



**RwSbank**  
Respect with Stability

# JOINT STOCK COMPANY "RWS BANK"

INTERIM CONDENSED FINANCIAL STATEMENTS  
IN ACCORDANCE WITH IFRS  
for the 9 months ended September 30, 2024

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# INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
AS OF SEPTEMBER 30 2024

<i>thousand UAH</i>	Notes	September 30, December 31, 2023 2024	
<b>ASSETS</b>			
Cash and cash equivalents	4	819,582	2,109,911
Loans and customer debt	5	439 103	547,842
Investments in securities	6	1,067,453	1,003,060
Investment property	7	136,070	104,911
Current income tax receivable		7,442	-
Deferred tax asset		4,909	4,909
Fixed assets, right-of-use assets and intangible assets	8	41,054	36,896
Other assets	9	72,727	68,396
<b>Total assets</b>		<b>2,588,340</b>	<b>3,875,925</b>
<b>OBLIGATION</b>			
Client funds	10	2 167 157	3,519,136
Current income tax liabilities		-	5,678
Provisions for liabilities	11	1,970	2,061
Other obligations	12	90,009	49,171
<b>Total liabilities</b>		<b>2,259,136</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		14,093	13,793
Revaluation reserves		20 124	1,431
Retained earnings (uncovered loss)		(53,052)	(63,384)
<b>Total equity</b>		<b>329,204</b>	<b>299,879</b>
<b>Total liabilities and equity</b>		<b>2,588,340</b>	<b>3,875,925</b>

Approved for release and signed on October 28, 2024

Acting Chairman of the Board

Valentyna VASKOVSKA

Chief Accountant

Olena BURDINA

**INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER  
COMPREHENSIVE INCOME (STATEMENT OF FINANCIAL RESULTS) FOR THE 9  
MONTHS ENDED SEPTEMBER 30, 2024**

thousand UAH

	Notes	For the current interim period (three months)	September 30, 2024 cumulative total since the beginning of the year	For the comparative interim period (three months) of the previous year	September 30, 2023 cumulative total since the beginning of the year
Interest income	16	79,998	261,164	76,492	206,695
Interest expenses		(26,777)	(84,527)	(32,596)	(95,065)
<b>Net interest income/(Net interest expense)</b>		<b>53,221</b>	<b>176,637</b>	<b>43,896</b>	<b>111,630</b>
Commission income	17	54,090	163 184	50,660	132,623
Commission costs	17	(11,003)	(47,209)	(11,828)	(46,584)
Net profit/(loss) from transactions with financial instruments at fair value through profit or loss		-	-	437	437
Net profit/(loss) from transactions with debt financial instruments carried at fair value through other comprehensive income		993	3,513	27	(3,402)
Net profit/(loss) from foreign currency transactions		8,278	71,381	13,581	66,337
Net profit/(loss) from foreign currency revaluation		344	(201)	(436)	(2,297)
Net profit/(loss) from revaluation of investment property		-	-	-	(2,106)
Net gain/(loss) from impairment of financial assets		(15,524)	(44,953)	(486)	(13,569)
Net gain/(loss) from impairment of other assets		316	578	(181)	(998)
Net loss/(gain) from increase/(decrease) in provisions for liabilities	11	773	90	(6)	(358)
Other operating income	18	1,598	8,306	4 112	9,823
Employee benefits expenses		(57,005)	(141,621)	(22,720)	(64,854)
Depreciation and amortization expenses		(3,790)	(10,857)	(2,482)	(6,948)
Other administrative and operating expenses	18	(32,195)	(168,216)	(72,010)	(165,713)
<b>Profit/(loss) before tax</b>		<b>96</b>	<b>10,632</b>	<b>2,564</b>	<b>14,021</b>
<b>Profit/(loss)</b>		<b>96</b>	<b>10,632</b>	<b>2,564</b>	<b>14,021</b>
<b>OTHER TOTAL INCOME:</b>					
<b>ITEMS TO BE RECLASSIFIED TO PROFIT OR LOSS</b>					
Changes in the results of revaluation of debt financial instruments		(4,937)	18,693	10,441	33,193
<b>Total cumulative income</b>		<b>(4,841)</b>	<b>29,325</b>	<b>13,005</b>	<b>47,214</b>

Approved for release and signed on October 28, 2024

Acting Chairman of the Board

Valentyna VASKOVSKA

Chief Accountant

Olena BURDINA

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (STATEMENT OF  
EQUITY) FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2024**

## JOINT STOCK COMPANY "RVS BANK"

Interim condensed financial statements for the 9 months ended September 30, 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:	-	-	300	18,693	10,332	29,325
<i>profit/(loss)</i>	-	-	-	-	10,632	10,632
<i>other comprehensive income</i>	-	-	-	18,693	-	18,693
<i>Distribution of profits to reserve and other funds</i>	-	-	300	-	(300)	-
<b>Balance as of September 30, 2024</b>	<b>300,039</b>	<b>48,000</b>	<b>14,093</b>	<b>20 124</b>	<b>(5 3 052)</b>	<b>329,204</b>

Approved for release and signed on October 28, 2024

Acting Chairman of the Board

Valentyna VASKOVSKA

Chief Accountant

Olena BURDINA

## INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2024

<i>thousand UAH</i>	Notes	30 September 2024	30 September 2023
<b>OPERATIONAL ACTIVITIES</b>			
Interest income received		252 437	183 414
Interest expenses paid		(87,035 )	( 91 307 )
Commission income received		164,344	133 231
Commissions paid		( 43,209)	( 45 246 )
Result of foreign currency transactions		71,380	66 774
Other operating income received		11 819	6 422
Personnel maintenance payments paid		(137 029)	( 65 674 )
Income tax paid		(13,119)	(2,311)
Administrative and other operating expenses paid		( 179 073)	( 166 997 )
<b>Cash received/(paid) from operating activities before changes in operating assets and liabilities</b>		<b>40 515</b>	<b>18,306</b>
Changes in operating assets and liabilities			
Net (increase)/decrease in loans and advances to customers		31,182	( 27 755 )
Net (increase)/decrease in other assets		( 3 260 )	( 43,995 )
Net increase/(decrease) in banks' funds			
Net increase/(decrease) in customer funds		(1,349 472)	317 147
Net increase/(decrease) in other liabilities		32,246	(28 345)
<b>Net cash flows from operating activities</b>		<b>(1,248,789)</b>	<b>235 358</b>
<b>INVESTMENT ACTIVITIES</b>			
Purchase of securities		(87 215 )	( 429 454 )
Proceeds from the sale of investments in securities		842,396	473,568
Purchase of investment property			
Proceeds from the sale of investment property		257	90,455
Acquisition of fixed assets		(5,944 )	( 12 591 )
Proceeds from the sale of fixed assets			15
Acquisition of intangible assets		( 5,834 )	( 3,018 )
<b>Net cash flows from investing activities</b>		<b>(41,276)</b>	<b>118 975</b>
Net exchange rate difference		(201)	(2,297)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>( 1,290 266)</b>	<b>352 036</b>
<b>Cash at the beginning of the period</b>		<b>820,903</b>	<b>1,241,079</b>
<b>Cash at the end of the period</b>	4	<b>820,903</b>	<b>1,241,079</b>

Approved for release and signed on October 28, 2024

Acting Chairman of the Board

Valentyna VASKOVSKA

Chief Accountant

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## 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 September 30, 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
- Kateryna Ruslanivna 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 third quarter of 2024 continues full-scale war and related with her safe threats are key systemic risk for the economy and the financial sector. According to the assessment of the Monetary Policy Department politics and economic NBU analysis in the economic environment were as follows trends :

- Growth economist countries – OTP Ukraine slowed down , inflationary pressure in the future weakened . World oil prices temporarily collapsed due to expectations excessive offers , on the other hand, for natural gas – were stable . Prices for goods important for the Ukrainian export , after substantial decrease restored growth . Leading central banks lowered interest rates, while most EM central banks were waiting .

- Consumer inflation expected accelerated to 7.5% y/y in August (from 5.4% y/y in July ) , primarily due to limited proposal separate food products . However basic inflation increased more significant than was predicted , due to transfer to prices higher expenses business for raw materials , energy and labor . Supported price pressure and effects weakening hryvnia exchange rate in previous months . According to NBU estimates , inflation also accelerated in September .

- In September lasted revival economic activities in a number of industries against the background mainly stable situation in the energy sector , stable functioning sea corridor and faster than last year , the harvest of late crops. As a result in the future increased volumes transportation , grew industry and agriculture.

- In September, the demand for workers in the future grew thanks to revival economic activity , at the same time abbreviation The number of resumes has stopped . However, the shortage of workers remains a pressing problem for businesses and supports high pace growth nominal salaries.

- deficit ( excluding grants in revenues ) in September something narrowed . Budgetary needs were financed by accumulated funds from received in August international assistance , as well as internal borrowings , volumes which in September were the largest since the beginning of the year.

- Significant volumes international financial assistance determined both the current account surplus and the inflow capital by financial account in August . In addition , some narrowed deficit trade in goods. As a result gross international reserves increased to \$42.3 billion as of the end of August .

- In September, the NBU maintained discount rate at 13 % and increased volumes interventions to sell currency to ensure stable situations in the foreign exchange market and restrictions inflationary pressure . This contributed support interest citizens' interest in savings in hryvnia : has resumed growth term deposits , continued build-up investments in the environmental protection .

### External environment

Revival growth economist countries – OTP Ukraine slowed down , inflationary pressure remained sustainable . World oil prices recovered growth , while natural gas prices fluctuated in a narrow range range at elevated compared to previous ones for months levels . Expectations of leading central banks' rate cuts are somewhat increased , while EM central banks held waiting room position . Ahead indicators indicated moderate revival economist majority countries – OTP of Ukraine , which contributed growth new orders and employment . At the same time, inventories are moderately have decreased , and international trade flows trade again narrowed , in particular due to lengthening terms supply because of deterioration situations in the Red Sea and the Panama Canal channel . As a result production costs grew at the fastest pace in the last year that led to growth vacation prices . This , with for its part, supported resistant inflationary pressure in countries – OTP of Ukraine ( UAwCPI ).

World oil prices were rising under pressure strengthening geopolitical tension and seasonal growth demand for products oil refining . Additional factor was continuation actions OPEC+ restrictions Instead stable volumes extraction in the USA, Libya , Iran , Angola and Venezuela restrained faster growth Gas prices in Europe fluctuated in relation narrow range at elevated compared to previous ones for months levels . Increase LNG demand in the European and Asian markets due to hot weather, as well as in Australia due to cold weather , was pushed sideways growth prices . Instead, everything is still comfortable gas reserves in Europe for the current period and gradual restoration production Norway restrained growth prices .

World prices for goods that are important for Ukrainians exports , decreased under influence high supply . Prices for steel and iron ore declined . Global demand remained weak due to the summer season calm in the countries Middle East, North Africa and parts of Europe , as well as the monsoon season in the ESA countries . Instead stand world the offer , primarily from China, has shaped excess relevant goods in the market and pushed to the side decrease Prices for wheat and corn also fell . Significant world excess supply provided current demand given the gradual market entry of the new US crop and the second crop Brazil , as well as improvements weather conditions, especially in countries Black Sea region that intensified competition between exporters .

Expectation of leading central banks' rate cuts are somewhat increased , while EM central banks took waiting room position . Bank of Canada first among G7 countries in June lowered base rate. The ECB followed suit and lowered rates and signaled further gradual decrease . At the same time, the Fed maintained targeted range and will continue reduce the balance sheet. According to FOMC forecasts , currently expected one decrease by the end of this year. Instead, the Bank of Japan , despite the current saving bets, signaled a possible their increase soon on the background strengthening pro-inflationary risks . Financial markets are increasingly more are waiting Fed and ECB rate cuts in September ( 53% and 65% probability respectively ). Probability another cut in 2024 is 60% for the Fed and about 75% for the ECB. EM

central banks are postponing or slow down pace mitigation politics against the backdrop preservation high Fed rates and increased inflationary expectations .

### **Internal environment**

In September 2024, consumer annual inflation (y/y) accelerated to 8.6 % from 7.5% in August . In the monthly measurement prices increased by 1.5%. About this testify data published by the State Statistics Service of Ukraine .

Actual pace growth prices were higher than the forecast published in the Inflation Report report for July 2024. The deviation from the forecast is primarily due to a more rapid acceleration of food inflation due to limited supply of individual food products.

Fundamental inflationary the pressure also increased stronger than was predicted . Yes, the indicator basic inflation in September rose to 7.3% from 6.5% in August . This dynamics was caused price increase processed products food under influence larger cost food raw materials , as well as further growth production expenses , in particular for energy supply and labor costs . Supported price pressure and effects transfer from weakening hryvnia exchange rate in previous months .

Hot weather without rain affected the yield , timing ripening and quality parameters of a number of vegetables and fruits , which reflected on them suggestions . In particular , rather became more expensive borscht vegetables and tomatoes , remained high and the pace growth prices for cucumbers . Growth cost raw materials and production expenses affected the prices of flour and cereals . The increase in milk prices accelerated due to limited offer for simultaneous preservation high demand from dairy processing companies enterprises and activation Exports have resumed . growth prices for chicken, while pork will continue to rise became cheaper . It also lasted decrease sugar and egg prices thanks to high offers .

Faster became more expensive tobacco products , including under influence fight against the shadow economy products . Prices for alcoholic beverages decreased somewhat more slowly, probably due to an increase in certain excise taxes. The growth in prices for pharmaceutical products, medical goods and equipment accelerated, probably due to the exchange rate factor and the increase in morbidity. As before, inflation was restrained by the moratorium on increasing tariffs for certain housing and communal services for the population.

First stage the increase in excise tax on fuel since September was reflected primarily due to the increase in prices autogas , at the same time low Oil prices and high inventories held back increase in the price of gasoline and diesel.

The price increase of processed food products accelerated rapidly to 8.9% y/y. The growth rate of prices for bread, some flour and confectionery products increased significantly due to higher production costs. Prices for most fermented milk products, cheeses and butter continued to grow under the influence of limited supply of raw milk, growth in purchase prices and increased exports of exchange-traded goods. Also faster became more expensive separate imported goods , including coffee, tea, chocolate and olive oil Sunflower oil prices oil slowed down fall under influence price trends in global markets. Strengthening pressure from production expenses stopped long-term slowdown growth prices for meat products . Prices for non-food goods moderately accelerated growth (by 2.2% y/y), primarily under the influence of the exchange rate factor in previous months . Decrease prices for clothing and shoes remained at the level previous month , probably thanks to growth competition between domestic and imported products .

Services also became more expensive something faster – by 10.9% y/y under pressure expenses business for labor , energy and products nutrition . In particular , faster grew prices for security services health , communications , education , restaurants and hotels . Instead slowed down growth cost insurance , transport services and operation own transport means .

Inflationary pressure will persist in the coming months due to increased budget expenditures, further worsening of labor market imbalances, and the expected increase in electricity shortages during the heating season. Monetary NBU policy will be aimed at maintaining moderate inflation this year, gradually its deceleration from the second half of 2025 and a subsequent return to the 5% target .

### **Fiscal sector**

After certain slowdown at the beginning of the year against the background reserved budget expenditure , stimulating influence fiscal policies on economic activity again intensified .

Testimony this was tangible expansion negative cyclical adjusted primary balance in the second quarter of 2024. Further improvement in the state of own resources , including thanks to overfulfillment of the tax plan revenues , and received international help made it possible substantially to increase expenses , volume which reached the second largest in the quarter value from the beginning of full-scale wars .

Expenses increased in a number of areas primarily for military needs , humanitarian purposes and measures related to the elimination of consequences destruction . So , the public sector will continue to provides powerful incentives economic growth , but in conditions irregularity revenues international aid in 2024 volumes expenses significantly fluctuate , that maybe to cause significant volatility at the pace growth economic activities in a number of sectors .

State capital investment remained significant source investment in conditions uncertainties . They will continue grew at a high pace with an emphasis on defense projects, in particular production weapons and assembly fortifications buildings , as well as restoration infrastructure , in particular During the 2nd and 3rd quarters , private investments in development transport infrastructure in the western border , expansion capacities for storage and transportation of agricultural products . However weakening economic activity due to electricity shortage and deterioration business expectations , probably , restrained investment activity enterprises .

State expenses will remain significant factor economic growth over the forecast horizon . Significant budget deficits , despite their gradual reduction from 22.8% of GDP in 2024 to 10.3% of GDP in 2026 , will be due to first of all

necessity financing significant needs for defense and security, and later for reconstruction and humanitarian projects. Extensions internal resource bases will provide consistent narrowing budget deficit, although fiscal policy will remain soft. This will stimulate investment activities, in particular reconstruction projects infrastructure and expansion production capacity weapons. As far as normalization of operating conditions economy and revitalization European integration processes investment attractiveness countries will grow, that will contribute restoration private investment.

#### **Banking sector**

For 9 months of 2024, the number operating in Ukraine banks decreased by one to 62: in June was withdrawn banking Alpari bank license for its own initiative without interruption legal entity. The bank's exit did not affect the sector given its meager share in net assets (less than 0.01%). Share clean assets state-owned banks in 9 months decreased by 0.3 pp. to 53.3%, primarily due to faster increase credit portfolios in banks others groups. Instead fraction state-owned banks in costs population increased by 0.3 percentage points and reached 64.1%.

During 3 quarters of 2024 and beyond lasted downward trend in interest rates. The NBU lowered the discount rate twice – in April and June – by a total of 1.5 percentage points, to 13.0% per annum. In response to this reduction of rates at the expense of the population something accelerated. According to the new engagements hryvnia deposits (including demand deposits) the rate decreased by 0.7 percentage points, to 10.2% per annum. On annual deposits of individuals people according to the UIRD indicator, the rate decreased commensurate with 13.3% per annum. Already during three quarters spread between deposit rates of different terms remains insignificant. Rates on attracted funds of entities management decreased faster than retail – by 1 percentage point, up to 8.5% per annum. Rates for new hryvnia loans to entities management decreased during the quarter by another 1.4 percentage points, to 15.2% per annum. Such level corresponds indicators the end of the “pre-war” 2019. For new loans to individuals, the rate fluctuated during the second quarter something above equal the previous quarter – about 28% per annum.

Thanks to high operating room efficiency and low The sector received UAH 39 billion in profit in the second quarter with a profit tax rate of 25%. This is 2% lower than in the first quarter. this year, but 17% higher than in the second quarter last year. Privatbank generated 43% of the sector's profit. The loss-making banks for the quarter were eight small banks from cumulative loss of UAH 0.1 billion. Decrease market rates resulted in gradual reduction profitability assets, most significantly – in deposit accounts NBU certificates. The sector's income from them decreased for the first time since the first quarter of 2021 - by 9.5% y/y. Instead slightly increased yield loans granted individuals.

Yield loans business and government bonds have hardly changed compared to the previous quarter. Decrease cost obligations was Net interest margin narrowed, returning to last year's levels. size – 7.5%. The growth of net commission income was slow – 6.8% y/y. Suspended fall profit from operations currency buying and selling, and the positive result of the revaluation of government bonds supported growth operating income. Main components operating expenses for the quarter increased, in particular personnel expenses, by 6.8% q/q and 19.1% y/y. However operating income grew faster than expenses. So net operating income growth profit before deductions to reserves accelerated to 28.6% y/y. Ratio operating Cost to operating income ratio (CIR) was 37.1% compared to 40.1% in Q2 2023. Operationally were unprofitable for the quarter five small banks. Significant profit contributed an increase in regulatory capital, which grew by 10.6% during the quarter.

Since the beginning of August, banks have been taking into account in standards sufficiency capital calculated size market risk. At the same time, banks switched to a new structures capital and regulations its sufficiency. Accumulated capital stock, current profitability and a number of transitional norms have made this transition harmonious and even raised ability banks to lend. In June approved Development strategy lending. On its NBU implementation already introduced elevated coefficients liquidity security in the form of energy equipment and improved mechanisms assessments risks investment projects. This already reflected in the revival lending energy. Further implementation strategies will contribute growth credit portfolios banks and eliminating imbalances between credit demand and supply in certain areas. Next year the NBU will conduct traditional assessment stability banking system, which will include assessment qualities assets external auditors and stress testing both baseline and negative scenarios.

### **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:

UAH	September 30, 2024	December 31, 2023
1 US dollar	41.1664	37.9824
1 euro	45.9541	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 second 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

## JOINT STOCK COMPANY "RVS BANK"

*Interim condensed financial statements for the 9 months ended September 30, 2024*

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.

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>September 30, 2024</b>	<b>December 31, 2023</b>
Cash	153,434	165,037
Funds in the National Bank of Ukraine	196,715	92,291
Correspondent accounts, deposits and overnight loans in banks:		
Ukraine	207,754	268,841
Certificates of deposit issued by the National Bank of Ukraine	265,625	1,588,976
Reserve for cash and cash equivalents	(3,946)	(5,234)
<b>Total cash and cash equivalents</b>	<b>819,582</b>	<b>2,109,911</b>

Table 4.2. Non-cash financial transactions

<i>thousand UAH</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Accrued income on deposit certificates issued by the National Bank of Ukraine	2,625	3,976

There are no restrictions on the use of funds.

As of September 30, 2024, the balances on correspondent accounts are neither past due nor impaired.

During the third 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.

Note 4 data is included in the “Statement of Financial Position”, “Statement of Cash Flows”.

As of September 30, 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 in accordance with the established standards (reserve base) for the maintenance period from 11.09.2024 to 10.10.2024 is 284,665 thousand UAH. The average balance on the correspondent account for the maintenance period from 11.09.2024 to 10.10.2024 was 166,916 thousand UAH.

## **5. CUSTOMER LOANS AND DEBT**

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Table 5.1. Loans and receivables from customers

<i>thousand UAH</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Loans and receivables from customers carried at amortized cost	521,215	586,810
Loan impairment allowance	(82,112)	(38,968)
<b>Total loans and advances to customers less provisions</b>	<b>439 103</b>	<b>547,842</b>

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

<i>thousand UAH</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Loans granted to legal entities,	489,041	539,192
including mortgage loans	126,931	166,433
Loans granted to individuals,	32,174	47,618
including mortgage loans	17,224	24,887
Provision for loans to customers carried at amortized cost	(82,112)	(38,968)
<b>Total loans and advances to customers carried at amortized cost</b>	<b>439 103</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 September 30, 2024 amounted to UAH 11,958 thousand and as of December 31, 2023 – UAH 13,717 thousand .

As of September 30, 2024, the concentration of loans issued by the Bank to the ten largest borrowers amounted to UAH 268,018 thousand (61% of the total loan portfolio). A provision of UAH 39,075 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 9 months ended September 30, 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	314,859	72,747	133,609	521,215
Minimal credit risk	314,859	-	-	314,859
Average credit risk	-	72,747	-	72,747
High credit risk	-	-	133,609	133,609
Total gross carrying amount of loans and advances to customers accounted for under the AC	314,859	72,747	133,609	521,215
Provisions for impairment of loans and receivables from customers, which are accounted for under the AC	(19,399)	(25,765)	(36,948)	(82,112)
<b>Total loans and receivables of customers accounted for by the AC</b>	<b>295,460</b>	<b>46,982</b>	<b>96,661</b>	<b>439 103</b>



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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
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

<i>thousand UAH</i>	<b>30 September 2024</b>		<b>December 31, 2023</b>	
	sum	%	sum	%
Agriculture, hunting and related services	32,001	6	20,758	4
Construction of buildings	21,854	4	88,307	15
Wholesale and retail trade in motor vehicles and motorcycles, their repair	130,484	26	155,207	26
Wholesale trade, except of motor vehicles and motorcycles	146,529	28	148 198	25
Land and pipeline transport	1,799	-	42,045	7
Provision of financial services, except insurance and pension provision	42,314	8	62,286	11
office activities ; management consulting	27,898	5	-	-
Real estate transactions	58,650	11	-	-
Individuals	51,485	10	47,618	8
Waste collection, treatment and disposal; materials recovery	-	-	13,311	2
Others	8,201	2	9,080	2
<b>Total loans and receivables to customers without provisions</b>	<b>521,215</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

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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 type of collateral for the 9 months ended September 30, 2024

<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	148,000	-	7,786	-	155,786
Loans secured by:	214 110	126,931	7,164	17,224	365,429
<i>in cash</i>	48,754	-	3,919	-	52,673
<i>real estate</i>	44,860	126,931	3,245	17,224	192,260
<i>including residential use</i>	27,189	-	3,245	-	30,434
<i>other assets</i>	120,496	-	-	-	120,496
<b>Total loans and receivables to customers without provisions</b>	<b>362 110</b>	<b>126,931</b>	<b>14,950</b>	<b>17,224</b>	<b>521,215</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 9 months ended September 30, 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)	(38,968)
Transition to stage 1	(2,381)	-	-	(2,381)
Transition to stage 2	-	(16,087)	-	(16,087)

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Transition to stage 3	-	-	(24,676)	(24,676)
<b>Impairment reserve at the end of the period September 30, 2024</b>	<b>(19,399)</b>	<b>(25,765)</b>	<b>(36,948)</b>	<b>(82,112)</b>

Table 5.9. Analysis of changes in gross carrying amount for impairment of loans and advances to customers carried at amortized cost for the 9 months ended September 30, 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>	343,606	101,504	102,732	547,842
Transition to stage 1	-	-	-	-
Transition to stage 2	-	-	-	-
Transition to stage 3	-	-	-	-
Other changes (increase in trade payables carried at amortized cost)	-	-	-	-
Other changes (reduction in trade receivables carried at amortized cost)	(48,146)	(54,522)	(6,071)	(108,739)
<b>Gross book value as of September 30, 2024</b>	295,460	46,982	96,661	439 103

Table 5.10. Impact of collateral value on credit quality for the 9 months ended September 30, 2024

<i>thousand UAH</i>	<b>Carrying amount</b>	<b>Collateral value</b>	<b>Impact of collateral</b>
Loans granted to legal entities,	489,041	307,394	181,647
including mortgage loans	126,931	78,917	48,014
Loans granted to individuals for current needs,	32,174	20,745	11,429
including mortgage loans	17,224	8,601	8,623
<b>Total loans</b>	<b>521,215</b>	<b>328 139</b>	<b>193,076</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,	539,192	331,643	207,549
including mortgage loans	166,433	68,729	97,704
Loans granted to individuals for current needs,	47,618	19,770	27,848
including mortgage loans	24,887	8,189	16,698
<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 2,718 thousand.

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

	30 September 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>	1,001,275	966,696
Revaluation of debt securities refinanced by the NBU, which are accounted for at fair value through other comprehensive income	20 120	1,430
Unamortized premium/discount on debt securities refinanced by the NBU, which are accounted for at fair value through other comprehensive income	10,836	(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	35,222	37,422
<b>Total securities less reserves</b>	<b>1,067,453</b>	<b>1,003,060</b>

Table 6.2. Analysis of credit quality of debt securities for the 9 months ended September 30, 2024

thousand UAH

	Government bonds	Total
Not past due and not impaired	-	-
<i>Government institutions and enterprises</i>	1,067,453	1,003,060
<b>Total debt securities less reserves</b>	<b>1,067,453</b>	<b>1,003,060</b>

, 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 UAH **1,067,452** thousand, were recorded in debt securities accounts. 651 pieces, with a nominal value of UAH 1,000.00 per bond and in the amount of 1,084 pieces, with a nominal value of USD 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*

	September 30, 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	30,504	34,916
Improvement	655	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>136,070</b>	<b>104,911</b>

The receipt of investment property in the third 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. In accordance with 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 valuers who have the appropriate professional qualifications and experience in valuing similar properties in Ukraine. The fair value of investment property as of September 30, 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*

	September 30, 2024	September 30, 2023
Rental income from investment property	455	2818

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*

	September 30, 2024	December 31, 2023
Up to 1 year	108	401
From 1 to 5 years	600	-
More than 5 years	-	848
<b>Total payments receivable under operating leases</b>	<b>708</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>7 040</b>	<b>1361</b>	<b>186</b>	<b>743</b>	<b>56 30</b>	<b>6192</b>	<b>3,745</b>	<b>2 5213</b>
Original (revalued) cost	316	2044 4	1997	615	671 4	1651 9	6,192	9715	6251 2
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	(3 1)	(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 December 31, 2023</b>	<b>28 5</b>	<b>8184</b>	<b>2290</b>	<b>127</b>	<b>225</b>	<b>9881</b>	<b>9767</b>	<b>6137</b>	<b>3 6 896</b>
Original (revalued) cost	316	25246	3,152	615	1329	22311	9767	14142	768 78
Depreciation at the end of the reporting period	( 3 1)	( 17062 )	( 862 )	(4 88 )	(1104)	( 12430 )	-	( 8005 )	(39982)
Incoming	244	5808	-		3381	7897	15599	5834	38763
Other transfers (put into operation	-	-	-	-	-	-	(22,872)	-	( 22,872 )
Depreciation deductions	(40)	(2312)	(295)	(43)	(659)	(4895)	-	(2613)	(10857)
Revaluation (mark-up) of an asset	-	-	-	-	(475)	-	-	-	(475)
Disposal of original cost	-	-	-	-	-	(764)	-	-	(764)
Depreciation write-off	-	-	-	--	-	363	-	-	363
<b>Carrying amount September 30, 2024</b>	<b>489</b>	<b>11,680</b>	<b>1,995</b>	<b>84</b>	<b>2,472</b>	<b>12,482</b>	<b>2494</b>	<b>9,358</b>	<b>41,054</b>
Original (revalued) cost	560	31,054	3,152	615	4,710	29,444	2494	19,976	92,005
Depreciation at the end of the reporting period	(71)	(19,374)	(1157)	(531)	(2238)	(16962)	-	(10618)	( 50951 )

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.).

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There are no fixed assets withdrawn from operation for sale. As of September 30, 2024, the original cost of fully depreciated fixed assets was UAH 12,644 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

thousand UAH

	September 30, 2024	December 31, 2023
<b>Other financial assets:</b>	<b>31 802</b>	<b>17,979</b>
Accrued income from settlement and cash services	670	827
Accrued operating lease income	1,576	2,580
Accounts receivable for payment of debt under the guarantee	10,795	4,604
Accounts receivable for services	1,466	
Receivables from payment card transactions	14,609	7,163
Restricted funds	1 694	1,567
Receivables from transactions with payment systems	717	1,082
Other financial assets	275	156
<i>Reserve for other financial assets</i>	<i>( 11,600)</i>	<i>( 8,475)</i>
<b>Total other financial assets less reserves</b>	<b>20 202</b>	<b>9,504</b>
<b>Other assets</b>	<b>52,943</b>	<b>59,914</b>
Property transferred to the bank as a mortgagee	2,718	689
Deferred expenses	23,344	12,224
Prepayment for services	572	1,609
Accounts receivable from asset acquisition	330	111
Banking metals at the bank branch	25,069	41,030
Receivables for taxes and mandatory payments, except for income tax	14	2,619
Other assets	896	1,632
<i>Reserve for other assets</i>	<i>(418)</i>	<i>(1,022)</i>
<b>Total other assets less reserves</b>	<b>72,727</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 9 months ended September 30, 2024

thousand UAH	Financial assets	Other assets	Total
<b>December 31, 2023</b>	<b>(8,475)</b>	<b>(1,022)</b>	<b>(9,497)</b>

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(Increase)/decrease reserve	(3,125)	604	(2,521)
<b>September 30, 2024</b>	<b>( 11,600 )</b>	<b>( 418 )</b>	<b>( 12,018 )</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>
(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>September 30, 2024</b>	<b>December 31, 2023</b>
Not past due and not impaired debt	<b>17,020</b>	<b>31,414</b>
<i>small companies</i>	-	-
<i>individuals</i>	14,609	15,459
<i>large companies</i>	2,411	15,955
Debt impaired on an individual basis with delayed payment	<b>14,782</b>	<b>10,190</b>
<i>up to 31 days</i>	3,569	1,986
<i>from 32 to 92 days</i>	1,785	1,840
<i>from 93 to 183 days</i>	3,771	1,509
<i>from 184 to 274 days</i>	3,987	103
<i>from 275 to 365 days</i>	1,325	549
<i>more than 365(366) days</i>	345	4,203
<b>Total financial assets before deduction of reserve</b>	<b>31,802</b>	<b>41,604</b>
Reserve for other financial assets	( 11,600 )	(9,745)
<b>Total other financial assets less reserve</b>	<b>20 202</b>	<b>31,859</b>

**10. CUSTOMER FUNDS**

Table 10.1. Client funds

<i>thousand UAH</i>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
State and public organizations:	28,617	9,228



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<i>current accounts</i>	28,617	9,228
Other legal entities:	<b>1,426,750</b>	<b>2,902,791</b>
<i>current accounts</i>	1,020,421	2,444,345
<i>term funds</i>	280,730	353,410
<i>funds in the accounts</i>	125,599	105,036
Individuals:	<b>711 790</b>	<b>607 117</b>
<i>current accounts</i>	295 204	222,687
<i>term funds</i>	375,420	346,448
<i>funds in the accounts</i>	41,166	37,982
<b>Total customer funds</b>	<b>2 167 157</b>	<b>3,519,136</b>

Client funds accounted for at the end of the day on September 30 , 2024 in balance sheet account 2932 "Funds in settlements of business entities", in the amount of 125,599 thousand UAH and on the balance sheet account 2942 "Amounts in settlements of individuals", in the amount of 41,166 thousand UAH transferred as cash collateral (coverage) under the guarantees provided by the bank.

As of September 30, 2024, funds attracted from the ten largest clients of the Bank in the amount of UAH 465,159 thousand constituted 21% 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>	September 30, 2024		December 31, 2023	
	sum	%	sum	%
Production and distribution of electricity, gas and water	20,021	1	52,796	2
Trade, repair of automobiles, household goods and personal items	385,825	17	982,267	28
Individuals	711 790	31	607 117	17
Production of other products	35,251	2	188,073	6
Professional, scientific and technical activities	27,067	1	23,425	1
Real estate transactions, leasing, engineering and service provision	165,972	8	178,553	5
Agriculture, hunting, forestry	7,821	-	9,246	-
Construction	2 01 488	11	381,492	11
Financial and insurance activities	247,545	12	357,515	10
Transport, warehousing, postal and courier activities	60,732	3	70,821	2
Mining industry	18,077	1	17,272	-
Healthcare and social assistance	36,512	2	457,619	13
Production and repair of machinery and equipment	24,694	2	61,058	2
Temporary accommodation and catering	9,092	-	9,967	-
Food production, provision of meals and beverages	24,179	1	6,244	-
Arts, sports, entertainment and recreation	36,768	2	71,244	2

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Information and telecommunications, film and video production, television programs, publishing of sound recordings	41,012	2	-	-
Other	113,311	4	44,427	1
<b>Total customer funds</b>	<b>2,167 157</b>	<b>100</b>	<b>3,519,136</b>	<b>100</b>

During the third 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 9 months ended September 30, 2024

thousand UAH

September 30, 2024

<b>Balance at the beginning of the period</b>	<b>2,061</b>
Formation and/or increase of reserve	-
Dissolution and/or reduction of reserves	(91)
<b>Balance at the end of the period</b>	<b>1,970</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

September 30, 2024 December 31, 2023

Commission for providing guarantees	13,509	13,082
Other payables from transactions with bank clients	12,496	7,997
Bank customers' funds in inactive accounts	42,756	3,436
Deferred income	415	869
Accounts payable debt for services	1	-
Accounts payable for settlements with bank employees	11,528	6,937
Accounts payable for taxes and mandatory payments, except for income tax	1,163	3,704
Accounts payable for fees to the Fund guaranteeing deposits of individuals	860	1,268
Contractual obligations	2,582	218
Accounts payable under contractual obligations	52	448
Other accrued expenses	4,647	647
Accounts payable for business transactions/services	-	10,555
Others	-	10
<b>Total</b>	<b>90,009</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 Simple promotions  
outstanding  
(thousands of  
shares)

Total

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<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 September 30, 2024</b>	<b>12,152</b>	<b>300,039</b>	<b>300,039</b>

There are no shares announced for issuance in the third quarter of 2024.

The nominal value of one share as of the end of the day on September 30, 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 September 30, 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 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 1 4 .1. Movement in revaluation reserves (components of other comprehensive income)

<i>thousand UAH</i>	<b>3 0 September 2024</b>	<b>December 31, 202 3</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>(16,816)</i>	<i>(8,419)</i>
<i>income (expenses) from sales reclassified in the reporting period to profit or loss</i>	<i>35,509</i>	<i>47,444</i>
<b>Balance at the end of the period</b>	<b>20 124</b>	<b>1,431</b>

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

Table 15.1. Analysis of assets and liabilities by maturity

## JOINT STOCK COMPANY "RVS BANK"

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thousand UAH

	30 September 2024			December 31, 2023		
	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	819,582	-	819,582	2,109,911	-	2,109,911
Loans and customer debt	241,896	197,207	439,103	264,536	283,306	547,842
Investments in securities	826,941	240,512	1,067,453	856,871	146,189	1,003,060
Investment property	-	136,070	136,070	-	104,911	104,911
Current income tax receivable	7,442	-	7,442	-	-	-
Deferred tax asset	4,909	-	4,909	4,909	-	4,909
Fixed assets and intangible assets	-	41,054	41,054	-	36,896	36,896
Other assets	72,727	-	72,727	68,396	-	68,396
<b>Total assets</b>	<b>1,973,497</b>	<b>614,843</b>	<b>2,588,340</b>	<b>3,304,623</b>	<b>571,302</b>	<b>3,875,925</b>
<b>OBLIGATION</b>						
Client funds	2,058,915	108,242	2,167,157	2,856,963	662,173	3,519,136
Current income tax liabilities	-	-	-	5,678	-	5,678
Provisions for liabilities	1,687	283	1,970	1,785	276	2,061
Other obligations	63,489	26,520	90,009	41,256	7,915	49,171
<b>Total liabilities</b>	<b>2,124,091</b>	<b>135,045</b>	<b>2,259,136</b>	<b>2,905,682</b>	<b>670,364</b>	<b>3,576,046</b>

**16. INTEREST INCOME AND EXPENSES**

Table 16.1. Interest income and expenses

thousand UAH

30 September 2024 30 September 2023

**Interest income:**

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Loans and customer debt	78,526	66,367
Loans and debts banks	-	23
Investments in securities	142,057	79,991
Correspondent accounts in other banks	79	112
NBU certificates of deposit, which are recorded under the AS	39,944	60,202
Other interest income	558	-
<b>Total interest income</b>	<b>261,164</b>	<b>206,695</b>
<b>Interest expenses:</b>		
Term funds of legal entities	(22,191)	(23,799)
Term funds of individuals	(28,647)	(24,242)
Current accounts	(32,299)	(45,810)
Interest expense on lease liability	(196)	(56)
Other interest expenses	(1,194)	(1,158)
<b>Total interest expense</b>	<b>(84,527)</b>	<b>(95,065)</b>
<b>Net interest income (expenses)</b>	<b>176,637</b>	<b>111,630</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

<i>thousand UAH</i>	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>Commission income</b>		
Settlement and cash transactions	108,532	82,771
Customer credit service	76	151
Foreign exchange market operations for clients	35,416	34,353
Guarantees provided	19,073	15,202
Others	87	146
<b>Total commission income</b>	<b>163 184</b>	<b>132,623</b>
<b>Commission costs</b>		
Settlement and cash transactions	( 47,117)	(46,488)
Securities transactions for clients	(92)	(96)
<b>Total commission expenses</b>	<b>( 47,209 )</b>	<b>(46,584)</b>
<b>Net commission income/expenses</b>	<b>115,975</b>	<b>86,039</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

<i>thousand UAH</i>	<b>September 30, 2024</b>	<b>September 30, 2023</b>
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Fines, penalties received by the bank	200	187
Income from operating leasing (rent)	951	3,250
Income from termination recognition financial obligations	4,659	2,018
Income on initial recognition of financial assets (Government bonds)	1,679	789
Compensation for utility costs for rented premises	-	676
Income from the sale of property	-	161
Income from disposal of investment property	-	2,090
Others	817	652
<b>Total operating income</b>	<b>8,306</b>	<b>9,823</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>September 30, 2024</b>	<b>September 30, 2023</b>
Marketing and advertising expenses	( 5 998 )	( 2 794 )
Costs associated with customer acquisition	( 46 139 )	( 85 3 67 )
Maintenance costs fixed assets and intangible assets, telecommunications and other operational services	( 38 428 )	( 46 192 )
Operational costs leasing (rent)	( 14 240 )	( 6 727 )
Payment of other taxes and fees, except for income tax	( 5 102 )	( 5 395 )
Expenses for information and consulting services received and financial consulting services	( 5 154 )	( 351 )
Security costs	( 634 )	( 634 )
Collection costs values	( 2 218 )	( 2 007 )
Audit costs	(480)	(420)
Escort payment cards	( 13 345 )	( 6 345 )
Staff education and training costs	( 1 370 )	( 2 10 3 )
Result from sale of assets	(648)	( 2 735 )
Costs from termination recognition financial assets	(5,215)	-
Fines for violations NBU requirements	( 2 4 400 )	-
Sponsorship and charity	(618)	-
Others	( 4 227 )	( 4 643 )
<b>Total administrative and other operating expenses</b>	<b>(1 68 216 )</b>	<b>( 165 713 )</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>30 September 2024</b>	<b>December 31, 2023</b>
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Profit/(loss) cumulative total since the beginning of the year	10,632	6,015
Profit/(loss) attributable to owners of the bank's common shares	10,632	6,015
Average annual number of common shares outstanding (thousands of shares)	12,152	12,152

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

<i>basic</i>	<b>0.87</b>	<b>0.49</b>
<i>dilute</i>	<b>0.87</b>	<b>0.49</b>

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>September 30, 2024</b>	<b>December 31, 2023</b>
Profit/(loss) for the period attributable to owners of the bank	10,632	6,015
Retained earnings/(loss) for the period	10,632	6,015
Retained earnings/(loss) for the period attributable to ordinary shareholders based on the terms of the shares	10,632	6,015
<b>Profit/(loss) for the period attributable to ordinary shareholders</b>	<b>10,632</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.

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**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.

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 2 1.1. Revenues, expenses and results of reportable segments for the 9 months ended September 30, 2024

<i>thousand UAH</i>	Corporate segment	Retail segment	Investment segment	Interbank segment	Other segments and operations	Total
Interest income	73,644	5,440	142,057	40,023	-	261,164
Commission income	56,757	86,226	-	20 201	-	163 184
Other operating income	4,988	993	2,219	-	106	8,306



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<b>Total segment revenues</b>	<b>135,389</b>	<b>92,659</b>	<b>144,276</b>	<b>60,224</b>	<b>106</b>	<b>432,654</b>
Interest expenses	(55,155)	(29,176)	-	-	(196)	(84,527)
Commission costs	-	(631)	(92)	(46,486)	-	(47,209)
Employee benefits expenses	(26,912)	(52,989)	(49,053)	(12,632)	(35)	(141,621)
Depreciation and amortization expenses	-	-	-	-	(10,857)	(10,857)
Other administrative and operating expenses	(6,250)	(28,254)	(1,260)	(30,562)	(101,890)	(168,216)
<b>Total segment costs</b>	<b>(88,317)</b>	<b>(111,050)</b>	<b>(50,405)</b>	<b>(89,680)</b>	<b>(112,978)</b>	<b>(452,430)</b>
Net profit/(loss) from FI transactions accounted for under the SVISD	-	-	3,513	-	-	3,513
Net profit/(loss) from foreign currency transactions	-	2,159	-	69,084	138	71,381
Net profit/(loss) from foreign currency revaluation	2,520	32,478	-	(35,445)	246	(201)
Net gain/(loss) from impairment of financial assets	(49,194)	6,050	-	(1,809)	-	(44,953)
Net gain/(loss) from impairment of other assets	-	-	-	578	-	578
Net loss/(gain) from increase/(decrease) in provisions for liabilities	-	-	-	90	-	90
<b>Segment result</b>	<b>398</b>	<b>22,296</b>	<b>97,384</b>	<b>3,042</b>	<b>(112,488)</b>	<b>10,632</b>

The components of line 3 "Other operating income" in the amount of UAH 8,306 thousand are disclosed in Note 18.  
The components of line 8 "Other administrative and operating expenses" in the amount of UAH 168,216 thousand are disclosed in Note 19.

Table 2 1.2. Revenues, expenses and results of reportable segments for the 9 months ended September 30, 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>
Interest income	61,880	4,487	140,328	-	206,695
Commission income	53,067	63,334	16,222	-	132,623
Other operating income	5,094	605	12	4 112	9,823
<b>Total segment revenues</b>	<b>120,041</b>	<b>68,426</b>	<b>156,562</b>	<b>4 112</b>	<b>349 141</b>
Interest expenses	(68,919)	(24,932)	-	(1,214)	(95,065)
Commission costs	(96)	(1,159)	(45,329)	-	(46,584)
Employee benefits expenses	(32,429)	(19,457)	(3,243)	(9,725)	(64,854)
Depreciation and amortization expenses	-	-	-	(6,948)	(6,948)

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Other administrative and operating expenses	(82,859)	(49,716)	(8,289)	(24,849)	(165,713)
<b>Total segment costs</b>	<b>(184,303)</b>	<b>(95,264)</b>	<b>(56,861)</b>	<b>(42,736)</b>	<b>(379,164)</b>
Net profit/(loss) from FI transactions accounted for under the CIF	-	-	-	437	437
Net profit/(loss) from debt transactions FIs that are registered under the SVISD	-	-	-	(3,402)	(3,402)
Net profit/(loss) from foreign currency transactions	-	-	66,337	-	66,337
Net profit/(loss) from foreign currency revaluation	-	-	-	(2,106)	(2,106)
Net profit/(loss) from revaluation of investment property	(130)	(597)	(2,718)	1,148	(2,297)
Net gain/(loss) from impairment of financial assets	(8,915)	(3,539)	(1,839)	724	(13,569)
Net gain/(loss) from impairment of other assets	-	-	-	(998)	(998)
Net loss/(gain) from increase/(decrease) in provisions for liabilities	(358)	-	-	-	(358)
<b>Segment result</b>	<b>(73,665)</b>	<b>(30,974)</b>	<b>161,481</b>	<b>(42,821)</b>	<b>14,021</b>

The components of line 3 "Other operating income" in the amount of UAH 9,823 thousand are disclosed in Note 18.

The components of line 8 "Other administrative and operating expenses" in the amount of UAH 165,713 thousand are disclosed in Note 19.

Table 2 1.3. Assets and liabilities of reportable segments for the 9 months ended September 30 , 2024

<i>thousand UAH</i>	<b>Corporate segment</b>	<b>Retail segment</b>	<b>Investment segment</b>	<b>Interbank segment</b>	<b>Unallocated volumes</b>	<b>Total</b>
<b>Segment assets</b>						
Segment assets	419,543	39,043	1,203,522	667,830	-	2 3 29 938
Total segment assets	419,543	39,043	1,203,522	667,830	-	2 3 29 938
Undistributed assets	-	-	-	-	258,402	258,402
<b>Total assets</b>	<b>419,543</b>	<b>39,043</b>	<b>1,203,522</b>	<b>667,830</b>	<b>258,402</b>	<b>2,588,340</b>
<b>Segment liabilities</b>						
Segment liabilities	1,461,984	720 156	-	-	-	2 1 82 140
Total segment liabilities	1,461,984	720 156	-	-	-	2,182,140
Unallocated liabilities	-	-	-	-	76,996	76,996
<b>Total liabilities</b>	<b>1,461,984</b>	<b>720 156</b>	<b>-</b>	<b>-</b>	<b>76,996</b>	<b>2,259,136</b>

Data of line 3 "Undistributed assets" in the amount of UAH 258,402 thousand consist of:

- 136 0 70 thousand UAH. "Investment real estate";

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- 41,054 thousand UAH . "Fixed assets and intangible assets";
- 4,909 thousand . "Deferred tax asset";
- 76,369 thousand. "Other assets"

The data of line 7 "Unallocated liabilities" in the amount of UAH 76,996 thousand consist of:

- 47,253 thousand UAH – accounts payable for business operations, taxes, deferred income and other liabilities;
- 29,743 thousand UAH – other liabilities.

Table 21.4. 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:

- UAH 257,329 thousand "Cash and funds on correspondent accounts in other banks";
- UAH 104,911 thousand "Investment real estate";
- UAH 36,896 thousand "Fixed assets and intangible assets";
- UAH 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;
- UAH 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 249 thousand. Case No. 910/6428/23 was stayed in the court of first instance until 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 until consideration of another related case.

- A lawsuit to recover from the Bank the guarantee amount of UAH 104 thousand. Case No. 910/5836/24 is being considered in the court of second instance.
- A lawsuit to recover from the Bank the guarantee amount of UAH 659 thousand. Case No. 910/8556/24 is being considered in the court of first instance.
- Claim to recover from the Bank the amount of the guarantee in the amount of 599 thousand UAH. Case No. 910/8560/24 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>September 30, 2024</b>	<b>December 31, 2023</b>
Up to 1 year	12,647	12,208
<b>Total</b>	<b>12,647</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.

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

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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>September 30, 2024</b>	<b>December 31, 2023</b>
Guarantees issued	1,584,343	1,364,890
Lending commitments provided	17,053	20,782
Unused credit lines	86,299	216 135
Reserve for issued guarantees	(1,970)	(2,060)
<b>Total lending-related liabilities, less provision</b>	<b>1,685,725</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>September 30, 2024</b>	<b>December 31, 2023</b>
US dollar	200,646	233 122
Euro	71,738	21,492
Hryvnia	1,413,341	1,345,133
<b>Total</b>	<b>1,685,725</b>	<b>1,599,747</b>

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

As of 30 September 2024 The Bank had assets with limited use with the following carrying amount :

- warranty deposits for settlements with international Mastercard payment system in the amount of UAH 1,647 thousand.
  - warranty security (principal) for settlements with international Mastercard payment system in the amount of UAH 19,310 thousand.
  - warranty deposits for settlements with international payment system Welsend 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 September 30, 2024

<i>thousand UAH</i>	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Client funds	68	4,409	597
Loans and customer debt	-	20	-

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Loan impairment allowance	-	(4)	-
Other obligations	-	(4,137)	-

Table 23.2. Income and expenses from transactions with related parties for the 9 months ended September 30, 2024

thousand UAH

	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Interest income	-	6	-
Commission income	23	43	64
Foreign currency revaluation	-	-	-
Other operating income	2	12	37
Interest expenses	-	(86)	(19)
Impairment of financial assets (formation of a reserve)	-	(1)	-
Employee benefits expenses	-	(27,833)	-
Other administrative and operating expenses	-	(18)	(4)

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 related party transactions for the 9 months ended September 30, 2023

thousand UAH

	<b>Largest participants (bank shareholders)</b>	<b>Management staff</b>	<b>Other related parties</b>
Interest income	-	6	-
Commission income	635	95	212
Other operating income	71	6	7
Interest expenses	-	(64)	(25)
Employee benefits expenses	-	(10,741)	-
Other administrative and operating expenses	-	(12)	(10,914)

Table 23.5. Payments to key management personnel

thousand UAH

	<b>September 30, 2024</b>		<b>September 30, 2023</b>	
	<b>Costs</b>	<b>Accrued liability</b>	<b>Costs</b>	<b>Accrued liability</b>
Current employee benefits	27,248	4042	10,580	2,328
Severance payments	585	95	161	35

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

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