations are concentrated in Ukraine.

The Bank recognizes the following reportable segments:

- services to corporate clients (corporate banking);;
- services to individuals (retail banking);
- services to banks (treasury activities);
- other operations.

The "other operations" segment is important for the Bank as a whole (provides the activities of other segments, etc.) and information about it is material.

The Bank recognizes as revenue of a reporting segment the revenue directly attributable to the segment and the corresponding part of the bank's revenue that can be attributed to the segment from external activities or from transactions between other segments within the same bank. The revenue of reporting segments is presented net of value added tax, excise duty, other duties and deductions from income. The revenue of reporting segments does not include income from extraordinary events and income from income tax. The Bank recognizes as expenses of a reporting segment the expenses related to the main activities of the segment that are directly attributable to it and the corresponding part of the expenses that can be reasonably attributed to the segment, including expenses from external activities and expenses related to transactions in other segments within the same bank.

However, if expenses at the Bank level are related to only one segment, the Bank recognizes such expenses as segment expenses (if they are related to the operating activities of the segment and can be directly attributed to the segment or reasonably allocated to it).

**w) Related party transactions**

The Bank recognizes a related party as a party that:

- 1) directly or indirectly controls or is under control of, or is under common control with, the Bank, or has an interest in the Bank that gives it the ability to exercise significant influence over the Bank;
- 2) is an associated company of the Bank;
- 3) is a joint venture in which the Bank is a controlling shareholder;

- 4) is a member of the Bank's senior management;
- 5) is a close relative of a person specified in 1) or 4);
- 6) is an economic entity that controls, jointly controls, or exercises significant influence over, or has a significant percentage of votes in such an economic entity, directly or indirectly, a person specified in 1)-5);
- 7) the entity is a post-employment benefit program for employees of the Bank or any entity that is a related party of the Bank (post-employment benefits: pensions, other types of retirement benefits, life insurance and post-employment medical care).

The Bank discloses information about related parties in accordance with the requirements of IAS 24 "Related Party Disclosures".

### **3.3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE PRINCIPLES**

#### **New standards, clarifications and amendments to existing standards**

The Bank has first adopted certain standards and amendments that are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Bank has not early adopted standards, interpretations or amendments that have been issued but are not yet effective.

#### ***IFRS 17 "Insurance Contracts"***

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e. life insurance, non-life insurance, direct insurance and reinsurance contracts), regardless of the type of entity issuing them, and to certain guarantees and financial instruments with discretionary participation features. There are a few exceptions to the scope. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a common model, supplemented by the following:

- Special modifications for insurance contracts with direct participation terms (variable remuneration method).
- The simplified approach (premium-based approach) is mainly for short-term contracts.

This standard does not apply to the Bank.

#### ***Amendments to IAS 8 - Determining Accounting Estimates***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and corrections of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments did not impact the Bank's consolidated financial statements.

#### ***Amendments to IAS 1 and IFRS 2 Practical Guidance on Applying IFRS – Accounting Policy Disclosures***

The amendments to IAS 1 and the Practical Guidance on the Application of IFRS 2, Making Materiality Judgments, provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments are intended to help entities disclose more useful accounting policy information by replacing the requirement for entities to disclose "significant provisions" of accounting policies with a requirement to disclose "material information" about accounting policies, and by adding guidance on how entities should apply the concept of materiality when making decisions about accounting policy disclosures.

These amendments affected the Bank's disclosure of accounting policies, but not the measurement, recognition or presentation of any items in the Bank's financial statements.

#### ***Amendments to IAS 12 - Deferred Tax on Assets and Liabilities Arising from a Single Transaction***

The amendments to IAS 12 Income Taxes narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to the same taxable and deductible temporary differences, such as leases and decommissioning obligations.

These amendments did not impact the Bank's consolidated financial statements.

#### ***Amendments to IAS 12 - International Tax Reform - Under-Taxed Payments Rule***

The amendments to IAS 12 were made in response to the OECD BEPS under-taxation rules and include:

- Mandatory temporary exemption from the recognition of deferred taxes and disclosure of deferred taxes arising from jurisdictional implementation of the model rules on under-taxed payments; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's risk of paying income taxes on under-taxed payments as a result of the application of this regulatory act, particularly before its effective date.

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The mandatory temporary exemption, the use of which must be disclosed, applies immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023, but not to interim periods ending on or before 31 December 2023.

These amendments did not impact the Bank's consolidated financial statements.

#### 4. CASH AND CASH EQUIVALENTS

Table 4.1. Cash and cash equivalents

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Cash	171,770	165,037
Funds in the National Bank of Ukraine	249,642	92,291
Correspondent accounts, deposits and overnight loans in banks:		
Ukraine	144,355	268,841
Certificates of deposit issued by the National Bank of Ukraine	70,083	1,588,976
Reserve for cash and cash equivalents	(3,431)	(5,234)
<b>Total cash and cash equivalents</b>	<b>632,419</b>	<b>2,109,911</b>

Table 4.2. Non-cash financial transactions

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Accrued income on deposit certificates issued by the National Bank of Ukraine	83	3,976

There are no restrictions on the use of funds.

As of March 31, 2024, the balances on correspondent accounts are neither past due nor impaired.

During the first quarter of 2024 and the previous year of 2023, the Bank did not carry out investment and financial transactions without the use of cash and cash equivalents.

The data of Note 6 are specified in the "Statement of Financial Position", "Statement of Cash Flows".

As of March 31, 2024, the Bank complied with the requirements of the National Bank of Ukraine regarding mandatory reserves. Control over the formation of mandatory reserves is carried out monthly based on average data for the entire maintenance period.

The amount of required reserves according to the established standards (reserve base) for the maintenance period from 11.03.2024 to 10.04.2024 is 323,806 thousand UAH. The average balance on the correspondent account for the holding period from 11.12.2023 to 10.01.2024 amounted to 296,568 thousand UAH.

#### 5. CUSTOMER LOANS AND DEBT

Table 5.1. Loans and receivables from customers

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Loans and receivables from customers carried at amortized cost	654,223	586,810
Loan impairment allowance	(61,173)	(38,968)
<b>Total loans and advances to customers less provisions</b>	<b>593,050</b>	<b>547,842</b>

Table 5.2. Loans and receivables from customers carried at amortized cost

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<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Loans granted to legal entities,	604,829	539,192
including mortgage loans	166,429	166,433
Loans granted to individuals,	49,394	47,618
including mortgage loans	24,808	24,887
Provision for loans to customers carried at amortized cost	(61,173)	(38,968)
<b>Total loans and advances to customers carried at amortized cost</b>	<b>593,050</b>	<b>547,842</b>

Note 5 data disclosed in the “Statement of Financial Position” and in Note 15.

Asset items are presented taking into account accrued and unearned interest income, which as of March 31, 2024 amounted to UAH 15,541 thousand and as of December 31, 2023 – UAH 13,717 thousand .

As of March 31, 2024, the concentration of loans issued by the Bank to the ten largest borrowers amounted to UAH 390,079 thousand (66% of the total loan portfolio). A provision of UAH 30,860 thousand was created for these loans. For 2023, the concentration of loans issued by the Bank to the ten largest borrowers amounted to UAH 382,792 thousand (70% of the total loan portfolio).

Table 5.3. Analysis of credit quality of loans and receivables of customers carried at amortized cost for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Loans and receivables from customers accounted for under the AC	447,054	97,014	110 155	654 223
Minimal credit risk	447,054	-	-	447,054
Average credit risk	-	97,014	-	97,014
High credit risk	-	-	110 155	110 155
Total gross carrying amount of loans and advances to customers accounted for under the AC	447,054	97,014	110 155	654 223
Provisions for impairment of loans and receivables from customers, which are accounted for under the AC	(21,411)	(19,726)	(20,036)	(61,173)
<b>Total loans and receivables of customers accounted for by the AC</b>	<b>425,643</b>	<b>77,288</b>	<b>90 119</b>	<b>593,050</b>

Table 5.4. Analysis of credit quality of loans and receivables of customers accounted for at amortized cost for 2023

<i>thousand UAH</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Loans and receivables from customers accounted for under the AC	360,624	111,182	115,004	586,810

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Minimal credit risk	360,624	-	-	360,624
Average credit risk	-	111,182	-	111,182
High credit risk	-	-	115,004	115,004
Total gross carrying amount of loans and advances to customers accounted for under the AC	360,624	111,182	115,004	586,810
Provisions for impairment of loans and receivables from customers, which are accounted for under the AC	(17,018)	(9,678)	(12,272)	(38,968)
<b>Total loans and receivables of customers accounted for by the AC</b>	<b>343,606</b>	<b>101,504</b>	<b>102,732</b>	<b>547,842</b>

Table 5.5. Structure of loans by type of economic activity

thousand UAH

	March 31, 2024		December 31, 2023	
	sum	%	sum	%
Agriculture, hunting and related services	11,170	2	20,758	4
Construction of buildings	22,539	3	88,307	15
Wholesale and retail trade in motor vehicles and motorcycles, their repair	200,525	30	155,207	26
Wholesale trade, except of motor vehicles and motorcycles	109,027	17	148 198	25
Land and pipeline transport	43,071	7	42,045	7
Provision of financial services, except insurance and pension provision	70,422	11	62,286	11
Real estate transactions	65,585	10	-	-
office activities ; management consulting	50,831	8	-	-
Individuals	58,807	9	47,618	8
Waste collection, treatment and disposal; materials recovery	13,310	2	13,311	2
Others	8,936	1	9,080	2
<b>Total loans and receivables to customers without provisions</b>	<b>654 223</b>	<b>100</b>	<b>586,810</b>	<b>100</b>

The Bank minimizes the risk of credit portfolio concentration (concentration of credit operations in a certain industry or group of interconnected industries or lending to certain categories of clients) through diversification of the credit portfolio, which consists in distributing loans among borrowers who differ from each other both in characteristics (capital size, form of ownership) and in terms of activity (industry of the economy, geographical region).

Table 5.6. Information on loans by collateral type for the 3 months ended March 31, 2024

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<i>thousand UAH</i>	<b>Loans granted to legal entities</b>	<b>Mortgage loans for legal entities</b>	<b>Loans granted to individuals for current needs</b>	<b>Mortgage loans for individuals</b>	<b>Total</b>
Unsecured loans	131,721	-	14,038	-	<b>145,759</b>
Loans secured by:	306,679	166,429	10,548	24,808	<b>508,464</b>
<i>in cash</i>	47,408	-	5,607	-	<b>53,015</b>
<i>real estate</i>	74,757	166,429	4,941	24,808	<b>270,935</b>
<i>including residential use</i>	2,776	-	2 118	-	<b>4,894</b>
<i>other assets</i>	184,514	-	-	-	<b>184,514</b>
<b>Total loans and receivables to customers without provisions</b>	<b>438,400</b>	<b>166,429</b>	<b>24,586</b>	<b>24,808</b>	<b>654 223</b>

Table 5.7. Information on loans by type of collateral for 2023

<i>thousand UAH</i>	<b>Loans granted to legal entities</b>	<b>Mortgage loans for legal entities</b>	<b>Loans granted to individuals for current needs</b>	<b>Mortgage loans for individuals</b>	<b>Total</b>
Unsecured loans	132 111	-	13,785	-	<b>145,896</b>
Loans secured by:	240,648	166,433	8,946	24,887	<b>440,914</b>
<i>in cash</i>	53,493	-	5,549	-	<b>59,042</b>
<i>real estate</i>	84,240	166,433	3,397	24,887	<b>278,957</b>
<i>including residential use</i>	8,830	-	3,397	-	<b>12,227</b>
<i>other assets</i>	102,915	-	-	-	<b>102,915</b>
<b>Total loans and receivables to customers without provisions</b>	<b>372,759</b>	<b>166,433</b>	<b>22,731</b>	<b>24,887</b>	<b>586,810</b>

Table 5.8. Analysis of changes in provisions for impairment of loans and receivables from customers carried at amortized cost for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Impairment provision as of the beginning of the period December 31, 2023</b>	(17,018)	(9,678)	(12,272)	<b>(38,968)</b>
Transition to stage 1	(4,393)	-	-	<b>(4,393)</b>
Transition to stage 2	-	(10,048)	-	<b>(10,048)</b>
Transition to stage 3	-	-	(7,764)	<b>(7,764)</b>
<b>Impairment reserve at the end of the period March 31, 2024</b>	<b>(21,411)</b>	<b>(19,726)</b>	<b>(20,036)</b>	<b>(61,173)</b>

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Table 5.9. Analysis of changes in gross carrying amount for impairment of loans and advances to customers carried at amortized cost for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as of December 31, 2023</b>	<b>343,606</b>	<b>101,504</b>	<b>102,732</b>	<b>547,842</b>
Transition to stage 1	-	-	-	-
Transition to stage 2	-	-	-	-
Transition to stage 3	-	-	-	-
Other changes (increase in trade payables carried at amortized cost)	82,037	-	-	82,037
Other changes (reduction in trade receivables carried at amortized cost)	-	(24,216)	(12,613)	(36,829)
<b>Gross carrying amount as of March 31, 2024</b>	<b>425,643</b>	<b>77,288</b>	<b>90 119</b>	<b>593,050</b>

Table 5.10. Impact of collateral value on credit quality for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>Carrying amount</b>	<b>Collateral value</b>	<b>Impact of collateral</b>
Loans granted to legal entities, including mortgage loans	604,829	309,435	295,394
Loans granted to individuals for current needs, including mortgage loans	49,394	21,014	28,380
<b>Total loans</b>	<b>654 223</b>	<b>330,449</b>	<b>323,774</b>

Table 5.11. Impact of collateral value on loan quality for 2023

<i>thousand UAH</i>	<b>Carrying amount</b>	<b>Collateral value</b>	<b>Impact of collateral</b>
Loans granted to legal entities, including mortgage loans	539,192	331,643	207,549
Loans granted to individuals for current needs, including mortgage loans	47,618	19,770	27,848
<b>Total loans</b>	<b>586,810</b>	<b>351,413</b>	<b>235,397</b>

### Methods of assessing pledged property

When calculating the reserve, the bank uses the market (fair) value of collateral in the form of real estate, vehicles, based on the assessment of such property, carried out by an independent valuation entity. If, since the date of the last assessment, there have been significant changes in the operating conditions and physical condition of the property that is the subject of the pledge, and/or the market condition of similar property, the Bank conducts a revaluation of such property, but not less than once every twelve months in the case of pledge of real estate, equipment and vehicles and once every six months in the case of pledge of other property.

When determining the market (fair) value of the pledged property, the Bank sets the term for the sale of such property to no more than 360 calendar days.

During the reporting period, the Bank carried out foreclosure proceedings on mortgaged items, the total value of which is UAH 2,058,000.

The information is provided taking into account the assessment of the quality of collateral used to cover credit risk, in accordance with the requirements of the National Bank of Ukraine. The following types of collateral are taken into account as the cost of collateral:

- cash coverage – in full;
- passenger cars – with a 75% discount;
- movable property – with a 50% discount;
- residential real estate – with a 75% discount;
- non-residential real estate – with a 60% discount.

Collateral is accepted for settlement in an amount not exceeding the carrying amount of the loan under each contract covered by the relevant collateral.

## 6. INVESTMENTS IN SECURITIES

Table 6.1 Investments in securities

thousand UAH

	March 31, 2024	December 31, 2023
Debt securities:		
<i>Domestic government bonds refinanced by the NBU, which are accounted for at fair value through other comprehensive income</i>	1,029,675	966,696
Revaluation of debt securities refinanced by the NBU, which are accounted for at fair value through other comprehensive income	4,361	1,430
Unamortized premium/discount on debt securities refinanced by the NBU, which are accounted for at fair value through other comprehensive income	10,066	(2,488)
Accrued income on debt securities refinanced by the National Bank of Ukraine, which are accounted for at fair value through other comprehensive income	39,910	37,422
<b>Total securities less reserves</b>	<b>1,084,012</b>	<b>1,003,060</b>

Table 6.2. Analysis of credit quality of debt securities for the 3 months ended March 31, 2024

thousand UAH

	Government bonds	Total
Not past due and not impaired	-	-
<i>Government institutions and enterprises</i>	1,084,012	1,003,060
<b>Total debt securities less reserves</b>	<b>1,084,012</b>	<b>1,003,060</b>

As of March 31, 2024, the debt securities accounts in the amount of UAH 1,084,012 thousand included domestic government loan bonds refinanced by the National Bank of Ukraine, which are accounted for at fair value through other comprehensive income in the amount of 1,003,279 units, with a nominal value of UAH 1,000.00 per bond and in the amount of 619 units, with a nominal value of USD 1,000 per bond, and in the amount of 50 units, with a nominal value of EUR 1,000 per bond.

The fair value of the securities was determined based on the internal bank regulation, as the fair value of the relevant series of government bonds published on the National Bank's website on the relevant date. There was no impairment of utility for these transactions.

**7. INVESTMENT REAL ESTATE**

Table 7.1. Investment property valued at fair value

*thousand UAH* **March 31, 2024** **December 31, 2023**

<b>Fair value of investment property at the beginning of the period</b>	<b>104,911</b>	<b>254 179</b>
Incoming	2,058	34,916
Improvement	587	405
Disposal (sale)	-	(165,948)
Gains (losses) from revaluation to fair value	-	(18,641)
<b>Fair value of investment property at the end of the period</b>	<b>107,556</b>	<b>104,911</b>

The receipt of investment property in the first quarter of 2024 and in 2023 occurred due to the acceptance of real estate objects on the balance sheet as a foreclosure of collateral on loans of legal entities and individuals. According to paragraph 5 "Definitions" of IAS 40 "Investment Property" it is stated that investment property is real estate (land or a building, or part of a building, or a combination thereof), held (by the owner or lessee under a finance lease agreement) for the purpose of receiving rental payments or increasing the value of the capital or to achieve both purposes. Part of the Bank's investment property is leased out (Table 7.2), part is held for the purpose of increasing the capital and is planned to be sold in the future.

The fair value of investment property is determined based on the opinions of independent valuation entities who have the appropriate professional qualifications and experience in valuing similar properties in Ukraine. The fair value of investment property as of March 31, 2024 belongs to Level II of the fair value hierarchy.

Table 7.2. Amounts recognized in the Statement of Profit or Loss and Other Comprehensive Income

*thousand UAH***March 31, 2024****March 31, 2023**

Rental income from investment property	84	853
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Table 7.3. Information on the minimum amounts of future lease payments under a non-cancellable operating lease, if the bank is the lessor

*thousand UAH***March 31, 2024****December 31, 2023**

Up to 1 year	317	401
From 1 to 5 years	800	-
More than 5 years	-	848
<b>Total payments receivable under operating leases</b>	<b>1,117</b>	<b>1,249</b>

**8. FIXED ASSETS , RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS**

Table 8.1 Fixed assets and intangible assets

*thousand UAH*

	Buildings and transmitting devices	Machinery and equipment	Vehicles	Tools, appliances, inventory (furniture)	Right-of-use assets	Other non-current tangible assets	Incomplete capital investments in fixed assets and tangible assets	Intangible assets	Total
<b>Carrying amount as of December 31, 2022</b>	<b>316</b>	<b>7040</b>	<b>1361</b>	<b>186</b>	<b>743</b>	<b>5630</b>	<b>6192</b>	<b>3745</b>	<b>25213</b>
Original (revalued) cost	316	20444	1997	615	6714	16519	6192	9715	62512
Depreciation at the end of the reporting period	-	(13404)	(636)	(429)	(5971)	(10889)	-	(5970)	(37299)
Incoming	-	4862	1407	-	339	8221	23395	4430	42654
Other transfers (put into operation)	-	-	-	-	-	-	(19820)	-	(19820)
Depreciation deductions	(31)	(3717)	(349)	(59)	(857)	(2649)	-	(2038)	(9700)
Disposal of original cost	-	(60)	(252)	-	-	(2429)	-	(3)	(2744)
Depreciation write-off	-	59	123	-	5724	1108	-	3	7017
Derecognition of an asset	-	-	-	-	(5724)	-	-	-	(5724)
<b>Carrying amount as of December 31, 2023</b>	<b>285</b>	<b>8184</b>	<b>2290</b>	<b>127</b>	<b>225</b>	<b>9881</b>	<b>9767</b>	<b>6137</b>	<b>36896</b>
Original (revalued) cost	316	25246	3152	615	1329	22311	9767	14142	76878
Depreciation at the end of the reporting period	(31)	(17062)	(862)	(488)	(1104)	(12430)	-	(8005)	(39982)
Incoming	244	622	-	-	-	2802	4696	1108	9472
Other transfers (put into operation)	-	-	-	-	-	-	(2295)	-	(2295)
Depreciation deductions	(12)	(649)	(98)	(15)	(75)	(1767)	-	(805)	(3421)
<b>Carrying amount as of March 31, 2024</b>	<b>517</b>	<b>8157</b>	<b>2192</b>	<b>112</b>	<b>150</b>	<b>10916</b>	<b>12168</b>	<b>6440</b>	<b>40652</b>
Original (revalued) cost	560	25868	3152	615	1329	25113	12168	15250	84055
Depreciation at the end of the reporting period	(43)	(17711)	(960)	(503)	(1179)	(14197)	-	(8810)	(43403)

There are no fixed assets on the bank's balance sheet for which restrictions on ownership, use and disposal are provided for by the legislation of Ukraine.

There are no fixed assets pledged as collateral. There are no fixed assets that are temporarily not in use (conservation, reconstruction, etc.).

There are no fixed assets retired for sale. As of March 31, 2024, the original cost of fully depreciated fixed assets was UAH 11,698 thousand. and as of December 31, 2023 - UAH 2,555 thousand. There are no intangible assets with restrictions on ownership rights on the bank's balance sheet. Intangible assets were not created during the reporting period.

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

**9. OTHER ASSETS**

Table 9.1. Other assets

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Other financial assets:</b>	<b>24,731</b>	<b>17,979</b>
Accrued income from settlement and cash services	646	827
Accrued operating lease income	1,578	2,580
Accounts receivable for payment of debt under the guarantee	3,640	4,604
Accounts receivable for services	3,000	-
Receivables from payment card transactions	12,253	7,163
Restricted funds	1,617	1,567
Receivables from transactions with payment systems	532	1,082
Receivables from cash transactions	1,313	-
Other financial assets	152	156
<i>Reserve for other financial assets</i>	<b>(6,775)</b>	<b>(8,475)</b>
<b>Total other financial assets less reserves</b>	<b>17,956</b>	<b>9,504</b>
<b>Other assets</b>	<b>38,680</b>	<b>59,914</b>
Property transferred to the bank as a mortgagee	689	689
Deferred expenses	9,710	12,224
Prepayment for services	1,444	1,609
Accounts receivable from asset acquisition	188	111
Banking metals at the bank branch	25,463	41,030
Receivables for taxes and mandatory payments, except for income tax	52	2,619
Other assets	1,134	1,632
<i>Reserve for other assets</i>	<b>(979)</b>	<b>(1,022)</b>
<b>Total other assets less reserves</b>	<b>55,657</b>	<b>68,396</b>

During the reporting and previous periods, the Bank did not have any concluded agreements on the provision of assets under financial leasing (rent), under which the Bank is the lessor.

The data of Note 9 are included in the "Statement of Financial Position" and in Note 16.

Table 9.2. Analysis of changes in the provision for impairment of other assets for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>Financial assets</b>	<b>Other assets</b>	<b>Total</b>
<b>December 31, 2023</b>	<b>(8,475)</b>	<b>(1,022)</b>	<b>(9,497)</b>
(Increase)/decrease reserve	1700	43	1743
<b>March 31, 2024</b>	<b>(6,775)</b>	<b>(979)</b>	<b>(7,754)</b>

Table 9.3. Analysis of changes in the provision for impairment of other assets for 2023

<i>thousand UAH</i>	<b>Financial assets</b>	<b>Other assets</b>	<b>Total</b>
<b>December 31, 2022</b>	<b>(9,745)</b>	<b>(324)</b>	<b>(10,069)</b>

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(Increase)/decrease reserve	570	(698)	(128)
Write-off against reserve	700	-	700
<b>December 31, 2023</b>	<b>(8,475)</b>	<b>(1,022)</b>	<b>(9,497)</b>

Table 9.4 . Analysis of credit quality of financial assets

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Not past due and not impaired debt	<b>14,402</b>	<b>31,414</b>
<i>small companies</i>	-	-
<i>individuals</i>	12,253	15,459
<i>large companies</i>	2,149	15,955
Debt impaired on an individual basis with delayed payment	<b>10,329</b>	<b>10,190</b>
<i>up to 31 days</i>	2,713	1,986
<i>from 32 to 92 days</i>	1,351	1,840
<i>from 93 to 183 days</i>	1,897	1,509
<i>from 184 to 274 days</i>	2,968	103
<i>from 275 to 365 days</i>	1 101	549
<i>more than 365(366) days</i>	299	4,203
<b>Total financial assets before deduction of reserve</b>	<b>24,731</b>	<b>41,604</b>
Reserve for other financial assets	(6,775)	(9,745)
<b>Total other financial assets less reserve</b>	<b>17,956</b>	<b>31,859</b>

## 10. CUSTOMER FUNDS

Table 10.1. Client funds

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
State and public organizations:	3,244	9,228
<i>current accounts</i>	3,244	9,228
Other legal entities:	<b>1,536,289</b>	<b>2,902,791</b>
<i>current accounts</i>	1,098,219	2,444,345
<i>term funds</i>	329,539	353,410
<i>funds in the accounts</i>	108,531	105,036
Individuals:	<b>612,969</b>	<b>607 117</b>
<i>current accounts</i>	211 213	222,687
<i>term funds</i>	362,233	346,448
<i>funds in the accounts</i>	39,523	37,982
<b>Total customer funds</b>	<b>2,152,502</b>	<b>3,519,136</b>

Client funds accounted for at the end of the day on March 31, 2024 in balance sheet account 2932 "Funds in settlements of business entities", in the amount of 108,531 thousand UAH and on the balance sheet account 2942 "Amounts in settlements of individuals", in the amount of 39,523 thousand UAH transferred as cash collateral (coverage) under the guarantees provided by the bank.

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As of March 31, 2024, funds attracted from the ten largest clients of the Bank in the amount of UAH 413,653 thousand constituted 19% of the total amount of client funds (as of December 31, 2023: UAH 1,244,857 thousand – 35% of the total amount of client funds).

The data of Note 10 are specified in the “ Statement of Financial Position ” and in Note 1 6 .

Table 10.2. Distribution of client funds by type of economic activity

<i>thousand UAH</i>	<b>March 31, 2024</b>		<b>December 31, 202 3</b>	
	<b>sum</b>	<b>%</b>	<b>sum</b>	<b>%</b>
Production and distribution of electricity, gas and water	37,822	2	52,796	2
Trade, repair of automobiles, household goods and personal items	421 455	20	982,267	28
Individuals	612,969	28	607 117	17
Production of other products	26 109	1	188,073	6
Professional, scientific and technical activities	17,627	1	23,425	1
Real estate transactions, leasing, engineering and service provision	223,389	10	178,553	5
Agriculture, hunting, forestry	22,006	1	9,246	-
Construction	205,530	10	381,492	11
Financial and insurance activities	234,639	11	357,515	10
Transport, warehousing, postal and courier activities	61,333	3	70,821	2
Mining industry	17,136	1	17,272	-
Healthcare and social assistance	51,277	2	457,619	13
Production and repair of machinery and equipment	41,710	2	61,058	2
Temporary accommodation and catering	18,322	1	9,967	-
Food production, provision of meals and beverages	2,641	-	6,244	-
Arts, sports, entertainment and recreation	71,673	3	71,244	2
Other	86,864	4	44,427	1
<b>Total customer funds</b>	<b>2,152,502</b>	<b>100</b>	<b>3,519,136</b>	<b>100</b>

During the first quarter of 2024 and the previous year of 2023, the Bank carried out operations to attract customer funds exclusively at market rates.

## 11. RESERVES FOR LIABILITIES

Table 11.1. Changes in provisions for liabilities for the 3 months ended March 31, 2024

<i>thousand UAH</i>	<b>March 31, 2024</b>
<b>Balance at the beginning of the period</b>	<b>2,061</b>
Formation and/or increase of reserve	104
<b>Balance at the end of the period</b>	<b>2,165</b>

The Bank applies the same risk management procedures to lending commitments as to credit transactions reflected on the balance sheet. The maximum potential credit risk on lending commitments is equal to the total amount of commitments. Taking into account the availability of collateral and the fact that such commitments (except for guarantees) are revocable, the Bank's management believes that the potential credit risk and potential liquidity risk when carrying out the specified transactions are virtually absent. The reserve in the reporting and previous periods was formed as collateral for guarantees.

The data in Note 11 are included in the Statement of Financial Position and in Note 15.

**12. OTHER OBLIGATIONS**

Table 12.1. Other liabilities

*thousand UAH*

	March 31, 2024	December 31, 2023
Commission for providing guarantees	11,576	13,082
Other payables from transactions with bank clients	6,509	7,997
Bank customers' funds in inactive accounts	29,193	3,436
Deferred income	513	869
Accounts payable for settlements with bank employees	7,549	6,937
Accounts payable for taxes and mandatory payments, except for income tax	1,279	3,704
Accounts payable for fees to the Fund guaranteeing deposits of individuals	1,155	1,268
Contractual obligations	157	218
Accounts payable under contractual obligations	52	448
Accounts payable for business transactions/services	753	10,555
Other accrued expenses	900	647
Others	-	10
<b>Total</b>	<b>59,636</b>	<b>49,171</b>

Notes 12 disclosed in the “ Statement of Financial Position ” and in Note 15.

**13. AUTHORIZED CAPITAL AND SHARE DIFFERENCES (SHARE PROFIT)**

Table 13.1 Authorized capital and share premium (share income)

*thousand UAH*

	Number of shares outstanding (thousands of shares)	Simple promotions	Total
<b>Balance as of December 31, 2022</b>	<b>12,152</b>	<b>300,039</b>	<b>300,039</b>
Issuance of new shares (units)	-	-	-
<b>Balance as of December 31, 2023</b>	<b>12,152</b>	<b>300,039</b>	<b>300,039</b>
Issuance of new shares (units)	-	-	-
<b>Balance as of March 31, 2024</b>	<b>12,152</b>	<b>300,039</b>	<b>300,039</b>

shares announced for issue in the first quarter of 2024.

The nominal value of one share as of the end of the day on March 31, 2024 is 24.69 hryvnias.

The bank did not issue preferred shares, and no dividends were paid.

There are no restrictions on share ownership as of March 31, 2024.

Ordinary registered shares of the Bank grant their owners the rights provided for by the current legislation of Ukraine, including: to participate in the management of the Bank, namely the right to vote when resolving issues at the General Meeting of Shareholders of the Bank on the principle of "one voting share - one vote"; to participate in the distribution of the Bank's profit and receive its share (dividends); to receive, in the event of liquidation of the Bank, part of its property or the value of part of its property; to receive information about the Bank's business activities; in the event of the issuance of additional shares through private placement, to exercise the preemptive right to purchase ordinary shares placed by the Bank in proportion to the share of ordinary shares owned by them (the shareholders) in the authorized

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capital of the Bank; to sell or otherwise alienate the shares owned by them without the consent of other shareholders and the Bank.

Notes 1-3 stated in the " Statement of Financial Position " and the " Statement of Changes in Equity (Statement of Equity) ".

**14. MOVEMENTS IN REVALUATION RESERVES (COMPONENTS OF OTHER COMPREHENSIVE INCOME)**

Table 14.1. Movement in revaluation reserves (components of other comprehensive income)

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Balance at the beginning of the year</b>	<b>1,431</b>	<b>(37,594)</b>
Revaluation of financial assets carried at fair value through other comprehensive income	-	-
<i>changes in revaluation to fair value</i>	<i>(8 508 )</i>	<i>(8,419)</i>
<i>income (expenses) from sales reclassified in the reporting period to profit or loss</i>	<i>11,440</i>	<i>47,444</i>
<b>Balance at the end of the year</b>	<b>4,363</b>	<b>1,431</b>

**15. ANALYSIS OF ASSETS AND LIABILITIES BY MATURITY TERM**

Table 15.1. Analysis of assets and liabilities by maturity

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thousand UAH

	March 31 , 2024			December 31, 202 3		
	less than 12 months	more than 12 months	total	less than 12 months	more than 12 months	total
<b>ASSETS</b>						
Cash and cash equivalents	632,419	-	632,419	2,109,911	-	2,109,911
Loans and customer debt	279,425	313,625	593,050	264,536	283,306	547,842
Investments in securities	778,822	305 190	1,084,012	856 871	146 189	1,003,060
Investment property	-	107,556	107,556	-	104,911	104,911
Current income tax receivable	23	-	23	-	-	-
Deferred tax asset	4,909	-	4,909	4,909	-	4,909
Fixed assets and intangible assets	-	40,652	40,652	-	36,896	36,896
Other assets	55,657	-	55,657	68,396	-	68,396
<b>Total assets</b>	<b>1,751,255</b>	<b>767,023</b>	<b>2,518,278</b>	<b>3,304,623</b>	<b>571,302</b>	<b>3,875,925</b>
<b>OBLIGATION</b>						
Client funds	2,034,341	118 161	2,152,502	2,856,963	662,173	3,519,136
Current income tax liabilities	-	-	-	5,678	-	5,678
Provisions for liabilities	1,984	181	2,165	1,785	276	2,061
Other obligations	45,068	14,568	59,636	41,256	7,915	49,171
<b>Total liabilities</b>	<b>2,081,393</b>	<b>132,910</b>	<b>2,214,303</b>	<b>2,905,682</b>	<b>670,364</b>	<b>3,576,046</b>

**16. INTEREST INCOME AND EXPENSES**

Table 1 6 .1. Interest income and expenses

thousand UAH

	March 31, 2024	March 31, 202 3
<b>Interest income:</b>		
Loans and customer debt	26,265	21,112

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Investments in securities	54,717	29,303
Correspondent accounts in other banks	56	-
NBU certificates of deposit, which are recorded under the AS	21,598	15,743
Other interest income	531	-
<b>Total interest income</b>	<b>103,167</b>	<b>66,158</b>
<b>Interest expenses:</b>		
Term funds of legal entities	( 7,692 )	(5,644)
Term funds of individuals	( 8,380 )	(8,292)
Current accounts	( 14,130 )	(19,358)
Interest expense on lease liability	( 8 )	(26)
Other interest expenses	(54)	-
<b>Total interest expense</b>	<b>( 30,264 )</b>	<b>(33,320)</b>
<b>Net interest income (expenses)</b>	<b>72,903</b>	<b>32,838</b>

The data of Note 16 are included in the “ Statement of Profit or Loss and Other Comprehensive Income (Statement of Financial Results) ” and in Note 21.

**17. COMMISSION INCOME AND EXPENSES**

Table 17.1. Commission income and expenses

thousand UAH

	March 31, 2024	March 31, 2023
<b>Commission income</b>		
Settlement and cash transactions	33,412	23,566
Customer credit service	50	120
Foreign exchange market operations for clients	16,393	8,154
Guarantees provided	6,621	4,801
Others	37	42
<b>Total commission income</b>	<b>56,513</b>	<b>36,683</b>
<b>Commission costs</b>		
Settlement and cash transactions	( 17,903 )	( 22,928 )
Securities transactions for clients	(38)	(42)
<b>Total commission expenses</b>	<b>( 17,941 )</b>	<b>( 22,970 )</b>
<b>Net commission income/expenses</b>	<b>38,572</b>	<b>13,713</b>

Note 17 data disclosed in the “Statement of profit or loss and other comprehensive income (Statement of financial performance)” and in Note 21.

**18. OTHER OPERATING INCOME**

Table 18.1 . Other operating income

thousand UAH

	March 31, 2024	March 31, 2023
Fines, penalties received by the bank	180	51
Income from operating leasing (rent)	249	1 02 6

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Income on initial recognition of financial assets (Government bonds)	1,559	234
Income from derecognition of financial liabilities	1,280	405
Compensation for utility costs for rented premises	-	346
Income from the sale of property	-	5
Income from disposal of investment property	-	380
Others	235	352
<b>Total operating income</b>	<b>3,503</b>	<b>2,799</b>

The data of Note 18 are disclosed in the "Statement of Profit or Loss and Other Comprehensive Income (Statement of Financial Results)" and in Note 21 .

**19. ADMINISTRATIVE AND OTHER OPERATING COSTS**

Table 19.1. Administrative and other operating expenses

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
Marketing and advertising expenses	(2,968)	( 600 )
Costs associated with engagement customers	(31,390)	(10,189)
Maintenance costs main assets and intangibles assets , telecommunications and others operational services	(1 5 330 )	(10,537)
Operational costs leasing ( rent )	( 3 255 )	(1,931)
Payment others taxes and fees payments , except income tax	( 1,606 )	(1,724)
Expenses received information and consulting services and consulting services financial	( 3,760 )	(57)
Security costs	( 244 )	(200)
Collection costs values	( 590 )	(755)
Escort payment cards	( 3 251 )	(2,018)
Staff education and training costs	( 663 )	(108)
Result from sale of assets	( 16 6 )	(1,559)
Fines for violations NBU requirements	( 21,400 )	-
Others	(2 3 12 )	(3,017)
<b>Total administrative and other operating expenses</b>	<b>( 86 935 )</b>	<b>(32,695)</b>

Notes 1 9 disclosed in the "Statement of profit or loss and other comprehensive income (Statement of financial performance)" and in Note 21.

**20. PROFIT (LOSS) PER COMMON SHARE**

Table 20 .1. Net and adjusted earnings/(loss) per common share

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Profit/(loss) cumulative total since the beginning of the year	1,164	6,015
Profit/(loss) attributable to owners of the bank's common shares	1,164	6,015

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Average annual number of common shares outstanding (thousands of shares) 12,152 12,152

**Net and adjusted profit/(loss) per common share (UAH):**

*basic* 0.10 0.49  
*dilute* 0.10 0.49

Note data 20 stated in the “Statement of profit or loss and other comprehensive income (Statement of financial results)”.

The amount of earnings/(loss) per share was calculated by dividing the net income/(loss) attributable to the shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. The Bank does not have shares that could result in a decrease in earnings per share. Thus, the adjusted net income/(loss) per share is equal to the earnings per share attributable to shareholders of ordinary shares.

The net profit/(loss) indicator does not differ from the adjusted net profit/(loss) indicator.

Table 20.2. Calculation of profit/(loss) attributable to owners of the bank's common shares

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Profit/(loss) for the period attributable to owners of the bank	1,164	6,015
Retained earnings/(loss) for the period	1,164	6,015
Retained earnings/(loss) for the period attributable to ordinary shareholders based on the terms of the shares	1,164	6,015
<b>Profit/(loss) for the period attributable to ordinary shareholders</b>	<b>1,164</b>	<b>6,015</b>

**21. OPERATING SEGMENTS**

**An operating segment** is a distinguishable component that is engaged in providing a single product or service (or a group of related products or services) and is subject to risks and returns that are different from those of other segments.

In this case, a group of interrelated products or services, the supply (provision) of which the segment is engaged in, is combined according to the following criteria:

- the nature of the products or services;
- the nature of the technological process;
- the type or class of consumers of certain products or services;
- the methods used to distribute products or provide services;
- the nature of the legal environment.

Segment information is provided to the Bank's management, which is responsible for making operating decisions to allocate resources and assess the Bank's performance by segment.

The Bank recognizes the following main operating segments: corporate, retail, investment, interbank.

**Corporate segment** – a segment of operations for providing banking services to business entities (account management tools (current, deposit), provision of loans, overdrafts and other types of financing, trade financial instruments, structured financing, foreign currency transactions and other services.)

**Retail segment** - a segment of operations for providing banking services to individuals (current, savings and deposit accounts for individuals, credit and debit cards, mortgages and loans for current needs and other services.)

**Investment segment** - a segment of conducting operations to invest own and borrowed financial resources by purchasing securities on the stock market on one's own behalf for the purpose of generating income and other investments for the purpose of generating income.

**The interbank segment** is a segment for conducting transactions with banks, including the NBU, for the purpose of regulating and ensuring the bank's liquidity.

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The Bank recognizes as revenue of a reportable segment the revenue that is directly attributable to the segment and the relevant part of the bank's revenue that can be attributed to the segment from external activities or from transactions between other segments within the same bank. The revenue of reportable segments is presented net of value added tax, excise duty, other fees and deductions from income.

The Bank recognizes as expenses of a reporting segment expenses related to the main activities of the segment that are directly attributable to it and the appropriate portion of expenses that can be reasonably attributed to the segment, including expenses from external activities and expenses related to operations of other segments within the same bank.

The item "Unallocated amounts" includes amounts of income/expenses that, for one reason or another, are not allocated to specific segments, or arise from other segments and operations, or arise at the Bank level and relate to the Bank as a whole. Total unallocated amounts are allocated between the main operating segments in proportion to the identified direct results of the segments.

The measurement of segment profits and losses is carried out using a management accounting methodology used for segment reporting, which differs somewhat from that used for other financial statements. However, the information presented in segment reporting is consistent with the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income prepared in accordance with IFRS.

Table 24.1. Revenues, expenses and results of reportable segments for the 3 months ended March 31, 2024

<i>thousand UAH</i>	Corporate segment	Retail segment	Investment segment	Interbank segment	Others segments and operations	Total
Interest income	24,536	2,259	54,717	21,655	-	103,167
Commission income	20,532	26,763	-	9,218	-	56,513
Other operating income	1,586	179	1,643	-	95	3,503

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<b>Total segment revenues</b>	<b>46,654</b>	<b>29,201</b>	<b>56,360</b>	<b>30,873</b>	<b>95</b>	<b>163 183</b>
Interest expenses	(21,724)	(8,532)	-	-	(8)	(30,264)
Commission costs	-	(152)	(38)	(17,751)	-	(17,941)
Employee benefits expenses	(11,019)	(6,897)	(13,311)	(7,291)	(23)	(38,541)
Depreciation and amortization expenses	-	-	-	-	(3,421)	(3,421)
Other administrative and operating expenses	(3,868)	(5,582)	(322)	(23,833)	(53,330)	(86,935)
<b>Total segment costs</b>	<b>(36,611)</b>	<b>(21,163)</b>	<b>(13,671)</b>	<b>(48,875)</b>	<b>(56,782)</b>	<b>(177,102)</b>
Net profit/(loss) from FI transactions accounted for under the SVISD	-	-	1,449	-	-	1,449
Net profit/(loss) from foreign currency transactions	-	726	-	31,787	102	32,615
Net profit/(loss) from foreign currency revaluation	207	8,352	-	(8,636)	(140)	(217)
Net gain/(loss) from impairment of financial assets	(20,280)	(1,925)	-	3,884	-	(18,321)
Net gain/(loss) from impairment of other assets	-	-	-	(338)	-	(338)
Net loss/(gain) from increase/(decrease) in provisions for liabilities	-	-	-	(105)	-	(105)
<b>Segment result</b>	<b>(10,030)</b>	<b>15,191</b>	<b>44,138</b>	<b>8,590</b>	<b>(56,725)</b>	<b>1,164</b>

The components of line 3 "Other operating income" in the amount of UAH 3,503 thousand are disclosed in Note 18.

The components of line 8 "Other administrative and operating expenses" in the amount of UAH 86,935 thousand are disclosed in Note 19.

Table 2 4.2. Revenues, expenses and results of reporting segments for 2023

<i>thousand UAH</i>	<b>Corporate segment</b>	<b>Retail segment</b>	<b>Interbank segment</b>	<b>Others segments and operations</b>	<b>Total</b>
Interest income	85,832	6,681	204,828	-	297,341
Commission income	80,215	86,838	24,856	-	191,909
Other operating income	6,845	989	12	5,142	12,988
<b>Total segment revenues</b>	<b>172,892</b>	<b>94,508</b>	<b>229,696</b>	<b>5,142</b>	<b>502,238</b>
Interest expenses	(94,415)	(33,243)	-	(1,417)	(129,075)
Commission costs	(160)	(1,258)	(58,911)	-	(60,329)
Employee benefits expenses	(45,831)	(27,499)	(4,584)	(13,745)	(91,659)
Depreciation and amortization expenses	-	-	-	(9,700)	(9,700)

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Other administrative and operating expenses	(124,646)	(74,788)	(12,469)	(37,382)	(249,285)
<b>Total segment costs</b>	<b>(265,052)</b>	<b>(136,788)</b>	<b>(75,964)</b>	<b>(62,244)</b>	<b>(540,048)</b>
Net profit/(loss) from FI transactions accounted for under the CIF	-	-	-	437	437
Net profit/(loss) from FI transactions accounted for under the SVISD	-	-	-	(2,634)	(2,634)
Net profit/(loss) from foreign currency transactions	-	-	95,992	-	95,992
Net profit/(loss) from revaluation of investment property	-	-	-	(18,627)	(18,627)
Net profit/(loss) from foreign currency revaluation	321	3,698	(1,066)	(4,505)	(1,552)
Net gain/(loss) from impairment of financial assets	(8,350)	(3,758)	(3,006)	453	(14,661)
Net gain/(loss) from impairment of other assets	-	-	-	(677)	(677)
Net loss/(gain) from increase/(decrease) in provisions for liabilities	(464)	-	-	-	(464)
<b>Segment result (before tax)</b>	<b>(100,653)</b>	<b>(42,340)</b>	<b>245,652</b>	<b>(82 65 5 )</b>	<b>20,004</b>
Income tax expenses	-	-	-	-	(13,989)
<b>Segment result</b>	<b>(100,653)</b>	<b>(42,340)</b>	<b>245,652</b>	<b>(82 65 5 )</b>	<b>6,015</b>

Components of line 3 "Other operating income" in the amount of 12,988 thousand UAH are disclosed in Note 18 .

Components of line 8 "Other administrative and operating expenses" in the amount of 249,284 thousand UAH are disclosed in Note 19 .

Table 24.3. Assets and liabilities of reportable segments for the 3 months ended March 31, 2024

<i>thousand UAH</i>	Corporate segment	Retail segment	Investment segment	Interbank segment	Unallocated volumes	Total
<b>Segment assets</b>						
Segment assets	562,205	47,354	1,191,568	463,567	-	<b>2,264,694</b>
Total segment assets	562,205	47,354	1,191,568	463,567	-	<b>2,264,694</b>
Undistributed assets	-	-	-	-	253,584	<b>253,584</b>
<b>Total assets</b>	<b>562,205</b>	<b>47,354</b>	<b>1,191,568</b>	<b>463,567</b>	<b>253,584</b>	<b>2,518,278</b>
<b>Segment liabilities</b>						
Segment liabilities	1,542,453	618 109	-	48	-	<b>2,160,610</b>
Total segment liabilities	1,542,453	618 109	-	48	-	<b>2,160,610</b>
Unallocated liabilities	-	-	-	-	53,693	<b>53,693</b>

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<b>Total liabilities</b>	<b>1,542,453</b>	<b>618 109</b>	<b>-</b>	<b>48</b>	<b>53,693</b>	<b>2,214,303</b>
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Data of line 3 "Undistributed assets" in the amount of 253,584 thousand UAH consist of:

- UAH 107,556 thousand. "Investment real estate";
- 40,652 thousand UAH . "Fixed assets and intangible assets";
- UAH 4,909 thousand "Deferred tax asset";
- UAH 100,467 thousand. "Other assets"

The data of line 7 "Unallocated liabilities" in the amount of UAH 53,693 thousand consist of:

- 50,032 thousand UAH – accounts payable for business operations, taxes, deferred income and other liabilities;
- 3,661 thousand – other liabilities.

Table 24.4. Assets and liabilities of reportable segments for 2023

<i>thousand UAH</i>	<b>Corporate business</b>	<b>Retail business</b>	<b>Treasury</b>	<b>Other segments and operations</b>	<b>Total</b>
<b>Segment assets</b>					
Segment assets	516,876	32 103		-	<b>3,404,622</b>
			2,855,643		
Total segment assets	516,876	32 103	2,855,643	-	<b>3,404,622</b>
Undistributed assets	-	-	-	471,303	<b>471,303</b>
<b>Total assets</b>	<b>516,876</b>	<b>32 103</b>	<b>2,855,643</b>	<b>471,303</b>	<b>3,875,925</b>
<b>Segment liabilities</b>					
Segment liabilities	2,946,682	573 102	-	-	<b>3,519,784</b>
Total segment liabilities	2,946,682	573 102	-	-	<b>3,519,784</b>
Unallocated liabilities	-	-	-	56,262	<b>56,262</b>
<b>Total liabilities</b>	<b>2,946,682</b>	<b>573 102</b>	<b>-</b>	<b>56,262</b>	<b>3,576,046</b>

Data of line 3 "Undistributed assets" in the amount of UAH 471,303 thousand consist of:

- 257,329 thousand UAH . "Cash and funds on correspondent accounts in other banks";
- UAH 104,911 thousand "Investment real estate";
- 36,896 thousand . "Fixed assets and intangible assets";
- 4,909 thousand . "Deferred tax asset";
- UAH 67,258 thousand. "Other assets"

The data of line 7 "Unallocated liabilities" in the amount of UAH 56,262 thousand consist of:

- 46,694 thousand UAH – accounts payable for business operations, taxes, deferred income and other liabilities;
- 9,568 thousand – other liabilities.

The Bank does not submit "Information on Geographic Regions" because it carries out its business activities only in Ukraine.

## 22. POTENTIAL LIABILITIES OF THE BANK

### Hearing cases in court

The presence of lawsuits in courts regarding the provision of financial services by the Bank and the status of their consideration:

- The lawsuit to recover from the Bank the amount of the guarantee in the amount of UAH 759 thousand . Case No. 910/1136/20 is being considered in the court of first instance.

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- The lawsuit to recover from the Bank the amount of the guarantee in the amount of 249 thousand UAH . Case No. 910/6428/23 was suspended in the court of first instance pending consideration of another related case.
- The lawsuit to recover from the Bank the amount of the guarantee in the amount of UAH 155 thousand . Case No. 910/21822/21 is being considered in the court of first instance.
- The lawsuit to recover from the Bank the amount of the guarantee in the amount of UAH 626 thousand . Case No. 910/10010/22 was stayed in the court of first instance pending consideration of another related case.
- The lawsuit to recover from the Bank the amount of the guarantee in the amount of UAH 285 thousand . Case No. 910/17418/23 is being considered in the court of second instance.
- The lawsuit to recover from the Bank the amount of the guarantee in the amount of 5,470 thousand UAH . Case No. 910/19068/23 is being considered in the court of first instance.
- Claim to recover from the Bank the amount of the guarantee in the amount of 110 thousand UAH . Case No. 910/19128/23 is being considered in the court of first instance.
- The lawsuit to recover from the Bank the amount of the guarantee in the amount of UAH 371 thousand . Case No. 910/3587/24 is being considered in the court of first instance.

The Bank's management considers the risk of losses to the Bank due to these lawsuits to be unlikely, as it has experience in resolving similar legal cases in favor of the Bank.

### Potential tax liabilities

Currently, Ukraine has a number of laws and regulations in force regarding various taxes and fees levied by both state and local authorities. The taxes that are applied include income tax, value added tax, payroll tax, and other taxes and fees. The laws that regulate these taxes change frequently, and their provisions are often unclear or not developed. There is also a lack of judicial precedents on these issues. There are different points of view regarding the interpretation of legal norms among state ministries and organizations (for example, the tax administration and its inspectorates), which causes general uncertainty. The correctness of tax declarations, as well as other issues of compliance with the law, are subject to verification and study by a number of regulatory bodies, which are legally authorized to impose fines and penalties in significant amounts. The listed factors determine the presence of tax risks in Ukraine that are much greater than those that exist in countries with more developed tax systems.

Management believes that the Bank's activities are carried out in full compliance with the applicable legislation governing its activities and that the Bank has accrued all applicable taxes. In cases where there is uncertainty regarding the amounts of taxes payable, accruals are made based on the Bank's management's estimates based on the analysis of information available to it.

### Capital investment commitments

The Bank has no contractual obligations related to the reconstruction of buildings, the acquisition of fixed assets and intangible assets.

### Operating lease obligations (rent)

Table 22.1. Future minimum lease payments under a non-cancellable operating lease agreement of the lessee bank

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Up to 1 year	8,883	12,208
<b>Total</b>	<b>8,883</b>	<b>12,208</b>

### Compliance with special requirements

The Bank did not enter into agreements to obtain loan funds on special terms.

### Lending commitments

The main purpose of these instruments is to provide funds to meet the financial needs of customers. Guarantees and standby letters of credit, which are irrevocable guarantees that the Bank will make payments in favor of third parties in the event of a customer's default, have the same credit risk as loans.

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Documentary and commodity letters of credit, which are written obligations of the Bank on behalf of its clients, authorizing third parties to demand payment from the Bank in specified amounts in accordance with specific conditions, are secured by the consignments of goods to which they relate or by cash deposits, therefore, have a lower level of risk than loans.

Commitments to extend credit represent unused amounts intended for lending in the form of loans, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Bank is exposed to potential losses in the total amount of unused commitments in the event of full disbursement of the unused amount of such credits to customers. However, the potential amount of losses is less than the total amount of unused commitments, as the fulfillment of most commitments to extend credit depends on customers' compliance with certain credit standards.

The Bank monitors the maturity of its lending commitments as longer-term commitments are generally characterized by higher credit risk than short-term commitments. Outstanding lending commitments were as follows:

Table 22.2. Structure of lending commitments

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Guarantees issued	1,352,823	1,364,890
Lending commitments provided	18,044	20,782
Unused credit lines	102,909	216 135
Reserve for issued guarantees	(2,165)	(2,060)
<b>Total lending-related liabilities, less provision</b>	<b>1,471,611</b>	<b>1,599,747</b>

The total amount of credit-related obligations under the contract does not necessarily represent the amount of cash that will be required to be paid in the future, as many of these obligations may be unclaimed or terminated before their term expires.

Table 2 2.3. Lending commitments by currency

<i>thousand UAH</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
US dollar	186,955	233 122
Euro	37,996	21,492
Hryvnia	1,246,660	1,345,133
<b>Total</b>	<b>1,471,611</b>	<b>1,599,747</b>

**Assets pledged as collateral and assets subject to restrictions on possession, use**

As of March 31, 2024 The Bank had assets with limited used with the following carrying amount :

- warranty deposits for settlements with international by the Mastercard payment system in the amount of UAH 1,569 thousand.
  - warranty security (principal) for settlements with international Mastercard payment system in the amount of UAH 9,413 thousand.
  - warranty deposits for settlements with international payment system Welsen d in the amount of 20 thousand UAH.
  - warranty deposits for settlements with international Apple payment system Pay in the amount of 28 thousand UAH
- Others assets , regarding whose provided There are no restrictions on their possession , use , and disposal .

**23. RELATED PARTY TRANSACTIONS**

According to IAS 24 " *Related Party Disclosures* ", related parties are considered parties if one of them has the ability to control or significantly influence the operating and financial decisions of the other party.

The Bank recognizes persons related to the Bank in accordance with the requirements of Article 52 of the Law of Ukraine "On Banks and Banking Activities".

Table 23.1. Balances on transactions with related parties as of March 31, 2024

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thousand UAH

	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Client funds	132	2,223	553
Loans and customer debt	-	12	-
Loan impairment allowance	-	(1)	-
Other obligations	-	931	-

Table 23.2. Income and expenses from transactions with related parties for the 3 months ended March 31, 2024

thousand UAH

	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Interest income	-	2	-
Commission income	4	13	60
Foreign currency revaluation	-	-	-
Other operating income	-	7	35
Interest expenses	-	(25)	-
Reduction usefulness financial assets ( reserve formation )	-	1	-
Employee benefits expenses	-	(5,831)	-
Other administrative and operating expenses	-	(5)	(2)

Table 23.3. Balances on transactions with related parties as of December 31, 2023

thousand UAH

	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Client funds	216	2,230	131
Loans and customer debt	-	16	-
Loan impairment allowance	-	(1)	-
Other obligations	-	3,214	-

Table 23.4. Income and expenses from transactions with related parties for 2023

thousand UAH

	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Interest income	-	8	-
Commission income	679	108	231
Foreign currency revaluation	-	-	-
Other operating income	134	24	26
Interest expenses	-	(87)	(38)
Employee benefits expenses	-	(14,609)	-
Other administrative and operating expenses	-	(16)	(11,315)

Table 23.5. Payments to key management personnel

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<i>thousand UAH</i>	<b>March 31, 2024</b>		<b>March 31, 2023</b>	
	<b>Costs</b>	<b>Accrued liability</b>	<b>Costs</b>	<b>Accrued liability</b>
Current employee benefits	5 786	921	2,922	643
Severance payments	45	10	-	-

**24. EVENTS AFTER THE BALANCE SHEET DATE**

There were no events after the balance sheet date that required adjustments to the Bank's annual financial statements.