JOINT STOCK COMPANY
«RWS BANK»

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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MANAGEMENT REPORT (MANAGEMENT REVIEW)

I. GENERAL INFORMATION ABOUT THE BANK

Full Name: Joint Stock Company "RWS BANK"

Location: Ukraine, 04071, Kyiv, Vvedenska Street, Building 29/58.

Date of State Registration: June 22, 2015.

Main Activities: Other monetary intermediation (according to KVED code 64.19).

Bank's Shareholders:

- Stetsiuk Oleksandr Volodymyrovych, who holds a substantial interest in the Bank's capital, owning 99% (ninety-nine percent) of the Bank's voting shares, and
- Demchak Kateryna Ruslanivna, who holds 1% (one percent) of the Bank's voting shares.

The ultimate beneficiaries are individuals – citizens of Ukraine: Stetsiuk Oleksandr Volodymyrovych and Demchak Kateryna Ruslanivna.

Members of the Bank's Management Board and Supervisory Board do not hold shares in the Bank's authorised capital.

II. NATURE OF THE BUSINESS

1. ECONOMIC ENVIRONMENT IN WHICH THE BANK OPERATES

On 24 February 2022, the Russian Federation launched a full-scale military invasion of Ukraine, and active hostilities are ongoing. Despite the war, Ukraine's economy continues to recover, supported by substantial international assistance and a high level of adaptability demonstrated by both businesses and the population.

According to the estimates of the National Bank of Ukraine (NBU), real GDP increased by 3.4% in 2024. However, the pace of economic growth slowed compared to 2023. This was attributable not only to lower agricultural yields and weaker-than-expected external demand but also to the materialisation of certain risks, including the intensification of hostilities, the escalation of Russian aerial attacks, and the resulting electricity shortages.

Persistently elevated security risks continued to hinder the return of migrants and contributed to a significant labour shortage. In view of these risks and ongoing challenges in the labour market, the NBU revised its real GDP growth forecast for 2025 downward to 3.6%.

The gradual return of the economy to normal operating conditions is expected in 2026–2027. During this period, real GDP is projected to accelerate moderately, reaching around 4% per year. On the one hand, the lasting consequences of the war, including labour shortages and limited availability of productive capital, will continue to constrain economic growth. On the other hand, recovery will be supported by investment in energy and production infrastructure, continued relatively accommodative fiscal policy, and an increase in private consumption driven by rising household incomes.

GDP dynamics

The growth of real GDP decelerated significantly in Q3 2024, amounting to 2.0% year-on-year. According to the NBU's estimates, economic activity continued to recover at a moderate pace in Q4 2024, with real GDP growth projected at 2.1% year-on-year.

A key factor behind the weak economic performance in the second half of 2024 was the shortage of electricity caused by damage to the energy infrastructure, particularly the loss of manoeuvrable generation capacity due to renewed Russian missile attacks. Severe electricity shortages were recorded in July, November, and December. The security situation also deteriorated considerably, especially toward the end of the year. The number of air raid alerts and attacks increased markedly, particularly in several frontline regions, with some production facilities lost as a result. Consequently, business sentiment and output weakened across a number of sectors, including energy, mining, and metallurgy.

Extreme heat in July led to increased energy demand, further complicating the economic situation in Q3. However, a relatively mild winter, rapid repair work, and increased electricity imports helped improve electricity supply in Q4, despite further damage to the power grid.

Hot and dry weather in the summer and autumn also had a negative impact on the yield of late crops and livestock production indicators. Harvest volumes of grains, pulses, and oilseeds fell short of both 2023 levels and previous NBU forecasts. The electricity deficit, higher costs of autonomous power generation, and rising feed prices driven by lower crop yields also adversely affected the livestock sector. As a result, agricultural output weakened, and food supply volumes were below expectations. Weak performance in both industry and agriculture contributed to slower export growth and lower transport sector indicators. At the same time, the continued operation of the maritime corridor provided some support to transport and exports.

However, the smaller harvest combined with growing agricultural exports against the backdrop of high global prices resulted in a shortage of raw materials for certain segments of the food industry.

Looking ahead, GDP growth will be supported by investment in the reconstruction of energy infrastructure, a continued accommodative fiscal policy, rising domestic demand driven by wage growth, and increased food production stemming from improved harvests.

Monetary and financial sectors

Exchange rate

The interest rate policy tightening cycle continued in an effort to safeguard hryvnia savings from inflation and to maintain the population's interest in hryvnia-denominated assets. These measures helped ease pressure on the foreign exchange market and overall price dynamics.

A high level of international reserves, together with substantial international assistance, supported the resilience of the foreign exchange market under the managed floating exchange rate regime, which remains aligned with the inflation targeting objective of 5% over the policy horizon.

The combination of ongoing international support and a sufficiently capacious domestic debt market enabled the government to meet its budgetary needs without resorting to monetary financing.

The relative stability of key foreign currency supply and demand factors resulted in a sideways trend in the hryvnia exchange rate and relatively moderate NBU interventions from August through mid-November. However, as the structural foreign currency deficit in the private sector widened—driven in part by significant year-end budget expenditures—the NBU increased its presence in the FX market. A further return to more "normal" market conditions—evidenced by the seasonal patterns of supply and demand and the corresponding responsiveness of the exchange rate—indicated that the exchange rate had begun to play a greater shock-absorbing role, while market participants adapted further to the managed flexibility regime.

Against this backdrop, the average official exchange rate of the hryvnia to the US dollar depreciated slightly in Q4 (by 0.7%). In contrast, the hryvnia appreciated against the euro (by 2.0%). Given the growing role of the euro in external settlements (its share in import payments nearly equaled that of the dollar), this helped contain imported inflation. The reorientation of trade flows towards EU countries also contributed to the rising share of euro-denominated bank deposits and loans, alongside growing demand for euros among households. As a result, the hryvnia's appreciation against the euro helped ease pressures in both the cash and non-cash segments of the market, where the share of euro transactions also increased.

Overall, foreign currency supply increased in Q4. The key source remained agricultural exports, driven by seasonal factors such as the sale of the new harvest. Additional supply came from foreign currency conversions for quarterly tax payments, which was supported by record tax revenues in December. On the other hand, due to weak global demand, worsening business expectations amid intensified shelling, and challenges in the energy sector, foreign currency proceeds from the export of metals and mining products declined.

At the same time, demand for foreign currency rose more noticeably in Q4. The main contributing factor was record-high budgetary spending, which was largely financed by inflows of international financial assistance. In addition, purchases of certain consumer goods by importers increased, and businesses ramped up operations permitted under relaxed FX restrictions. Meanwhile, despite the challenging situation in the energy sector, electricity imports declined due to high prices in European markets and lower domestic ceiling prices. Seasonal factors, such as purchases of foreign currency by small agricultural producers and the payment of year-end bonuses, as well as a decline in the real yields of hryvnia instruments—driven by deteriorating expectations and changes in taxation—also contributed to increased demand for foreign currency in the cash segment.

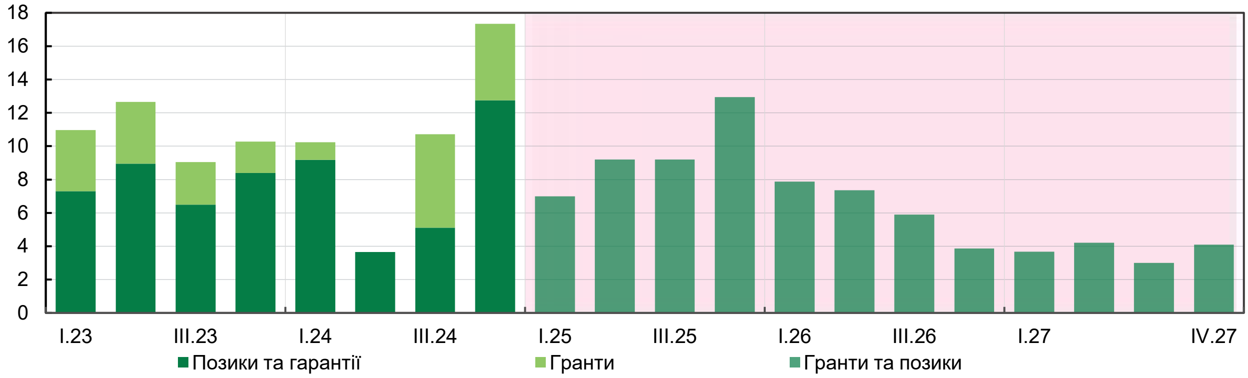
In response to the growing structural foreign currency deficit in the private sector toward the end of the year, the NBU increased its net FX sales to USD 11.4 billion in Q4 (compared to USD 9.2 billion in Q3). This helped stabilise market expectations, especially among households, and eased demand in the cash market. As a result, the gap between the cash and official exchange rates remained limited, at around 1% in Q4.

Large volumes of international financial assistance received in November—and a record amount in December—further strengthened the NBU's ability to maintain a stable FX market and had a calming effect on market participants.

In total, official financing amounted to USD 17.3 billion in Q4. As a result, despite substantial FX interventions, gross international reserves rose to USD 43.8 billion as at the end of 2024, exceeding the IMF composite adequacy benchmark by 20%.

Given the projected volume of international financial assistance in 2025, the NBU is expected to retain its strong capacity to offset the structural FX deficit in the private sector and to smooth excessive exchange rate volatility.

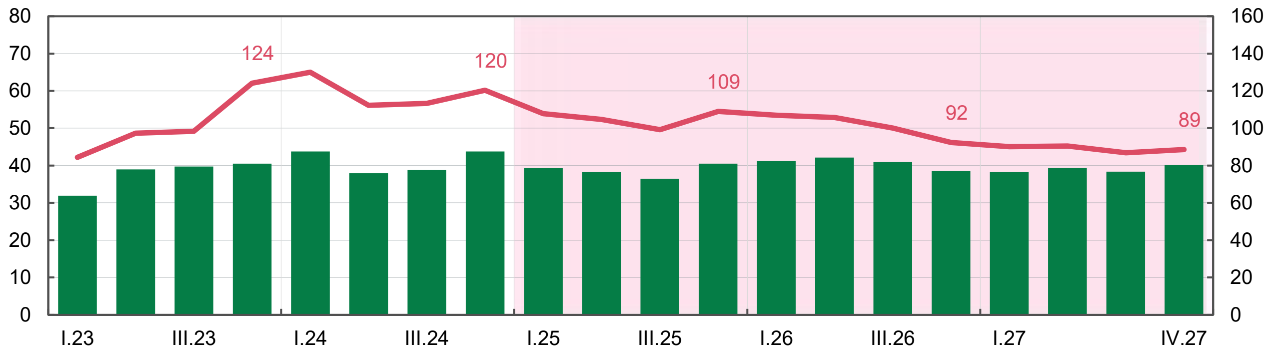
International Financial Assistance, billion USD (data from the NBU)



Dark green line represents Loans and guarantees	Light green line represents Grants	Green line represents Grants and loans

2023 – 42.9 billion USD
2024 – 41.9 billion USD
2025 – 38.4 billion USD
2026 – 25.0 billion USD
2027 – 15.0 billion USD

Gross international reserves



Dark green line represents International reserves	Res line represents As a percentage of the IMF composite criterion (SDR)

Inflation

Consumer inflation accelerated rapidly in Q4 2024, reaching 12.0% year-on-year in December (compared to 8.6% year-on-year in September), exceeding the National Bank of Ukraine’s projections. On the one hand, temporary factors remained key drivers of price growth—most notably, a constrained food supply caused by poor harvests of certain crops due to adverse weather conditions. On the other hand, inflationary pressures increasingly reflected underlying structural trends, as evidenced by the continued acceleration in core inflation, which rose to 10.7% year-on-year.

This trend was driven, in part, by higher production costs—including those related to energy and labour—as well as exchange rate effects stemming from the hryvnia’s earlier depreciation against the US dollar. At the same time, the hryvnia’s appreciation against the euro in the final months of the year helped partially offset inflationary pressures, particularly for import-dependent goods, given the euro’s growing role in Ukraine’s external trade.

Wage growth is expected to remain a pro-inflationary factor in the near term, although its impact is likely to diminish as the pace of wage increases slows. As a result, inflation is projected to decelerate to 8.4% by the end of 2025.

In the medium term, administratively regulated prices are expected to rise at the fastest rate, driven by increases in excise taxes and the gradual adjustment of housing and utility tariffs to market levels. To meet the inflation target over the policy horizon, monetary policy will need to focus on keeping other components of the Consumer Price Index—particularly core inflation—within a lower range (approximately 3–4%).

This, combined with a gradual return to normal economic functioning, improvements in the energy sector, fiscal consolidation, and consistent monetary policy measures, is expected to support the NBU’s ability to meet its inflation targets over the medium term.

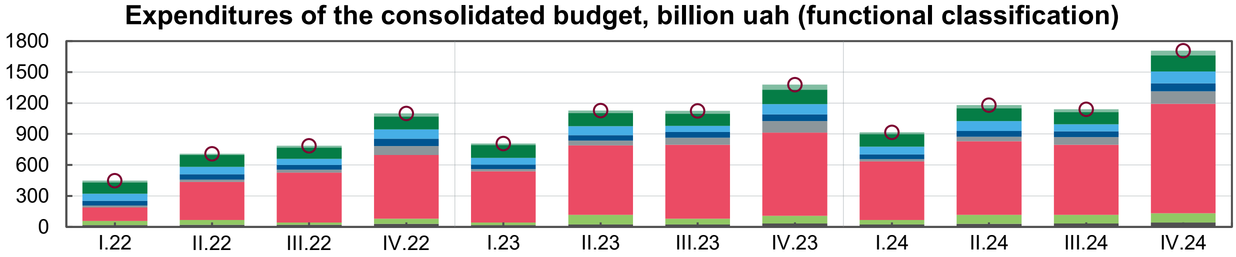
Fiscal policy

Amid the ongoing war, the public sector continued to play a key role in supporting economic activity. In Q4 2024, government spending reached a historical high, resulting in a substantial widening of the consolidated budget deficit (exceeding UAH 824 billion) and a further deepening of the negative cyclically adjusted primary balance in the quarter.

For the full year 2024, the consolidated budget deficit, excluding grants from revenue, exceeded the previous year's nominal level, amounting to UAH 1,826 billion (23.7% of GDP, compared to 26.6% of GDP in 2023). The expansionary fiscal stance provided significant support to aggregate demand.

The increase in expenditure was financed through revenue mobilisation measures and active borrowing on the domestic debt market. This allowed for an increase in priority spending, primarily on defence, which remained the dominant expenditure item. Social programmes also remained a key focus, while spending on humanitarian and investment initiatives rose toward the end of the year.

This elevated level of expenditure generated a strong fiscal impulse at year-end, with carryover effects expected to continue supporting economic activity in early 2025.



Dark green line represents Social protection	Light green line represents Other expenditures	Light Red represents Defense and security	Dark red line represents National functions	Green line represents Debt servicing	Blue line represents Education	Dark blue line represents Healthcare	Grey line represents Economic activity

Domestic demand and investment

The expansion of budget spending on social programmes and other forms of population support was one of the key factors sustaining consumer demand in the second half of 2024. Another major driver of household consumption was the strong growth in real wages, which increased by 14.2% year-on-year in Q3 2024.

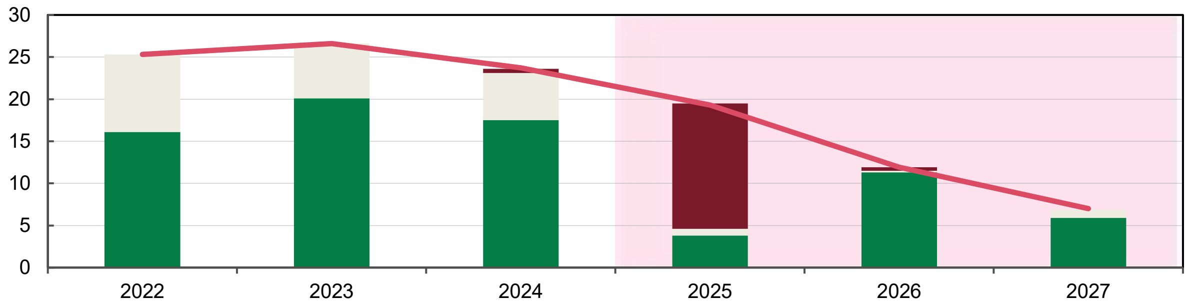
Robust domestic demand made a significant contribution to economic growth in 2024. It supported steady growth in retail trade and further recovery in the services sector. Additional contributing factors included improved adaptation of trade and service enterprises to electricity outages—owing to wider availability of autonomous power sources—continued expansion of the online segment, and the calendar shift of Christmas holidays.

Investment activity, including public sector investment, also continued to grow, further supporting GDP growth. Investment demand was fuelled by government capital expenditures on defence and related projects (such as arms production, construction of fortifications and shelters), post-damage recovery, and other repair works. Another factor driving investment was state compensation programmes for households whose property had been damaged.

Private sector investment also continued to increase, supported by improved financial performance. Businesses invested in expanding logistics infrastructure and enhancing energy independence. Investment growth in the extraction of energy resources, including natural gas and oil production, also persisted.

The public sector is expected to continue playing a significant role in shaping economic development trends, primarily due to the need for sustained defence spending, reconstruction and humanitarian projects, and infrastructure development. However, according to NBU projections, the budget deficit is expected to gradually decline—from 19.3% of GDP in 2025 to 7% of GDP by 2027—as the domestic resource base strengthens and public expenditures decrease relative to the size of the economy.

Consolidated budget deficit, % of GDP (according to NBU data)



Dark green line represents Deficit including ERA in revenues	Light green line represents Grants	Light Red represents Deficit excluding ERA in revenues	Red line represents ERA

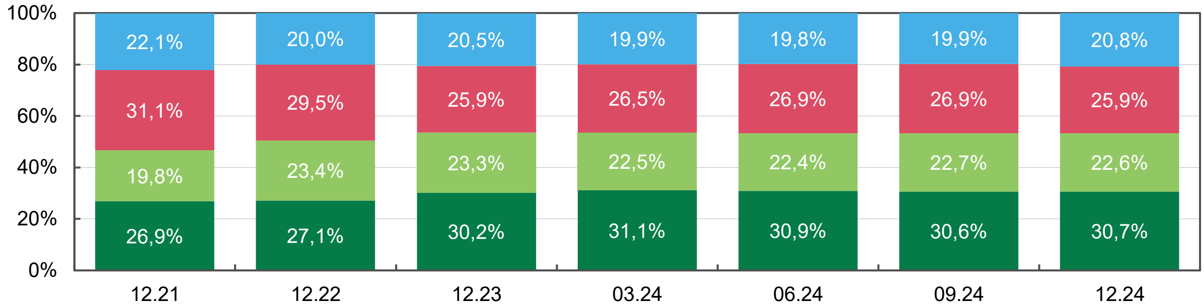
This dynamic will be driven by investment in the restoration of production and logistics capacities, as well as greater mobilisation of private capital amid the acceleration of European integration processes. The gradual normalisation of economic activity, along with improvements in business and consumer sentiment, is expected to support the recovery of investment demand and private consumption.

Banking sector

In Q4 2024, the number of operating banks in Ukraine decreased by one, to a total of 61. In December, Kominvestbank (accounting for 0.04% of the sector's net assets) was removed from the market due to violations of legislation and regulatory requirements. Earlier in 2024, Alpari Bank also ceased its banking operations voluntarily. As a result, the total number of banks declined by two small institutions over the year.

The share of net assets held by the group of state-owned banks, which expanded during the year with the addition of two institutions, remained unchanged at 53.3% in Q4 2024. Over the course of the year, however, this share declined by 0.3 percentage points. The share of household deposits held with state-owned banks decreased to 63.3%—down by 0.1 percentage points over the quarter and by 1.2 percentage points over the year.

Distribution of net assets by bank groups



Dark green line represents State assets
Light green line represents PrivatBank assets
Blue line represents private assets
Light red line represents foreign assets

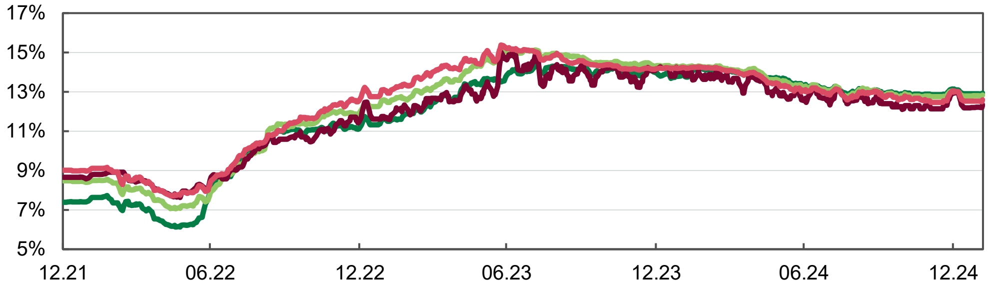
In December 2024, the NBU raised the key policy rate from 13.0% to 13.5%, and further increased it to 14.5% in January 2025, thereby concluding the monetary policy easing cycle that had been in place since mid-2023. As a result, the decline in deposit rates for households came to a halt. The cost of new hryvnia deposits attracted from individuals stood at 9.6% per annum in December.

In Q4, the UIRD yield curve became inverted: the interest rate on three-month deposits slightly exceeded the rate on one-year deposits. This inversion may indicate expectations of a further decline in inflationary pressures and interest rates.

Interest rates on corporate deposits declined slightly during Q4, reaching 8.3% per annum in December. Lending rates for businesses in hryvnia continued to decline throughout the quarter, falling to 14.7% per annum. The lowest interest rates were offered by foreign-owned banks: 11.4% per annum for foreign enterprises and 14.3% per annum for privately owned Ukrainian businesses.

Lending rates for households remained high, fluctuating around 28% per annum.

Ukrainian Index of Interest Rates on Deposits of Individuals in UAH, % per annum



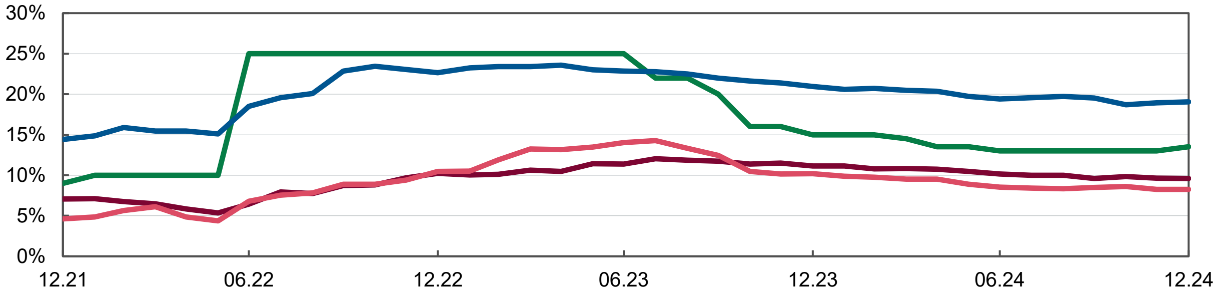
Dark green line represents 3 months

Light green line represents 6 months

Dark red line represents 9 months

Light red line represents 12 months

NBU's Discount Rate and the Cost of New Deposits and Loans in UAH, % per annum



Dark green line represents NBU's discount rate

Blue line represents Loans to customers, excluding the public administration sector

Dark red line represents Funds of individuals

Light red line represents Funds of business entities

According to preliminary data pending the 2024 annual audit, the banking sector recorded UAH 103.7 billion in profit, with 39% of this amount generated by PrivatBank. Nine small banks reported losses, with a combined negative result of UAH 0.4 billion.

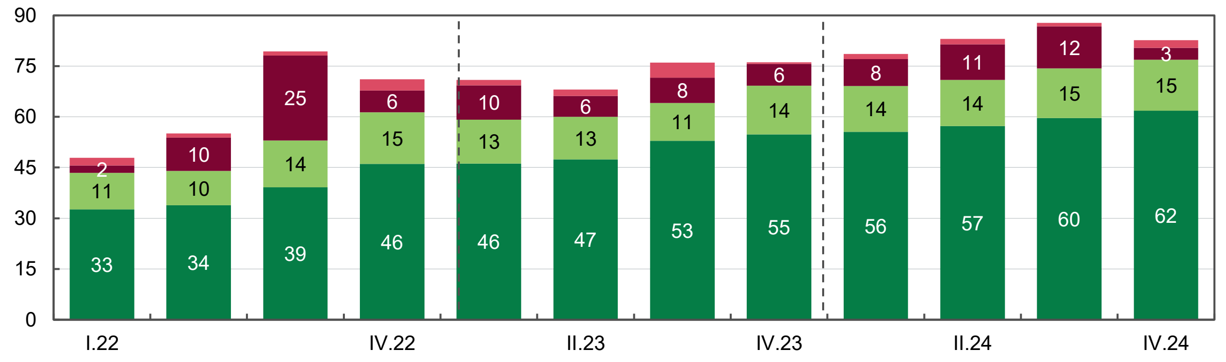
The sector recorded a loss of UAH 13.5 billion in Q4 2024, primarily due to the retroactive application of a higher corporate income tax rate of 50% for the entire year. Net interest income remained the main source of elevated profitability.

The return on assets declined significantly, mainly due to a reduction in yields on NBU certificates of deposit. In contrast, yields on domestic government bonds and loans remained stable. The cost of liabilities decreased in line with the decline in asset yields. Net fee and commission income increased notably—by 3.3% quarter-on-quarter and by 5.2% year-on-year. In December, for the first time since the onset of the full-scale war, the monthly volume of net fee and commission income reached its pre-war level.

Foreign exchange trading gains rose modestly toward year-end. However, the positive result from the revaluation of domestic government bonds (OVDPs) declined compared to the previous quarter.

Operating expenses increased by 14.8% quarter-on-quarter, with personnel expenses rising by 23.6% year-on-year. Net operating profit before provisions exceeded the level of the corresponding quarter of the previous year by only 3.9%.

Components of banks' operating income for the period, UAH billion



Dark green line represents Net interest income

Light green line represents Net fee income

Dark red line represents Result from revaluation and trading operations

Light red line represents ther operating income

The cost-to-income ratio (CIR) stood at 46.4% in Q4, compared to 37.6% in Q3, with a full-year average of 39.2%. Eight banks reported operating losses for the year.

Provisions in Q4 reached their highest level for the year. The annualised cost of risk (CoR) for the quarter amounted to 0.9%. Over the course of the year, banks released provisions on loans while increasing provisions on domestic government bonds (OVDPs).

Capital adequacy remained strong, with regulatory capital ratios at approximately 17% for each tier as at 1 January. All banks were in compliance with capital adequacy requirements at year-end. However, the full recognition of the 2024 income tax liability may lead to temporary breaches of capital adequacy thresholds for certain banks. These institutions are expected to restore compliance through continued profitability and the implementation of capital restoration plans.

Migration and labour market

Labour shortages intensified throughout 2024, and the labour market remained tight. However, in the second half of the year, labour force participation increased slightly, as did the number of newly submitted résumés. This likely reflected Ukrainians' renewed interest in job searches driven by continued wage growth.

Nevertheless, the war continued to constrain labour supply. The number of people who migrated abroad during 2024 rose by approximately 500,000. In addition, mobilisation processes had a notable impact on the available workforce.

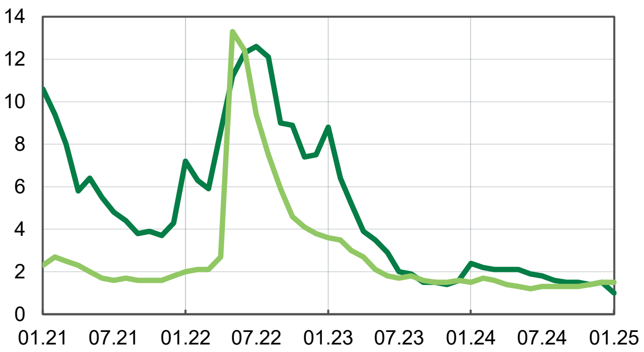
At the same time, labour demand remained high, and workforce shortages limited production capacity and contributed to higher production costs. As a result, the number of jobseekers per vacancy dropped below 2021 levels, which helped reduce the unemployment rate over the past year.

However, the decline in unemployment was restrained by its significant structural component, driven by mismatches between employer requirements and the skills and qualifications of potential employees. Regional disparities in unemployment levels also persisted. These were largely attributable to the consequences of the war, with higher unemployment observed in regions located closer to active combat zones, according to NBU estimates.

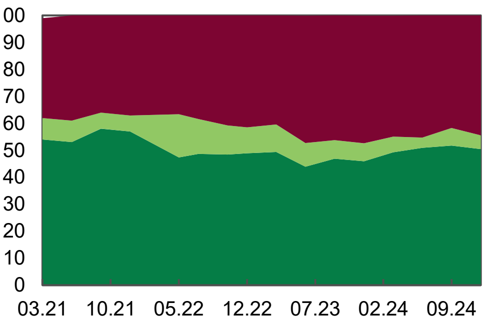
The shortage of labour continued to fuel wage growth, which, according to the NBU, persisted until the end of 2024, albeit at a decelerating pace. In Q4, the growth rate of real wages fell to single digits due to higher inflation and a slight easing of labour shortages—although labour market tightness remained significantly above pre-invasion levels.

By Q3 2024, real wages had already surpassed pre-war levels across most sectors of economic activity.

Number of Applicants per Vacancy, persons



Structure of Respondents by Economic Activity, % of Responses



Green line: State Employment Service
Light green line: work. ua

Green line: employed
Light green line: self-employed or seeking employment
Red line: inactive or not seeking employment

Driven by increased labour demand, unemployment is expected to gradually decline; however, it will likely remain above pre-invasion levels. Labour market imbalances are projected to persist over the forecast horizon, primarily due to limited availability of qualified labour. These imbalances are currently shaped by outward migration and ongoing mobilisation.

As economic conditions continue to normalise and labour demand strengthens, the structure of labour market mismatches will be increasingly influenced by the slow return of migrants—owing to their adaptation to life abroad—continued emigration for family reunification, and the resumption of labour migration flows.

The anticipated reintegration of demobilised individuals into civilian life will help expand labour supply. Nonetheless, this process may also present additional challenges in the form of growing regional and sectoral disparities.

As a result, demand for skilled workers is expected to remain elevated throughout the forecast period, supporting further wage growth in the private sector. In the context of continued accommodative fiscal policy, this will also contribute to strengthening consumer demand.

2. INFORMATION ON THE EXECUTIVES AND OFFICERS OF THE BANK

The Bank is managed in accordance with the Law of Ukraine "On Banks and Banking Activities," the Law "On Joint-Stock Companies," and based on the Charter of JSC "RWS BANK."

The governing bodies of JSC "RWS BANK" according to the Charter are:

- The General Meeting of Shareholders of the Bank;
- The Supervisory Board of the Bank;
- The Management Board of the Bank.

According to the Charter of JSC "RWS BANK," the highest governing body of the Bank is the General Meeting of Shareholders, which has the authority to resolve any matters related to the Bank's operations.

The Bank's executive body responsible for day-to-day management is the Management Board.

The Supervisory Board oversees the activities of the Management Board and is responsible for safeguarding the rights of depositors, other creditors, and shareholders of the Bank. The Supervisory Board does not participate in the Bank's day-to-day management.

The following structural units report directly to the Supervisory Board of the Bank:

Risk Management Department (second line of defense) – within its competence, is responsible for implementing internal policies and procedures for risk management in line with the strategy and risk management policies approved by the Bank's Supervisory Board. The department identifies, assesses, monitors, controls, and reports all types of risks inherent in the Bank's operations in a timely manner;

Compliance Control Unit (second line of defense) – within its competence, ensures that the Bank complies with applicable legislation, internal regulations, and relevant professional association standards applicable to the Bank;

Internal Audit Department (third line of defense) – within its competence, safeguards the interests of the Bank's shareholders and clients by performing audits and control procedures to ensure that the Bank's executives and staff comply with Ukrainian legislation, including regulatory acts of the National Bank of Ukraine, and internal policies. It also monitors compliance and risk management, provides independent and objective advisory services to improve the

Bank's operations, delivers objective assessments to the Supervisory Board, and supports effective governance to ensure the Bank's long-term sustainable performance. Furthermore, the department works to strengthen the internal control system to achieve the objectives set by the shareholders and to protect the Bank's assets and mitigate operational risks through the prudent use of resources.

The Corporate Secretary is appointed by and reports to the Supervisory Board of the Bank with respect to the performance of their duties and powers as defined in the Regulation on the Corporate Secretary. The Corporate Secretary facilitates interaction between the Bank's governing and oversight bodies – the General Shareholders' Meeting, the Supervisory Board, and the Management Board – and informs shareholders and other stakeholders about the Bank's activities within the scope of their competence.

As at 31 December 2024, the members of the Bank's Supervisory Board were as follows: Iryna Borysivna Havrylchuk – Chair of the Supervisory Board; Serhii Oleksandrovych Yaremenko – Independent Member of the Supervisory Board; Pavlo Volodymyrovych Savchuk – Independent Member of the Supervisory Board; Vitalii Oleksiiovych Myhashko – Independent Member of the Supervisory Board; Dmytro Mykolaiovych Seredenko – Independent Member of the Supervisory Board; Mykhailo Mykolaiovych Vidiakin – Independent Member of the Supervisory Board.

The Management Board is the executive body of the Bank, responsible for managing its day-to-day operations, forming the necessary funds for statutory activities, and ensuring operational efficiency in accordance with the principles and procedures set out in the Bank's Charter and decisions of the General Shareholders' Meeting and the Supervisory Board.

The Management Board reports to the General Shareholders' Meeting and the Supervisory Board and is responsible for implementing their resolutions. The Management Board acts on behalf of the Bank within the scope defined by the applicable laws of Ukraine, the Bank's Charter, and the Regulation on the Management Board.

As of December 31, 2024, the members of the Bank's Management Board are: Vaskovska Valentyna Petrivna - Acting Chairman of the Management Board (Deputy Chairman of the Management Board, member of the Management Board); Kolesnyk Vasyl Serhiyovych - Deputy Chairman of the Management Board, member of the Management Board; Burdina Olena Mykhailivna - Chief Accountant, member of the Management Board; Melnyk Mykhailo Mykhailovych - Acting Chair of the Management Board, member of the Management Board. The composition of the Committees is established by the Management Board of the Bank.

To strengthen the Bank's risk management framework, several permanent committees have been established, including:

1) Credit Committee, which assesses the quality of the Bank's assets and prepares proposals for provisioning against potential impairment losses. The Credit Committee operates under the authority of the Supervisory Board and in accordance with the Regulation on the Credit Committee.

2) Assets and Liabilities Management Committee (ALCO), which reviews the cost of liabilities and the profitability of assets, makes decisions on interest margin policy, and assesses the maturity structure of assets and liabilities. It provides relevant Bank units with recommendations to address maturity mismatches. In 2024, the ALCO and the Tariff Committee were merged, and the ALCO also became responsible for analysing the cost-to-price competitiveness of the Bank's services and overseeing the Bank's policy on operating income. The ALCO operates under the authority of the Management Board and in accordance with the Regulation on the Bank's Assets and Liabilities Management Committee.

3) Information Security Management Systems Committee, established to ensure effective governance of the Bank's information security systems, coordinate the activities of the Bank's units in the field of information security, support the implementation and effective functioning of the information security management system, and optimise resources, efforts, and capabilities. Its key objective is to protect the Bank's information assets from a wide range of threats to ensure business continuity, minimise risks, and maximise profitability and business opportunities.

4) Financial Monitoring Committee, which reviews:

- the results of the analysis of clients' financial transactions that raise suspicion and approves preventive measures to mitigate the risks of money laundering or terrorist financing;
- decisions on refusal to conduct financial transactions and/or service clients, including in cases where the client is assessed as posing an unacceptably high risk;
- issues arising during customer due diligence and onboarding;
- changes in legislation on financial monitoring and required updates to the Bank's internal policies and procedures;
- risk assessments associated with the introduction of new banking products;
- challenges encountered in employee training on financial monitoring;
- issues related to the onboarding and servicing of politically exposed persons (PEPs) or related individuals;
- and other matters associated with the Bank's AML/CFT/CPF (anti-money laundering, combating the financing of terrorism, and countering the financing of proliferation of weapons of mass destruction) efforts.

5) Non-Performing Asset Management Committee, which:

- reviews the Strategy for Managing Non-Performing Assets and the Operational Plan prior to their approval by the Supervisory Board;
- ensures the implementation of the Strategy and Operational Plan in the interest of protecting the Bank's, shareholders', and clients' interests;

- ensures compliance with the requirements of the National Bank of Ukraine in working with problem assets;
- launches new initiatives and determines optimal resources for effective management of non-performing assets and foreclosed collateral.

6) Development Committee, which:

- prioritises projects and prepares proposals to the Management Board regarding implementation of the Bank's strategy;
- forms and monitors the project portfolio to ensure alignment with strategic goals;
- develops business development proposals for the Management Board, based on the current strategy execution results, market trends, and internal initiatives;
- provides proposals for changes to existing activities or financial services (development and/or optimisation of processes, products, organisational structure, resource allocation, etc.).;

7) Committee of the Supervisory Board on Remuneration and Appointments of JSC "RWS BANK". The purpose of the Committee is to conduct preliminary study, prepare for consideration by the Bank's Board of Directors of remuneration issues and make competent and independent decisions on selection and appointments..

8) Audit Committee of the Supervisory Board of JSC "RWS BANK". The Committee is a collegial body of the Bank, independent in making its decisions within the delegated tasks and functions and the granted limits of decision-making powers, established to perform the functions assigned to it by the Supervisory Board of the Bank.

3. ORGANISATIONAL STRUCTURE

The Bank operates under a matrix organisational structure comprising autonomous departments and divisions, as well as units within those departments and divisions. Independent structural units report to the Chairman of the Management Board or to the Deputy Chairpersons of the Management Board.

The following units report directly to the Chairman of the Management Board:

- Deputy Chairpersons of the Management Board;
- Chief Accountant;
- Advisor to the Chairman of the Management Board;
- Security Department (including the Administrative Support Division and the Occupational Health and Safety Service);
- Human Resources Management Department;
- Foreign Exchange Supervision Department;
- Methodology Division;
- Information Technology Department;
- Card and Retail Business Department;
- Interbank Business Department;
- General Records Management Unit;
- Corporate Business Department;
- Branch Network Development Department.

The following units report to the Deputy Chairpersons of the Management Board:

- Legal Department;
- Financial Planning Department;
- Non-Performing Assets Management Department;
- Information Security Department;
- Operations Management Division;
- Project Management Office;
- Marketing and Advertising Division (including the Customer Support Service).

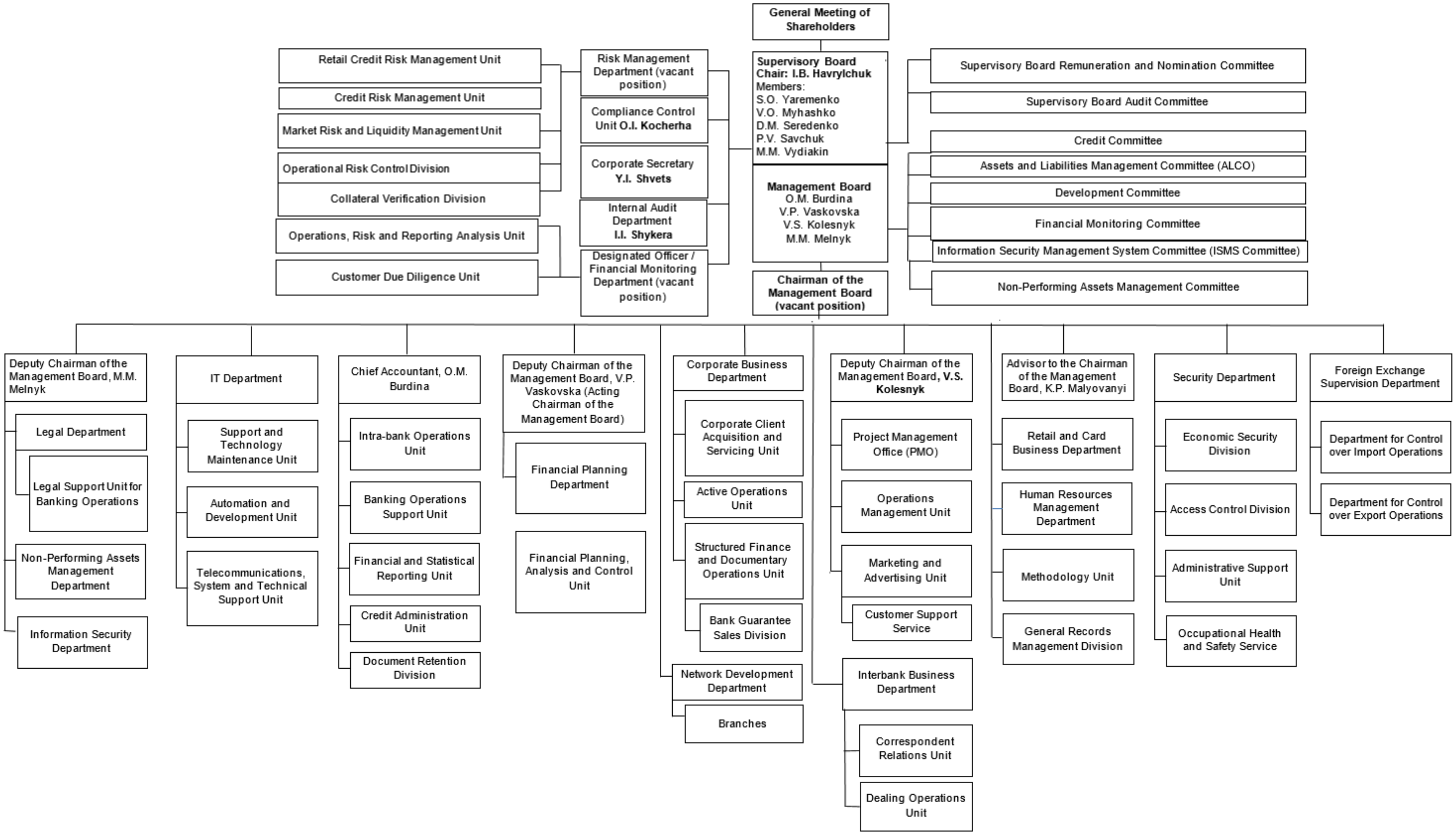
The following units report to the Chief Accountant:

- Banking Operations Support Division;
- Internal Bank Operations Division;
- Financial and Statistical Reporting Division;
- Credit Administration Division;
- Document Retention Unit.

The following units report to the Supervisory Board of the Bank:

- Financial Monitoring Department;
- Risk Management Department;
- Compliance Control Division;
- Internal Audit Department;
- Corporate Secretary.

ORGANISATIONAL STRUCTURE JSC 'RWS BANK"



Supervisory Board Committees

Supervisory Board Remuneration and Nomination Committee

Chairman of the Committee:
Dmytro Mykolayovych Seredenko
Deputy Chairman of the Committee:
Vitalii Oleksiiovych Myhashko
Members:
Serhii Oleksandrovych Yaremenko

Supervisory Board Audit Committee

Chairman of the Committee:
Pavlo Volodymyrovych Savchuk
Deputy Chairman of the Committee:
Mykhailo Mykolayovych Vydiakin
Members:
Vitalii Oleksiiovych Myhashko
Iryna Borysivna Havrylchuk

Committees of the Management Board

Information Security Management System Committee (ISMS Committee)

Chair of the Committee:
O.S. Chuiko

Deputy Chair of the Committee:
O.V. Liashenko

Members:
V.P. Vaskovska
V.S. Kolesnyk
M.M. Melnyk
O.V. Ishchenko
O.M. Burdina
V.P. Bashkatov
L.H. Honcharenko
I.I. Mushketyk
O.V. Chernenkyi

Credit Committee

Chair of the Committee:
O.V. Chernenkyi

Deputy Chair of the Committee:
M.S. Bezkorovainyi

Members:
M.M. Melnyk
I.A. Titova
V.I. Rastvorov
A.A. Polishchuk

Assets and Liabilities Management Committee

Chair of the Committee:
V.P. Vaskovska

Deputy Chair of the Committee:
D.O. Yavorska

Members:
V.S. Kolesnyk
O.V. Ishchenko
L.H. Honcharenko
O.V. Chernenkyi
V.P. Bashkatov

Development Committee

Chair of the Committee:
V.S. Kolesnyk

Deputy Chair of the Committee:
O.V. Chernenkyi

Members:
V.P. Bashkatov
Yu.V. Bentsler
I.I. Mushketyk

Financial Monitoring Committee

Chairman of the Committee:
Acting Chair – Ye.Yu. Sydoruk

Deputy Chair of the Committee:
I.M. Kucherenko

Members:
V.S. Kolesnyk
N.V. Ushchapivska
O.M. Burdina
A.O. Halchenko
O.V. Chernenkyi
I.A. Titova
M.M. Melnyk

Non-Performing Assets Management Committee

Chairman of the Committee:
Acting Chair – I.A. Titova

Deputy Chair of the Committee:
M.M. Melnyk

Members:
V.S. Kolesnyk
V.I. Rastvorov
V.P. Bashkatov
Yu.I. Les
O.M. Burdina
K.V. Lisova
O.V. Chernenkyi

As at 31 December 2024, the Bank operates 15 branches across Ukraine.
The branches provide the full range of the Bank's operations, including:
• settlement and cash services for legal entities and individuals;
• deposit operations;
• non-trading operations;
• distribution of plastic cards;
• lending to legal entities and individuals;
• documentary operations.

As at 31 December 2024, the Bank has the following branches in its structure:

Branch name	**Address**
CENTRAL DEPARTMENT	01001, Kyiv, Prorizna St., 6
PODIL DEPARTMENT No. 1	04071, Kyiv, Vvedenska St., 29/58
VINNYTSK DEPARTMENT	21018, Vinnytsia, Gogolya St., 1
SHEVCHENKIV DEPARTMENT	01032, Kyiv, Saksaganskogo St., 96
SHEVCHENKIV DEPARTMENT No. 1	04112, Kyiv, Oranzhereyna St., 1
SHEVCHENKIV DEPARTMENT No. 2	01050, Kyiv, Beloruska St., 8
LVIV DEPARTMENT	79000, Lviv, Nechuya-Levytskogo St., 2
BORSCHAGIV DEPARTMENT	08131, Kyiv region, Sofiivska Borshchahivka village, Kyivska St., 34-a
UZHGOROD DEPARTMENT	88018, Uzhhorod, Kyivska Naberezhna, 4
KOROSTEN DEPARTMENT	11503, Korosten St., Hrushevskoho, 36
CHORTKIV DEPARTMENT	48501, Ternopil region, Chortkiv city, Stepan Bandera street, house 30
TERNOPIL DEPARTMENT	46008, Ternopil city, Ostrohskoho knyazya street, 19
ODESA DEPARTMENT No. 1	65039, Odesa city, Kanatna street, 97
DNIPRO DEPARTMENT	49107, Dnipro city, Nauky ave., 123, approx. 24
LVIV DEPARTMENT No. 1	Lviv, Kulparkivska street, 99 B

4. INFORMATION ON SHARE ACQUISITION

No shares were authorised for issue during the reporting year 2024.

As at 31 December 2024, the nominal value of one share amounted to UAH 24.69.

The Bank has not issued any preferred shares and no dividend payments were made.

As at the end of the reporting year 2024, there were no restrictions on share ownership.

5. DESCRIPTION OF THE CURRENT BUSINESS MODEL

The Bank’s development strategy provides for the continued operation and development of the Bank as a stable universal bank in Ukraine, with the objective of being a reliable partner for its clients and an attractive employer for its staff. The Bank’s specialisation and focus of resources are aimed at achieving and maintaining long-term business sustainability, thereby ensuring returns on investment for its shareholders.
The Bank strives to attain the status of an efficient, modern, and competitive Ukrainian bank by building a flexible and resilient organisation capable of adapting swiftly to rapid external changes, innovatively responding to client needs, and operating in accordance with the principles of risk management and security, while building on its historical foundations. The Bank prioritises an organic growth strategy, with a focus on the corporate segment, a well-developed credit policy, securities trading, foreign exchange and precious metals operations, and the gradual expansion of its regional network..

JSC “RWS BANK” is a comfortable Bank where every client feels genuine care and finds the best financial solutions for their life and business..

As part of its strategy, the Bank has set the following strategic goals aimed at stabilising its operations and ensuring further sustainable development:

- Strategic Goal 1: Ensuring capital adequacy and the sustainable development of the Bank;
- Strategic Goal 2: Organisational development, operational efficiency, and internal control;
- Strategic Goal 3: Maintaining and strengthening the Bank's position in the banking and financial services market;
- Strategic Goal 4: Delivering a high level of customer service quality.

To achieve these goals, the Bank will implement tasks in the following key areas:

1. Effective management of non-performing assets, including the disposal of non-core assets and repossessed property;
2. Growth in interest income through long-term and short-term lending to corporate clients and small and medium-sized enterprises;
3. Growth in interest income through investment in the NBU's deposit certificates;
4. Growth in fee and commission income by attracting individuals and developing the card business;
5. Growth in fee and commission income through the issuance of depositary operations (guarantees) and foreign exchange transactions for legal entities and individuals;
6. Growth in trading income from foreign exchange and precious metals operations;
7. Development of remote sales channels, partnership programmes, digital products, and active cooperation with payment systems;
8. Implementation of inclusive standards in the provision of financial services at branch premises, staff training, and optimisation/streamlining of business processes;
9. Development of the Bank's IT infrastructure in cloud services to ensure business continuity and the efficiency of information services.

6. PRINCIPAL PRODUCTS AND SERVICES

JSC "RWS BANK" is a universal banking institution offering a wide range of financial services to both corporate and retail clients. In accordance with Banking Licence No. 277 dated 24 November 2016 and General Licence of the National Bank of Ukraine for foreign exchange operations No. 277-2 dated 5 December 2016, the Bank is authorised to provide the services and carry out the transactions defined in Part 3 of Article 47 of the Law of Ukraine "On Banks and Banking Activity", including:

- raising funds and precious metals in the form of deposits from an unlimited number of legal entities and individuals;
- opening and servicing current (correspondent) accounts for clients, including accounts in precious metals;
- placing the raised funds and precious metals, including those on current accounts, on the Bank's own behalf, under its own terms and at its own risk;
- issuing bank payment cards and conducting transactions using such cards;
- lending to legal entities and individuals;
- providing advisory and information services related to banking operations;
- performing foreign exchange transactions, including:
- non-trading transactions with foreign exchange assets;
- cash foreign currency and cheque transactions (buying, selling, exchange, and collection) carried out at the Bank's cash desks and currency exchange offices;
- cash foreign currency transactions (buying, selling, exchange) conducted through exchange offices operating under agency agreements concluded by the Bank with resident legal entities;
- maintaining accounts for clients (residents and non-residents) in foreign currency, and for non-resident clients in the national currency of Ukraine;

- documentary operations;
- operations with securities, including domestic government bonds (OVDPs);
- maintaining correspondent accounts of resident and non-resident banks in foreign currency;
- maintaining correspondent accounts of non-resident banks in the national currency of Ukraine;
- opening correspondent accounts in authorised banks of Ukraine in foreign currency and conducting operations thereunder;
- opening correspondent accounts in foreign banks (non-residents) in foreign currency and conducting operations thereunder;
- attracting and placing foreign currency in the domestic foreign exchange market of Ukraine;
- attracting and placing foreign currency in international markets;
- trading in foreign currency in the domestic foreign exchange market of Ukraine (excluding cash foreign currency and cheque transactions performed at the Bank's cash desks and currency exchange offices or through agents);
- trading in foreign currency in international markets;
- attracting and placing precious metals in the domestic foreign exchange market of Ukraine;
- attracting and placing precious metals in international markets;
- trading in precious metals in the domestic foreign exchange market of Ukraine;
- other transactions with foreign exchange assets.

In accordance with applicable legislation, the Bank is entitled to provide financial services to its clients (excluding banks), including through the conclusion of agency agreements with legal entities (commercial agents). The list of financial services that the Bank is permitted to provide under such agency arrangements is determined by the National Bank of Ukraine. The Bank must notify the National Bank of Ukraine of any agency agreements concluded. The Bank may enter into agency agreements only with legal entities that meet the requirements established by the National Bank of Ukraine. In addition to the provision of financial services, the Bank is also authorised to engage in the following activities:

1. Investments;
2. Issuance of its own securities;
3. Safekeeping of valuables and provision of safe deposit box services;
4. Cash collection and transportation of valuables;
5. Advisory and information services related to banking and other financial services;
6. Depository activities;
7. Trading in financial instruments (sub-brokerage, brokerage, and dealing services).

<u>Priority banking products for corporate clients:</u>

- Loans/credit lines – for financing the real sector of the economy in priority target segments, including manufacturers, retail chains, exporters/importers, and agricultural enterprises;
- Overdrafts – short-term unsecured financing for existing and new clients to replenish working capital or bridge temporary cash gaps for trading and manufacturing companies;
- Loans/credit lines with participation in state compensation programmes – aimed at supporting targeted segments of the economy;
- Bank guarantees – including bid bonds, performance bonds, advance payment guarantees, and travel guarantees;
- Foreign exchange operations – sale and purchase of foreign currency, currency conversion, expertise on export/import contracts, and loans from non-residents;
- Factoring under the 5-7-9 programme – implementation of this product based on client demand;
- Comprehensive cash and settlement services – aimed at increasing client funds in national and foreign currencies, including proceeds from sales, export revenue, loans from non-residents, and temporary deposit placements. Focus is placed on clients engaged in foreign economic activity and those generating stable funding;
- Securities operations – enabling clients to invest in liquid and low-risk financial instruments such as domestic government bonds (OVDPs) in both UAH and foreign currency. The Bank offers clients a set of basic investment strategies in the capital market, ranging from conservative to high-yield, represented by respective portfolios in UAH or foreign currency. The Bank also provides repo operations with high-quality and low-risk collateral (e.g., OVDPs).

<u>Priority banking products for retail business:</u>
- <u>Settlement and cash services;</u>
- <u>Deposit products;</u>
- <u>Loan products;</u>
- <u>Payment cards;</u>

- Banking metals.

Priority banking products for interbank and investment business:
- Securities operations (domestic government bonds (OVDPs) and NBU deposit certificates);
- Investment property operations (disposal of non-core assets).

7. REMUNERATION RECEIVED

Payments to key management personnel for 2024 amount to UAH 38 921 thousand.

III. STRATEGIC OBJECTIVES AND RELATED MANAGEMENT STRATEGY

8. STRATEGIC GOALS

Management objectives and strategy for their achievement

Based on the assessment of the current financial position, the challenges facing the Bank, its vision, mission, values, and core business areas, the following strategic objectives have been set for 2025–2027:

Strategic objective 1: Ensuring capital adequacy and sustainable development of the Bank
Implementation of measures aimed at recapitalisation and compliance with the capital adequacy requirements set by the National Bank of Ukraine (NBU):

- raising funds from investors on subordinated debt terms;
- effective management of non-performing assets, including the disposal of non-core assets and foreclosed property;
- ensuring return on equity and increasing the Bank's investment attractiveness.

Strategic objective 2: Organisational development, operational efficiency, and internal control
Ensuring the effective functioning of the Bank's governance bodies and internal control system through:

- consistent HR policy aimed at building a professional team and ensuring collective fitness;
- maintaining a comprehensive, adequate, and effective internal control and risk management system across all lines of defence;
- effective risk management, including strict compliance with applicable laws when assessing credit risk, provisioning levels, and related judgements;
- establishing robust internal controls to prevent and combat money laundering, terrorism financing, and financing of the proliferation of weapons of mass destruction (AML/CFT);
- continuous organisational development, enhancement of corporate culture, and strengthening of corporate governance.

Strategic objective 3: Retaining and strengthening the Bank's position in the financial services market
The Bank aims to preserve and expand its market position by:

- promptly and effectively meeting customer needs for financial products and services;
- increasing market presence by expanding sales channels and acquiring new clients;
- delivering high-quality products and services for various customer segments to support economic development and enhance brand recognition;
- updating the product offering to attract new clients and reduce concentrations.

Strategic objective 4: High standard of customer service
Ensuring and maintaining a high level of customer service through:

- the use of modern financial and information technologies;
- the implementation of digital products;
- staff training and business process optimisation.

9. KEY AREAS OF TRANSFORMATION

To achieve its strategic objectives, the Bank plans to implement seven functional strategies:

1. CORE BUSINESS DEVELOPMENT STRATEGY
2. NON-PERFORMING ASSET MANAGEMENT STRATEGY
3. INFORMATION TECHNOLOGY DEVELOPMENT STRATEGY
4. INFORMATION SECURITY STRATEGY
5. MARKETING STRATEGY
6. BRANCH NETWORK DEVELOPMENT AND OPERATIONS STRATEGY
7. HUMAN CAPITAL AND PERSONNEL MANAGEMENT STRATEGY

1. CORE BUSINESS DEVELOPMENT STRATEGY:

The Bank's customer-focused priorities for 2025–2027 include the following:

- Transformation of the Bank's operational structure and service profiles by diversifying its activities and implementing both traditional and modern customer service technologies, including remote banking and internet-based services;
- Audit and assessment of the performance of existing products and services, client base, client profiling, product engagement, and the economics of partner relationships, with regular monitoring of cross-selling initiatives;
- Implementation of virtual banking and financial technologies, such as remote account opening and contract signing via digital channels;
- Building long-term customer relationships through the development of tailored offerings that consider not only immediate client needs, but also future development in line with their life-cycle and strategic trajectory;
- Development of an omnichannel approach to customer engagement through the expansion of digital functionality for both individual and corporate clients, including the introduction of tailored services for sole proprietors;
- Automation and optimisation of internal business processes aimed at improving service quality and speed, ensuring efficient use of employee time, and continuously enhancing profitability through process efficiency and the expansion of digital service channels, while maintaining in-branch personal interaction;
- Introduction of inclusive standards for the provision of financial services in physical branches and remotely, including training and employment of persons with disabilities and supporting veterans in transitioning to civilian life;
- Staff development: each employee is expected to clearly understand their mission and role within the system to ensure high-quality sales, comprehensive service, and personalised client interaction. Changes in staff roles are envisioned to include product managers, client consultants, and transaction and advisory specialists.

Key strategic objectives of the corporate and retail business segments for 2025–2027

Corporate business

The Bank has identified the following key priorities for the development of its corporate business during the 2025–2027 period:

- Expansion of comprehensive cash and settlement services aimed at increasing volumes in both national and foreign currencies, including proceeds from the sale of goods and services, export revenues, funding from non-residents, and placement of temporarily free funds under deposit programmes. Particular focus is placed on clients engaged in foreign economic activity and resource-generating customers;
- Enhancement of distribution channels for banking products while maintaining a balance between personalised branch-based service and remote servicing via internet banking, mobile applications, call centres, and similar platforms;
- Meeting the payment service needs of corporate clients through the introduction of remote identification and verification services for both legal entities and individuals;
- Growth of the credit portfolio for legal entities, SMEs, and sole proprietors by launching new financing products and improving existing ones;
- Participation in government-supported financing programmes, including "Affordable Loans 5-7-9", "Affordable Factoring 5-7-9", the State Programme " yeOselya ", and others;
- Engagement in programmes offered by the Export Credit Agency of Ukraine (ECA), enabling access to export financing under a simplified procedure secured by an ECA insurance agreement;
- Development and active reintroduction of documentary operations in the corporate segment.

Retail business

The Bank's priorities for the retail segment during 2025–2027 include:

- Ensuring the Bank's competitive position in the retail banking market;
- Optimising sales channels for banking products offered to individuals;
- Addressing retail customers' demand for payment services, in particular through further development and improvement of the RWS Online mobile application.

<u>In the 2025–2027 period, the Bank will focus on the following key development areas in the card business:</u>

- ✓ Development and implementation of new card products, including virtual cards;
- ✓ Continuous compliance with applicable legal and regulatory requirements in the area of card operations, with the aim of avoiding supervisory remarks. This includes further enhancement of cooperation with the processing centre, implementation of control procedures, and ongoing review of system settings for transaction restrictions and account blocks in the SR Bank system, in line with the requirements of NBU Resolution No. 18;
- ✓ Improvement and functional expansion of the mobile application for individuals, with the goal of reaching the standard set by leading banking mobile applications. A new mobile application based on an advanced technological platform is planned for launch, enabling fully remote onboarding of new clients and offering a complete range of payment and related services to existing customers;
- ✓ Enhancement of the mobile application will support the launch of a new product – the “RwS Credit Card”. This product will be highly automated, cost-effective, and user-friendly, based on a scoring model and risk-based approach;
- ✓ Despite the Bank’s ongoing efforts to promote cashless payments via payment cards, it also plans to expand its self-service banking device (ATM) network in order to increase commission income from Service and Access Fees;
- ✓ Expansion of the existing set of licenses from Mastercard, which will significantly broaden the Bank’s card product offering and enable the launch of acquiring services in the E-Commerce sector. This includes merchant acquiring, internet acquiring, and P2P acquiring, including cross-border P2P transactions (A2C, C2A, and C2C operations) for financial companies and Bank clients via their web and mobile platforms, as well as E-Commerce P2P acquiring for the Bank’s partners;
- ✓ In the longer term, the Bank plans to obtain affiliate membership and acquire licences from Visa International Service Association (Visa), thereby further enhancing its card business offering.

<u>Key objectives for the interbank and investment business segment (hereinafter – IIB):</u>

The Bank's interbank and investment business is focused on ensuring stable commission and interest income through operations in financial markets. Key objectives for 2025–2027 include:

- ✓ Conducting foreign exchange purchase and sale transactions on behalf of clients to generate commission income;
- ✓ Carrying out proprietary foreign exchange trading operations to earn trading income;
- ✓ Investing in domestic government bonds (OVDPs) and performing trading operations with OVDPs to obtain interest and trading income;
- ✓ Placing surplus funds into overnight and 3-month certificates of deposit issued by the NBU to generate interest income;
- ✓ Executing and receiving interbank and client foreign currency payments via the SWIFT system.

<u>Planned initiatives aimed at enhancing the efficiency of IIB operations:</u>

- ✓ The Bank will offer clients a range of basic capital market investment strategies — from conservative to higher-yielding approaches — based on portfolios of securities, including operations with local currency and foreign currency-denominated OVDPs, as well as other financial instruments;
- ✓ The Bank is considering investments during 2025–2027 in highly liquid instruments, including treasury securities issued by investment-grade countries such as the United States, Germany, and France;
- ✓ The Bank’s income will comprise commission fees from securities transactions, profits from short-term price fluctuations (trading income or dealer margin), and trading income from the sale of OVDPs and other financial instruments;
- ✓ Taking into account the volatility of the NBU's discount rate and the corresponding fluctuations in OVDP yields in the primary market, the Bank plans to continue generating interest and trading income from financial instruments in 2025–2026. At the same time, the focus will gradually shift towards the corporate business, with the aim of increasing interest and commission income from corporate client operations.

2. NON-PERFORMING ASSET MANAGEMENT STRATEGY

Strategy for managing non-performing assets (NPAs) for 2025–2027

Over the period 2025–2027, the Bank has set out the following objectives for organising its non-performing asset (NPA) management process:

- Continued implementation of an integrated NPA management system based on the principles of economic feasibility, prioritisation, timeliness, structure, adequacy, comprehensiveness, efficiency, and ongoing monitoring;
- Enhancement of the early warning system aimed at the timely identification of potentially problematic exposures and implementation of corrective measures to prevent an increase in the level and volume of NPAs;
- Execution of measures necessary for the realisation of the NPA Management Strategy and implementation of the Bank's Business Plan to reduce the level and volume of NPAs and foreclosed assets.

The NPA management system is based on a clear division of functions, responsibilities, and powers among the involved departments and employees, ensuring defined accountability and reporting procedures under the three lines of defense model.

The NPA resolution process will utilise the following tools and approaches:

- Financial restructuring of the debtor's obligations;
- Operational restructuring of debtor/counterparty assets;
- Out-of-court settlements, including voluntary debt repayment, voluntary disposal of pledged assets, and financial leasing;
- Debt sale/assignment of claims to third parties;
- Conversion of debt into equity, i.e., conversion of all or part of the debtor's liabilities to the Bank into equity instruments (e.g., shares or participations in the debtor's capital);
- Enforcement measures, including legal proceedings, enforcement actions, bankruptcy proceedings, and other compulsory recovery mechanisms;
- Foreclosure and transfer of pledged or other assets of the debtor or guarantor to the Bank's ownership in settlement of outstanding debt;
- Write-off or partial write-off of impaired financial assets against the credit loss allowance.

3. INFORMATION TECHNOLOGY DEVELOPMENT STRATEGY

The Bank has defined the following key priorities for the development of its IT infrastructure and digital services for the period 2025–2027:

3.1. Development of IT Infrastructure

- ✓ Expansion of cloud-based infrastructure within the Microsoft Azure environment;
- ✓ Modernisation of the Bank's overall IT infrastructure;
- ✓ Upgrade of the Bank's telecommunications systems;
- ✓ Migration from outdated ISDN telephony to SIP-based telephony;
- ✓ Adaptation of IT systems to support secure and efficient remote work capabilities for staff.

3.2. Enhancement of Operational Efficiency

- ✓ Implementation of 24/7 operations within the National Bank of Ukraine's Electronic Payment System (SEP);
- ✓ Improvement of the "Electronic Archive" functionality;
- ✓ Enhancement of electronic document flow to facilitate a paperless environment (Paperless technology);
- ✓ Introduction of instant payment solutions;
- ✓ Deployment of new modules within the Bank's automated banking system (SR-BANK), including:

- Factoring system;
- Quasi-online protocol integration for the card module;
- Financial monitoring enhancements;
- Electronic document exchange with clients;
- Tools for management reporting.

3.3. Digital Solutions for Clients

- ✓ Further development and functional expansion of the “RWS online” mobile banking application for retail clients;
- ✓ Introduction of Open Banking frameworks;
- ✓ Automation of remote customer identification and verification, including remote account opening capabilities;
- ✓ Development of a service-oriented architecture (enterprise service bus) to connect front-end and back-end systems.

3.4. Improvement of Risk Management and Security Systems

- ✓ Implementation of a scoring system to enhance credit risk evaluation;
- ✓ Deployment of an automated financial monitoring system to ensure compliance and support AML/CFT efforts.

3.5. IT Personnel Development

- ✓ Gradual expansion of the Bank’s IT team in line with strategic needs;
- ✓ Continuous training and professional development of IT staff.

3.6. Enhancement of IT Support Services

- ✓ Optimisation of user support processes and establishment of a structured IT service desk for efficient incident and request handling.

The development of information technology will primarily focus on the high reliability and security of IT systems, in line with the requirements of the National Bank of Ukraine and global trends. It will also support and enhance the Bank’s business processes, enable the achievement of its business goals, and facilitate changes in the management model that require the implementation of new modern mechanisms and higher-quality management information.

An important direction will be the transition to a service-oriented architecture based on industrial standards and solutions, creating conditions for centralised sales management and the seamless processing of an increasing volume of transactions.

As a result of this development, the Bank aims to establish an industrial-grade IT platform, including the Bank’s information bus, which will integrate applications used by business and support functions. Surrounding this infrastructure will be front-office and back-office systems. The Bank’s software development strategy will aim to reduce the number of disparate solutions and integrate existing systems—transforming the Bank into a unified entity in its relationships with clients across all segments, and equipping its departments with effective interaction mechanisms.

The Bank plans to elevate the role of information technology and transform it into a sustainable source of its unique competitive advantages.

The improvement of information technology will be carried out gradually, applying a process-based approach to the management of the Bank’s IT infrastructure, to ensure the reliability, resilience, and continuity of all systems and applications.

<u>Another key area of IT infrastructure development in 2025–2027</u> will be the adoption of cloud-based services to ensure business continuity and the efficiency of the Bank’s information services.

4. INFORMATION SECURITY STRATEGY

The Bank’s strategy for countering information security threats is based on the balanced implementation of protective measures of various types—from actions at the level of business lines to specialised measures based on the assessment of information security risks.

The objectives of the Bank's information security development are as follows:

- To ensure the protection of the Bank's information and resources against internal and external threats, maintain the Bank's business continuity, support the mitigation of operational risks, and strengthen the Bank's positive reputation in customer relations;
- To support the implementation of new business processes and banking products based on advanced technologies that require robust information protection;
- To ensure the resilience of the Bank's operations amid increasing levels of cybercrime and other negative influences and threats in the area of information relations and digitalisation of financial and economic activities and business processes;
- To enhance the resilience of the Bank's business processes to information security threats and reduce the financial and operational impacts of security incidents;
- To develop the information security management system in accordance with the requirements of the National Bank of Ukraine and international information security standards.

To achieve these objectives, the following tasks have been defined:

- ✓ Protection of restricted-access and other critical information of the Bank;
- ✓ Ensuring business continuity and safeguarding information resources and automated banking systems from malicious interference and adverse external or internal technical, human, or man-made factors by upgrading the firewall, configuring protection against DDoS attacks, and implementing network intrusion detection systems;
- ✓ Implementation and use of information protection tools for banking documents in banking products and remote banking systems;
- ✓ Execution of technical information security measures at the Bank's facilities, including the protection of Bank premises from technical channels of information leakage;
- ✓ Enhancement of the monitoring and detection system for vulnerabilities and information security/cybersecurity incidents during the operation of business processes, banking transactions, and IT systems. Development of the Bank's information security management system (ISMS) through support, configuration, improvement, and modernisation of existing systems or the acquisition of new ones, including:

    - Integrated network security devices;
    - SIEM systems;
    - Vulnerability scanners;
    - Malware protection tools;
    - DLP (Data Loss Prevention) systems;
    - PAM (Privileged Access Management) systems.

5. MARKETING STRATEGY

The Bank's marketing strategy is one of the key tools for achieving its strategic objectives, as it clearly defines the directions, resources, and methods aimed at enhancing profitability and competitiveness in the financial services market. A coordinated marketing strategy facilitates effective cooperation among the Bank's departments and contributes to the achievement of its overall strategic goals.

The primary objective of the Bank's marketing strategy is to maintain the image of the Bank as a reliable and modern financial partner, strengthen brand awareness, attract new clients, and enhance the loyalty of existing ones.

To this end, the Bank plans to increase its presence in mass media and digital platforms, and to intensify its marketing efforts across the internet and social networks. Brand awareness is expected to increase by up to 30%, according to survey results, enabling the Bank to strengthen its market position and attract approximately 1,000 new active clients in 2025 with account balances starting from UAH 500 (2.3 rating classes) and at least one debit or credit transaction within a 30-day period during the relevant reporting period.

A key implementation tool of this strategy is the diversification of communication approaches and channels, allowing the Bank to reach a broad client base with varying needs and preferences. The Bank's multichannel approach underpins its marketing strategy, ensuring maximum audience coverage through various product promotion channels.

The Bank employs a wide array of distribution channels to market its products and services, securing stable competitive advantages in the market. Key sales and communication channels include:

1. digital marketing;
2. online banking;
3. branch network;
4. contact center;
5. outdoor advertising and public relations.

In addition to promoting existing products and services, the Bank actively pursues the implementation of new initiatives to strengthen its market position. One such initiative involves the launch of targeted advertising campaigns aimed at engaging target audiences via social media, internet advertising, and other digital tools to enhance brand recognition and client acquisition.

As part of the development strategy, the Bank also plans to integrate new tools to improve the effectiveness of online and mobile banking. New features will be introduced into mobile applications and web platforms to enhance customer convenience and accessibility, thereby increasing user loyalty and simplifying service processes.

Moreover, the Bank will continue its efforts to promote financial literacy, working in close cooperation with the National Bank of Ukraine. This will include the implementation of awareness-raising projects and events aimed at increasing the public's knowledge of financial security fundamentals and sound money management. These initiatives will reinforce the Bank's image as a socially responsible institution and attract clients who are interested in expanding their financial knowledge.

To further improve operational efficiency, the Bank will continue developing its multichannel marketing communications approach, maximising outreach and client engagement through diverse platforms, including social media, media advertising, outdoor advertising, and PR activities.

6. BRANCH NETWORK DEVELOPMENT AND OPERATIONS STRATEGY

The development of banking as a complex and dynamic system is closely linked to the expansion and optimisation of the Bank's branch network. In this context, the formulation of directions for the innovative development of the Bank's branch infrastructure has gained significant importance, as it is intended to ensure the achievement of expected outcomes and improve operational efficiency, in line with the Bank's approved Strategy.

Currently, the Bank's branch network is fully optimised, and no loss-making branches exist.

The Bank recognises the importance of regional branch development and has identified key directions for expanding its physical presence across Ukraine. An analysis of market trends in the domestic banking sector indicates a dual tendency: while certain financial institutions are reducing their physical footprint, others are expanding based on strategic business needs and regional demand.

A critical component of the Bank's growth and branch development strategy involves the transition to digital sales channels and remote customer service. In the coming years, the Bank plans to prioritise the implementation of innovative systems and remote banking solutions, enabling the high-quality servicing of its client base without the need to open or maintain additional physical branches.

Regional staff continue to actively engage new car dealerships and real estate developers for servicing arrangements, as Bank branches offer a comprehensive range of services to both corporate and retail clients.

The head office monitors the market of competitors' services and creates new products to meet the demand of clients of JSC "RWS BANK" branches.

<u>Key areas of development of the Bank's network in 2025 - 2027:</u>

- ✓ The Bank plans to develop the work of existing branches, by strengthening branch teams, attracting new powerful clients, remote banking, a new range of services, expanding the Power Banking zone, and adhering to inclusive standards.
- ✓ JSC "RWS BANK" does not emphasise in the Strategy the opening of new branches, because it is advisable to open them only if there is an understanding of the client base and the justification for such an opening in the regions.
- ✓ Potentially, in 2025, the Bank is considering searching for teams and opening a branch on the left bank of the Dnieper in Kyiv, since today the branches of JSC " RWS BANK " are represented only on the right bank.
- ✓ Also, by the end of 2025, the Bank will analyse the possibility of opening new branches in Chernivtsi and Lutsk, and in 2026 - in Zhytomyr and Khmelnytskyi (due to the active development of these regions).

7. HUMAN CAPITAL AND PERSONNEL MANAGEMENT STRATEGY

Human capital is considered the Bank's primary strategic resource. The Bank builds its relationships with employees based on the principles of long-term cooperation, mutual respect, and strict fulfilment of the Bank's obligations towards its employees, and, in return, the employees' obligations towards clients.

The Bank’s personnel management strategy is aligned with the implementation of its broader business strategy. The continuous development of employees is seen as a core component of the Bank’s value proposition and a source of competitive advantage.

Key priorities for 2025–2027 include:

- Efficient recruitment based on the candidate's fit to the position’s metaprofile, as well as employer brand development;
- Active implementation of employee onboarding and adaptation programmes;
- Meeting the growing demand for skilled specialists across the Bank’s regional network;
- Effective use of training, development, and career planning tools aimed at increasing employee lifecycle and retention;
- Enhancement of motivation programmes to retain key talent, boost employee efficiency, engagement, and loyalty to the Bank;
- Formation of a talent pool and succession planning system.

To support these objectives, the Bank will work across several personnel management areas:

Motivation system. The Bank’s strategy is focused on attracting and retaining the most qualified professionals available in the labour market, aiming to achieve goals through performance quality rather than workforce volume. The motivation system is based on four principles: tangibility and reality, accessibility, transparency, and minimisation of disparities. The Bank will also encourage employees to contribute beyond their core responsibilities, particularly through participation in strategic projects. A competitive level of remuneration will be accompanied by continued improvements in labour productivity and complemented by the expansion of non-financial incentives, which gain importance amid the growing number of highly qualified staff.

Recruitment and onboarding system. Staff recruitment is based on professional competence and the position’s metaprofile. The Bank will actively apply headhunting practices and promote its employer brand to attract high-calibre professionals. The onboarding process includes a mentorship framework that ensures new employees go through all stages—product, social, and psychological adaptation—effectively integrating into the Bank’s team.

Performance evaluation, training and development system. The Bank views this area as a key competitive advantage and a crucial staff retention tool. To ensure effective succession for vacant positions, develop internal talent, ensure uninterrupted operations, and enhance workforce utilisation, the Bank will focus on talent pool formation and the introduction of succession planning at all management levels.

Additionally, the Supervisory Board of the Bank will conduct annual performance evaluations of the Management Board as a whole, individual members of the Management Board, its committees, and heads of control functions. Self-assessments will also be carried out by the Supervisory Board and its members to confirm the fitness and propriety of Bank executives in accordance with regulatory qualification requirements. These evaluations will help ensure the collective suitability of governing bodies in relation to the Bank's size, nature of activities, risk profile, and the scope of banking and other financial services provided.

The implementation of this strategy is expected to result in a significant increase in productivity and the overall effectiveness of management systems, thereby creating additional opportunities to enhance the Bank’s profitability.

IV. RESOURCES, RISKS AND RELATIONSHIPS

10. CAPITAL STRUCTURE

The primary objective of the Bank's capital management process is to ensure a sufficient level of capital to support stable operations, business development, and coverage of potential risks. The Bank's management complies with all regulatory capital requirements established by the National Bank of Ukraine (NBU) and assesses capital adequacy in accordance with regulatory methodologies.

Starting from August 2024, the NBU introduced the Regulation on the Procedure for Determining the Amount of Regulatory Capital by Ukrainian Banks (Resolution of the NBU Board No. 196 dated 28 December 2023), which provides for the transition to a three-tier capital structure. This model is aimed at enhancing transparency and the efficiency of capital management in the banking sector.

As at 31 December 2024, the Bank's regulatory capital amounted to UAH 202,387 thousand, which met all the regulator's requirements. The regulatory capital adequacy ratio as at the reporting date was 13.5%, exceeding the minimum required level of 8.5%, which indicates a sufficient margin of financial resilience. Throughout the reporting period, the Bank did not breach the regulatory capital adequacy ratios and maintained them at a level above the regulatory thresholds.

To control the amount of regulatory capital, the Bank regularly calculates it in accordance with the requirements of the NBU and internal policies. The table below presents the structure of regulatory capital as at 31 December 2024 compared to the indicators for 2023.

To ensure comparability, the regulatory capital figures as at 31 December 2023 have been recalculated in accordance with the updated methodology introduced by Regulation No. 196. Despite minor differences in the calculation approach, these data allow for an assessment of capital dynamics and compliance with the new regulatory requirements.

Table 1. Structure of regulatory capital

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Core Tier 1 capital	202 387	286 704
Own Core Tier 1 instruments	300 039	300 039
Profit for the interim reporting period	10 632	49 540
General reserves and reserve funds established in accordance with Ukrainian legislation	14 094	13 793
Financial assistance from the Bank's shareholders approved by the NBU for inclusion in core capital	48 000	48 000
Deductions from core capital, including:	(170 378)	(124 668)
Intangible assets less amortisation, capital investments in intangible assets, right-of-use assets less amortisation	*(11 082)*	*(5 982)*
Accumulated losses of previous years	*(63 684)*	*(69 398)*
Accrued income not received	*(1 013)*	-
Non-core assets	*(94 599)*	*(46 405)*
Uncovered credit risk	-	*(2 883)*
Additional capital		
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Total regulatory capital	**202 387**	**286 704**

11. LIQUIDITY

The Bank maintained an adequate level of liquidity.

The liquidity coverage ratio (LCR) in all currencies (LCRac) averaged 248.54% in December 2024, against the NBU minimum requirement of at least 100%.

The liquidity coverage ratio in foreign currency (LCRfc) averaged 238.22% in December 2024, against the NBU minimum requirement of at least 100%.

Compliance with the LCR indicates that the Bank maintains a level of liquidity sufficient to fully meet its obligations over a 30-day period under stressed conditions.

The Bank's compliance with prudential liquidity ratios remains within a risk-free zone.

It should also be noted that the Bank complied with the mandatory reserve requirement on funds attracted to the correspondent account throughout 2024.

The NBU long open currency position ratios (L13-1 and L13-2) were not exceeded: as at 31 December 2024, L13-1 stood at 2.01% and L13-2 at 1.79%, both below the regulatory threshold of 5%. Therefore, the Bank complied with the relevant requirements, remaining in the risk-free zone.

To identify and minimise liquidity risk through asset and liability matching, the Bank implements the following measures: daily monitoring of high-quality liquid assets and liabilities; decadal analysis of short-term and long-term liquidity indicators; monthly approval and continuous monitoring of the payment calendar; enhancement of the financial planning mechanism; establishment and revision of limits; monitoring of liquidity in the interbank market of Ukraine; and verification of model adequacy through comparison of projected and actual levels of liquidity risk.

The Bank's departments that directly or indirectly affect its liquidity undertake measures to minimise asset-liability mismatches.

Over the period from January to December 2024, the Bank succeeded in maintaining its liquidity ratios at an adequate level.

Overall, the Bank ended the year 2024 with a profit. The amount of net profit totalled UAH 439 thousand.

12. HUMAN RESOURCES AND INTELLECTUAL CAPITAL

Human resources represent a specific and the most essential type of economic resources. As a factor of economic development, human resources refer to employees who possess certain professional skills and knowledge and are able to apply them in the course of work.

The study of human resources is of great importance for labour market assessment and the development of an appropriate demographic policy aimed at influencing population reproduction and employment processes.

Intellectual capital refers to knowledge that can be converted into value; in other words, it is the sum of all that employees know and possess, which contributes to the Bank's competitiveness. Intellectual capital is difficult to precisely identify and even more challenging to apply effectively.

Human capital is the part of intellectual capital that directly relates to the individual. It comprises people's knowledge, practical skills, creative and intellectual abilities, moral values, and work culture. Human capital plays a critical role in innovation and all types of renewal.

98% of the Bank's staff have completed higher education, with only technical personnel and support services staff holding secondary education. 80% of employees have previous experience in the banking and financial sectors, with an average of 5 to 15 years.

Despite the closure of certain branches, the staff of the Bank's head office increased. The Bank's personnel expenses rose significantly due to the introduction of motivational programmes, as well as a general shortage of qualified staff, particularly in the banking sector. Following the full-scale invasion, the labour compensation market has become significantly more expensive. For certain positions (Bank executives, heads of control units, and heads of structural divisions, etc.), salaries have doubled compared to the previous year.

In 2024, the Bank will implement the updated "Remuneration Policy in RWS BANK JSC", approved by the Decision of the Supervisory Board of JSC "RWS BANK", Minutes No. 21/24 dated April 19, 2024.

Remuneration policy and personnel development

The Bank's remuneration policy defines the following components of remuneration:

1. A fixed base salary, which reflects the employee's level of professional experience and organisational responsibility as per the job description;
2. Financial incentives:

- Variable remuneration (individual financial motivation);
- Bonuses for the Chairman and members of the Management Board and for the Chairman and members of the Supervisory Board for implementing the Bank's Development Strategy;
- Remuneration for mentorship;

- Remuneration for ideas that contribute to the improvement of the Bank's operations.

The Bank also actively operates an onboarding programme for new employees. According to Order of the Chairman of the Management Board No. 290-K dated 1 December 2020 and Order No. 447-K dated 31 December 2024, additional remuneration is provided for mentorship.

Considerable attention is paid to employee training, including both mandatory and professional development training aimed at enhancing knowledge, skills, and personal potential. In 2024, the Bank organised the following types of regular training: external and internal. A training plan for 2024 was developed and approved. Due to the full-scale war, internal classroom training was not held and was instead transferred to online format. Examples of training topics included: cash handling procedures, financial monitoring, conflict of interest, foreign exchange supervision, product line, customer service quality standards, handling objections, new banking products, and updates in banking software, among others. Nearly every Bank employee completed professional training during the year.

In addition, regular training was conducted for all employees in areas such as information security, compliance, operational risk, and the Code of Corporate Conduct (Ethics). The Bank's management participated in training on corporate governance, and heads of structural units received training on personnel management, employee onboarding procedures, and other relevant topics. Senior management also undertook professional development in areas such as non-performing assets, internal audit, IT, business continuity and security, payment services, and retail banking.

The employee turnover rate for the period from 1 January to 31 December 2024 was 32%.

During the same period, there were no dismissals due to absenteeism, other breaches of labour discipline, or unsuitability for the position held.

The Bank continuously improves the effectiveness of its internal control system by:

1. Updating internal regulatory procedures and documentation;
2. Engaging an optimal number of specialists (including new hires), and involving professional consultants and experts in relevant areas to achieve strategic objectives.

The Bank strives to create a safe and comfortable working environment for its staff. It will continue to invest systematically in staff training and development, while actively utilising its internal talent pool to fill managerial positions.

13. TECHNOLOGICAL RESOURCES

The Bank possesses all necessary infrastructure to support its technological operations, including server equipment, computer hardware, and communication devices (routers, switches, etc.). However, due to increased data volumes and higher infrastructure load, upgrades are required. Accordingly, the 2025 budget includes the planned renewal of server and communication equipment to support the operation of the Bank's data processing centre.

The Bank uses the automated banking system SrBank10 for Oracle, developed by LLC "SOFTREVIEW TRADE". This software suite ensures protection of information and documents from forgery, distortion, or destruction; facilitates accounting processes and the preparation of the daily balance sheet and relevant statistical reporting; enables settlement operations; and supports participation in the National Bank's electronic payment system.

14. RISK MANAGEMENT SYSTEM

The Bank has established a comprehensive and adequate risk management system (hereinafter – RMS), taking into account the specifics of its operations, the nature and volume of its activities, and its risk profile.

The Bank's RMS ensures the timely (at an early stage) identification, assessment, monitoring, control, reporting, and mitigation of all material risks, as well as the assessment of the adequacy of the Bank's internal capital and liquidity in relation to its risk profile, market, and macroeconomic conditions. The material risks to which the Bank may be exposed in the course of its operations include: credit risk, liquidity risk, interest rate risk, market risk, operational risk, and compliance risk.

The risk management structure provides for a clear allocation of functions, duties, and responsibilities for risk management among all structural units and employees of the Bank, along with accountability in line with such allocation. The organisational structure of risk management also considers staff interchangeability in order to maintain the effective functioning of the RMS in cases of employee absence or termination.

The Bank's risk management system (RMS) is structured according to the three lines of defence model:

1. At the level of the Bank's operational units that conduct transactions and directly assume risks (front offices), and the units responsible for transaction registration (back offices) – first line of control. These units are responsible for the risks they take, perform day-to-day risk management, and submit reports on current risk handling;
2. At the level of the risk management unit and the compliance control unit – second line of control;
3. At the level of verification and assessment of RMS effectiveness by the internal audit department – third line of control.

The key participants in the risk management system include:
• The Supervisory Board of the Bank;
• The Management Board of the Bank;
• The Credit Committee;
• The Asset and Liability Management Committee (ALCO);
• Other collegiate bodies of the Bank;
• The Risk Management Department;
• The Compliance Control Division;
• The Internal Audit Department;
• Structural units of the Bank performing back-office functions during transactions;
• Structural units of the Bank performing front-office functions during transactions.

The overall risk management strategy is defined by the Supervisory Board, which also monitors the effectiveness of the RMS.

The Management Board, being the executive body of the Bank accountable to the Supervisory Board, is responsible for the organisation and effective functioning of the RMS. It ensures ongoing interaction with the Supervisory Board on RMS matters based on generally accepted principles of corporate governance. Such interaction must include, at a minimum, two components: reporting/informing and providing recommendations/suggestions.

The Credit Committee is responsible for forming a credit portfolio with minimal credit risk, i.e. with a minimum level of overdue debt. To this end, the Bank:

• Sets lending limits;

• Assesses asset quality and decides on the formation of provisions to cover potential losses from asset impairment;

• Ensures compliance with the credit risk limits established by the National Bank of Ukraine (e.g., the maximum credit exposure per counterparty, limits on exposures to related parties, and large credit exposures).

To reduce credit risk, the Committee continuously assesses the creditworthiness of the Bank's counterparties; promptly identifies non-performing assets; and oversees the determination of credit risk levels and the calculation of provisions for impairment.

The Asset and Liability Management Committee (ALCO) evaluates and manages liquidity and market risk at both the individual transaction level and across the Bank's asset and liability portfolios. Market risk management also includes management of interest rate and currency risks.

The Committee reviews, on a monthly basis, the cost of liabilities and the profitability of assets, and makes decisions on interest margin policy. It also reviews asset-liability maturity matching and provides recommendations to the relevant Bank units on how to address mismatches in the terms of asset placement and liability attraction.

With respect to liquidity and cash flow risk management, the Committee assesses liquidity and makes decisions within the delegated authority and internal procedures. It also implements preventive measures to mitigate and manage liquidity risk arising from day-to-day operations or due to market changes.

The Risk Management Department is responsible for the overall risk management framework. It develops and maintains up-to-date internal regulations relating to RMS, including policies and methodologies for credit, market, interest rate, liquidity and operational risks, and submits them to the Supervisory Board for approval. The Department identifies and assesses risks both on a deal-by-deal basis and at the portfolio level; organises risk control and monitoring systems; evaluates operational risks across all business processes; and develops measures to mitigate or reduce the impact of the Bank's accepted risks. Representatives of the Risk Management Department are members of the Credit Committee and ALCO.

The Department regularly reports on the functioning of the RMS by preparing and submitting risk management reports to the Supervisory Board and the Management Board. It is also responsible for monitoring compliance with prudential ratios, limits, and specific requirements of the National Bank of Ukraine.

The Risk Management Department is subordinated to the Supervisory Board.

The Compliance Control Division is responsible for identifying, assessing, and managing compliance risk, which accompanies every process within the Bank's operations. Compliance risk management is an integral part of the Bank's corporate culture. Adherence to compliance principles is the duty of every Bank employee. The Bank encourages timely and open discussion of issues and enables employees to report concerns regarding unlawful, unethical, or questionable practices without fear of retaliation.

Early reporting includes issues such as misconduct, including fraud or corruption within the Bank, violations of Bank policies or rules, mismanagement or misuse of Bank resources, abuse of authority, behaviour causing or contributing to material harm to society, impairing operations or governance of the Bank, and attempts to commit such acts.

The Compliance Control Division is subordinated to the Supervisory Board of the Bank.

Credit risk

Credit risk represents the risk of financial loss arising from a borrower's or counterparty's failure to fulfil their contractual obligations to the Bank.

To manage credit risk, the Bank has developed relevant policies and procedures and established a Credit Committee that performs active monitoring of credit risk. The Bank controls the level of credit risk it assumes by setting risk exposure limits. To mitigate credit risk, the Bank transacts with customers and counterparties who demonstrate sound financial standing and provides secured lending.

The Bank's credit policy is reviewed and approved by the Supervisory Board.

As at 31 December 2024, the maximum credit risk exposure amounted to UAH 118,463 thousand (31 December 2023: UAH 62,081 thousand).

Market risk

Market risks arise from open positions in interest rate and foreign currency instruments, which are subject to general and specific market movements. Market risk is the risk that changes in market factors—such as interest rates, security prices, exchange rates, and credit spreads (unrelated to the creditworthiness of a borrower or creditor)—will affect the Bank's income or the value of its financial instruments.

To limit potential losses, the Bank manages market risk by periodically assessing potential losses that may result from adverse market changes and by setting and observing relevant limits.

Within market risk, the Bank also considers price risk related to the decline in the value of securities and collateral (e.g. mortgages), among others.

The overall responsibility for monitoring market risk lies with the Asset and Liability Management Committee, which manages market risk through the establishment of prudent limits (limits, ratios, interest rates).

Currency risk

Currency risk arises when the actual or forecasted foreign currency assets exceed or fall short of the corresponding liabilities in the same currency.

Currency risk management includes the use of all available instruments to avoid significant losses, monitoring the risk, and minimising potential losses where full avoidance is not possible, and applying hedging instruments when appropriate.

The Bank sets limits and continuously monitors currency positions in accordance with the regulations of the National Bank of Ukraine.

Interest rate risk

Interest rate risk arises from the possibility of changes in the value of financial instruments or future cash flows due to changes in interest rates. It is assessed by measuring the impact of market interest rate fluctuations on the Bank's interest margin and net interest income.

When the maturities of interest-earning assets differ from those of interest-bearing liabilities, net interest income may increase or decrease depending on interest rate changes.

To manage interest rate risk, the Bank sets limits on interest spreads (margins), monitors interest income on assets and interest rates on liabilities, and adjusts pricing for its banking products.

Operational risk

Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes, human errors, system failures, or external events.

The primary method for managing operational risk is the implementation of an internal control system. The Bank regularly audits operational procedures and assesses associated risks, and develops internal guidelines to mitigate them.

Operational risk assessments are conducted for all new products, internal procedures, processes, and operational/payment/settlement systems.

The Bank enforces a system of clear delegation of authority, segregation of incompatible duties, and division of responsibilities among business units and employees, with restricted access to the operational system.

Key measures for managing operational risk include:

Transaction-level monitoring at the unit level;

Restricting physical access to data (both digital and paper-based);

Implementing inspection procedures and dual controls;

Ensuring compliance with internal policies, procedures, and applicable laws and regulations.

Reputational risk

Reputational risk is the current or potential risk to earnings and capital arising from negative perception of the financial institution by customers, counterparties, shareholders, or regulatory authorities. It may affect the Bank's ability to establish new business relationships, provide services, or maintain relationships with existing clients.

Liquidity risk

Liquidity risk arises in the course of general funding and position management. It includes the risk of being unable to fund assets as they fall due or to liquidate assets at a reasonable price in a timely manner.

The Bank has access to a variety of funding sources. These include capital contributions by shareholders, which help diversify funding channels, reduce reliance on any single source, and generally lower the cost of funds. The Bank aims to maintain a balance between funding continuity and diversification by using liabilities with varying maturities.

To manage liquidity risk, the Bank applies both economic and administrative instruments.

The Bank continuously assesses liquidity risk by identifying and monitoring changes in funding requirements needed to achieve business objectives under the overall strategy.

Additionally, within its liquidity risk management strategy, the Bank maintains a portfolio of liquid assets and complies with the maturity gap requirements set by the National Bank of Ukraine between attracted and placed funds.

The Bank holds assets and liabilities denominated in various foreign currencies and is therefore exposed to fluctuations in foreign exchange rates, which may affect its financial position and cash flows.

Compliance risk

Compliance risk is the risk of losses, penalties, additional costs, foregone income, or reputational damage arising from non-compliance with laws, regulations, market standards, fair competition rules, corporate ethics, conflicts of interest, or the Bank's internal policies and group standards.

The Bank values its reputation as a reliable, stable, and transparent financial institution. It strictly adheres to legislative and regulatory requirements, market standards, fair competition rules, and corporate ethics.

The Bank has implemented high ethical standards and employee conduct rules, which promote trust from clients and partners. All employees are expected to interact with clients, colleagues, competitors, and business partners in accordance with the Bank's Code of Conduct (Ethics).

15. TRANSACTIONS WITH RELATED PARTIES

The Bank provides services, performs operations, and enters into agreements with related parties on market terms, in full compliance with applicable legislation and the Bank's internal policies.

In 2024, the prohibition established by Resolution of the Board of the National Bank of Ukraine No. 23 dated 25 February 2022 "On certain issues of the activities of Ukrainian banks and banking groups" remained in effect. This restriction prohibits active operations with related parties involving the conclusion of new loan agreements and contracts that result in financial obligations for the Bank (including lending commitments, guarantees, sureties, letters of credit, acceptances and avals, receivables), as well as amendments to existing agreements. An exception applies to the issuance of consumer loans by the Bank on standard terms available to the general public of borrowers.

When carrying out transactions with related parties, the Bank's structural units act in accordance with the current "Regulation on transactions with related parties of the Bank," which is approved by a decision of the Bank's Management Board and adopted by the Supervisory Board.

The list of related parties is updated by the Bank's Management Board as needed, but at least once per month, as at the 1st day of the current month.

The Risk Management Department and the Compliance Control Division perform ongoing monitoring of the list of related parties and related transactions. When active transactions with related parties are carried out, the Compliance Control Division provides appropriate conclusions on the compliance of such transactions with applicable legislation. The Risk Management Department monitors the total volume of active transactions with related parties to ensure adherence to the National Bank of Ukraine's credit risk exposure limits applicable to such transactions.

Information on whether a counterparty is classified as a related party is verified by the Bank's staff responsible for signing agreements, who also take measures to ensure compliance of related party transactions with legal requirements from the moment a relationship of affiliation between an individual or legal entity and the Bank is identified.

As at the reporting date, the volume of transactions with related parties is insignificant and does not have a material impact on the Bank's performance. Settlement and cash services for related parties are provided on market terms, at market rates and tariffs.

V. PERFORMANCE RESULTS AND FUTURE DEVELOPMENT PROSPECTS

16. FINANCIAL INDICATORS

As at the end of 2024, customer funds totalled UAH 4 105 204 thousand (including accrued expenses), including:

- UAH 3 212 491 thousand in current accounts of legal entities;
- UAH 270 189 thousand in term accounts of legal entities;
- UAH 306 356 thousand in current accounts of individuals;
- UAH 316 168 thousand in term accounts of individuals.

In 2024, the Bank demonstrated no negative trends in resource mobilisation: total funding increased by 17%, or UAH 586 068 thousand.

For the year ended 31 December 2024, the Bank earned net interest income of UAH 222 762 thousand, representing a 32% increase (UAH +54 496 thousand) compared to 2023. Net fee and commission income amounted to UAH 155 391 thousand (2023: UAH 131 580 thousand).

Transactions with domestic government bonds generated UAH 224 536 thousand of net income for the reporting year, while guarantee-related operations resulted in income of UAH 28 832 thousand.

The Bank's trading result as at year-end totalled UAH 82 779 thousand, with the majority of trading income generated from foreign exchange transactions and operations with banking metals.

The Bank carried out a revaluation of real estate, resulting in a positive adjustment of UAH 8 080 thousand, and partially disposed of investment property previously recognised on the balance sheet.

The Bank ended the year 2024 with a net profit of UAH 439 thousand.

01/06/2025 The National Rating Agency "Rurik" updated the long-term borrower credit rating of JSC "RWS BANK" on the national scale at the level of uaAA investment category with a forecast of "developing", and the deposit reliability rating at the level of r4.

A borrower or a specific debt instrument with a uaAA rating is characterised by a very high creditworthiness compared to other Ukrainian borrowers.

A deposit reliability rating of r4 indicates that the Bank is reasonably reliable, though more sensitive to adverse commercial, financial, and economic factors than a bank rated r5. The likelihood of issues with the timely repayment of deposits is low.

Key balance sheet indicators for 2024 (compared to 2023)

In thousands of hryvnias

Indicators	2024	2023	Deviation from 2023
ASSETS			
Total assets, including	**4 507 446**	**3 875 925**	**631 521**
Cash and banking metals	146 102	206 067	-59 965
Correspondent accounts opened with other banks	187 729	265 163	-77 434
Securities refinanced by the NBU	3 490 712	2 592 036	898 675
Loans to customers, including	359 143	547 842	-188 699
loans to legal entities	342 404	515 739	-173 335
loans to individuals	16 739	32 103	-15 364
LIABILITIES			
Equity	**301 242**	**299 879**	**1 363**
of which: share capital	300 039	300 039	0
Liabilities, including	**4 206 204**	**3 575 046**	**631 158**
Funds from legal entities	3 482 681	2 912 019	570 662
Funds from individuals	622 524	607 117	15 407

17. PERFORMANCE RESULTS

In addition to the above, the Bank achieved the following results during the reporting year:

- Corporate business development
- The number of active corporate, small, and medium-sized business clients with account balances exceeding UAH 500 increased from 2,852 to 2,996 (an increase of 144 clients);
- A marketing strategy for promoting bank guarantees was developed, along with an application process enabling clients to request a guarantee via the Bank's website without visiting a branch. As at 1 January 2025, a total of 1,242 guarantees were recorded, amounting to UAH 1,159,208.79 thousand;
- SMS notifications to clients regarding the need for identification with the Bank were automated;
- A new deposit product for legal entities, "BUSINESS +", was launched.

<u>Retail business and card product development</u>

- The number of active retail clients with account balances exceeding UAH 500 increased from 2,672 to 3,038 (an increase of 366 clients);
- The number of active users of remote channels (mobile application, web version of internet banking) grew from 2,000 to 2,200 clients;
- MDES was configured under the Mastercard Wallet Express Issuer Enablement programme, enabling Bank cards to be tokenised and added to Garmin, Xiaomi, Fidesmo, and other devices;
- An agreement was signed with IPay for cross-border money transfers using the Bank's service and Diia-sharing functionality;
- The mobile application was enhanced to include: foreign currency exchange with the option to order a card in the desired currency; IBAN transfers with automatic execution; automatic creation of counterparty, contract, and card during onboarding via Diia.Signature; and storage of documents signed with QES in the Bank's CBS;
- 30 payroll card projects were launched.

<u>Interbank and investment activity development</u>

- To improve the processing of outbound foreign currency payments via SWIFT, the Bank reached an agreement with PROFIX to support the operation of SWIFT Alliance Lite2 under one-time contracts (in the absence of a master agreement);
- Interest income from securities issued or refinanced by the NBU increased by 18% compared to 2023, including a 47% increase in income from operations with domestic government bonds.

<u>Branch network development</u>

- A new branch was opened in Uzhhorod;
- To optimise business processes and reduce future costs, the Bank closed its Novosilky, Irshava, Mukachevo, Zakarpattia, and Ivano-Frankivsk branches, and suspended operations of the Berehove branch of JSC "RWS BANK".

<u>Human resources policy</u>

- As of 1 January 2024, an individual motivation system was introduced for Head Office staff, involving the use of financial motivation cards that include qualitative and quantitative performance indicators for awarding additional bonuses;
- Considerable attention is paid to staff training – regular internal training sessions are conducted for branch and Head Office employees, and managers and staff also participate in external training programmes on a regular basis to improve and develop professional competencies;
- A new Remuneration Policy was approved in connection with changes in NBU requirements for banks' remuneration systems. Quantitative and qualitative performance indicators for variable remuneration were approved for the Supervisory Board, Management Board, and control units. Internal Bank policies related to remuneration were updated accordingly.

<u>Work with non-performing assets</u>
The Bank is taking steps to dispose of investment property as quickly as possible in order to reduce the negative impact on its regulatory capital.

During the reporting year, the following assets were disposed of:

- Mobile building (water tank container wagon, serial No. UGV 12200 2430 023);
- Mobile building (meeting room wagon, serial No. UGV 12200 2430 024);

- Public building with ancillary structures, with a total area of 237.8 sq.m., located at 21-V Verkhnya Street, Kyiv;
- Two land plots with cadastral numbers 1810700000:01:005:0120 and 1810700000:01:005:0121, located at 43-e 1 Travnya Street, Korosten, Zhytomyr region;
- Seypa-132 paper-cutting machine.

Information security

- The PAM system (Privileged Access Management) – SSC Professional Edition – was implemented to monitor privileged user activities;
- A data loss prevention (DLP) system – Safetica (ESET) – was introduced;
- Symantec antivirus software was deployed;
- Fortinet firewalls are being gradually installed across the Bank's branch network;
- An analysis of obtaining qualified electronic signatures (QES) by Bank employees from Qualified Electronic Trust Service Providers (QETSPs) was conducted. A service agreement was signed with QETSP "MASTERKEY" (LLC "ART-MASTER"), allowing the Bank to optimise costs and time through remote identification and electronic document management;
- A new cryptography system was introduced for Bank staff involved in processing and signing NBU SEP payments in the "SR BANK" CBS – the use of QES was implemented at all stages of payment document handling (from creation to dispatch);
- A SIEM system (Security Information and Event Management) for the collection and analysis of system log files was launched, based on the Energy Logserver solution;
- An independent audit and assessment of the security of the Bank's information resources was conducted through a penetration test;
- An external independent assessment of the SWIFT infrastructure of JSC "RWS BANK" was carried out to verify compliance with the SWIFT Customer Security Programme (CSP) controls. The Bank received a positive evaluation and confirmation of compliance with all mandatory controls;
- To enhance protection against malicious code, pilot projects were implemented to deploy and test integrated antivirus solutions using SentinelOne and ESET software.

Information technology

- Development of cloud IT infrastructure in Microsoft Azure: an agreement was signed with PP "Lantek", all critical infrastructure and services were migrated to the cloud, and an audit of the environment was conducted;
- The mobile application "RWS online" was enhanced, including the launch of payments to external IBANs from payment card accounts via the CBS, and foreign currency exchange with the issuance of a corresponding currency card;
- The remote identification (onboarding) process for individuals via Diia was automated, including card account opening (onboarding for legal entities is in progress);
- Additional modules of the SR-BANK automated banking system were implemented, including those for financial monitoring and for maintaining electronic legal files in SRBank linked to the counterparty's card;
- The financial monitoring process automation system "ISPPA in FP" was introduced and integrated with the SRBank CBS;
- A new SIP telephony server was deployed;
- IT systems were adapted to support remote work capabilities for employees;
- Enhanced security policies for remote access were implemented, including multi-factor authentication.

18. PROSPECTS FOR FURTHER DEVELOPMENT

Since the onset of the full-scale invasion by the Russian Federation, Ukraine's economy has been operating under unprecedented security challenges. Civilian and critical infrastructure, as well as production and industrial facilities, have suffered significant destruction, the restoration of which will require substantial investment, effort, and time. The war has altered traditional approaches to analysing and forecasting the country's economic and social development due to the complexity of assessing the current situation.

Uncertainty regarding the further development of the security situation, international financial assistance, migration dynamics, and other external factors creates the possibility of multiple economic development scenarios. Due to the high variability of the socio-economic environment, these forecasts may be adjusted either positively or negatively.

Assessment of the impact of key external environment factors on financial position and performance (PEST analysis)

		Description of the situation	*Consequences for the Bank*	*Opportunities for the Bank*
External factors	*Financial and economic factors*	Political and economic crisis: slowdown in GDP growth, acceleration of inflationary processes, economic instability, decline in foreign investment, uncertainty regarding markets for strategic exports, and a decrease in the real income of the population.	Curtailment of business activities by certain clients; Decline in total balances on current and deposit accounts; Outflow of funds from individuals' deposit accounts; Adverse fluctuations in foreign exchange rates; Intensified competition in the banking sector; Loss of the Bank's strategic clients; Increased cost of funding and, as a result, higher expenses; Deterioration in asset quality leading to lower income and increased expenses for provisioning on active operations.	Withdrawal of certain competing financial institutions from the market and expansion of the Bank's client base as a result; Development of the Bank's product range; Increased use of the Bank's services due to its greater stability and manageability compared to large systemically important banks; Growth in income through the onboarding of new clients, expansion of the product line, and revision of tariffs.
External factors	*Social factors*	Decline in the level of monetary income among the population, increase in wage and pension arrears; Deterioration in payment discipline.	- Outflow of funds from individual deposits; - Reduction of consumer lending programs and a consequent decrease in income from lending to individuals; - Increase in defaults and negatively classified debt; rise in costs for provisioning.	- Attracting new potential clients—individuals for deposit and credit services from unstable banks; - Introduction of new services and an increase in the bank's fee income.
	Political factors	Payment discipline and the significant impact of the war on the macroeconomic situation in Ukraine and business development. Competition among political parties for control over state and economic influence. Level of trust from international financial institutions. Potential legislative changes affecting the banking sector and the national economy.	Strengthening of regulatory requirements (NBU reserve requirements, capital requirements, increase in corporate income tax for financial institutions), positioning of the bank as undercapitalised, inability to meet new regulatory requirements, and the need for the Bank's recapitalisation.	A possible increase in the share capital, which would strengthen the bank's position and enable it to compete among banks of the relevant group.
Internal factors	*Production and technological factors*	Negative factors: High cost of funding; A significant share of non-performing assets; Insufficient office space; Lack of a developed branch network. Positive factors: Individual client approach and high-quality service; A broad range of traditional banking services; Flexible and customer-friendly tariff policy; Availability of all necessary licence clauses to provide banking services; Convenient location; Modern organisational structure and technologies in use.	Difficulties in attracting major clients across regions, shortage of long-term resources, and low profitability and margin levels of the Bank.	An increase in the number of clients through the bank's image (a comfortable bank, timely fulfilment of obligations, prompt response to customer needs), expansion of the product range, diversification of the resource base, and reduction of concentrations; growth in fee and trading income.

Competitive position and advantages

External environment	Potential competitors for JSC "RWS BANK" may emerge through the development of new financial technologies (fintech) in the financial services sector, as well as the entry of international financial giants: Financial technologies and startups (Fintech) – offer alternative financial solutions (online loans, mobile payment systems, digital banking services, etc.) and could become strong competitors. Simple and fast online services capable of meeting consumer needs without requiring visits to physical branches may attract a significant portion of clients. International banks may enter the Ukrainian market with more favourable conditions for customers and a wide range of innovative services. The advantages of such institutions include international experience, scalability, and high-quality customer service.		
		Opportunities: The exit of certain financial institutions from the market. Increased client activity in using the bank's services due to the exit of some financial institutions from the market. Development of small and medium-sized businesses. Expansion of the bank's product range. Improvement of the legislative framework (taxation, banking laws).	*Threats:* Economic instability. Dependence of the National Bank of Ukraine (NBU) on the executive branch. Strengthening of regulatory requirements (NBU reserve requirements, capital requirements). Unfavorable changes in foreign exchange rates or trade policies of foreign countries. Lack of investment in the region. Changes in regional population income levels. The emergence of new products from competitors. Loss of the bank's strategic clients.
	Strengths: Systematic approach to client relations. Individual approach to clients and high-quality service. Wide range of traditional services. Competitive tariffs on similar products. Flexible and customer-friendly pricing policy. Modern structure and technologies used; responsiveness to necessary changes. Possession of required license points for providing services. Provision of consultations at a high professional level. Highly qualified staff. Convenient location..	Factors that represent the Bank's best position, as they lie at the intersection of the *strengths* of the internal environment and the *opportunities* of the external environment, combining both: By combining these factors, the Bank expects: An increase in the Bank's resource base and its cost reduction. An increase in the number of clients. Development of the product range. Activation of cross-selling. A decrease in interest rates on loans..	The intersection of the Bank's *strengths* and external *threats* highlights factors that represent opportunities to mitigate external risks by leveraging the Bank's operational advantages. In combining these aspects, the Bank anticipates the following: The activity of competing banks reduces the Bank's attractiveness to customers. Therefore, it is essential to communicate the Bank's distinctive features and advantages over competitors (including through advertising channels), with an emphasis on competitive tariffs, quality of service, and a personalised approach to customers. The Bank also strives to respond promptly to changes in the external environment.
Internal factors of the bank	*Weaknesses:* Insufficient level of bank capitalisation. High cost of liabilities. Significant portion of non-performing assets in the total credit portfolio. Lack of new products and programs that are not yet available in the market. Insufficient office space. Lack of branch network in regional areas.	At the intersection of the *weaknesses* of the internal environment and the *opportunities* of the external environment, we have factors that allow the Bank to overcome its weaknesses through external opportunities. By combining these factors, the Bank expects: Increased market penetration of banking services among the population, Expansion of the resource base and its cost reduction due to the increase in current account balances of corporate clients, A decrease in deposit rates in the market, An increase in the share of fee-based income. The exit of certain financial institutions from the market provides an opportunity to directly attract their potential clients.	The intersection of the Bank's *weaknesses* and *external threats* gives rise to factors reflecting a critical position in which the Bank's vulnerabilities are exacerbated by environmental challenges, specifically: The Bank's inability to comply with the NBU's new requirements regarding reserves and prudential ratios may lead to its classification as undercapitalised and the application of stricter regulatory measures by the NBU. This can be mitigated by increasing the authorised capital, including through the attraction of subordinated debt, thereby strengthening the Bank's market position and enabling it to compete with banks in the higher (third) group. Intense competition may result in difficulties attracting major clients, a shortage of long-term funding, loss of strategic customers, and deterioration in the quality of the credit and investment portfolio. To increase income from active operations and attract long-term funding, the Bank should focus on acquiring a larger number of major clients.

Having analysed the current state and future prospects of its operations, the Bank's management believes that the Bank is capable of continuing as a going concern and ensuring the institution's sustainable development, operational profitability, and improved efficiency in its priority areas of activity, while complying with the regulatory requirements of the National Bank of Ukraine and other applicable legislation governing banking institutions.

The Bank's priority areas of activity remain as follows:

1) Ensuring profitability and managing liquidity through transactions with securities (domestic government bonds, NBU deposit certificates, and other NBU financial instruments);
2) Gradually increasing the volume of lending to legal entities, while applying conservative risk assessment approaches and identifying ways to minimise related risks, including restricting lending to unreliable borrowers;
3) Disposal of real estate that has a significant impact on the Bank's regulatory capital — proceeds from the sale of such assets are planned to be allocated to corporate lending and low-risk financial instruments (NBU deposit certificates and other NBU financial tools);
4) Generating cash flows from the efficient use of investment property;
5) Expanding the range and improving the quality of customer service;
6) Increasing the volume of depositary operations (guarantees);
7) Developing remote sales channels and partnership programmes, with active promotion of payment card services;
8) Increasing the volume of trading operations in foreign currency and banking metals.

The Bank will also focus on the following strategic directions:

- Implementing inclusive standards in the provision of financial services, both at branch premises and remotely (including training and employing persons with disabilities and supporting military personnel in adapting to civilian life);
- Improving internal control and risk management systems in line with the requirements of the National Bank of Ukraine;
- Ensuring effective internal control in the area of financial monitoring / AML/CFT;
- Enhancing the efficiency of corporate governance in line with international best practices and the principles and recommendations of the Basel Committee on Banking Supervision regarding corporate governance;
- Expanding the branch network;
- Improving existing processes that currently generate, and are expected to continue generating, income for the Bank.

VI. KEY PERFORMANCE INDICATORS

19. PERFORMANCE INDICATORS USED BY MANAGEMENT TO ASSESS RESULTS

As at 31 December 2024, the Bank's funding structure was as follows:

- Equity – UAH 301,242 thousand;
- Funds from legal entities – UAH 3,482,681 thousand;
- Funds from individuals – UAH 622,524 thousand.

The Bank places particular emphasis on assessing its capital level as a measure of its ability to protect the interests of creditors and shareholders against unexpected losses, the magnitude of which depends on the level of risks arising from the Bank’s active operations. In performing capital assessments, the Bank applies risk-based principles. Throughout the reporting period, the Bank maintained a stable capital structure and volume.

As at 1 January 2025, the Bank’s regulatory capital (N1) amounted to UAH 202,387 thousand.

The regulatory capital adequacy ratio as at the reporting date was 13.50%, compared to the minimum required level of 8.5%, indicating a sufficient margin of financial stability. During the reporting period, the Bank did not breach the regulatory capital adequacy requirements and maintained its ratio above the established thresholds.

The Bank maintained an adequate level of liquidity.

The liquidity coverage ratio (LCR) in all currencies (LCRac) averaged 248.54% in December 2024, compared to the NBU minimum requirement of at least 100%.

The foreign currency liquidity coverage ratio (LCRfc) averaged 238.22% in December 2024, against the NBU minimum requirement of at least 100%.

Compliance with the LCR requirement indicates that the Bank maintains sufficient liquidity to fully meet its obligations over a 30-day period under stress conditions.

The Bank’s prudential liquidity ratios remain within the risk-free zone.

It should also be noted that throughout 2024, the Bank complied with the mandatory reserve requirement on attracted funds held in the correspondent account.

The NBU’s long open currency position ratios (L13-1 and L13-2) were not exceeded: as at 31 December 2024, L13-1 stood at 2.01% and L13-2 at 1.79% (against a regulatory maximum of 5%). Therefore, the requirements were met and remained within the risk-free zone.

To identify and minimise liquidity risk through the balancing of assets and liabilities, the Bank implemented the following measures: daily monitoring of high-quality liquid assets and liabilities; decadal analysis of short- and long-term liquidity indicators; monthly approval and ongoing monitoring of the payment calendar; improvement of the financial planning mechanism; setting and reviewing internal limits; monitoring liquidity on the Ukrainian interbank market; and validating model adequacy by comparing projected and actual liquidity risk levels.

Bank departments that directly or indirectly affect liquidity implement measures aimed at minimising mismatches between assets and liabilities.

During the reporting year, the Bank succeeded in maintaining all indicators at an adequate level.

Overall, the Bank ended the year 2024 with a net profit of UAH 439 thousand.

During 2024, the JSC “RWS Bank” was not a party to any legal proceedings involving claims amounting to 10 percent or more of the Bank’s or its subsidiary’s total assets as at the beginning of the year, nor was it involved in any proceedings where the Bank, its subsidiaries, or the Bank’s key management personnel acted as parties.

VII. MANAGEMENT REPORT

Address to shareholders, clients and other stakeholders from the Chair of the Supervisory Board

Dear shareholders, clients, and depositors of the Bank,

Amid the challenges of war, JSC "RWS Bank" continued to serve its clients throughout 2024, promptly responding to their evolving needs, revising service conditions, and offering new products. The Bank's management and staff ensured uninterrupted operations and achieved positive dynamics in the Bank's key financial indicators.

During the reporting year, the Supervisory Board fulfilled its responsibilities in accordance with applicable legislation and the Bank's Charter. It performed its oversight and advisory functions, maintained communication with members of the Management Board, heads of control units, and the external auditor.

By resolution of the Supervisory Board, the Bank established an Audit Committee and a Nomination and Remuneration Committee.

The Limited Liability Company audit firm "CROWE UKRAINE"confirmed the reliability of the Bank's financial statements for 2024 in accordance with International Financial Reporting Standards (IFRS).

I sincerely thank the Management Board and all employees of the Bank for their professionalism and contribution to our shared success, their support of clients, pursuit of excellence, and unwavering belief in a peaceful future for Ukraine.

On behalf of the Supervisory Board,

Iryna Gavrylchuk, Chair of the Supervisory Board

Address to shareholders, clients and partners from the acting Chairman of the Management Board

Dear Shareholders, Clients, and Partners,

JSC "RWS Bank" entered 2024 sufficiently adapted to the new environment, with an understanding of new challenges and experience in managing processes under full-scale war conditions. Together with the coordinated efforts of our team and a prudent risk management policy, this enabled the Bank to demonstrate its ability to maintain operational continuity even under unprecedented circumstances.

Thanks to the cohesive and professional work of our team, the Bank sought to mitigate the challenges caused by the war and adapted its development strategy to the new economic realities by shifting the focus of its product offerings, while maintaining a high level of operational security and reliability. Working at times in unpredictable conditions, JSC "RWS Bank" continues to demonstrate stability and operational efficiency — made possible by the dedication of our team, the support of our shareholders, and the trust of our clients.

In 2024, the Bank remained an active player in the market, consistently supporting corporate clients and their stakeholders, as well as implementing initiatives in support of society. The Bank's Supervisory Board and executive management fully acknowledge their responsibility to the public in upholding the rights of clients, ensuring strict compliance with Ukrainian legislation, and maintaining fair competition.

The Bank's readiness to meet client needs by providing services of the highest quality remains its primary commitment. To this end, we continue to work on the transformation of our service processes, aligned with the needs of our clients and the broader business environment.

With the adoption of the updated Bank Strategy until 2027, we have set ourselves ambitious — and at first glance, seemingly unreachable — goals. Achieving these will undoubtedly require increasingly complex decisions. The era of simple solutions, both for Ukraine and the global community, ended with the collapse of the world order that existed before 24 February 2022.

Surprisingly, the complexity of the task does not discourage us. Perhaps because since the beginning of the war, we have been constantly solving extraordinarily difficult challenges. This is a shared result, built upon our daily diligent and committed work.

Together, we have persevered in this new reality. Together, we are overcoming all obstacles on the path toward the growth of our Bank, and toward the economic and financial recovery of our country.

Glory to Ukraine!

On behalf of the Management Board,

Mykhailo Melnyk Acting Chair of the Management Board

20. INFORMATION ON THE DEVELOPMENT AND LIKELY FUTURE PROSPECTS OF THE ENTITY

In order to understand the risks and uncertainties the Bank faces in the course of its operations, a SWOT analysis was conducted immediately prior to the development of the Bank's Development Strategy:
STRENGTHS (S):

- Sustained high level of trust and strong reputation, enabling the establishment of long-term partnerships;
- Flexible organisational structure that facilitates effective strategic decision-making and implementation;
- A streamlined product range that allows clients to easily select and use necessary financial instruments;
- Gradual implementation of digital technologies, enabling the effective rollout of online services and adaptation to changing consumer behaviour (e.g. client onboarding, critical IT infrastructure hosted externally);
- Specialisation in servicing corporate clients with a focus on foreign economic activity;
- Risk-based approach to customer service.

WEAKNESSES (W):

- Existing restrictions on the performance of certain banking operations until 5 August 2025;
- Need for additional capital to ensure sustainable development;
- The internal control system requires further enhancement to improve its effectiveness;
- Insufficient level of digitalisation in business services, including the absence of some features in the Bank's mobile application;
- Classification of the Bank as a small bank with limited brand recognition;
- Underdeveloped branch network;
- Significant impact of the war on Ukraine's macroeconomic environment and business development.

OPPORTUNITIES (O):

- Management's awareness of the challenges facing the Bank and the presence of approved action plans aimed at improving the functioning of a comprehensive, adequate, and effective internal control and risk management system;
- Market niches where the Bank can leverage its strengths to meet the needs of various customer segments;
- Potential for rapid growth once operational restrictions are lifted, particularly through the development of the Bank's capabilities in documentary operations;
- Opportunities to provide financing to real-sector enterprises and stimulate their development;
- Motivating corporate culture aimed at supporting staff in achieving strategic goals, ensuring efficiency and competitiveness;
- Potential for accelerated economic recovery and increased use of technologies that would enhance the Bank's competitive position.

THREATS (T):

- Political and economic instability resulting from the Russian invasion of Ukraine, which may negatively affect the Bank's financial condition and operations;
- Risk of damage to infrastructure facilities from military action, potentially leading to instability in power supply and public services;
- Increase in the corporate income tax rate for banks, which currently stands at 50%;
- Declining solvency of clients, which may affect the quality of the loan portfolio and lead to an increase in non-performing loans;
- A significant share of non-core assets on the Bank's balance sheet may reduce asset liquidity and profitability, create risks of regulatory non-compliance, and present challenges in disposal;
- Difficulty in maintaining competitiveness in the banking sector due to rapid obsolescence of technologies and the high cost of implementing modern solutions;
- Corporate clients tend to approach bank selection cautiously and favour large institutions, primarily state-owned and foreign-owned banks (market pressure from aggressive lending by such institutions).

Based on the analysis of the current state and development prospects, the Bank's management believes that the Bank is capable of continuing as a going concern, ensuring sustainable institutional development, operational profitability, and enhanced efficiency in its priority areas of activity, while complying with the regulatory requirements of the National Bank of Ukraine and other applicable legislation governing the operation of banking institutions.

To achieve its strategic objectives, the Bank plans to implement seven functional strategies:

1. CORE BUSINESS DEVELOPMENT STRATEGY
2. NON-PERFORMING ASSET MANAGEMENT STRATEGY
3. INFORMATION TECHNOLOGY DEVELOPMENT STRATEGY
4. INFORMATION SECURITY STRATEGY
5. MARKETING STRATEGY
6. BRANCH NETWORK DEVELOPMENT AND OPERATIONS STRATEGY
7. HUMAN CAPITAL AND PERSONNEL MANAGEMENT STRATEGY

1. CORE BUSINESS DEVELOPMENT STRATEGY.

The Bank's customer-focused priorities for 2025–2027 include the following:

- Transformation of the Bank’s operational structure and service profiles by diversifying its activities and implementing both traditional and modern customer service technologies, including remote banking and internet-based services;
- Audit and assessment of the performance of existing products and services, client base, client profiling, product engagement, and the economics of partner relationships, with regular monitoring of cross-selling initiatives;
- Implementation of virtual banking and financial technologies, such as remote account opening and contract signing via digital channels;
- Building long-term customer relationships through the development of tailored offerings that consider not only immediate client needs, but also future development in line with their life-cycle and strategic trajectory;
- Development of an omnichannel approach to customer engagement through the expansion of digital functionality for both individual and corporate clients, including the introduction of tailored services for sole proprietors;
- Automation and optimisation of internal business processes aimed at improving service quality and speed, ensuring efficient use of employee time, and continuously enhancing profitability through process efficiency and the expansion of digital service channels, while maintaining in-branch personal interaction;
- Introduction of inclusive standards for the provision of financial services in physical branches and remotely, including training and employment of persons with disabilities and supporting veterans in transitioning to civilian life;
- Staff development: each employee is expected to clearly understand their mission and role within the system to ensure high-quality sales, comprehensive service, and personalised client interaction. Changes in staff roles are envisioned to include product managers, client consultants, and transaction and advisory specialists.

Key strategic objectives of the corporate and retail business segments for 2025–2027

Corporate business

The Bank has identified the following key priorities for the development of its corporate business during the 2025–2027 period:

- Expansion of comprehensive cash and settlement services aimed at increasing volumes in both national and foreign currencies, including proceeds from the sale of goods and services, export revenues, funding from non-residents, and placement of temporarily free funds under deposit programmes. Particular focus is placed on clients engaged in foreign economic activity and resource-generating customers;
- Enhancement of distribution channels for banking products while maintaining a balance between personalised branch-based service and remote servicing via internet banking, mobile applications, call centres, and similar platforms;
- Meeting the payment service needs of corporate clients through the introduction of remote identification and verification services for both legal entities and individuals;
- Growth of the credit portfolio for legal entities, SMEs, and sole proprietors by launching new financing products and improving existing ones;
- Participation in government-supported financing programmes, including “Affordable Loans 5-7-9”, “Affordable Factoring 5-7-9”, the State Programme “ yeOselya ”, and others;
- Engagement in programmes offered by the Export Credit Agency of Ukraine (ECA), enabling access to export financing under a simplified procedure secured by an ECA insurance agreement;
- Development and active reintroduction of documentary operations in the corporate segment.

Retail business

The Bank’s priorities for the retail segment during 2025–2027 include:

- Ensuring the Bank's competitive position in the retail banking market;
- Optimising sales channels for banking products offered to individuals;
- Addressing retail customers' demand for payment services, in particular through further development and improvement of the RWS Online mobile application.

In the 2025–2027 period, the Bank will focus on the following key development areas in the card business:

- ✓ Development and implementation of new card products, including virtual cards;
- ✓ Continuous compliance with applicable legal and regulatory requirements in the area of card operations, with the aim of avoiding supervisory remarks. This includes further enhancement of cooperation with the processing centre, implementation of control procedures, and ongoing review of system settings for transaction restrictions and account blocks in the SR Bank system, in line with the requirements of NBU Resolution No. 18;
- ✓ Improvement and functional expansion of the mobile application for individuals, with the goal of reaching the standard set by leading banking mobile applications. A new mobile application based on an advanced technological platform is planned for launch, enabling fully remote onboarding of new clients and offering a complete range of payment and related services to existing customers;
- ✓ Enhancement of the mobile application will support the launch of a new product – the "RwS Credit Card". This product will be highly automated, cost-effective, and user-friendly, based on a scoring model and risk-based approach;
- ✓ Despite the Bank's ongoing efforts to promote cashless payments via payment cards, it also plans to expand its self-service banking device (ATM) network in order to increase commission income from Service and Access Fees;
- ✓ Expansion of the existing set of licenses from Mastercard, which will significantly broaden the Bank's card product offering and enable the launch of acquiring services in the E-Commerce sector. This includes merchant acquiring, internet acquiring, and P2P acquiring, including cross-border P2P transactions (A2C, C2A, and C2C operations) for financial companies and Bank clients via their web and mobile platforms, as well as E-Commerce P2P acquiring for the Bank's partners;
- ✓ In the longer term, the Bank plans to obtain affiliate membership and acquire licences from Visa International Service Association (Visa), thereby further enhancing its card business offering.

Key objectives for the interbank and investment business segment (hereinafter – IIB):

The Bank's interbank and investment business is focused on ensuring stable commission and interest income through operations in financial markets. Key objectives for 2025–2027 include:

- ✓ Conducting foreign exchange purchase and sale transactions on behalf of clients to generate commission income;
- ✓ Carrying out proprietary foreign exchange trading operations to earn trading income;
- ✓ Investing in domestic government bonds (OVDPs) and performing trading operations with OVDPs to obtain interest and trading income;
- ✓ Placing surplus funds into overnight and 3-month certificates of deposit issued by the NBU to generate interest income;
- ✓ Executing and receiving interbank and client foreign currency payments via the SWIFT system.

Planned initiatives aimed at enhancing the efficiency of IIB operations:

- ✓ The Bank will offer clients a range of basic capital market investment strategies — from conservative to higher-yielding approaches — based on portfolios of securities, including operations with local currency and foreign currency-denominated OVDPs, as well as other financial instruments;
- ✓ The Bank is considering investments during 2025–2027 in highly liquid instruments, including treasury securities issued by investment-grade countries such as the United States, Germany, and France;
- ✓ The Bank's income will comprise commission fees from securities transactions, profits from short-term price fluctuations (trading income or dealer margin), and trading income from the sale of OVDPs and other financial instruments;

Taking into account the volatility of the NBU's discount rate and the corresponding fluctuations in OVDP yields in the primary market, the Bank plans to continue generating interest and trading income from financial instruments in 2025–2026. At the same time, the focus will gradually shift towards the corporate business, with the aim of increasing interest and commission income from corporate client operations.

2. NON-PERFORMING ASSET MANAGEMENT STRATEGY.

Strategy for managing non-performing assets (NPAs) for 2025–2027

Over the period 2025–2027, the Bank has set out the following objectives for organising its non-performing asset (NPA) management process:

- Continued implementation of an integrated NPA management system based on the principles of economic feasibility, prioritisation, timeliness, structure, adequacy, comprehensiveness, efficiency, and ongoing monitoring;
- Enhancement of the early warning system aimed at the timely identification of potentially problematic exposures and implementation of corrective measures to prevent an increase in the level and volume of NPAs;
- Execution of measures necessary for the realisation of the NPA Management Strategy and implementation of the Bank's Business Plan to reduce the level and volume of NPAs and foreclosed assets.

The NPA management system is based on a clear division of functions, responsibilities, and powers among the involved departments and employees, ensuring defined accountability and reporting procedures under the three lines of defense model.

The NPA resolution process will utilise the following tools and approaches:

- Financial restructuring of the debtor's obligations;
- Operational restructuring of debtor/counterparty assets;
- Out-of-court settlements, including voluntary debt repayment, voluntary disposal of pledged assets, and financial leasing;
- Debt sale/assignment of claims to third parties;
- Conversion of debt into equity, i.e., conversion of all or part of the debtor's liabilities to the Bank into equity instruments (e.g., shares or participations in the debtor's capital);
- Enforcement measures, including legal proceedings, enforcement actions, bankruptcy proceedings, and other compulsory recovery mechanisms;
- Foreclosure and transfer of pledged or other assets of the debtor or guarantor to the Bank's ownership in settlement of outstanding debt;
- Write-off or partial write-off of impaired financial assets against the credit loss allowance.

3. INFORMATION TECHNOLOGY DEVELOPMENT STRATEGY

The Bank has defined the following key priorities for the development of its IT infrastructure and digital services for the period 2025–2027:

3.1. Development of IT Infrastructure

- ✓ Expansion of cloud-based infrastructure within the Microsoft Asure environment;
- ✓ Modernisation of the Bank's overall IT infrastructure;
- ✓ Upgrade of the Bank's telecommunications systems;
- ✓ Migration from outdated ISDN telephony to SIP-based telephony;
- ✓ Adaptation of IT systems to support secure and efficient remote work capabilities for staff.

3.2. Enhancement of Operational Efficiency

- ✓ Implementation of 24/7 operations within the National Bank of Ukraine's Electronic Payment System (SEP);
- ✓ Improvement of the "Electronic Archive" functionality;

- ✓ Enhancement of electronic document flow to facilitate a paperless environment (Paperless technology);
- ✓ Introduction of instant payment solutions;
- ✓ Deployment of new modules within the Bank's automated banking system (SR-BANK), including:
    - Factoring system;
    - Quasi-online protocol integration for the card module;
    - Financial monitoring enhancements;
    - Electronic document exchange with clients;
    - Tools for management reporting.

3.3. Digital Solutions for Clients

- ✓ Further development and functional expansion of the "RWS online" mobile banking application for retail clients;
- ✓ Introduction of Open Banking frameworks;
- ✓ Automation of remote customer identification and verification, including remote account opening capabilities;
- ✓ Development of a service-oriented architecture (enterprise service bus) to connect front-end and back-end systems.

3.4. Improvement of Risk Management and Security Systems

- ✓ Implementation of a scoring system to enhance credit risk evaluation;
- ✓ Deployment of an automated financial monitoring system to ensure compliance and support AML/CFT efforts.

3.5. IT Personnel Development

- ✓ Gradual expansion of the Bank's IT team in line with strategic needs;
- ✓ Continuous training and professional development of IT staff.

3.6. Enhancement of IT Support Services

- ✓ Optimisation of user support processes and establishment of a structured IT service desk for efficient incident and request handling.

The development of information technology will primarily focus on the high reliability and security of IT systems, in line with the requirements of the National Bank of Ukraine and global trends. It will also support and enhance the Bank's business processes, enable the achievement of its business goals, and facilitate changes in the management model that require the implementation of new modern mechanisms and higher-quality management information.

An important direction will be the transition to a service-oriented architecture based on industrial standards and solutions, creating conditions for centralised sales management and the seamless processing of an increasing volume of transactions.

As a result of this development, the Bank aims to establish an industrial-grade IT platform, including the Bank's information bus, which will integrate applications used by business and support functions. Surrounding this infrastructure will be front-office and back-office systems. The Bank's software development strategy will aim to reduce the number of disparate solutions and integrate existing systems—transforming the Bank into a unified entity in its relationships with clients across all segments, and equipping its departments with effective interaction mechanisms.

The Bank plans to elevate the role of information technology and transform it into a sustainable source of its unique competitive advantages.

The improvement of information technology will be carried out gradually, applying a process-based approach to the management of the Bank's IT infrastructure, to ensure the reliability, resilience, and continuity of all systems and applications.

<u>Another key area of IT infrastructure development in 2025–2027</u> will be the adoption of cloud-based services to ensure business continuity and the efficiency of the Bank's information services.

8. INFORMATION SECURITY STRATEGY

The Bank’s strategy for countering information security threats is based on the balanced implementation of protective measures of various types—from actions at the level of business lines to specialised measures based on the assessment of information security risks.

The objectives of the Bank’s information security development are as follows:

- To ensure the protection of the Bank’s information and resources against internal and external threats, maintain the Bank’s business continuity, support the mitigation of operational risks, and strengthen the Bank’s positive reputation in customer relations;
- To support the implementation of new business processes and banking products based on advanced technologies that require robust information protection;
- To ensure the resilience of the Bank's operations amid increasing levels of cybercrime and other negative influences and threats in the area of information relations and digitalisation of financial and economic activities and business processes;
- To enhance the resilience of the Bank’s business processes to information security threats and reduce the financial and operational impacts of security incidents;
- To develop the information security management system in accordance with the requirements of the National Bank of Ukraine and international information security standards.

To achieve these objectives, the following tasks have been defined:

- ✓ Protection of restricted-access and other critical information of the Bank;
- ✓ Ensuring business continuity and safeguarding information resources and automated banking systems from malicious interference and adverse external or internal technical, human, or man-made factors by upgrading the firewall, configuring protection against DDoS attacks, and implementing network intrusion detection systems;
- ✓ Implementation and use of information protection tools for banking documents in banking products and remote banking systems;
- ✓ Execution of technical information security measures at the Bank’s facilities, including the protection of Bank premises from technical channels of information leakage;
- ✓ Enhancement of the monitoring and detection system for vulnerabilities and information security/cybersecurity incidents during the operation of business processes, banking transactions, and IT systems. Development of the Bank’s information security management system (ISMS) through support, configuration, improvement, and modernisation of existing systems or the acquisition of new ones, including:
    - Integrated network security devices;
    - SIEM systems;
    - Vulnerability scanners;
    - Malware protection tools;
    - DLP (Data Loss Prevention) systems;
    - PAM (Privileged Access Management) systems.

9. MARKETING STRATEGY

The Bank’s marketing strategy is one of the key tools for achieving its strategic objectives, as it clearly defines the directions, resources, and methods aimed at enhancing profitability and competitiveness in the financial services market. A coordinated marketing strategy facilitates effective cooperation among the Bank’s departments and contributes to the achievement of its overall strategic goals.

The primary objective of the Bank’s marketing strategy is to maintain the image of the Bank as a reliable and modern financial partner, strengthen brand awareness, attract new clients, and enhance the loyalty of existing ones.

To this end, the Bank plans to increase its presence in mass media and digital platforms, and to intensify its marketing efforts across the internet and social networks. Brand awareness is expected to increase by up to 30%, according to survey results, enabling the Bank to strengthen its market position and attract approximately 1,000 new active clients in 2025 with account balances starting from UAH 500 (2.3 rating classes) and at least one debit or credit transaction within a 30-day period during the relevant reporting period.

A key implementation tool of this strategy is the diversification of communication approaches and channels, allowing the Bank to reach a broad client base with varying needs and preferences. The Bank's multichannel approach underpins its marketing strategy, ensuring maximum audience coverage through various product promotion channels.

The Bank employs a wide array of distribution channels to market its products and services, securing stable competitive advantages in the market. Key sales and communication channels include:

6. digital marketing;
7. online banking;
8. branch network;
9. contact center;
10. outdoor advertising and public relations.

In addition to promoting existing products and services, the Bank actively pursues the implementation of new initiatives to strengthen its market position. One such initiative involves the launch of targeted advertising campaigns aimed at engaging target audiences via social media, internet advertising, and other digital tools to enhance brand recognition and client acquisition.

As part of the development strategy, the Bank also plans to integrate new tools to improve the effectiveness of online and mobile banking. New features will be introduced into mobile applications and web platforms to enhance customer convenience and accessibility, thereby increasing user loyalty and simplifying service processes.

Moreover, the Bank will continue its efforts to promote financial literacy, working in close cooperation with the National Bank of Ukraine. This will include the implementation of awareness-raising projects and events aimed at increasing the public's knowledge of financial security fundamentals and sound money management. These initiatives will reinforce the Bank's image as a socially responsible institution and attract clients who are interested in expanding their financial knowledge.

To further improve operational efficiency, the Bank will continue developing its multichannel marketing communications approach, maximising outreach and client engagement through diverse platforms, including social media, media advertising, outdoor advertising, and PR activities.

10. BRANCH NETWORK DEVELOPMENT AND OPERATIONS STRATEGY

The development of banking as a complex and dynamic system is closely linked to the expansion and optimisation of the Bank's branch network. In this context, the formulation of directions for the innovative development of the Bank's branch infrastructure has gained significant importance, as it is intended to ensure the achievement of expected outcomes and improve operational efficiency, in line with the Bank's approved Strategy.

Currently, the Bank's branch network is fully optimised, and no loss-making branches exist.

The Bank recognises the importance of regional branch development and has identified key directions for expanding its physical presence across Ukraine. An analysis of market trends in the domestic banking sector indicates a dual tendency: while certain financial institutions are reducing their physical footprint, others are expanding based on strategic business needs and regional demand.

A critical component of the Bank's growth and branch development strategy involves the transition to digital sales channels and remote customer service. In the coming years, the Bank plans to prioritise the implementation of innovative systems and remote banking solutions, enabling the high-quality servicing of its client base without the need to open or maintain additional physical branches.

Regional staff continue to actively engage new car dealerships and real estate developers for servicing arrangements, as Bank branches offer a comprehensive range of services to both corporate and retail clients.

The head office monitors the market of competitors' services and creates new products to meet the demand of clients of JSC "RWS BANK" branches.

<u>Key areas of development of the Bank's network in 2025 - 2027:</u>

- ✓ The Bank plans to develop the work of existing branches, by strengthening branch teams, attracting new powerful clients, remote banking, a new range of services, expanding the Power Banking zone, and adhering to inclusive standards.
- ✓ JSC "RWS BANK" does not emphasise in the Strategy the opening of new branches, because it is advisable to open them only if there is an understanding of the client base and the justification for such an opening in the regions.
- ✓ Potentially, in 2025, the Bank is considering searching for teams and opening a branch on the left bank of the Dnieper in Kyiv, since today the branches of JSC " RWS BANK " are represented only on the right bank.
- ✓ Also, by the end of 2025, the Bank will analyse the possibility of opening new branches in Chernivtsi and Lutsk, and in 2026 - in Zhytomyr and Khmelnytskyi (due to the active development of these regions).

11. HUMAN CAPITAL AND PERSONNEL MANAGEMENT STRATEGY

Human capital is considered the Bank's primary strategic resource. The Bank builds its relationships with employees based on the principles of long-term cooperation, mutual respect, and strict fulfilment of the Bank's obligations towards its employees, and, in return, the employees' obligations towards clients.

The Bank's personnel management strategy is aligned with the implementation of its broader business strategy. The continuous development of employees is seen as a core component of the Bank's value proposition and a source of competitive advantage.

<u>Key priorities for 2025–2027 include</u>:

- Efficient recruitment based on the candidate's fit to the position's metaprofile, as well as employer brand development;
- Active implementation of employee onboarding and adaptation programmes;
- Meeting the growing demand for skilled specialists across the Bank's regional network;
- Effective use of training, development, and career planning tools aimed at increasing employee lifecycle and retention;
- Enhancement of motivation programmes to retain key talent, boost employee efficiency, engagement, and loyalty to the Bank;
- Formation of a talent pool and succession planning system.

To support these objectives, the Bank will work across several personnel management areas:

<u>Motivation system</u>. The Bank's strategy is focused on attracting and retaining the most qualified professionals available in the labour market, aiming to achieve goals through performance quality rather than workforce volume. The motivation system is based on four principles: tangibility and reality, accessibility, transparency, and minimisation of disparities. The Bank will also encourage employees to contribute beyond their core responsibilities, particularly through participation in strategic projects. A competitive level of remuneration will be accompanied by continued improvements in labour productivity and complemented by the expansion of non-financial incentives, which gain importance amid the growing number of highly qualified staff.

<u>Recruitment and onboarding system</u>. Staff recruitment is based on professional competence and the position's metaprofile. The Bank will actively apply headhunting practices and promote its employer brand to attract high-calibre professionals. The onboarding process includes a mentorship framework that ensures new employees go through all stages—product, social, and psychological adaptation—effectively integrating into the Bank's team.

<u>Performance evaluation, training and development system</u>. The Bank views this area as a key competitive advantage and a crucial staff retention tool. To ensure effective succession for vacant positions, develop internal talent, ensure uninterrupted operations, and enhance workforce utilisation, the Bank will focus on talent pool formation and the introduction of succession planning at all management levels.

Additionally, the Supervisory Board of the Bank will conduct annual performance evaluations of the Management Board as a whole, individual members of the Management Board, its committees, and heads of control functions. Self-assessments will also be carried out by the Supervisory Board and its members to confirm the fitness and propriety of Bank executives in accordance with regulatory qualification requirements. These evaluations will help ensure the collective suitability of governing bodies in relation to the Bank's size, nature of activities, risk profile, and the scope of banking and other financial services provided.

The implementation of this strategy is expected to result in a significant increase in productivity and the overall effectiveness of management systems, thereby creating additional opportunities to enhance the Bank's profitability.

21. CORPORATE GOVERNANCE REPORT

Part 1. Information on the corporate governance code observed by the entity and/or the corporate governance practices applied by the entity beyond the requirements established by law

Information on the corporate governance code observed by the entity

	A decision was made to apply an alternative code
Name of the governing body that adopted the decision to apply an alternative code	General Meeting of Shareholders JSC "RWS Bank"
Date of the decision to apply the alternative code	29.04.2024
URL address with the text of the code	https://rwsbank.com.ua/o-banke/informaciia-dlia-akcionerov-i-steikxolderov

Part 2. Information on the corporate governance practices applied by the entity beyond the requirements established by law

	Compliance with the practice (yes / no)	Description of existing practice / explanation of deviation
1. Objectives of the entity		
The Charter and/or internal documents of the entity define the objective of creating long-term sustainable value in the interests of the entity and its stakeholders.	yes	The Bank's internal regulatory documents define the objective of creating long-term sustainable value in the interests of the Bank and its stakeholders.
2. Shareholders and stakeholders		
Shareholders' rights	yes	The rights of shareholders are defined in the Bank's Charter
Rights of minority shareholders	yes	The rights of minority shareholders are defined in the Bank's Charter
1) General Meeting of Shareholders		
Persons entitled to participate in the General Meeting have the opportunity to receive additional information sufficient to form an informed opinion on all matters to be considered at the General Meeting no less than 30 days prior to the meeting date.	yes	A notice of the General Meeting of Shareholders shall be sent to each shareholder included in the list of shareholders compiled in accordance with the procedure established by the legislation on the depositary system of Ukraine, as at the date determined by the person convening the General Meeting. The notice shall be sent and published not later than 30 days prior to the date of the meeting. The Bank, in accordance with its established procedure, shall provide written responses to shareholders' written questions regarding the items included in the draft agenda and the agenda of the General Meeting, provided such questions are received by the Bank no later than one business day prior to the date of the General Meeting.
Biographical details of candidates for governing bodies, including information on education and professional experience, are disclosed simultaneously with the notice of the General Meeting.	no	Members of the Bank's Supervisory Board are elected exclusively through cumulative voting. The notice of the General Meeting does not include draft resolutions on cumulative voting items. Upon receiving the notice of the General Meeting, each shareholder has the right to propose new candidates for election to the Supervisory Board of the Bank, provided that the number of proposed candidates does not exceed the total number of seats on the Supervisory Board. If members of the Supervisory Board are elected by cumulative voting, the cumulative voting ballot shall include information on each candidate, including details of their education and professional

		experience. Prior to the date of the General Meeting, shareholders are entitled to review the form of the voting ballot containing information on the candidates for the Supervisory Board.
Persons entitled to participate in the General Meeting have the opportunity to vote and to receive materials related to the General Meeting remotely (via electronic communication tools, etc.).	yes	Each shareholder has the right to receive, and the Bank is obliged to provide upon request, free copies of all or part of the documents from the list of materials available for review in preparation for the General Meeting. If a shareholder has consented to the use of email for receiving information from the Bank and has indicated an email address in the request to review the documents, the relevant copies shall be sent to that email address. In such cases, the joint stock company or shareholders convening the General Meeting shall send the documents in electronic form in accordance with the requirements of the legislation on electronic document management. During in-person or electronic General Meetings, documents necessary for decision-making on items included in the draft agenda and agenda of the General Meeting shall also be provided to shareholders through an authorised electronic system. Each shareholder owning voting shares has the right to exercise their governance rights by participating in the General Meeting and voting via the authorised electronic system (in the case of remote General Meetings held through the depositary system of Ukraine). In the event of electronic or remote General Meetings, each shareholder has the right to participate and vote in advance of the meeting date. In the case of in-person General Meetings, shareholders may also participate remotely via the authorised electronic system, and in such cases, they are ensured the right to take part in the discussion of the agenda items.
The Chief Executive Officer, Chief Financial Officer, the majority of the members of the board (i.e. the majority of non-executive directors), and the external auditor participate in the annual General Meeting.	no	Persons included in the list of shareholders entitled to participate in the General Meeting, or their representatives, may take part in the meeting. Other persons may also participate in the General Meeting upon invitation by the person convening the meeting. During the reporting year, the Chair of the Management Board and the Chair of the Supervisory Board attended the General Meeting upon invitation by the Supervisory Board. The Chief Financial Officer, members of the Supervisory Board, and the external auditor were not invited to the General Meeting.
Persons entitled to participate in the General Meeting may ask oral questions on the agenda items and receive answers.	yes	Persons entitled to participate in the General Meeting have the opportunity to ask oral questions related to the agenda items and to receive responses.
The detailed procedure for holding the General Meeting is defined in the Charter and/or internal documents.	yes	The detailed procedure for holding General Meetings is defined in the Charter and the Regulations on the General Meeting of Shareholders of JSC "RWS BANK".
The minutes and resolutions of the General Meeting (including the number of votes cast	no	The minutes of the General Meeting are prepared within 10 days from the date of its closing. The

“for” and “against” each resolution), as well as responses to key questions raised during the meeting, are disclosed within five business days from the date of the meeting.		minutes are published on the Bank’s website within five business days from the date of preparation but not later than 10 days from the date of the General Meeting.
The entity’s website provides all necessary information to facilitate shareholder participation in the General Meeting and to inform them about the resolutions adopted.	yes	The Bank’s website provides all necessary information to facilitate shareholders’ participation in the General Meeting and to inform them about the resolutions adopted during the meeting.
2) Shareholder relations		
The Board has approved and disclosed a shareholder engagement policy that defines the parameters of the relationship between the entity and its shareholders.	no	The shareholder engagement policy has not been approved by the Bank’s Supervisory Board. The parameters of interaction between the Bank and its shareholders are defined in the Bank’s Charter.
A dedicated investor/shareholder relations department (function) has been established to respond to investor inquiries, facilitate shareholder participation in the entity’s governance, and ensure that minority shareholders are able to convey their views to the Board.	yes	Providing information to shareholders and/or investors and other stakeholders regarding the Bank’s activities; making the Bank’s Charter and internal regulations, including any amendments thereto, available for review by authorised persons; participating in or preparing explanatory materials for shareholders or investors concerning the exercise of their rights; and responding to inquiries from shareholders or investors — all fall within the responsibilities of the Bank’s Corporate Secretary. To support the work of the Corporate Secretary, a dedicated structural unit — the Corporate Secretary Office — has been established within JSC “RWS Bank”.
3) takeovers		
The Board has defined the principles it will follow in the event of a takeover offer, including: a) not taking any anti-takeover actions without a corresponding resolution of the General Meeting; b) providing shareholders with a balanced analysis of the advantages and disadvantages of any takeover proposal; c) the General Meeting makes the final decision on the approval or rejection of any takeover offer.	no	The Supervisory Board has not defined specific principles for how it will act in the event of a takeover proposal. In the event such a proposal is received, the Supervisory Board will act in accordance with the provisions of the applicable legislation in effect at the time the proposal is made..
4) other stakeholders		
The Board has approved and disclosed a stakeholder engagement policy that defines the parameters of the relationship between the entity and its stakeholders.	no	The Supervisory Board has not approved or disclosed a stakeholder engagement policy. The parameters of the relationship between the Bank and its stakeholders are defined in the Bank’s Charter, which is published on the official website.
The entity has identified a list of its stakeholders, including those with whom direct engagement is required.	no	The Bank has identified a list of shareholders. A list of other stakeholders has not been defined by the Bank.
The entity discloses a report on aspects of stakeholder engagement.	no	The Bank does not disclose a separate report on stakeholder engagement. Relevant matters are addressed in the annual report of the issuer.
3. Supervisory Board		
Members of the Supervisory Board do not serve on the supervisory boards of more than three other legal entities	yes	Members of the Supervisory Board do not serve on the supervisory boards of more than three other legal entities
The entity maintains records of attendance at meetings of the Supervisory Board and its committees	yes	The Bank maintains records of attendance at meetings of the Supervisory Board and its committees

The Charter and/or internal documents of the entity define and explain the duty of Supervisory Board members to perform their functions in good faith and to observe the principle of loyalty to the entity	yes	The Bank's Charter and the Regulations on the Supervisory Board define and explain the duty of Supervisory Board members to perform their functions in good faith and to observe the principle of loyalty to the entity
The Supervisory Board and its members are provided with access to any information necessary for the effective performance of their duties	yes	The Supervisory Board and its members are provided with access to any information necessary for the effective performance of their duties
The Supervisory Board regularly evaluates the performance of the entity and the executive body against the entity's objectives	yes	The Supervisory Board regularly evaluates the performance of the Bank and the Management Board against the Bank's objectives
The Charter and/or internal documents of the entity stipulate that the Supervisory Board has no right to interfere in the day-to-day management of the entity, including matters within the responsibility of the executive body, except in duly defined exceptional circumstances	ні	The Bank's Charter and internal documents stipulate that the Supervisory Board is not entitled to interfere in the day-to-day management of the Bank, including matters within the competence of the Management Board, except in exceptional circumstances. Such exceptional circumstances are not defined
The size and competencies of the Supervisory Board correspond to the needs of the entity, its scale, and the complexity of its operations	yes	The size and competencies of the Supervisory Board members correspond to the Bank's needs, its scale, and the complexity of its operations
The Supervisory Board has defined and regularly reviews qualification requirements for candidates for Supervisory Board membership	yes	The Supervisory Board defines and regularly reviews qualification requirements for candidates for membership in the Supervisory Board
The selection and appointment of Supervisory Board members is based on professional qualities, achievements, and suitability to specific criteria, as well as the need for periodic renewal of the board's composition	yes	The selection and appointment of Supervisory Board members is based on professional qualities, achievements, and compliance with specific criteria, as well as the need for periodic renewal of the board's composition
A formalised procedure is in place for the assessment of candidates for the Supervisory Board, which includes checks on integrity, conflict of interest, competence, skills, and experience	yes	A formalised procedure is in place for the assessment of candidates for the Supervisory Board, which includes the verification of professional suitability, conflict of interest, business reputation, and compliance with the independence requirements for independent members
The selection procedure provides for the possibility of involving external advisors and/or an open search process	no	The selection procedure provides for an open search process
The Supervisory Board develops succession plans for members of the Supervisory Board and the executive body	yes	The Supervisory Board develops succession plans for members of the Supervisory Board and members of the Management Board
The Supervisory Board has approved a diversity policy for the composition of the Supervisory Board and the executive body	no	The Supervisory Board has not approved a diversity policy for the composition of the Supervisory Board and the Management Board
Representatives of one gender make up at least 40% of the Supervisory Board's composition	no	More than 80% of the Supervisory Board members are men
Independent members comprise at least half of the Supervisory Board's total composition	yes	5 out of 6 members of the Supervisory Board are independent
Supervisory Board members undergo an induction training after their appointment, which covers: a) duties, functions and responsibilities of Supervisory Board members; b) independence, including independence of judgment; c) procedures of the Supervisory Board; d) liability matters;	no	After their election, members of the Supervisory Board independently familiarise themselves with their duties, functions and areas of responsibility, independence requirements including independence of judgment, and the procedures of the Supervisory Board

e) entity strategy; f) entity policies, including ethics, conflict of interest, and anti-corruption; g) reporting and control systems, including internal and external audit; h) the role of Supervisory Board committees		
The Supervisory Board develops a training plan identifying topics on which its members require additional training	yes	The Supervisory Board develops a training plan identifying topics on which its members require additional training
The Chair of the Supervisory Board has been elected from among the independent members	no	The Chair of the Supervisory Board is a representative of the shareholder
The Chair of the Supervisory Board is provided with the opportunity to communicate with shareholders, including majority shareholders	yes	The Chair of the Supervisory Board is provided with the opportunity to communicate with shareholders, including the majority shareholder
The functions of the Chair of the Supervisory Board are defined in the internal documents of the entity	yes	The functions of the Chair of the Supervisory Board are defined in the Regulations on the Supervisory Board of the Bank
A corporate secretary position has been established and appointed	yes	A corporate secretary position has been established and appointed
1) Committees of the Supervisory Board		
The Supervisory Board has established committees and approved internal documents regulating their activities	yes	The Supervisory Board has established the Audit Committee and the Remuneration and Nomination Committee and approved internal documents regulating their activities
The Audit Committee consists of independent members of the Supervisory Board who possess knowledge in finance, industry experience, and expertise in accounting, audit, control, and risk management	no	The Audit Committee consists of three independent members of the Supervisory Board and one shareholder representative, all of whom have knowledge in finance, industry experience, and expertise in accounting, audit, control, and risk management
Members of the Audit Committee do not serve on other committees of the Supervisory Board	no	One member of the Audit Committee also serves on the Remuneration and Nomination Committee
The Nomination Committee consists of independent members of the Supervisory Board who have expertise in human resources management and skills in identifying professionals for the Supervisory Board and the executive body	yes	The Remuneration and Nomination Committee consists of independent members of the Supervisory Board who possess knowledge in human resources management and skills in identifying professionals for the Supervisory Board and the Management Board
The Remuneration Committee consists of independent members of the Supervisory Board who have knowledge of remuneration practices and incentives for effective performance	yes	The Remuneration and Nomination Committee consists of independent members of the Supervisory Board who have knowledge of remuneration practices and incentives for effective performance
The majority of the Risk Committee consists of independent members	no	The Risk Committee has not been established by the Supervisory Board
4. Executive Body		
The Executive Body develops the entity's strategy, which is approved by resolution of the Supervisory Board	yes	The Management Board develops the Bank's strategy, which is approved by resolution of the Supervisory Board
The Supervisory Board sets key performance indicators for the Executive Body to monitor progress toward the entity's objectives	yes	The Supervisory Board sets key performance indicators for the Management Board to monitor progress toward the Bank's objectives
The Executive Body regularly reports to the Supervisory Board on the implementation of the strategy	yes	The Management Board regularly reports to the Supervisory Board on the progress in implementing the Bank's strategy
The Executive Body informs the Chair of the Supervisory Board of any significant events occurring between Supervisory Board	yes	The Chair of the Management Board informs the Chair of the Supervisory Board of any significant events that occur between meetings of the

meetings		Supervisory Board
6. Remuneration		
The remuneration of members of the Board and the executive body is determined based on and corresponds to market benchmarks in the sector for such type of entity	no	The remuneration of members of the Supervisory Board and members of the Management Board is determined based on the level of professional experience and organisational responsibility, as specified in the job description and/or the terms of the contract concluded with the respective Supervisory Board or Management Board member
The remuneration of the executive body is linked to the performance results of the entity	no	The Bank provides for the payment of a fixed component (salary) and a variable component of remuneration to members of the Management Board. The amount of fixed remuneration is not linked to the Bank's performance. The amount of variable remuneration is linked to the individual performance of the Management Board member and the Bank's overall results
The remuneration of Board members (non-executive directors) is fixed and does not depend on the entity's financial performance	yes	The Bank provides for the payment of both fixed and variable remuneration to members of the Supervisory Board. The fixed and variable remuneration of Supervisory Board members is not dependent on the achievement of the Bank's financial performance indicators
7. Disclosure and Transparency		
The entity has approved and disclosed an information disclosure policy that defines the information the entity is required to disclose	no	The Bank does not have a formal Information Disclosure Policy. The information required to be disclosed by the Bank is defined in separate internal documents of the Bank
The Board (non-executive directors) oversees the executive body (executive directors) in the preparation of financial statements and ensures that the entity's financial reporting complies with applicable legislation and international financial reporting standards	yes	The Supervisory Board oversees the Management Board in the preparation of financial statements and ensures that the Bank's financial reporting complies with applicable legislation and international financial reporting standards
The entity's website includes a dedicated section focused exclusively on corporate governance matters	yes	The Bank's website contains a dedicated section focused exclusively on corporate governance matters: https://rwsbank.com.ua/o-banke/informaciia-dlia-akcionerov-i-steikxolderov
8. Control System and Ethics Standards		
The entity has established an internal control system that complies with the "three lines of defence" model	yes	The Bank has established an internal control system that complies with the "three lines of defence" model
The Board (non-executive directors) has mechanisms for internal control of the entity, including the ability to engage the internal and external auditors	yes	The Supervisory Board has mechanisms for the Bank's internal control, including the ability to engage the internal auditor and external auditor
The compliance and risk management functions are accountable to the Board (non-executive directors)	yes	The compliance and risk management functions are accountable to the Supervisory Board
The entity has approved a risk management policy	yes	The Bank has approved a risk management policy
The entity has approved a risk appetite statement	yes	The Bank has approved a risk appetite statement
The Board (non-executive directors) reviews the risk management report	yes	The Supervisory Board reviews the risk management report at least once per quarter
The entity has approved and disclosed a code of ethics	yes	The Bank has approved and disclosed a code of ethics
The entity ensures the ability to report misconduct or unethical behaviour	yes	The Bank ensures the ability to report misconduct or unethical behaviour anonymously and securely

anonymously and safely		
The entity has approved and disclosed an anti-corruption policy	yes	The Bank has approved and disclosed an anti-corruption policy
The entity has approved and disclosed a conflict of interest policy covering the following matters: a) prevention and management of conflicts of interest; b) related party transactions; c) insider trading; and d) abuse of authority	yes	The Bank has approved and disclosed a conflict of interest policy covering the following matters: a) conflict of interest, its prevention and management b) related party transactions c) insider trading d) abuse of authority
9. Corporate Governance Assessment		
The entity has a formalised procedure for the annual self-assessment of the members of the Board	yes	The Bank has a formalised procedure for the annual self-assessment of the members of the Supervisory Board
Based on the results of the annual self-assessment of the Board members, an action plan is developed to improve the effectiveness of the Board's performance and corporate governance practices	yes	Based on the results of the annual self-assessment of the Supervisory Board members, an action plan is developed to improve the effectiveness of the Board's performance and corporate governance practices
A comprehensive assessment of the corporate governance system is conducted every three years with the involvement of an independent external expert	no	A comprehensive assessment of the Bank's corporate governance system is conducted every three years by the National Bank of Ukraine

Part 3. Information on the general meeting of shareholders (participants) and a general description of the resolutions adopted at such meetings: 3 (3)

Date of the meeting	29.04.2024
Method of holding the meeting	X in-person voting, venue: Ukraine, Kyiv, 29/58 Vvedenska Street, Room No. 1 electronic voting polling (remote)
Convening party	by gathering in one place of shareholders holding 100 percent of voting shares in accordance with Article 59 of the Law of Ukraine "On Joint Stock Companies"
Agenda items and resolutions adopted:	
1. Approval of the agenda of the General Meeting of Shareholders. 2. Approval of the financial and business results of JSC "RWS BANK" for 2023. 3. Review of the external auditor's opinion on the annual financial statements of JSC "RWS BANK" and approval of actions based on its findings. 4. Distribution of profit of JSC "RWS BANK". 5. Review of the Supervisory Board report on the results of activities for 2023 and approval of actions based on its findings. Adoption of a resolution following the review of the Supervisory Board report. 6. Consideration of the matter regarding the payment of the variable remuneration component to the Chairperson and members of the Supervisory Board of JSC "RWS BANK". 7. Approval of the remuneration report of the members of the Supervisory Board of JSC "RWS BANK". 8. Approval of the Regulation on remuneration of the members of the Supervisory Board of JSC "RWS BANK". 9. Approval of amendments to the terms of the civil and labour contracts concluded with the Chairperson and members of the Supervisory Board of JSC "RWS BANK". Appointment of the person authorised to sign addenda to contracts with the Chairperson and members of the Supervisory Board of JSC "RWS BANK". 10. Amendments to the Charter of JSC "RWS BANK" by adopting it in a new wording. 11. Approval of the new versions of the Corporate Governance Code of JSC "RWS BANK", the Regulations on the General Meeting of Shareholders of JSC "RWS BANK", and the Regulations on the Supervisory Board of JSC "RWS BANK". 12. Determination of the main areas of activity of JSC "RWS BANK" for 2024–2026. 13. Approval of transactions related to operations with domestic government bonds (including "Military Bonds") and deposit certificates of the National Bank of Ukraine. RESOLUTION ON AGENDA ITEM 1: 1.1. Due to the presence of shareholders holding 100% of the voting shares in one location, Articles 40–57 of the Law of Ukraine "On Joint Stock Companies" concerning the procedure for holding general meetings shall not apply to the current annual General Meeting.	

1.2. Consideration of the agenda items shall be conducted approximately according to the following procedure:

main report – 15 minutes;

co-report – 10 minutes;

speeches in debates – 20 minutes;

responses to questions – 30 minutes.
The right to speak shall be granted by the Chairperson of the General Meeting. The Chairperson may interrupt a speaker who does not adhere to the set time limit and withdraw the right to speak.

RESOLUTION ON AGENDA ITEM 2:
To approve the financial and business results of JSC "RWS BANK" for 2023.

RESOLUTION ON AGENDA ITEM 3:
To acknowledge the conclusions of the independent auditor LLC AC "KROU UKRAINE" following the audit of the financial statements of JSC "RWS BANK" for the year ended 31 December 2023.

RESOLUTION ON AGENDA ITEM 4:
To approve the distribution of profit for 2023 as follows: 5% of the profit to be allocated to the reserve fund, the remaining profit to be used to cover accumulated losses from previous years.

RESOLUTION ON AGENDA ITEM 5:
5.1. To approve the report of the Supervisory Board of JSC "RWS BANK" on the Bank's activities in 2023 and the measures based on its findings (Annexes 1, 2).
5.2. To deem the activities of the Supervisory Board in 2023 satisfactory.

RESOLUTION ON AGENDA ITEM 6:
Not to pay the variable component of remuneration to the Chairperson and members of the Supervisory Board of JSC "RWS BANK" due to martial law.

RESOLUTION ON AGENDA ITEM 7:
To approve the remuneration report for the members of the Supervisory Board of JSC "RWS BANK" for 2023 (Annex 3).

RESOLUTION ON AGENDA ITEM 8:
To amend the Regulation on the remuneration of the members of the Supervisory Board of JSC "RWS BANK" approved by the decision of the Annual General Meeting (minutes No. 23052022/2 dated 23 May 2022), and to approve the amended version in full (Annex 4).

RESOLUTION ON AGENDA ITEM 9:
9.1. To approve changes to the terms of employment contracts and civil law contracts with the Chairperson and members of the Supervisory Board of JSC "RWS BANK" (Annexes 5–9).
9.2. To authorise the Chairperson of the Management Board (or Acting Chairperson, if absent) to sign the relevant addenda on behalf of the Bank.

RESOLUTION ON AGENDA ITEM 10:
10.1. To amend the Charter of JSC "RWS BANK" (approved by the resolution of the EGM, minutes No. 15112023/2 dated 15 November 2023), and to approve its new version (Annex 10).
10.2. To authorise the Chairperson of the Management Board (or Acting Chairperson) to sign the new version and other necessary documents for registration.
10.3. To authorise the Chairperson of the Management Board (or Acting Chairperson), personally or via authorised representatives, to ensure NBU approval and state registration of the new version of the Charter.

RESOLVED UNDER AGENDA ITEM 11:

11.1. To amend the Corporate Governance Code of the JOINT STOCK COMPANY "RWS BANK", previously approved by the resolution of the Extraordinary General Meeting of Shareholders of JSC "RWS BANK" (Minutes No. 26112021/5 dated 26 November 2021), and to approve the Corporate Governance Code of the JOINT STOCK COMPANY "RWS

BANK" as amended in a new edition (Appendix 11).
11.2. To amend the Regulation on the General Meeting of Shareholders of the JOINT STOCK COMPANY "RWS BANK", previously approved by the resolution of the Extraordinary General Meeting of Shareholders of JSC "RWS BANK" (Minutes No. 29122023/3 dated 29 December 2023), and to approve the Regulation on the General Meeting of Shareholders of the JOINT STOCK COMPANY "RWS BANK" as amended in a new edition (Appendix 12).
11.3. To amend the Regulation on the Supervisory Board of the JOINT STOCK COMPANY "RWS BANK", previously approved by the resolution of the Extraordinary General Meeting of Shareholders of JSC "RWS BANK" (Minutes No. 29122023/3 dated 29 December 2023), and to approve the Regulation on the Supervisory Board of the JOINT STOCK COMPANY "RWS BANK" as amended in a new edition (Appendix 13).

RESOLUTION ON AGENDA ITEM 12:
To approve the strategic directions of JSC "RWS BANK" for 2024–2026 (Annex 14).

RESOLUTION ON AGENDA ITEM 13:
13.1. To establish a cumulative limit for transactions related to operations of JSC "RWS BANK" with domestic government bonds (including "military bonds") in the total amount of up to UAH 2,500,000,000.00 (two billion five hundred million hryvnias 00 kopecks), which exceeds 50% of the Bank's assets according to the latest annual financial statements. Within this limit, operations involving domestic government bonds (purchase, sale, exchange, pledge, REPO) (including "military bonds") may be executed without further consideration by the Bank's collegial bodies.
This cumulative transaction limit applies both to individual transactions and to the total value of investments in domestic government bonds (including "military bonds") that remain outstanding.
13.2. To establish a cumulative investment limit in deposit certificates of the National Bank of Ukraine in the total amount of outstanding certificates issued by the NBU up to UAH 2,500,000,000.00 (two billion five hundred million hryvnias 00 kopecks), which exceeds 50% of the Bank's assets according to the latest annual financial statements. Within this limit, purchases of NBU deposit certificates may be executed without further consideration by the Bank's collegial bodies.
This cumulative limit applies both to the amount of individual requests and to the total value of outstanding investments in deposit certificates issued by the NBU.
13.3. To authorise the Chairperson of the Management Board of JSC "RWS BANK" (or, in their absence, the acting Chairperson) to execute transactions related to operations with domestic government bonds (purchase, sale, exchange, pledge, REPO) (including "military bonds") and the purchase of deposit certificates of the National Bank of Ukraine, within the cumulative transaction limits set in clauses 13.1 and 13.2 of this resolution, and to perform other actions necessary for the execution and fulfilment of such transactions.
13.4. To authorise the Chairperson of the Management Board of JSC "RWS BANK" (or, in their absence, the acting Chairperson) to delegate the powers specified in clause 13.3 of this resolution by issuing powers of attorney to the Bank's employees for the purpose of executing such transactions and performing other actions required for their execution and fulfilment.

URL address of the minutes of the general meeting:	https://rwsbank.com.ua/o-banke/informaciia-dlia-akcionerov-i-steikxolderov

Date of the meeting	11.07.2024
Method of holding the meeting	X in-person voting, venue: Ukraine, Kyiv, 29/58 Vvedenska Street, Room No. 1 electronic voting polling (remote)
Convening party	by gathering in one place of shareholders holding 100 percent of voting shares in accordance with Article 59 of the Law of Ukraine "On Joint Stock Companies"

Agenda items and resolutions adopted:

1. Approval of the regulations of the General Meeting of Shareholders.
2. Adoption of the resolution on early termination of powers of the Chairperson and members of the Supervisory Board of JSC "RWS BANK".
3. Election of the members of the Supervisory Board of JSC "RWS BANK".
4. Determination of the term of office of the Chairperson and members of the Supervisory Board of JSC "RWS BANK" elected to the Supervisory Board.
5. Election of the Chairperson of the Supervisory Board of JSC "RWS BANK".
6. Approval of the terms and conditions of contracts (civil and employment) to be concluded with the Chairperson and members of the Supervisory Board of JSC "RWS BANK", determination of their remuneration, including incentive and compensation payments. Election of the person authorised to sign the contracts with the Chairperson and members of the Supervisory Board of JSC "RWS BANK".

RESOLVED ON THE FIRST ITEM:
1.1. Due to the gathering in one place of shareholders holding 100 percent of the voting shares, the provisions of Articles 40–57 of the Law of Ukraine "On Joint Stock Companies" regarding the procedure for holding General Meetings shall not apply to the current Extraordinary General Meeting.
In accordance with the Procedure for convening and holding in-person general meetings of shareholders approved by Resolution of the National Securities and Stock Market Commission No. 596 dated 02.06.2023, no registration or counting commissions shall be appointed for General Meetings in which shareholders holding 100 percent of the voting shares participate.

Identification of participants in the General Meeting, determination of the number of votes held by each participant, and vote counting shall be carried out by the participants themselves and confirmed by the shareholder register compiled for the date of the General Meeting in accordance with the legislation on the depositary system of Ukraine, as well as by signing the minutes of the General Meeting by all participants.

1.2 The discussion of the agenda items of the General Meeting of Shareholders shall be conducted approximately in accordance with the following procedure:

- Main report – 15 minutes;
- Co-report – 10 minutes;
- Speeches in debates – 20 minutes;
- Answers to questions – 30 minutes.
  The right to speak or make a report at the General Meeting of Shareholders shall be granted by the Chairperson of the General Meeting of Shareholders. The Chairperson may interrupt a speaker who fails to comply with the above time limits and revoke their right to speak.

1.3. The election of members of the Supervisory Board shall be conducted by cumulative voting using cumulative voting ballots.

RESOLVED ON ITEM 2:
To terminate early, on 11 July 2024, the powers of the Chairperson and members of the Supervisory Board of JSC "RWS BANK", namely:

- Chairperson of the Supervisory Board – Iryna Borysivna Havrylchuk;
- Member of the Supervisory Board (independent) – Serhii Oleksandrovych Yaremenko;
- Member of the Supervisory Board (independent) – Vitalii Oleksiiovych Myhashko;
- Member of the Supervisory Board (independent) – Dmytro Mykolaiovych Seredenko;
- Member of the Supervisory Board (independent) – Pavlo Volodymyrovych Savchuk.

RESOLVED ON ITEM 3:
To elect the following persons as members of the Supervisory Board of JSC "RWS BANK" effective from 12 July 2024:

1. Iryna Borysivna Havrylchuk (representative of shareholder Oleksandr Volodymyrovych Stetsiuk);
2. Oleh Petrovych Krasnoshchok (representative of shareholder Oleksandr Volodymyrovych Stetsiuk);
3. Vitalii Oleksiiovych Myhashko (independent member);
4. Serhii Oleksandrovych Yaremenko (independent member);
5. Dmytro Mykolaiovych Seredenko (independent member);
6. Pavlo Volodymyrovych Savchuk (independent member);
7. Mykhailo Mykolaiovych Vidiakin (independent member).

RESOLVED ON ITEM 4:
To set the term of office for the Chairperson and members of the Supervisory Board of JSC "RWS BANK", elected at this General Meeting of Shareholders of JSC "RWS BANK", at three years from the date of their election.

RESOLVED ON ITEM 5:
To elect, effective 12 July 2024, Iryna Borysivna Havrylchuk (representative of the shareholder of JSC "RWS BANK", O.V. Stetsiuk) as Chairperson of the Supervisory Board of JSC "RWS BANK" from among the elected members of the Supervisory Board for a term of three (3) years.

RESOLVED ON ITEM 6:
6.1. To approve the terms of civil-law contracts and employment agreements (contracts) as set out in Annexes No. 1–7 to this protocol, to be concluded with the Chairperson and members of the Supervisory Board of JSC "RWS BANK" in accordance with the list defined in Annex No. 8 to this protocol.
6.2. To establish the amount of remuneration for the Chairperson and members of the Supervisory Board of JSC "RWS

BANK", including incentive and compensation payments, under the terms set out in Annex No. 9 to this protocol. 6.3. To authorise the Chairperson of the Management Board of JSC "RWS BANK" (or another person performing the duties of the Chairperson of the Management Board or a person entrusted with performing the duties of the Chairperson of the Management Board) to sign, on behalf of JSC "RWS BANK", the civil-law contracts and employment agreements (contracts) to be concluded with the Chairperson and members of the Supervisory Board of JSC "RWS BANK".	
URL address of the minutes of the general meeting:	https://rwsbank.com.ua/o-banke/informaciia-dlia-akcionerov-i-steikxolderov

Date of the meeting	17.10.2024
Method of holding the meeting	in-person voting electronic voting X - remote polling
Convening party	Supervisory Board
Agenda items and resolutions adopted:	
1. Amendments to the Charter of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK" by approving it in a new version. 2. Amendments to the Regulations on the General Shareholders’ Meeting of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK" by approving them in a new version. 3. Amendments to the Regulations on the Supervisory Board of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK" by approving them in a new version. RESOLVED ON ITEM ONE: 1.1. To amend the Charter of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK", approved by the decision of the General Shareholders’ Meeting of PJSC "RWS BANK" (Minutes No. 29042024/1 dated 29 April 2024), and, taking into account the amendments, to approve the Charter of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK" in a new version (Appendix 1). 1.2. To authorise the Chairperson of the Management Board of the Bank (or, in their absence, the Acting Chairperson of the Management Board) to sign the new version of the Charter of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK", as well as any other documents required for the registration of the Charter of the Bank. 1.3. To authorise the Chairperson of the Management Board of the Bank (or, in their absence, the Acting Chairperson of the Management Board) personally or through representatives by issuing powers of attorney to carry out the procedures for: obtaining approval of the new version of the Charter of the Bank from the National Bank of Ukraine; and for the state registration of the new version of the Charter of the Bank in accordance with the applicable legislation of Ukraine. RESOLVED ON ITEM TWO: To amend the Regulations on the General Shareholders’ Meeting of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK", approved by the decision of the General Shareholders’ Meeting of PJSC "RWS BANK" (Minutes No. 29042024/1 dated 29 April 2024), and, taking into account the amendments, to approve the Regulations on the General Shareholders’ Meeting of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK" in a new version, attached as Appendix 2. RESOLVED ON ITEM THREE: To amend the Regulations on the Supervisory Board of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK", approved by the decision of the General Shareholders’ Meeting of PJSC "RWS BANK" (Minutes No. 29042024/1 dated 29 April 2024), and, taking into account the amendments, to approve the Regulations on the Supervisory Board of PUBLIC JOINT STOCK COMPANY JOINT STOCK COMMERCIAL BANK "RWS BANK" in a new version, attached as Appendix 3.	
URL address of the minutes of the general meeting:	https://rwsbank.com.ua/o-banke/informaciia-dlia-akcionerov-i-steikxolderov

Part 4. The Supervisory Board

Composition of the Supervisory Board and its committees

Name of the board member, term of office during the reporting period.	Registration Number of the Taxpayer’s Record	Unique Entry Number in the Register	Chair / Deputy Chair of the Board	Chair / Member of the Board Committee		
				Name of the committee - 1	Name of the committee - 2	Name of the committee - 3

Iryna Borysivna Havrylchuk (01.01.2024-31.12.2024)			X	V		
Vitalii Oleksiiovych Myhashko (01.01.2024-31.12.2024)				V	V	
Dmytro Mykolaiovych Seredenko (01.01.2024-31.12.2024)					X	
Pavlo Volodymyrovych Savchuk (01.01.2024-31.12.2024)				X		
Serhii Oleksandrovych Yaremenko (01.01.2024-31.12.2024)					V	
Mykhailo Mykolaiovych Vidiakin (12.07.2024-31.12.2024)				V		

Information on the meetings held by the board and a general overview of the resolutions adopted

Number of meetings of the Supervisory Board during the reporting period:	73
– including in-person meetings:	49
– including meetings held by written resolution (in absentia):	24
Summary of key decisions adopted by the Supervisory Board:	The Supervisory Board considered matters falling within its exclusive competence, including reports from the Management Board, the Risk Management Department, the Compliance Control Division, and the Internal Audit Department of the Bank; issues related to the appointment of members of the Management Board; selection of the external auditor for the audit of the Bank's annual financial statements and the property valuer; approval of the market value of the Bank's assets; organisation and holding of the General Shareholders' Meeting; approval of the Strategy and Business Plan, and other internal regulatory documents. In addition, during 2024, the Supervisory Board reviewed matters related to the approval of decisions of the Credit Committee of RWS BANK and other matters within the Supervisory Board's competence.

Information on the meetings of the Supervisory Board's committees and a general overview of the decisions adopted:

	Name of the committee - 1	Name of the committee - 2	Name of the committee - 3
Number of meetings of the Supervisory Board committee during the reporting period:	Audit Committee	Remuneration and Nominations Committee	
– including in-person meetings:	32	34	
– including meetings held by written resolution (in absentia):	0	0	
Summary of key decisions adopted by the Supervisory Board committee:	Approval of the budgets of the Supervisory Board, the Risk Management Department, the Compliance Control Unit, the Financial Monitoring Department, and the Corporate Secretary's Office. Discussion of the new structure of the Internal	Amendments to the organisational structure of JSC "RWS BANK". Review of the procedure for the selection of candidates for executive positions at the Bank and their assessment for compliance with qualification requirements. Approval of the list of	

	Audit Unit. Provision of recommendations to the Supervisory Board regarding audit engagements for 2024 and the internal audit budget for 2024. Review of information on interaction with the external auditor in the context of the audit of the financial statements of JSC "RWS BANK" for 2023. Discussion with the audit firm of key issues arising from the Bank's external audit, including all identified material deficiencies in the internal control system related to the financial reporting process. Review of the effectiveness of the external audit process. Preparation of proposals on measures to be taken within established deadlines to address deficiencies in the operations of the internal audit unit identified by the National Bank. Preparation of proposals to remedy deficiencies in the internal control system identified by the National Bank.	material risk takers and significant structural units of the Bank. Assessment of the performance of the Bank's Management Board as a whole and of its individual members, as well as evaluation of the collective suitability of the Bank's Management Board for 2023.	
Assessment of the independence of audit firms providing statutory audit services.	The Audit Committee confirmed compliance with the independence requirements for the audit entity engaged to perform the statutory audit of the annual financial statements.		

The Audit Committee and the Remuneration and Nominations Committee were established by a resolution of the Supervisory Board dated 28 December 2023 and commenced their activities on 1 January 2024.

Report of the Supervisory Board
to the General Meeting of Shareholders

JOINT STOCK COMPANY "RWS BANK"

REPORT OF THE SUPERVISORY BOARD
OF JSC "RWS BANK" FOR 2024

The Supervisory Board is a collegial body responsible for protecting the rights of depositors, other creditors, and shareholders of the Bank. Within the scope of authority defined by the Bank's Charter and applicable Ukrainian legislation, the Supervisory Board exercises strategic oversight over the Bank and monitors the activities of the Management Board.

From 1 January 2024 to 11 July 2024, the Supervisory Board comprised the following five members:

- Chair of the Supervisory Board (representative of the shareholder) – Iryna Borysivna Havrylchuk;
- Member of the Supervisory Board (independent) – Vitalii Oleksiiovych Myhashko;
- Member of the Supervisory Board (independent) – Serhii Oleksandrovych Yaremenko;
- Member of the Supervisory Board (independent) – Dmytro Mykolaiovych Seredenko;
- Member of the Supervisory Board (independent) – Pavlo Volodymyrovych Savchuk.

The Supervisory Board in this composition was elected by the Extraordinary General Meeting of Shareholders of the Bank held on 30 November 2022 (Minutes No. 30112022/3).

By resolution of the Extraordinary General Meeting of Shareholders of the Bank dated 11 July 2024 (Minutes No. 11072024/2), the Supervisory Board was re-elected with effect from 12 July 2024 and now comprises six members:

- Chair of the Supervisory Board (representative of the shareholder) – Iryna Borysivna Havrylchuk;
- Member of the Supervisory Board (independent) – Vitalii Oleksiiovych Myhashko;
- Member of the Supervisory Board (independent) – Serhii Oleksandrovych Yaremenko;
- Member of the Supervisory Board (independent) – Dmytro Mykolaiovych Seredenko;
- Member of the Supervisory Board (independent) – Pavlo Volodymyrovych Savchuk;
- Member of the Supervisory Board (independent) – Mykhailo Mykolaiovych Vidiakin.

Independent members constitute more than 80 percent of the Supervisory Board, with five out of six members being independent.

The powers of the Supervisory Board are defined by the Bank's Charter and the Regulations on the Supervisory Board. The powers of the Supervisory Board are consistent with the requirements of applicable legislation, as well as with the size and nature of the Bank's operations, the scope of its banking and other financial services, and the Bank's risk profile.

The internal regulatory documents governing the activities of the Supervisory Board take into account all requirements of Ukrainian legislation, including the regulations of the National Bank of Ukraine, the Methodological Recommendations on Corporate Governance in Ukrainian Banks approved by Resolution of the Board of the National Bank of Ukraine No. 814-рш dated 3 December 2018, the Recommendations on Corporate Governance Practices (Corporate Governance Code: Key Requirements and Recommendations) approved by Resolution of the National Securities and Stock Market Commission No. 118 dated 12 March 2020, and the Basel Committee on Banking Supervision's Principles for Corporate Governance for Banks.

The organisational form of the Supervisory Board's work as a collegial body includes meetings and written (in absentia) voting. In 2024, a total of 73 meetings and written voting sessions of the Supervisory Board were held. The meetings and written voting sessions were convened as necessary and in accordance with a defined frequency.

The Supervisory Board considered matters falling within its exclusive competence, including: reports of the Management Board, the Risk Management Department, the Compliance Control Unit, and the Internal Audit Department; appointment of members of the Management Board; selection of the external auditor to perform the audit of the Bank's annual financial statements and of the property valuers; approval of the market value of the Bank's assets; organisation and conduct of the General Meeting of Shareholders; approval of the Bank's Strategy and Business Plan; and internal regulations requiring approval by the Supervisory Board. In addition, in 2024 the Supervisory Board considered matters relating to the endorsement of decisions of the Credit Committee and the Non-Performing Assets Management Committee of JSC "RWS BANK", as well as other matters falling within the competence of the Supervisory Board.

The meetings of the Supervisory Board were convened throughout the year in accordance with the Regulations on the Supervisory Board of JSC "RWS BANK" and the approved Work Plan of the Supervisory Board for 2024. When necessary, decisions of the Supervisory Board were adopted through written (in absentia) voting. Joint meetings of the Supervisory Board and the Bank's Management Board were also held.

All decisions of the Supervisory Board were adopted by a simple majority of votes of the members of the Supervisory Board who participated in the meeting and were entitled to vote. At meetings and during written (in absentia) voting, each member of the Supervisory Board has one vote. The Chair of the Supervisory Board has a casting vote in the event of a tie.

During meetings, the Chair of the Supervisory Board ensured that each member was given the opportunity to express their opinion on the items on the agenda. The procedures applied in decision-making by the Supervisory Board are defined in the Regulations on the Supervisory Board of JSC "RWS BANK", which is publicly available on the Bank's official website.

Minutes of the meetings of the Supervisory Board were maintained by the Bank's Corporate Secretary.

The distribution of responsibilities among the members of the Supervisory Board is carried out each time the composition of the Board changes, but no less than once per year. In 2024, the Supervisory Board redistributed responsibilities and powers among its members due to the re-election of the Board. This redistribution was approved by resolution of the Supervisory Board dated 23 July 2024 (Minutes No. 39/24).

In accordance with the allocation of responsibilities and powers approved on 23 July 2024, the Chair of the Supervisory Board, Iryna Borysivna Havrylchuk, is responsible for organising the work of the Supervisory Board, facilitating information exchange among its members, and overseeing the Bank's activities in the areas of Corporate Governance and Capital Markets.

Throughout 2024, Iryna Borysivna Havrylchuk organised the work of the Supervisory Board, drafted and agreed the agendas of meetings, convened meetings of the Supervisory Board and chaired them, ensured open discussions and free exchange of opinions, as well as a sufficient level of consideration of all matters at the meetings. She also chaired the General Meetings of Shareholders and performed other duties stipulated by the Charter and the Regulations on the Supervisory Board of JSC "RWS BANK".

Iryna Borysivna Havrylchuk was physically present at almost all meetings and participated in written voting of the Supervisory Board, except in cases of absence due to vacation. There were no instances of unexcused absence from Supervisory Board meetings. During meetings, she actively participated in the discussion of agenda items, made proposals, and expressed her opinion regarding draft resolutions submitted for consideration by the Supervisory Board. No conflicts of interest were identified that could have prevented her from duly performing her duties in the interests of the Bank, its depositors, and shareholders.

Iryna Borysivna Havrylchuk does not hold executive positions in other legal entities and does not engage in any other (paid or unpaid) activity, except for her role as Chair of the Supervisory Board of JSC "RWS BANK". No evidence of improper conduct by the Chair of the Supervisory Board was identified. Ms Havrylchuk fulfils her fiduciary duties with loyalty and due care, and possesses sufficient competence to carry out her responsibilities.

In 2024, Iryna Borysivna Havrylchuk participated in the following training activities:

– Webinar "Defining the profile and risk appetite of compliance risk" (22 February 2024, LLC "Extra Consulting");

– Training "Construction financing. Practice, case studies and legal solutions – from residential to infrastructure projects. From private to public/municipal customers" (12 April 2024, PE "Inform-Consulting");

– Educational event "Conceptual Framework for Financial Reporting and IFRS Reporting Requirements" (22 July 2024, LLC "Status" – Higher Education Institution of Postgraduate Studies);

– Educational event "Auditor's Report: Practical application of ISAs and regulator requirements" (25 July 2024, LLC "Status" – Higher Education Institution of Postgraduate Studies).

Based on the above, the performance of Iryna Borysivna Havrylchuk as Chair of the Supervisory Board in 2024 is assessed as satisfactory.

Independent member of the Supervisory Board Vitalii Oleksiiovych Myhashko, in accordance with the allocation of responsibilities and powers among the members of the Supervisory Board dated 23 July 2024, is responsible for overseeing the Bank's activities in the areas of Risk Management, Compliance, Financial Monitoring, and Investment Activities.

Since his appointment, Vitalii Oleksiiovych Myhashko has been physically present at almost all meetings and has participated in the written voting of the Supervisory Board of the Bank. During meetings, he actively participates in the discussion of agenda items, makes proposals, and expresses his opinion on draft resolutions submitted for voting by the Supervisory Board.

No conflicts of interest that could prevent him from fully performing his duties in the interests of the Bank, its depositors, and shareholders were identified in 2024. Apart from his role as a member of the Supervisory Board of JSC "RWS BANK", Vitalii Oleksiiovych Myhashko holds executive positions in other legal entities. No facts were identified that would indicate any improper conduct by him in his capacity as a member of the Supervisory Board.

Vitalii Oleksiiovych Myhashko adheres to the duties of loyalty and due care required of a member of the Supervisory Board. He meets the independence criteria applicable to an independent member of the Supervisory Board of JSC "RWS BANK".

In 2024, Vitalii Oleksiiovych Myhashko participated in the following educational events:

– "What an Auditor Should Know About Risks";

– "Practical Aspects of the Risk Identification and Assessment Process in Accordance with ISQM 1"

(22 July 2024, LLC "Status" – Higher Education Institution of Postgraduate Studies).

Based on the above, the performance of Vitalii Oleksiiovych Myhashko as a member of the Supervisory Board in 2024 is assessed as satisfactory.

Independent member of the Supervisory Board Serhii Oleksandrovych Yaremenko, in accordance with the allocation of responsibilities and powers among the members of the Supervisory Board dated 23 July 2024, is responsible for overseeing the Bank's activities in the areas of Payment Services and Treasury Operations.

Serhii Oleksandrovych Yaremenko was physically present at all meetings and participated in the written voting of the Supervisory Board of the Bank. During meetings, he actively participates in the discussion of agenda items, makes proposals, and expresses his opinion on draft resolutions submitted for voting by the Supervisory Board.

No conflicts of interest were identified in 2024 that could have prevented him from fully performing his duties in the interests of the Bank, its depositors, and shareholders. In addition to his role as a member of the Supervisory Board of JSC "RWS BANK", Serhii Oleksandrovych Yaremenko holds executive positions in other legal entities. No facts were identified that would indicate any improper conduct by him in his capacity as a member of the Supervisory Board.

Serhii Oleksandrovych Yaremenko adheres to the duties of loyalty and due care required of a member of the Supervisory Board. He meets the independence criteria applicable to an independent member of the Supervisory Board of JSC "RWS BANK".

Based on the above, the performance of Serhii Oleksandrovych Yaremenko as a member of the Supervisory Board in 2024 is assessed as satisfactory.

Independent member of the Supervisory Board Dmytro Mykolaiovych Seredenko, in accordance with the allocation of responsibilities and powers among the members of the Supervisory Board dated 23 July 2024, is responsible for overseeing the Bank's activities in the areas of Corporate Business, Security, and Information Technology, as well as for the implementation of the Bank's remuneration and nomination policies.

Dmytro Mykolaiovych Seredenko was physically present at almost all meetings and participated in the written voting of the Bank's Supervisory Board. During meetings, he actively participates in the discussion of agenda items, makes proposals, and expresses his opinion on draft resolutions submitted for voting by the Supervisory Board.

No conflicts of interest were identified in 2024 that could have prevented him from fully performing his duties in the interests of the Bank, its depositors, and shareholders. In addition to his role as a member of the Supervisory Board of JSC "RWS BANK", Dmytro Mykolaiovych Seredenko holds executive positions in other legal entities. No facts were identified that would indicate any improper conduct by him in his capacity as a member of the Supervisory Board.

Dmytro Mykolaiovych Seredenko adheres to the duties of loyalty and due care required of a member of the Supervisory Board. He meets the independence criteria applicable to an independent member of the Supervisory Board of JSC "RWS

BANK”.

In 2024, Dmytro Mykolaiovych Seredenko participated in the professional development programme “Information Technology on the Supervisory Board’s Agenda” (16 July 2024, National Bank Staff Training Centre in cooperation with the Ukrainian Investment Development Agency).

Based on the above, the performance of Dmytro Mykolaiovych Seredenko as a member of the Supervisory Board in 2024 is assessed as satisfactory.

Independent member of the Supervisory Board Pavlo Volodymyrovych Savchuk, in accordance with the allocation of responsibilities and powers among the members of the Supervisory Board dated 23 July 2024, is responsible for overseeing the Bank’s activities in the areas of Retail Business, Non-Performing Asset Management, and Audit.

Since his appointment, Pavlo Volodymyrovych Savchuk has been physically present at all meetings and has participated in the written voting of the Supervisory Board of the Bank. During meetings, he actively participated in the discussion of agenda items, made proposals, and expressed his opinion on the draft resolutions submitted for voting by the Supervisory Board.

No conflicts of interest were identified during his tenure as a member of the Supervisory Board of JSC “RWS BANK” that could have prevented him from fully performing his duties in the interests of the Bank, its depositors, and shareholders. During his service on the Supervisory Board, Pavlo Volodymyrovych Savchuk did not hold executive positions in other legal entities and did not engage in any other (paid or unpaid) activity, apart from his duties as a member of the Supervisory Board of JSC “RWS BANK”. No facts were identified that would indicate any improper conduct by him in his capacity as a member of the Supervisory Board.

Pavlo Volodymyrovych Savchuk fulfilled the duties of loyalty and due care required of a member of the Supervisory Board. He meets the independence criteria applicable to an independent member of the Supervisory Board of JSC “RWS BANK”.

In 2024, Pavlo Volodymyrovych Savchuk participated in the educational event “Organisation and Methodology for the Implementation of the Functional Tasks of the Audit Committee” (22 July 2024, LLC “Status” – Higher Education Institution of Postgraduate Studies).

Based on the above, the performance of Pavlo Volodymyrovych Savchuk as a member of the Supervisory Board in 2024 is assessed as satisfactory.

Independent member of the Supervisory Board Mykhailo Mykolaiovych Vidiakin, in accordance with the allocation of responsibilities and powers among the members of the Supervisory Board, is responsible for overseeing the Bank’s activities in the areas of Strategic Planning, monitoring of the implementation of the strategy and business plan by the Management Board, optimisation of business processes, establishment of an effective internal control system, and implementation of the NBU’s SREP recommendations.

Following his appointment, Mykhailo Mykolaiovych Vidiakin was physically present at almost all meetings and participated in the written voting of the Bank’s Supervisory Board. During meetings, he actively participates in the discussion of agenda items, makes proposals, and expresses his opinion on draft resolutions submitted for voting by the Supervisory Board.

No conflicts of interest were identified in 2024 that could have prevented him from fully performing his duties in the interests of the Bank, its depositors, and shareholders. In addition to his role as a member of the Supervisory Board of JSC “RWS BANK”, Mykhailo Mykolaiovych Vidiakin engages in academic teaching activities. No facts were identified that would indicate any improper conduct by him in his capacity as a member of the Supervisory Board.

Mykhailo Mykolaiovych Vidiakin fulfils the duties of loyalty and due care required of a member of the Supervisory Board. He meets the independence criteria applicable to an independent member of the Bank’s Supervisory Board.

In 2024, Mykhailo Mykolaiovych Vidiakin participated in the educational event “Auditor’s Report: Practical Application of ISAs and Regulator Requirements” (25 July 2024, LLC “Status” – Higher Education Institution of Postgraduate Studies).

Based on the above, the performance of Mykhailo Mykolaiovych Vidiakin as a member of the Supervisory Board in 2024 is assessed as satisfactory.

By resolution of the Supervisory Board dated 26 December 2024 (Minutes No. 72/24), the results of the assessment of the Chair and members of the Supervisory Board for compliance with the requirements established by Ukrainian legislation for Bank managers were approved. It was determined that the Chair and members of the Supervisory Board meet the qualification requirements established by law for members of the supervisory board, and that the independent directors also meet the independence criteria. The results of this assessment were reported to the National Bank of Ukraine.

Following the review and discussion of the Supervisory Board Profile Matrix, the current composition of the Supervisory Board was deemed collectively fit for purpose. The collective suitability of the Supervisory Board is appropriate to the size, nature of the Bank's operations, the scope of its banking and other financial services, and the Bank's risk profile.

The Chair and members of the Bank's Supervisory Board possess diverse professional experience and educational backgrounds, ensuring an appropriate level of collective suitability, taking into account the size and nature of the Bank's operations, the scope of its banking and other financial services, and the Bank's risk profile. Acting together as a collegial body, the members of the Supervisory Board collectively possess the knowledge, skills, and experience necessary for the effective discharge of the Supervisory Board's responsibilities. Accordingly, the Supervisory Board as a collective body has a sound understanding of the areas of the Bank's operations for which its members share responsibility, as well as the expertise and competencies required to provide effective oversight of the Bank's activities.

The Supervisory Board has a sufficient number of members with knowledge, skills, and experience across all areas of the Bank's operations, enabling informed and professional discussion of matters submitted for decision. Members of the Supervisory Board have the ability to assert their views and influence the process of collective decision-making. Discussions during Board meetings are open and critical, with divergent opinions always heard and considered before final decisions are made. As a result of these discussions, the members of the Supervisory Board reach a consensus that best serves the interests of the Bank.

A high level of interaction among Supervisory Board members is observed during meetings, as reflected in the content of the minutes. The decisions adopted by the Supervisory Board are duly implemented by the Management Board and the Bank's structural units.

The Supervisory Board promotes high ethical and professional standards, adheres to such standards, and ensures their implementation and compliance by the Bank's executives, control function heads, and other employees. Acting jointly, the members of the Supervisory Board are also able to exercise effective oversight over the decisions adopted by the Management Board and their execution.

At the beginning of 2024, the Supervisory Board of the Bank approved the annual work plan (objective setting) for the Chair and members of the Supervisory Board for 2024. The work plan (objectives) included a list of tasks to be addressed by the Supervisory Board during 2024. Throughout the year, the Supervisory Board adhered to the annual plan (objectives), and all assigned tasks were completed by the members of the Supervisory Board, despite the conditions of martial law.

By resolution of the Supervisory Board dated 28 December 2023 (Minutes No. 69/23), the Supervisory Board Committee on Remuneration and Nominations of JSC "RWS BANK" and the Supervisory Board Audit Committee of JSC "RWS BANK" were established. The Regulations on the Supervisory Board Committee on Remuneration and Nominations and the Regulations on the Supervisory Board Audit Committee were approved and came into force on the date of approval.

On 12 January 2024, the Supervisory Board approved the 2024 work plans of the above-mentioned committees.

The key functions of the Supervisory Board Remuneration and Nominations Committee include:

- Developing and periodically reviewing the Bank's remuneration policy (internal regulations);
- Submitting proposals to the shareholders regarding the remuneration of the Supervisory Board members;
- Providing recommendations to the Supervisory Board on the remuneration of the Management Board members, including individual remuneration of each member;
- Providing general recommendations to the Management Board regarding the level and structure of remuneration for persons performing management functions;
- Monitoring the level and structure of remuneration for persons performing management functions, based on reliable information provided by the Management Board;
- Recommending to the Supervisory Board the formation of a remuneration system that aligns with the Bank's risk management culture, strategy, approved risk appetite, financial results, internal control system, and legal requirements—ensuring the Supervisory Board considers both the interests of the remuneration recipients and the long-term interests of the Bank's shareholders, investors, and other stakeholders;
- Making recommendations to the Supervisory Board on the form and material terms of contracts to be concluded between the Bank and members of the Management Board;
- Recommending key performance indicators for Management Board members, as well as the criteria and procedures for periodic evaluation of their performance;
- Periodically (at least once a year) assessing the structure, size, composition, and performance of the Management Board and recommending any changes to the Supervisory Board;
- Annually assessing the structure, size, composition, and effectiveness of the Supervisory Board, as well as the knowledge, skills, and experience of its members and the procedures applied by the Supervisory Board in identifying, assessing, and selecting candidates for the Supervisory Board and Management Board, and

submitting recommendations on necessary changes;

- Assessing the compliance of the Chair and members of the Supervisory Board, the Chair, Deputy Chairs, and members of the Management Board, the Head of the Internal Audit Unit, Chief Risk Officer, Chief Compliance Officer, Financial Monitoring Officer, and Chief Accountant with the qualification requirements regarding professional competence and business reputation, and the independence criteria (for independent members of the Supervisory Board);
- Verifying the collective suitability of the Supervisory and Management Boards, considering the Bank's size, complexity, scope and nature of operations, organisational structure, and risk profile;
- Continuously monitoring the compliance of the above-mentioned officials with legislative requirements in accordance with internal regulations of the Bank;
- Developing and periodically reviewing the Bank's appointment policy (internal regulations);
- Identifying, pre-approving, and recommending candidates for vacant positions on the Management Board, as well as heads of control functions and other key positions;
- Pre-approving candidates for positions involving managerial functions within the Bank;
- Recommending new candidates for the Supervisory Board;
- Developing a succession plan for the positions of the Chair and members of the Supervisory Board, and making proposals to shareholders regarding candidates for these positions;
- Developing a succession plan for the Management Board and ensuring that a succession plan is in place for other persons performing managerial functions;
- Performing other duties as provided by Ukrainian legislation, the Bank's Charter, and the Regulations on the Supervisory Board and/or the Remuneration and Nominations Committee.

The key functions of the Supervisory Board Audit Committee of JSC "RWS BANK" include:

- Monitoring the integrity of the financial information provided by the Bank, including reviewing the appropriateness and consistency of the accounting methods used;
- Reviewing, at least annually, the effectiveness of internal audit and the risk management system;
- Providing recommendations to the Supervisory Board regarding the selection, appointment, reappointment, or dismissal of the Head of the Internal Audit Unit and the head of the unit responsible for budgeting;
- Recommending to the shareholders and the Supervisory Board the selection and terms of engagement and termination of the external audit firm;
- Preparing the draft budget of the Supervisory Board and submitting it for approval;
- Assessing the independence of audit firms providing statutory audit services;
- Recommending to the Supervisory Board policies regarding the definition and handling of non-audit services, including the types of services that are excluded, allowed subject to the Committee's review, or allowed without such review;
- Reviewing the effectiveness of the external audit process and the timeliness of the Management Board's response to recommendations made by the external auditor in writing;
- Investigating circumstances that may warrant termination of the engagement with the external auditor and providing recommendations to the Bank on the necessary actions;
- Performing other duties as provided by Ukrainian legislation, the Bank's Charter, and the Regulations on the Supervisory Board and/or the Audit Committee of JSC "RWS BANK".

Based on the assessment of the independence of the audit firm providing statutory audit services, the Supervisory Board Audit Committee concluded that the independence of the Bank's external auditor, LLC AC "KROU Ukraine", and the Bank's key audit partner, Oleksandr Konovchenko, was not compromised during the course of the statutory audit of the annual financial statements of JSC "RWS BANK" for 2024 (as at 31 December 2024), which was conducted in accordance with the audit engagement agreement No. 24/1972-F dated 20 June 2024, and also as at the date of issuance of the draft Independent Auditor's Report. No breaches of the applicable legal requirements regarding auditor independence were identified.

The composition of the Supervisory Board Remuneration and Nominations Committee of JSC "RWS BANK" is as follows:

- Dmytro Mykolaiovych Seredenko – Chair of the Committee
- Vitalii Oleksiiovych Myhashko – Deputy Chair of the Committee
- Serhii Oleksandrovych Yaremenko – Member of the Committee

The composition of the Supervisory Board Audit Committee of JSC "RWS BANK" is as follows:

- Pavlo Volodymyrovych Savchuk – Chair of the Committee
- Mykhailo Mykolaiovych Vidiakin – Deputy Chair of the Committee

- Iryna Borysivna Havrylchuk – Member of the Committee
- Vitalii Oleksiiovych Myhashko – Member of the Committee

The Supervisory Board committees commenced their activities on 1 January 2024. In the reporting year 2024, the Audit Committee held 32 meetings, during which decisions were adopted regarding:

- approval of the budgets of the Supervisory Board, the Risk Management Department, the Compliance Control Unit, the Financial Monitoring Department, and the Office of the Corporate Secretary;
- discussion of the new structure of the Internal Audit Unit;
- provision of recommendations to the Supervisory Board regarding audit engagements for 2024 and the internal audit budget for 2024;
- review and recommendations for the approval of internal regulatory documents of the Internal Audit Department by the Supervisory Board;
- review of the results of audits performed in accordance with the 2024 Audit Plan and monitoring the implementation of the recommendations issued following such audits;
- review of information on interaction with the external auditor in the context of the audit of the financial statements of JSC “RWS BANK” for 2023;
- discussion with the audit firm of key issues arising from the external audit of the Bank, including all identified material deficiencies in the internal control system related to the financial reporting process;
- review of the effectiveness of the external audit process;
- preparation of proposals regarding corrective actions to address deficiencies in the activities of the Internal Audit Unit identified by the National Bank within the established timeframes;
- preparation of proposals for remedying deficiencies in the internal control system identified by the National Bank.

In the reporting year 2024, the Remuneration and Nominations Committee held 34 meetings, during which decisions were adopted regarding:

- amendments to the organisational structure of JSC “RWS BANK”;
- revision of the procedure for selecting candidates for executive positions at the Bank and assessing their compliance with qualification requirements;
- approval of the list of material risk takers and significant structural units of the Bank;
- assessment of the performance of the Management Board as a whole and of individual members;
- assessment of the collective suitability of the Management Board for 2023, among other matters.

The Supervisory Board of the Bank actively participated in the development and approval of the new Strategy and Business Plan for 2024–2026. The three-year Strategy adopted by the Bank was developed taking into account a combination of key components, including: the Bank’s products and services, resources, clients, delivery channels used by clients, revenue generation, cost management, asset management, organisational structure, personnel, and information technology.

The Bank’s Strategy for 2024–2026 also accounts for the influence of adverse external factors beyond the Bank’s control. Monitoring of strategy implementation is carried out through quarterly reporting by the Management Board to the Supervisory Board. Based on the results of such discussions, changes to the Strategy may be introduced as needed. The Strategy for 2024–2026 was approved by the Supervisory Board on 30 January 2024 and was reviewed and approved in a revised version on 27 September 2024.

The implementation of the approved Strategy and Business Plan in 2024 was successful despite the extremely challenging conditions in the financial market caused by the aggression of the Russian Federation, which affected the Bank’s key financial indicators. Throughout 2024, the Bank demonstrated dynamic development across all major strategic areas defined by the Bank’s Strategy. The main strategic goals for 2024 were achieved.

The Supervisory Board of the Bank approved updated versions of the Non-Performing Asset (NPA) Management Strategy, the Operational Plan, and the Action Plan aimed at reducing the volume of non-core assets, foreclosed property, and the size and status of the NPA portfolio. In the reporting period, the Bank effectively managed its NPA portfolios with the goal of reducing the level and volume of such assets, applying the necessary measures for this purpose.

This is evidenced, in particular, by the positive trend in the reduction of the NPA portfolio in 2024, as reflected in the quarterly reports of the Management Board on the volumes and status of NPAs and the execution of the Operational Plan.

During 2024, the Bank sold six objects that were non-performing assets for a total amount of UAH 2 872 144.96.

The positive trend in the reduction of non-performing assets (NPAs) was achieved through the timely application of the Bank’s NPA management measures and approaches, including:

- development and adherence to the foreclosed asset sale plan;

- settlement of accounts receivable through legal action against debtors;
- engagement with counterparties to ensure fulfilment of obligations;
- use of out-of-court dispute resolution mechanisms;
- registration of ownership rights to collateral;
- active cooperation with corporate business clients in the area of corporate lending;
- daily monitoring of borrowers to identify signs of potential problem debt.

The Management Board of the Bank continued the disposal of non-core assets, taking into account the realistic timing and expected value of their sale. In 2025, the Bank will continue to dispose of the remaining non-core assets in accordance with the approved Disposal Plan through the trading platforms of SE “SETAM” and SE “Prozorro”.

The Supervisory Board implemented the majority of measures defined in the Action Plan for Improving the Performance of the Supervisory Board of JSC “RWS BANK” for 2024, as approved by the resolution of the General Meeting of Shareholders dated 29 April 2024 (Minutes No. 29042024/1). These measures included: providing training for members of the Supervisory Board in line with their allocated responsibilities; monitoring the implementation of recommendations from the National Bank of Ukraine aimed at improving the SREP assessment; enhancing internal control and risk management systems; strengthening the level of corporate governance; and approving updated versions of the Bank’s Strategy and Business Plan for 2024–2026 and for 2025–2027. A new organisational structure of the Bank was also approved.

Throughout 2024, the Supervisory Board responded promptly to all comments issued by the National Bank of Ukraine regarding deficiencies in the Bank’s financial monitoring, internal control system, and risk management. To prevent future deficiencies and improve the internal control system, the Supervisory Board adopted the necessary resolutions and issued relevant instructions to the Management Board and heads of control functions.

Overall, the performance of the Supervisory Board and its individual members during 2024 is assessed as satisfactory. The Supervisory Board’s activities are considered effective and results-oriented. The members of the Supervisory Board meet the qualification requirements established by law, and the collective suitability of the Supervisory Board is assessed as sufficient.

Chair of the Supervisory Board Iryna HAVRYLCHUK

Part 5. Executive Body

Composition of the collegial executive body and its committees

Name of the member of the executive body, term of office during the reporting period	Registration Number of the Taxpayer’s Record	Unique Entry Number in the Register	Chair / Deputy Chair of the Executive Body	Chair / Member of the Executive Body Committee		
				Name of the committee - 1	Name of the committee - 2	Name of the committee - 3
Melnyk Mykhailo Mykhailovych (01.10.2024 - 31.12.2024)				V		V
Kolesnyk Vasyl Serhiyovych (01.08.2024 - 31.12.2024)					X	V
Vaskovska Valentyna Petrivna (01.01.2024-31.12.2024)						V
Burdina Olena Mykhailivna (01.01.2024-31.12.2024)						V

Information on the meetings of the collegial executive body and a general overview of the decisions adopted

1	2
Number of meetings of the Supervisory Board during the reporting period:	103
– of which in-person meetings:	50
– of which meetings held by written resolution (in absentia):	53

Summary of key decisions adopted by the Supervisory Board:	At the meetings and through written resolutions of the Management Board, decisions were adopted on matters related to the Bank's day-to-day operations, including approval of internal regulations, approval of the list of related parties of the Bank, approval of the results of provisioning calculations for the Bank's credit exposures, and approval of the results of credit risk assessment for the Bank's credit exposures, among others.

Information on the meetings of the committees of the collegial executive body and a general overview of the decisions adopted

	Name of the committee - 1	Name of the committee - 2	Name of the committee - 3
Number of meetings of the Board committee during the reporting period:	Credit Committee	Development Committee	Information Security Management System Committee of JSC "RWS BANK"
– of which in-person meetings:	1	17	7
– of which meetings held by written resolution (in absentia):	330	0	1
Summary of key decisions adopted by the Board committee:	In the majority of cases, the Credit Committee adopted decisions regarding the issuance, amendment, or write-off of guarantees, as well as the issuance of loans and amendments to lending conditions.	Decisions were also made on the approval of "Project Passports" and the Project Book of JSC "RWS BANK" in connection with the implementation of the Bank's Strategy, including the review and consideration of key performance indicators related to the Strategy implementation plan..	Further decisions were adopted regarding the revision of internal regulations on information security, and software solutions were reviewed in relation to the automation of specific financial monitoring processes.

Committees of the Management Board: Credit Committee, Assets and Liabilities Management Committee, Information Security Committee, Financial Monitoring Committee, Development Committee, Non-Performing Assets Management Committee.

**Report of the Executive Body
to the Supervisory Board
JSC "RWS BANK"**

MANAGEMENT BOARD REPORT OF JSC "RWS BANK" FOR 2024

The Management Board is the collegial executive body of the Bank and is responsible for the day-to-day management of its operations. The main objective of the Management Board in 2024 was the implementation of the Strategy and Business Plan of JSC "RWS BANK".

The Management Board made every effort to fully implement the approved Strategy and Business Plan during 2024, despite the extremely difficult conditions in the financial market caused by the armed aggression of the Russian Federation. Throughout 2024, the Bank demonstrated dynamic development across all key areas of activity. The main strategic goals for the year were achieved.

In the area of non-performing asset (NPA) management, the Bank ensured effective portfolio management during the reporting period. This is evidenced, in particular, by the positive trend in reducing the volume of NPAs in 2024.

The positive trend in the reduction of non-performing assets (NPAs) was achieved through the timely application of the Bank's problem asset management measures and approaches, including:

- development and adherence to a plan for the sale of foreclosed property;
- recovery of receivables through claims and litigation against debtors;
- engagement with counterparties to ensure the fulfilment of contractual obligations;
- use of out-of-court dispute resolution mechanisms;
- registration of ownership rights to pledged assets;
- active cooperation with corporate business clients in the area of corporate lending;
- daily monitoring of borrowers for signs of potential problem debt.

In 2025, the Bank will continue to dispose of remaining non-core assets in accordance with the approved Disposal Plan through the electronic trading platforms SE "SETAM" and SE "Prozorro", which have already demonstrated their effectiveness.

The organisational form of the Management Board's work as a collegial body includes meetings and written (in absentia) voting. The Corporate Secretary of the Bank has been appointed Secretary of the Management Board to maintain minutes of meetings and written resolutions.

In 2024, the Management Board held a total of 103 meetings and written voting sessions. Each member of the Management Board has the right to initiate a meeting or written voting and propose items for the agenda. The procedure for preparing and conducting meetings and written resolutions is defined in the Regulations on the Management Board, approved by the General Meeting of Shareholders of the Bank.

The Management Board acts in the interests of the Bank with integrity, prudence, and within the limits of its authority, exercising due diligence and care. In decision-making, it is guided by the applicable laws of Ukraine, the Charter, and the Bank's internal regulations.

In accordance with the Bank's Charter and the Law on Banks, the Management Board has established six committees to support risk management and the delegation of responsibilities:

- Credit Committee
- Assets and Liabilities Management Committee
- Development Committee
- Information Security Management System Committee
- Financial Monitoring Committee
- Non-Performing Assets Management Committee

The number and composition of these committees are determined by the relevant internal regulations approved by the Management Board.

To ensure uninterrupted operations, the Management Board and its committees implemented an electronic document management system, which significantly improved operational efficiency.

The distribution of functional responsibilities among Management Board members is aligned with the Bank's organisational structure and the respective areas of responsibility, for which each member is personally accountable.

By resolution of the Supervisory Board dated 26 December 2024 (Minutes No. 72/24), the results of the assessment of Management Board members for compliance with the legal requirements for bank executives were approved. It was confirmed that all Management Board members meet the qualification requirements established by applicable legislation. The National Bank of Ukraine was duly notified of the results of this assessment.

Accordingly, the performance of the Management Board, its committees, and individual members in 2024 is assessed as appropriate.

Acting Chair of the Management Board Melnyk Mykhailo

Part 6. Information on the Corporate Secretary and report on the results of their activities

Name	Shvets Yuriy Ivanovych
Taxpayer Registration Card Number	
Unique Record Number in the Unified State Demographic Register	
Documents regulating the activities of the Corporate Secretary	The Charter of JSC "RWS BANK", the Regulations on the Corporate Secretary of JSC "RWS BANK", the Regulations on the Corporate Secretary's Office of JSC "RWS BANK"
Governing body that adopted the decision on the appointment of the Corporate Secretary	Supervisory Board
Date and number of the decision on the appointment of the Corporate Secretary	01.07.2020 01072020/1
Date and number of the decision on the approval of the Corporate Secretary's report for the reporting period	27.03.2025 20/24
Key provisions of the report on the	During the fourth quarter of 2024 (from 1 October 2024 to 31 December 2024),

results of the Corporate Secretary's activities for the reporting period	12 meetings and 5 written resolutions (in absentia) of the Supervisory Board of JSC "RWS BANK" were held. In the third quarter of 2024, the Supervisory Board considered an average of four items per meeting or written resolution. In the fourth quarter of 2024, 8 meetings of the Supervisory Board Audit Committee and 8 meetings of the Remuneration and Nominations Committee were held. The Corporate Secretary also performs the function of Secretary of the Management Board of JSC "RWS BANK". During the fourth quarter of 2024, 26 meetings and written resolutions of the Management Board were held (an average of 2–3 meetings or resolutions per week). Additionally, four joint meetings of the Supervisory Board and the Management Board were held during the fourth quarter of 2024, on 24 October, 29 November, 19 December, and 27 December 2024. The Corporate Secretary is responsible for the daily distribution of agendas for meetings of the Bank's collegial bodies, providing information and documents upon request, and communicating with authorised officers of the National Bank of Ukraine in the context of supervisory oversight. Throughout the fourth quarter of 2024, the Corporate Secretary provided both oral and written consultations upon request from structural units and employees of the Bank on matters related to corporate law and corporate governance.

Part 7. Description of the key characteristics of the internal control systems of the entity, as well as the list of structural units responsible for ensuring the functioning of the internal control systems

1	2
The internal control system is based on the three lines of defence model.	yes
Description of the functions of the first line of defence units and list of key departments	The first line of defence operates at the level of business units and support units of the Bank. These units initiate, execute, or record transactions, assume risks in the course of their activities, and are responsible for the ongoing management of those risks, including the implementation of control measures. Key units forming the first line of defence include the Corporate Business Department, the Retail Business and Card Operations Department, the Branch Network Development Department, and the Interbank Business Department.
List and description of the functions of the second line of defence units	The second line of defence operates at the level of the Risk Management Department and the Compliance Control Unit. These units provide assurance to the Bank's management that the risk management and control measures implemented by the first line of defence have been properly designed and are functioning effectively.
List and description of the functions of the third line of defence units	The third line of defence is represented by the Internal Audit Department, which provides an independent assessment of the effectiveness of both the first and second lines of defence, as well as an overall evaluation of the internal control system.
Availability of an approved document(s) defining the internal control system policy (including compliance and internal audit systems)	yes
List of main internal documents on the internal control system (including compliance and internal audit systems)	Organisational structure of the internal control system of JSC "RWS BANK" - Regulations on the internal control system of JSC "RWS BANK" - Methodology for assessing the effectiveness, comprehensiveness, and adequacy of the internal control system of JSC "RWS BANK" - Criteria for assessing the effectiveness of the internal control system of JSC "RWS BANK" - Regulations on the procedure and processes of internal audit at JSC "RWS BANK" - Compliance risk management policy of JSC "RWS BANK"
Date and number of the decision approving the internal control system report (including compliance risks)	24.10.2024 57/24/c
Key provisions of the internal control	Reports on the results of internal control system (ICS) monitoring, including

system report (including compliance risks)	control over the implementation of measures aimed at improving the effectiveness of the Bank's internal control system, are submitted to the Supervisory Board and/or the Management Board of the Bank. The Management Board ensures the execution of decisions of the Supervisory Board regarding the organisation and functioning of the internal control system in matters related to the management of the Bank's day-to-day operations and reports on such matters by submitting quarterly reports. Monitoring of the internal control system by the first line of defence units includes collecting and providing information to the Management Board on the periodic self-assessment of the ICS process, in particular regarding corrective actions taken, identified deficiencies, and proposals to improve the effectiveness of the ICS. This information is submitted in the form of a report, the format and deadlines of which are defined by an order of the Chair of the Management Board and include specific criteria for assessing ICS effectiveness. The Risk Management and Compliance units report on the results of current ICS monitoring activities within the framework of risk assessment reports submitted to the Supervisory Board and the Management Board. The status of implementation of recommendations or proposals for improving ICS effectiveness issued by the National Bank of Ukraine (if applicable) is included in the quarterly compliance risk assessment report. The Internal Audit Unit, based on the results of periodic ICS monitoring activities, conducts an assessment of the effectiveness of the internal control system at least once a year, in accordance with the methodology approved by the Supervisory Board, and prepares a report summarising the results of such an assessment. The Supervisory Board of the Bank is the primary user of compliance risk management reporting and is responsible for approving the requirements for such reporting, initiating information requests, and ensuring it receives the information necessary to perform its functions. The Management Board of the Bank is the key user of compliance risk management reporting and is responsible for developing the requirements for such reporting, submitting requests, and receiving the information necessary to perform its functions. The Chief Compliance Officer submits compliance risk assessment reports to the Bank's Supervisory Board and Management Board at least once per quarter or more frequently in cases provided by Ukrainian law, but no later than the 20th day of the month following the final month of the reporting quarter.
Availability of an approved risk appetite statement	yes
Description of the key provisions of the risk appetite statement	The primary purpose of the Risk Appetite Statement is to define the types of risks the Bank is willing to accept in the course of its operations, the acceptable level of risk for each material risk type, and the overall level of risk appetite across all material risks. This is aimed at achieving the Bank's business objectives and ensuring its long-term sustainable operations, including under stress conditions. The Bank's Risk Appetite Statement sets out: - the maximum amount of risk the Bank is prepared to assume, within which risk management must be conducted; - the types of risks the Bank may accept in the course of its operations; - restrictions for setting risk level limits that do not exceed the risk appetite defined in this statement; - quantitative expression of acceptable risk levels; - general key elements that the Bank's risk management system should be guided by.

Name of the body that approved the risk appetite statement	Supervisory Board
Date and number of the decision approving the risk appetite statement	24.10.2024 57/24/c

Part 8. Information on persons who directly or indirectly hold a qualifying holding in the entity

Name or full legal name of the shareholder	Taxpayer Registration Card Number	Taxpayer Registration Card Number	Size of qualifying holding	Size of the shareholding held directly and (indirectly)
Stetsiuk Oleksandr Volodymyrovych			12030727	12030727

Part 9. Information on any restrictions on shareholders' (participants') rights to participate and vote at the general meeting

Information is not provided, as there are no restrictions on the participation and voting rights of shareholders (participants) at the Bank's general meetings.

Part 10. Information on the procedure for appointment/dismissal of officials (other than the Supervisory Board and the executive body) of the entity

Name of the official	Title of the position, name of the body that made the decision on the appointment of the official, date and number of the decision	Description of the key powers of the official	Procedure for the appointment and dismissal of the official
Shvets Yuriy Ivanovych	Corporate Secretary, Supervisory Board, 01.07.2020 №01072020/1	The responsibilities of the Corporate Secretary include: Providing information to shareholders and/or investors, as well as other interested parties, about the activities of the company; Providing the Articles of Association of the joint-stock company and its internal regulations, including amendments, for review by those entitled to access them; Performing the functions of the chair of the counting commission in accordance with Article 55 of the Law of Ukraine "On Joint-Stock Companies"; Ensuring the preparation, convening, and holding of general meetings, performing the functions of the secretary of the general meetings, and preparing the minutes of the general meetings; Preparing and conducting meetings of the Supervisory Board, Supervisory Board committees, performing the functions of the secretary of the Supervisory Board, and preparing the minutes of Supervisory Board meetings; Participating in the preparation or preparing draft clarifications for shareholders or investors regarding the	The Corporate Secretary is appointed by the Supervisory Board. The term of office of the Corporate Secretary is determined by the decision of the Supervisory Board. The powers of the Corporate Secretary are valid from the date of appointment and terminate on the date of appointment of a new Corporate Secretary or in other cases as defined by law. Without a decision of the Supervisory Board or the Board of Directors, the powers of the Corporate Secretary are terminated early in the following cases: at their own request, provided that the company is notified in writing at least two weeks in advance; if the Corporate Secretary is unable to perform their duties due to health reasons; if a court judgment or decision is passed, convicting the Corporate Secretary to a penalty that excludes the possibility of fulfilling their duties; in case of death, being declared legally incompetent, restricted in capacity, missing, or deceased; in cases provided for by Part 3 of Article 88 of the Law of Ukraine "On

		exercise of their rights, and responding to requests from shareholders or investors; Preparing extracts from the minutes of the meetings of the management bodies of the company and certifying them; Performing other functions specified in the Law of Ukraine "On Joint-Stock Companies" and the Bank's Charter.	Joint-Stock Companies".

Acting Chair of the Management Board Mykhailo Melnyk

«РВС БАНК»
Ідентифікаційний код 39849797

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

In thousands of hryvnias	**Note**	**31 December 2024**	**31 December 2023**
ASSETS			
Cash and Cash Equivalents	6	3 248 828	2 109 911
Loans and Advances to Customers	7	359 143	547 842
Investments in Securities	8	611 427	1 003 060
Investment Property	9	132 780	104 911
Current Income Tax Receivable		4 038	-
Deferred Tax Asset		-	4 909
Property and Equipment, Right-of-Use Assets and Intangible Assets	10	57 962	36 896
Other Assets	11	93 268	68 396
Total Assets		**4 507 446**	**3 875 925**
LIABILITIES			
Amounts due to customers	12	4 105 204	3 519 136
Current Income Tax Liabilities		-	5 678
Deferred Tax Liabilities		352	-
Provisions for Liabilities	13	1 973	2 061
Other Liabilities	14	98 675	49 171
Total Liabilities		**4 206 204**	**3 576 046**
EQUITY			
Share Capital	16	300 039	300 039
Other Additional Capital		48 000	48 000
Reserve and Other Funds of the Bank		14 094	13 793
Revaluation Reserves		2 355	1 431
Retained Earnings (Accumulated Losses)		(63 246)	(63 384)
Total Equity		**301 242**	**299 879**
Total Liabilities and Equity		**4 507 446**	**3 875 925**

Authorised for release and signed on April 25, 2025.

Acting Chairman of the Management Board — Mykhailo MELNYK

Chief Accountant — Olena BURDINA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

In thousands of hryvnias	Note	2024	2023
Interest Income	20	339 380	297 341
Interest Expense	20	(116 618)	(129 075)
Net Interest Income / (Net Interest Expense)		**222 762**	**168 266**
Fee and Commission Income	21	213 293	191 909
Fee and Commission Expense	21	(57 902)	(60 329)
Net Gain / (Loss) on Financial Instruments at Fair Value through Profit or Loss		-	437
Net Gain / (Loss) on Debt Instruments at Fair Value through Other Comprehensive Income		41 739	(2 634)
Net Gain / (Loss) on Foreign Exchange Transactions		83 226	95 992
Net Gain / (Loss) on Revaluation of Foreign Currency		(447)	(1 552)
Net Gain / (Loss) on Revaluation of Investment Property		8 080	(18 627)
Net Gain / (Loss) on Impairment of Financial Assets		(72 630)	(14 661)
Net Gain / (Loss) on Impairment of Other Assets		(212)	(677)
Net Loss / (Gain) on Increase / (Reversal) of Provisions for Liabilities	14	88	(464)
Other Operating Income	22	11 200	12 988
Staff Costs		(199 731)	(91 659)
Depreciation and Amortisation		(15 576)	(9 700)
Other Administrative and Operating Expenses	23	(224 786)	(249 285)
Profit / (Loss) before Tax		**9 104**	**20 004**
Income Tax Expense		(8 665)	(13 989)
Profit / (Loss)		**439**	**6 015**
OTHER COMPREHENSIVE INCOME:			
Items that May Be Reclassified to Profit or Loss			
Changes in Fair Value of Debt Instruments		924	39 025
Total Comprehensive Income		**1 363**	**45 040**

Authorised for release and signed on April 25, 2025.

Acting Chairman of the Management Board — Mykhailo MELNYK

Chief Accountant — Olena BURDINA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

In thousands of hryvnias	**Share Capital**	**Other Additional Capital**	**Reserves and Other Funds**	**Revaluation Reserves**	**Retained Earnings (Accumulated Losses)**	**Total**
Balance at 31 December 2022	**300 039**	**48 000**	**12 313**	**(37 594)**	**(67 919)**	**254 839**
Total Comprehensive Income for 2023	-	-	1 480	39 025	4 535	45 040
profit / (loss)	-	-	-	-	*6 015*	*6 015*
other comprehensive income	-	-	-	*39 025*	-	*39 025*
Allocation of Profit to Reserve and Other Funds	-	-	*1 480*	-	*(1 480)*	-
Balance at 31 December 2023	**300 039**	**48 000**	**13 793**	**1 431**	**(63 384)**	**299 879**
Total Comprehensive Income for 2024	-	-	301	924	138	1 363
profit / (loss)	-	-	-	-	*439*	*439*
other comprehensive income	-	-	-	*924*	-	*924*
Allocation of Profit to Reserve and Other Funds	-	-	*301*	-	*(301)*	-
Balance at 31 December 2024	**300 039**	**48 000**	**14 094**	**2 355**	**(63 246)**	**301 242**

Authorised for release and signed on April 25, 2025.

Acting Chairman of the Management Board Mykhailo MELNYK

Chief Accountant Olena BURDINA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

In thousands of hryvnias	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest Received		346 382	274 021
Interest Paid		(112 603)	(123 408)
Fee and Commission Income Received		214 337	191 895
Fee and Commission Expense Paid		(54 254)	(60 472)
Result from Foreign Exchange Operations		83 226	96 428
Other Operating Income Received		52 939	16 093
Staff Costs Paid		(194 597)	(90 765)
Income Tax Paid		(13 119)	(9 311)
Administrative and Other Operating Expenses Paid		(237 362)	(279 494)
Cash Flows from Operating Activities before Changes in Operating Assets and Liabilities		**84 949**	**14 987**
Changes in Operating Assets and Liabilities:			
Net (Increase) / Decrease in Loans and Advances to Customers		11 052	(58 963)
Net (Increase) / Decrease in Other Assets		4 941	(15 811)
Net Increase / (Decrease) in Customer Accounts		578 045	1 293 443
Net Increase / (Decrease) in Other Liabilities		40 722	(19 179)
Net Cash Flows from Operating Activities		**719 709**	**1 214 477**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Securities		(966 781)	(1 097 131)
Proceeds from Disposal of Investments in Securities		1 404 454	968 576
Proceeds from Disposal of Investment Property		2 772	158 784
Proceeds from Disposal of Property and Equipment			16
Purchase of Property and Equipment		(10 848)	(16 918)
Purchase of Intangible Assets		(8 865)	(4 126)
Net Cash Flows from Investing Activities		**420 732**	**9 201**
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents		(446)	(1 552)
Net Increase / (Decrease) in Cash and Cash Equivalents		**1 139 995**	**1 222 126**
Cash and Cash Equivalents at the Beginning of the Period		**2 111 169**	**889 043**
Cash and Cash Equivalents at the End of the Period	6	**3 251 164**	**2 111 169**

Authorised for release and signed on April 25, 2025.

Acting Chairman of the Management Board	Mykhailo MELNYK
Chief Accountant	Olena BURDINA

NOTES TO THE FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE BANK

Bank Name: Joint Stock Company "RWS BANK"

Abbreviated Bank Name: JSC "RWS BANK"

Bank's Location: Joint Stock Company "RWS BANK" is located at: Ukraine, 04071, Kyiv, Vvedenska Street, Building 29/58.

Country of Registration: The Bank is registered in Ukraine.

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

PJSC "RWS BANK" was established pursuant to the decision of the executive board of the Deposit Guarantee Fund dated June 18, 2015 (Protocol No. 132/15) on the creation of a transitional bank for the purpose of implementing the method for the exit of the insolvent bank PUBLIC JOINT STOCK COMPANY "OMEGA BANK" (hereinafter – "PJSC "OMEGA BANK") from the market, as provided in the second paragraph of section sixteen of Article 42 of the Law of Ukraine "On the System of Guaranteeing Deposits of Individuals."

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

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

As of December 31, 2024, the Bank's shareholders are:

Stetsiuk Oleksandr Volodymyrovych, who is the owner of a substantial stake in the Bank's capital, holding 99% (ninety-nine percent) of the Bank's voting shares, and

Demchak Kateryna Ruslanivna, who holds 1% (one percent) of the Bank's voting shares.

The members of the Bank’s Management Board and Supervisory Board do not hold any shares in the Bank's authorised capital.

The Bank is registered with the State Registrar of the Registration Service of the Main Justice Department in Kyiv on June 22, 2015, and was included in the State Register of Banks on June 25, 2015, under No. 354.

Information on Banking Licenses:

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

The Bank operates under the banking license. According to the banking license, the Bank is entitled to provide banking services as defined in Part 3 of Article 47 of the Law of Ukraine "On Banks and Banking Activities."

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

The Bank is a member 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 OPERATES

On 24 February 2022, the Russian Federation launched a full-scale military invasion of Ukraine, and active hostilities are ongoing. Despite the war, Ukraine's economy continues to recover, supported by substantial international assistance and a high level of adaptability demonstrated by both businesses and the population.

According to the estimates of the National Bank of Ukraine (NBU), real GDP increased by 3.4% in 2024. However, the pace of economic growth slowed compared to 2023. This was attributable not only to lower agricultural yields and weaker-than-expected external demand but also to the materialisation of certain risks, including the intensification of hostilities, the escalation of Russian aerial attacks, and the resulting electricity shortages.

Persistently elevated security risks continued to hinder the return of migrants and contributed to a significant labour shortage. In view of these risks and ongoing challenges in the labour market, the NBU revised its real GDP growth forecast for 2025 downward to 3.6%.

The gradual return of the economy to normal operating conditions is expected in 2026–2027. During this period, real GDP is projected to accelerate moderately, reaching around 4% per year. On the one hand, the lasting consequences of the war, including labour shortages and limited availability of productive capital, will continue to constrain economic growth. On the other hand, recovery will be supported by investment in energy and production infrastructure, continued relatively accommodative fiscal policy, and an increase in private consumption driven by rising household incomes.

GDP dynamics

The growth of real GDP decelerated significantly in Q3 2024, amounting to 2.0% year-on-year. According to the NBU's estimates, economic activity continued to recover at a moderate pace in Q4 2024, with real GDP growth projected at 2.1% year-on-year.

A key factor behind the weak economic performance in the second half of 2024 was the shortage of electricity caused by damage to the energy infrastructure, particularly the loss of manoeuvrable generation capacity due to renewed Russian missile attacks. Severe electricity shortages were recorded in July, November, and December. The security situation also deteriorated considerably, especially toward the end of the year. The number of air raid alerts and attacks increased markedly, particularly in several frontline regions, with some production facilities lost as a result. Consequently, business sentiment and output weakened across a number of sectors, including energy, mining, and metallurgy.

Extreme heat in July led to increased energy demand, further complicating the economic situation in Q3. However, a relatively mild winter, rapid repair work, and increased electricity imports helped improve electricity supply in Q4, despite further damage to the power grid.

Hot and dry weather in the summer and autumn also had a negative impact on the yield of late crops and livestock production indicators. Harvest volumes of grains, pulses, and oilseeds fell short of both 2023 levels and previous NBU forecasts. The electricity deficit, higher costs of autonomous power generation, and rising feed prices driven by lower crop yields also adversely affected the livestock sector. As a result, agricultural output weakened, and food supply volumes were below expectations. Weak performance in both industry and agriculture contributed to slower export growth and lower transport sector indicators. At the same time, the continued operation of the maritime corridor provided some support to transport and exports.

However, the smaller harvest combined with growing agricultural exports against the backdrop of high global prices resulted in a shortage of raw materials for certain segments of the food industry.

Looking ahead, GDP growth will be supported by investment in the reconstruction of energy infrastructure, a continued accommodative fiscal policy, rising domestic demand driven by wage growth, and increased food production stemming from improved harvests.

Monetary and financial sectors

Exchange rate

The interest rate policy tightening cycle continued in an effort to safeguard hryvnia savings from inflation and to maintain the population's interest in hryvnia-denominated assets. These measures helped ease pressure on the foreign exchange market and overall price dynamics.

A high level of international reserves, together with substantial international assistance, supported the resilience of the foreign exchange market under the managed floating exchange rate regime, which remains aligned with the inflation targeting objective of 5% over the policy horizon.

The combination of ongoing international support and a sufficiently capacious domestic debt market enabled the government to meet its budgetary needs without resorting to monetary financing.

The relative stability of key foreign currency supply and demand factors resulted in a sideways trend in the hryvnia exchange rate and relatively moderate NBU interventions from August through mid-November. However, as the structural foreign currency deficit in the private sector widened—driven in part by significant year-end budget expenditures—the NBU increased its presence in the FX market. A further return to more "normal" market conditions—evidenced by the seasonal patterns of supply and demand and the corresponding responsiveness of the exchange rate—indicated that the exchange rate had begun to play a greater shock-absorbing role, while market participants adapted further to the managed flexibility regime.

Against this backdrop, the average official exchange rate of the hryvnia to the US dollar depreciated slightly in Q4 (by 0.7%). In contrast, the hryvnia appreciated against the euro (by 2.0%). Given the growing role of the euro in external settlements (its share in import payments nearly equaled that of the dollar), this helped contain imported inflation. The reorientation of trade flows towards EU countries also contributed to the rising share of euro-denominated bank deposits and loans, alongside growing demand for euros among households. As a result, the hryvnia's appreciation against the euro helped ease pressures in both the cash and non-cash segments of the market, where the share of euro transactions also increased.

Overall, foreign currency supply increased in Q4. The key source remained agricultural exports, driven by seasonal factors such as the sale of the new harvest. Additional supply came from foreign currency conversions for quarterly tax payments, which was supported by record tax revenues in December. On the other hand, due to weak global demand, worsening business expectations amid intensified shelling, and challenges in the energy sector, foreign currency proceeds from the export of metals and mining products declined.

At the same time, demand for foreign currency rose more noticeably in Q4. The main contributing factor was record-high budgetary spending, which was largely financed by inflows of international financial assistance. In addition, purchases of certain consumer goods by importers increased, and businesses ramped up operations permitted under relaxed FX restrictions. Meanwhile, despite the challenging situation in the energy sector, electricity imports declined due to high prices in European markets and lower domestic ceiling prices. Seasonal factors, such as purchases of foreign currency by small agricultural producers and the payment of year-end bonuses, as well as a decline in the real yields of hryvnia instruments—driven by deteriorating expectations and changes in taxation—also contributed to increased demand for foreign currency in the cash segment.

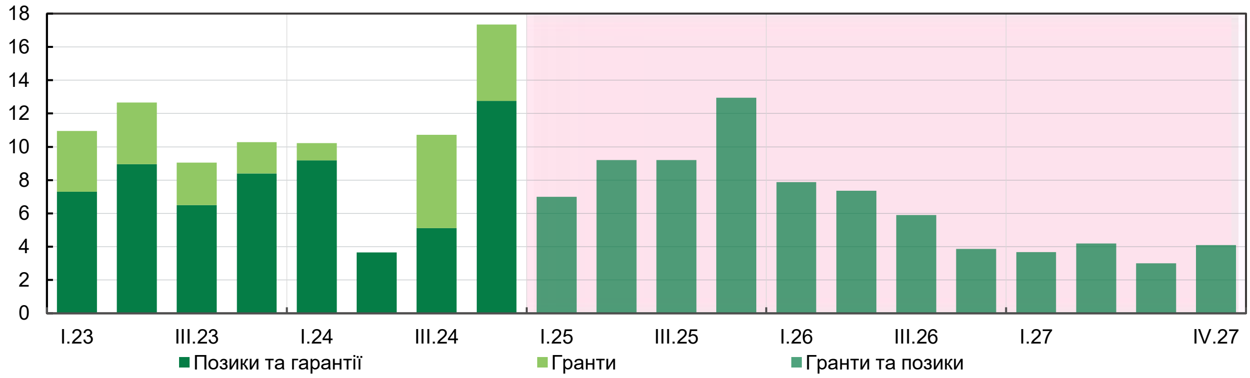
In response to the growing structural foreign currency deficit in the private sector toward the end of the year, the NBU increased its net FX sales to USD 11.4 billion in Q4 (compared to USD 9.2 billion in Q3). This helped stabilise market expectations, especially among households, and eased demand in the cash market. As a result, the gap between the cash and official exchange rates remained limited, at around 1% in Q4.

Large volumes of international financial assistance received in November—and a record amount in December—further strengthened the NBU's ability to maintain a stable FX market and had a calming effect on market participants.

In total, official financing amounted to USD 17.3 billion in Q4. As a result, despite substantial FX interventions, gross international reserves rose to USD 43.8 billion as at the end of 2024, exceeding the IMF composite adequacy benchmark by 20%.

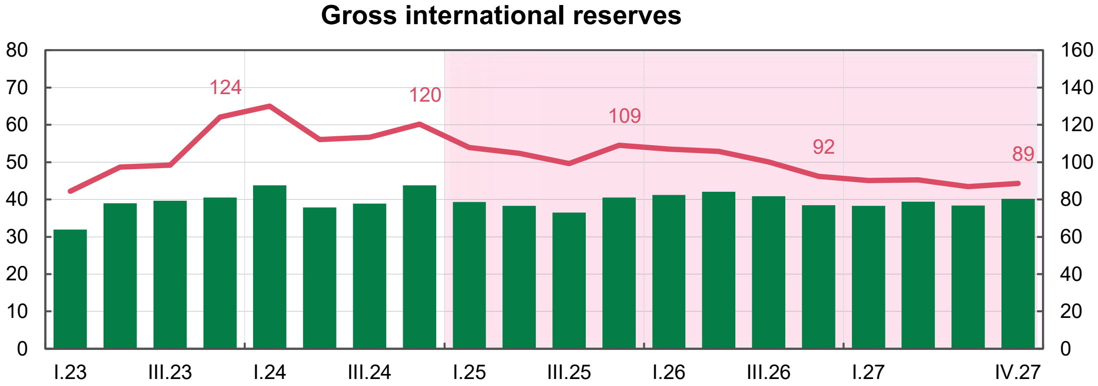
Given the projected volume of international financial assistance in 2025, the NBU is expected to retain its strong capacity to offset the structural FX deficit in the private sector and to smooth excessive exchange rate volatility.

International Financial Assistance, billion USD (data from the NBU)



Dark green line represents Loans and guarantees	Light green line represents Grants	Green line represents Grants and loans

2023 – 42.9 billion USD
2024 – 41.9 billion USD
2025 – 38.4 billion USD
2026 – 25.0 billion USD
2027 – 15.0 billion USD



Dark green line represents International reserves	Res line represents As a percentage of the IMF composite criterion (SDR)

Inflation

Consumer inflation accelerated rapidly in Q4 2024, reaching 12.0% year-on-year in December (compared to 8.6% year-on-year in September), exceeding the National Bank of Ukraine's projections. On the one hand, temporary factors remained key drivers of price growth—most notably, a constrained food supply caused by poor harvests of certain crops due to adverse weather conditions. On the other hand, inflationary pressures increasingly reflected underlying structural trends, as evidenced by the continued acceleration in core inflation, which rose to 10.7% year-on-year.

This trend was driven, in part, by higher production costs—including those related to energy and labour—as well as exchange rate effects stemming from the hryvnia's earlier depreciation against the US dollar. At the same time, the hryvnia's appreciation against the euro in the final months of the year helped partially offset inflationary pressures, particularly for import-dependent goods, given the euro's growing role in Ukraine's external trade.

Wage growth is expected to remain a pro-inflationary factor in the near term, although its impact is likely to diminish as the pace of wage increases slows. As a result, inflation is projected to decelerate to 8.4% by the end of 2025.

In the medium term, administratively regulated prices are expected to rise at the fastest rate, driven by increases in excise taxes and the gradual adjustment of housing and utility tariffs to market levels. To meet the inflation target over the policy horizon, monetary policy will need to focus on keeping other components of the Consumer Price Index—particularly core inflation—within a lower range (approximately 3–4%).

This, combined with a gradual return to normal economic functioning, improvements in the energy sector, fiscal consolidation, and consistent monetary policy measures, is expected to support the NBU's ability to meet its inflation targets over the medium term.

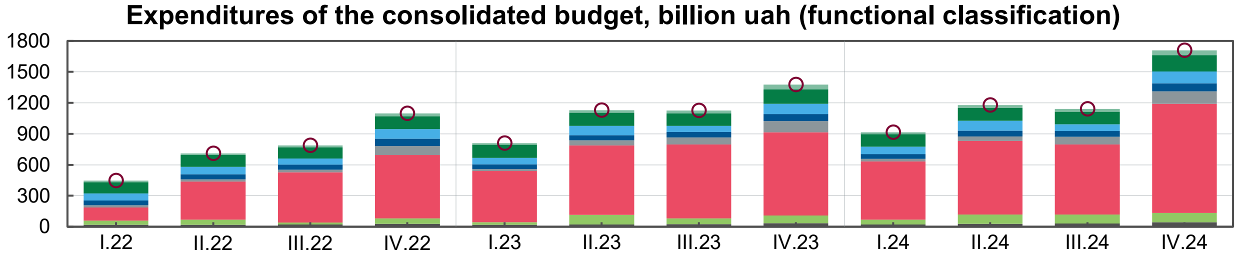
Fiscal policy

Amid the ongoing war, the public sector continued to play a key role in supporting economic activity. In Q4 2024, government spending reached a historical high, resulting in a substantial widening of the consolidated budget deficit (exceeding UAH 824 billion) and a further deepening of the negative cyclically adjusted primary balance in the quarter.

For the full year 2024, the consolidated budget deficit, excluding grants from revenue, exceeded the previous year's nominal level, amounting to UAH 1,826 billion (23.7% of GDP, compared to 26.6% of GDP in 2023). The expansionary fiscal stance provided significant support to aggregate demand.

The increase in expenditure was financed through revenue mobilisation measures and active borrowing on the domestic debt market. This allowed for an increase in priority spending, primarily on defence, which remained the dominant expenditure item. Social programmes also remained a key focus, while spending on humanitarian and investment initiatives rose toward the end of the year.

This elevated level of expenditure generated a strong fiscal impulse at year-end, with carryover effects expected to continue supporting economic activity in early 2025.



Dark green line represents Social protection	Light green line represents Other expenditures	Light Red represents Defense and security	Dark red line represents National functions	Green line represents Debt servicing	Blue line represents Education	Dark blue line represents Healthcare	Grey line represents Economic activity

Domestic demand and investment

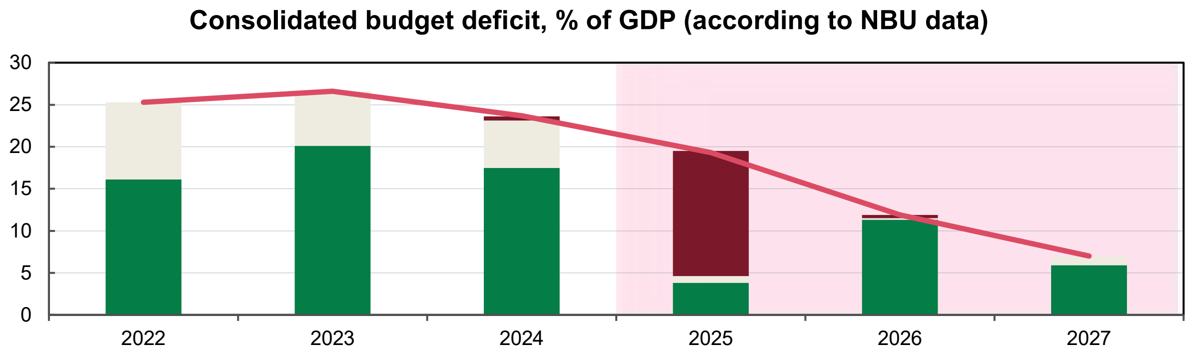
The expansion of budget spending on social programmes and other forms of population support was one of the key factors sustaining consumer demand in the second half of 2024. Another major driver of household consumption was the strong growth in real wages, which increased by 14.2% year-on-year in Q3 2024.

Robust domestic demand made a significant contribution to economic growth in 2024. It supported steady growth in retail trade and further recovery in the services sector. Additional contributing factors included improved adaptation of trade and service enterprises to electricity outages—owing to wider availability of autonomous power sources—continued expansion of the online segment, and the calendar shift of Christmas holidays.

Investment activity, including public sector investment, also continued to grow, further supporting GDP growth. Investment demand was fuelled by government capital expenditures on defence and related projects (such as arms production, construction of fortifications and shelters), post-damage recovery, and other repair works. Another factor driving investment was state compensation programmes for households whose property had been damaged.

Private sector investment also continued to increase, supported by improved financial performance. Businesses invested in expanding logistics infrastructure and enhancing energy independence. Investment growth in the extraction of energy resources, including natural gas and oil production, also persisted.

The public sector is expected to continue playing a significant role in shaping economic development trends, primarily due to the need for sustained defence spending, reconstruction and humanitarian projects, and infrastructure development. However, according to NBU projections, the budget deficit is expected to gradually decline—from 19.3% of GDP in 2025 to 7% of GDP by 2027—as the domestic resource base strengthens and public expenditures decrease relative to the size of the economy.



Dark green line represents Deficit including ERA in revenues	Light green line represents Grants	Light Red represents Deficit excluding ERA in revenues	Red line represents ERA

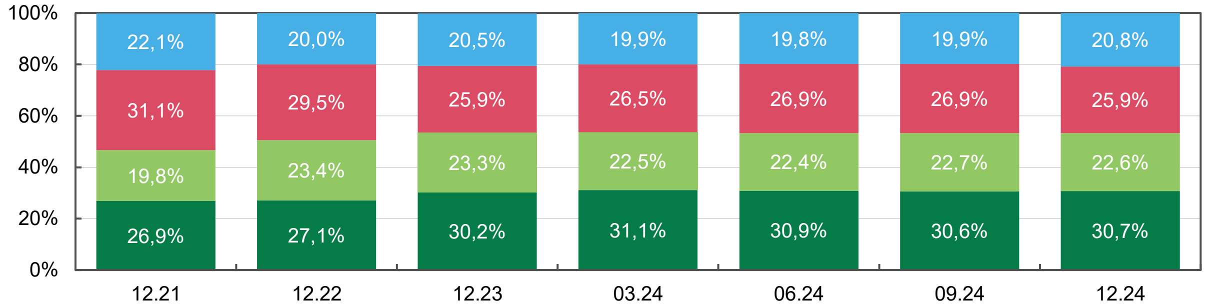
This dynamic will be driven by investment in the restoration of production and logistics capacities, as well as greater mobilisation of private capital amid the acceleration of European integration processes. The gradual normalisation of economic activity, along with improvements in business and consumer sentiment, is expected to support the recovery of investment demand and private consumption.

Banking sector

In Q4 2024, the number of operating banks in Ukraine decreased by one, to a total of 61. In December, Kominvestbank (accounting for 0.04% of the sector's net assets) was removed from the market due to violations of legislation and regulatory requirements. Earlier in 2024, Alpari Bank also ceased its banking operations voluntarily. As a result, the total number of banks declined by two small institutions over the year.

The share of net assets held by the group of state-owned banks, which expanded during the year with the addition of two institutions, remained unchanged at 53.3% in Q4 2024. Over the course of the year, however, this share declined by 0.3 percentage points. The share of household deposits held with state-owned banks decreased to 63.3%—down by 0.1 percentage points over the quarter and by 1.2 percentage points over the year.

Distribution of net assets by bank groups



Dark green line represents State assets

Light green line represents PrivatBank assets

Blue line represents private assets

Light red line represents foreign assets

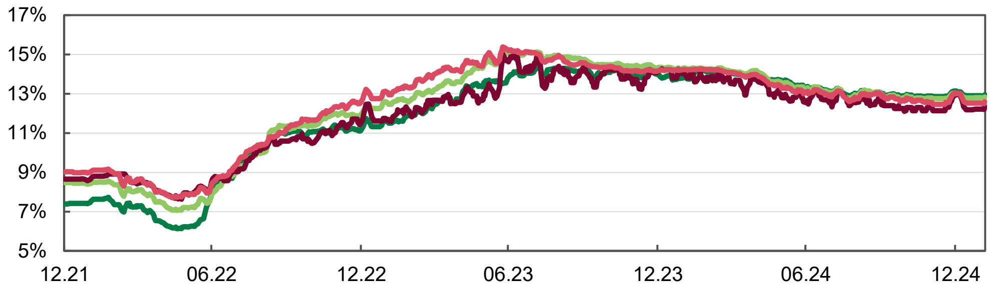
In December 2024, the NBU raised the key policy rate from 13.0% to 13.5%, and further increased it to 14.5% in January 2025, thereby concluding the monetary policy easing cycle that had been in place since mid-2023. As a result, the decline in deposit rates for households came to a halt. The cost of new hryvnia deposits attracted from individuals stood at 9.6% per annum in December.

In Q4, the UIRD yield curve became inverted: the interest rate on three-month deposits slightly exceeded the rate on one-year deposits. This inversion may indicate expectations of a further decline in inflationary pressures and interest rates.

Interest rates on corporate deposits declined slightly during Q4, reaching 8.3% per annum in December. Lending rates for businesses in hryvnia continued to decline throughout the quarter, falling to 14.7% per annum. The lowest interest rates were offered by foreign-owned banks: 11.4% per annum for foreign enterprises and 14.3% per annum for privately owned Ukrainian businesses.

Lending rates for households remained high, fluctuating around 28% per annum.

Ukrainian Index of Interest Rates on Deposits of Individuals in UAH, % per annum



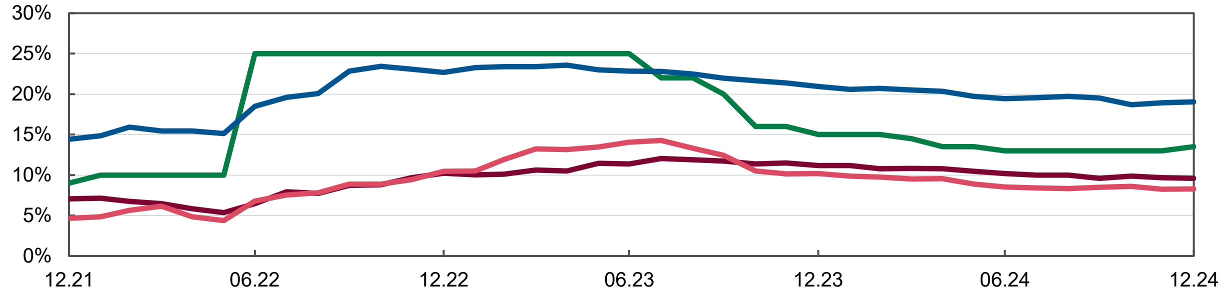
Dark green line represents 3 months

Light green line represents 6 months

Dark red line represents 9 months

Light red line represents 12 months

NBU's Discount Rate and the Cost of New Deposits and Loans in UAH, % per annum



Dark green line represents NBU's discount rate

Blue line represents Loans to customers, excluding the public administration sector

Dark red line represents Funds of individuals

Light red line represents Funds of business entities

According to preliminary data pending the 2024 annual audit, the banking sector recorded UAH 103.7 billion in profit, with 39% of this amount generated by PrivatBank. Nine small banks reported losses, with a combined negative result of UAH 0.4 billion.

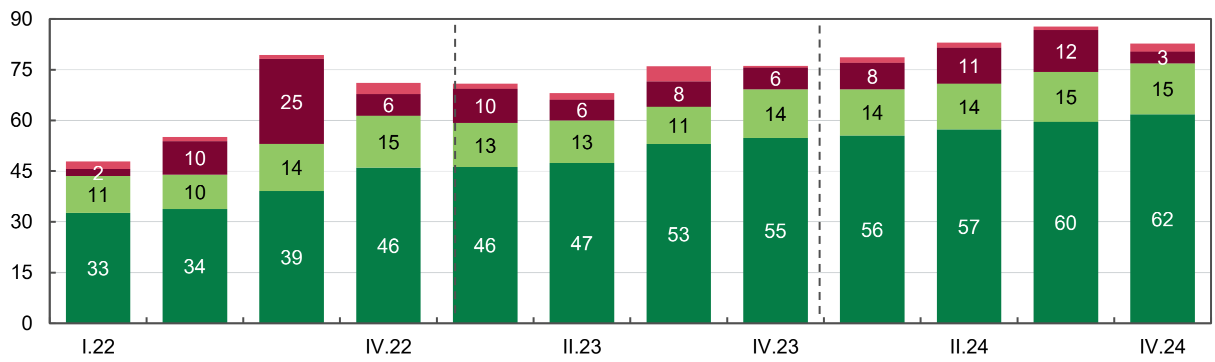
The sector recorded a loss of UAH 13.5 billion in Q4 2024, primarily due to the retroactive application of a higher corporate income tax rate of 50% for the entire year. Net interest income remained the main source of elevated profitability.

The return on assets declined significantly, mainly due to a reduction in yields on NBU certificates of deposit. In contrast, yields on domestic government bonds and loans remained stable. The cost of liabilities decreased in line with the decline in asset yields. Net fee and commission income increased notably—by 3.3% quarter-on-quarter and by 5.2% year-on-year. In December, for the first time since the onset of the full-scale war, the monthly volume of net fee and commission income reached its pre-war level.

Foreign exchange trading gains rose modestly toward year-end. However, the positive result from the revaluation of domestic government bonds (OVDPs) declined compared to the previous quarter.

Operating expenses increased by 14.8% quarter-on-quarter, with personnel expenses rising by 23.6% year-on-year. Net operating profit before provisions exceeded the level of the corresponding quarter of the previous year by only 3.9%.

Components of banks' operating income for the period, UAH billion



Dark green line represents Net interest income

Light green line represents Net fee income

Dark red line represents Result from revaluation and trading operations

Light red line represents ther operating income

The cost-to-income ratio (CIR) stood at 46.4% in Q4, compared to 37.6% in Q3, with a full-year average of 39.2%. Eight banks reported operating losses for the year.

Provisions in Q4 reached their highest level for the year. The annualised cost of risk (CoR) for the quarter amounted to 0.9%. Over the course of the year, banks released provisions on loans while increasing provisions on domestic government bonds (OVDPs).

Capital adequacy remained strong, with regulatory capital ratios at approximately 17% for each tier as at 1 January. All banks were in compliance with capital adequacy requirements at year-end. However, the full recognition of the 2024 income tax liability may lead to temporary breaches of capital adequacy thresholds for certain banks. These institutions are expected to restore compliance through continued profitability and the implementation of capital restoration plans.

Migration and labour market

Labour shortages intensified throughout 2024, and the labour market remained tight. However, in the second half of the year, labour force participation increased slightly, as did the number of newly submitted résumés. This likely reflected Ukrainians' renewed interest in job searches driven by continued wage growth.

Nevertheless, the war continued to constrain labour supply. The number of people who migrated abroad during 2024 rose by approximately 500,000. In addition, mobilisation processes had a notable impact on the available workforce.

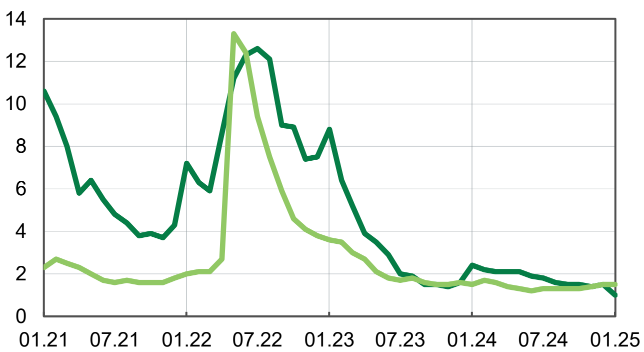
At the same time, labour demand remained high, and workforce shortages limited production capacity and contributed to higher production costs. As a result, the number of jobseekers per vacancy dropped below 2021 levels, which helped reduce the unemployment rate over the past year.

However, the decline in unemployment was restrained by its significant structural component, driven by mismatches between employer requirements and the skills and qualifications of potential employees. Regional disparities in unemployment levels also persisted. These were largely attributable to the consequences of the war, with higher unemployment observed in regions located closer to active combat zones, according to NBU estimates.

The shortage of labour continued to fuel wage growth, which, according to the NBU, persisted until the end of 2024, albeit at a decelerating pace. In Q4, the growth rate of real wages fell to single digits due to higher inflation and a slight easing of labour shortages—although labour market tightness remained significantly above pre-invasion levels.

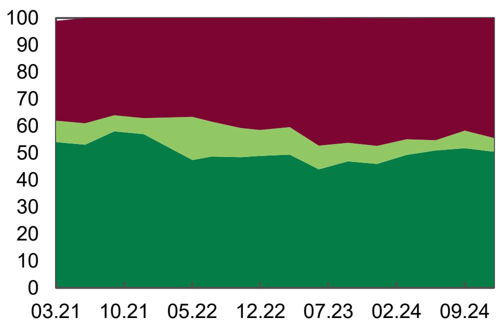
By Q3 2024, real wages had already surpassed pre-war levels across most sectors of economic activity.

Number of Applicants per Vacancy, persons



Green line: State Employment Service
Light green line: work. ua

Structure of Respondents by Economic Activity, % of Responses



Green line: employed
Light green line: self-employed or seeking employment
Red line: inactive or not seeking employment

Driven by increased labour demand, unemployment is expected to gradually decline; however, it will likely remain above pre-invasion levels. Labour market imbalances are projected to persist over the forecast horizon, primarily due to limited availability of qualified labour. These imbalances are currently shaped by outward migration and ongoing mobilisation.

As economic conditions continue to normalise and labour demand strengthens, the structure of labour market mismatches will be increasingly influenced by the slow return of migrants—owing to their adaptation to life abroad—continued emigration for family reunification, and the resumption of labour migration flows.

The anticipated reintegration of demobilised individuals into civilian life will help expand labour supply. Nonetheless, this process may also present additional challenges in the form of growing regional and sectoral disparities.

As a result, demand for skilled workers is expected to remain elevated throughout the forecast period, supporting further wage growth in the private sector. In the context of continued accommodative fiscal policy, this will also contribute to strengthening consumer demand.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

This financial reporting has been prepared by the Bank in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee.

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and investment property.

The financial statements are presented in Ukrainian hryvnias (UAH), with all amounts rounded to the nearest thousand, unless otherwise stated.

Going concern

The Bank's management believes that the Bank has the ability to continue as a going concern and to ensure its sustainable development. Management considers that the Bank is capable, in the foreseeable future, of maintaining operational profitability and improving efficiency across its priority areas of activity, while complying with the regulatory requirements of the National Bank of Ukraine and other applicable Ukrainian legislation governing the banking sector.

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

- ensuring profitability and managing liquidity through transactions with securities (NBU certificates of deposit and other NBU financial instruments);
- moderately increasing the volume of lending, including through participation in government programmes;
- continuing legal enforcement and recovery efforts in respect of non-performing exposures, including the exercise of collateral rights in accordance with contractual terms and applicable legislation;
- generating cash flows through the effective use of investment property;
- expanding the range and improving the quality of services provided to both legal entities and individuals.

The Bank's management considers the available resources sufficient to implement effective internal control and risk management systems in accordance with the requirements of the National Bank of Ukraine. The Bank is currently working to align its internal regulatory framework and ensure adequate staffing to meet these requirements.

3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign currency

Balances on analytical accounts that, as at the reporting date, are denominated in a currency other than the functional currency of the Bank are translated into the functional currency using the applicable exchange rates as follows:

- assets and liabilities in the statement of financial position are translated at the exchange rate prevailing at the end of the reporting period;
- components of equity, where applicable, are translated at historical exchange rates.

Income and expenses are not retranslated, as accounting for such items is performed exclusively in the functional currency on the Bank's balance sheet.

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

The principal exchange rates used for the translation of foreign currency balances were as follows:

UAH.	**31 December 2024**	**31 December 2023**
1 USD	42,0390	37,9824
1 EURO	43,9266	42,2079

b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;

- a contractual right to receive cash or another financial asset from another party, or to exchange financial assets or financial liabilities with another party under conditions that are potentially favourable to the Bank;
- a contract that will or may be settled in the equity instruments of another party and is not a derivative that will or may be settled by the Bank receiving a variable number of its own equity instruments, or a derivative that will or may be settled 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 financial liability is any liability of the Bank that is either:

- a contractual obligation to deliver cash or another financial asset to another party, or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Bank; or
- a contract that will or may be settled in the Bank's own equity instruments, and 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 way other than by exchanging a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments.

An equity instrument of the Bank is any contract that evidences a residual interest in the assets of the Bank after deducting all of its liabilities.

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

At initial recognition, financial instruments measured at fair value through profit or loss are recognised at fair value, excluding transaction costs. Transaction costs related to the acquisition of such instruments are recognised in profit or loss on the date the transaction occurs.

All other financial instruments are initially measured at fair value plus transaction costs that are directly attributable to their acquisition.

All financial liabilities, except for those designated as financial liabilities at fair value through profit or loss, and those arising when the transfer of a financial asset measured at fair value does not meet the derecognition criteria, are measured at amortised cost using the effective interest method.

Premiums and discounts, including initial transaction costs, are included in the carrying amount of the respective instrument and are amortised using the effective interest rate method over the life of the instrument.

c) Impairment

The Bank assesses impairment in accordance with IFRS 9 for financial assets measured at amortised cost or at fair value through other comprehensive income.

In line with the general approach under IFRS 9, depending on the degree of deterioration in credit quality since initial recognition, the Bank allocates financial instruments to one of the following stages of impairment assessment:

- Stage 1 – financial instruments for which there has not been a significant increase in credit risk since initial recognition. For these instruments, expected credit losses (ECLs) are recognised based on a 12-month ECL approach;
- Stage 2 – financial instruments for which there has been a significant increase in credit risk since initial recognition, but which are not considered credit-impaired. For these instruments, ECLs are recognised on a lifetime basis;
- Stage 3 – financial instruments that have experienced a significant increase in credit risk since initial recognition and for which there is objective evidence of impairment. For these instruments, lifetime ECLs are also recognised.

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

- Individual assessment – performed for financial instruments deemed significant and for which there is evidence of a significant increase in credit risk since initial recognition.The assessment of expected credit losses (ECL) for each individual borrower is based on probability-weighted discounted cash flows. The Bank considers multiple repayment scenarios and incorporates each into the calculation.
- Collective assessment – performed for financial instruments that are not considered significant or for which no signs of a significant increase in credit risk have been identified since initial recognition. Under this approach, the impairment is assessed at the portfolio level.

In calculating forward-looking expected credit losses in accordance with IFRS 9, the Bank uses the following components:

- PD (Probability of Default) – represents the likelihood that a borrower/counterparty will default on its obligations. The probability of default is adjusted based on the Bank's forecast of the economic scenario;
- LGD (Loss Given Default) – reflects the percentage of exposure that is expected to be lost in the event of default;

- EAD (Exposure at Default) – represents the total exposure at the time of default, including the principal amount of the loan, accrued interest, and any applicable discounts or premiums.

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or group of financial assets is deemed to be impaired only if 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) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the likelihood of bankruptcy or financial reorganisation, or observable data indicating a measurable decrease in the estimated future cash flows from the financial asset(s), such as changes in arrears or economic conditions that correlate with defaults. It may also include observable external information indicating adverse changes in the technological, market, economic, or legal environment in which the entity operates.

Impairment losses are recognised in profit or loss when incurred as a result of one or more loss events that occurred after the initial recognition of the financial asset and that have an impact on the amount or timing of the estimated future cash flows that 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), the asset is included in a group of financial assets with similar credit risk characteristics and is collectively assessed for impairment.

The main factors considered by the Bank in determining whether a financial asset is impaired include the asset’s delinquency status and, where applicable, the recoverability of any associated collateral.

A financial asset is written off against the related allowance when there are no reasonable expectations of recovery, based on a decision of the Bank’s management.

d) Derecognition of financial instruments and modifications

A financial asset (or a part of a financial asset or a part of a group of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Bank has transferred the rights to receive cash flows from the asset, or has retained the rights to receive the cash flows but has assumed a contractual obligation to pass those cash flows in full to a third party under a ‘pass-through’ arrangement; or
- the Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has 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 but has neither transferred nor retained substantially all the risks and rewards of the asset and has not transferred control of the asset, the asset continues to be recognised to the extent of the Bank’s continuing involvement in the asset.

The extent of the Bank’s continuing involvement in the transferred asset is measured at the lower of: the carrying amount of the asset at the time of transfer and the maximum amount of consideration the Bank could be required to repay.

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

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability is recognised. The difference between the carrying amounts of the liabilities is recognised in profit or loss and other comprehensive income.

The Bank accounts for a modification of the contractual terms of a financial asset that results in revised expected cash flows as either:

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

If the contractual terms of a financial asset are renegotiated or otherwise modified and the modification does not result in derecognition, the Bank recalculates the gross carrying amount of the asset and recognises a modification gain or loss in profit or loss.

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

Transaction costs incurred as part of the modification are included in the carrying amount of the modified financial asset and are amortised over its remaining term.

The difference between the gross carrying amount under the original terms and the gross carrying amount under the revised or modified terms is recognised as a modification gain or loss in profit or loss.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances on correspondent accounts with the National Bank of Ukraine, balances on nostro accounts with other banks, and other highly liquid funds with original maturities of up to 90 days from the date of origination that are not subject to any contractual restrictions.

Cash and cash equivalents are measured at amortised cost.

f) Derivative financial instruments

In the course of its ordinary activities, the Bank uses various derivative financial instruments, including forward contracts and currency swaps entered into with Ukrainian banks. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value.

All derivative instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognised immediately in the profit or loss from derivative financial instruments within the Statement of Profit or Loss and Other Comprehensive Income.

The Bank assesses and calculates the fair value of forward contracts and recognises material changes in such fair value within profit or loss.

g) Loans and receivables

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 contractual cash flow characteristics, loans and receivables from customers are measured at amortised cost.

Loans and placements with banks

In the ordinary course of business, the Bank extends loans or places deposits with other credit institutions for specified periods. Funds placed with credit institutions are initially recognised at fair value. Amounts with a fixed maturity are subsequently measured at amortised cost using the effective interest method and are presented net of impairment allowances.

Loans to customers

The initial carrying amount of loans granted to customers represents the amount of cash or cash equivalents disbursed, or the fair value of other consideration given to acquire the financial asset at the acquisition date, including directly attributable transaction costs.

Where the fair value of the consideration provided differs from the fair value of the loan—such as in cases where the loan is granted at an interest rate that is lower or higher than the market rate—the difference between the fair value of the consideration and the fair value of the loan is recognised as a loss (or gain) at initial recognition and recorded in the Statement of Profit or Loss and Other Comprehensive Income, in accordance with the nature of the transaction.

Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

The Bank includes directly attributable transaction costs in the calculation of the discount (or premium) on the financial instrument. The discount (or premium) is amortised over the term of the instrument using the effective interest rate method and must be fully amortised by the maturity (repayment) date of the loan (or deposit).

Loans to customers without a fixed maturity date are measured using the effective interest method based on the expected repayment period.

The Bank recognises impairment of loans and amounts due from customers by creating allowances for expected credit losses. The carrying amount of the asset is reduced by the amount of the allowance. The loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Write-off of loans and receivables

When recovery of loans or receivables is deemed impossible, they are written off against the related allowance for expected credit losses, subject to verification that the derecognition criteria have been met.

h) Investments in securities

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

Investments in securities include the following categories::

а) Securities measured at amortised cost – these are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method;

б) Securities measured at fair value through other comprehensive income (FVOCI);

в) Securities measured at fair value through profit or loss (FVTPL) – this classification is applied when it eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or recognising gains and losses on them on a different basis.

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

- interest income calculated using the effective interest method;
- expected credit losses (ECLs) and reversals thereof;
- gains and losses arising from changes in foreign exchange rates.

i) Investment property

Recognition criteria

The primary criterion used to distinguish between investment property and owner-occupied property is the purpose for which the property is held.

The Bank recognises property as investment property when such property (land, building or part of a building, or a combination thereof) is held to earn rental income and/or for capital appreciation, and it meets the following criteria:

- the property is not held for use in the production or supply of goods or services or for administrative purposes (i.e., not owner-occupied);
- the property is not held for sale in the ordinary course of business;
- the property is not being constructed or developed on behalf of third parties;
- the property is under construction or development for future use as investment property;
- if part of a property is held to earn rental income and/or for capital appreciation and the remaining part is owner-occupied, and the parts cannot be sold separately, the entire property is recognised as investment property only if the property as a whole is held predominantly to earn rental income and/or for capital appreciation.

The decision to classify property as investment property or as owner-occupied property (including reclassification between these categories during the course of use) is made by a collective management body and documented in an official resolution.

The initial cost of investment property includes its purchase price and any directly attributable expenses incurred in acquiring the asset. Ongoing maintenance, repair, and upkeep costs are recognised in profit or loss as incurred.

Capital expenditures related to the construction, development, or reconstruction of an asset intended for long-term use as investment property are capitalised and increase the carrying amount of the asset.

At initial recognition and subsequently, the Bank measures investment property at fair value in its statement of financial position.

For the purpose of determining the fair value of investment property, an independent valuation entity applied the International Valuation Standards (IVS 2011, 9th edition), in particular IVS 300, 230, and 233, as well as relevant International Financial Reporting Standards, including IAS 40 and IFRS 13. The fair value is determined annually using the market-based valuation approach.

j) Property, plant and equipment and intangible assets

Items of property, plant and equipment (PPE) and intangible assets are recognised as assets when the following conditions are met:

- the Bank obtains control over the asset (meaning that the asset can be sold, exchanged, leased, or otherwise disposed of without loss of the economic benefits generated by other assets; and that the Bank has access to those benefits while restricting access by others, typically through legal rights);
- it is probable that future economic benefits associated with the asset will flow to the Bank;
- the cost of the asset can be reliably measured.

Property, plant and equipment and intangible assets are accounted for on an item-by-item basis. The unit of account for both categories is an individual inventory item.

Initial recognition of property, plant and equipment and intangible assets

The acquisition of non-current assets under prepayment arrangements (full or partial) is recognised as a receivable for the acquisition of assets until documents confirming the Bank's ownership rights to the asset are received.

Property, plant and equipment (PPE) and intangible assets are initially recognised at cost. Cost includes all expenditures incurred by the Bank to bring the asset to a condition necessary for its intended use (including delivery, installation, and assembly costs, any applicable indirect taxes paid in connection with the acquisition, and other directly attributable expenses).

Measurement of non-current assets at the reporting date

The carrying amount of a non-current asset is the amount at which the asset is recognised in the statement of financial position after deducting accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, an item of PPE is measured using one of the following models:

- Cost model – the asset is carried at its cost less accumulated depreciation and accumulated impairment losses; or
- Revaluation model – the asset is carried at a revalued amount, being its fair value at the date of the revaluation less subsequent accumulated depreciation and accumulated impairment losses.

For assets classified under the category "Buildings, structures, and transmission equipment," subsequent measurement is performed using the revaluation model.

For all other items of property, plant and equipment, subsequent measurement is performed using the cost model, meaning at cost less accumulated depreciation and accumulated impairment losses.

Revaluation of an asset classified within the "Buildings, structures, and transmission equipment" group is performed if its carrying amount differs materially from its fair value at the reporting date. If one asset within the group is revalued, all assets within that group must be revalued at the same reporting date. Thereafter, revaluations are carried out with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the reporting date.

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

No property, plant and equipment were pledged as collateral for liabilities of the Bank in 2024.

Acquired (or internally developed) intangible assets are recognised at cost.

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Depreciation and amortisation method and approach

Depreciation is the systematic allocation of the depreciable amount of property, plant and equipment and intangible assets over their useful lives. The Bank independently determines and reviews the useful lives of assets, which are approved by a formal resolution of the Bank's management.

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

All non-current assets are subject to depreciation, except for land, assets classified as antiques, non-current assets held for sale, and construction in progress.

Depreciation may be calculated separately for individual components of an asset.

The Bank applies the straight-line depreciation method, under which the same portion of the asset's initial cost, net of its residual value, is recognised as an expense in each reporting period over the asset's estimated useful life. An exception is made for low-value tangible non-current assets.

Low-value tangible non-current assets are depreciated at 100% of their cost in the period in which they are placed into service.

Based on an internal order, the Bank revised its approach to the measurement of intangible assets with indefinite useful lives. Starting from 1 January 2018, leasehold rights, trademarks and service marks, copyrights and related rights, and other intangible assets are assigned a specific useful life for the purpose of amortisation:

- Rights to use natural resources, rights to use property (land plots, buildings, premises, leasehold rights to premises, telephone numbers, etc.), and rights to commercial designations (trademarks, trade names, etc.), excluding those recognised as royalty-based acquisitions — in accordance with the legal title document;
- Rights to commercial designations (trademarks, trade names, etc.), excluding those recognised as royalty-based acquisitions — in accordance with the legal title document, but not less than 6 years; for perpetual rights — 6 years;
- Copyrights and related rights (including rights to literary, artistic, and musical works; computer software; data compilations (databases); phonograms; videograms; and broadcasts of broadcasting organisations), excluding those recognised as royalty-based acquisitions — in accordance with the legal title document, but not less than 3 years; for perpetual rights — 3 years;
- Other intangible assets (such as operating rights, rights to use economic or other benefits, banking licences, licences issued by the National Securities and Stock Market Commission of Ukraine, patents) — in accordance with the legal title document, and for perpetual rights — 10 years.

Based on its internal policy, the Bank has established the following useful lives for property, plant and equipment and intangible assets:

- Buildings – 20 years
- Structures – 15 years
- Transmission equipment – 10 years
- Machinery and equipment – 5 years
- Vehicles – 8 years
- Furniture and appliances – 7 years
- Inventory and tools – 5 years
- Other property, plant and equipment – 12 years
- Copyrights and related rights (excluding royalties) – 3 years
- Other intangible assets – 10 years
- Capital investments in premises – term of lease.

The useful life of property, plant and equipment and intangible assets is reviewed whenever there is a change in the expected pattern of economic benefits from the asset's use and at the end of each financial year.

The depreciation method applied to property, plant and equipment and intangible assets may be revised by the Bank if there has been a significant change in the expected pattern of economic benefits from those assets.

At the end of each year, the Bank assesses whether intangible assets with an indefinite useful life continue to meet the definition of indefinite life. If there is no evidence supporting indefinite use, the Bank assigns a finite useful life to the asset.

Intangible assets with an indefinite useful life are also tested annually for indications of impairment.
Any changes to the depreciation method are applied prospectively from the beginning of the new financial year and are accounted for as changes in accounting estimates.

k) Lease

The Bank applies IFRS 16 Leases, which requires recognition of a right-of-use asset and a lease liability at the commencement date for all lease agreements, except for short-term leases and leases of low-value assets. In contrast to the lessee's accounting, the accounting for lessors remains largely unchanged under IFRS 16.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of the asset. Typically, operating lease agreements grant the lessee the right to use non-current assets for a period not exceeding their useful life, with the obligation to return such assets to the lessor at the end of the lease term. Non-current assets provided under operating leases are recognised as non-current assets of the lessor.

Income and expenses from operating leases are recognised in the reporting period to which they relate and are calculated in accordance with the terms of the relevant lease agreements. The amounts of income and expenses from operating leases are disclosed in the Notes under “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 is expected to be recovered primarily through a sale transaction rather than through continuing use. For such classification to apply, the following conditions must be met:

- the asset must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets;
- the Bank must have a plan to sell the asset and must have initiated an active programme to locate a buyer and execute the plan;
- the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to qualify for recognition as completed within one year.

If the Bank obtains ownership of collateral with the intention of selling it, such assets are classified as held for sale provided they meet the criteria described above.

Non-current assets held for sale are measured and recognised in the accounting records at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated. Any impairment loss arising at initial classification or from subsequent measurement to fair value less costs to sell is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The Bank continues to classify assets as held for sale if the sale has not been completed within one year due to events or circumstances beyond the Bank’s control and there is sufficient evidence that the Bank remains committed to its plan to sell the asset.

If, at the date of the decision to classify an asset as held for sale, the above criteria are not yet met but are expected to be fulfilled within three months, the Bank is permitted to classify the asset as held for sale.

Prior to initial classification as held for sale, the Bank assesses the asset’s carrying amount and performs an impairment review, since non-current assets are accounted for at historical cost.

If the fair value of the non-current asset declines, the Bank recognises an impairment loss net of costs to sell. If the fair value increases, the Bank recognises a gain, but only to the extent of previously recognised impairment losses.

If, during the period the asset was classified as held for sale, no impairment loss or reversal was recognised, any gain or loss is recognised at the date of derecognition. Upon transfer to the “held for sale” category, the Bank adjusts the asset’s carrying amount for accumulated depreciation and impairment, with the resulting adjustment recognised in the Statement of Profit or Loss and Other Comprehensive Income.

m) Funds attracted

At initial recognition, funds attracted, including funds from credit institutions, customer funds and issued debt securities, are measured at the fair value of the consideration received, net of transaction costs that are directly attributable to the acquisition or issue of the financial liability. Subsequent to initial recognition, the attracted funds are measured at amortised cost using the effective interest method. Interest income and expenses are recognised in the Statement of profit or loss and other comprehensive income upon derecognition of the liability and during the amortisation process.

n) Provisions for liabilities

Provisions for liabilities and charges represent non-financial liabilities with uncertain timing or amount. Provisions are recognised 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 a reliable estimate of the amount of the obligation can be made.

o) Revenue and expense recognition

Interest income and interest expense

Interest income and interest expense are recognised on an accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over 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.

In the calculation, all contractual terms of the financial instrument are taken into account (for example, early repayment options), as well as all fees and transaction costs that are an integral part of the effective interest rate, except for future credit losses.

The carrying amount of a financial asset or liability is adjusted if the Bank revises its estimates of future cash flows. The adjustment is calculated using the original effective interest rate, and the change in carrying amount is recognised in profit or loss as interest income or interest expense.

Fees that are an integral part of the effective interest rate of a financial instrument (such as loan origination fees, credit account opening fees, borrower financial condition assessment fees, guarantees, collateral evaluation and recording fees, etc.), along with directly attributable transaction costs, are amortised using the effective interest method.

In the case of the write-off (or partial write-off) of a financial asset or a group of similar financial assets due to impairment, interest income is recognised using the interest rate applied to discount the expected future cash flows for the purpose of measuring the impairment loss.

If it is probable that a loan commitment will result in the issuance of a loan, the associated loan commitment fees, together with related direct costs, are recognised as an adjustment to the effective interest rate of the loan. If the loan commitment is not expected to result in a drawdown, the fees are recognised as income on a time-proportion basis over the term of the commitment.

Fee and commission income

The Bank earns commission income from a range of services provided to its customers. Commission income is categorised as follows:

- fees earned for services provided over a period of time;
- fees earned from the execution of transactions.

Fees for services provided over a period of time are accrued over that period. These include commission and fee income from asset management, custodial services, and other advisory and management services.

Loan commitment fees for commitments that are likely to be drawn down, together with other loan-related fees, are deferred (along with any related direct costs) and recognised as an adjustment to the effective interest rate of the loan.

Fees for services provided to third parties are recognised upon completion of the related transaction. The amount of fee income or its components related to specific activities is recognised once the relevant performance criteria are met.

p) Income tax

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

A deferred tax liability is the amount of income tax payable in future periods in respect of taxable temporary differences. A deferred tax asset is the amount of income tax recoverable in future periods in respect of deductible temporary differences. Deferred tax liabilities and assets are calculated using the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled.

The Bank recognises an income tax receivable if the amount of income tax paid exceeds the amount payable.

The Bank offsets a current income tax asset and a current income tax liability when it has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

q) Share capital and share premium

Share capital represents the paid-up obligations of shareholders to contribute funds in exchange for shares (equity interests), and is recorded at its nominal value as registered in accordance with applicable legislation.

Expenses that are directly attributable to the issue of new shares are, in accordance with the requirements of IAS 32 Financial Instruments: Presentation, recognised as a deduction from equity to the extent that they represent incremental costs directly attributable to the equity transaction and that would otherwise have been avoided.

The excess of the fair value (placement price) of contributions to share capital over the nominal value of the issued shares is recognised in the Bank’s equity as share premium.

r) Foreign currency revaluation

Transactions in foreign currencies are recognised at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Ukrainian hryvnia at the official exchange rate of the National Bank of Ukraine prevailing at the reporting date. Gains and losses arising from such remeasurement are recognised in the statement of profit or loss and other comprehensive income on a net basis as foreign exchange differences in the period in which they arise.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

If a gain or loss on a non-monetary item is recognised in other comprehensive income, any foreign exchange component of that gain or loss is also recognised in other comprehensive income. If a gain or loss on a non-monetary item is recognised in profit or loss, any foreign exchange component is recognised in profit or loss as well.

s) Offsetting of financial assets and liabilities

The Bank offsets a financial asset and a financial liability and presents the net amount in the statement of financial position only when:

- it has a legally enforceable right to set off the recognised amounts; and
- it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

A right of set-off is a legally enforceable right under a contract or otherwise that enables the debtor to discharge all or part of an amount due to a creditor by applying against it an amount due from the creditor.

Simultaneous settlement of two financial instruments may occur, for example, through a clearinghouse in an organised financial market or through a direct exchange of cash flows without an intermediary. In such cases, the cash flows are effectively equivalent to a single net amount and are not subject to credit or liquidity risk.

No offsetting of individual asset and liability items was performed by the Bank during the reporting period.

t) Employee benefits and related contributions

Employee-related settlements, including remuneration of the Bank's employees and individuals engaged under civil law contracts (such as salary payments, withholding and remittance of taxes and statutory contributions, and the accrual of payroll-related taxes and charges), are performed in accordance with applicable legislation and the Bank's internal policies.

Accrual of basic and additional salaries is based on the official staff salary schedule approved by the Bank.

The Bank recognises provisions for employee benefits related to unused annual leave entitlements.

The Bank does not operate any supplementary pension schemes other than participation in the state pension system of Ukraine, which requires the calculation and payment of current contributions by the employer as a percentage of total employee remuneration. These contributions are recognised as an expense in the period in which the related salaries are incurred.

The Bank has no other post-employment benefit plans or significant compensation schemes that would require additional accruals.

u) Pension and other benefit obligations

The Bank does not operate any supplementary pension schemes other than participation in the state pension system of Ukraine, which requires the calculation and payment of current employer contributions as a percentage of total employee remuneration. These contributions are recognised as an expense in the reporting period in which the related remuneration is incurred.

The Bank does not have any post-employment benefit plans or other significant compensation programmes that would require additional accruals.

v) Segment information

A segment is a distinguishable component of the Bank's business that engages in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Bank presents a separate operating segment when the majority of the segment's revenue is generated from banking operations outside that segment and the segment's revenue accounts for 10% or more of the Bank's total revenue.

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

The majority of the Bank's operations are concentrated in Ukraine.

- The Bank recognises the following operating segments:
- corporate banking (services to corporate clients);
- retail banking (services to individuals);

- treasury operations (services to other banks);
- other operations.

The “other operations” segment is important to the Bank as a whole (supporting the functioning of other segments, etc.) and its information is considered material.

Revenue of an operating segment includes income directly attributable to the segment and a portion of the Bank’s income that can be reasonably allocated to the segment from either external activities or inter-segment operations within the Bank. Segment revenue is presented net of value-added tax, excise duty, other levies, and deductions from income. Segment revenue excludes gains from extraordinary events and income tax.

Expenses of an operating segment include costs related to the segment’s principal activities that are directly attributable to the segment, as well as a reasonable allocation of shared costs, including those from external activities and inter-segment transactions within the Bank.

However, if expenses incurred at the Bank level relate exclusively to a single segment, such expenses are recognised by the Bank as segment expenses, provided they are related to the segment’s operating activities and can be either directly attributed to the segment or reasonably allocated to it.

w) Related party transactions

The Bank considers a related party to be any party that:

1) directly or indirectly controls, is controlled by, or is under common control with the Bank, or has an interest in the Bank that gives it significant influence over the Bank;
2) is an associate of the Bank;
3) is a joint venture in which the Bank is a venturer;
4) is a member of key management personnel of the Bank;
5) is a close family member of any individual referred to in (1) or (4);
6) is an entity that is controlled, jointly controlled, or significantly influenced by, or in which significant voting power is held directly or indirectly by, any person referred to in (1) to (5);
7) is a post-employment benefit plan for the employees of the Bank or for any entity that is a related party of the Bank (post-employment benefits include pensions, other retirement benefits, life insurance, and post-employment medical care).

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

3.3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE PRINCIPLES

New standards, interpretations and amendments to existing standards

The Bank has adopted certain new standards and amendments that are effective for annual reporting periods beginning on or after 1 January 2024 (unless otherwise stated). The Bank has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective.

Amendments to IAS 1 – Classification of liabilities as current or non-current

Amendments to IAS 1 Presentation of Financial Statements clarify the classification of liabilities as non-current. A liability is classified as non-current if the entity has the right to defer settlement of the liability for at least 12 months after the reporting period, and this right exists at the end of the reporting period, regardless of whether the entity intends to exercise it. If the right to defer settlement is subject to compliance with certain conditions, then the right exists at the reporting date only if the entity has met those conditions as of that date.

These amendments had no impact on the Bank’s financial statements.

Amendments to IAS 1 – Non-current liabilities with covenants

Further amendments to IAS 1 clarify that an entity may classify liabilities arising from a loan agreement as non-current if the entity’s right to defer settlement of the liability is subject to compliance with specified conditions within 12 months after the reporting period.

The notes to the financial statements must also disclose information that enables users to understand the risk that liabilities could become repayable within 12 months after the reporting period.

These amendments had no impact on the Bank’s financial statements.

Amendments to IFRS 16 – Lease liabilities in a sale and leaseback transaction

Under the amendments to IFRS 16 Leases, seller-lessees are required to reassess or remeasure sale and leaseback transactions entered into since 2019.

These amendments had no impact on the Bank's financial statements.

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures describe the characteristics of supplier finance arrangements and introduce new disclosure requirements. These disclosures aim to help users of financial statements understand the effects of supplier finance arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk.

These amendments had no impact on the Bank's financial statements..

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements

The preparation of financial statements in accordance with IFRS requires management to make certain judgements, estimates, and assumptions that affect the reported amounts of income, expenses, assets, and liabilities, as well as disclosures relating to these items and contingent liabilities. The inherent uncertainty of these assumptions and estimates may result in outcomes that could require significant adjustments to the carrying amounts of assets or liabilities in future reporting periods.

In the process of applying the Bank's accounting policies, management has made judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that carry a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the next financial year.

Current circumstances and assumptions regarding future developments may change as a result of events beyond the Bank's control. These changes are reflected in the assumptions as and when they occur.

The items that have the most significant effect on the amounts recognised in the financial statements and that required critical management judgement and/or estimates are described below.

In the process of applying the Bank's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Spot rate

When translating foreign currency balances, the Bank uses the official exchange rates of the Ukrainian hryvnia to other currencies as set by the National Bank of Ukraine (NBU) as the spot rate.

Due to instability in the Ukrainian currency system caused by military actions and the limited convertibility of the hryvnia, different exchange rates may simultaneously exist in various financial markets.

The differences between the exchange rate set by the NBU and that quoted by OANDA do not exceed 2% either at the reporting date or on average over the reporting period. Accordingly, the exchange rate set by the NBU is considered an appropriate spot rate for financial reporting purposes.

Classification of financial assets

The Bank classifies all its financial assets into one of three measurement categories: at amortised cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVTPL).

Estimation uncertainty

In applying the Bank's accounting policies, management made judgements and estimates in determining the amounts recognised in the financial statements. The most significant areas where such judgements and estimates were applied include:

Going concern

Management has assessed the Bank's ability to continue as a going concern and has concluded that the Bank has sufficient resources to continue operating in the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Bank's ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

Fair value of financial instruments

Where the fair value of financial assets and liabilities recognised in the statement of financial position cannot be derived from active markets, it is determined using valuation techniques. These techniques include mathematical models and use observable market data where available; where this is not feasible, management judgment is applied to determine fair value.

Allowance for expected credit losses (ECL)

The assessment of impairment allowances under IFRS 9 across all categories of financial assets requires management judgements, particularly regarding the estimation of amounts and timing of future cash flows and the valuation of collateral when calculating expected credit losses, as well as the evaluation of whether there has been a significant increase in credit risk.

These estimates are influenced by numerous factors, changes in which could lead to materially different allowance levels. The Bank's calculation of ECLs relies on complex models involving a range of assumptions and significant judgement in selecting input variables and assessing their interdependencies.

Elements of the models used to calculate expected credit losses that involve accounting judgements and estimates include:

- the Bank's internal rating model;
- the Bank's qualitative and quantitative criteria for determining whether there has been a significant increase in credit risk, and, accordingly, whether loss allowances should be measured at lifetime expected credit losses;
- the grouping of financial assets for the purpose of collective assessment of expected credit losses;
- the development of expected credit loss models, including the formulation of model equations and the selection of input data;
- the determination of interdependencies between macroeconomic scenarios and economic variables, such as the unemployment rate and collateral value, as well as the assessment of their impact on the probability of default (PD), exposure at default (EAD), and loss given default (LGD);
- the selection of forecast macroeconomic scenarios and the assignment of probability weights to those scenarios, including the integration of economic parameters into the expected credit loss models.

In accordance with the Bank's policy, the models are reviewed regularly in the context of historical loss data and adjusted as necessary.

Deferred tax asset

A deferred tax asset is recognised for all unused tax losses to the extent that it is probable that future taxable profits will be available against which such losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Set out below are new standards, amendments and interpretations that have been issued but are not yet effective as at the date of issuance of the Bank's financial statements. The Bank intends to adopt these standards, amendments, and interpretations, where applicable, when they become effective.

Lack of Exchangeability – Amendments to IAS 21

In August 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how to determine the spot exchange rate when exchangeability is lacking. The amendments also require disclosures that enable users of financial statements to understand how a lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position, and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Early application is permitted and must be disclosed if elected. When applying the amendments, entities are not required to restate comparative information.

The Bank does not expect the amendments to have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the statement of profit or loss, including specified categories and subtotals. Entities must classify all income and expenses in the statement of profit or loss into five defined categories: operating, investing, financing, income taxes, and discontinued operations – the first three being newly introduced.

It also requires the disclosure of management-defined performance measures and subtotals of income and expenses, and introduces new aggregation and disaggregation requirements based on the defined roles of the primary financial statements and the notes.

Additionally, targeted amendments were made to IAS 7 Statement of Cash Flows, including a change in the starting point for determining cash flows from operating activities under the indirect method from "profit or loss" to "operating profit or loss", and removal of the option to classify interest and dividend cash flows.

IFRS 18 and related amendments are effective for reporting periods beginning on or after 1 January 2027. Early adoption is permitted and must be disclosed. IFRS 18 is to be applied retrospectively.

The Bank is currently assessing the impact of these amendments on both the primary financial statements and related disclosures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to apply reduced disclosure requirements specified in the standard while applying the recognition, measurement, and presentation requirements in other IFRS Standards. To qualify, an entity must be a subsidiary as defined in IFRS 10 at the end of the reporting period, must not have public accountability, and must have a parent (intermediate or ultimate) that prepares publicly available consolidated financial statements in compliance with IFRS.

IFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027. Early adoption is permitted.

As the Bank has equity instruments in public circulation, it is not eligible to apply IFRS 19.

6. CASH AND CASH EQUIVALENTS

Table 6.1. Cash and cash equivalents

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Cash on hand	123 023	165 037
Balances with the National Bank of Ukraine	60 508	92 291
Correspondent accounts, deposits and overnight loans with banks:		
– in Ukraine	189 633	268 841
Certificates of deposit issued by the National Bank of Ukraine	2 879 285	1 588 976
Allowance for cash and cash equivalents	(3 621)	(5 234)
Total cash and cash equivalents	**3 248 828**	**2 109 911**

Table 6.2. Non-cash financial transactions

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Accrued income on certificates of deposit issued by the National Bank of Ukraine	1 285	3 976

There are no restrictions on the use of cash and cash equivalents.

As at 31 December 2024, the balances on correspondent accounts were neither past due nor impaired.

During 2024 and the previous year 2023, the Bank did not engage in any investing or financing transactions that did not involve cash or cash equivalents.

The data disclosed in note 6 are presented in the statement of financial position and the statement of cash flows.

As at 31 December 2024, the Bank complied with the National Bank of Ukraine's mandatory reserve requirements. The reserve requirements are monitored on a monthly basis using average balances over the entire maintenance period.

The amount of mandatory reserves in accordance with the established regulations (reserve base) for the maintenance period from 11 December 2024 to 10 January 2025 amounted to UAH 342 342 thousand. The average balance on the correspondent account for the maintenance period from 11 December 2023 to 10 January 2024 amounted to UAH 296 568 thousand.

7. LOANS AND ADVANCES TO CUSTOMERS

Table 7.1. Loans and advances to customers

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Loans and advances to customers at amortised cost	465 958	586 810
Allowance for expected credit losses	(106 815)	(38 968)
Total loans and advances to customers, net of allowance for expected credit losses	**359 143**	**547 842**

Table 7.2. Loans and advances to customers measured at amortised cost

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Loans to legal entities,	441 942	539 192
including mortgage loans	91 281	166 433
Loans to individuals,	24 016	47 618
including mortgage loans	10 227	24 887
Allowance for loans to customers at amortised cost	(106 815)	(38 968)
Total loans and advances to customers measured at amortised cost	**359 143**	**547 842**

The information disclosed in note 7 is presented in the statement of financial position and in note 17.

Asset items are presented including accrued but not received interest income, which amounted to UAH 7 629 thousand as at 31 December 2024 and UAH 13 717 thousand as at 31 December 2023.

As at 31 December 2024, the concentration of loans issued by the Bank to its ten largest borrowers amounted to UAH 260 141 thousand (72% of the total loan portfolio). An allowance of UAH 17 880 thousand was recognised for these loans.

For 2023, the concentration of loans to the ten largest borrowers amounted to UAH 382 792 thousand (70% of the total loan portfolio).

Table 7.3. Analysis of the credit quality of loans and advances to customers measured at amortised cost for 2024

In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost	281 699	27 964	156 295	**465 958**
Low credit risk	281 699	-	-	**281 699**
Medium credit risk	-	27 964	-	**27 965**
High credit risk	-	-	156 295	**156 295**
Total gross carrying amount of loans and advances to customers at amortised cost	281 699	27 964	156 295	**465 958**
Allowance for expected credit losses on loans and advances to customers at amortised cost	(8 759)	(502)	(97 554)	**(106 815)**
Total loans and advances to customers at amortised cost	**272 940**	**27 462**	**58 741**	**359 143**

Table 7.4. Analysis of the credit quality of loans and advances to customers measured at amortised cost for 2024

In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers at amortised cost	360 624	111 182	115 004	586 810
Low credit risk	360 624	-	-	360 624
Medium credit risk	-	111 182	-	111 182
High credit risk	-	-	115 004	115 004
Total gross carrying amount of loans and advances to customers at amortised cost	360 624	111 182	115 004	586 810
Allowance for expected credit losses on loans and advances to customers at amortised cost	(17 018)	(9 678)	(12 272)	(38 968)
Total loans and advances to customers at amortised cost	**343 606**	**101 504**	**102 732**	**547 842**

Table 7.5. Structure of loans by type of economic activity

In thousands of hryvnias	**31 December 2024**		**31 December 2023**	
	amount	%	amount	%
Agriculture, hunting and related service activities	31 113	7	20 758	4
Construction of buildings	14 813	3	88 307	15
Wholesale and retail trade of motor vehicles and motorcycles, repair services	139 573	30	155 207	26
Wholesale trade, except of motor vehicles and motorcycles	109 728	24	148 198	25
Land and pipeline transport	1 492	-	42 045	7
Provision of financial services, except insurance and pension funding	22 931	5	62 286	11
Real estate activities	43 769	9	-	-
Head office activities; management consultancy activities	27 800	6	-	-
Individuals	43 882	9	47 618	8
Waste collection, treatment and disposal; materials recovery	-	-	13 311	2
Scientific research and development	30 364	7	-	-
Other	493	-	9 080	2
Total loans and advances to customers before allowance	**465 958**	**100**	**586 810**	**100**

The Bank mitigates the risk of credit portfolio concentration (i.e., the concentration of lending operations in a specific industry, group of related industries, or certain categories of customers) through credit portfolio diversification.This involves the allocation of loans among borrowers that differ in their characteristics (such as capital size and ownership structure) as well as in their operating conditions (such as economic sector and geographical region)..

Table 7.6. Information on loans by type of collateral for 2024

In thousands of hryvnias	**Loans to legal entities**	**Mortgage loans to legal entities**	**Loans to individuals for current needs**	**Mortgage loans to individuals**	**Total**
Unsecured loans	133 920	-	7 045	-	**140 965**
Loans secured by:	216 741	91 281	6 744	10 227	**324 993**
– cash	71 880	-	3 885	-	**75 765**
– real estate	23 407	91 281	2 859	10 227	**127 774**
including residential property	22 778	-	2 859	-	**25 637**
– other assets	121 454	-	-	-	**121 454**
Total loans and advances to customers before allowance	**350 661**	**91 281**	**13 789**	**10 227**	**465 958**

Table 7.7. Information on loans by type of collateral for 2023

In thousands of hryvnias	**Loans to legal entities**	**Mortgage loans to legal entities**	**Loans to individuals for current needs**	**Mortgage loans to individuals**	**Total**
Unsecured loans	132 111	-	13 785	-	**145 896**
Loans secured by:	240 648	166 433	8 946	24 887	**440 914**
– cash	53 493	-	5 549	- -	**59 042**
– real estate	84 240	166 433	3 397	24 887	**278 957**
including residential property	8 830	-	3 397	-	**12 227**
– other assets	102 915	-	-	-	**102 915**
Total loans and advances to customers before allowance	**372 759**	**166 433**	**22 731**	**24 887**	**586 810**

Table 7.8. Analysis of changes in allowance for expected credit losses on loans and advances to customers measured at amortised cost for 2024

In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for expected credit losses as at the beginning of the period – 31 December 2023	(17 018)	(9 678)	(12 272)	**(38 968)**
Transfers to stage 1	8 259	-	-	**8 259**
Transfers to stage 2	-	9 176	-	**9 176**
Transfers to stage 3	-	-	(85 282)	**(85 282)**
Allowance for expected credit losses as at the end of the period – 31 December 2024	**(8 759)**	**(502)**	**(97 554)**	**(106 815)**

Table 7.9. Analysis of changes in gross carrying amount of loans and advances to customers measured at amortised cost for 2024

In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 31 December 2023	343 606	101 504	102 732	**547 842**
Transfers to stage 1	-	-	-	**-**
Transfers to stage 2	-	-	-	**-**
Transfers to stage 3	-	-	-	**-**
Other changes (increase in loans and advances to customers measured at amortised cost)	-	-	-	**-**
Other changes (decrease in loans and advances to customers measured at amortised cost)	(70 666)	(74 041)	(43 990)	**(188 697)**
Gross carrying amount as at 31 December 2024	**272 940**	**27 463**	**58 740**	**359 143**

Table 7.10. Effect of collateral value on credit quality for 2024

In thousands of hryvnias	**Carrying amount**	**Collateral value**	**Effect of collateral**
Loans to legal entities,	441 942	282 483	159 459
including mortgage loans	91 282	68 646	22 636
Loans to individuals for current needs,	24 016	19 526	4 490
including mortgage loans	10 227	7 368	2 859
Total loans	**465 958**	**302 009**	**163 949**

Table 7.11. Effect of collateral value on credit quality for 2023

In thousands of hryvnias	**Carrying amount**	**Collateral value**	**Effect of collateral**
Loans to legal entities,	539 192	331 643	207 549
including mortgage loans	166 433	68 729	97 704
Loans to individuals for current needs,	47 618	19 770	27 848
including mortgage loans	24 887	8 189	16 698
Total loans	**586 810**	**351 413**	**235 397**

Methods for valuation of pledged assets

When calculating the allowance, the Bank uses the market (fair) value of collateral in the form of real estate and vehicles, based on valuations performed by an independent valuation entity.

If there have been significant changes since the last valuation in the operating conditions or physical condition of the collateral and/or in the market conditions for similar property, the Bank performs a revaluation of such collateral. This revaluation is conducted at least once every twelve months for real estate, equipment, and vehicles, and at least once every six months for other types of collateral.

When determining the market (fair) value of pledged assets, the Bank sets the expected period of sale for such assets at no more than 360 calendar days.

During the reporting period, the Bank foreclosed on collateral with a total value of UAH 42 713 thousand..

The information is provided taking into account the assessment of the quality of collateral used to mitigate credit risk, in accordance with the requirements of the National Bank of Ukraine. The following types of collateral are included in the calculation of collateral value:

- cash collateral – in full;
- passenger vehicles – 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 included in the calculation in an amount not exceeding the carrying amount of the loan under each agreement secured by the respective collateral.

8. INVESTMENTS IN SECURITIES

Table 8.1. Investments in securities

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Debt securities:		
Government domestic bonds refinanced by the National Bank of Ukraine, measured at fair value through other comprehensive income	572 709	966 696
Revaluation of government domestic bonds refinanced by the National Bank of Ukraine, at fair value through other comprehensive income	2 351	1 430
Unamortised premium/discount on government domestic bonds refinanced by the National Bank of Ukraine, at fair value through other comprehensive income	7 839	(2 488)
Accrued income on government domestic bonds refinanced by the National Bank of Ukraine, at fair value through other comprehensive income	28 528	37 422
Total securities net of allowance	**611 427**	**1 003 060**

Table 8.2. Analysis of the credit quality of debt securities for 2024

In thousands of hryvnias	**Government bonds**	**Total**
Neither past due nor impaired	-	-
Government institutions and enterprises	611 427	611 427
Total debt securities net of allowance	**611 427**	**611 427**

As at 31 December 2024, the accounts for debt securities included government domestic bonds refinanced by the National Bank of Ukraine, measured at fair value through other comprehensive income, in the total amount of UAH 611,427 thousand. These comprised 537,396 bonds with a nominal value of UAH 1,000 each and 840 bonds with a nominal value of USD 1,000 each.

The fair value of the securities was determined in accordance with the Bank's internal policy, as the fair value of the respective series of government domestic bonds published on the official website of the National Bank of Ukraine as at the relevant date. No impairment was recognised in respect of these transactions.

9. INVESTMENT PROPERTY

Table 9.1. Investment property measured at fair value

In thousands of hryvnias	31 December 2024	31 December 2023
Fair value of investment property at the beginning of the period	**104 911**	**254 179**
Additions	70 498	34 916
Improvements	1 294	405
Disposals (sale)	-	(165 948)
Gain (loss) from revaluation to fair value	8 080	(18 641)
Disposals (written off from the balance sheet)	(1 162)	-
Other changes (transferred to assets held for sale)	(37 100)	-
Other changes (transferred to account 4400)	(13 741)	**-**
Fair value of investment property at the end of the period	**132 780**	**104 911**

Additions of investment property in 2024 and 2023 resulted from the recognition on the balance sheet of real estate assets acquired through foreclosure on collateral under loans issued to legal entities and individuals.

According to paragraph 5 "Definitions" of IAS 40 Investment Property, investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rental income or for capital appreciation or both.

A portion of the Bank's investment property is leased out (see table 9.2), while another portion is held for capital appreciation and is intended for future sale.

The fair value of investment property is determined based on the valuations performed by independent professional valuation entities that possess appropriate qualifications and experience in assessing similar properties in Ukraine.

As at 31 December 2024, the fair value of the Bank's investment property is classified within level II of the fair value hierarchy.

Table 9.2. Amounts recognised in the statement of profit or loss and other comprehensive income

In thousands of hryvnias	31 December 2024	31 December 2023
Rental income from investment property	580	3 703

Table 9.3. Information on minimum amounts of future lease payments under non-cancellable operating leases where the Bank is the lessor

In thousands of hryvnias	31 December 2024	31 December 2023
Within 1 year	29	401
From 1 to 5 years	-	-
More than 5 years	-	848
Total lease payments receivable under operating leases	**29**	**1 249**

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

Table 10.1. Property, plant and equipment and intangible assets

In thousands of hryvnias

	Buildings and transfer devices	Machinery and equipment	Vehicles	Tools, devices, and inventory (furniture)	Right-of-use assets	Other tangible non-current assets	Capital investments in progress in property and tangible assets	Intangible assets	Total
Carrying amount as at 31 December 2022	**316**	**7040**	**1361**	**186**	**743**	**5630**	**6192**	**3745**	**25213**
Initial (revalued) cost	316	20444	1997	615	6714	16519	6192	9715	62512
Accumulated depreciation at the end of the reporting period	-	(13404)	(636)	(429)	(5971)	(10889)	-	(5970)	(37299)
Additions	-	4862	1407	-	339	8221	23395	4430	42654
Other transfers (put into operation)	-	-	-	-	-	-	(19820)	-	(19820)
Depreciation charge	(31)	(3717)	(349)	(59)	(857)	(2649)	-	(2038)	(9700)
Disposals of initial cost	-	(60)	(252)	-		(2429)	-	(3)	(2744)
Disposals of accumulated depreciation	-	59	123	-	5724	1108	-	3	7017
Derecognition of the asset	-	-	-	-	(5724)	-	-	-	(5724)
Carrying amount as at 31 December 2023	**285**	**8 184**	**2290**	**127**	**225**	**9 881**	**9 767**	**6 137**	**36 896**
Initial (revalued) cost	316	25246	3152	615	1329	22311	9767	14142	76878
Accumulated depreciation at the end of the reporting period	(31)	(17062)	(862)	(488)	(1104)	(12430)	-	(8005)	(39982)
Additions	14205	8698	-	-	3664	11094	19348	8711	65720
Other transfers (put into operation)	-	-	-	-	-	-	(27597)		(27597)
Depreciation charge	(54)	(3378)	(392)	(55)	(952)	(6825)	-	(3920)	(15576)
Revaluation (impairment) of the asset	-	-	-	-	(477)	-	-	-	(477)
Disposals of initial cost	-	-	-	-	-	(1761)	-	-	(1761)
Disposals of accumulated depreciation	-	-	-	-	-	757	-	-	757
Carrying amount as at 31 December 2024	**14 436**	**13 504**	**1 898**	**72**	**2 460**	**13 146**	**1 518**	**10928**	**57 962**
Initial (revalued) cost	14 521	33 944	3 152	615	4 993	31 644	1 518	22853	113240
Accumulated depreciation at the end of the reporting period	(85)	(20 440)	(1254)	(543)	(2 533)	(18 498)	-	(11925)	(55278)

There are no items of property and equipment on the Bank's balance sheet that are subject to ownership, use or disposal restrictions as prescribed by the legislation of Ukraine.

There are no property, plant and equipment on the Bank's balance sheet that are subject to legal restrictions on ownership, use, or disposal under the legislation of Ukraine.There are no property, plant and equipment pledged as collateral. There are no property, plant and equipment temporarily not in use (due to conservation, reconstruction, etc.). There are no property, plant and equipment withdrawn from use for sale.

As at 31 December 2024, the initial cost of fully depreciated property, plant and equipment amounted to UAH 12 644 thousand; as at 31 December 2023 – UAH 2 555 thousand.There are no intangible assets on the Bank's balance sheet that are subject to ownership restrictions. No intangible assets were generated during the reporting period.There were no increases or decreases in property, plant and equipment or intangible assets during the reporting and prior periods resulting from revaluations or from impairment losses recognised or reversed directly in equity.

11. OTHER ASSETS

Table 11.1. Other assets

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Other financial assets:	**27 396**	**17 979**
Accrued income on settlement and cash services	680	827
Accrued income from operating lease	1 334	2 580
Receivables on guarantee reimbursement	11 999	4 604
Receivables on payment card transactions	10 917	7 163
Restricted cash	1 729	1 567
Receivables on transactions with payment systems	532	1 082
Other financial assets	205	156
Allowance for other financial assets	**(14 693)**	**(8 475)**
Total other financial assets net of allowance	**12 703**	**9 504**
Other assets:	**80 885**	**59 914**
Property acquired by the Bank as a pledgee	2 546	689
Prepaid expenses	19 258	12 224
Prepayments for services	714	1 609
Receivables for asset purchases	2 098	111
Bank metals held at the Bank's branch	23 078	41 030
Receivables for taxes and mandatory payments, except income tax	12	2 619
Other assets	577	1 632
Other non-current assets held for sale	32 602	-
Allowance for other assets	**(320)**	**(1 022)**
Total other assets net of allowance	**93 268**	**68 396**

During the reporting and previous periods, the Bank did not have any agreements for the provision of assets under finance leases in which the Bank is the lessor.
The information disclosed in note 11 is presented in the statement of financial position and in note 18.

Table 11.2. Analysis of changes in allowance for impairment of other assets for 2024

In thousands of hryvnias	**Financial assets**	**Other assets**	**Total**
31 December 2023	**(8 475)**	**(1 022)**	**(9 497)**
(Increase) / decrease in allowance	(6 218)	702	(5 516)
31 December 2024	**(14 693)**	**(320)**	**(15 013)**

Table 11.3. Analysis of changes in allowance for impairment of other assets for 2023

In thousands of hryvnias.	**Financial assets**	**Other assets**	**Total**
31 December 2022	**(9 745)**	**(324)**	**(10 069)**
(Increase) / decrease in allowance	570	(698)	(128)
Write-off against the allowance	700	-	700
31 December 2023	**(8 475)**	**(1 022)**	**(9 497)**

Table 11.4. Analysis of the credit quality of financial assets

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Non-past due and not impaired receivables	**13 178**	**9 812**
Small enterprises	-	-
Individuals	10 917	7 163
Large enterprises	2 261	2 649
Receivables individually impaired with overdue payments:	**14 218**	**8 167**
up to 31 days	3 508	1 894
from 32 to 92 days	1 985	944
from 93 to 183 days	3 521	1 754
from 184 to 274 days	3 784	2 566
from 275 to 365 days	1 209	698
more than 365 (366) days	211	311
Total financial assets before allowance	**27 396**	**17 979**
Allowance for other financial assets	(14 693)	(8 475)
Total other financial assets net of allowance	**12 703**	**9 504**

12. CUSTOMER ACCOUNTS

Table 12.1. Customer accounts

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Government and public organisations:	1 597	9 228
Current accounts	1 597	9 228
Other legal entities:	**3 481 083**	**2 902 791**
Current accounts	3 136 785	2 444 345
Term deposits	270 189	353 410
Funds in settlement	74 109	105 036
Individuals:	**622 524**	**607 117**
Current accounts	264 317	222 687
Term deposits	316 168	346 448
Funds in settlement	42 039	37 982
Total customer accounts	**4 105 204**	**3 519 136**

As at the end of the day on 31 December 2024, customer funds recorded on balance sheet account 2932 "Funds in settlement of business entities" in the amount of UAH 74 109 thousand and on balance sheet account 2942 "Funds in settlement of individuals" in the amount of UAH 42 039 thousand were transferred as cash collateral for guarantees issued by the Bank.

As at 31 December 2024, funds attracted from the Bank's ten largest customers amounted to UAH 2 396 508 thousand, representing 58% of total customer accounts (as at 31 December 2023: UAH 1 244 857 thousand, or 35%).

The information disclosed in note 13 is presented in the statement of financial position and in note 18.

Table 12.2. Breakdown of customer accounts by type of economic activity

In thousands of hryvnias	**31 December 2024**		**31 December 2023**	
	amount	**%**	**amount**	**%**
Electricity, gas and water supply	13 401	-	52 796	2
Trade, repair of motor vehicles, household goods and personal items	441 225	11	982 267	28
Individuals	622 524	15	607 117	17
Manufacture of other products	48 449	1	188 073	6
Professional, scientific and technical activities	25 127	1	23 425	1
Real estate activities, leasing, engineering and related services	156 236	4	178 553	5
Agriculture, hunting and forestry	10 941	-	9 246	-
Construction	228 827	6	381 492	11
Financial and insurance activities	304 419	8	357 515	10
Transportation, warehousing, postal and courier activities	9 498	-	70 821	2
Mining and quarrying	16 996	-	17 272	-
Healthcare and social assistance	63 745	2	457 619	13
Manufacture and repair of machinery and equipment	46 870	1	61 058	2

Accommodation and food service activities	14 259	-	9 967	-
Manufacture of food products, catering and beverage services	198	-	6 244	-
Arts, sports, entertainment and recreation	33 061	1	71 244	2
Manufacture of computers, electronic and optical products	1 930 944	47	-	-
Other	138 484	3	44 427	1
Total customer accounts	**4 105 204**	**100**	**3 519 136**	**100**

During 2024 and the previous year 2023, the Bank attracted customer funds exclusively at market interest rates.

13. PROVISIONS FOR LIABILITIES

Table 13.1. Changes in provisions for liabilities for 2024

In thousands of hryvnias	**31 December 2024**
Balance at the beginning of the period	**2 061**
Reversal and/or decrease in allowance	(88)
Balance at the end of the period	**1 973**

The Bank applies the same risk management procedures to credit-related commitments as it does to on-balance sheet credit operations.

The maximum potential credit risk for such commitments equals the total amount of the obligations.

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 and liquidity risks associated with these transactions are effectively absent.

The provision in the reporting and previous periods was formed as coverage for guarantees.

The information disclosed in note 13 is presented in the statement of financial position and in note 17.

14. OTHER LIABILITIES

Table 14.1. Other liabilities

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Commission on guarantees issued	10 062	13 082
Other payables on transactions with the Bank's customers	18 771	7 997
Customer funds on dormant accounts	45 593	3 436
Deferred income	334	869
Payables for services	1 317	-
Payables to the Bank's employees	12 071	6 937
Payables for taxes and mandatory payments, except income tax	1 427	3 704
Payables for contributions to the Deposit Guarantee Fund	1 320	1 268
Liabilities under contracts	2 600	218
Payables under contractual obligations	886	448
Other accrued expenses	4 294	647
Payables for operating activities / services	-	10 555
Other	-	10
Total	**98 675**	**49 171**

The information disclosed in note 14 is presented in the statement of financial position and in note 17.

15. SHARE CAPITAL AND SHARE PREMIUM

Table 15.1. Share capital and share premium

In thousands of hryvnias	**Number of shares in circulation (thousand units)**	**Ordinary shares**	**Total**
Balance as at 31 December 2022	**12 152**	**300 039**	**300 039**
Issue of new shares (units)	-	-	-
Balance as at 31 December 2023	**12 152**	**300 039**	**300 039**
Issue of new shares (units)	-	-	-
Balance as at 31 December 2024	**12 152**	**300 039**	**300 039**

No shares were authorised for issue during the reporting year 2024.

The nominal value of one share as at the end of the day on 31 December 2024 was UAH 24.69.

The Bank has not issued any preference shares, and no dividends were paid.

There were no restrictions on share ownership as at the end of the reporting year 2024.

The Bank's ordinary registered shares provide their holders with rights in accordance with the applicable legislation of Ukraine, including the right to:

– participate in the management of the Bank, in particular, the right to vote on matters at the General Meeting of Shareholders of the Bank on the principle of "one voting share – one vote";

– participate in the distribution of the Bank's profit and receive a portion thereof (dividends);

– receive a portion of the Bank's assets or the value thereof in the event of the Bank's liquidation;

– receive information on the Bank's business activities;

– in the event of a private placement of additional shares, exercise a pre-emptive right to acquire the Bank's newly issued ordinary shares in proportion to the number of ordinary shares they own in the Bank's share capital;

– sell or otherwise dispose of their shares without the consent of other shareholders or the Bank.

The information disclosed in note 15 is presented in the "Statement of financial position" and in the "Statement of changes in equity".

16. MOVEMENT IN REVALUATION RESERVES (COMPONENTS OF OTHER COMPREHENSIVE INCOME)

Table 16.1. Movement in revaluation reserves (components of other comprehensive income)

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Opening balance	**1 431**	**(37 594)**
Revaluation of financial assets measured at fair value through other comprehensive income	-	-
Changes in fair value remeasurement	*(42 441)*	*(8 419)*
Income (expenses) from disposal reclassified to profit or loss during the reporting period	*43 365*	*47 444*
Closing balance	**2 355**	**1 431**

17. ANALYSIS OF ASSETS AND LIABILITIES BY MATURITY

Table 17.1. Analysis of assets and liabilities by maturity

In thousands of hryvnias	**31 December 2024**			**31 December 2023**		
	Less than 12 months	**More than 12 months**	**Total**	**Less than 12 months**	**More than 12 months**	**Total**
ASSETS						
Cash and cash equivalents	3 248 828	-	3 248 828	2 109 911	-	2 109 911
Loans and advances to customers	189 564	169 579	359 143	264 536	283 306	547 842
Investments in securities	456 723	154 704	611 427	856 871	146 189	1 003 060
Investment property	-	132 780	132 780	-	104 911	104 911
Current income tax receivable	4 038	-	4 038	-	-	-
Deferred tax asset	-	-	-	4 909	-	4 909
Property, plant and equipment and intangible assets	-	57 962	57 962	-	36 896	36 896
Other assets	93 268	-	93 268	68 396	-	68 396
Total assets	**3 992 421**	**515 025**	**4 507 446**	**3 304 623**	**571 302**	**3 875 925**
LIABILITIES						
Customer accounts	3 956 324	148 880	4 105 204	2 856 963	662 173	3 519 136
Current income tax liabilities	-	-	-	5 678	-	5 678
Deferred tax liabilities	352	-	352	-	-	-
Provisions for liabilities	1 690	283	1 973	1 785	276	2 061
Other liabilities	68885	29 790	98 675	41 256	7 915	49 171
Total liabilities	**4 027 251**	**178 953**	**4 206 204**	**2 905 682**	**670 364**	**3 576 046**

18. INTEREST INCOME AND EXPENSE

Table 18.1. Interest income and expense

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Interest income:		
Loans and advances to customers	97 580	92 512
Loans and advances to banks	-	23
Investments in securities	181 165	123 622
Correspondent accounts with other banks	226	202
NBU deposit certificates measured at amortised cost	59 794	80 982
Other interest income	615	-
Total interest income	**339 380**	**297 341**
Interest expense:		
Term deposits of legal entities	(28 329)	(31 502)
Term deposits of individuals	(38 551)	(32 376)
Current accounts	(47 740)	(63 780)
Interest expense on lease liabilities	(317)	(68)
Other interest expense	(1 681)	(1 349)
Total interest expense	**(116 618)**	**(129 075)**
Net interest income (expense)	**222 762**	**168 266**

The data in Note 18 are presented in the “Statement of profit or loss and other comprehensive income” and in Note 24.

19. FEE AND COMMISSION INCOME AND EXPENSE

Table 19.1. Fee and commission income and expense

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Fee and commission income		
Settlement and cash operations	140 605	114 913
Loan servicing for customers	76	162
Foreign exchange operations on behalf of customers	48 786	55 226
Guarantees issued	23 710	21 416
Other	116	192
Total fee and commission income	**213 293**	**191 909**
Fee and commission expense		
Settlement and cash operations	(57 747)	(60 169)
Securities operations on behalf of customers	(155)	(160)
Total fee and commission expense	**(57 902)**	**(60 329)**
Net fee and commission income/expense	**155 391**	**131 580**

The data in Note 19 are presented in the “Statement of profit or loss and other comprehensive income” and in Note 24.

20. OTHER OPERATING INCOME

Table 20.1. Other operating income

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Fines and penalties received by the Bank	249	314
Income from operating lease (rental income)	1 254	4 181
Gain on derecognition of financial liabilities	5 147	3 084
Gain on initial recognition of financial assets (domestic government bonds)	2 828	1 510
Reimbursement of utilities related to leased premises	-	957
Income from sale of property	-	177
Income from recognition of pledged property on the balance sheet	524	-
Gain on disposal of investment property	-	2 090
Gain from increase in the utility of real estate assets	201	-
Other	997	675
Total operating income	**11 200**	**12 988**

The data in Note 20 are presented in the “Statement of profit or loss and other comprehensive income” and in Note 24.

21. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Table 21.1. Administrative and other operating expenses

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Marketing and advertising expenses	(8 250)	(6 813)
Customer acquisition costs	(51 778)	(118 236)
Expenses for maintenance of property, plant and equipment and intangible assets, telecommunications and other operational services	(54 319)	(67 329)
Operating lease (rental) expenses	(19 771)	(9 503)
Other taxes, duties and charges, excluding income tax	(7 799)	(7 185)
Expenses for information, advisory and financial consulting services received	(9 068)	(4 275)
Security expenses	(716)	(964)
Loss on derecognition of financial assets	(5 215)	(51)
Cash collection expenses	(2 593)	(2 396)
Audit fees	(480)	(420)
Payment card servicing expenses	(20 635)	(9 245)
Staff training and development expenses	(1 662)	(2 889)
Loss on sale, impairment of assets, and negative result from disposal of intangible and fixed assets	(7 326)	(10 576)
Fines for non-compliance with NBU regulations	(27 431)	-
Sponsorship and charitable contributions	(618)	-
Other	(7 125)	(9 403)
Total administrative and other operating expenses	**(224 786)**	**(249 285)**

The data in Note 21 are presented in the “Statement of profit or loss and other comprehensive income” and in Note 24.

22. INCOME TAX

The Bank accounts for income tax based on tax accounting data in accordance with the requirements of the Tax Code of Ukraine, which is based on accounting records maintained in compliance with IFRS.

The income tax rate applied to the calculation of the respective line items was based on the effective tax rate of 50% in 2023 and 2024, in accordance with amendments to the Tax Code of Ukraine introduced by the Law of Ukraine "On Amendments to the Tax Code of Ukraine regarding the Specifics of Taxation of Banks and Other Taxpayers" No. 3474-IX dated 21 November 2023, and the Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine to Ensure the Balance of Budget Revenues during Martial Law" No. 4015-IX dated 10 October 2024. These Laws also prohibit the recognition of prior years' tax losses when calculating income tax for 2023 and 2024.

The Bank's reporting is affected by permanent and temporary differences due to certain income and expenses being excluded from taxable income and deductible expenses for tax purposes.

Deferred taxes represent the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences primarily arise from different methods of income and expense recognition, as well as from the carrying amounts of certain assets reported in the financial statements.

The deferred tax asset as at 1 January 2025 was calculated based on the income tax rate of 25% applicable for 2025.

In May–June 2024, the Bank was subject to a scheduled on-site documentary audit conducted by the Main Department of the State Tax Service in Kyiv. Based on the results of the audit, an Act was issued titled "On the results of the scheduled on-site documentary audit of the Bank regarding compliance with tax legislation for the period from 01 April 2019 to 30 June 2023, foreign currency legislation for the period from 01 April 2019 to 30 June 2023, the unified social contribution for the period from 01 April 2019 to 30 June 2023, and other applicable legislation for the respective period" dated 01 November 2023, No. 70328/Ж5/26-15-07-08-01/39849797.

Based on the results of the audit, an audit report was prepared confirming that no violations were identified and no fines were imposed.

Table 23.1. Income tax expense

In thousands of hryvnias	**2024**	**2023**
Current income tax	3 404	15 171
Change in deferred income tax due to:	5 261	(1 182)
– origination or reversal of temporary differences	5 261	(1 182)
– increase or decrease in the tax rate	-	-
Total income tax expense	**8 665**	**13 989**

Table 23.2. Reconciliation of accounting profit (loss) and taxable profit (loss)

In thousands of hryvnias	**2024**	**2023**
Profit before tax	**439**	**20 004**
Theoretical tax charges at the applicable tax rate	220	10 002
Adjustments to accounting profit (loss):		
Expenses not deductible for tax purposes but recognised in accounting records (e.g. depreciation, use of provisions, result from securities transactions, penalties paid)	25 468	3 424
Expenses deductible for tax purposes but not recognised in accounting records (e.g. prior year losses)	-	-
Income not taxable but recognised in accounting records (e.g. result from securities transactions)	(22 284)	563
Income taxable but not recognised in accounting profit (loss) (e.g. shareholder financial assistance)	-	-
Changes in deferred tax assets not recognised in the statement of financial position	**-**	**-**
Income tax expense	**(3 404)**	**(13 989)**

Table 23.3. Tax effects related to the recognition of deferred tax assets and deferred tax liabilities for 2024

In thousands of hryvnias	**31 December 2023**	**Recognised in profit or loss**	**31 December 2024**
Tax effect of deductible temporary differences:			
Provision for impairment of loans	116	-	116
Tax losses carried forward	9 734	-	9 734
Property, plant and equipment and intangible assets	1 856	(3 418)	(1 562)
Loss on disposal of securities	1 843	(1 843)	-
Shareholder financial assistance	(8 640)	-	(8 640)
Deferred tax asset, gross amount	**4 909**	(4 909)	**-**
Deferred tax liability	**-**	**(352)**	**352**

Table 23.4. Tax effects related to the recognition of deferred tax assets and deferred tax liabilities for 2023

In thousands of hryvnias	**31 December 2022**	**Recognised in profit or loss**	**31 December 2023**
Tax effect of deductible temporary differences:			
Provision for impairment of loans	854	(738)	116
Tax losses carried forward	7 786	1 948	9 734
Property, plant and equipment and intangible assets	1 126	730	1 856
Loss on disposal of securities	2 601	(758)	1 843
Shareholder financial assistance	(8 640)	-	(8 640)
Deferred tax asset, gross amount	**3 727**	1 182	**4 909**
Deferred tax assets not recognised in the statement of financial position	**-**	**-**	-
Deferred tax asset	**3 727**	**1 182**	**4 909**

23. EARNINGS/(LOSS) PER ORDINARY SHARE

Table 23.1. Basic and diluted earnings/(loss) per ordinary share

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Profit/(loss) year-to-date	439	6 015
Profit/(loss) attributable to holders of ordinary shares of the Bank	439	6 015
Weighted average number of ordinary shares in circulation (thousands of shares)	12 152	12 152
Basic and diluted earnings/(loss) per ordinary share (UAH):		
– Basic	**0,04**	**0,49**
– Diluted	**0,04**	**0,49**

The data in Note 23 are presented in the “Statement of profit or loss and other comprehensive income”.

The amount of earnings/(loss) per share was calculated by dividing the net profit/(loss) attributable to the Bank’s shareholders by the weighted average number of ordinary shares in circulation during the year.

The Bank has no instruments that would result in the dilution of earnings per share. Therefore, diluted earnings/(loss) per share equal basic earnings/(loss) per share attributable to the holders of ordinary shares.

The amount of basic earnings/(loss) per share does not differ from diluted earnings/(loss) per share.

Table 23.2. Calculation of profit/(loss) attributable to holders of ordinary shares of the Bank

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Profit/(loss) for the period attributable to the owners of the Bank	439	6 015
Retained earnings/(accumulated losses) for the period	439	6 015
Retained earnings/(accumulated losses) for the period attributable to holders of ordinary shares, based on the terms of the shares	439	6 015
Profit/(loss) for the period attributable to shareholders – holders of ordinary shares	**439**	**6 015**

24. OPERATING SEGMENTS

Operating segments are components of an entity that engage in business activities from which the entity may earn revenue and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, and for which discrete financial information is available.

A segment is a distinguishable component of the Bank's business that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The primary format used by the Bank for reporting segment information is business segments.

The Bank identifies the following reportable segments: corporate banking, retail banking, and treasury operations.

Corporate banking includes account management services (current and deposit accounts), provision of loans, overdrafts and other types of financing, trade finance instruments, structured finance, foreign currency transactions, and banknote operations.

Unallocated items include expenses that are not attributable to specific segments: income tax expenses, general administrative expenses, and other expenses incurred at the Bank level and attributable to the Bank as a whole.

Retail banking includes services provided to individuals, such as current, savings, and deposit accounts, credit and debit cards, mortgage loans, and consumer loans.

Treasury operations include activities on the credit and foreign exchange markets, securities transactions (both on behalf of clients and for the Bank's own account), and interactions with professional participants in the financial market — such as banks, insurance companies, and capital market financial intermediaries.

Revenue of a reportable segment includes income that is directly attributable to the segment and a relevant portion of the Bank's income that can be reasonably allocated to the segment from external operations or inter-segment transactions within the Bank. Segment revenue is presented net of value-added tax, excise tax, other duties, and deductions from revenue. Revenue from extraordinary events and income tax are not included in the segment revenue.

Expenses of a reportable segment include those directly attributable to the segment's core activities and a portion of expenses that can be reasonably allocated to the segment, including expenses from external operations and those arising from inter-segment transactions within the Bank.

Indicators of dissimilar segments are included in unallocated items under "Unallocated amounts", which are used to reconcile the segment performance indicators with those of the Bank as a whole.

Table 24.1. Income, expenses and results of reportable segments for 2024

In thousands of hryvnias	**Corporate segment**	**Retail segment**	**Interbank and investment segment**	**Other segments and operations**	**Total**
Interest income	91 418	6 776	241 186	-	339 380
Fee and commission income	75 123	110 678	27 492	-	213 293
Other operating income	6 003	1 282	3 571	344	11 200
Total segment revenue	**172 544**	**118 736**	**272 249**	**344**	**563 873**
Interest expense	(77 007)	(39 294)	-	(317)	(116 618)
Fee and commission expense	-	(1 125)	(56 777)	-	(57 902)
Staff costs	(36 565)	(74 005)	(89 012)	(149)	(199 731)
Depreciation and amortisation	-	-	-	(15 576)	(15 576)
Other administrative and operating expenses	(8 014)	(40 130)	(42 157)	(134 485)	(224 786)
Total segment expenses	**(121 586)**	**(154 554)**	**(187 946)**	**(150 527)**	**(614 613)**
Net gain/(loss) from transactions with financial instruments measured at FVOCI	-	-	41 739	-	41 739
Net gain/(loss) from foreign exchange transactions	-	2 740	80 486	-	83 226

Net gain/(loss) from revaluation of investment property	-	-	8 080	-	8 080
Net gain/(loss) from foreign currency revaluation	1 131	33 730	(35 366)	58	(447)
Net gain/(loss) from impairment of financial assets	(76 075)	7 482	(4 037)	-	(72 630)
Net gain/(loss) from impairment of other assets	-	-	(212)	-	(212)
Net loss/(gain) from increase/(reversal) of provisions for liabilities	-	-	88	-	88
Segment result (before tax)	**(23 986)**	**8 134**	**175 081**	**(150 125)**	**9 104**
Income tax expense	-	-	-	-	(8 665)
Segment result	**(23 986)**	**8 134**	**175 081**	**(150 125)**	**439**

The components of line item 3 “Other operating income” in the amount of UAH 11 200 thousand are disclosed in Note 20.

The components of line item 8 “Other administrative and operating expenses” in the amount of UAH 224 787 thousand are disclosed in Note 21.

Table 24.2. Income, expenses and results of reportable segments for 2023

In thousands of hryvnias	**Corporate segment**	**Retail segment**	**Treasury**	**Other segments and operations**	**Total**
Interest income	85 832	6 681	204 828	-	297 341
Fee and commission income	80 215	86 838	24 856	-	191 909
Other operating income	6 845	989	12	5 142	12 988
Total segment revenue	**172 892**	**94 508**	**229 696**	**5 142**	**502 238**
Interest expense	(94 415)	(33 243)	-	(1 417)	(129 075)
Fee and commission expense	(160)	(1 258)	(58 911)	-	(60 329)
Staff costs	(45 831)	(27 499)	(4 584)	(13 745)	(91 659)
Depreciation and amortisation	-	-	-	(9 700)	(9 700)
Other administrative and operating expenses	(124 646)	(74 788)	(12 469)	(37 382)	(249 285)
Total segment expenses	**(265 052)**	**(136 788)**	**(75 964)**	**(62 244)**	**(540 048)**
Net gain/(loss) from transactions with financial instruments measured at FVTPL	-	-	-	437	437
Net gain/(loss) from transactions with financial instruments measured at FVOCI	-	-	-	(2 634)	(2 634)
Net gain/(loss) from foreign exchange transactions	-	-	95 992	-	95 992

Net gain/(loss) from revaluation of investment property	-	-	-	(18 627)	(18 627)
Net gain/(loss) from revaluation of foreign currency	321	3 698	(1 066)	(4 505)	(1 552)
Net gain/(loss) from impairment of financial assets	(8 350)	(3 758)	(3 006)	453	(14 661)
Net gain/(loss) from impairment of other assets	-	-	-	(677)	(677)
Net loss/(gain) from increase/(reversal) of provisions for liabilities	(464)	-	-	-	(464)
Segment result (before tax)	**(100 653)**	**(42 340)**	**245 652**	**(82 655)**	**20 004**
Income tax expense	-	-	-	-	(13 989)
Segment result	**(100 653)**	**(42 340)**	**245 652**	**(82 655)**	**6 015**

The components of line item 3 “Other operating income” in the amount of UAH 12 988 thousand are disclosed in Note 20.

The components of line item 8 “Other administrative and operating expenses” in the amount of UAH 249 284 thousand are disclosed in Note 21.

Table 24.3. Assets and liabilities of reportable segments for 2024

In thousands of hryvnias	**Corporate segment**	**Retail segment**	**Interbank and investment segment**	**Other segments and operations**	**Total**
Segment assets					
Total segment assets	377 552	32 794	3 737 231	-	4 147 577
Unallocated amounts	-	-	-	359 869	359 869
Total assets	**377 552**	**32 794**	**3 737 231**	**359 869**	**4 507 446**
Segment liabilities					
Total segment liabilities	3 484 653	625 393	-	-	4 110 046
Unallocated amounts	-	-	-	96 158	96 158
Total liabilities	**3 484 653**	**625 393**	**-**	**96 158**	**4 206 204**

The components of line item 3 “Unallocated assets” in the amount of UAH 359 869 thousand include:

• UAH 123 023 thousand – “Cash on hand at bank branches” and “Cash in ATMs”;

• UAH 132 780 thousand – “Investment property”;

• UAH 57 962 thousand – “Property, plant and equipment, right-of-use assets and intangible assets”;

• UAH 4 038 thousand – “Current income tax receivable”;

• UAH 42 066 thousand – “Other assets”.

The components of line item 7 “Unallocated liabilities” in the amount of UAH 96 158 thousand include:

• UAH 352 thousand – “Deferred tax liabilities”;

• UAH 95 806 thousand – Trade and tax payables, deferred income, and other liabilities.

Table 24.4. Assets and liabilities of reportable segments for 2023

In thousands of hryvnias	**Corporate segment**	**Retail segment**	**Treasury**	**Other segments and operations**	**Total**
Segment assets					
Segment assets	516 876	32 103	2 855 643	-	**3 404 622**
Total segment assets	516 876	32 103	2 855 643	-	**3 404 622**
Unallocated amounts	-	-	-	471 303	**471 303**
Total assets	**516 876**	**32 103**	**2 855 643**	**471 303**	**3 875 925**
Segment liabilities					
Segment liabilities	2 946 682	573 102	-	-	**3 519 784**
Total segment liabilities	2 946 682	573 102	-	-	**3 519 784**
Unallocated amounts	-	-	-	56 262	**56 262**
Total liabilities	**2 946 682**	**573 102**	-	**56 262**	**3 576 046**

The components of line item 3 “Unallocated assets” in the amount of UAH 471 303 thousand include:

- UAH 257 329 thousand – “Cash and correspondent accounts with other banks”;
- UAH 104 911 thousand – “Investment property”;
- UAH 36 896 thousand – “Property, plant and equipment and intangible assets”;
- UAH 4 909 thousand – “Deferred tax asset”;
- UAH 67 258 thousand – “Other assets”.

The components of line item 7 “Unallocated liabilities” in the amount of UAH 56 262 thousand include:

- UAH 46 694 thousand – Trade and tax payables, deferred income, and other liabilities;
- UAH 9 568 thousand – Other liabilities.

The Bank does not present “Information on geographical areas” as it operates solely within the territory of Ukraine.

25. FINANCIAL RISK MANAGEMENT

Risk management is a critical aspect of banking and a fundamental element of operations. The key risks that the Bank is exposed to in the course of its activities include credit risk, liquidity risk, market risk, operational and technological risk, as well as legal, strategic, and reputational risks.

The risk management system at JSC "RWS BANK" is structured around three lines of defence:

- The first line of defence comprises business units and support departments;
- The second line of defence includes the risk management and compliance control units;
- The third line of defence consists of the Bank's Supervisory Board and the Internal Audit Unit.

Standing committees involved in risk governance include: the Credit Committee, the Assets and Liabilities Management Committee (ALCO), and the Tariff Committee. The overall risk management strategy of the Bank is determined by the Supervisory Board.

The Credit Committee is responsible for shaping a loan portfolio with minimal credit risk, i.e. a minimum level of overdue debt. To achieve this, the Bank:

- establishes credit and concentration limits;
- assesses asset quality and makes decisions regarding the formation of provisions to cover potential losses from asset impairment;
- ensures compliance with the prudential risk limits established by the National Bank of Ukraine (including the maximum credit exposure to a single counterparty, related-party exposure limits, and large credit risk limits).

To mitigate credit risk, the Committee continuously assesses the creditworthiness of the Bank's counterparties, identifies problematic assets in a timely manner, and monitors credit risk exposure and the calculation of impairment provisions.

The Assets and Liabilities Management Committee (ALCO) evaluates and manages liquidity and market risks, both at the level of individual transactions and across key business lines on a portfolio-wide basis. Market risk management encompasses interest rate risk, foreign exchange risk, and liquidity risk.

Each month, the Committee reviews the cost of funding and the yield on assets and makes decisions regarding the interest margin policy. It also evaluates the maturity profile of assets and liabilities and provides recommendations to the relevant Bank units for addressing mismatches between the terms of attracted funds and those of allocated assets.

In terms of liquidity risk and cash flow management, the Committee:

- calculates projected liquidity;
- assesses the Bank's liquidity position;
- takes decisions on liquidity management within delegated authority and in accordance with internal regulations;
- implements preventive measures to mitigate and manage liquidity risk arising in the Bank's day-to-day operations and/or resulting from changes in market conditions.

The Tariff Committee regularly analyses the correlation between the cost of services and the market competitiveness of existing tariffs. To ensure a consistent tariff policy throughout the Bank, the Committee:

- reviews the system of tariffs, introduces amendments, and recommends them for approval;
- reviews and approves tariffs for new products/services;
- monitors the implementation of the Bank's tariff policy by its structural units.

Day-to-day risk management at the Bank is carried out by the Risk Management Department, which is responsible for developing policies on credit, market, and operational risk, and submitting them for approval by the relevant Bank committees. The Department identifies and assesses risks (both at the level of individual transactions and across portfolios); organises the Bank's risk control and monitoring system; assesses operational risks across all business processes; and develops measures to prevent and mitigate risks accepted by the Bank. Representatives of the Risk Management Department are members of the Credit Committee and the Assets and Liabilities Management Committee (ALCO), with one voting right in each committee meeting.

The Risk Management Department performs expert assessments of the solvency and other quantitative and qualitative characteristics of borrowers when issuing loans, including secured loans. It also monitors, identifies, and assesses risks associated with these loans; develops and maintains the Bank's borrower evaluation systems; and is responsible for the identification, monitoring, assessment, and optimisation of liquidity risk, interest rate risk, market risk, and foreign exchange risk undertaken by the Bank in the course of its operations.

In addition, the Department is tasked with analysing, managing, monitoring, and controlling the credit risks of interbank operations, as well as monitoring and controlling risks of breaches of economic ratios, limits, and specific regulatory requirements of the National Bank of Ukraine.

The Risk Management Department reports directly to the Bank's Supervisory Board.

Credit risk

The Bank is exposed to credit risk, which represents the risk that counterparties may fail to meet their obligations in full and on time. The Bank manages credit risk exposure by setting credit limits that reflect the acceptable level of risk with respect to a single borrower or a group of related borrowers. These risks are subject to ongoing monitoring and are analysed in accordance with established procedures. Credit risk limits for individual borrowers are regularly approved by the Supervisory Board.

Credit risk is managed through regular analysis of the ability of current and potential borrowers to repay interest and principal on loans, and through adjustments of credit limits when necessary. In addition, credit risk management involves obtaining liquid collateral.

In assessing loan impairment, the Bank considers whether payments of principal or interest are overdue by more than 90 days (for legal entities and individually significant loans to individuals) or 90 days (for retail loans that are not individually significant), and whether there is evidence of difficulties in the counterparty's cash flows, a deterioration in credit rating, or a breach of the original terms of the agreement.

The Bank performs impairment analysis in two main categories:

– specific impairment allowances for individually assessed loans;

– collective impairment allowances for groups of loans assessed on a portfolio basis.

As at 31 December 2024, the maximum credit risk exposure amounted to UAH 118 463 thousand (31 December 2023: UAH 62 081 thousand).

Market risk

Market risks arise from open positions in interest rate and currency instruments, which are subject to general and specific market movements. Market risk refers to the risk that changes in market conditions—such as interest rates, security prices, foreign exchange rates, and credit spreads (not related to the creditworthiness of a specific counterparty)—may affect the Bank's income or the value of its financial instruments.

To limit potential losses, the Bank manages market risk by regularly assessing potential losses that may result from adverse market changes and by setting and adhering to appropriate limits.

As part of market risk, the Bank also considers price risk related to the decline in the value of securities and collateral (including mortgages), among other exposures.

Overall responsibility for the control of market risk lies with the Assets and Liabilities Management Committee (ALCO), which manages market risk by setting justified limits (such as exposure limits, ratios, and interest rate caps).

Currency risk

Currency risk arises when the actual or forecasted assets denominated in a foreign currency differ in amount from the liabilities denominated in the same currency.

Currency risk management includes the following elements: utilising all available tools to avoid risks that may lead to significant losses; monitoring and controlling risks; minimising potential losses when the risk cannot be fully avoided; and hedging the currency risk when avoidance is not feasible.

The Bank sets limits and continuously monitors its foreign currency positions in accordance with the regulatory requirements of the National Bank of Ukraine.

Table 25.1. Currency risk analysis

In thousands of hryvnias	**31 December 2024**			**31 December 2023**		
	Monetary assets	**Monetary liabilities**	**Net position**	**Monetary assets**	**Monetary liabilities**	**Net position**
US dollars	296 013	(293 843)	2 170	279 482	(274 065)	5 417
Euro	144 557	(145 822)	(1 265)	239 219	(238 665)	554
Pounds sterling	3 377	(1 792)	1 585	3 495	(2 645)	850
Other	26 501	(28 565)	(2 064)	43 751	(46 646)	(2 895)
Total	**470 448**	**(470 022)**	**426**	**565 947**	**(562 021)**	**3 926**

Table 25.2. Sensitivity of profit or loss and equity to possible changes in the official exchange rate of the hryvnia to foreign currencies as at the reporting date, assuming all other variables remain constant.

The calculation is performed for monetary balances denominated in currencies other than the functional currency.

In thousands of hryvnias	**31 December 2024**		**31 December 2023**	
	Impact on profit/(loss)	**Impact on equity**	**Impact on profit/(loss)**	**Impact on equity**
10% strengthening of the US dollar	29 384	29 384	27 407	27 407
13% weakening of the US dollar	(38 200)	(38 200)	(35 628)	(35 628)
53% strengthening of the euro	21 684	21 684	35 800	35 800
15% weakening of the euro	(21 684)	(21 684)	(35 800)	(35 800)
53% strengthening of the pound sterling	950	950	1 402	1 402
15% weakening of the pound sterling	(269)	(269)	(397)	(397)
15% strengthening of other currencies	3 930	3 930	6 543	6 543
15% weakening of other currencies	(3 930)	(3 930)	(6 542)	(6 542)

Interest rate risk

Interest rate risk arises from the potential changes in the value of financial instruments or future cash flows of financial instruments due to fluctuations in interest rates. Interest rate risk is assessed based on the extent to which changes in market interest rates affect the interest margin and net interest income. When the maturities of interest-earning assets differ from those of interest-bearing liabilities, net interest income may increase or decrease as a result of interest rate movements.

To manage interest rate risk, the Bank sets limits (restrictions) on the interest spread (margin), monitors interest income on assets and interest rates on liabilities, and adjusts the pricing of banking products accordingly.

For fixed-rate assets and liabilities, maturity is determined based on the period from the reporting date to the contractual maturity date. For variable-rate assets and liabilities, maturity is determined based on the earlier of the next repricing date or the contractual maturity date.

Table 25.3. Overall interest rate risk analysis

In thousands of hryvnias	**On demand and less than 1 month**	**From 1 to 6 months**	**From 6 to 12 months**	**Over 1 year**	**Total**
31 December 2024					
Total financial assets	3 317 731	47 673	542 235	324 462	4 232 101
Total financial liabilities	2 872 102	314 116	469 332	550 223	4 205 773
Net interest rate gap at the end of the prior period	**445 629**	**(266 443)**	**72 903**	**(225 761)**	**26 328**
31 December 2023					
Total financial assets	2 183 179	53 757	1 001 292	432 089	3 670 317
Total financial liabilities	2 362 076	214 741	300 931	665 903	3 543 651
Net interest rate gap at the end of the prior period	**(178 897)**	**(160 984)**	**700 361**	**(233 814)**	**126 666**

The Bank does not hold any financial instruments with variable interest rates, the changes in which would affect the Bank's financial result or equity.

Table 25.4. Monitoring of interest rates on financial instruments

%	31 December 2024				31 December 2023			
	UAH	**USD**	**EURO**	**Platinum**	**UAH**	**USD**	**EURO**	**Platinum**
Assets								
Cash and cash equivalents	-	-	-	-	0,2	-	-	-
Loans and advances to customers	18,84	4,18	8,12	-	16,8	4,8	3,2	-
Investments in securities	15,71	4,65		-	21,89	5,3	8,29	-
Liabilities								
Due to banks	-	-	-	-	-	-	-	-
Customer accounts:								
– Current accounts	8,02	7,31	0,02	-	6,4	-	-	-
– Term deposits	13,05	1,74	2,38	-	13,1	2,7	3,4	-

Table 25.5. Analysis of geographical concentration of financial assets and liabilities for 2024

In thousands of hryvnias	**Ukraine**	**OECD countries**	**Other countries**	**Total**
Assets				
Cash and cash equivalents	3 248 828	-	-	3 248 828
Loans and advances to customers	339 977	19 166	-	359 143
Investments in securities	611 427	-	-	611 427
Other financial assets	12 625	78	-	12 703
Total financial assets	**4 212 857**	**19 244**	**-**	**4 232 101**
Liabilities				
Customer accounts	3 986 538	118 666	-	4 105 204
Other financial liabilities	74 426	-	-	74 426
Total financial liabilities	**4 060 964**	**118 666**	**-**	**4 179 630**
Net balance sheet position on financial instruments	125 749	(99 422)	-	26 328
Credit-related commitments	1 265 598	-	-	1 265 598

Table 25.6. Analysis of geographical concentration of financial assets and liabilities for 2023

In thousands of hryvnias	**Ukraine**	**OECD countries**	**Other countries**	**Total**
Assets				
Cash and cash equivalents	2 109 911	-	-	2 109 911
Loans and advances to customers	547 842	-	-	547 842
Investments in securities	1 003 060	-	-	1 003 060
Other financial assets	9 504	-	-	9 504
Total financial assets	**3 670 317**	**-**	**-**	**3 670 317**
Liabilities				

Customer accounts	2 956 323	562 813	-	3 519 136
Other financial liabilities	24 515	-	-	24 515
Total financial liabilities	**2 980 838**	**562 813**	**-**	**3 543 651**
Net balance sheet position on financial instruments	689 479	(562 813)	-	126 666
Credit-related commitments	1 601 808	-	-	1 601 808

Assets, liabilities and credit-related commitments have been classified based on the country in which the counterparty is located. Cash on hand has been classified according to the country of its physical location.

Liquidity risk

This risk arises in the course of general funding of the Bank's activities and the management of financial positions. It includes both the risk of being unable to fund assets in a timely manner and at an appropriate rate, and the risk of being unable to liquidate an asset at an acceptable price and within a reasonable time frame.

The Bank has access to various sources of funding. Funds are obtained through the use of different instruments, including contributions from participants to the share capital. This allows for diversification of funding sources, reduces reliance on any single source, and generally lowers the cost of borrowed funds. The Bank seeks to maintain a balance between continuity and diversification of funding by utilising liabilities with different maturities.

To manage liquidity risk, the Bank applies both economic and administrative tools.

The Bank continuously assesses liquidity risk by identifying and monitoring changes in funding requirements needed to meet business objectives as defined within the overall strategy.

In addition, as part of its liquidity risk management strategy, the Bank maintains a portfolio of liquid assets and adheres to the maturity gaps between attracted and placed funds established by the National Bank of Ukraine.

The Bank holds assets and liabilities denominated in several foreign currencies and is therefore exposed to the effects of fluctuations in foreign exchange rates on its financial position and cash flows.

Table 25.7. Analysis of financial liabilities by maturity as at 2024

In thousands of hryvnias	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Total**
Customer accounts:	2 784 923	331 569	464 036	523 079	4 103 607
Funds of individuals	183 472	154 097	88 412	196 543	622 524
Funds of legal entities	2 601 451	177 472	375 624	326 536	3 481 083
Other financial liabilities	12 434	12 547	12 458	36 987	74 426
Financial guarantees	75 896	45 689	286 781	766 306	1 174 672
Other credit-related commitments	90 926	-	-	-	90 926
Total potential future payments on financial liabilities	**2 964 179**	**389 805**	**763 275**	**1 326 372**	**5 443 631**

Table 25.8. Analysis of financial liabilities by maturity as at 2023

In thousands of hryvnias	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Total**
Customer accounts:	2 573 193	240 657	232 909	472 377	3 519 136
Funds of individuals	287 563	58 086	91 456	170 012	607 117
Funds of legal entities	2 285 630	182 571	141 453	302 365	2 912 019
Other financial liabilities	9 356	9 558	1 871	3 730	24 515

Financial guarantees	94 596	108 593	295 795	865 906	1 364 890
Other credit-related commitments	236 917	-	-	-	236 917
Total potential future payments on financial liabilities	**2 965 155**	**380 047**	**550 364**	**1 249 892**	**5 145 458**

Table 25.9. Analysis of financial assets and liabilities by maturity based on expected maturity dates for 2024

In thousands of hryvnias	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Assets						
Cash and cash equivalents	3 248 828	-	-	-	-	3 248 828
Loans and advances to customers	65 247	15 097	90 561	188 238	-	359 143
Investments in securities	-	28 009	450 841	132 577	-	611 427
Other financial assets	3 656	4 567	833	3 647	-	12 703
Total financial assets	3 317 731	47 673	542 235	324 462	-	4 232 101
Liabilities						
Customer accounts	2 859 668	301 569	456 874	513 236	-	4 131 347
Other financial liabilities	12 434	12 547	12 458	36 987	-	74 426
Total financial liabilities	2 872 102	314 116	469 332	550 223	-	4 205 773
Net liquidity gap as at the end of the day on 31 December 2024	445 629	(266 443)	72 903	(225 761)	-	26 328
Cumulative liquidity gap as at the end of the day on 31 December 2024	445 629	179 186	252 089	26 328	-	

Table 25.10. Analysis of financial assets and liabilities by maturity based on expected maturity dates for 2023

In thousands of hryvnias	**On demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Assets						
Cash and cash equivalents	2 109 911	-	-	-	-	2 109 911
Loans and advances to customers	70 695	38 605	155 236	283 306	-	547 842
Investments in securities	-	11 560	845 311	146 189	-	1 003 060
Other financial assets	2 573	3 592	745	2 594	-	9 504
Total financial assets	2 183 179	53 757	1 001 292	432 089	-	3 670 317
Liabilities						
Customer accounts	2 348 592	212 894	295 477	662 173	-	3 519 136

Other financial liabilities	13 484	1 847	5 454	3 730	-	24 515
Total financial liabilities	2 362 076	214 741	300 931	665 903	-	3 543 651
Net liquidity gap as at the end of the day on 31 December 2023	178 897	160 984	-700 361	233 814	-	-126 666
Cumulative liquidity gap as at the end of the day on 31 December 2023	178 897	339 881	-360 480	-126 666	-	

Concentration of other risks

Operational and technological risk is the risk of direct or indirect losses resulting from poorly designed business processes, ineffective internal control procedures, technological failures, unauthorised employee actions, or external events.

The primary method of managing operational risk is the establishment of an internal control system. The Bank regularly conducts audits of operational procedures alongside operational risk assessments and develops internal guidelines to mitigate these risks. Operational risk is always assessed when analysing new products, internal regulations, processes, and operational, payment, and settlement procedures.

The Bank implements a system of clear delegation of authority, segregation of incompatible duties, and distribution of responsibilities among structural units and employees when performing banking operations, with restricted access to the operational system.

Key operational risk management measures include:

– monitoring operations at the departmental level,

– restricting employees' physical access to data in electronic and paper form,

– implementing verification and dual control procedures,

– ensuring that the Bank's operations comply with internal procedures and policies as well as applicable legislation and regulatory requirements.

Reputational risk is an existing or potential risk to income and capital arising from a negative perception of the financial institution's image by customers, counterparties, shareholders, or supervisory authorities. This may impact the Bank's ability to establish new relationships with counterparties, offer new services, or maintain relationships with existing clients.

The Bank has established procedures for the involvement of governing bodies and heads of structural units in the management of reputational risk.

Strategic risk is an existing or potential adverse impact on the Bank's operations resulting from incorrect management or strategic decisions, ineffective implementation of such decisions, or failure to respond to changes in external market factors. Strategic risk is associated with errors in strategic management, particularly with the misstatement of the Bank's objectives, insufficient resourcing for their implementation, or an inadequate approach to risk management in banking activities.

To mitigate strategic risk, the Bank applies the following key measures:

• Documents the distribution of powers and responsibilities for decision-making within internal documents, including the Bank's Charter;

• Ensures mandatory compliance with decisions made by the Bank's highest governing bodies by subordinate units and employees;

• Standardises core banking operations;

• Establishes internal procedures for approving amendments to internal documents and procedures related to decision-making;

• Conducts analysis of the impact of strategic risk factors (both collectively and by classification) on the Bank's performance indicators;

• Monitors changes in Ukrainian legislation and regulatory acts to identify and mitigate strategic risks on an ongoing basis;

• Monitors the banking services market to identify potential new areas of activity and formulate new strategic objectives;

• Monitors the Bank's available resources, including financial, material, technical, and human resources, for the implementation of strategic goals;

• Incentivises employees based on the impact of their activities on the level of strategic risk;

• Provides ongoing professional development for employees to enhance the identification and mitigation of strategic risks;

• Ensures broad access of Bank employees to up-to-date information on legislation and internal Bank documents.

Legal risk is the current or potential risk to earnings and capital arising from failure to recover granted loans, breach or non-compliance with laws, regulations, contracts, established practices, or ethical standards, as well as from the potential for ambiguous interpretation of existing laws and regulations.

To effectively manage and prevent legal risk, the Bank has developed an operational system for communicating updates to internal Bank regulations (policies, procedures, guidelines) to management and employees. Mandatory legal review is conducted for all internal regulatory documents and when introducing new banking products.

To minimise legal risk in banking operations, standard contract templates and other standardised documentation are developed and applied. To prevent legal disputes, the Bank conducts advisory and methodological work with clients. Legal awareness among staff and management is enhanced through regular training and education.

Compliance risk

Compliance risk refers to the probability of losses/sanctions, additional expenses or foregone revenues, or reputational damage arising from the Bank's failure to comply with applicable laws, regulations, market standards, fair competition rules, corporate ethics, conflict of interest rules, or internal Bank/group policies.

Furthermore, the Bank values its reputation as a reliable, stable, and transparent financial institution and strictly adheres to laws, regulations, market standards, rules of fair competition, and corporate ethics. The Bank has implemented high ethical standards and a Code of Conduct, which fosters trust among clients and partners. All Bank employees interact with clients, colleagues, competitors, and business partners in accordance with the requirements of the Code of Conduct (Ethics).

26. CAPITAL MANAGEMENT

The primary objective of the Bank's capital management process is to ensure an adequate level of capital to support stable operations, business development, and the coverage of potential risks. The Bank's management complies with all regulatory capital requirements established by the National Bank of Ukraine (NBU) and assesses capital adequacy in accordance with regulatory methodologies.

Since August 2024, the NBU has implemented the **Regulation on the procedure for determining the regulatory capital of banks in Ukraine** (Resolution of the NBU Board No. 196 dated 28 December 2023), which introduced a transition to **a three-tier capital structure**. This model aims to enhance transparency and improve the efficiency of capital management in the banking sector.

As at 31 December 2024, the Bank's regulatory capital amounted to **UAH 202 387 thousand**, which met all regulatory requirements. **The capital adequacy ratio** as at the reporting date was 13.5%, compared to the minimum required level of **8.5%**, indicating a sufficient margin of financial stability. During the reporting period, **the Bank complied with all regulatory capital adequacy ratios** and maintained them at levels above the required thresholds.

To monitor the size of regulatory capital, the Bank regularly calculates it in accordance with NBU requirements and internal policies. The table below presents the structure of regulatory capital **as at 31 December 2024** compared to the figures for **2023**.

To ensure accurate comparison, the regulatory capital figures as at 31 December 2023 have been **restated in accordance with the updated methodology** introduced by Regulation No. 196. Despite minor differences in the calculation approaches, these figures allow for the assessment of capital dynamics and compliance with the new regulatory requirements.

Table 26.1. Structure of regulatory capital

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Tier 1 core capital	202 387	286 704
Own Tier 1 capital instruments	300 039	300 039
Profit for the interim reporting period	10 632	49 540
General reserves and reserve funds established in accordance with Ukrainian legislation	14 094	13 793
Shareholder financial assistance approved by the NBU for inclusion in Tier 1 capital	48 000	48 000
Deductions from Tier 1 capital, including:	(170 378)	(124 668)
– Intangible assets net of amortisation, capital investments in intangible assets, right-of-use assets net of amortisation	*(11 082)*	*(5 982)*
– Accumulated losses from previous years	*(63 684)*	*(69 398)*
– Unreceived accrued income	*(1 013)*	-
– Non-core assets	*(94 599)*	*(46 405)*
Additional capital	-	*(2 883)*
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Total regulatory capital	**202 387**	**286 704**

27. CONTINGENT LIABILITIES OF THE BANK

Pending litigation

Pending litigation related to the Bank's provision of financial services and the status of court proceedings

• A claim for the recovery of UAH 155 thousand from the Bank. Case No. 910/21822/21 is currently under consideration by the court of first instance.

• A claim for the recovery of UAH 626 thousand from the Bank. Case No. 910/10010/22 has been suspended by the court of first instance pending the outcome of a related case.

• A claim for the recovery of UAH 104 thousand from the Bank. Case No. 910/5836/24 is currently under consideration by the court of first instance.

• A claim for the recovery of UAH 599 thousand from the Bank. Case No. 910/8560/24 is currently under consideration by the court of first instance.

The Bank's management considers the risk of losses arising from these claims to be unlikely, as the Bank has prior experience of successfully resolving similar legal cases in its favour.

Contingent tax liabilities

Currently, a number of laws and regulations are in effect in Ukraine regarding various taxes and levies imposed by both national and local authorities. Applicable taxes include income tax, value-added tax, payroll-related contributions, and other taxes and duties. The legislation governing these taxes is subject to frequent changes, and its provisions are often unclear or underdeveloped. In addition, there is a lack of established judicial precedent for many tax-related issues.

There are varying interpretations of legal norms among government ministries and agencies (for example, the tax authorities and their local inspectorates), resulting in a general environment of uncertainty. The correctness of tax filings, as well as other matters of legal compliance, is subject to review and inspection by a number of supervisory bodies that are legally authorised to impose substantial fines and penalties. These factors create a significantly higher level of tax risk in Ukraine compared to countries with more developed tax systems.

Management believes that the Bank's operations are conducted in full compliance with the applicable legislation governing its activities and that all relevant taxes have been duly accrued. In cases where uncertainty exists regarding the amount of tax payable, provisions are made based on management's estimates using the best information available.

Capital commitments

The Bank has no contractual obligations related to building renovations, or the acquisition of property, plant and equipment, and intangible assets.

Operating lease (rental) obligations

Table 27.1. Future minimum lease payments under the Bank's non-cancellable operating lease agreements as a lessee

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Up to 1 year	22 031	12 208
Total	**22 031**	**12 208**

Compliance with special conditions

The Bank has not entered into any agreements to obtain borrowed funds under special conditions.

Credit-related commitments

The primary purpose of these instruments is to provide funding to meet customers' financing needs. Stand-by letters of credit and guarantees, which represent irrevocable commitments by the Bank to make payments to third parties in the event that customers fail to meet their obligations, carry the same credit risk as loans.

Documentary and trade letters of credit, which are written commitments by the Bank made on behalf of its customers authorising third parties to draw specified amounts under agreed conditions, are secured by the underlying goods or cash deposits and, therefore, carry lower credit risk than loans.

Credit-related commitments represent unused amounts intended to be provided in the form of loans, guarantees, and letters of credit. With respect to credit risk, the Bank is exposed to potential losses equal to the total amount of unused commitments if all such amounts were fully drawn by customers. However, the potential loss is lower than the total unused amount, as the issuance of many credit commitments is subject to the fulfilment of certain creditworthiness criteria by customers.

The Bank monitors the maturity profile of credit-related commitments, as longer-term commitments generally carry higher credit risk than short-term commitments.

Outstanding credit-related commitments were as follows:

Table 27.2. Structure of credit-related commitments

In thousands of hryvnias.	**31 December 2024**	**31 December 2023**
Guarantees issued	1 174 672	1 364 890
Credit commitments granted	16 968	20 782
Undrawn credit lines	73 958	216 135
Provision for issued guarantees	(1 973)	(2 060)
Total credit-related commitments, net of provision	**1 263 625**	**1 599 747**

The total amount of credit-related commitments under contracts does not necessarily represent future cash outflows, as many of these commitments may remain undrawn or be cancelled before expiry.

Table 27.3. Credit-related commitments by currency

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
USD	162 042	233 122
Euro	59 488	21 492
UAH	1 042 095	1 345 133
Total	**1 263 625**	**1 599 747**

Assets pledged and assets subject to ownership or usage restrictions

As at 31 December 2024 (end of day), the Bank held assets with restricted use with the following carrying amounts:

- Guarantee deposits for settlements with the international payment system Mastercard – UAH 1,682 thousand
- Guarantee collateral (principal) for settlements with the international payment system Mastercard – UAH 19,866 thousand
- Guarantee deposits for settlements with the international payment system Welsend – UAH 20 thousand
- Guarantee deposits for settlements with the international payment system Apple Pay – UAH 28 thousand

No other assets are subject to ownership, usage, or disposal restrictions.

28. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between knowledgeable, willing, and independent parties. The fair value of financial assets that are actively traded on an active market is determined based on quoted prices in such markets. If the market for a financial instrument is not active, or if current prices are not available or there are no directly comparable instruments, the Bank determines the estimated fair value using valuation techniques and assumptions specific to each class of financial assets or financial liabilities.

When the market for a financial instrument is not active, the Bank determines fair value using the following methods:

• Valuation based on the most recent market transactions between knowledgeable, willing, and independent parties;

• Reference to the current fair value of another instrument that is substantially the same (in terms of currency, maturity, interest rate type, cash flow structure, credit risk, collateral, and other relevant factors);

• Discounted cash flow analysis, among others.

Financial instruments measured at fair value for disclosure purposes are categorised into three levels of the fair value hierarchy based on the observability of inputs, as follows:

• Level 1 – valuations based on quoted prices (unadjusted) in active markets for identical instruments that are readily and regularly available;

• Level 2 – valuations based on inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. Typically, these include quoted prices for similar instruments on markets that are not considered active;

• Level 3 – valuations based on unobservable inputs that are significant to the overall fair value measurement.

Table 28.1. Analysis of financial instruments measured at amortised cost

In thousands of hryvnias	**31 December 2024**		**31 December 2023**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Financial assets				
Cash and cash equivalents:	3 248 828	3 248 828	2 109 911	2 109 911
– Cash on hand	*123 023*	*123 023*	*165 037*	*165 037*
– Funds with the National Bank of Ukraine (excluding mandatory reserves)	*60 508*	*60 508*	*92 291*	*92 291*
– Correspondent accounts, deposits, and overnight loans in other banks	*186 012*	*186 012*	*263 607*	*263 607*
Certificates of deposit issued by the National Bank of Ukraine	*2 879 285*	*2 879 285*	*1 588 976*	*1 588 976*
Loans and advances to customers:	465 958	465 958	586 810	586 810
– Loans to legal entities	*441 942*	441 942	*539 192*	*539 192*
– Loans to individuals	*24 016*	24 016	*47 618*	*47 618*
Other financial assets	12 703	12 703	9 504	9 504
Total financial assets at amortised cost	**3 727 489**	**3 727 489**	**2 706 225**	**2 706 225**
Financial liabilities				
Customer accounts:	4 105 204	4 105 204	3 519 136	3 519 136
– Legal entities	*3 482 680*	*3 482 680*	*2 912 019*	*2 912 019*
– Individuals	*622 524*	*622 524*	*607 117*	*607 117*
Other financial liabilities:	74 426	74 426	24 515	24 515

– Other payables from transactions with the Bank's customers	*18 771*	*18 771*	*7 997*	*7 997*
– Guarantee commission payables	*10 062*	*10 062*	*13 082*	*13 082*
– Dormant customer account balances	*45 593*	*45 593*	*3 436*	*3 436*
Total financial liabilities at amortised cost	**4 179 630**	**4 179 630**	**3 543 651**	**3 543 651**

Table 28.2. Analysis of financial instruments by fair value hierarchy levels for 2024

In thousands of hryvnias	**Fair value by valuation hierarchy levels**			**Total fair value**	**Total carrying amount**
	Level I	**Level II**	**Level III**		
Financial assets					
Cash and cash equivalents:	3 248 828	-	-	3 248 828	3 248 828
– Cash on hand	*123 023*	-	-	*123 023*	*123 023*
– Funds with the National Bank of Ukraine (excluding mandatory reserves)	*60 508*	-	-	*60 508*	*60 508*
– Correspondent accounts, deposits, and overnight loans in other banks	*186 012*	-	-	*186 012*	*186 012*
Certificates of deposit issued by the National Bank of Ukraine	*2 879 285*	-	-	*2 879 285*	*2 879 285*
Loans and advances to customers:	-	-	465 958	465 958	465 958
– Loans to legal entities	-	-	*441 942*	*441 942*	*441 942*
– Loans to individuals	-	-	*24 016*	*24 016*	*24 016*
Other financial assets	-	-	12 703	12 703	12 703
Total financial assets at amortised cost	**3 248 828**	-	**478 661**	**3 727 489**	**3 727 489**
Financial liabilities					
Customer accounts:	-	-	4 105 204	4 105 204	4 105 204
– Legal entities	-	-	*3 482 680*	*3 482 680*	*3 482 680*
– Individuals	-	-	*622 524*	*622 524*	*622 524*
Other financial liabilities:	-	-	74 426	74 426	74 426
– Other payables from transactions with the Bank's customers	-	-	*18 771*	*18 771*	*18 771*
– Guarantee commission payables	-	-	*10 062*	*10 062*	*10 062*
– Dormant customer account balances	-	-	*45 593*	*45 593*	*45 593*
Total financial liabilities at amortised cost	**-**	**-**	**4 179 630**	**4 179 630**	**4 179 630**

Table 28.3. Analysis of financial instruments by fair value hierarchy levels for 2023

In thousands of hryvnias	**Fair value by valuation hierarchy levels**			**Total fair value**	**Total carrying amount**
	Level I	**Level II**	**Level III**		
Financial assets					
Cash and cash equivalents:	2 109 911	-	-	2 109 911	2 109 911
– Cash on hand	*165 037*	-	-	*165 037*	*165 037*
– Funds with the National Bank of Ukraine (excluding mandatory reserves)	*92 291*	-	-	*92 291*	*92 291*
– Correspondent accounts, deposits, and overnight loans in other banks	*263 607*	-	-	*263 607*	*263 607*
Certificates of deposit issued by the National Bank of Ukraine	*1 588 976*	-	-	*1 588 976*	*1 588 976*
Loans and advances to customers:	**-**	**-**	586 810	586 810	586 810
– Loans to legal entities	-	-	*539 192*	*539 192*	*539 192*
– Loans to individuals	-	-	*47 618*	*47 618*	*47 618*
Other financial assets	-	-	9 504	9 504	9 504
Total financial assets at amortised cost	**2 109 911**	-	**596 314**	**2 706 225**	**2 706 225**
Financial liabilities					
Customer accounts:	-	-	3 519 136	3 519 136	3 519 136
– Legal entities	-	-	*2 912 019*	*2 912 019*	*2 912 019*
– Individuals	-	-	*607 117*	*607 117*	*607 117*
Other financial liabilities:	-	-	24 515	24 515	24 515
– Other payables from transactions with the Bank's customers	-	-	*7 997*	*7 997*	*7 997*
– Guarantee commission payables	-	-	*13 082*	*13 082*	*13 082*
– Dormant customer account balances	-	-	*3 436*	*3 436*	*3 436*
Total financial liabilities at amortised cost	**-**	**-**	**3 543 651**	**3 543 651**	**3 543 651**

29. TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 Related Party Disclosures, related parties are those that have the ability to control, or significantly influence, the financial and operating decisions of the other party.

The Bank identifies related parties in accordance with Article 52 of the Law of Ukraine "On Banks and Banking Activities".

Table 29.1. Balances from transactions with related parties as at 31 December 2024

In thousands of hryvnias	**Major shareholders of the Bank**	**Major shareholders of the Bank**	**Other related parties**
Customer accounts	68	3 154	539
Loans and advances to customers	-	39	-
Allowance for loan impairment	-	(8)	-
Other liabilities	-	5 348	-

Table 29.2. Income and expenses from transactions with related parties for 2024

In thousands of hryvnias	**Major shareholders of the Bank**	**Major shareholders of the Bank**	**Other related parties**
Interest income	-	8	-
Fee and commission income	30	67	67
Foreign currency revaluation	-	-	-
Other operating income	2	19	39
Interest expense	-	(128)	(38)
Impairment of financial assets (provisioning)	-	1	-
Staff costs	-	(39 539)	-
Other administrative and operating expenses	-	(26)	(9)

Table 29.3. Balances from transactions with related parties as at 31 December 2023

In thousands of hryvnias	**Major shareholders of the Bank**	**Major shareholders of the Bank**	**Other related parties**
Customer accounts	216	2 230	131
Loans and advances to customers	-	16	-
Allowance for loan impairment	-	(1)	-
Other liabilities	-	3 214	-

Table 29.4. Income and expenses from transactions with related parties for 2023

In thousands of hryvnias	**Major shareholders of the Bank**	**Major shareholders of the Bank**	**Other related parties**
Interest income	-	8	-
Fee and commission income	679	108	231
Foreign currency revaluation	-	-	-
Other operating income	134	24	26
Interest expense	-	(87)	(38)
Staff costs	-	(14 609)	-
Other administrative and operating expenses	-	(16)	(11 315)

Table 29.5. Compensation of key management personnel

In thousands of hryvnias	**2024**		**2023**	
	Expenses	**Accrued liability**	**Expenses**	**Accrued liability**
Short-term employee benefits	38 921	5 212	14 448	3 179
Termination benefits	618	136	161	35

30. EVENTS AFTER THE REPORTING DATE

In 2024, a scheduled on-site inspection was conducted at JSC “RWS BANK” concerning specific aspects of its operations related to compliance with the legislation of Ukraine governing the prevention and counteraction of the legalisation (laundering) of proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction. The inspection also covered compliance with foreign exchange regulations, taking into account the restrictions established by Resolution No. 18 of the Board of the National Bank of Ukraine dated 24 February 2022 “On the operation of the banking system during martial law” (as amended), and legislation on the implementation of special economic and other restrictive measures (sanctions).

The inspection covered the period from 1 January 2022 to 29 February 2024 (inclusive), with consideration of all events occurring from 1 March 2024 to 1 July 2024.

On 25 December 2024, the Bank received a letter from the National Bank of Ukraine dated 25 December 2024 No. 25-0012/96721/BT “On the application of enforcement measures”, which communicated the Decision of the Committee on Banking Supervision and Regulation and Oversight of the Payment Infrastructure of the National Bank of Ukraine dated 23 December 2024 No. 24/1812-rk/BT on the imposition of a fine on JSC “RWS BANK” (hereinafter – the “Decision”).

In accordance with the Decision, a fine in the amount of UAH 135 150 000.00 (one hundred thirty-five million one hundred fifty thousand hryvnias) was imposed on the Bank. The fine was to be paid within five (5) business days from the date the Bank received the Decision and was paid by the Bank on 1 January 2025.

The amount of the fine was recognised as an expense in January 2025, which led to a significant decrease in the Bank’s capital and a breach of the N1 (Regulatory Capital), NRK (Capital Adequacy Ratio), and N7 (Maximum Credit Exposure to a Single Counterparty) regulatory ratios. The Bank disagreed with the decision to impose the fine and initiated legal proceedings to challenge the applied enforcement measures. A claim was filed with the Kyiv District Administrative Court seeking to declare the Committee’s decisions unlawful and to have them annulled.

The Bank's management considers the probability of a positive court decision for JSC “RWS BANK” to be very high.

At the same time, the Bank developed and submitted a capitalisation programme to the National Bank of Ukraine, which provides for an increase in regulatory capital through the attraction of funds under a subordinated debt arrangement, the sale of non-core assets owned by the Bank, and the enhancement of income-generating activities.

During February–March 2025, as a result of profitable operations in 2025, the Bank’s regulatory ratios gradually improved. Regulatory capital increased from UAH 108.6 million to UAH 119.9 million; the capital adequacy ratio (NRK) rose from 7.7884% to 8.4225%; and the N7 ratio (maximum credit exposure to a single counterparty) decreased from 44.88% to 40.25%.

All other prudential ratios are in compliance, and the Bank’s liquidity is maintained at an adequate level.

On 18 April 2025, the Bank attracted UAH 100 million in subordinated debt from a legal entity.

Upon approval by the NBU and inclusion of this amount in the Bank’s capital, all regulatory ratios, including capital adequacy, will be brought into compliance with the required thresholds.

AC Crowe Ukraine
33 Obolonska Naberezhna
Kyiv 04210, Ukraine
Tel. +380 44 3913003
office@crowe-ac.com.ua
www.crowe.com.ua

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JSC «RWS BANK»

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JOINT STOCK COMPANY «RWS BANK» (the Bank), which comprise The statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Bank as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and meets the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding the preparation of financial statements.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which disclose that on February 24, 2022, Russian troops launched an invasion of Ukraine and active hostilities are currently taking place.

We draw attention to Note 30 in the financial statements, which discloses that in January 2025, the Bank recognized expenses in the form of a fine in the amount of UAH 135,150 thousand, as a result of which the Bank's regulatory capital decreased below the minimum required amount of UAH 200,000 thousand. As of the current date, the Bank has raised additional funds in the amount of UAH 100,000 thousand and is in the process of registering them as subordinated debt. These events or conditions, together with other matters set out in Note 2 and Note 30, indicate that there is material uncertainty which may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion on this issue has not been modified.

During the audit of the financial statements, we concluded that the use of the principle of going concern by management in the preparation of financial statements is appropriate. Our assessment of management's assumptions about the Bank's ability to continue to apply the going concern basis in accounting included:

- Assessment of the negative consequences of continued military aggression on the banking sector of Ukraine;
- Assessment of events after the reporting date related to the increase of the Bank's regulatory capital;
- Analysis of the scenarios of the situation identified by the Bank's management and possible actions in response to the leadership of Ukraine, the world community and the Bank's management;
- Analysis of possible changes in the basic indicators of the Bank's activities in terms of asset impairment, falling volumes and margins of banking operations;
- Analysis of regulatory capital adequacy and liquidity, ways to maintain them at a sufficient level.

We have found that forecasts of the situation and the corresponding negative consequences are very difficult to build due to the unpredictability of the actions of the leadership of the aggressor country. At the same time, management assumptions about the most likely scenarios are relevant.

Our responsibilities and the responsibilities of management for going concern are described in the relevant sections of this report.

Emphasis of matter paragraph

We draw attention to note 30 of the financial statements, which states that according to the decision of the Committee on Supervision and Regulation of Banks, Oversight of Payment Infrastructure of the National Bank of Ukraine dated 23.12.2024 No. 24/1812-рк/БТ, a penalty in the amount of UAH 135,150 thousand was applied to the Bank and recognized as expenses in January 2025. Our opinion was not modified in respect of this matter.

Key Audit Matters

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

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

Key Audit Matter	***How the Key Audit Matter Was Considered in Our Audit***
Provision for loan impairment (Note 7) The estimation of expected credit losses is a key area of professional judgment of the Bank's management. Identifying of impairment and determination of amount of expected reimbursement include some assumptions and analysis of different factors, including the financial position of borrower, expected future cash flow and fair value of collaterals. The use of various assumptions may be result of various estimates of expected credit losses. Taking into account the materiality of financial assets balances and a certain level of subjectivity of judgments, we have determined estimation of expected credit losses as the key matter of the audit.	In testing expected credit losses we performed the following significant audit procedures: • We assessed the methodologies used to determine expected credit losses and their compliance with IFRS • We analyzed the documentation of the processes of financial assets monitoring and credit risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of financial assets. We also assessed the processes and tested key controls regarding their design and implementation, including the relevant IT systems, and tested their effectiveness on a sample basis. • By performing analytical audit procedures, we examined the development of receivables with regard to the quality, type of care, rating and level allocation throughout the year and in comparison with the previous year. • We tested individual financial assets selected on the basis of a sample determined according to risk criteria. For defaulted loans, we assessed the Bank's estimates of the amount and timing of recoveries, taking into account collateral, and examined whether the assumptions used in the calculation were appropriate and derivable from internal or external evidence. For non-defaulted loans, we examined whether indicators of default exist. • In order to assess the appropriateness of the expected credit losses for non-defaulted loans (Stage 1 and Stage 2), we examined the

plausibility of assumptions and the statistical/mathematical appropriateness of the models used, as well as the proper application of the models. In particular, we examined the assumptions in connection with forward-looking information. Furthermore, we examined the appropriateness of the assumptions “probability of default”, “loss given default” and the level allocation model, taking into account the results of the bank's internal validations, and reperformed selected calculation steps. In addition, IT specialists tested the effectiveness of key automated controls of the IT systems relevant for the calculation.

- We assessed whether the disclosures in the notes to the financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

Valuation of investment property (Note 9) The Bank's investment property portfolio includes commercial and residential real estate, as well as land plots. Management has engaged independent appraisers to assess the fair value of investment property. The valuation of investment property depends on certain key assumptions that require significant judgment from management. For investment real estate, the key assumptions were capitalization rates and prevailing market rents. The uncertainty of management's assessment and judgment has allowed us to consider this a key audit matter.	Our key assumptions procedures used in the valuation of investment property management included: • Assessment of competence, capabilities and objectivity of independent evaluators. • Obtaining evaluation reports and meeting with independent appraisers to discuss the evaluation methodology. • Verification of the accuracy of input data on a sample basis used by independent appraisers, including rental income, operating expenses, total depreciation. • Comparing key assumptions used by independent appraisers with our own expectations using comparable market transactions and historical records by comparing capitalization rates, prevailing market rents with similar properties, estimated costs and profits. In line with our observations, the key assumptions used in management's assessment of investment property are supported by the available evidence.

Other information

The Management is responsible for any other information. Other information received as of the date of this auditor's report is Management Report for the year ended December 31, 2024 and Annual Report of the Issuer of Securities for 2024.

Our opinion on the financial statements does not extend to other information and we do not conclude with any level of confidence in respect of that other information.

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

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

Responsibilities of Management and Those Charges with Governance for the Financial Statements

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

Preparing the financial statements, management is responsible for assessment Bank's ability to continue as a going concern, disclosure, if applicable, issues regarding going concern and apply going concern as a basis for accounting, except, if the management plans to liquidate the Bank or discontinue the activity or have not any other real alternatives for it.

Supervisory Board is responsible for overseeing the process of financial reporting of the Bank.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We provide the Supervisory Board with information about the planned scope and timing of the audit and significant audit results, including any significant deficiencies in internal control measures identified by us during the audit.

We also acknowledge to the Supervisory Board that we have complied with the relevant ethical requirements for independence, and inform them of any relationship and other matters that may reasonably be considered to affect our independence and, where applicable, of appropriate safeguards.

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

Report on the requirements of other laws and regulations

Law of Ukraine "On audit of financial statements and auditing

In accordance with the Law of Ukraine "On Audit of Financial Statements and Auditing" dated December 21, 2017, No. 2258-VIII, auditors must provide additional information and assurances.

Basic information about the audit firm

Full name	AC «CROWE UKRAINE»
Location	33 Obolonska Naberezhna, Kyiv 04210
Information on inclusion in the Register of audit firms and auditors	Registration number in the Register of Auditors and Audit Entities 3681 An auditing entity that has the right to conduct a statutory audit of financial statements An auditing entity that has the right to conduct a statutory audit of the financial statements of public interest entities
Name of the body that appointed the auditing entity to conduct the statutory audit	Supervisory Board of the Bank
Date of appointment of the audit entity	06.06.2024 (Minute of the meeting of the Supervisory Board №31/24)
Duration of the audit task	6th year

We confirm that the auditor's opinion presented in the Audit Report on the financial statements is consistent with the additional report to the Supervisory Board's Audit Committee of the Bank.

We declare that no prohibited non-audit services referred to Article 6 of the Law of Ukraine "On audit of financial statements and auditing" were provided to the Bank.

The key audit partner and audit firm are independent of the Bank in conducting the audit.

We did not provide services other than statutory audit services and services disclosed in the management report or financial statements in the period covered by the financial statements and during the audit of the financial statements.

ISAs require the auditor to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The term "sufficient certainty" allows for some risk of significant monetary inconsistencies that may remain undetected; it is also assumed that the auditor cannot provide an absolute guarantee of the accuracy and completeness of the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The terms of the ISAs require that the audit be planned in such a way as to ensure that errors and inconsistencies that could materially affect the financial statements are sufficiently probable. However, because the auditor will not audit all transactions performed by the entity during the year, the audit may not provide complete assurance that errors and inconsistencies, including fraud, will be identified.

Law of Ukraine "On Securities and Stock Market"

In accordance with the Law of Ukraine "On Securities and Stock Market" dated 23.02.2006 No. 3480-IV, the issuer is obliged to engage an auditor who must express opinion on the information and verify the information regarding the components of the Annual Management Report (Management Report).

In our opinion, the report adequately reflects the information on:

- description of the main characteristics of the issuer's internal control and risk management systems;
- the list of persons who directly or indirectly own a significant shareholding in the issuer;
- restrictions on shareholders' participation and voting rights at the issuer's general meeting;
- the procedure for appointment and dismissal of the issuer's officials;
- powers of the issuer's officers.

The other sections of the report have been reviewed by us and are not inconsistent with the financial statements we have audited and our knowledge of the Bank obtained in the course of the audit.

Law of Ukraine "On Banks and Banking"

In accordance with the Law of Ukraine "On Banks and Banking Activities" dated 07.12.2000 No. 2121-III and the requirements of the National Bank of Ukraine set forth in the Resolution On the Procedure for Submitting an Audit Report on the Findings of the Annual Audit of Financial Statements, approved by Resolution of the Board of the NBU No. 90 dated 02.08.2018, the auditor must provide information (assessment) on:

- compliance (reliability of reflection) of data on the distribution of the bank's assets and liabilities by maturity in the file with statistical reporting indicators A7X "Data on the structure of assets and liabilities by maturity" prepared by the bank for submission to the National Bank as of January 1 of the year following the reporting year;
- the bank's compliance with the requirements established by the NBU regulations on internal control;
- the bank's compliance with the requirements established by the NBU regulations on internal audit;
- the bank's compliance with the requirements established by the NBU regulations on determining the amount of credit risk on active banking operations;
- the bank's compliance with the requirements established by the NBU regulations on the recognition of related parties and transactions with them;
- the bank's compliance with the requirements established by the NBU regulations on the bank's capital adequacy, which should be determined taking into account the quality of the bank's assets,
- the bank's compliance with the requirements established by the NBU regulations on accounting.

Responsibilities of Management

Management is responsible for:

- preparing statistical reports on the structure of assets and liabilities by maturity, which are prepared by the Bank for submission to the NBU;
- developing, implementing and maintaining an accounting system in accordance with the requirements of the Law of Ukraine "On Banks and Banking" and the NBU regulations;
- development, implementation and maintenance of the internal control system in accordance with the requirements of the Law of Ukraine "On Banks and Banking" and the NBU regulations;
- functioning of the internal audit service in accordance with the requirements of the Law of Ukraine "On Banks and Banking" and the NBU regulations;
- calculation and formation of provisions for active banking operations;
- development, implementation and maintenance of procedures for recognizing related parties and conducting transactions with them;
- ensuring compliance with the NBU's capital requirements.

Procedures and results

Distribution of the Bank's assets and liabilities by maturity

The assessment of compliance (reliability of reflection) of the distribution of the Bank's assets and liabilities by maturity in the form of statistical reporting on the structure of assets and liabilities by maturity, which is prepared by the bank for submission to the NBU, was carried out by sample testing the account balances in terms of their distribution by maturity.

We have not identified any facts that would indicate a discrepancy in the distribution of the bank's assets and liabilities by maturity in the statistical reporting form A7X "Data on the structure of assets and liabilities by maturity" as of 01.01.2025.

Internal control

An assessment of the Bank's compliance with internal control was made by analyzing the Bank's internal regulatory framework, the results of tests of controls and other procedures performed during the audit of the financial statements related to internal control.

We have not identified any facts that would indicate that the Bank's internal control system does not meet the NBU requirements.

Internal audit

The Bank's compliance with the internal audit requirements was assessed by analyzing the Bank's internal regulatory framework and reviewing the work of the internal audit function in the reporting period.

We have not identified any facts that would indicate that the Bank's internal audit functioning does not meet the NBU requirements.

Determination of credit risk amount

The assessment of the credit risk exposure on active banking operations was carried out by sample testing of the Bank's financial assets, performed during the audit of the financial statements.

We have not identified any material deviations in the Bank's determination of the credit risk exposure on active banking operations as at 31.12.2024.

Related parties and transactions with them

The assessment of the recognition of related parties and transactions with them was performed by analyzing the Bank's internal regulatory framework, sample assessment of the Bank's counterparties for relatedness performed during the audit of the financial statements, sample assessment of the size of transactions with related parties, analysis of compliance with the established standards.

We have not identified any facts that would indicate improper recognition of related parties and transactions with them, or violation of the regulations on transactions with related parties.

Capital adequacy of the bank

The Bank's capital adequacy was assessed by reviewing the Bank's compliance with the regulatory requirements established by law and the NBU.

As at 31.12.2024, the Bank's authorized capital amounted to UAH 300 039 thousand (Note 15), which corresponds to the amount established by the Instruction on the Procedure for Regulation of Bank Activities in Ukraine approved by NBU Board Resolution No.368.

Taking into account the information disclosed in the Emphasis of matter paragraph, as at 31.12.2024 the Bank's regulatory capital amounted to UAH 202 387 thousand (Note 26), which corresponds to the amount established by the Instruction on the procedure for regulating the activities of banks in Ukraine, approved by the NBU Resolution No. 368. In January 2025, the Bank recognized expenses in the form of a fine in the amount of UAH 135 150 thousand, as a result of which the Bank's regulatory capital decreased below the minimum required amount of UAH 200 000 thousand (Note 30). As of the current date, the Bank has raised additional funds in the amount of UAH 100 000 thousand and is in the process of registering them as subordinated debt.

According to the financial statements in 2024, the Bank complied with all the standards established by the Instruction on the Procedure for Regulation of Banks in Ukraine.

Accounting

The assessment of accounting was made by analyzing the Bank's internal regulatory framework, the results of procedures performed during the audit of the financial statements related to accounting.

In 2025, the Bank paid and recognized expenses for the fine imposed by the National Bank of Ukraine in 2024 in the amount of UAH 135 150 thousand. The period of expense recognition is the judgment of the Bank's management.

We have not identified any other facts that would indicate that the Bank's accounting system does not comply with the NBU and IFRS.

Restrictions on use and distribution

The above information (assessment) is intended for the information and use of the Bank's management and the National Bank of Ukraine and may not be used by any other party. When reading this report, it is necessary to take into account the limited nature of the procedures for assessing issues related to the Bank's operations, organization of the accounting and internal control system, as described above. In addition, it should be noted that the criteria for our assessment of matters related to the Bank's operations, accounting and internal control may differ from those applied by the National Bank of Ukraine.

Requirements for information related to the audit or review of financial statements of capital market participants and organized commodity markets, supervision which is carried out by the National Securities and Stock Market Commission

In accordance with the Information requirements related to audit or review of financial statements of capital market participants and organized commodity markets, supervision which is carried out by National Securities and Stock Market Commission, approved by the NSSMC Decision No. 555 dated 22.07.2021, the auditors must provide additional information and assurances.

Basic information about the audit firm

Identification code of the legal entity	33833362
Web page / website of the audit entity	www.crowe.com.ua
Date and number of the audit agreement	№24/1972-F from 18.06.2024
Start and end date of the audit	01.12.2024 – 25.04.2025

Information about the Bank

Full name (within the meaning of the Civil Code of Ukraine) of the legal entity	JOINT STOCK COMPANY "RWS BANK"
The auditor's opinion/conclusion on the full disclosure by the legal entity (applicant or participant in capital markets and organized commodity markets) of information about the ultimate beneficial owner (if any) and ownership structure as of the date of the audit or review, in accordance with the requirements established by the Regulation on the Form and Content of the Ownership Structure, approved by the order of the Ministry of Finance of Ukraine dated 19.03.2021 No. 163	Information on the ultimate beneficial owner and ownership structure is fully disclosed in accordance with the requirements established by the Regulation on the Form and Content of the Ownership Structure, approved by the order of the Ministry of Finance of Ukraine dated 19.03.2021 No. 163, on the Bank's website https://rwsbank.com
Information on whether the entity is a controller/participant of a non-bank financial group	no
Information on whether the business entity is an public interest entity	yes
Information on the entity's parent companies, including their name, legal form, location (if any)	no
Information on the company's subsidiaries, including their name, legal form, location (if any)	no
The auditor's opinion on the correctness of the calculation of prudential indicators established by the regulatory legal act of the NSSMC for the	The NSSMC has not established prudential indicators for banking institutions

relevant type of activity for the reporting period (for professional participants in capital markets and organized commodity markets)	
Information on the results of the audit of the financial and economic activities of a joint stock company based on the results of the financial year prepared by the audit committee (auditor), the provision of which is provided for by part four of Article 75 of the Law of Ukraine "On Joint Stock Companies" (for joint stock companies)	The Revision Commission is not established by the Bank's Charter

The engagement partner on the audit resulting in this independent auditor's report is Oleksandr Konovchenko.

For and on behalf of AC CROWE UKRAINE

Audit Director
Registered Auditor #100594

Vitaliy HAVRYSH

Engagement partner
Registered Auditor #101572

Oleksandr KONOVCHENKO

Kyiv, Ukraine

April 25, 2025