JSC KREDOBANK

SEPARATE ANNUAL REPORT
2024

CONTENTS

SEPARATE MANAGEMENT REPORT FOR THE YEAR 2024

ADDRESS FROM THE CHAIRMAN OF THE SUPERVISORY BOARD JOINT STOCK COMPANY «KREDOBANK»

On behalf of the Supervisory Board, I am pleased to present the Management Report for 2024. I express my deepest gratitude to our clients and employees for their long-standing trust in JSC “KREDOBANK” — not only during the period of economic prosperity but also within the hard wartime.

Despite the sharp downturn in operating conditions caused by Russia’s aggression and the full-scale war, JSC “KREDOBANK” continued its operations throughout the previous year in accordance with its chosen strategic priorities, albeit with significantly constrained resources and limited capacity for action. The priority was to ensure the continuity of operations and services under wartime conditions, with particular attention to the protection of the lives and health of employees and clients. The results achieved by the Bank underscore the soundness of its strategic priorities and the implementation of appropriate measures to adapt its activities to the challenging wartime circumstances.

Looking forward to 2025, JSC “KREDOBANK” remains committed to advancing its strategic priorities while upholding the flexibility necessary to navigate unpredictable and rapidly changing circumstances. The Management Board of the Bank diligently assesses all risks and constantly monitors the situation to ensure adequate measures not only in response to current events and challenges but also to new opportunities, including those related to Ukraine’s reconstruction processes.

On behalf of the Supervisory Board, I wish to convey words of support to Ukraine and its citizens, including Ukrainian entrepreneurs. JSC “KREDOBANK” has been and remains a systemically important and stable element of Ukraine’s banking sector. Its lending activities support the Ukrainian economy, while its operational continuity enables the delivery of high-quality banking services and ensures the safety of clients' savings.

ADDRESS FROM THE CHAIRMAN OF THE MANAGEMENT BOARD JOINT STOCK COMPANY «KREDOBANK»

The results of JSC «KREDOBANK» in 2024 confirm the Bank's stability and operational efficiency, even under the conditions of full-scale war. Importantly, we succeeded in preserving and strengthening our clients' trust — customer funds increased by UAH 5.7 billion. For our clients, key priorities remain the stable maintenance of accounts, execution of domestic transfers, currency purchases within legally permitted limits, and access to savings and deposit options. We continue to meet these expectations.

In 2024, the Bank actively contributed to financing the Ukrainian economy , issuing a total of 8.3 billion UAH in new loans, with 99% of the total volume granted to corporate borrowers. The Bank expanded its cooperation with international financial institutions to attract guarantees for lending to Ukrainian businesses. The Bank expanded its cooperation with international financial institutions to attract guarantees for lending to Ukrainian businesses. As a result, the volume of guarantees from the European Commission was increased to EUR 30 million, and an additional USD 40 million in guarantees was secured from the U.S. International Development Finance Corporation (DFC) to support lending in front-line areas. The Bank's equity increased by 21% in 2024. In 2025, JSC «KREDOBANK» will continue to expand its business lending programmes in cooperation with international financial institutions, supporting Ukraine's recovery and reconstruction efforts.

JSC «KREDOBANK» has developed a new Strategy titled «A Safe Bank in Dangerous Times». The Strategy has been preliminarily approved by the Bank's Management Board and submitted to the sole Shareholder for alignment, after which its final approval by the Supervisory Board is expected. The new Strategy takes into account the impact of Russian aggression and the ongoing war on the banking sector and the operations of the Bank. It is focused on maintaining the Bank's resilience and preparing for the reconstruction of Ukraine. At the same time, the current high level of uncertainty and market volatility requires the Bank to remain flexible in its planning and actions to ensure a swift and effective response to change.

In this context, a key factor determining the long-term resilience of JSC «KREDOBANK» to external challenges and threats will remain the comprehensive support provided by its strategic shareholder – the largest Polish bank, PKO Bank Polski S.A.

1. NATURE OF BUSINESS

1.1. External operating environment

The full-scale war remains the key risk to Ukraine's economic development. Russian aggression continues to pose significant threats to the country's economic potential, particularly through the loss of human capital, territories, and production capacity. The pace of economic normalisation will depend on the nature and duration of the hostilities.

The main risks stemming from Russian aggression remain unchanged:

- additional fiscal pressures, primarily to support national defence;
- the potential for further tax increases, which—depending on their parameters—may amplify inflationary pressures;
- continued damage to infrastructure, particularly in the energy sector, which may constrain economic activity and increase supply-side price pressures;
- deepening negative migration trends and a further widening of the labour shortage in the domestic market.

In the second half of 2024, inflation accelerated. The annual consumer price index growth reached 12.0% by year-end. Temporary factors, including the impact of weaker harvests, contributed significantly to the increase. However, underlying inflationary pressure also intensified due to higher business costs for raw materials, energy, and wages amid a persistent labour shortage.

Throughout 2024, the economy continued to recover, driven by effective adaptation to wartime conditions. However, this recovery gradually slowed, reflecting the deterioration in the security situation, weaker external demand, and a lower harvest. According to NBU estimates, real GDP grew by 3.4% over the year.

The NBU forecasts that real GDP growth will accelerate to 3.6%–4.2% annually in 2025–2027, supported by rising household incomes, a recovery in private consumption, and increased investment in reconstruction.

The stability of the foreign exchange market is expected to be supported by a high level of international reserves and continued external assistance.

Since mid-2023, net hryvnia-denominated corporate lending has shown sustained growth. The share of non-subsidised loans to businesses has been rising, supported by a further decline in lending rates for corporate borrowers. At the same time, banks increased their investments in domestic government bonds (OVDPs) in 2024. Despite the retrospective imposition of a higher corporate income tax rate, banks maintained strong profitability, supported by stable interest margins and growth in net fee and commission income, while provisioning costs remained moderate. The sector remains well-capitalised to meet regulatory requirements and support further lending activity.

Information on the macroeconomic environment in which the Bank operates is also disclosed in Note 2 to the Annual Financial Statements.

1.2. Information about executives and officers.

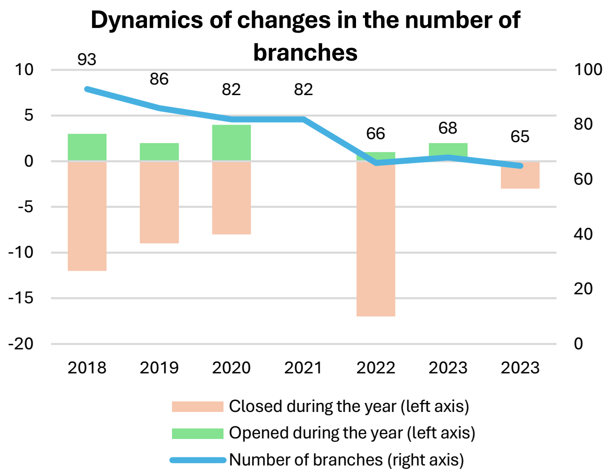
Information on the composition of the Supervisory Board and the Management Board of JSC «KREDOBANK» (hereinafter – JSC «KREDOBANK» or the Bank), as well as changes during 2024, is provided in Section 8.3 – «Personal composition of the Supervisory Board and the Management Board, their committees, information on meetings held and general overview of decisions made» of this Report.

1.3. Availability of structural divisions

As at the end of 2024, the Bank's organisational structure consisted of the Head Office and 65 branches.

The Bank's branch network covers almost all regions of Ukraine, with the exception of Luhansk and Donetsk regions and the territory of the annexed Autonomous Republic of Crimea.

During the reporting year, the number of branches decreased by three, due to the closure of branches in Kharkiv, Zaporizhzhia, and Cherkasy. In addition, one branch in Lviv was relocated to new premises, and several others were modernised in line with the Bank's standards.



The operations of certain branches were temporarily suspended during the reporting period due to safety considerations for clients and staff, as well as the need to repair physical damage caused by shelling.

Additional sales channels of the Bank include a proprietary ATM network comprising over 230 units and approximately 90 self-service terminals, as well as modern remote service systems accessible via the Internet and telephone.

1.4. Information on the acquisition of shares

During 2024, the Bank did not purchase any of its own ordinary registered shares for its own account.

1.5. Brief description of the current business model, main products and services

According to the assessment of banks conducted as part of banking supervision, and taking into account the Bank's size within the banking system, as well as the structure and complexity of its operations, the National Bank of Ukraine (NBU) classifies JSC «KREDOBANK» as a Category 3 bank (large universal) with a «universal» business model.

The Bank provides services to both individual clients and corporate customers, including small and medium-sized enterprises. Accordingly, the Bank's key business lines and products include:

Business line	Key products
Retail Banking	Packages for individual customers, deposit products (both term deposits and on-demand deposits), cash and settlement transactions (in the medium term – consumer loans and mortgage loans).
Small and Medium-Sized Enterprises (SMEs)	Lending under government support programmes, lending under EBRD guarantees, lending under credit guarantee schemes of the European Commission and the Polish development bank, SME packages, foreign trade services, attraction of free funds (medium-term perspective: overdrafts, investment loans, leasing).
Corporate Banking	Lending under government support programmes, packages for corporate clients, foreign trade services, attraction of free funds (medium-term perspective: overdrafts, investment loans, leasing).
Treasury Operations	Investments in domestic government debt instruments, NBU deposit certificates, foreign securities.

Given the significant increase in credit risk under the conditions of Russian aggression, the Bank introduced restrictions on the growth of the retail loan portfolio. At the same time, this has not affected the Bank's market positioning — it continues to provide services to individual clients, corporate clients, and SMEs. Even during wartime, the Bank remains an active lender in the corporate and SME segments, thereby contributing to the recovery of Ukraine's economy.

1.6. Awards and recognitions received

During the reporting period, the Bank's strong financial position and reliability, high-quality product offering aligned with client needs and expectations, as well as its corporate social responsibility initiatives, were recognised by market experts.

- In 2024, the Bank received the following awards and recognitions:
- 1st place in the Reliability of Bank Deposits rating by Standard-Rating agency;
- 2nd place in the Viability of Ukrainian Banks rating by the portal mind.ua;
- 3rd place in the «Best Bank for Legal Entities» category of the nationwide annual FinAwards;
- 3rd place in the Financial Reliability of Ukrainian Banks ranking by YouControl counterparty monitoring system;
- 4th place in the Bank Resilience ranking by the financial portal Minfin;
- 5th place in the «Best Deposit Terms» and «Best Services for IT» categories of the annual «Best Banks of Ukraine 2024» competition by the online media outlet Delo.ua;
- 6th place in the Reliable Banks of Ukraine ranking by the web portal Forinsurer;
- 9th place in the Retail Bank Reliability ranking 2024 by Focus magazine;
- 10th place in the «TOP-50 Best Places to Work» ranking by New Voice magazine;
- Winner in the «Finance» category of the «Conscientious Taxpayers 2023» award by the Association of Taxpayers of Ukraine.

2. STRATEGIC OBJECTIVES AND EXECUTION STRATEGY

2.1. Key action priorities and expected outcomes

The Bank has developed a new Strategy titled «A Safe Bank in Dangerous Times». The Strategy has been approved by the Management Board and submitted for alignment with the sole Shareholder – PKO Bank Polski S.A. It covers the period 2025–2027, which is considered optimal in light of both the ongoing war and the high degree of uncertainty, as well as the timeline of the current strategy of PKO Bank Polski S.A.

The Bank's mission is to be a reliable financial partner for our Clients and an attractive employer for our Employees. As a member of the capital group of Poland's largest bank – PKO Bank Polski S.A. – the Bank strives to offer the right financial solutions, implement modern technologies, foster international cooperation, and support the Ukrainian economy.

The Bank's long-term vision is to be an effective and secure institution that creates value for Clients, Employees, and the Shareholder. The core values of the Bank, as a member of the PKO Bank Polski S.A. capital group, are: Partnership, Growth, and Impact.

In line with the new Strategy, JSC «KREDOBANK» remains a universal bank delivering high-quality services across all customer segments. However, priority attention will be given to the corporate and SME segments, given their increasing contribution to the Bank's income structure and their key role in rebuilding Ukraine's economy.

A crucial factor in ensuring the Bank's resilience to external threats continues to be strong support from the Shareholder, provided through both financial investments and technological and methodological assistance, enabling the Bank to effectively leverage the experience of the Polish financial market.

2.2. Key performance indicators.

The Bank's success is measured by the achievement of the business objectives defined in the Strategy, the growth of the customer base, compliance with regulatory requirements, and other relevant factors.

2.3. Key updates to strategic objectives and achievements during the reporting period.

No material changes in the Bank's objectives or achievements occurred during the reporting period.

2.4. Disclosure of research and development activities.

During the reporting period, the Bank did not engage in research and development activities, except for periodic monitoring and analysis of market conditions, interest rate trends, and competition in the banking sector, as well as customer surveys, which are part of the Bank's ongoing business operations.

3. RESOURCES, RISKS AND RELATIONSHIPS

3.1. Key financial and non-financial resources.

Capital

The key financial resource ensuring the Bank's financial stability and enabling access to additional market funding is the share capital contributed by the Shareholder, amounting to UAH 2 249 million (unchanged during 2024), as well as reserve and other funds totaling UAH 2 849 million (increased by UAH 1 222 million over the course of 2024).

As of 31 December 2024, the Bank's regulatory capital amounted to UAH 5 771 million, having increased by UAH 337 million, or 6.5%, during the year. Each of the prudential capital ratios — namely: the regulatory capital adequacy ratio (minimum requirement: 8.5%), the Tier 1 capital adequacy ratio (minimum: 7.5%), and the core Tier 1 capital adequacy ratio (minimum: 5.625%) —stood at 30.2% at the end of the reporting period, confirming a sufficient level of capitalisation.

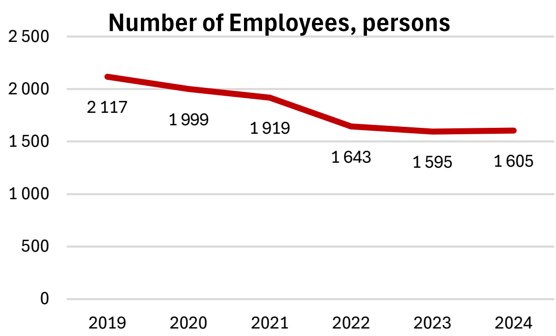
Liquidity

During the reporting period, the Bank maintained a safe level of liquidity. As at the end of 2024, the values of prudential liquidity ratios were as follows:

- Liquidity Coverage Ratio in foreign currency (LCRfc) – 393.71% (end of 2023: 374.55%; minimum required: 100%);
- Liquidity Coverage Ratio in all currencies (LCRac) – 244.20% (end of 2023: 257.38%; minimum required: 100%);
- Net Stable Funding Ratio (NSFR) – 277.09% (end of 2023: 249.54%; minimum required: 100%).

Personnel

A key non-financial resource of the Bank is its human capital – the Bank's personnel and their intellectual capabilities. As at 31 December 2024, the total headcount amounted to 1,605 employees, which represents an increase of 10 persons, or 1%, compared to the end of 2023.The vast majority of the Bank's employees (88%) hold a higher education degree, and the average age of employees is 40 years. In terms of gender distribution, women make up 73% of the total workforce.



3.2. Risk management system, strategy and policy.

Risk management is one of the key strategic functions of the Bank in the area of banking operations, through which the Bank identifies, assesses, monitors, and controls its level of risk. The fundamental principles of risk management are defined in the Bank's Risk Management Strategy. This strategy provides for the continuous analysis of existing and potential risks, their assessment, timely decision-making on their mitigation or avoidance, and control over compliance with established limits, procedures, and processes.

The Bank achieves its risk management objectives through the use of a broad set of methods and tools applied to all identified types of risks.

In order to define the maximum level of risk the Bank is willing to accept, the Supervisory Board has approved a Risk Appetite Statement, which outlines the aggregate risk appetite, the types of risks the Bank is prepared to accept or avoid in pursuit of its business objectives, and the individual risk appetite levels for each type of risk.

Risk management is embedded across all structural units of the Bank. The organisational structure of the risk management system is based on the allocation of responsibilities across the Bank's divisions using the three lines of defence model:

1) First line – the Bank's business units, including the trading desk and support functions. These units assume and manage risks on a day-to-day basis and report on their risk exposures.

2) Second line – the Risk Management Division and the Compliance Division, which provide oversight and control.

3) Third line – the Internal Audit Division, which is responsible for assessing the effectiveness of the risk management system.

The Bank's risk management framework involves the following parties:

- The Supervisory Board
- The Risk Management Committee
- The Management Board
- The Asset, Liability and Tariff Management Committee
- The Credit Committee
- Other collegial bodies
- The Internal Audit Department
- The Chief Risk Officer (CRO) and the Risk Management Division
- The Chief Compliance Officer (CCO) and the Compliance Division
- Business units and support functions (first line of defence).

The Supervisory Board bears ultimate responsibility for establishing a comprehensive, adequate, and effective risk management system for the risks to which the Bank is exposed. The Supervisory Board has established permanent risk management and compliance units that report directly to the Chief Risk Officer (CRO) and the Chief Compliance Officer (CCO), respectively, and has ensured their organisational independence.

The Management Board is responsible for implementing the Supervisory Board's decisions regarding the establishment and operation of the risk management system, including risk strategy and policy, risk culture, procedures, methods, and other risk control measures. The Management Board actively participates in the risk management process, including decision-making on operations involving elevated risk, based on regular reporting on the Bank's risk profile and overall risk appetite. The Bank's aggregate risk appetite is defined as the total internal capital required to cover all material risks the Bank may face in achieving its business objectives.

To ensure the effective operation of the risk management system, the Risk Management Division performs the risk-related functions set out in the Bank's Main Office Organisation Policy. The CRO leads the Risk Management function and is responsible for the activities of its units. The CRO has the right to attend meetings of the Management Board, committees, and other collegial bodies established by the Management Board, and has the right to impose a veto on decisions of such bodies if their implementation would breach the Bank's approved risk appetite and/or risk limits, or in other cases determined by the Supervisory Board. In such events, the CRO shall promptly inform the Supervisory Board or the Risk Management Committee..

The Compliance Division, in turn, performs compliance risk management functions as set out in the Bank's Main Office Organisation Policy. The CCO is responsible for the activities of this division and also has the right to attend meetings of the Management Board, committees, and other collegial bodies established by the Management Board. The CCO may impose a veto on decisions of such bodies if their implementation would result in a breach of applicable legislation, professional standards binding upon the Bank, conflicts of interest, or in other cases defined by the Supervisory Board. In such cases, the CCO shall promptly inform the Supervisory Board and/or the Risk Management Committee.

The interest rate risk

The interest rate risk of the banking book is defined as the risk of losses, additional costs, or shortfalls in expected income on the Bank's on-balance and off-balance sheet positions that are sensitive to interest rate changes, in the event of adverse movements in market interest rates.

The objective of managing interest rate risk in the banking book is to limit potential losses arising from interest rate fluctuations to a predetermined level by appropriately structuring the Bank's on-balance and off-balance sheet positions.

The Bank is also exposed to price risk in the case of early repayment of loans granted at fixed interest rates, including mortgage loans that give the borrower the right to prepay. The Bank's financial result and capital for the current year and as at the reporting date would not be materially affected by changes in the volume of early repayments, as such loans are measured at amortised cost and the amount of early repayment equals or closely approximates the amortised cost of loans and advances to customers.

Credit risk

The primary objective of the Bank's credit risk management process is to ensure lending is conducted with due consideration of all material risks associated with this activity, including risks arising from the ongoing martial law. The credit risk management process is focused on the timely identification of risks, the development of optimal principles and procedures for risk assessment, as well as ongoing oversight, control, reporting, and the application of preventive measures within the framework of the Bank's lending activities.

The Bank places a strong emphasis on implementing new mechanisms for managing and controlling credit risk, improving lending practices, and enhancing its credit risk management information systems. These efforts are aimed at ensuring an appropriate level of profitability and quality of the Bank's loan portfolio.Under martial law, the Bank has limited its lending activities and adopted a selective approach to credit origination. Lending decisions have been made at the level of the Bank's credit committees or higher. Given the current environment, the Bank is actively developing credit risk mitigation and risk-sharing instruments, including credit insurance and portfolio guarantees. Regular reporting to the Management Board and the Supervisory Board has been established regarding the level of credit risk and the results of credit risk stress testing.

The Bank is actively engaged in the development and enhancement of software tools for credit risk assessment and support of the credit decision-making process. The goal is to ensure prompt credit decisions while maintaining a minimal level of credit risk. Particular attention is given to the automation of monitoring processes and the improvement of the early warning system. The Bank continuously monitors changes in legislation and supervisory recommendations and implements the necessary adjustments to its internal documentation accordingly.

Liquidity risk

Liquidity risk is the risk of incurring losses, additional costs, or shortfalls in expected income due to the Bank's inability to fund asset growth and/or meet its obligations as they fall due.

The objective of liquidity risk management is to structure the Bank's balance sheet and off-balance sheet commitments in a way that ensures sufficient liquidity, taking into account the nature of the Bank's operations and potential needs arising from changes in the interbank market or in client behaviour.

Liquidity is maintained in the Bank through the implementation of the following operational objectives:

- the ability to process payments in national currency via the correspondent account with the National Bank of Ukraine (NBU);
- the ability to process payments in foreign currencies via nostro accounts held with Ukrainian and foreign banks;
- maintaining a minimum level of liquid assets to cover the Bank's short-term needs;
- minimising the cost of maintaining liquidity;
- forecasting liquidity needs at the financial planning stage..

The Bank has established the following liquidity limits:

- internal liquidity limits:

   - limit on actual daily cumulative mismatch;
   - limit on actual monthly cumulative mismatch;
   - limit on actual cumulative mismatch within the one-year time horizon;
   - limit on long-term asset financing;
   - limit on the ratio of highly liquid assets to current deposits;
   - limit on the ratio of liquid assets to short-term liabilities (with a maturity of up to 31 days);
   - limit on the ratio of non-interbank deposits to total deposits;
   - limit on funding concentration by the five and ten largest depositors and other creditors of the Bank / related counterparty groups / related parties.,
- liquidity ratios established by the NBU:
   - Liquidity Coverage Ratio (LCR);
   - Net Stable Funding Ratio (NSFR)..

<u>Cash Flow Risk</u>

The Bank maintains a sufficient volume of unencumbered high-quality liquid assets as a potential buffer in the event of stress scenarios, including the loss or deterioration of access to unsecured or normally available secured funding sources.

3.3. Shareholder and related party relationships.

In the reporting period, the Bank operated as a joint-stock company with a single Shareholder - PKO Bank Polski S.A., which owns 100% of the Bank's shares.

Relations with the Shareholder were conducted in accordance with applicable legislation, the Bank's Charter, and the Regulation on the Provision of Information and Documents to Shareholders regarding the Bank's Activities. The Shareholder participated in the governance of the Bank through the members of the Supervisory Board — representatives of the Shareholder — who, within the scope of authority defined by the Charter and Ukrainian legislation, safeguarded shareholder rights and oversaw the activities of the Management Board.

The Shareholder also influences the Bank's operations and decision-making through resolutions adopted on matters falling within the competence of the General Meeting of Shareholders.

The Bank identifies related parties in accordance with the requirements of Ukrainian legislation, regulations issued by the National Bank of Ukraine (NBU), and the Bank's internal policies. Transactions with related parties must not be concluded on terms that deviate from current market conditions. During the reporting period, the Bank complied with the NBU's regulatory requirements regarding transactions with related parties. As at 31 December 2024, the ratio of maximum credit exposure to related parties (N9) stood at 0.45% (regulatory limit: not more than 25%).

Detailed information on transactions with the Shareholder and related parties during the reporting period is disclosed in Note 36 – «Related Party Transactions» to the Annual Financial Statements.

4. INFORMATION ON DEVELOPMENT AND PERFORMANCE, AND FUTURE OUTLOOK

In 2024, JSC «KREDOBANK» was classified by the National Bank of Ukraine (NBU) as part of the group «Banks of Foreign Banking Groups». By Resolution of the NBU Management Board No. 70-rsh dated 29 February 2024, the status of JSC «KREDOBANK» as one of the 15 systemically important banks was confirmed. This status entails additional regulatory requirements to ensure resilience and highlights the Bank's significant role in the Ukrainian banking sector. Additionally, in 2024 the Bank successfully passed the Supervisory Review and Evaluation Process (SREP) conducted by the NBU.

In 2024, the Bank's net assets increased by 11%, reaching UAH 62 021 million (ranking 14th in the sector among 61 banks), primarily due to an increase in balances with the NBU and in the securities portfolio. This growth was driven by the revision of the reserve requirement framework for banks and the NBU's decision to allow up to 50% of total required reserves to be covered with a specified list of benchmark domestic government bonds.

In 2024, the Bank's total loan portfolio decreased slightly; however, this dynamic primarily reflects a significant reduction in the retail loan portfolio due to its gradual repayment amid continued restrictions on new retail lending. At the same time, the gross corporate loan portfolio increased by 10% year-on-year, demonstrating the Bank's contribution to the recovery of the Ukrainian economy.

New corporate loans were issued primarily under the state support programme «5-7-9». The Bank also actively sought partnerships with international financial institutions to provide additional lending support to Ukrainian businesses (including SMEs) within the framework of financing and guarantee programmes. In particular, the Bank has already signed agreements with the European Bank for Reconstruction and Development (EBRD), the European Commission, the Polish development bank Bank Gospodarstwa Krajowego (BGK), and the U.S. Development Finance Corporation (DFC). An agreement was also signed with the Export Credit Agency (ECA) to cooperate under the portfolio insurance programme for loans issued to finance export contracts.

Customer funds increased by 12% in 2024, including a growth of 11% in corporate deposits and 16% in retail deposits, reaching a total of UAH 52 229 million.

Profit before tax for 2024 decreased by 9% compared to the previous year. This dynamic reflects an 18% year-on-year increase in net interest income, a 19% year-on-year decline in net fee and commission income, and stable trading income at the level of the previous year, along with an increase in impairment losses on credit exposures. The Bank's net profit for 2024 amounted to UAH 936 million, which is 23% lower than the net profit recorded in 2023.

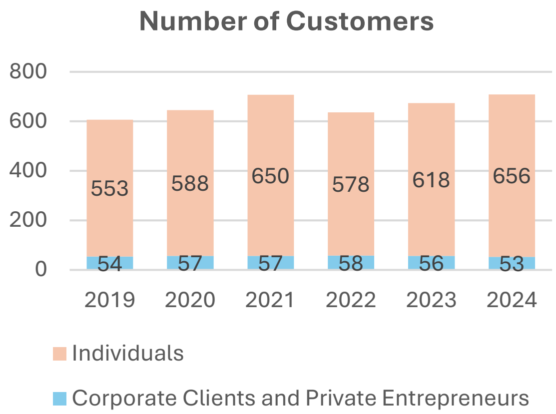
Information on the Bank's key financial indicators for recent years is presented in the table below:

Indicators (UAH million)	2019	2020	2021	2022	2023	2024	Change over the year 2024
Total assets	19 136	25 228	33 222	38 971	55 886	62 021	6 135
Loans and advances to customers	11 684	13 282	16 804	12 506	12 468	11 993	-475
Securities	3 073	6 187	7 814	9 004	21 939	27 192	5 253
Total liabilities	16 550	22 107	29 273	34 933	50 017	54 902	4 885
Customer accounts	13 962	18 320	24 518	33 013	46 464	52 229	5 765
Total Equity	2 586	3 122	3 948	4 038	5 869	7 119	1 250
Share Capital	2 249	2 249	2 249	2 249	2 249	2 249	-
Net interest income	1 473	1 779	1 987	2 160	3 235	3 819	584
Net fee and commission Income	465	473	549	515	514	417	-97
Net profit	538	531	796	142	1 212	936	-276

As at the end of 2024, the Bank served 53,000 corporate clients and private entrepreneurs and 656,000 individual customers..

In 2025, the Bank will continue operating as a going concern, with the implementation of strategic objectives taking into account external factors and within the scope of available objective capabilities.

The updated Strategy refines the Bank's strategic concept (vision, mission, and corporate values), aligning them more closely with external challenges and stakeholder expectations.



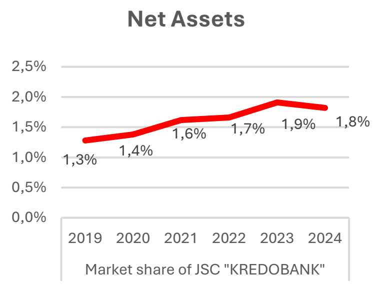
5. KEY PERFORMANCE INDICATORS.

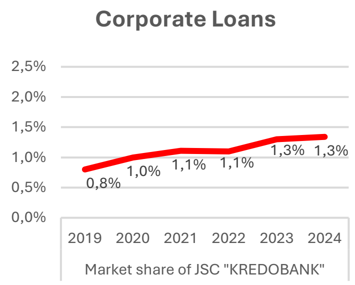
A key indicator of the Bank's performance is the return on equity (ROE). Based on the selected calculation methodology, ROE for 2024 amounted to 14.4%, reflecting the Bank's high level of efficiency despite operating under martial law, elevated risk levels, and ongoing terrorist attacks by russian aggressors on Ukrainian cities and civilian infrastructure.

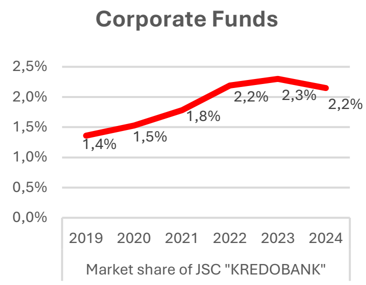
The return on assets (ROA) stood at 1.6%.

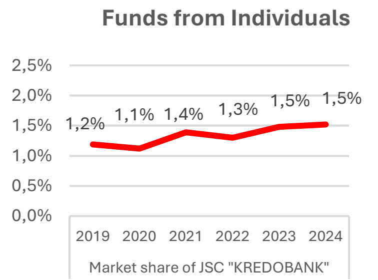
Despite persistently high inflation, which reached 12% year-on-year by the end of 2024, the Bank maintained its cost-to-income ratio (C/I) at a level of 48%. As at 31 December 2024, the Bank's net interest margin was 6.8%, which is broadly in line with the average for the banking sector.

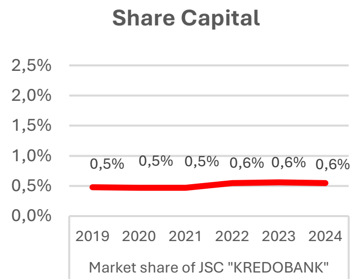
By the end of the reporting period, the Bank retained its market position across all key business indicators.[1]:

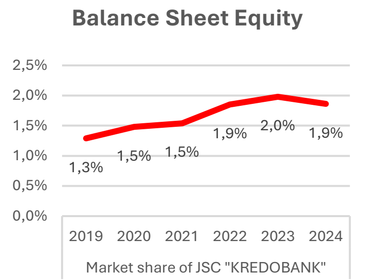












By the amount of assets, the Bank ranks 14th among the 61st Ukrainian banks. The Bank also ranks: 15th in loans to legal entities, 14th in deposits of legal entities and 13th in retail deposits, 14th in loans to individuals in the sector.

6. SUSTAINABILITY REPORT (ESG).

The key principles and approaches applied by the Bank in implementing its environmental and social responsibility are defined in the Regulation on the Core Principles of the Bank's Environmental and Social Management Policy (available on the Bank's website at the following link): https://kredobank.com.ua/public/upload/0944e4fcf145a9dd600b6402842e56e2.pdf).

The Bank's Management Board is responsible for the overall management of ESG risks. The person designated to oversee the implementation of environmental and social management standards at the Management Board level is the Deputy Chairman of the Management Board – Chief Risk Officer (CRO).

The implementation of ESG risk management standards is carried out by the Bank in accordance with best practices, applicable legislation, and the strategy of PKO Bank Polski S.A.

Based on European sustainability reporting standards, the Bank has identified ESG topics that are material to the Bank and its key stakeholders. Integrating ESG aspects into the Bank's business strategy to achieve defined targets on selected material topics is a priority for the Bank in the medium term.

[1] Based on data from the National Bank of Ukraine

Taking into account the materiality assessment conducted, the Bank is working to enhance the coverage of ESG governance issues in its Strategy for 2025–2027.

As part of improving ESG risk management practices, the Bank also ensures the disclosure of non-financial data at the level of the PKO Bank Polski S.A. Group, which, starting from 2024 results, begins reporting in accordance with the EU Corporate Sustainability Reporting Directive (CSRD).

Recognising the importance of managing environmental and social risks in lending activities, the Bank implemented an Environmental and Social Management System (ESMS) during the reporting year to incorporate environmental and social considerations into credit decision-making for agricultural clients under the government programme «Affordable Loans 5-7-9». The system complies with World Bank standards and lays the foundation for managing environmental and social risks across the entire loan portfolio.

The Bank sees business opportunities in financing clients' activities aimed at transitioning to low-emission operations, adapting to climate change, or enhancing energy independence. To support this, the Bank plans to introduce sustainable finance products and, in cooperation with international financial institutions, seeks to ensure optimal financing conditions for clients undertaking such projects.

The Bank continues to actively develop its internal ESG expertise by providing regular staff training. In 2024, particular attention was given to practical training on assessing environmental and social risks in lending. ESG-related training is an integral part of the Bank's overall training system.

7. INFORMATION ON DERIVATIVE CONTRACTS AND TRANSACTIONS WITH DERIVATIVE SECURITIES.

During 2024, the Bank did not enter into any material derivative contracts and did not execute any significant transactions involving derivative securities.

8. CORPORATE GOVERNANCE REPORT

8.1. Information on the corporate governance code followed by the Bank and/or corporate governance practices applied beyond the statutory requirements.

Pursuant to the decision of the Shareholder of JSC «KREDOBANK» No. 01/2024 dated 26 April 2024, the Bank applies the Corporate Governance Code approved by the National Securities and Stock Market Commission. Based on the same decision, the Corporate Governance Code of JSC «KREDOBANK» approved by the Shareholder's decision No. 01/2019 dated 24 April 2019 was repealed.

The Corporate Governance Code applied by the Bank is published at the following link https://kredobank.com.ua/about/misiya-ta-cinnosti/vnutrishni-normatyvni-dokumenty.

No corporate governance practices are applied beyond those required by law.

The provisions of the legislation on convening and holding the General Meeting of Shareholders are not applicable to the Bank, as the powers of the General Meeting are exercised solely by the sole Shareholder.

8.2. Information on the general meeting of shareholders (participants) and a general summary of the resolutions adopted at such meetings.

Date of Meeting	26.04.2024
Method of Holding	☑ in-person voting, location: Warsaw, Poland ☐ electronic voting ☐ survey (remote)
Convening party	The General Meeting of Shareholders was conducted pursuant to Article 60 of the Law of Ukraine «On Joint Stock Companies».
Agenda items and decisions made:	

Item 1:	**Resolution adopted:** To approve the report of the Supervisory Board of JSC «KREDOBANK» on its activities in 2023.
Item 2:	**Resolution adopted:** To recognise the performance of the Supervisory Board of JSC «KREDOBANK» in 2023 in general, as well as the performance of each individual member of the Supervisory Board and the performance of the Supervisory Board's committees, as effective.
Item 3	**Resolution adopted:** Taking into account the information on the periodic individual suitability assessment of the following members of the Supervisory Board of the Bank: Chair of the Supervisory Board R. Zalewski, N. Chukhrai, D. Klyoba, G. Oshast, B. Artemovych, and R. Zmieiko, to approve the individual assessment of compliance with the qualification requirements established by the legislation of Ukraine, the Bank's Charter and the Policy on the Assessment of the Suitability of Candidates and Members of the Supervisory Board of JSC «KREDOBANK», approved by Resolution No. 02/2023 dated 17 November 2023; and to confirm that the independent members of the Supervisory Board — S. Bukowski, N. Chukhrai, and L. Klyoba — meet the independence requirements.
Item 4	**Resolution adopted:** Based on the information resulting from the periodic individual assessment of the collective suitability of the Bank's Supervisory Board, which is attached to this resolution, it is confirmed that the members of the Supervisory Board collectively possess the appropriate combination of knowledge, skills, and professional and managerial experience necessary for the Supervisory Board, as a collegiate body, to effectively perform its duties. This includes a sound understanding of all aspects of the Bank's operations, the ability to adequately assess risks, make informed decisions, and ensure effective governance and oversight of the Bank's overall activities, taking into account the Bank's size, business model, structure, scope of operations, and risk profile.
Item 5	**Resolution adopted:** To approve the Separate Reporting of JSC «KREDOBANK» for the year 2023, including: • the Management Report, • the Annual Separate Financial Statements (prepared in accordance with International Financial Reporting Standards), showing total assets of UAH 55 886,1 million and net profit of UAH 1 211,5 million. • the Independent Auditor's Report issued by LLC AC "CROWE UKRAINE" on these financial statements, without qualifications or additional measures.
Item 6	**Resolution adopted:** To consider it inexpedient to approve an action plan based on the report and conclusions of LLC AC LLC AC "CROWE UKRAINE", as no recommendations were provided by the external auditor.
Item 7	**Resolution adopted:** To approve the Consolidated Statements of the KREDOBANK Group for 2023, including: • Management Report, • Annual Consolidated Financial Statements (prepared in accordance with International Financial Reporting Standards) with total assets amounting to UAH 55 876,4 million and net profit of UAH 1 209,4 million, • Independent Auditor's Report by LLC AC "CROWE UKRAINE" on these financial statements, with an unqualified opinion and no additional measures required..
Item 8	**Resolution adopted:** To consider it inexpedient to approve an action plan based on the report and conclusions of LLC AC LLC AC "CROWE UKRAINE", as no recommendations were provided by the external auditor.

Item 9	**Resolution adopted:** To establish the following procedure for the distribution of profit of JSC «KREDOBANK» for 2023 in the amount of UAH 1 211 500 222,30, which remains at the disposal of the Bank after the payment of taxes and other mandatory charges: 9.1. To allocate part of the Bank's profit in the amount of UAH 60 575 011,12 to the Bank's reserve fund, which constitutes 5 percent of the net profit of JSC «KREDOBANK» after taxation for 2023; 9.2. To allocate the remaining profit after taxation in the amount of UAH 1 150 925 211,18 to general reserves. In addition, to allocate to general reserves the retained earnings of previous years in the amount of UAH 10 214 326,66, which were generated as a result of the disposal of fixed assets that had previously been revalued, with the revaluation recognised in the Bank's capital.
Item 10	**Resolution adopted:** To approve the Remuneration Report of the Supervisory Board Members of JSC «KREDOBANK» for the year 2023.
Item 11	**Resolution adopted:** To approve the conclusion of civil law contracts with the members of the Supervisory Board of JSC «KREDOBANK» under the following terms: 11.1. Members of the Supervisory Board shall perform their duties without remuneration, except for independent members of the Supervisory Board and members who are not employed by PKO Bank Polski S.A. or by companies of the PKO Bank Polski S.A. capital group. Such members shall receive a monthly remuneration of PLN 7,767.61 gross. This remuneration shall be paid: • to citizens of Ukraine and citizens of Poland working in Ukraine – in UAH at the exchange rate of the National Bank of Ukraine on the payment date; • to citizens of Poland not working in Ukraine – in Polish zloty. 11.2. To authorise the Chairman of the Management Board of JSC «KREDOBANK», Mr. Jerzy Szugajew (or, in his absence, the Acting Chairman of the Management Board of JSC «KREDOBANK») to sign additional agreements with members of the Supervisory Board of JSC «KREDOBANK», reflecting this resolution..
Item 12	**Resolution adopted:** From the date of adoption of this resolution, Clause 8 of Resolution No. 01/2023 dated 28 April 2023 shall become void.
Item 13	**Resolution adopted:** To approve the new version of the Regulation on the Remuneration of the Members of the Supervisory Board of JOINT STOCK COMPANY «KREDOBANK».
Item 14	**Resolution adopted:** To approve the new version of the Regulation on the General Meeting of Shareholders of JOINT STOCK COMPANY «KREDOBANK».
Item 15	**Resolution adopted:** To implement the Corporate Governance Code approved by the National Securities and Stock Market Commission of Ukraine at JSC «KREDOBANK».
Item 16	**Resolution adopted:** From the date of adoption of this resolution, the Corporate Governance Code of JSC «KREDOBANK», approved by the sole shareholder PKO Bank Polski S.A. by Resolution No. 01/2019, item 11 dated 24 April 2019, shall become void.
Item 17	**Resolution adopted:** To terminate the powers of Grzegorz Oszast as a member of the Supervisory Board of JSC «KREDOBANK», representative of the shareholder PKO Bank Polski S.A.
URL of the minutes of the general meeting:	https://kredobank.com.ua/public/upload/67b2903f20af3ae513c4ffa3112391dd.pdf

Date of Meeting	20.12.2024
Method of Holding	☑ in-person voting, location: Warsaw, Poland ☐ electronic voting ☐ survey (remote)
Convening party	The General Meeting of Shareholders was conducted pursuant to Article 60 of the Law of Ukraine «On Joint Stock Companies».
Agenda items and decisions made:	
Item 1:	**Resolution adopted:** To approve the Key Areas of Activity of JSC «KREDOBANK».
Item 2:	**Resolution adopted:** To approve the new version of the Regulation on the Remuneration of the Members of the Supervisory Board of JOINT STOCK COMPANY «KREDOBANK».
Item 3	**Resolution adopted:** To approve the new version of the Policy on the Fitness Assessment of Candidates for and Members of the Supervisory Board of JOINT STOCK COMPANY «KREDOBANK».
Item 4	**Resolution adopted:** To approve the new version of the Regulation on the Provision of Information and Documents to Shareholders regarding the Activities of JOINT STOCK COMPANY «KREDOBANK».
URL of the minutes of the general meeting:	https://kredobank.com.ua/public/upload/4462f197b0611102380a0fa3ad0243ae.pdf

8.3. Composition of the Supervisory Board and the Management Board, their committees, information on meetings held, and general overview of resolutions adopted.

Supervisory Board

As at the end of 2023, the Supervisory Board was composed of the following members:

- Rafal Zalewski – Chairman of the Supervisory Board;
- Nataliia Ivanivna Chukhrai – Member of the Supervisory Board (Independent);
- Lev Hnatovych Klioba – Member of the Supervisory Board (Independent);
- Slawomir Bukowski – Member of the Supervisory Board (Independent);
- Grzegorz Oszast – Member of the Supervisory Board;
- Bohdan Artymowych – Member of the Supervisory Board;
- Robert Zmiejko – Member of the Supervisory Board.

On 26 April 2024, by decision of the Shareholder, the powers of Grzegorz Oszast as a member of the Supervisory Board were terminated.

On 21 June 2024, the Supervisory Board resolved to terminate the powers of Rafał Zalewski as Chairman of the Supervisory Board and to appoint him as Deputy Chairman. Robert Zmiejko was appointed Chairman of the Supervisory Board.

On 6 September 2024, the powers of Robert Zmiejko as Chairman of the Supervisory Board were terminated based on his resignation..

Accordingly, as at the end of 2024, the Supervisory Board was composed of the following members:

- Rafal Zalewski – Deputy Chairman of the Supervisory Board
- Nataliia Ivanivna Chukhrai – Member of the Supervisory Board (Independent)
- Lev Hnatovych Klioba – Member of the Supervisory Board (Independent)
- Slawomir Bukowski – Member of the Supervisory Board (Independent)
- Bohdan Artymowych – Member of the Supervisory Board.

In 2024, the Supervisory Board held 7 in-person meetings and adopted 106 resolutions by written procedure (without convening a meeting). The resolutions concerned, among other matters, the approval of the Bank's Financial Plan, the Management Board's annual activity report, periodic reports on the implementation of financial plan indicators, periodic reports of the risk, internal audit, and compliance functions, the Bank's financial statements, the setting and assessment of MbO (Management by Objectives) targets for Management Board members and designated responsible officers, the selection of an external auditor to perform an independent assessment of the internal audit function, the reappointment of Management Board members for a new term, the appointment of a responsible officer for financial monitoring, and the approval of the Bank's internal regulatory documents (IRD), among others.

The following committees of the Supervisory Board operate within the Bank:

- Audit Committee;
- Risk Management Committee;
- Nomination and Remuneration Committee.

The composition of the Supervisory Board committees is presented in the table below.

Name of Board Member, Term of Office During the Reporting Period	**Chairman / Deputy Chairman of the Board**[2]	**Chair / Member of a Supervisory Board Committee**[3]		
		Audit Committee	**Risk Management Committee**	**Nomination and Remuneration Committee**
Rafal Zalewski (01.01.2024-31.12.2024)	X (01.01.2024-21.06.2024) Y (21.06.2024-31.12.2024)	V	V	
Robert Zmiejko (23.04.2024 – 06.09.2024)	X (21.06.2024-06.09.2024)			V
Slawomir Bukowski (01.01.2024-31.12.2024)	-	-	V	X
Nataliia Ivanivna Chukhrai (01.01.2024-31.12.2024)		X	-	V
Lev Hnatovych Klioba (01.01.2024-31.12.2024)		V	X	-
Grzegorz Oszast (01.01.2024-26.04.2024)		-	V	-

[2] X - indicates the Chairman of the Supervisory Board; Y – indicates the Deputy Chairman of the Supervisory Board
[3] X - indicates the Chair of the Committee; V – indicates a Member of the Committee

Name of Board Member, Term of Office During the Reporting Period	Chairman / Deputy Chairman of the Board[2]	Chair / Member of a Supervisory Board Committee[3]		
		Audit Committee	Risk Management Committee	Nomination and Remuneration Committee
Bohdan Artymowych (16.04.2024-31.12.2024)	-	-	-	-

In 2024, the Audit Committee of the Supervisory Board held 9 in-person meetings and adopted 5 resolutions by written procedure (without convening a meeting). The resolutions related to the review of periodic reports submitted by the Internal Audit Department (IAD), the review of internal regulatory documents (IRD) governing the activities of the IAD, the setting of MbO (Management by Objectives) targets for the Head of the IAD for the current year, and the assessment of target achievement for the previous year, among other matters.

In 2024, the Risk Management Committee of the Supervisory Board held 9 in-person meetings and adopted 9 resolutions by written procedure.The resolutions concerned the review of periodic reports from the risk management, compliance, and internal audit units, as well as the review of internal regulatory documents related to the risk and compliance functions, among others.

In 2024, the Nomination and Remuneration Committee of the Supervisory Board held 13 in-person meetings and adopted 4 resolutions by written procedure. The resolutions covered the appointment/reappointment of Management Board members and the officer responsible for financial monitoring at the Bank, the setting and assessment of MbO targets for Management Board members and designated responsible officers (excluding the Head of the Internal Audit Department), parameters of remuneration for Management Board members and responsible officers, and the approval of internal regulatory documents related to employment and remuneration.

<u>Management Board</u>

As at the end of 2023, the Management Board was composed of:

- Jerzy Jacek Shugajew – Chairman of the Management Board
- Wojciech Tarasiuk – First Deputy Chairman of the Management Board
- Adam Patryk Swirski – Deputy Chairman of the Management Board
- Oleh Zenoviiovych Noha – Deputy Chairman of the Management Board
- Artur Cieslar – Deputy Chairman of the Management Board
- Anton Yevhenovych Kirkach – Deputy Chairman of the Management Board

On 19 July 2024, the Supervisory Board adopted resolutions on:

- termination of the powers of Jerzy Jacek Shugajew as Chairman of the Management Board, effective 2 August 2024;
- appointment of Wojciech Tarasiuk, First Deputy Chairman of the Management Board, as Deputy Chairman of the Management Board effective 3 August 2024 and his designation as Acting Chairman of the Management Board;
- appointment of Jakub Marek Karnowski as First Deputy Chairman of the Management Board;

On 16 September 2024, the Supervisory Board resolved:

- to terminate the powers of Wojciech Tarasiuk as Deputy Chairman and Acting Chairman of the Management Board effective 30 September 2024 and to appoint Anton Yevhenovych Kirkach, Deputy Chairman of the Management Board, as Acting Chairman effective 1 October 2024;
- to appoint Jarosław Mariusz Beldowski as Deputy Chairman of the Management Board for a three-year term starting 1 October 2024;
- to appoint Pawel Wojtunik as Deputy Chairman of the Management Board for a three-year term starting 1 October 2024;

- to terminate the powers of Artur Cieślar as Deputy Chairman of the Management Board effective 31 October 2024;
- to appoint Adam Jakub Filiutowski as Deputy Chairman of the Management Board for a three-year term commencing after obtaining a work permit, but not earlier than 1 November 2024.

Accordingly, as at the end of 2024, the Management Board was composed of:

- Anton Yevhenovych Kirkach – Deputy Chairman, Acting Chairman of the Management Board
- Jakub Marek Karnowski – First Deputy Chairman of the Management Board
- Adam Patryk Swirski – Deputy Chairman of the Management Board
- Oleh Zenoviiovych Noha – Deputy Chairman of the Management Board
- Jaroslaw Mariusz Beldowski – Deputy Chairman of the Management Board
- Pawel Wojtunik – Deputy Chairman of the Management Board
- Adam Jakub Filiutowski – Deputy Chairman of the Management Board.

In 2024, the Management Board held 21 in-person meetings and adopted 1,218 resolutions via polling (without convening a meeting). Items discussed included:

- Financial Plan of JSC «KREDOBANK» for 2025–2027
- Quarterly reports on performance of Financial Plan indicators
- Quarterly compliance risk assessment reports
- Quarterly business and macroeconomic risk reports
- Monthly financial risk assessment reports
- Annual reputational risk assessment report
- Quarterly operational risk reports
- Monthly credit risk reports
- Monthly reports on credit risk (DPD30+/DPD90+)
- Reports on implementation of the NPL Management Strategy, Operational Plan, and settlement of debts with counterparties
- Quarterly reports on market position and competitive analysis
- Quarterly updates on AML/CFT/CPF matters
- Monthly updates on strategic and high-priority projects
- Quarterly reports on the project portfolio status
- Membership in industry associations and alliances
- Bank branch network management matters
- Further cooperation strategy with international financial institutions
- Approval of new internal regulatory documents and revised versions
- Approval of new banking products and updated versions
- Approval of new organisational regulations and updates for structural units

The following committees operate under the Management Board:

- Credit Committee(s);
- Assets, Liabilities and Tariffs Management Committee;
- Non-Performing Assets Management Committee;
- Cost Control and Tender Committee;

- Operational Risk and Information Security Committee;
- Change Management Committee.

The composition of the Management Board committees is presented in the table below.

Name of Executive Body Member, Term of Office During the Reporting Period	Chairman / Deputy Chairman of the Management Board [4]	Chair / Member of Executive Committee [5]					
		Credit Committee	Assets, Liabilities and Tariffs Management Committee	Non-Performing Assets Management Committee	Cost Control and Tender Committee	Operational Risk and Information Security Committee	Change Management Committee
Jerzy Jacek Shugajew (01.01.2024-02.08.2024)	X		X		X		
Wojciech Tarasiuk (01.01.2024-30.09.2024, Acting Chairman 03.08.2024-30.09.2024)	Y (X)	V	V	V	(X)		V
Adam Patryk Swirski (01.01.2024-31.12.2024)	Y	V	V	X		X	
Artur Cieslar (01.01.2024-31.10.2024)	Y				V	V	V
Oleh Zenoviiovych Noha (01.01.2024-31.12.2024)	Y				V	V	X
Anton Yevhenovych Kirkach (01.01.2024-31.12.2024, Acting Chairman з 01.10.2024)	Y (X)		V (X)		V (X)	V	V
Jakub Marek Karnowski (19.08.2024-31.12.2024)	Y		V				V
Jaroslaw Mariusz Beldowski (14.10.2024-31.12.2024)	Y	V	V	V			
Pawel Wojtunik (01.10.2024-31.12.2024)	Y						
Adam Jakub Filiutowski (01.11.2024-31.12.2024)	Y				V	V	V

In 2024, the Credit Committee held 100 in-person and 4 remote meetings. The Committee made decisions regarding the execution (or modification of the terms) of credit operations within the limits of authority set by the Management Board of the Bank and recommended to the Management Board decisions on credit operations where the amounts or content of the proposals exceeded the Committee's authority.

[4] X – indicates the Chairman of the Management Board; Y – indicates the Deputy Chairman of the Management Board
[5] X – indicates the Chair of the Committee; V – indicates a Member of the Committee

The Credit Committee also considered matters related to:

- restructuring of credit debts not falling within the scope of the Non-Performing Assets Management Division;
- monthly assessment of the Bank's asset quality and preparation of proposals on determining credit risk and provisioning for expected credit losses;
- credit review;
- identification or absence of criteria for defining a group of related counterparties;
- updating the defined groups of related counterparties;
- granting permission for the disbursement of insurance compensation to clients in the event of insured damage to collateral and related support issues;
- setting, changing or cancelling individual tariffs for credit transactions;
- other matters as defined by the Bank's Charter, resolutions of the Supervisory Board, and the Management Board.

In 2024, the Assets, Liabilities and Tariffs Management Committee (ALTMC) held 50 in-person and 66 remote meetings. The Committee reviewed the cost of liabilities and the profitability of assets and made decisions regarding interest margins, assessed the maturity match of assets and liabilities, and issued recommendations to relevant Bank units on addressing mismatches. The Committee also analysed the cost-to-market competitiveness of existing tariffs.

In addition, the ALTMC made decisions regarding:

- approval of the Bank's tariffs, except for the establishment, modification, or cancellation of individual tariffs for credit transactions;
- product interest rates;
- transfer pricing;
- trading authority limits;
- risk limit thresholds;
- limits for financial institutions;
- accreditation of insurance companies with defined liability limits..

In 2024, the Non-Performing Assets Management Committee held 25 in-person and 21 remote meetings. The Committee made decisions regarding the restructuring of credit debt, including amending existing credit agreements or entering into new ones to justify debt restructuring.

The Committee also decided on:

- assessment of the presence or absence of criteria for identifying a group of related counterparties;
- updating the list of identified groups of related counterparties;
- authorisation of the transfer/payment of insurance compensation by the insurance company in the event of damage to or loss of collateral;
- recommendations to submit a proposal for the restructuring of credit debt to the Management Board / Supervisory Board in cases where the credit proposal exceeds the Committee's authority;
- approval of debt resolution tools for non-performing assets (NPAs), including out-of-court or court procedures, their applicable parameters, and sequence of use for specifically defined borrower/counterparty segments, within the general NPA management process;
- management of non-performing assets, including decisions on applicable tools and parameters for restructuring NPA debt (out-of-court and court procedures), and other related matters.

In 2024, the Cost Control and Tender Committee held 55 in-person and 52 remote meetings. The Committee made decisions based on the outcomes of procurement procedures, including tenders.

In 2024, the Operational Risk and Information Security Committee held 10 in-person meetings. The Committee adopted decisions regarding:

- prohibition of sending emails from the Bank to Russian email addresses;
- implementation of measures to mitigate cyber risks associated with software from the aggressor state;
- prohibition of using chatbots in the Bank's operations;
- reinstatement of insurance coverage for tangible assets and cash in regions at risk of occupation or active hostilities;
- approval of the action plan following scenario analysis related to sanctions;
- prohibition of the use of the Telegram messenger in the Bank's operations..

In 2024, the Change Management Committee held 4 in-person meetings. The Committee made decisions on:

- approval of projects, concepts, and budgets for new products/services or amendments to existing ones;
- review of project implementation status and proposals to revise prioritisation.

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

The position of Corporate Secretary has been established at the Bank.

The Corporate Secretary is an officer of the Bank responsible for ensuring effective ongoing interaction between the Bank and its shareholders, other investors, coordinating the Bank's actions to protect the rights and interests of shareholders, supporting the effective operation of the Supervisory Board, and performing other functions as defined by Ukrainian legislation and the Bank's Charter.

The activities of the Corporate Secretary are overseen and regulated by the Supervisory Board of the Bank in accordance with Ukrainian law, the Bank's Charter, the Regulation on the Supervisory Board, and the Regulation on the Corporate Secretary.

The Corporate Secretary is, in particular, required to report annually to the Bank's Supervisory Board on the work performed.

By Resolution No. 84/2020 of the Supervisory Board dated 26 June 2020, Maria Bilous was appointed as the Corporate Secretary of the Bank.

During the reporting period, the Corporate Secretary ensured the following:

- provision of information to the sole Shareholder and other stakeholders regarding the Bank's activities;
- provision of the Bank's Charter and internal regulations for review by persons entitled to access such documents;
- participation in the preparation and holding of the General Meeting (in the form of a resolution of the sole Shareholder);
- preparation and organisation of Supervisory Board meetings (7 meetings and 106 resolutions adopted by written procedure);
- performance of the functions of Secretary to the Supervisory Board and its committees, including the preparation of minutes of the Supervisory Board's and its committees' meetings;
- participation in the preparation of responses to inquiries from the sole Shareholder;
- preparation and certification of extracts from resolutions and minutes of meetings of the Supervisory Board and its committees;
- and other related tasks.

8.5. Description of the main characteristics of internal control and risk management systems, as well as the list of structural units responsible for performing key functions related to the operation of these systems.

The Bank's internal control system is based on the three lines of defence model:

- the first line of defence consists of the Bank's structural units engaged in operational activities, including product sales and customer service, as well as other units performing operational tasks that generate risk in accordance with specific internal Bank regulations.

- the second line of defence comprises the compliance function and the risk management function, as well as activities related to the identification, measurement, control, monitoring, and reporting of specific types of risks, threats, and breaches. These tasks are performed by specialised structural units operating under relevant rules, methodologies, and procedures. The objective of these functions is to ensure that the measures undertaken by the first line are properly designed and effectively mitigate risk, while supporting risk measurement, analysis, and operational performance.
- the third line of defence is represented by the Internal Audit Department, which conducts an independent audit of the Bank’s governance elements, including the risk management system and the internal control system.

The main internal documents regulating the internal control system (including the compliance and internal audit systems) are as follows:

- Policy on the Organisation of the Internal Control System at JOINT STOCK COMPANY «KREDOBANK» and the Banking Group (approved by the Supervisory Board Resolution No. 116/2024 dated 6 August 2024);
- Methodology for the Independent Monitoring of Compliance and Evaluation of Control Mechanisms at JOINT STOCK COMPANY «KREDOBANK» (approved by the Management Board Resolution No. 1212 dated 30 December 2024).

On a quarterly basis, reports on the assessment of compliance risk are submitted to the Management Board, the Risk Management Committee, and the Supervisory Board of the Bank. These reports include information on:

- identified deficiencies in the internal control system;
- analysis of the root causes and potential consequences of such deficiencies;
- recommendations and proposals to improve the effectiveness of the internal control system;
- control mechanisms for monitoring the implementation status of previously approved recommendations and proposals;
- results of the monitoring of the internal control system’s effectiveness.

In 2024, compliance risk assessment reports were approved on a quarterly basis:

- The Compliance Risk Assessment Report for Q1 2024 was approved by the Management Board Resolution No. 538 dated 29 May 2024 and by the Supervisory Board Resolution No. 89/2024 dated 21 June 2024;
- The Compliance Risk Assessment Report for Q2 2024 was approved by the Management Board Resolution No. 834 dated 26 August 2024 and by the Supervisory Board Resolution No. 131/2024 dated 16 September 2024;
- The Compliance Risk Assessment Report for Q3 2024 was approved by the Management Board Resolution No. 19/2024 dated 27 November 2024 and by the Supervisory Board Resolution No. 170/2024 dated 13 December 2024..

8.6. Information on the existence of an approved Risk Appetite Statement and a description of its key provisions.

By Resolution of the Supervisory Board No. 74/2024 dated 26 April 2024, the Risk Appetite Statement was approved. The Statement defines the aggregate risk appetite level, the types of risks the Bank is willing to accept or avoid in order to achieve its business objectives, and the individual risk appetite levels for each risk type.

8.7. List of persons who directly or indirectly hold a significant shareholding.

Full name of the legal entity	Type	Significant shareholding in the Bank	Information	Ownership interest in the Bank, %			Relationship with the Bank
				direct	indirect	total	

POLISH JOINT STOCK BANK "GENERAL SAVINGS BANK" (Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna)	Public Company	Yes	Poland, 02-515, Warsaw, Pulawska Street 15, (Poland, 02-515, Warsaw, Pulawska Street 15). Registration number - 0000026438	100,00	-	100,00	Shareholder of the Bank

Throughout 2024, there were no changes in the composition of persons who directly or indirectly hold a significant shareholding in the Bank.

8.8. Information on any restrictions on shareholders (participants) rights to participate and vote at general meeting.

There are no restrictions on shareholders (participants) rights to participate in and vote at general meetings.

8.9. Procedure for the appointment and dismissal of officers.

Supervisory Board

The Supervisory Board is a collegiate body that oversees the activities of the Management Board, protects the rights of depositors, other creditors, and shareholders of the Bank.

The Supervisory Board is elected by the General Meeting of the Bank. The number of members, the procedure for their election, and the term of office of the members of the Supervisory Board are established by the Bank's Charter.

Without a resolution of the General Meeting of the Bank, the powers of a member of the Supervisory Board may be terminated, together with the simultaneous termination of the relevant agreement, in the following cases:

- at the member’s own request, provided that the Bank is notified in writing at least two weeks prior to the intended date of termination of powers;
- at the member’s own request due to inability to perform the duties of a Supervisory Board member for health reasons – effective either on the date of receipt of the resignation or on the date specified in the resolution of the Supervisory Board confirming the termination of membership, based on submitted documentation;
- upon the entry into force of a court judgment or decision that imposes a sentence precluding the individual from performing the functions of a Supervisory Board member – effective from the date specified in the Supervisory Board’s resolution, unless the sentence expressly deprives the individual of such right as of the date of entry into force of the judgment;
- upon the entry into force of a court decision under Article 73(2) of the Law of Ukraine «On Joint Stock Companies» (where an independent director no longer meets the independence criteria), and/or a court decision finding the member guilty of breaching Article 89 of the same Law (failure to perform duties as a Bank officer);
- in the event of death, legal incapacity, restricted capacity, being declared missing or deceased, effective from the date the Bank receives the relevant official document evidencing such status in accordance with Ukrainian law;
- in the event of termination of employment or other legal relations between the Supervisory Board member and the Shareholder at whose request the individual was appointed – effective from the date of receipt of the member’s written resignation or from the date the Bank receives the relevant notice from the Shareholder;
- upon receipt by the Bank of written notice of replacement of a Supervisory Board member who is a representative of the Shareholder – effective from the date of receipt of such notice;

- upon receipt of a written resignation by an independent Supervisory Board member due to non-compliance with the legal or statutory requirements applicable to independent board members – effective from the date of receipt;
- in the cases provided for under Article 88(3) of the Law of Ukraine «On Joint Stock Companies» (prohibition of dual positions);
- in the event of disposal by the Shareholder(s), represented by the Supervisory Board member, of all shares held in the Bank – effective from the date the Bank receives official confirmation of such disposal.

Management Board

The Management Board is the Bank's collective executive body, responsible for managing its day-to-day operations, forming the funds necessary for carrying out its statutory activities, and bearing responsibility for its performance in accordance with the legislation of Ukraine, the Bank's Charter, the Regulations on the Management Board, and the decisions of the General Meeting and the Supervisory Board..

Members of the Management Board are elected by resolution of the Supervisory Board. They are appointed for a term of three years, with the possibility of early dismissal (termination of powers).

Changes to the composition of the Management Board are made by resolution of the Supervisory Board. The powers of the Chairperson of the Management Board are terminated by resolution of the Supervisory Board, concurrently with a resolution appointing a new Chairperson or a person to temporarily perform these duties..

The powers of a member of the Management Board may also be terminated:

- in the cases stipulated by part 3 of Article 88 of the Law of Ukraine "On Joint Stock Companies" (prohibition of dual roles);
- in the event of a final and binding court decision recognising the member guilty of violating Article 89 of the same Law (failure to fulfil duties as a Bank officer).

Other officials

The Chief Accountant is appointed and dismissed by resolution of the Management Board.

The appointment and dismissal of the Corporate Secretary falls within the exclusive competence of the Supervisory Board, except in cases of early termination of powers as provided by Ukrainian legislation.

8.10. Powers and responsibilities of the Bank's officers

Supervisory Board

The Supervisory Board adopts decisions on all matters falling within its competence in accordance with the Bank's Charter and the legislation of Ukraine.

The full scope of the Supervisory Board's powers is defined in the Regulations on the Supervisory Board, available at:

https://kredobank.com.ua/public/upload/dd401f80e70b96ea224d7d635feeb8de.pdf.

Management Board

The Management Board is responsible for all matters related to the Bank's day-to-day operations, except those falling within the exclusive competence of the General Meeting or the Supervisory Board.

The full scope of the Management Board's powers is defined in the Regulations on the Management Board, available at

https://kredobank.com.ua/public/upload/3047787d764f1910a0add59f85068f66.pdf.

Other Officials

The Chief Accountant heads the accounting function and performs organisational and control duties related to the accounting of the Bank's operations. The Chief Accountant is responsible for the accounting function, the preparation and accuracy of financial reporting, compliance with reporting deadlines and disclosure requirements, and for ensuring that the Bank's financial statements accurately reflect its financial position.

Corporate Secretary:

- ensures the provision of information to shareholders and/or investors and other stakeholders regarding the Bank's activities;
- ensures that the Bank's Charter and internal regulations are made available for review to persons entitled to access them;
- performs the functions of Chair of the Counting Commission in accordance with Article 55 of the Law of Ukraine «On Joint Stock Companies»;
- ensures the preparation, convening, and holding of the Bank's General Meeting of Shareholders; acts as Secretary of the General Meeting and prepares the minutes of the General Meeting;
- prepares and organises meetings of the Supervisory Board and its committees; acts as Secretary of the Supervisory Board and prepares minutes of the Board's meetings (resolutions);
- participates in the preparation of, or prepares, draft clarifications for the Bank's shareholders or investors regarding the exercise of their rights and responds to their inquiries;
- prepares and certifies extracts from the minutes of meetings of the Bank's governing bodies.

8.11. Information on remuneration of Executive and Supervisory Board Members.

Remuneration reports for the members of the Supervisory Board and the Management Board of the Bank for 2024 are published on the Bank's website at the following link https://kredobank.com.ua/about/zvity-banku/richna-zvitnist.

8.12. Key provisions of the disclosure policy.

No information available.

8.13. Information on the adviser.

No information available.

8.14. Information provided by the audit firm.

Information provided by the audit firm, including with respect to the corporate governance statement, is disclosed in the section «INDEPENDENT AUDITOR'S REPORT» of the Annual Financial Statements.

Chairman of the Management Board of JSC «KREDOBANK» Jakub Marek Karnowski

АКЦІОНЕРНЕ ТОВАРИСТВО «КРЕДОБАНК» KredoBank 09807862 АТ «КРЕДОБАНК» у м. ЛЬВІВ

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR 2024

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

SEPARATE STATEMENT OF FINANCIAL POSITION

In thousands of hryvnias	Note	31 December 2024	31 December 2023
Assets			
Cash and funds in the National Bank of Ukraine	5	17 647 174	15 847 455
Due from other banks	6	3 600 525	3 930 932
Loans and advances to customers	7	11 992 518	12 468 094
Securities	8	27 191 997	21 939 446
Current income tax prepayment		-	203 276
Deferred Income tax asset	28	40 686	104 132
Investments in subsidiaries	9	35 000	35 000
Investment property	10	8 851	8 863
Intangible assets	12	330 956	313 007
Property, plant and equipment	11	917 403	815 466
Other financial assets	13	26 052	38 456
Other non-financial assets	14	229 921	181 945
Total assets		**62 021 083**	**55 886 072**
Liabilities			
Due to other banks	15	1 175 024	1 745 849
Customer accounts	16	52 228 947	46 464 312
Due to other financial institutions	17	103 161	100 752
Current income tax liabilities		438 907	1 007 198
Other financial liabilities	18	496 274	401 433
Other non-financial liabilities	19	343 452	264 082
Provisions	20	115 922	33 766
Total liabilities		**54 901 687**	**50 017 392**
Equity			
Share capital	21	2 248 969	2 248 969
Reserve and other funds		2 848 725	1 627 010
Revaluation reserve for property, plant and equipment		199 894	90 323
Revaluation reserve for securities		881 906	680 626
Retained earnings		939 902	1 221 752
Total equity		**7 119 396**	**5 868 680**
Total liabilities and equity		**62 021 083**	**55 886 072**

Approved to issue and signed on behalf of the Management Board on April 1, 2025.

Jakub Marek Karnowski

Chairman of the Management Board

Viktor Khimiak

Chief Accountant

АКЦІОНЕРНЕ ТОВАРИСТВО «КРЕДОБАНК»
KredoBank
09807862
АТ «КРЕДОБАНК» у м. ЛЬВІВ

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of hryvnias	Note	2024	2023
Interest income calculated using the effective interest method	23	5 846 401	5 036 784
Other interest income	23	165 405	76 525
Interest expense	23	(2 192 583)	(1 878 379)
Net interest income		**3 819 223**	**3 234 930**
Fee and commission income	24	855 831	816 262
Fee and commission expense	24	(438 607)	(302 010)
Gains less losses from trading in foreign currencies		423 190	434 969
Foreign exchange translation gains less losses		48 598	40 628
Result from operations with financial instruments		60	616
Gains less losses on derecognition of financial assets at amortised cost		17 325	17 457
Result from modification of financial assets		(1 409)	(5 645)
Credit loss expense on financial assets	25	(377 133)	(209 675)
Other operating income	26	85 319	61 777
Employee payments expenses	27	(1 173 618)	(883 375)
Depreciation costs	11,12	(416 750)	(311 859)
Administrative and other operating expenses	27	(752 980)	(607 823)
Profit before tax		**2 089 049**	**2 286 252**
Income tax expense for the year	28	(1 152 655)	(1 074 752)
Profit for the year		**936 394**	**1 211 500**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Financial instruments at fair value through other comprehensive income			
- Net change in the fair value of financial instruments at fair value through other comprehensive income		212 158	619 859
- Net change in the fair value of financial instruments at fair value through other comprehensive income transferred to net profit and loss		(60)	(616)
- Income tax related to financial instruments at fair value through other comprehensive income		(10 818)	-
Items that may not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment		112 666	-
Other comprehensive income for the year	22	**313 946**	**619 243**
Total comprehensive income for the year		**1 250 340**	**1 830 743**
Basic and diluted profit per share attributable to shareholders on the basis of The Consolidated Financial Statements (UAH per share)	29	0,0042	0,0054

Approved to issue and signed on behalf of the Management Board on April 1, 2025.

Jakub Marek Karnowski	Viktor Khimiak
Chairman of the Management Board	Chief Accountant

АКЦІОНЕРНЕ ТОВАРИСТВО «КРЕДОБАНК» KredoBank 09807862 АТ «КРЕДОБАНК» у м. ЛЬВІВ

SEPARATE STATEMENT OF CHANGES IN EQUITY

In thousands of hryvnias	Note	Share capital	Reserve and other funds	Revaluation reserve for securities at fair value through other comprehensive income	Revaluation reserve for property, plant and equipment	Retained earnings	Total equity
Balance at 1 January 2023		**2 248 969**	**1 476 852**	**61 383**	**100 537**	**150 196**	**4 037 937**
Profit for the year		-	-	-	-	1 211 500	1 211 500
Other comprehensive income	22	-	-	619 243	-	-	619 243
Total comprehensive income for 2023		**-**	**-**	**619 243**	**-**	**1 211 500**	**1 830 743**
Distribution of profit to the reserve and other funds		-	150 158	-	-	(150 158)	-
Transfer of revaluation surplus on property		-	-	-	(10 214)	10 214	-
Balance at 31 December 2023		**2 248 969**	**1 627 010**	**680 626**	**90 323**	**1 221 752**	**5 868 680**
Profit for the year		-	-	-	-	936 394	936 394
Other comprehensive income	22	-	-	201 280	112 666	-	313 946
Total comprehensive income for 2024		**-**	**-**	**201 280**	**112 666**	**936 394**	**1 250 340**
Distribution of profit to the reserve and other funds		-	1 221 715	-	-	(1 221 715)	-
Transfer of revaluation surplus on property and other changes		-	-	-	(3 095)	3 471	376
Balance at 31 December 2024		**2 248 969**	**2 848 725**	**881 906**	**199 894**	**939 902**	**7 119 396**

Approved to issue and signed on behalf of the Management Board on April 1, 2025.

Jakub Marek Karnowski	Viktor Khimiak
Chairman of the Management Board	Chief Accountant

АКЦІОНЕРНЕ ТОВАРИСТВО «КРЕДОБАНК» KredoBank 09807862 АТ «КРЕДОБАНК» у м. ЛЬВІВ

SEPARATE STATEMENT OF CASH FLOWS

In thousands of hryvnias	Note	2024	2023
Cash flows from operating activities			
Interest received		5 514 819	5 084 360
Interest paid		(2 210 561)	(1 839 580)
Fees and commissions received		855 749	817 267
Fees and commissions paid		(438 607)	(302 010)
Income received from trading in foreign currencies		423 190	434 969
Other operating income received		65 335	49 181
Employee costs paid		(1 106 447)	(794 056)
Administrative and other operating expenses paid		(730 102)	(618 921)
Income tax paid		(1 463 297)	(342 083)
Cash flows from/(used in) operating activities before changes in operating assets and liabilities		**910 079**	**2 489 127**
Net (increase)/decrease in due from other banks		(15 399)	33 476
Net (increase)/decrease in loans and advances to customers		543 000	255 850
Net (increase)/decrease in other financial and non-financial assets		(48 896)	148 545
Net increase/(decrease) in due to other banks		(622 988)	726 583
Net increase/(decrease) in customer accounts		4 354 120	12 420 754
Net increase/(decrease) in other financial and non-financial liabilities		98 207	(202 871)
Net cash from/(used in) operating activities		**5 218 123**	**15 871 464**
Cash flows from investing activities			
Acquisition of securities		(28 801 516)	(28 826 631)
Proceeds from disposal and redemption of securities		25 179 940	17 004 178
Investments in subsidiaries		-	(25 000)
Acquisition of property, plant and equipment		(104 234)	(130 463)
Proceeds from disposal of property and equipment		5 938	34 747
Acquisition of intangible assets		(227 201)	(197 792)
Net cash from/(used in) investing activities		**(3 947 073)**	**(12 140 961)**
Cash flows from financing activities			
Payment of lease liabilities		(93 647)	(79 742)
Net cash from/(used in) financing activities		**(93 647)**	**(79 742)**
Effect of exchange rate changes on cash and cash equivalents		275 632	200 881
Net increase/(decrease) in cash and cash equivalents		**1 453 035**	**3 851 642**
Cash and cash equivalents at the beginning of the year		19 760 088	15 908 446
Cash and cash equivalents at the end of the year	5	**21 213 123**	**19 760 088**

* The Separate Statement of Cash Flows was prepared using the direct method

Approved to issue and signed on behalf of the Management Board on April 1, 2025.

Jakub Marek Karnowski

Chairman of the Management Board

Viktor Khimiak

Chief Accountant

АКЦІОНЕРНЕ ТОВАРИСТВО «КРЕДОБАНК» KredoBank 09807862 АТ «КРЕДОБАНК» у м. ЛЬВІВ

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. INTRODUCTION

These financial statements were prepared in accordance with the International Financial Reporting Standards for fiscal year 2024 for Joint Stock Company "Kredobank" (hereinafter - the "Bank") in addition to the Consolidated Financial Statements of the Bank in accordance with IFRS, for submission to the National Bank of Ukraine (NBU) in compliance with the requirements of paragraph 8.1 of Section III of the instructions on the procedure for preparing and publishing the financial statements of banks of Ukraine, approved by NBU Board Resolution No. 373 on November 10, 2011, with amendments and additions. These separate financial statements should be reviewed together with the consolidated financial statements, which can be obtained on the Bank's official website (www.kredobank.com.ua).

The Bank was incorporated and is domiciled in Ukraine. The Bank is a joint-stock company limited by shares and was set up in accordance with Ukrainian laws.. The Bank was founded in 1990 as a joint stock company. Initially registered by the USSR State Bank the Bank was re-registered by the National Bank of Ukraine (the “NBU”) on 14 October 1991 under the name of West-Ukrainian Commercial Bank. In November 2005, the shareholders of the Bank made the decision to change the name to Kredobank. Under the decision of Extraordinary General Shareholders Meeting on 26 November 2009, the Bank changed its name to Public Joint Stock Company “Kredobank” in order to bring its activities into compliance with the requirements of the Law of Ukraine On Joint-Stock Companies

As at 31 December 2024 and 31 December 2023, the Bank’s immediate parent company was PKO Bank Polski S.A. (Poland). The Bank is a member of the PKO Bank Polski Group (“PKO BP Group”). The largest shareholder of the PKO BP Group is the Ministry of State Assets of Poland, which controls PKO Bank Polski S.A. as owns 29.43% in the share capital of PKO Bank Polski S.A. Share of other shareholders of PKO BP S.A. does not exceed 10% of voting shares. The Bank does not have transactions with the Ministry of State Assets of Poland. As at 31 December 2024 and 31 December 2023, PKO BP S.A. owns 100% of shares of the Bank.

Principal activity. The Bank’s principal business activity includes commercial banking operations, corporate and retail banking operations within Ukraine.

The Bank operates under License #43 issued by the NBU on 11 October 2011 that provide the Bank with the right to conduct banking operations, including currency operations. The Bank also possesses licenses for custodial services issued on 10 October 2013 and licenses for securities operations issued on 7 November 2012. The Bank participates in the State deposit insurance scheme (registration #051 dated 19 October 2012), which operates according to the Law of Ukraine “On Deposit Guarantee Fund” dated 23 February 2012 (as amended). During the period of martial law in Ukraine and three months from the date of its termination or cancellation, the fund reimburses each depositor of the bank for the full amount of the deposit, including interest accrued as of the end of the day preceding the day of the bank's withdrawal from the market. After the end of the three-month period from the date of termination or lifting of martial law in Ukraine, the fund guarantees reimbursement of deposits of up to UAH 600 thousand per person in the event of liquidation of the bank.

As at 31 December 2024, the Bank has 65 outlets (in 2023 – 68 outlets) in Ukraine.

In 2024, the average number of full-time employees of the Bank was 1 458 employees (in 2023: 1 435 employees).

At the end of 2024, the Bank developed a new Strategy titled “A Safe Bank in Dangerous Times.” The new Strategy covers the period of 2025–2027, which is considered optimal given the ongoing war and significant uncertainty, as well as the strategic planning horizon of PKO Bank Polski S.A., the Bank’s sole shareholder. The new Strategy also refines the Bank’s strategic concept—its vision, mission, and corporate values—to better reflect the challenges of the external environment and the expectations of stakeholders.

The Bank’s mission is to be a reliable financial partner for our Clients and an attractive employer for our Employees. As a member of the Capital Group of Poland’s largest bank, PKO Bank Polski S.A., we strive to offer our clients the right financial solutions, implement modern technologies, develop international cooperation, and support the Ukrainian economy.

The long-term vision of JSC "KREDOBANK" is an efficient and safe bank that creates value for its customers, employees and shareholders. The values of JSC "KREDOBANK" as a member of PKO BP SA Group are: partnership, development, and impact.

The new Strategy takes into account the factors of influence of the russian aggression and the ongoing war on the conditions of the banking sector and JSC "KREDOBANK" and focuses on ensuring the Bank's sustainability and preparing for the reconstruction of Ukraine. At the same time, significant uncertainty and volatility of the environment inherent in the current conditions require from JSC "KREDOBANK" flexibility in planning and actions to respond quickly and effectively to changes. In accordance with the new Strategy, JSC "KREDOBANK" remains a universal bank providing quality services to all customer segments, but will pay priority attention to the corporate segment and the segment of small and medium-sized businesses, taking into account both their growing importance in the Bank's revenue structure and their major contribution to the economic recovery of Ukraine.

Registered address and place of business. The Bank's registered address and place of business is:

78 Saharova Str.

79026 Lviv

Ukraine

Presentation currency. These separate financial statements are presented in thousands of hryvnias ("UAH"), unless otherwise stated.

2. OPERATING ENVIRONMENT OF THE BANK

In December 2024, inflation accelerated to 12% year-on-year. The high growth rate of consumer prices was largely driven by temporary factors, primarily related to the effects of last year's poor harvests. At the same time, underlying inflationary pressure continued to increase. This was evidenced by the further acceleration of core inflation (to 10.7% y-o-y in December), particularly due to a sharp rise in service prices (12.5% y-o-y in December). Such price dynamics were driven by increased business costs for raw materials, supplies, and electricity, as well as rising wages amid a continued shortage of labor. Meanwhile, in recent months, price growth was partially contained by the appreciation of the hryvnia against the euro, which has significant implications for Ukrainian imports.

According to NBU estimates, Ukraine's real GDP grew by 3.4% in 2024. Economic growth slowed compared to 2023. This was due not only to weaker harvests and somewhat softer external demand than expected, but also to the materialisation of risks related to increased intensity of hostilities, intensified Russian airstrikes, and the resulting electricity shortages.

In 2024, Ukraine received approximately USD 42 billion from international partners in the form of loans and grants. These funds enabled the government to finance a significant budget deficit (approximately 24% of GDP excluding grants in revenue), and allowed the NBU to maintain foreign exchange market stability and increase international reserves to a record high of USD 43.8 billion at the end of 2024.

To maintain foreign exchange market stability, anchor expectations, and gradually return inflation to the 5% target over the policy horizon, the NBU raised the discount rate to 14.5%.

The key risk to inflation dynamics and economic development remains the course of the full-scale war. On 24 February 2022, russian troops launched a full-scale invasion of Ukraine. The year 2024 marked a continuation of the war. Russian aggression continues to pose risks to the country's economic potential, including losses of human capital, territories, and production capacity. The pace of the economy's return to normal operating conditions will depend on the nature and duration of the hostilities[6].

Banks continue to rely on customer funds as the main source of funding. After a brief period of seasonal volatility, deposits from both businesses and households resumed growth, supporting a high level of liquidity in the banking sector. Banks continue to comply with short-term and long-term liquidity requirements with a significant buffer. In autumn 2024, the NBU raised reserve requirements, which slightly reduced the banking system's free liquidity buffer.

Lending activity remained strong across all segments due to rising demand—business credit demand indicators reached their highest levels since the end of 2021. The net hryvnia corporate loan portfolio grew by over 20% year-on-year, while household loans increased by over 30%.

The banking sector's net interest margin remained very high. Supported by continued profitability of core operations and rising fee and commission income, banks were able to increase administrative spending without compromising efficiency. Given the high quality of loan portfolios, provisioning expenses remained minimal. As a result, bank profitability remained robust, enabling the maintenance of high capital levels. A significant adverse factor affecting profitability was the renewed increase in the corporate income tax rate to 50%[7].

The Bank's management conducts ongoing operational monitoring and ensures prompt response to current developments and changing circumstances. In evaluating potential scenarios, the Bank's management considers potential losses to be acceptable in view of available capital and the need to maintain an adequate capital level, and not material enough to jeopardise the Bank's ability to continue as a going concern.

This separate financial statement reflects management's current assessment of the impact of operating conditions in Ukraine on the Bank's operations and financial position. Future conditions may differ from management's estimates.

[6] https://bank.gov.ua/admin_uploads/article/IR_2025-Q1.pdf?v=9
[7] https://bank.gov.ua/admin_uploads/article/FSR_2024-H2.pdf?v=9

3. ACCOUNTING POLICIY

Basis of preparation

These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and requirements of the National Bank of Ukraine on financial reporting by Ukrainian banks under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of premises and investment property, and by the investment securities at fair value through other comprehensive income. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going concern. Management prepared these separate financial statements on a going concern basis. In making this judgement management considered the Bank's financial position, current intentions, continuing financial support from the parent company, budgeted profitability of future operations and access to financial resources and analysed the impact of the current financial and economic situation on future operations of the Bank.

Financial instruments – key measurement terms

Depending on their classification, financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the Bank. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held by the Bank and placing orders to sell the position in a single transaction might affect the quoted price.

The quoted market price used to value financial assets is the current bid price; the quoted market price for financial liabilities is the current asking price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period (Note 34).

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition

Financial instruments at fair value through profit or loss are initially recognised at fair value. Transactions costs that are attributable to the acquisition or issue of such financial assets are reflected as expenses at the date they are incurred.

All other financial instruments are initially recognised at fair value plus/minus transaction costs. Transaction costs and other payments that are directly attributable to the recognition of financial instruments are reflected as discount (premium).

The best indication of the fair value of a financial instrument at initial recognition is the transaction price-compensation paid or received for the corresponding financial instrument.

The transaction costs include fees paid to agents, consultants, brokers and dealers, regulatory bodies, stock exchanges, taxes etc.

The transaction costs and fee and commission income which are an integral part of the financial instrument yield are included in initial value of the financial instrument and are included in the effective interest rate.

All transactions in the acquisition or sale of financial assets that provide for delivery during the period specified by law or market traditions ("ordinary" sale) are recognised at the date of settlement. All other acquisition transactions are recognised when the Bank becomes a party to the contractual provisions of the instrument.

Financial assets classification: principal classification categories. The Bank classifies financial assets in the following categories:

- financial assets measured at amortised cost (AC);
- financial assets measured at fair value through other comprehensive income (FVOCI);
- financial assets measured at fair value through profit or loss (FVTPL).

The Bank classifies financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

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

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

A financial asset is measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at fair value through profit or loss:

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

For debt financial assets at fair value through other comprehensive income, gains and losses are recognised in other comprehensive income, except for those items recognised in profit or loss in the same way as for financial assets measured at amortised cost:

- interest income calculated using the effective interest method;
- expected credit losses and reversal of impairment losses; and
- foreign exchange gains and losses.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Capital instruments are classified in a fair value accounting model with revaluation through profit/loss. Capital instruments that are not intended for sale may be classified as valuation at fair value with the recognition of revaluation in other comprehensive income without subsequent reclassification. At the time of derecognition of such instruments, the revaluation accumulated in the capital is not reclassified as profit/loss, but is transferred to another item of capital. All other equity instruments are accounted for at fair value, reflecting revaluation through profit / loss.

All financial liabilities are measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when the transfer of a financial asset does not comply with the terms of a withdrawal or when the principle of continued participation is applied;
- financial guarantee contracts, pledges, avals;
- loan commitments at a lower rate than the market;
- conditional indemnity recognised by the Bank as a purchaser in the business combination to which IFRS 3 «Business Combinations» applies. Such conditional consideration is subsequently measured at fair value through profit or loss.

Financial assets – classification and subsequent measurement: business model.

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

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

The main types of business models, within which financial assets are held are the following:

- business model for holding financial assets to collect their contractual cash flows (held to collect);
- business model for holding financial assets to collect their contractual cash flows as well as to sell them (held to collect and for sale);
- other business models including: trading, managing assets on the fair value basis and maximising cash flows through sale.

In the case of a business model "held to collect" sales are not a blocking factor for classification to this model. Information about sales activity is not considered by the Bank in isolation, but as part of a holistic assessment of how the Bank stated objective for managing the financial assets is achieved and how the cash flows are realised. Therefore, the Bank consider the frequency, volume and timing of sales in prior periods, the reasons for these sales. The following sales may be consistent with the "held to collect" business model:

- deterioration of credit quality to a level that is not acceptable to the Bank under the risk management policy;
- getting out of crisis.

Also, the classification for the model "held to collect" is not contrary to sales made at the time of maturity of the asset under the terms of the contract, insignificant by volume or frequency sales.

The significance of sales is determined by comparing the volume of the sold portfolio to the total size of the portfolio attributed to this model at the beginning of the reporting period, and by comparing the result of assets sale to the revenue generated by such a portfolio. For the analysis of the volume of sales, aggregation is carried out for a period equal to the average maturity of the portfolio.

If sales volumes will substantially exceed those expected by the Bank at the time of evaluating business models, this will not lead to changes in business models for existing assets, but will have an impact on the definition of a business model, for new assets generated by the Bank.

For a business model, the goal of which is achieved by model for holding financial assets to collect their contractual cash flows as well as to sell them, sales volumes are not a significant criterion - even a significant volume and amount of them is allowed, however the purpose of sale is considered by the Bank.

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

Financial assets – classification and subsequent measurement – cash flow characteristics. Cash flows are tested for their compliance with the basic terms of lending, namely, the test evaluates whether the contract for a financial asset provides for receiving cash flows on certain dates, which are exclusively payments of the principal amount and interest on the outstanding part of the principal amount.

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. When conducting the assessment, the Bank analyses:

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

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

In addition, a prepayment feature is treated as consistent with this criterion if a financial asset is acquired or originated at a premium or discount to its contractual amount, the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination), and the fair value of the prepayment feature is insignificant on initial recognition.

Reclassification of financial assets. Reclassification of financial assets is carried out prospectively only in case of changing the business model within which they are held from the beginning of the first reporting period after the change. If the business model changes, then all financial assets affected by such a change are subject to reclassification from the first day of the next reporting period (year). All new assets that will be recognised from the date of change in the business model should be immediately classified according to the new business model in force at the time of initial recognition of such assets.

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

Measurement of expected credit losses (ECLs). ECLs are a probability-weighted estimate of credit losses and are measured as follows:

- *financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls* – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive;

- *financial assets that are credit-impaired at the reporting date*: the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive;
- *financial guarantee contracts:* the present value of the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The Bank measures expected credit losses and recognises loss allowances at each reporting date. The Bank measures loss allowances at an amount equal to lifetime ECL or 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Measurement of ECLs reflects: (i) an unbiased and probability-weighted sum determined by estimating the range of possible outcomes, (ii) the time value of money and (iii) all reasonable information about past events, current conditions and forecasted future economic conditions, available at the reporting date without undue cost and efforts.

Financial instruments that are not subject to a significant increase in credit risk compared to the date of initial recognition are classified to the first stage of impairment by The Bank.

Financial instruments that show signs of a significant increase in credit risk compared to the date of initial recognition and are not in default are classified to the second stage of impairment.

Financial assets in the state of default are classified by the Bank to the third stage of impairment. Financial assets that are credit-impaired on initial recognition are classified as purchased or originated financial assets. The Bank does not recognise loss allowances at the date of initial recognition of purchased or originated credit impaired financial assets – gross carrying value is its fair value. Initially, expected credit losses are included in credit-adjusted effective interest rate. Any changes in expected credit losses are recognised in profit or loss even if such changes exceed the amount of the previously formed loss allowances for such a financial asset.

Loss allowances are always recognised for purchased or originated credit-impaired financial assets on a lifetime basis.

Financial assets that are credit-impaired are defined as financial assets for which there is objective evidence of a loss or there are one or more events that have a negative impact on the expected future cash flows of such a financial asset.

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising collateral (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank (for balances with other banks default is recognised if a financial asset is 30 days past due). Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding;
- the restructuring of the loan associated with financial difficulties of the borrower;
- initiation of litigation, liquidation or bankruptcy proceedings of the borrower.

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

- qualitative: e.g. breaches of covenants;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Bank; and
- based on data obtained from external sources;

- start of liquidation or bankruptcy procedure for the borrower.

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

The rate of recovery. The Bank sets a certain period necessary to restore the quality of financial assets. The terms of the quality recovery period are deemed to be fulfilled if, during a 6-months period from the date the Bank introduces measures to restore the ability of the counterparty to fulfil its obligations, there are no signs of impairment, compliance with obligations to the Bank is ensured.

Significant increase in credit risk. When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience, expert credit assessment and forwardlooking information.

When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms. The Bank primarily identify whether a significant increase in credit risk has occurred for an exposure by analysing indicators that are:

- the borrower is more than 30 days past due but less than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered past due once the customer has breached an advised limit or been advised of a limit that is smaller than the current amount outstanding;
- breaches of covenant, the identification of threatening features that are likely to affect the quality of debt service;
- based on data developed internally and obtained from external sources;
- the period of credit quality restoration has ended and there are no prerequisites for attributing them to impaired ones after restructuring (forbearance);
- the value of the LtV (loans to collateral ratio) exceeds 200% (for individual mortgages);
- for banks a significant increase in credit risk occurs if the borrowers' rating has declined by 3 notches.

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

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

Inputs into measurement of ECLs. The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are derived from internally developed statistical models and other historical data used in models for calculating regulatory capital. They are adjusted to reflect forward-looking information. PD estimates are estimates at a certain date, which are calculated based on statistical models and assessed using tools tailored to the various categories of counterparties and exposures.

PD estimates are based on migration matrices, which are based on the type of credit product and payment periods.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties after the default date.

The amount at risk in the event of default (EAD) is the expected amount of credit risk at the date of default. This indicator is calculated by the Bank based on the current EAD value and its possible changes allowed under the agreement, including depreciation and early repayment. For a financial asset, the value of the EAD is the gross carrying amount in the event of default. For loan obligations and financial guarantee agreements, the EAD value takes into account the amount received, as well as possible future amounts that can be received or repaid under the agreement, which will be estimated on the basis of historical observations and forecasts.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank considers a longer period.

For overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Bank measures ECLs over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.

Where modelling of a parameter is carried out on a collective basis, the financial instruments will be grouped on the basis of shared risk characteristics that include:

- instrument type;
- client type;
- period of debt overdue;
- geographic location of the borrower;
- loan currency

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Forward-looking information. The Bank incorporates forward-looking information into its measurement of ECLs. This assessment is based on external information. External information may include economic data and forecasts published by governmental bodies, and selected private sector and academic forecasters, such as of Ministry of Economic Development and Trade of Ukraine, State Statistics Service of Ukraine, National Bank of Ukraine.

The Bank also periodically carries out stress-testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variable and credit risk and credit losses. This key driver is forecasts of real GDP change, forecasts of unemployment and dynamics of the calculated wages, including per 1 employee.

Presentation of allowance for ECL in the separate statement of financial position

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

- *financial assets* measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts:* generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the separate statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Collateral. When calculating the amount of expected credit losses for the credit-impaired assets, the Bank accepts the value of a collateral that meets the established eligibility criteria established by the Bank and determined by the regulator as a means of credit quality improving.

Write-off of financial assets. If the Bank does not have reasonable expectations for full or part of the recovery of a financial asset, the gross carrying amount of that financial asset is reduced. Such a reduction is considered as a (partial) derecognition of a financial asset**.** The Bank may write-off financial assets that are still subject to enforcement activity when the Bank seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition. The Bank derecognises financial assets when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the financial asset and the transfer qualifies for derecognition;
- financial assets are written-off from the reserve.

The Bank transfers a financial assets only if:

- transfers the contractual rights to receive the cash flows of the financial asset, or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets all of the following conditions:
  - there is no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
  - the Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset to the eventual recipients for the obligation to pay them cash flows;
  - the Bank has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. Interest earned on such investments is passed to the eventual recipients.

When the Bank transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

- if the Bank transfers substantially all the risks and rewards of ownership of the financial asset, the Bank derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained in the transfer;
- if the Bank retains substantially all the risks and rewards of ownership of the financial asset, the Bank continues to recognise the financial asset;
- if the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Bank determines whether it has retained control of the financial asset.

The control of the transferred asset is not available if the party to whom the asset is transferred has the real ability to sell it to an unrelated third party and may sell this sale unilaterally without the need to impose additional restrictions on such transfer.

If the control over a financial asset is not retained, the recognition of such an asset is terminated, otherwise, if the control over the financial asset is retained, its recognition continues to be recognised within the further continuing involvement.

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

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not reclassified in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

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

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Significantly different are the conditions under which the net present value of the cash flows under the new terms discounted using the original effective interest rate (for a floating interest rate interest rate, the effective interest rate that was calculated at the last change in the nominal interest rate) differs by at least 10% of the discounted present value of cash flows remaining before the maturity date of the original financial liability.

Any expense or remuneration is the income/expense from derecognition if the changes in the terms of a financial liability are reflected in the accounting as a repayment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

If the exchange or amendment of debt obligations (modification) does not result in the cessation of recognition, any costs and remunerations from the exchange / modification adjust the carrying amount of the financial liability and are amortised over the term of the new liability (effective interest rate is not recalculated, but adjusted to reflect these costs/remunerations).

Modification of financial assets. Modified financial asset – an asset by which the contractual cash flows provided have been reviewed by agreement or modified.

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

Any fees received as part of the modification are accounted for as follows:

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

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, that is whether the cash flows under initial financial asset differ significantly from cash flows from modified financial asset or the asset that has replaced initial financial asset. To determine the type of modification and its consequences, a quantitative and qualitative analysis of changes in terms of the contract, and the combined effects of qualitative and quantitative factors, is conducted. If the cash flows are significantly different, the rights to the contractual cash flows for the original financial asset are considered to have expired. In making this assessment, the Bank is guided by the derecognition of financial liabilities by analogy.

The Bank concludes that the modification of the conditions is significant, based on such qualitative factors:

- change the currency of the financial asset;
- change of the borrower, except for changes due to the death of the borrower;
- change of terms of financial asset that lead to non-compliance with the SPPI criterion (for example, adding a conversion condition).

If the modification of the terms of the loan agreement was so significant that it leads to the recognition of a new asset and at the same time the asset fulfills the conditions of classification to default - the new asset is classified as initially impaired.

Changes in the value of cash flows from existing financial assets or financial liabilities are not considered to be modifications if they are provided by the original terms of the contract.

As a part of credit risk management the Bank reviews the terms of loans to customers with financial difficulties ("the practice of reviewing the terms of credit agreements") in order to maximise the return on the original contractual terms rather than to originate a new asset. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). As a result, the amount of the contracted cash flows remaining at the time of the modification is recognised as an initial financial asset is likely to be equivalent to the value of newly modified cash flows under the contract. The Bank performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

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

The Bank performs a quantitative evaluation of whether the modification is substantial. For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument to take into account the influence of such commissions.

Cash and funds in the National Bank of Ukraine. Cash and funds in the National Bank of Ukraine are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and funds in the National Bank of Ukraine include unrestricted balances with the NBU and deposit certificates. Funds restricted are excluded from cash and funds in the National Bank of Ukraine. Cash and funds in the National Bank of Ukraine are carried at amortised cost.

Due from other banks. Due from other banks are accounted for when the Bank advances money to counterparty banks with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from banks are carried at amortised cost.

Securities. The 'securities' caption in the separate statement of financial position includes:

- debt securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVOCI; and
- equity securities designated as at FVOCI.

Loans and advances to customers. 'Loans and advances to customers' caption in the separate statement of financial position includes:

- loans to customers measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- net investment amounts in finance lease

Repossessed collateral. Repossessed collateral represents financial and non-financial assets acquired by the Bank in settlement of overdue loans. The assets are initially recognised at fair value when acquired (but not higher than carrying value of the settled overdue loans) and included in premises and equipment, other financial assets or inventories within other assets depending on their nature and the Bank's intention in respect of recovery of these assets and are subsequently accounted for in accordance with the accounting policies for these categories of assets.

Financial guarantees and loan commitments. The Bank has credit related commitments including loan commitments, letters of credit and financial guarantees. Financial guarantees – are non-cancellable guarantee to make payments in the case when a client fails to fulfil its obligations to third parties. Financial guarantees has the same risk as loans.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has issued no loan commitments that are measured at FVTPL.

For other loan commitments, the Bank recognises a loss allowance.

Liabilities arising from financial guarantees and loan commitments are included within provisions.

Investment property. Investment property is property held by the Bank to earn rental income or for capital appreciation, or both. Investment property includes assets under construction for future use as investment property.

The same property can be divided into structurally separated parts used for different purposes: one part – to receive rental income or equity increase; the other part – for using in the Bank's activity or for administrative purposes.

Investment property is initially recognised at cost of acquisition, including transaction costs, and subsequently remeasured at fair value to reflect market conditions at the end of the reporting period.

Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The fair value of the Bank's investment property is determined based on reports of the internal appraiser who holds relevant professional qualification and has recent experience in valuation of property of similar location and category. The basis used for the valuation was market value.

Earned rental income is recorded in profit or loss for the year within other operating income.

Property, plant and equipment. Property, plant and equipment are stated at cost or revalued amounts, as described below, less accumulated depreciation and provision for impairment, where required.

Since 2008, land and buildings are accounted for under the revaluation model. At the date of revaluation accumulated depreciation of buildings was eliminated against the gross carrying amount of the asset and the net amount was recalculated to the revalued amount of the asset.

Buildings held by the Bank are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the separate statement of profit or loss and other comprehensive income, in which case the increase is recognised in the separate statement of profit or loss and other comprehensive income. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for buildings included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset and through annual depreciation of the revaluation reserve.

Costs of minor repairs and maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of premises, leasehold improvements and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset’s fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset’s value in use or fair value less costs to sell.

Gains or losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation. Land and construction in progress are not depreciated. Depreciation of other property, plant and equipment and assets in the form of right-of-use is calculated using the straight-line method in order to evenly reduce the initial cost to the residual value over their estimated useful lives according to the following standards:

	Useful lives, years
Buildings	70
Furniture and fixtures	5-15
Motor vehicles	7
Computers and equipment	5-15
Leasehold improvements	over the term of the

Intangible assets. The Bank’s intangible assets have the definite useful life and primarily include capitalised computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Development costs that are directly associated with identifiable and unique software controlled by the Bank are recorded as intangible assets if an inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalised computer software is depriciated on a straight line basis over expected useful lives of no more than 10 years.

Lease in which the Bank acts as a lessee

When concluding a contract, the Bank determines whether the contract or a separate part of it is a lease agreement. A contract or a separate part of it is a lease agreement if it transfers the right to control the use of a certain asset for a certain period of time in exchange for compensation. The Bank reevaluates whether the contract or a separate part of it is a lease agreement only if the terms of the contract are revised. If the contract or a separate part of it is a lease agreement, the Bank considers each lease component as a lease agreement, separately from the non-lease components of the contract.

The Bank defines the lease term as a non-canceled lease period, taking into account:

- periods covered by the lease extension option if the lessee is reasonably confident that he will take advantage of such an opportunity; and ·
- periods covered by the option for early termination of the lease, if the lessee is reasonably sure that he will not take advantage of such an opportunity.

The Bank reviews the lease term in the event of a change in the lease period that has not been canceled. The lease term starts from the start date of the lease, i.e. the date when the lessor makes the underlying asset available for use by the lessee.

Initial recognition. As of the start date of the lease, the Bank recognises the asset as a right of use and an obligation under the lease agreement. The right-of-use asset is valued at cost.

As of the start date of the lease, the Bank estimates the liabilities under the lease agreement in the amount of the present value of lease payments not yet paid on that date. Lease payments are discounted by applying the interest rate stipulated in the lease agreement. If such a rate cannot be easily determined, the Bank applies the discount rate of the National Bank of Ukraine.

Lease payments taken into account when assessing lease obligations for the right of use the underlying asset during the lease term include:

- fixed payments less any incentives to enter into a lease agreement to be received; ·
- variable lease payments based on an index or rate that was originally estimated using such an index or rate at the start date of the lease;
- amounts to be paid by the Bank under residual value guarantees;

- the exercise price of an asset purchase option, if the Bank is reasonably confident that it will take advantage of such an opportunity;
- penalties for termination of the lease, if the terms of the lease reflect the Bank's exercise of the option to terminate the lease early.

The Bank uses simplification and does not recognise assets under the right of use on the balance sheet in relation to:

- short-term lease agreements;
- lease agreements under which the underlying asset has a low value.

A simplified approach is applied to the accounting of such assets, under which lease payments are recognised as expenses on a straight-line basis over the lease term. This approach is applied either on a lease-by-lease basis or by class of underlying asset. A lease is classified as a short-term lease if the lease term does not exceed 12 months. A lease is classified as a lease of a low-value asset if the value of the underlying asset does not exceed UAH 150 000.

Subsequent measurement. After the start date of the lease, the Bank evaluates all assets under right of use, except those that meet the definition of investment property, at cost less accumulated depreciation, accumulated impairment, adjusted for the amount of revaluation of lease liabilities reflected against the cost of the asset under right of use.

Depreciation of a right-of-use asset is carried out from the start date of the lease until the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying (leased) asset to the Bank at the end of the lease term, or if the cost of the right-of-use asset reflects the fact that the Bank will take advantage of the opportunity to purchase it. In other cases, the Bank amortises the right-of-use asset from the start date of the lease to an earlier of the following two dates: the end of the useful life of the right-of-use asset and the end of the lease term. Other requirements for depreciation and recognition of impairment of an asset by right-of-use are similar to those applied to own property, plant and equipment.

Revaluation of lease liabilities.

The Bank changes the valuation of lease liabilities by discounting the revised lease payments using the revised discount rate if any of the conditions are met:

- change in the lease term (due to a revision of the probability of executing an option to extend or terminate the lease ahead of schedule);
- change in the assessment of the possibility of acquiring the underlying asset;
- change in payments due to changes in the floating interest rate..

The Bank changes the valuation of lease liabilities by discounting revised lease payments using an unchanged discount rate if any of the conditions are met:

- change in the amounts expected to be paid under the liquidation value guarantee;
- changes in future lease payments as a result of changes in the index or rate used to determine such payments. The Bank reflects the amount of revaluation of the lease liability as an adjustment of the right-of-use asset (except in the case of a decrease in the carrying amount of the right-of-use asset to zero). If the carrying amount of the right-of-use asset has decreased to zero and the lease liability is further reduced, the Bank recognises the remaining amount as part of the profit or loss.

Modifications to the lease agreement

The Bank considers the modification of the lease agreement as a separate lease agreement, if the conditions are met:

- the modification expands the scope of the lease agreement by adding the right to use one or more underlying assets;
- contract compensation is increased by an amount corresponding to the price of an individual contract for an increased volume, with appropriate adjustments reflecting the circumstances of a particular contract.

For a modification of a lease agreement that is not considered as a separate lease agreement, as of the effective date of the modification, the Bank:

- distributes compensation specified in the modified lease agreement;
- determines the terms of the modified lease;
- revalues the lease liability by discounting the revised lease payments using the revised discount rate.

The revised discount rate is defined as the interest rate provided for in the lease agreement for the remaining lease term or as the additional borrowing rate of the lessee on the effective date of the lease modification, if the interest rate provided for in the lease cannot be easily determined.

For a modification of a lease agreement that is not considered as a separate lease agreement, as of the effective date of the modification, the Bank:

- educes the carrying amount of the right-of-use asset by the amount of partial or complete termination of the lease for modification, which reduces the scope of the lease agreement; any profit or loss associated with partial or complete termination of the lease is recorded under "other administrative and operating costs" of the Income statement;
- reflects adjustments to the right-of-use asset for all other modifications to the lease agreement.

Leases in which the Bank acts as a lessor

The Bank, as a lessor, classifies each lease as a finance or operating lease. This classification is made as of the date of the lease agreement or the date of commitment by the parties to the agreed basic terms of the lease agreement, and is revised only if the lease agreement is modified. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. Otherwise, the lease is classified as operating. The classification of a lease as financial or operating depends on the substance of the transaction and not on the form of the contract.

The Bank leases its investment properties, including commercial real estate owned by it, as well as leased real estate. The Bank classified these leases as operating leases because it does not transfer virtually all of the risks and benefits of owning assets.

Some property leases contain extension options exercisable by the Bank. Where practicable, the Bank seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Bank doesn’t expect any penalties as the leases will either be extended or lease liabilities will be fulfilled in accordance with the terms of the contract.

Accounts receivable under finance leases are included in loans and advances to customers.

Due to other banks, customer accounts, due to other financial institutions and debt securities. Due to other banks, customer accounts, due to other financial institutions and debt securities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

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

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

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

Deferred income tax is not recognised for retained earnings after acquisition or other changes in the reserves of subsidiaries whose dividend policy is controlled by the Bank if it is quite probable that the difference will not be repaid through dividends or otherwise in the future.

Uncertain tax positions. The Bank's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of each reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Accounts payable for operating activities and other accounts payable Accounts payable for operating activities are recognised when the counterparty has fulfilled its obligations under the agreement and are carried at amortised cost.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Interest income and expense. The Bank recognises interest income and expense in profit or loss using the effective interest method during the period from the date of initial recognition to the date of derecognition or reclassification of financial instruments. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

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

Credit-adjusted effective interest rate – is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the amortised value of the financial asset which is purchased or originated credit-impaired asset. When calculating the credit-adjusted effective interest rate, the Bank estimates all contractual terms of the financial asset and expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income is calculated by applying the effective interest rate applied to the gross carrying amount of the financial asset at amortised cost except:

- purchased or originated credit-impaired assets. For such assets interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset from the date of initial recognition; the calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves;
- financial assets which are not purchased or originated credit-impaired assets, but subsequently have become credit-impaired. In this case, the Bank applies effective interest rate to the amortised cost of the asset in the subsequent reporting periods after the date of their recognition as credit-impaired. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

The effective interest rate is revised as a result of periodic reestimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

Interest income calculated using the effective interest method presented in the separate statement of profit or loss and other comprehensive income includes:

- interest income calculated using the effective interest method on financial assets measured at amortised cost;
- interest calculated using the effective interest method on debt instruments measured at FVOCI.

Other interest income presented in the separate statement of profit and loss and other comprehensive income includes interest income on non-derivative debt financial instruments measured at FVTPL and net investments in finance leases.

Interest expense presented in the separate statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

Fee and commission income and expense. Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Commission income on credit related commitments at market rates are integral part of effective interest rate, if it is probable that the Bank will enter into a specific loan agreement and will not plan to realise the loan within a short period of time after it is provided. If there is no high probability that it will be issued to the borrower within the framework of the loan commitment, then the commission fees for the loan are recognised evenly over the duration of the loan commitment.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

All other payments, commission and other income and expenses are generally accounted for using the accrual method depending on the degree of completeness of the particular transaction, which is defined as the proportion of the actual service provided in the total amount of services to be provided. Other commission income, including commission fee for servicing accounts, remuneration for investment management services, other commission fees, are recognised as the services are provided.

Commissions due to negotiation or participation in third-party transaction negotiations (for example, purchase of loans, shares or other securities, or acquisition or sale of companies) that the Bank earns upon completion of the transaction are recognised after the completion of the transaction.

Foreign currency translation. The functional currency of the Bank and its subsidiary is the currency of the economic environment in which the Bank and its subsidiary operate. The functional and presentation currency is the national currency of Ukraine, hryvnias.

Monetary assets and liabilities are translated into the functional currency at the official exchange rate of the NBU at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into functional currency at year-end official exchange rates of the NBU are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items, including equity investments. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

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

	31 December 2024, UAH	31 December 2023, UAH
1 US Dollar (USD)	42,0390	37,9824
1 Euro (EUR)	43,9266	42,2079
1 zloty (PLN)	10,2966	9,7333

Offsetting. Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off 1) must not be contingent on a future event and 2) must be legally enforceable in all of the following circumstances: (a) in the normal course of business, (b) the event of default and (c) the event of insolvency or bankruptcy.

Staff costs. Wages, salaries, contributions to the Ukrainian state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Bank. The Bank has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to management being the Bank's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately. Geographical segments of the Bank have been reported separately in these separate financial statements based on the ultimate domicile of the counterparty. The ultimate domicile and the actual place of business of the counterparties generally coincide.

Presentation of separate statement of financial position in order of liquidity. The table below presents an analysis of assets and liabilities by maturity:

	31 December 2024			31 December 2023		
	Amounts to be recovered or settled per contract			Amounts to be recovered or settled per contract		
In thousands of hryvnias	Within 12 months after the reporting period	After 12 months after the reporting period	Total	Within 12 months after the reporting period	After 12 months after the reporting period	Total
Assets						
Cash and funds in the National Bank of Ukraine	17 647 174	-	17 647 174	15 847 455	-	15 847 455
Due from other banks	3 600 525	-	3 600 525	3 930 932	-	3 930 932
Loans and advances to customers	6 288 615	5 703 903	11 992 518	6 143 268	6 324 826	12 468 094
Securities	14 802 720	12 389 277	27 191 997	13 890 662	8 048 784	21 939 446
Current income tax prepayment	-	-	-	203 276	-	203 276
Deferred Income tax asset	-	40 686	40 686	-	104 132	104 132
Investments in subsidiaries	-	35 000	35 000	-	35 000	35 000
Investment property	-	8 851	8 851	-	8 863	8 863
Property, plant and equipment	-	917 403	917 403	-	815 466	815 466
Intangible assets	-	330 956	330 956	-	313 007	313 007
Other financial assets	26 052	-	26 052	38 456	-	38 456
Other assets	229 921	-	229 921	181 945	-	181 945
Total assets	**42 595 007**	**19 426 076**	**62 021 083**	**40 235 994**	**15 650 078**	**55 886 072**
Liabilities						
Due to other banks	1 175 024	-	1 175 024	1 745 849	-	1 745 849
Customer accounts	52 125 261	103 686	52 228 947	46 343 032	121 280	46 464 312
Due to other financial institutions	103 161	-	103 161	1 014	99 738	100 752
Current income tax liabilities	438 907	-	438 907	1 007 198	-	1 007 198
Other financial liabilities	450 039	46 235	496 274	312 665	88 768	401 433
Other non-financial liabilities	343 452	-	343 452	264 082	-	264 082
Provisions	115 922	-	115 922	33 766	-	33 766
Total liabilities	**54 751 766**	**149 921**	**54 901 687**	**49 707 606**	**309 786**	**50 017 392**

New or Revised Standards and Interpretations

The Bank applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The 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 the entity complying with specified conditions, the right exists at the end of the reporting period only if the entity has complied with those conditions by that date.

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

Amendments to IAS 1 – Non-current Liabilities with Covenants

The amendments to IAS 1 clarify that an entity may classify a liability arising from a loan agreement as non-current if its right to defer settlement is conditional on compliance with specified covenants within 12 months after the reporting period.

The amendments also require disclosure in the notes to enable users of financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting period.

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

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 Leases require seller-lessees to reassess or restate sale and leaseback transactions entered into since 2019.

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

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

The 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. The disclosures aim to enable users of financial statements to understand the effects of such arrangements on the entity's liabilities, cash flows, and liquidity risk exposure.

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

Standards Issued but Not Yet Effective

The following new standards, amendments, and interpretations have been issued but were not yet effective at the date of issuance of the Bank's financial statements. The Bank intends to apply these, if applicable, when they become effective.

Lack of Exchangeability – Amendments to IAS 21

In August 2023, the 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 determine the spot exchange rate when exchangeability is lacking. The amendments also require disclosure to help users of financial statements understand the impact of a currency that is not exchangeable on the entity's financial position, performance, and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted. This fact must be disclosed if early adopted. When applying the amendments, an entity shall not restate comparative information.

The amendments are not expected to have a material impact on the Bank's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new presentation requirements for the statement of profit or loss, including defined subtotals and categories. Entities are required to classify all income and expenses into five categories: operating, investing, financing, income tax, and discontinued operations—the first three of which are newly introduced.

The standard also introduces mandatory disclosure of management-defined performance measures, additional subtotals of income and expenses, and new aggregation and disaggregation requirements based on the defined "roles" of the primary financial statements (PFS) and notes.

In addition, targeted amendments to IAS 7 Statement of Cash Flows include changing the starting point for the indirect method of operating cash flows from "profit or loss" to "operating profit or loss," and removing the option to classify interest and dividends in multiple ways. Related amendments were also made to several other IFRS standards.

IFRS 18 and related amendments are effective for annual reporting periods beginning on or after 1 January 2027, with retrospective application required. Early application is permitted and must be disclosed.

The Bank will assess the impact of the amendments on its financial statements and related disclosures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while still applying the recognition, measurement, and presentation requirements of IFRS. To be eligible, an entity must be a subsidiary (as defined in IFRS 10), have no public accountability at the end of the reporting period, and have a parent (ultimate or intermediate) that prepares IFRS-compliant consolidated financial statements available for public use.

IFRS 19 is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIY

The Bank makes estimates and assumptions that affect the amounts recognised in the separate financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Expected credit losses (impairment) of financial instruments: an assessment whether there has been a significant increase in credit risk compared to the date of initial recognition, and including forward-looking information in the measurement of expected credit losses.

According to the requirements of IAS 9, the Bank applies an expected credit loss model that provides for timely reflection of deterioration or improvement in the credit quality of financial instruments, taking into account available information and forecasts for the future. The amount of expected credit losses recognised by forming an estimated provision for impairment depends on the state of impairment (deterioration of credit quality) since the initial recognition of the financial instrument.

The process of estimating expected credit losses under IFRS 9 consists of the following steps:

1) analysis of the level of credit risk regarding the presence of a significant increase in credit risk or the occurrence of a default event from the date of initial recognition and assignment to the appropriate stage of impairment;

2) calculation of the amount of expected credit losses (estimated provision for impairment)

In order to estimate the amount of expected losses in the Bank, 2 approaches are used:

1) assessment of the amount of expected credit losses on an individual basis – for individually significant banking operations for which default is recognised;

2) assessment of the amount of expected credit losses on a group basis – for individually non-significant banking operations and individually significant current operations for which no default was detected

In accordance with the requirements of IFRS 9 for the purposes of measuring expected credit losses, financial instruments are classified into one of three stages of impairment, based on how significantly the level of credit risk for the financial instrument has changed at the reporting date compared to the date of its initial recognition.

The key inputs into the measurement of ECLs are likely to be the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

PD estimates are calculated according to statistical models and estimates using tools adapted to different categories of counterparties and credit risk exposures. PD estimates are based on migration matrices, which are based on the type of credit product and payment periods.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties after the default date.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is the gross carrying amount at default For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which are estimated based on historical observations and forward-looking forecasts.

Detailed information on the calculation of expected credit losses is provided in Notes 3 and 31.

Buildings assessment. As disclosed in Note 3, the Bank's own buildings are subject to regular revaluation. The most recent revaluation was performed based on reports prepared by an internal appraiser who holds relevant professional qualifications and has current experience in the valuation of properties with similar location and characteristics. The valuation was based on the income approach. The assessment involved the use of certain judgments, including an analysis of rental rates and payments for comparable properties, as well as forecasts of income currently generated or expected to be generated by the property.

The valuation was performed using the income approach by an internal appraiser who holds the appropriate professional qualifications and has experience in the valuation of property, plant and equipment with similar location and characteristics. For each property, suitable comparables were selected for analysis based on the following criteria: location, type, condition, size, and recent selling prices of similar properties.

Adjustments were applied to the listed price, which reflects the asking price rather than the actual transaction price (negotiation adjustment), as well as for location, size, floor, condition, rental rates, payments, and other relevant factors. Negotiation adjustments applied by the internal appraiser typically ranged from 10% to 15%. Other adjustments applied by the internal appraiser also generally ranged from 10% to 15%.

The appraiser used only the income approach to assess the value of all items of property, plant and equipment.

Changes in these assumptions may affect the fair value of the assets. If the price per square meter were to differ by 10%, the fair value of buildings would increase or decrease by UAH 30 000 thousand (2023: UAH 27 815 thousand).

Definition of terms under leases. The Bank considers all available facts and circumstances that give rise to an economic incentive to exercise the extension options. The Bank determines the total lease term based on the option to extend the lease and terminate the longer lease term. Where practicable, the Bank seeks to include renewal options in new leases to provide operational flexibility. The Bank assesses at lease commencement date whether it is reasonably certain to exercise extension options. As a result, the lease term for most lease objects is 2-7 years.

5. CASH AND FUNDS IN THE NATIONAL BANK OF UKRAINE

In thousands of hryvnias	31 December 2024	31 December 2023
Cash on hand	2 368 718	1 319 237
Cash balances on correspondent accounts with the NBU	4 587 133	7 036 847
Deposit certificates issued by the NBU	10 691 323	7 491 371
Total cash and funds with the National Bank of Ukraine	**17 647 174**	**15 847 455**

Cash and cash equivalents include cash and funds in the National Bank of Ukraine, funds in correspondent accounts in other banks and all placement of funds on the interbank market with an initial maturity of no more than three months.

As at 31 December 2024 and 2023 the Bank was in compliance with the mandatory reserve requirements.

The Bank's cash and cash equivalents for the purposes of preparing a separate statement of cash flows are presented as follows:

In thousands of hryvnias	31 December 2024	31 December 2023
Cash and funds in the National Bank of Ukraine	17 647 174	15 847 455
Correspondent accounts with other banks	2 386 051	2 783 455
Placements of funds on the interbank market with an initial maturity of no more than three months	1 180 855	1 130 329
Loss allowances for expected credit losses	(957)	(1 151)
Total cash and cash equivalents	**21 213 123**	**19 760 088**

6. DUE FROM OTHER BANKS

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Correspondent accounts with other banks	2 386 051	2 783 455
Interbank placements with original maturities of less than three months	1 180 855	1 130 329
Guarantee deposits	34 625	18 377
Loss allowances for expected credit losses	(1 006)	(1 229)
Total due from other banks	**3 600 525**	**3 930 932**

Guarantee deposits include funds placed mainly as guarantee deposits for card payments and money transfers, as well as documentary operations.

Amounts due from other banks are not collateralised.

The credit quality analysis of due from banks is based on Moody’s ratings.

The credit quality of due from banks outstanding as at 31 December 2024 is below:

In thousands of hryvnias	**Correspondent accounts**	**Placement of funds in other banks**	**Guarantee deposits**	**Total**
Assets with 12-month expected credit losses - Stage 1				
- Aa1 – Aa3 rated	1 039 710	-	-	**1 039 710**
- A1 - A3 rated	1 254 174	565 477	28 552	**1 848 203**
- Baa1 - Baa3 rated	4 996	615 378	-	**620 374**
- Unrated	87 171	-	6 073	**93 244**
Loss allowances for 12-months expected credit losses	(845)	(112)	(49)	**(1 006)**
Total due from other banks	**2 385 206**	**1 180 743**	**34 576**	**3 600 525**

The credit quality of due from banks outstanding as at 31 December 2023 is as follows:

In thousands of hryvnias	**Correspondent accounts**	**Placement of funds in other banks**	**Guarantee deposits**	**Total**
Assets with 12-month expected credit losses - Stage 1				
- Aa1 – Aa3 rated	942 914	-	-	**942 914**
- A1 - A3 rated	1 688 410	560 346	8 442	**2 257 198**
- Baa1 - Baa3 rated	1 573	569 983	-	**571 556**
- Unrated	150 558	-	9 935	**160 493**
Loss allowances for 12-months expected credit losses	(1 047)	(104)	(78)	**(1 229)**
Total due from other banks	**2 782 408**	**1 130 225**	**18 299**	**3 930 932**

As at December 31, 2024, the Bank had a concentration of current account balances with other credit institutions in the amount of UAH 2 247 290 thousand from the three largest banks with an investment class credit rating (as at December 31, 2023 – UAH 2 571 182 thousand).

The movements in expected credit losses during 2024 are as follows:

In thousands of hryvnias	**Note**	**Correspondent accounts**	**Placement of funds in other banks**	**Guarantee deposits**	**Total**
Loss allowances for 12-months expected credit losses at 1 January 2024 - Stage 1		**1 047**	**104**	**78**	**1 229**
Remeasurement of loss allowance	25	(205)	-	(29)	**(234)**
Effect of exchange rate of foreign currency		3	8	-	**11**
Loss allowances for 12-months expected credit losses at 31 December 2024 - Stage 1		**845**	**112**	**49**	**1 006**

The movements in expected credit losses during 2023 are as follows:

In thousands of hryvnias	**Note**	**Correspondent accounts**	**Placement of funds in other banks**	**Guarantee deposits**	**Total**
Loss allowances for 12-months expected credit losses at 1 January 2023 - Stage 1		**1 673**	**104**	**63**	**1 840**
Remeasurement of loss allowance	25	(557)	(3)	15	**(545)**
Effect of exchange rate of foreign currency		(69)	3	-	**(66)**
Loss allowances for 12-months expected credit losses at 31 December 2023 - Stage 1		**1 047**	**104**	**78**	**1 229**

Refer to Note 34 for the estimated fair value of each class of amounts due from other banks. Interest rate analysis of due from other banks is disclosed in Note 31.

7. LOANS AND ADVANCES TO CUSTOMERS

In thousands of hryvnias	31 December 2024	31 December 2023
Corporate loans	11 537 736	10 403 784
Loans to individuals - car loans	662 220	1 309 898
Loans to individuals - mortgage loans	1 382 589	1 911 687
Loans to individuals - other consumer loans	636 979	882 037
Loss allowances for expected credit losses	(2 227 006)	(2 039 312)
Total loans and advances to customers	**11 992 518**	**12 468 094**

Changes in loss allowances for expected credit losses and advances to customers during 2024 are as follows:

In thousands of hryvnias	Note	Stage 1 12-expected credit losses	Stage 2 Lifetime expected credit for not impaired	Stage 3 Lifetime expected credit for credit-impaired	Purchased credit-impaired	Total
Loss allowances for expected credit losses at 1 January 2024		**239 465**	**721 605**	**1 026 482**	**51 760**	**2 039 312**
New originated or purchased	25	59 954	96 140	277	-	**156 371**
Net remeasurement of loss allowance for expected credit losses*	25	(88 915)	297 714	(273 604)	(11 574)	**(76 379)**
Write-offs		(269)	(688)	(38 024)	(1 479)	**(40 460)**
Adjustment for interest income from credit-impaired loans		(13 483)	9	101 661	15 252	**103 439**
Effect of exchange rate of foreign currency		3 200	(532)	15 270	3 210	**21 148**
Other movements, including transfers to Stages:		13 662	(25 934)	30 250	5 597	**23 575**
- transfer from Stage 1		(25 988)	25 465	523	-	**-**
- transfer from Stage 2		11 562	(97 923)	86 361	-	**-**
- transfer from Stage 3		524	46 524	(47 247)	199	**-**
Loss allowances for expected credit losses at 31 December 2024		**213 614**	**1 088 314**	**862 312**	**62 766**	**2 227 006**

* Remeasurement of loss allowance for expected credit losses includes the following: changes for loans issued during 2024, for which there was a change in the level of expected loan losses from the date of issue to the end of the year; changes in loans issued before 2024 that remained in the portfolio as at 31 December 2024; changes for loans derecognised during the period. The table above discloses the accumulated impact of changes in the level of expected credit losses, including if a significant increase in credit risk was recognised several times during the year, which resulted in the transfer between stages for several times with its subsequent reduction and vice versa.

As at 31 December 2024, loans issued in 2024 and outstanding as at 31 December 2024 amounted to UAH 6 040 018 thousand (42% of loans and advances to customers as at 31 December 2024), including corporate loans - UAH – 6 009 882 thousand (42% of loans and advances to customers as at 31 December 2024), out of which 67% of loans have initial maturity up to 2 years and due to short term nature the days of debt overdue is the most significant criterion for significant increase of credit risk for such loans.

As at 31 December 2024 UAH 3 842 942 thousand of loans outstanding were fully repaid (26%), including loans in Stage 1 - UAH 2 439 666 thousand (loss allowance as at 1 January 2024 amounted to UAH 48 401 thousand).

Changes in loss allowances for expected credit losses and advances to customers during 2023 are as follows:

In thousands of hryvnias	**Note**	**Stage 1 12-month expected credit losses**	**Stage 2 Lifetime expected credit for not impaired**	**Stage 3 Lifetime expected credit for credit-impaired**	**Purchased credit-impaired**	**Total**
Loss allowances for expected credit losses at 1 January 2023		**172 744**	**801 572**	**1 438 732**	**29 616**	**2 442 664**
New originated or purchased	25	73 112	22 318	638	-	**96 068**
Net remeasurement of loss allowance for expected credit losses*	25	(21 348)	42 893	(351 034)	1 863	**(327 626)**
Write-offs		(292)	(531)	(434 870)	(1 847)	**(437 540)**
Adjustment for interest income from credit-impaired loans		(106)	22	189 206	12 676	**201 798**
Effect of exchange rate of foreign currency		2 655	1 244	9 988	940	**14 827**
Other movements, including transfers to Stages:		12 700	(145 913)	173 822	8 512	**49 121**
- transfer from Stage 1		(14 527)	14 153	374	-	**-**
- transfer from Stage 2		7 645	(213 782)	206 137	-	**-**
- transfer from Stage 3		2 119	53 568	(72 508)	16 821	**-**
Loss allowances for expected credit losses at 31 December 2023		**239 465**	**721 605**	**1 026 482**	**51 760**	**2 039 312**

* Remeasurement of loss allowance for expected credit losses includes the following: changes for loans issued during 2023, for which there was a change in the level of expected loan losses from the date of issue to the end of the year; changes in loans issued before 2023 that remained in the portfolio as at 31 December 2023; changes for loans derecognised during the period. The table above discloses the accumulated impact of changes in the level of expected credit losses, including if a significant increase in credit risk was recognised several times during the year, which resulted in the transfer between stages for several times with its subsequent reduction and vice versa.

As at 31 December 2023, loans issued in 2023 and outstanding as at 31 December 2023 amounted to UAH 6 926 033 thousand (48% of loans and advances to customers as at 31 December 2023), including corporate loans - UAH – 6 888 064 thousand (47% of loans and advances to customers as at 31 December 2023), out of which 79% of loans have initial maturity up to 2 years and due to short term nature the days of debt overdue is the most significant criterion for significant increase of credit risk for such loans. As at 31 December 2023 UAH 5 120 015 thousand of loans outstanding were fully repaid (34%), including loans in Stage 1 - UAH 2 956 530 thousand (loss allowance as at 1 January 2023 amounted to UAH 45 789 thousand).

During 2024, the Bank assigned the rights of claim to customers ' credit debt in the amount of UAH 12 786 thousand (during 2023 - UAH 11 226 thousand).

The amount of loans that were written off during 2024, but remain the subject of enforcement activity, is UAH 17 506 thousand (in 2023 - UAH 240 277 thousand).

Economic sector risk concentration within the customer loan portfolio is as follows:

	31 December 2024		31 December 2023	
In thousands of hryvnias	**Amount**	**%**	**Amount**	**%**
Agriculture and food processing Individuals	4 003 128	28	3 505 579	24
Trade	3 567 747	25	2 974 689	21
Individuals	2 681 788	19	4 103 622	28
Manufacturing	2 574 992	18	2 332 388	16
Services	606 016	5	820 854	6
Real estate and construction	324 890	2	335 681	2
Transportation	323 608	2	300 994	2
Other	137 355	1	133 599	1
Total loans and advances to customers (before expected credit losses)	**14 219 524**	**100**	**14 507 406**	**100**

As at 31 December 2024, the total gross carrying value of top 10 borrowers of the Bank was UAH 1 957 712 thousand (31 December 2023: UAH 1 793 573 thousand), or 14% of the loan portfolio before expected credit losses (31 December 2023: 12% of the loan portfolio before expected credit losses).

As at 31 December 2024, loans and advances to customers in the amount of UAH 624 112 thousand (31 December 2023: UAH 578 881 thousand) were secured by deposits in the amount of UAH 690 098 thousand (31 December 2023: UAH 631 868 thousand). Refer to Note 16 and Note 31.

Credit quality analysis of the loans outstanding as at 31 December 2024 is presented below:

In thousands of hryvnias	**Stage 1 12-month expected credit losses**	**Stage 2 Lifetime expected credit losses for not impaired**	**Stage 3 Lifetime expected credit losses for credit-impaired**	**Purchased credit-impaired**	**Total**
Corporate loans:					
- not yet past due	8 121 018	2 846 871	344 757	8 945	**11 321 591**
- less than 30 days overdue	15 440	13 054	1 423	881	**30 798**
- 30 to 90 days overdue	9 917	812	730	-	**11 459**
- 91 to 180 days overdue	-	-	11 070	-	**11 070**
- 181 to 360 days overdue	-	-	6 905	-	**6 905**
- over 360 days overdue	-	-	118 988	36 925	**155 913**
- Loss allowances for expected credit losses	(174 442)	(651 333)	(391 993)	(37 787)	**(1 255 555)**
Carrying value of the corporate loans	**7 971 933**	**2 209 404**	**91 880**	**8 964**	**10 282 181**
Loans to individuals - car loans:					
- not yet past due	164 396	244 586	7 152	4 775	**420 909**
- less than 30 days overdue	9 481	31 461	5 009	504	**46 455**
- 30 to 90 days overdue	-	8 929	3 352	278	**12 559**
- 91 to 180 days overdue	-	-	9 342	233	**9 575**
- 181 to 360 days overdue	-	-	18 217	588	**18 805**
- over 360 days overdue	-	-	151 345	2 572	**153 917**
Loss allowances for expected credit losses	(9 355)	(111 620)	(146 457)	(4 024)	**(271 456)**
Carrying value of the car loans to individuals	**164 522**	**173 356**	**47 960**	**4 926**	**390 764**
Loans to individuals - mortgage loans:					
- not yet past due	720 047	499 819	46 620	9 521	**1 276 007**
- less than 30 days overdue	2 721	6 666	7 516	404	**17 307**
- 30 to 90 days overdue	84	1 814	131	-	**2 029**
- 91 to 180 days overdue	-	-	18 860	1 346	**20 206**
- 181 to 360 days overdue	-	-	8 162	1 447	**9 609**
- over 360 days overdue	-	-	57 431	-	**57 431**
Loss allowances for expected credit losses	(19 332)	(236 431)	(78 972)	(3 106)	**(337 841)**
Carrying value of loans to individuals - mortgage loans	**703 520**	**271 868**	**59 748**	**9 612**	**1 044 748**
Loans to individuals - other consumer loans					
- not yet past due	151 783	135 252	12 963	20 393	**320 391**
- less than 30 days overdue	5 734	17 215	3 993	4 280	**31 222**
- 30 to 90 days overdue	1 372	10 949	6 157	2 694	**21 172**
- 91 to 180 days overdue	-	14	12 003	2 014	**14 031**
- 181 to 360 days overdue	-	2	26 095	4 763	**30 860**
- over 360 days overdue	-	11	199 284	20 008	**219 303**
Loss allowances for expected credit losses	(10 485)	(88 930)	(244 890)	(17 849)	**(362 154)**
Carrying value of other consumer loans to individuals	**148 404**	**74 513**	**15 605**	**36 303**	**274 825**
Total loans and advances to customers	**8 988 379**	**2 729 141**	**215 193**	**59 805**	**11 992 518**

Credit quality analysis of the loans outstanding as at 31 December 2023 is presented below:

In thousands of hryvnias	**Stage 1 12-month expected credit losses**	**Stage 2 Lifetime expected credit losses for not credit-impaired**	**Stage 3 Lifetime expected credit for credit-impaired**	**Purchased credit-impaired**	**Total**
Corporate loans:					
- not yet past due	7 852 287	1 755 208	366 585	4 802	**9 978 882**
- less than 30 days overdue	26 966	22 373	10 225	-	**59 564**
- 30 to 90 days overdue	-	7 601	51 212	-	**58 813**
- 91 to 180 days overdue	-	-	7 946	-	**7 946**
- 181 to 360 days overdue	-	-	23 945	-	**23 945**
- over 360 days overdue	-	2	248 569	26 063	**274 634**
- Loss allowances for expected credit losses	(133 803)	(34 559)	(534 824)	(26 428)	**(729 614)**
Carrying value of the corporate loans	**7 745 450**	**1 750 625**	**173 658**	**4 437**	**9 674 170**
Loans to individuals - car loans:					
- not yet past due	523 242	448 891	25 512	5 423	**1 003 068**
- less than 30 days overdue	22 548	46 804	7 352	1 921	**78 625**
- 30 to 90 days overdue	-	23 290	14 249	1 483	**39 022**
- 91 to 180 days overdue	-	-	28 229	1 293	**29 522**
- 181 to 360 days overdue	-	-	26 968	578	**27 546**
- over 360 days overdue	-	-	131 133	982	**132 115**
Loss allowances for expected credit losses	(37 741)	(232 709)	(173 733)	(2 865)	**(447 048)**
Carrying value of the car loans to individuals	**508 049**	**286 276**	**59 710**	**8 815**	**862 850**
Loans to individuals - mortgage loans:					
- not yet past due	1 139 073	591 632	46 395	27 953	**1 805 053**
- less than 30 days overdue	1 831	4 527	2 383	209	**8 950**
- 30 to 90 days overdue	-	9 119	8 684	-	**17 803**
- 91 to 180 days overdue	-	-	14 623	-	**14 623**
- 181 to 360 days overdue	-	-	5 839	-	**5 839**
- over 360 days overdue	-	-	59 419	-	**59 419**
Loss allowances for expected credit losses	(44 853)	(296 877)	(82 165)	(11 454)	**(435 349)**
Carrying value of loans to individuals - mortgage loans	**1 096 051**	**308 401**	**55 178**	**16 708**	**1 476 338**
Loans to individuals - other consumer loans					
- not yet past due	260 440	247 344	20 581	22 966	**551 331**
- less than 30 days overdue	6 436	29 334	6 275	6 655	**48 700**
- 30 to 90 days overdue	391	20 512	4 754	3 821	**29 478**
- 91 to 180 days overdue	-	33	27 467	4 575	**32 075**
- 181 to 360 days overdue	-	33	53 090	8 287	**61 410**
- over 360 days overdue	-	107	150 675	8 261	**159 043**
Loss allowances for expected credit losses	(23 068)	(157 460)	(235 760)	(11 013)	**(427 301)**
Carrying value of other consumer loans to individuals	**244 199**	**139 903**	**27 082**	**43 552**	**454 736**
Total loans and advances to customers	**9 593 749**	**2 485 205**	**315 628**	**73 512**	**12 468 094**

The Bank classifies loans and advances to customers by credit quality based on the borrower's financial condition and ability to service the debt.

Information on collateral as at 31 December 2024 is summarised below:

In thousands of hryvnias	**Corporate loans**	**Car loans**	**Mortgage loans**	**Consumer loans**	**Total**
Unsecured loans	**1 321 329**	**117 464**	**96 947**	**636 643**	**2 172 383**
Loans collateralised by:					
- cash deposits	624 112	-	-	-	**624 112**
- residential real estate	440 074	-	1 229 606	336	**1 670 016**
- other real estate	4 171 839	-	33 524	-	**4 205 363**
- other assets	4 980 382	544 756	22 512	-	**5 547 650**
Total loans and advances to customers (before expected credit losses)	**11 537 736**	**662 220**	**1 382 589**	**636 979**	**14 219 524**

Information on collateral as at 31 December 2023 is summarised below:

In thousands of hryvnias	**Corporate loans**	**Car loans**	**Mortgage loans**	**Consumer loans**	**Total**
Unsecured loans	**1 225 288**	**182 384**	**97 418**	**881 393**	**2 386 483**
Loans collateralised by:					
- cash deposits	578 881	-	-	-	**578 881**
- residential real estate	411 297	-	1 723 661	330	**2 135 288**
- other real estate	3 504 780	-	59 180	-	**3 563 960**
- other assets	4 683 538	1 127 514	31 428	314	**5 842 794**
Total loans and advances to customers (before expected credit losses)	**10 403 784**	**1 309 898**	**1 911 687**	**882 037**	**14 507 406**

The information on the collateral in the table above includes financial lease receivables. Namely, as at 31 December 2024 in the amount of loans secured by other assets, included financial lease receivables from legal entities in the amount of UAH 895 949 thousand (as at 31 December 2023 - UAH 596 677 thousand) and UAH 9 035 thousand - individuals (car loans) (as at 31 December 2023 - UAH 12 003 thousand).

Other assets mainly include equipment, other movable property and property rights for future real estate. The disclosure above represents the lower of the carrying value of the loan or fair value of collateral taken as at 31 December, depending on what is the lowest amount; the remaining part is disclosed within the unsecured exposures. The carrying value of the loans was allocated based on liquidity of the assets taken as collateralised.

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements exceed its carrying value ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements equal to their carrying value or are lower than their carrying value ("under-collateralised assets"). The analysis below covers only the individually impaired loans.

The effect of collateral on individually impaired loans as at 31 December 2024 is summarised below:

	Over-collateralised assets		Under-collateralised assets	
In thousands of hryvnias	**Carrying value of the asset**	**Fair value of collateral with discounts and expected disposal terms**	**Carrying value of the asset**	**Fair value of collateral with discounts and expected disposal terms**
Corporate loans	31 823	95 582	62 642	11 398
Mortgage loans	26 566	40 693	7 827	6 739
Consumer loans	-	-	174	-
Car loans	1 521	2 521	529	380
Total	**59 910**	**138 796**	**71 172**	**18 517**

The effect of collateral on individually impaired loans as at 31 December 2023 is summarised below:

	Over-collateralised assets		Under-collateralised assets	
In thousands of hryvnias	**Carrying value of the asset**	**Fair value of collateral with discounts and expected disposal terms**	**Carrying value of the asset**	**Fair value of collateral with discounts and expected disposal terms**
Corporate loans	59 513	145 506	108 148	31 219
Mortgage loans	34 281	48 141	1 258	-
Consumer loans	-	-	118	-
Car loans	3 832	7 577	768	642
Total	**97 626**	**201 224**	**110 292**	**31 861**

For other commercial loans without specifically identified impairment, the fair value of collateral was estimated at the inception of the loans and is adjusted for subsequent changes in value once a year in line with the significant market changes in value for real estate or for other pledged assets in accordance with the Bank's policies and procedures.

The fair value of collateral is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, discounted for the time required for its recovery and disposal. This amount includes possible costs of debt recovery through the foreclosure such as court expenses, disposal costs and other costs related to debt recovery through the foreclosure.

The fair value of real estate properties at the end of the reporting period is based on the actual expert opinion of the firm of independent appraisers engaged by the Bank on a contractual basis or by the internal appraiser who holds a relevant qualification certificate, which are not related (affiliates, related parties, associates) to the Bank according to the legislation.

The Bank's credit risk management policies and procedures are described in Note 31. The maximum credit risk exposure represents the carrying value of loans and advances at the relevant reporting date.

Collateral and other ways to improve the quality of loans and advances are described below.

The Bank accepts the following types of collateral:

- Loans to individuals - residential mortgage property and cars;
- Loans to legal entities and industrial companies - corporate properties such as property, plant and equipment, shares, accounts receivable and third party guarantees;

- Commercial real estate development - real property for which the financing has been received.

Although collateral might be an important factor to mitigate the credit risk, the Bank's policy provides for granting loans primarily based on the customer's creditworthiness rather than the proposed collateral value. Depending on the customer's condition and banking product, loans may be issued without taking collateral.

Finance lease receivables are included to loans. The table below summarises reconciliation between gross investments in lease and present value of minimal lease payments as at 31 December 2024:

In thousands of hryvnias	**Gross investment in lease**	**Present value of minimum lease payments**	**Unrealised financial income**
Finance lease receivables			
- less than 1 year	588 730	459 460	129 270
- from 1 to 5 years	687 377	519 440	167 937
- over 5 years	2 719	1 618	1 101
Less loss allowances for expected credit losses	**(118 362)**	**(118 362)**	**-**
Total after deduction of loss allowances for expected credit losses	**1 160 464**	**862 156**	**298 308**

Finance lease receivables are included to loans. The table below summarises reconciliation between gross investments in lease and present value of minimal lease payments as at 31 December 2023:

In thousands of hryvnias	**Gross investment in lease**	**Present value of minimum lease payments**	**Unrealised financial income**
Finance lease receivables			
- less than 1 year	483 223	404 033	79 190
- from 1 to 5 years	402 928	296 282	106 646
- over 5 years	4 788	2 689	2 099
Less loss allowances for expected credit losses	**(113 479)**	**(113 479)**	**-**
Total after deduction of loss allowances for expected credit losses	**777 460**	**589 525**	**187 935**

Refer to Note 34 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 31. Information on related party balances is disclosed in Note 36.

Modified financial assets

The table below provides information on financial assets that were modified when the amount of the loss allowance was estimated at an amount equal to the amount of lifetime expected credit losses.

In thousands of hryvnias	**2024**	**2023**
Financial assets modified during the period		
Amortised cost before modification	168 845	508 739
Gains less losses from modification	(1 409)	(5 645)

8. SECURITIES

In thousands of hryvnias	Note	31 December 2024	31 December 2023
Securities at fair value through other comprehensive income			
Ukrainian government bonds		12 907 434	8 065 477
Total securities at fair value through other comprehensive income		**12 907 434**	**8 065 477**
Securities at amortised cost			
US Treasury bonds		8 610 709	8 463 544
Bonds of the Federal Ministry of Finance of Germany		-	2 099 520
Bonds of the Ministry of Finance of France		5 021 732	2 834 783
Bonds of the Ministry of Finance of Poland		652 122	476 122
Total securities at amortised cost		**14 284 563**	**13 873 969**
Total securities		**27 191 997**	**21 939 446**

The movements in amounts of expected credit losses on securities during 2024 are as follows:

In thousands of hryvnias	Note	Stage 1	Stage 2	Stage 3	Total
Securities at fair value through other comprehensive income *Ukrainian government bonds*					
Loss allowances for expected credit losses at 1 January 2024		**549 366**	**87 405**	**-**	**636 771**
Increase from acquisition of assets during the period	25	790 849	-	-	**790 849**
Repayment and sales of assets during the period	25	(41 151)	-	-	**(41 151)**
Remeasurement of loss allowance*	25	(472 629)	(64 426)	-	**(537 055)**
Loss allowances for expected credit losses at 31 December 2024		**826 435**	**22 979**	**-**	**849 414**

* Remeasurement of loss allowance for expected credit losses includes the changes for securities acquired during 2024, for which there was a change in the level of expected credit losses from the date of acquisition to the end of the year, as well as in securities purchased until 2024 that remained in the portfolio at 31 December 2024.

The movements in amounts of expected credit losses on securities during 2023 are as follows:

In thousands of hryvnias	**Note**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Securities at fair value through other comprehensive income *Ukrainian government bonds*					
Loss allowances for expected credit losses at 1 January 2023		**-**	**193 855**	**-**	**193 855**
Increase from acquisition of assets during the period	25	409 074	-	-	**409 074**
Repayment and sales of assets during the period	25	-	(42 244)	-	**(42 244)**
Remeasurement of loss allowance*	25	140 292	(64 214)	-	**76 078**
Effect of exchange rate of foreign currency		-	8	-	**8**
Loss allowances for expected credit losses at 31 December 2023		**549 366**	**87 405**	**-**	**636 771**
Securities at amortised cost *Government bonds of other countries*					
Loss allowances for expected credit losses at 1 January 2023		**74**	**-**	**-**	**74**
Increase from acquisition of assets during the period	25	134	-	-	**134**
Repayment and sales of assets during the period	25	(13)	-	-	**(13)**
Remeasurement of loss allowance*	25	(208)	-	-	**(208)**
Effect of exchange rate of foreign currency		13	-	-	**13**
Loss allowances for expected credit losses at 31 December 2023		**-**	**-**	**-**	**-**

* Remeasurement of loss allowance for expected credit losses includes the changes for securities acquired during 2023 for which there was a change in the level of expected credit losses from the date of acquisition to the end of the year, as well as in securities purchased until 2023 that remained in the portfolio at 31 December 2023.

9. INVESTMENTS IN SUBSIDIARIES

In 2021, the Bank decided to develop performance in the related financial services market in the form of a separate legal entity. In August 2021, by the decision of the Supervisory Board, a subsidiary of the Bank, KREDOLEASING LLC, was established and passed state registration. The subject of activity of this company, 100% of the capital of which belongs to Bank ", is the provision of financial services, namely leasing, factoring, provision of funds on loan. In November 2021, KREDOLEASING LLC received licenses to provide financial services and was entered by the National Bank of Ukraine in the state register of financial institutions.

In 2023, the Bank increased the authorised capital of its subsidiary KREDOLEASING LLC by UAH 25 000 thousand in order to ensure further development of the company's activities. The state registration of the change in the Authorised Capital took place on June 26, 2023. As of the reporting date, the authorised capital of KREDOLEASING LLC is UAH 35 000 thousand. The investment is accounted for at acquisition cost.

10. INVESTMENT PROPERTY

In thousands of hryvnias	**Note**	**2024**	**2023**
Investment properties at fair value at 1 January		**8 863**	**8 138**
Transfer to the Bank`s real estate	11	(1 657)	-
Net change of fair value		1 645	725
Investment properties at fair value at 31 December		**8 851**	**8 863**

As at 31 December 2024 and 31 December 2023, investment properties include commercial buildings held by the Bank to earn rental income, which were transferred from property, plant and equipment and leasehold improvements.

Information on income from operating lease is disclosed in Note 26.

As at 31 December 2024 and 31 December 2023, fair value of the Bank's investment properties was determined based on the reports of internal appraiser who holds the relevant professional qualification and has recent experience in valuation of property of the similar category and location. Valuation is based on market value of an asset by income approach.

The fair values of investment properties are categorised into Level 3 of the fair value hierarchy as at 31 December 2024 and 2023 (Note 34).

11. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment as well as assets in the form of right-of- use is presented as follows:

In thousands of hryvnias	**Land plots**	**Buildings, structures, and transmission devices**	**Computer and equipment**	**Vehicles**	**Tools, appliances, inventory (furniture)**	**Other fixed assets and non-current tangible assets**	**Right-of-use assets**	**Uncompleted capital investments**	**Total**
Initial cost									
At 1 January 2023	**915**	**409 227**	**777 761**	**68 613**	**289 489**	**11 559**	**217 608**	**2 640**	**1 777 812**
Additions	-	14 928	76 679	20 920	16 920	763	85 487	253	215 950
Disposals	-	(34 480)	(7 862)	(9 507)	(4 442)	(506)	(90 159)	-	(146 956)
Transfers	-	-	-	-	-	-	-	(2 640)	(2 640)
At 31 December 2023	**915**	**389 675**	**846 578**	**80 026**	**301 967**	**11 816**	**212 936**	**253**	**1 844 166**
Additions	-	18 306	47 441	3 063	13 120	1 182	150 880	21 122	255 114
Disposals	-	(12 607)	(26 413)	(6 323)	(18 638)	(1 595)	(199 477)	-	(265 053)
Revaluation	-	127 195	-	-	-	-	-	-	127 195
Transfers	-	1 735	-	-	-	-	-	(78)	1 657
Other changes	-	(19 566)	-	-	-	-	-	-	(19 566)
At 31 December 2024	**915**	**504 738**	**867 606**	**76 766**	**296 449**	**11 403**	**164 339**	**21 297**	**1 943 513**
Accumulated depreciation									
At 1 January 2023	**-**	**93 350**	**490 851**	**33 521**	**221 146**	**8 925**	**93 796**	**-**	**941 589**
Depreciation charge	-	16 523	68 183	8 573	27 556	790	81 174	-	202 799
Disposals	-	(21 047)	(7 852)	(8 267)	(3 879)	(499)	(74 144)	-	(115 688)
At 31 December 2023	**-**	**88 826**	**551 182**	**33 827**	**244 823**	**9 216**	**100 826**	**-**	**1 028 700**
Depreciation charge	-	18 249	68 798	9 468	21 857	746	88 380	-	207 498
Disposals	-	(11 695)	(25 970)	(3 986)	(16 714)	(1 525)	(136 947)	-	(196 837)
Other changes	-	(13 634)	162	182	36	3	-	-	(13 251)
At 31 December 2024	**-**	**81 746**	**594 172**	**39 491**	**250 002**	**8 440**	**52 259**	**-**	**1 026 110**
Carrying amount									
At 31 December 2023	**915**	**300 849**	**295 396**	**46 199**	**57 144**	**2 600**	**112 110**	**253**	**815 466**
At 31 December 2024	**915**	**422 992**	**273 434**	**37 275**	**46 447**	**2 963**	**112 080**	**21 297**	**917 403**

The Bank presents right-of use assets that related to leased real estate and do not meet the definition of investment property as “Property, plant and equipment”.

As at 31 December 2024, the cost of fully depreciated equipment that is still in use is UAH 461 547 thousand (31 December 2023: UAH 421 054 thousand).

As at 31 December 2024 and 31 December 2023, the Bank has no property, plant and equipment of which ownership, use and disposal are limited by laws of Ukraine or issued as collateral.

The Bank’s premises were revaluated as at 31 December 2024. The appraiser used the income method to value all fixed assets. Revaluation of the Bank's own premises as at 31 December 2023 was not carried out, since its residual value as at the annual balance sheet date did not differ significantly from the fair value according to the appraiser's conclusions.

The carrying amount of premises subject to revaluation as at 31 December 2024 was UAH 265 479 thousand (as at 31 December 2023 – UAH 270 155 thousand). Had the assets been recognised at cost less depreciation, the carrying amount of premises as at 31 December 2024 have amount to UAH 149 087 thousand (as at 31 December 2023 – UAH 153 999 thousand).

The fair value of the Bank’s buildings are categorised into Level 3 of the fair value hierarchy.

Movements in lease liability were as follows:

In thousands of hryvnias	**2024**	**2023**
Balance at 1 January	**107 579**	**123 550**
Changes from financing cash flows:		
Payment of lease liabilities - principal	(93 647)	(79 742)
Total changes from financing cash flows	**(93 647)**	**(79 742)**
Effect of exchange rate of foreign currency	5 366	(12 235)
Other changes:		
Lease additions	164 501	84 495
Other changes:	(74 721)	(8 545)
Interest expense	16 988	19 553
Interest paid	(16 859)	(19 497)
Total liability-related other changes	**89 909**	**76 006**
Balance at 31 December	**109 207**	**107 579**

Rental income recognised by the Bank during 2024 was UAH 11 731 thousand (2023: UAH 11 595 thousand) (Note 26).

12. INTANGIBLE ASSETS

Movements in intangible assets were as follows:

In thousands of hryvnias	**Software**	**Rights and licenses**	**Other intangible assets**	**Total**
Initial cost				
At 1 January 2023	**311 285**	**265 714**	**2 151**	**579 150**
Additions	74 167	123 625	-	197 792
Disposals	(2 710)	(69 699)	-	(72 409)
At 31 December 2023	**382 742**	**319 640**	**2 151**	**704 533**
Additions	88 264	138 937	-	227 201
Disposals	(765)	(82 683)	-	(83 448)
At 31 December 2024	**470 241**	**375 894**	**2 151**	**848 286**
Accumulated depreciation				
At 1 January 2023	**135 119**	**217 842**	**1 914**	**354 875**
Depreciation charge	43 135	65 807	118	109 060
Disposals	(2 710)	(69 699)	-	(72 409)
At 31 December 2023	**175 544**	**213 950**	**2 032**	**391 526**
Depreciation charge	75 152	133 981	119	209 252
Disposals	(765)	(82 683)	-	(83 448)
At 31 December 2024	**249 931**	**265 248**	**2 151**	**517 330**
Carrying amount				
At 31 December 2023	**207 198**	**105 690**	**119**	**313 007**
At 31 December 2024	**220 310**	**110 646**	**-**	**330 956**

Initial value of fully depreciated intangible assets still in use - UAH 164 385 thousand (as at December 31, 2023 - UAH 55 755 thousand).

As at 31 December 2024 and 31 December 2023 the Bank has no intangible assets pledged as collateral. However, there are restrictions on the ownership of computer software licenses used by the Bank.

13. OTHER FINANCIAL ASSETS

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Accrued income for cash settlement services and other accrued income	12 963	12 882
Receivables from operations with customers and banks	10 775	14 692
Other assets	7 904	20 924
Receivables from operations with plastic cards	1 369	947
Receivables from the purchase and sale of foreign currency	534	651
Loss allowances for expected credit losses	(7 493)	(11 640)
Total other financial assets	**26 052**	**38 456**

The analysis of change in the loss allowances for expected credit losses of other financial assets during 2024 is as follows:

In thousands of hryvnias	**Note**	**Accrued income for cash settlement services and other accrued income (Stage 2,3)**	**Receivables from operations with customers and banks (Stage 3)**	**Total**
Loss allowances for expected credit losses as at 1 January 2024		**7 682**	**3 958**	**11 640**
Net remeasurement of loss allowance during the year	25	2 292	(904)	**1 388**
Amounts written off during the year as uncollectible		(5 887)	(2 320)	**(8 207)**
Effect of exchange rate of foreign currency		-	2 672	**2 672**
Loss allowances for expected credit losses as at 31 December 2024		**4 087**	**3 406**	**7 493**

The analysis of change in the loss allowances for expected credit losses of other financial assets during 2023 is as follows:

In thousands of hryvnias	**Note**	**Fees and commissions to be received (Stage 2,3)**	**Receivables from operations with customers and banks and other (Stage 3)**	**Total**
Loss allowances for expected credit losses as at 1 January 2023		**3 381**	**2**	**3 383**
Net remeasurement of loss allowanceduring the year	25	4 937	3 823	**8 760**
Amounts written off during the year as uncollectible		(636)	-	**(636)**
Effect of exchange rate of foreign currency		-	133	**133**
Loss allowances for expected credit losses as at 31 December 2023		**7 682**	**3 958**	**11 640**

The amount of loss allowances for expected credit losses on accrued income that are not impaired as at 31 December 2024 is UAH 137 thousand (at 31 December 2023 - UAH 35 thousand).

Receivables from operations with customers and banks in the amount of UAH 15 807 thousand as at 31 December 2024 (31 December 2023 - UAH 32 309 thousand) and receivables from operations with plastic cards in the amount of UAH 1 369 thousand (31 December 2023 - UAH 947 thousand) are represented by transit accounts for transfers and payment cards that are subject to the clearing on the next business day, and for which no expected credit losses assessment is performed.

Analysis by credit quality of other financial assets at 31 December 2024 is as follows:

In thousands of hryvnias	**Accrued income for cash settlement services and other accrued income**	**Receivables from operations with customers and banks**	**Receivables from operations with plastic cards**	**Receivables from the purchase and sale of foreign currency**	**Other assets**	**Total**
Assets without estimation of expected credit losses (not overdue)	**-**	**7 369**	**1 369**	**534**	**7 904**	**17 176**
Past due but not impaired other financial assets with 12-month expected credit losses (Stage 2)						
- not yet past due	2 921	-	-	-	-	**2 921**
- less than 30 days overdue	207	-	-	-	-	**207**
- 31 to 90 days overdue	765	-	-	-	-	**765**
Credit-impaired other financial assets (Stage 3)						
- not yet past due	-	3 406	-	-	-	**3 406**
- 91 to 180 days overdue	817	-	-	-	-	**817**
- 181 to 360 days overdue	5 548	-	-	-	-	**5 548**
- over 360 days overdue	2 705	-	-	-	-	**2 705**
Total credit-impaired other financial assets (gross)	**9 070**	**3 406**	**-**	**-**	**-**	**12 476**
Less loss allowances for expected credit losses	**(4 087)**	**(3 406)**	**-**	**-**	**-**	**(7 493)**
Total other financial assets	**8 876**	**7 369**	**1 369**	**534**	**7 904**	**26 052**

Analysis by credit quality of other financial assets at 31 December 2023 is as follows:

In thousands of hryvnias	**Accrued income for cash settlement services and other accrued income**	**Receivables from operations with customers and banks**	**Receivables from operations with plastic cards**	**Receivables from the purchase and sale of foreign currency**	**Other assets**	**Total**
Assets without estimation of expected credit losses (not overdue)	**-**	**10 734**	**947**	**651**	**20 924**	**33 256**
Past due but not impaired other financial assets with 12-month expected credit losses (Stage 2)						
- not yet past due	3 488	-	-	-	-	**3 488**
- less than 30 days overdue	61	-	-	-	-	**61**
- 31 to 90 days overdue	707	-	-	-	-	**707**
Credit-impaired other financial assets (Stage 3)						
- not yet past due	-	3 958	-	-	-	**3 958**
- 91 to 180 days overdue	553	-	-	-	-	**553**
- 181 to 360 days overdue	943	-	-	-	-	**943**
- over 360 days overdue	7 130	-	-	-	-	**7 130**
Total credit-impaired other financial assets (gross)	**8 626**	**3 958**	**-**	**-**	**-**	**12 584**
Less loss allowances for expected credit losses	**(7 682)**	**(3 958)**	**-**	**-**	**-**	**(11 640)**
Total other financial assets	**5 200**	**10 734**	**947**	**651**	**20 924**	**38 456**

The primary factors that the Bank considers in determining whether a receivable is impaired are its overdue status. As a result, the Bank presents above an ageing analysis of receivables that are individually determined to be impaired. Other receivables generally are not collaterised.

Information on related party balances is disclosed in Note 36.

14. OTHER NON-FINANCIAL ASSETS

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Prepaid expenses	96 188	57 653
Prepayments for goods and unfinished construction	82 038	58 563
Inventory	33 196	30 789
Prepayment for services	20 255	16 460
Prepaid taxes other than income tax	8 648	14 765
The Bank’s repossessed collateral and assets for sale	1 620	5 843
Other	339	446
Loss allowances for expected credit losses	(12 363)	(2 574)
Total other non-financial assets	**229 921**	**181 945**

15. DUE TO OTHER BANKS

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Correspondent accounts and overnight placements of other banks	1 171 208	1 736 689
Guarantee deposits	-	5 322
Funds in settlements for escrow operations	3 816	3 838
Total due to other banks	**1 175 024**	**1 745 849**

As at 31 December 2024 correspondent accounts and overnight deposits of other banks include UAH 1 259 thousand (31 December 2023: UAH 4 141 thousand) of balances on accounts of PKO BP S.A.

Refer to Note 34 for the disclosure of the fair value of each class of amounts due to other banks. Interest rate analysis of due to other banks is disclosed in Note 31. Information on related party balances is disclosed in Note 36.

16. CUSTOMER ACCOUNTS

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Legal entities		
- Current/settlement accounts	28 264 586	24 063 060
- Term deposits	5 589 917	6 549 025
Individuals		
- Current/demand accounts	11 283 488	9 606 564
- Term deposits	7 090 956	6 245 663
Total customer accounts	**52 228 947**	**46 464 312**

Economic sector concentrations within customer accounts are as follows:

	31 December 2024		**31 December 2023**	
In thousands of hryvnias	**Amount**	**%**	**Amount**	**%**
Individuals	18 374 444	35	15 852 227	34
Trade	7 118 606	14	6 606 176	14
Manufacturing	6 939 862	13	6 246 379	13
Information technology and telecommunications	4 731 004	9	3 822 222	8
Financial services	3 847 752	7	3 302 793	7
Real estate	2 463 515	5	2 736 054	6
Agriculture	1 936 542	4	2 134 674	5
Healthcare and social assistance	1 775 705	3	1 229 034	3
Professional, scientific and technical activity	1 197 737	2	972 910	2
Transport and communication	939 362	2	916 723	2
Provision of other types of services	482 573	1	469 425	1
Other	2 421 845	5	2 175 695	5
Total customer accounts	**52 228 947**	**100**	**46 464 312**	**100**

As at 31 December 2024, the Bank had 641 customers (31 December 2023: 540 customers) with balances above UAH 10 000 thousand each. The aggregate balance on accounts of these customers was UAH 29 449 653 thousand (31 December 2023: UAH 26 380 737 thousand), or 56% (31 December 2023: 57%) of total customer accounts.

As at 31 December 2024, included in customer accounts are deposits of UAH 624 112 thousand (31 December 2023: UAH 578 881 thousand) held as collateral for guarantees issued amounts to UAH 690 098. thousand (31 December 2023: UAH 631 868 thousand). Refer to Note 7.

As at 31 December 2023, included in current accounts of individuals are prepayments at loan agreements amounting UAH 14 857 thousand that are not due (31 December 2023: UAH 32 234 thousand); current accounts of legal entities are prepayments at loan agreements amounting UAH 49 779 thousand that are not due (31 December 2023: UAH 84 864 thousand).

Refer to Note 34 for the disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in Note 31. Information on related party balances is disclosed in Note 36.

17. DUE TO OTHER FINANCIAL INSTITUTIONS

In thousands of hryvnias	**31 December 2024**	**31 December 2023**
Entrepreneurship Development Fund	103 161	100 752
Total other financial institutions	**103 161**	**100 752**

In October 2023, the Bank payed off a loan to the Entrepreneurship Development Fund in the amount of UAH 100 000 thousand at the rate of UIRD 3 months for a term of two years, that was received in October 2021.

In December 2023, the Bank received a loan for a term of two years from the Entrepreneurship Development Fund in the amount of UAH 100 000 thousand at the rate of UIRD 3 months, that is 13.19% as at 31 December, 2024. According to the agreement, the funds are allocated for lending to small and medium-sized enterprises under the fund's program to support the financing of investment projects of small and medium-sized businesses in Ukraine.

The Bank pledged domestic bonds with a total nominal value of UAH 111 407 thousand as collateral for the received loan (Note 8).

Change in amounts of due to other financial institutions are presented as follows:

In thousands of hryvnias	**2024**	**2023**
Due to other financial institutions as at 1 January	**100 752**	**102 303**
Repayment during the year	13 665	11 190
Interest paid	(11 256)	(12 491)
Other changes	-	(250)
Due to other financial institutions as at 31 December	**103 161**	**100 752**

Refer to Note 34 for the disclosure of the fair value of due to other financial institutions.

18. OTHER FINANCIAL LIABILITIES

Other financial liabilities are presented as follows:

In thousands of hryvnias	Note	31 December 2024	31 December 2023
Funds in settlements		304 509	209 617
Lease liabilities	11	109 207	107 579
Other accrued liabilities		81 779	83 389
Other		779	848
Total other financial liabilities		**496 274**	**401 433**

Refer to Note 34 for disclosure of fair value of each class of other financial liabilities.

19. OTHER NON-FINANCIAL LIABILITIES

Other financial liabilities are presented as follows:

In thousands of hryvnias	31 December 2024	31 December 2023
Accrued employee benefit costs	225 630	165 562
Amounts payable to Individuals' Deposits Guarantee Fund	40 470	32 035
Deferred income	29 067	13 833
Provisions of vacation pay	27 269	20 166
Taxes payable other than on income	18 873	25 891
Accounts payable for the acquisition of assets	2 143	6 348
Other	-	247
Total other non-financial liabilities	**343 452**	**264 082**

20. PROVISIONS

In thousands of hryvnias	31 December 2024	31 December 2023
Provisions for credit obligations	105 823	21 658
Provisions for liabilities	10 099	12 108
Total provisions	**115 922**	**33 766**

The provision for credit obligations represents the expected credit losses created for the Bank's financial obligations to provide loans and guarantees provided by the Bank to customers. Information on movement in provisions for credit obligations is provided in Note 33.

21. SHARE CAPITAL

In thousands of hryvnias, except for number of shares	**Number of outstanding shares**	**Nominal amount**	**Total**
At 1 January 2023	224 896 946 916	2 248 969	2 248 969
At 31 December 2023	224 896 946 916	2 248 969	2 248 969
At 31 December 2024	224 896 946 916	2 248 969	2 248 969

The share capital of the Bank amounts to UAH 2 248 969 thousand (2023: UAH 2 248 969 thousand)**.**

As at 31 December 2024 and 31 December 2023, the total number of issued shares, at which the reports on placement results were registered, comprised 224 896 946 916 ordinary shares with nominal value of UAH 0.01 per share. All ordinary shares have equal voting rights.

As at 31 December 2024 and 2023 all ordinary shares were fully paid and registered.

The Bank's shareholder structure is presented below:

Shareholder	**2024**	**2023**
PKO BP S.A.	100,00%	100,00%

22. OTHER COMPREHENSIVE INCOME RECOGNISED IN EQUITY

Analysis of other comprehensive income by equity component item is as follows:

In thousands of hryvnias	**Revaluation reserve for financial instruments at fair value through other comprehensive income**	**Fixed assets revaluation reserves**	**Total**
Year ended 31 December 2023			
Financial instruments at fair value through other comprehensive income:			
- Net change in the fair value of financial instruments at fair value through other comprehensive income	619 859	-	619 859
- Net change in the fair value of financial instruments at fair value through other comprehensive income transferred to net profit and loss	(616)	-	(616)
Total other comprehensive income	**619 243**	**-**	**619 243**
Year ended 31 December 2024			
Financial instruments at fair value through other comprehensive income:			
- Net change in the fair value of financial instruments at fair value through other comprehensive income	212 158	-	212 158
- Net change in the fair value of financial instruments at fair value through other comprehensive income transferred to net profit and loss	(60)	-	(60)
-Income tax related to financial instruments at fair value through other comprehensive income	(10 818)	-	(10 818)
Result of revaluation of fixed assets	-	112 666	112 666
Total other comprehensive income	**201 280**	**112 666**	**313 946**

23. INTEREST INCOME AND EXPENSE

In thousands of hryvnias	**2024**	**2023**
Interest income		
Loans and advances to customers	2 127 286	1 973 478
Securities at fair value through other comprehensive income	1 655 944	822 638
Deposit certificates issued by the NBU	1 344 943	1 755 264
Securities at amortised cost	600 879	341 312
Finance lease receivables	165 405	76 525
Due from other banks	117 349	144 092
Total interest income	**6 011 806**	**5 113 309**
Interest expense		
Customer accounts of legal entities	1 518 864	1 400 833
Customer accounts of individuals	654 495	453 363
Lease liabilities	16 988	19 553
Due to other banks	2 236	4 625
Other	-	5
Total interest expense	**2 192 583**	**1 878 379**
Net interest income	**3 819 223**	**3 234 930**

Interest income on impaired financial assets amounts to UAH 6 100 thousand for 2024 (2023: UAH 39 894 thousand).

Information on interest income and expense on transactions with related parties is disclosed in Note 36.

24. FEE AND COMMISSION INCOME AND EXPENSE

In thousands of hryvnias	**2024**	**2023**
Fee and commission income		
Cash and settlement transactions	594 058	557 786
Purchase and sale of foreign currency	201 047	208 694
Guarantees issued and other documentary	22 211	13 071
Agency fee from insurance companies	21 981	21 552
Other	16 534	15 159
Total fee and commission income	**855 831**	**816 262**
Fee and commission expense		
Cash and settlement transactions	389 284	281 826
Received guarantees and other documentary	44 829	15 618
Loan transaction fees	3 159	2 862
Transactions with securities	1 288	1 124
Other	47	580
Total fee and commission expense	**438 607**	**302 010**
Net fee and commission income	**417 224**	**514 252**

Information on fee and commission income and expense on transactions with related parties is disclosed in Note 36.

25. CREDIT LOSS EXPENSE ON FINANCIAL ASSETS

In thousands of hryvnias	Note	2024	2023
Due from other banks	6	(234)	(545)
Loans and advances to customers	7	79 992	(231 558)
Securities at fair value through other comprehensive income	8	212 643	442 908
Securities at amortised cost	8	-	(87)
Other financial assets - fees and commission income	13	2 292	4 937
Other financial assets - transactions with customers and banks	13	(904)	3 823
Financial guarantee and sureties contracts	33	22 417	2 495
Loan commitments	33	60 927	(12 298)
Credit loss expense on financial assets		**377 133**	**209 675**

As a reduction in expenses for the formation of reserves, the amount of the repayments of previously written-off uncollectible loans for credit losses is reflected, which in 2024 amounted to UAH 29 928 thousand (2023 - UAH 17 463 thousand).

26. OTHER OPERATING INCOME

In thousands of hryvnias	2024	2023
Gain from payment card servicing agreements	30 406	1 652
Income from revaluation of fixed assets and investment property	19 478	2 727
Income from operating leases	11 731	11 595
Other operating income	8 621	8 078
Penalties and fine received	5 035	3 813
Gain from disposal of property, plant and equipment	2 909	18 101
Operating income from excess cash in the cash registers	1 688	216
Gain from leasing contracts	1 514	5 056
Gain from leases modification	866	5 109
Income from compensation of insurance and other organisations	772	2 458
Provisions for losses on non-financial receivables	-	2 888
Other	2 299	84
Total other operating income	**85 319**	**61 777**

27. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In thousands of hryvnias	**2024**	**2023**
Wages, bonuses and other employee costs	983 597	737 311
Social contributions accrued on employee benefits	190 021	146 064
Total employee payments expenses	**1 173 618**	**883 375**
Software maintenance	166 657	113 405
Contributions to Individuals' Deposit Guarantee Fund	154 610	121 833
Utility costs	81 314	70 932
Repair and maintenance of property, plant and equipment	73 389	61 535
Communication	54 832	47 066
Professional services	29 985	25 817
Charity	23 250	12 180
Advertising and marketing services	20 483	14 518
Taxes other than on income	14 308	14 364
Collection and transportation of valuables	12 781	8 411
Security services	12 213	12 452
Operating lease expense for buildings	11 769	5 212
Provisions for losses on non-financial receivables	10 092	-
Legal services	9 668	17 490
Business trips	7 962	5 457
Bank payment card expenses	7 203	9 178
Cybersecurity systems	6 253	5 302
Negative result on lease agreements	6 068	8 107
Representative expenses	5 491	3 095
Expenses from revaluation of fixed assets	3 304	-
Impairment and negative result from disposal of fixed assets	2 657	1 247
Reserves to cover risks and losses due to lawsuits	2 403	9 226
Membership fees	1 625	1 433
Expenses from lease modifications	906	343
Expenses related to finance lease transactions	694	6 040
Expenses for fines, penalties and other related charges	53	10 745
Other	33 010	22 435
Total administrative and other operating expenses	**752 980**	**607 823**

No discretionary pensions or other post-employment benefits are provided by the Bank.

28. INCOME TAX

(a) Components of income tax expense

Components of income tax expense are presented as follows:

In thousands of hryvnias	2024	2023
Current tax	1 100 027	1 137 672
Deferred tax	52 628	(62 920)
Income tax expense	**1 152 655**	**1 074 752**

(b) Reconciliation of tax expense and profit or loss multiplied by applicable tax rat

The Bank’s applicable income tax rate is 50%. Reconciliation of expected and actual income tax expense is presented as follows.

In thousands of hryvnias	2024	2023
Profit before tax	**2 089 049**	**2 286 252**
The theoretical tax charge at the current tax rate (2024 – 50%; 2023– 50%)	1 044 525	1 143 126
Tax effect of items which are not deductible or assessable for taxation purposes:		
- costs / (income) not included for tax purposes related to provision	46 977	(2 643)
- other costs not recognised for tax purposes	35	2 868
Effect of accounting policies changes and other changes of temporary differences	61 118	(68 599)
Income tax expense for the year	**1 152 655**	**1 074 752**

(c) Deferred taxes by type of temporary differences

Differences between IFRS and statutory tax regulations in Ukraine give rise to temporary differences between carrying amounts of assets and liabilities used for financial reporting purposes and their tax bases, and on tax losses carried forward.

Tax effect of movements in these temporary differences is presented as follows.

In thousands of hryvnias	Balance at 1 January 2024	Credited/ (charged) to profit or loss	Credited/ (charged) to other comprehensive income	Balance at 31 December 2024
Tax effect of deductible/(taxable) temporary differences				
Fixed assets and intangible assets	80 268	(64 765)	-	15 503
Allowance for impairment of assets	18 705	14 578	-	33 283
Securities	5 159	(2 441)	(10 818)	(8 100)
Net deferred tax asset (liability)	**104 132**	**(52 628)**	**(10 818)**	**40 686**

In thousands of hryvnias	**1 January 2023**	**Credited/ (charged) to profit or loss for the year**	**31 December 2023**
Tax effect of deductible/(taxable) temporary differences			
Fixed assets and intangible assets	31 514	48 754	80 268
Allowance for impairment of assets	7 619	11 086	18 705
Securities	2 079	3 080	5 159
Net deferred tax asset (liability)	**41 212**	**62 920**	**104 132**

The recognised deferred tax asset is the amount of income tax that may be credited against future income taxes and is recognised in the separate statement of financial position. Deferred income tax assets are recognised only to the extent that it is probable that the tax credit will be used. Estimation of future taxable profits and the amount of tax credit that can be used in the future is based on the medium-term business plan that prepares management and the results of its extrapolation for future periods.

29. BASIC AND DILUTED PROFIT PER SHARE

The Bank prepared its consolidated financial statements and separate financial statements as at and for the year ended 31 December 2024 and 31 December 2023 in accordance with IFRS 10 “Consolidated financial statements” and IAS 27 “Separate financial statements”. Basic profit per share is calculated and disclosed based on the IFRS consolidated financial statements. During the reporting period, the Bank had no dilutive financial instruments. Therefore, basic profit per share is equal to diluted profit per share

Profit per share is calculated as follows:

In thousands of hryvnias	**2024**	**2023**
Profit/(loss) for the year attributable to ordinary shareholders	937 361	1 209 409
Weighted average number of ordinary shares in issue (thousands)	224 896 947	224 896 947
Basic and diluted profit per share attributable to shareholders of the Group (UAH per share)	**0,0042**	**0,0054**

30. SEGMENT ANALYSIS

Operating segments are components engaged in business operations that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is a person or a group of persons who allocate resources and measure the Bank's performance. The CODM functions are performed by Management Board.

(a) Reportable segments

The Bank has the following three key reportable segments:

- Retail banking - banking services to individuals including current and saving accounts, deposits, investments, credit and debit cards, consumer and mortgage loans, currency transactions, money transfers.
- Corporate banking - direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities.
- Treasury and investment banking - financial instruments trading, capital market transactions, operations with foreign currencies and banknotes.

(b) Factors used to identify reportable segments

The Bank's segments represent strategic business units targeting different customers. They are managed separately since each business unit requires different marketing strategies and service levels.

(c) Measurement of operating segment profit or loss, assets and liabilities

Management Board reviews financial information prepared in accordance with the NBU requirements and IFRS.

The following approaches are applied to segment analysis.

- resources are reallocated among segments using internal interest rates set by Treasury Department. These internal interest rates are determined by reference to market interest rate benchmarks, contractual maturities of loans, and historical information on actual repayment of customer account balances;
- income tax, and certain other items are not allocated to segments.

For operating decision making purposes, segment performance is measured based on profit before tax.

Reports include information on intersegment transfer (internal) results of reportable segments. Transfer result is calculated as the difference between transfer revenue and transfer expense per each segment based on transfer prices set by major currency and maturity. For corporate and retail segments, transfer revenue is calculated as estimated revenue from sales of attracted resources to Treasury and Investment Banking segment at acquisition transfer prices; transfer expenses are calculated as estimated expenses on purchase of resources from Treasury and Investment Banking segment at transfer prices on placements.

Transfer prices and transfer revenue/expenses are calculated in accordance with "Methodology for determining and applying transfer prices within "KREDOBANK" approved by Resolution of Management Board No. 598 dated 11 August 2022.

(d) Reportable segment profit or loss, assets and liabilities

Reportable segments for the year ended 31 December 2024 are presented as follows:

In thousands of hryvnias	**Retail banking**	**Corporate banking**	**Treasury and Investment banking**	**Unallocated**	**Total**
Reportable segment assets	1 718 262	10 299 222	48 440 730	1 562 869	**62 021 083**
Reportable segment liabilities	18 380 973	33 928 698	1 343 544	1 248 472	**54 901 687**
Capital expenditures	-	-	-	331 435	**331 435**

Capital expenditures represent additions to non-current assets other than financial instruments and deferred tax assets.

In thousands of hryvnias	**Retail banking**	**Corporate banking**	**Treasury and Investment banking**	**Unallocated**	**Eliminations**	**Total**
2024						
External revenues:						
- Interest income	530 286	1 762 405	3 719 115	-	-	**6 011 806**
- Fee and commission income	297 546	528 282	3 157	26 846	-	**855 831**
- Other operating income	31 467	3 974	-	49 878	-	**85 319**
Revenues from other segments						
- Interest income	1 469 283	2 609 438	1 671 576	-	(5 750 297)	-
Total revenues	**2 328 582**	**4 904 099**	**5 393 848**	**76 724**	**(5 750 297)**	**6 952 956**
Interest expense	(1 106 217)	(2 738 718)	(4 080 957)	(16 988)	5 750 297	**(2 192 583)**
Gains less losses from trading in foreign currencies	-	-	423 190	-	-	**423 190**
Foreign exchange translation gains less losses	-	-	48 598	-	-	**48 598**
Gains less losses on derecognition of securities measured at fair value through other comprehensive income	-	-	60	-	-	**60**
Gains less losses on derecognition of financial assets measured at amortised cost	3 718	13 607	-	-	-	**17 325**
Result from modification of financial assets	(1 758)	349	-	-	-	**(1 409)**
Credit loss expense provision	405 127	(485 069)	(212 409)	(84 782)	-	**(377 133)**
Fee and commission expense	(235 281)	(106 780)	(49 464)	(47 082)	-	**(438 607)**
Personnel expenses, depreciation costs, administrative and other operating expenses	(653 307)	(836 019)	(840 621)	(13 401)	-	**(2 343 348)**
Segment result	**740 864**	**751 469**	**682 245**	**(85 529)**	**-**	**2 089 049**
Income tax expense for the year						(1 152 655)
Profit for the year						**936 394**

Reportable segments for the year ended 31 December 2023 are presented as follows:

In thousands of hryvnias	Retail banking	Corporate banking	Treasury and Investment banking	Unallocated	Total
Reportable segment assets	2 800 866	9 711 400	41 719 090	1 654 716	**55 886 072**
Reportable segment liabilities	15 858 947	30 658 962	1 841 764	1 657 719	**50 017 392**
Capital expenditures	-	-	-	328 255	**328 255**

Capital expenditures represent additions to non-current assets other than financial instruments and deferred tax assets.

In thousands of hryvnias	Retail banking	Corporate banking	Treasury and Investment banking	Unallocated	Eliminations	Total
2023						
External revenues:						
- Interest income	739 121	1 310 882	3 063 306	-	-	**5 113 309**
- Fee and commission income	289 321	487 569	2 626	36 746	-	**816 262**
- Other operating income	5 108	359	-	56 310	-	**61 777**
Revenues from other segments						
- Interest income	1 416 364	2 796 494	1 826 752	-	(6 039 610)	-
Total revenues	**2 449 914**	**4 595 304**	**4 892 684**	**93 056**	**(6 039 610)**	**5 991 348**
Interest expense	(1 222 975)	(2 457 973)	(4 217 483)	(19 558)	6 039 610	**(1 878 379)**
Gains less losses from trading in foreign currencies	-	-	434 969	-	-	**434 969**
Foreign exchange translation gains less losses	-	-	40 628	-	-	**40 628**
Gains less losses on derecognition of securities measured at fair value through other comprehensive income	-	-	616	-	-	**616**
Gains less losses on derecognition of financial assets measured at amortised cost	11 169	6 288	-	-	-	**17 457**
Result from modification of financial assets	(4 731)	(914)	-	-	-	**(5 645)**
Credit loss expense provision	(61 685)	293 243	(442 276)	1 043	-	**(209 675)**
Fee and commission expense	(168 345)	(59 880)	(44 988)	(28 797)	-	**(302 010)**
Personnel expenses, depreciation costs, administrative and other operating expenses	(779 759)	(617 482)	(396 248)	(9 568)	-	**(1 803 057)**
Segment result	**223 588**	**1 758 586**	**267 902**	**36 176**	**-**	**2 286 252**
Income tax expense for the year						(1 074 752)
Profit for the year						**1 211 500**

(e) Analysis of revenues by product and service

Analysis of Bank’s revenues by product and service is disclosed in Note 23 (interest income) and Note 24 (fee and commission income)..

(f) Geographical information

Ukraine represents the only geographical segment, as majority of revenues and assets are attributable to Ukraine. The Bank has no significant revenues from outside Ukraine and all its non-current assets other than financial instruments are attributable to Ukraine. Refer to Note 31 for geographical analysis of Bank's assets and liabilities.

(g) Major customers

The Bank has no customers representing more than 10% of total revenue of the Bank.

31. FINANCIAL RISK MANAGEMENT

Risk management relates to financial risks, operational risks, and legal risks. Financial risks comprise market risk (including currency risk), interest rate risk of the banking book, credit risk, and liquidity risk. The purpose of financial risk management is to establish risk limits and ensure adherence to such limits. The operational and legal risk management is intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk. The Bank is exposed to credit risk, which is the risk that a party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the other party. Exposure to credit risk arises as a result of the Bank's lending and other transactions with counterparties giving rise to financial assets.

The maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the separate statement of financial position. For guarantees and credit related commitments, the maximum exposure to credit risk is the total amount of commitments (see Note 33). Credit risk is managed by making strategic decisions on acceptable credit risk, approving credit limits, updating principles and processes for credit risk assessment, implementing and improvement of risk assessment tools that allow maintaining risk within acceptable parameters, developing information tools that computerise credit risk assessment process and ensure quality and integrity of data used in the process, planning of operations and preparing recommendations, obtaining collateral, and by other tools intended to mitigate credit risk as described in Note 7.

The Bank structures its exposures to credit risk by establishing limits per borrower or group of borrowers. Management approves credit risk limits on a regular basis. Such risks are regularly monitored and reviewed at least on a yearly basis.

The Bank established the following corporate bodies responsible for approving credit limits per individual borrowers:

- Management Board reviews and approves credit applications up to USD 5.0 million and, in case of loan restructuring, up to USD 6.25 million;
- Supervisory Board reviews and approves credit applications above USD 5.0 million and, in case of loan restructuring, above USD 6.25 million;
- Credit Committee reviews and approves credit applications up to UAH 90 million, Small Credit Committee - up to UAH 25 million, and Credit Restructuring Committee - up to USD 5 million. Credit Committee and Small Credit Committee generally meet two times per week. Credit Restructuring Committee generally meet once a week;
- separately granted the authority to make new credit decisions in two hands up to UAH 15.0 million; as well as the authority to make new credit decisions in one hand - to the directors of individual departments of the bank with a maximum limit of up to UAH 2.0 million, to make decisions on carrying out credit operations as part of the restructuring of credit debt to the director of the executive direction of managing non-performing assets up to UAH 3.0 million.

Loan applications prepared by account managers are forwarded to relevant department that performs credit analysis and makes a decision or passes them on to the relevant credit committee for approval of credit limit within the scope of authority. Exposure to credit risk is also managed by obtaining collateral and corporate and personal guarantees.

When considering new loan offers, the Bank applies tools for reducing and distributing credit risk, in particular loan insurance and portfolio guarantees, under the terms of contracts concluded by the Bank with international financial organisations and/or government agencies.

During the period of martial law, the Bank introduced more stringent requirements for analysing the business activities of clients and assessing their solvency. At the same time, a selective approach is applied to borrowers, which provides for taking into account the place of business activity of the client and the potential threat of military operations spreading to the territory where the client is registered and conducts business activities. The Bank does not cooperate with legal entities and individuals from the sanctions lists, as well as whose activities are related to or depend on persons registered or operating in the Russian Federation and / or the Republic of Belarus.

For the duration of martial law, the Bank has temporarily limited its authority to make bilateral credit decisions regarding new credit transactions (including financial leasing transactions) for clients in the corporate business segment, small and medium-sized businesses, who carry out economic activities in the Orange and Red zones, in accordance with the division of the territories of Ukraine (zoning) approved by the Bank.

In order to limit credit risks, the group reviews new loan proposals for issuing new loans to individuals in certain justified cases and makes credit decisions on them not lower than the Bank's Credit Committee, except for:

- offers to set a credit limit on credit cards under the Preapproved scheme (with an automatically calculated limit);
- offers for debt restructuring or settlement.

At the same time, the Bank understands the financial difficulties of borrowers caused by military aggression of the Russian Federation and the Republic of Belarus, interruption of supply chains, collapse of existing sales markets, interruption of production lines, loss of collateral. The Bank has developed standardised programs and applies simplified approaches to debt restructuring, taking into account the requirements of the NBU.

The basis of the analysis and assessment of the creditworthiness of clients - legal entities is the determination and establishment of an internal rating, which is carried out to determine the probability of default by the client and recognition of default status within 1 (one) year. Determining and establishing the internal rating of clients is not only a tool for reviewing individual loan proposals and supporting the credit decision-making process, but also a basis for providing a more detailed analysis of the quality of the Bank's loan portfolio.

The Bank's rating scale includes 24 rating categories, indicated in capital letters (from A1 to H3), depending on the risk of default by the client, and the probability of default for each rating category (in%).

The Credit Risk Department monitors the implementation of rating models, its timely review and updating.

The Bank reviews ageing of outstanding loans and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Notes 6,7,8,13.

The Bank organises an effective process of managing distressed assets in compliance with the following principles:

- economic feasibility - the Bank's measures for managing distressed assets are economically and, if possible, statistically sound, and the Bank's calculations based on its own experience indicate that their implementation will ensure that the Bank receives economic benefits higher than the costs incurred during management distressed assets;
- priority - the Bank, when deciding on the option of debt settlement of the debtor / counterparty, measures aimed at the sale of recovered property, gives preference to the option / measures that provide the highest net present value of expected cash flows from the asset;
- timeliness - identification of assets with signs of potential problems at an early stage and taking timely and adequate measures aimed at reducing the amount of losses of the Bank from distressed assets;
- structure - a clear division of functions, responsibilities and powers in the management of distressed assets between the structural units involved and employees of the Bank, establishing a proper relationship between them, determining those responsible for proper interaction between the Bank's divisions at all organisational levels models of three lines of protection;
- adequacy - compliance of the process of problem assets management organised by the Bank with the level, volume, structure of problem assets in the Bank, dynamics of their changes, ensuring priority of the Bank's financial, time and human resources on assets with the highest value / exposure and risk of credit risk;
- comprehensiveness and complexity - the process of problem assets management is a complex system of interconnected processes that cover the full life cycle of PA and integrated with the corporate governance system and risk management system of the Bank;
- efficiency - ensuring a reduction in the level (as a percentage of the corresponding amount of assets) and the amount of problem assets (in absolute terms) with the achievement of optimal balance between time and debt repayment on such assets / proceeds from sale / assignment of claims on such assets to the Distressed Assets Management Strategy;
- monitoring - constant control over the achievement of goals and objectives set by the Distressed Assets Management Strategy and the Operational Plan for Implementation of the Distressed Assets Management Strategy, efficiency of actions of the Bank's divisions and employees, efficiency of the Bank's debt settlement and sale of foreclosed assets.

The Bank organises the process of problem assets management, which covers all organisational levels of the Bank, defines a clear division of functions, responsibilities and powers among all its entities, as well as their responsibilities in accordance with such distribution, ensures the order of their interaction and reporting.

The Bank's collective management bodies are informed of the monthly report on the analysis of the quality of the loan portfolio with a detailed analysis of the level of credit risk in the loan portfolio as a whole and in the areas of lending.

In addition, the Bank adheres to a system of internal concentration limits, which consists of targeted long-term strategies of the Bank in terms of the structure of individual segments of the loan portfolio and concentration limits set for individual sectors of the economy..

In order to prevent exceeding the concentration limits, these limits are subject to monitoring (control). The concentration limits are monitored monthly and quarterly by the Credit Risk Department. The results of the monitoring are subject to presentation as part of the management risk reporting to the Management Board of the Bank and the Supervisory Board.

In accordance with the requirements of IFRS 9, the Bank applies a model of expected losses, which provides for the timely reflection of the deterioration or improvement of the credit quality of financial instruments, taking into account available information and forecasts for the future. The amount of expected impairment recognised through the formation of an allowance for impairment depends on the amount of impairment (credit quality deterioration) from the date of initial recognition of the financial instrument.

The process of estimating the amount of expected losses under IFRS 9 consists of the following steps

1) analysis of the level of credit risk for the presence of a significant increase in credit risk or the occurrence of a default event from the date of initial recognition and attribution to the appropriate stage of impairment;
2) calculation of the amount of expected credit losses (estimated allowance for impairment).

In order to assess the amount of expected losses the Bank uses 2 approaches:

1) assessment of the amount of expected losses on an individual basis - for individually significant active banking operations (in the amount of UAH 2,000 thousand or the equivalent in foreign currency according to the NBU exchange rate at the reporting date), for which default was recognised;
2) assessment of the amount of expected losses on a group basis - for individually insignificant active banking operations and individually significant active operations for which the fact of default is not detected.

For the purposes of assessing expected credit losses, financial instruments, in accordance with the requirements of IFRS 9, are classified into one of three stages of impairment, based on how significantly the level of credit risk for the financial instrument has changed as of the reporting date compared to the date of its initial recognition.

In order to take into account the negative impact of the consequences of the military aggression of the Russian Federation against Ukraine, in particular, increased risks in the regions close to the temporarily occupied regions, areas of military (combat) operations, which could potentially have a negative impact on the ability of customers to continue servicing their debt, appropriate approaches were applied to adequately assess the amount of the allowance for loan losses, taking into account the regional distribution of territories adopted by the Bank.

The amount of expected losses (calculation of the estimated reserve) is estimated on a monthly basis, as of the first day of each month following the reporting month, as well as on the date of termination of recognition.

The levels of parameters of individual and group assessment of depreciation PD, LGD, CCF, are evaluated at least once a year, and in case of significant changes in economic conditions, the level of defaults and other crisis phenomena in the economy as a whole and in areas of economic activity, changes in the Bank's credit policy or regulatory documents on credit risk management of the Bank, the parameters are evaluated as of the date of assessment of impairment of credit operations.

Credit risk of off-balance sheet financial instruments is defined as the possibility of losses due to nonperformance of contractual obligations by the other party to the financial instrument. The Bank applies the same credit policy to contingent liabilities as it does to balance sheet financial instruments: approval procedures, risk control, and monitoring procedures are established.

To prevent critical losses due to credit risk, the Bank constantly monitors compliance with the regulatory values of credit risk established by the NBU.

As at December 31, 2024, the maximum amount of credit risk per counterparty (N7), which is defined as the ratio of the amount of all claims of the bank to the counterparty or group of related counterparties and all financial obligations provided by the bank in relation to the counterparty or group of related counterparties to the regulatory capital of the bank, was 11,36%, with a regulatory value of no more than 20% (the value of the standard as of December 31, 2023 was 10,57%).

As at December 31, 2024, the large credit risk ratio (N8), which is defined as the ratio of the sum of all large credit risks in relation to counterparties, groups of related counterparties, all persons associated with the bank to the regulatory capital of the bank, was 22,02%, with a standard value of no more than 800% (the standard value as of December 31, 2023 was 21,01%).

***Market risk*.** The Bank is exposed to market risks arising from open positions in: (a) currency, (b) interest rate and (c) equity instruments, all of which are largely dependent on general and specific market developments. Supervisory Board of the Bank and Management Board of the Bank set acceptable risk limits and monitor adherence to the limits on a daily basis. However, this approach does not prevent losses outside the limits in the event of significant market developments.

Currency risk. Management sets currency risk limits and overall acceptable risk exposure for overnight and intra-day positions, with periodical control performed. The Bank is exposed to currency risks arising from open foreign currency positions and bank metals. These positions are calculated as the differences between assets and liabilities in the same currency as at the reporting date. The Bank evaluates and monitors levels of long and short foreign currency open positions using hryvnia as a base currency. Open position limits are set at the level required by the NBU and calculated as open currency position of regulatory capital of the Bank. Compliance with these limits is monitored on a daily basis by the Department of market risk and liquidity risk. The Department of market risk and liquidity risk submits weekly reports to Asset, Liability and Tariff Management Committee (ALTCO) on a weekly basis.

The Bank’s currency risk exposure as at the reporting date is presented as follows:

In thousands of hryvnias	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
US Dollars	12 630 011	12 247 061	(185 773)	197 177
EUR	8 691 775	8 918 934	155 939	(71 220)
British pounds	85 736	92 488	5 824	(928)
Other	836 998	864 635	24 543	(3 094)

The Bank’s currency risk exposure as of December 31, 2023 is presented as follows:

In thousands of hryvnias	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
US Dollars	12 072 288	11 712 986	(165 813)	193 489
EUR	8 001 460	8 269 793	166 721	(101 612)
British pounds	88 963	88 536	-	427
Other	655 884	654 295	9 733	11 322

The following table presents sensitivity analysis of profit or loss and equity to reasonably possible changes in exchange rates as at the reporting date applied to Bank's functional currency, with all other variables remaining constant:

	At 31 December 2024		**At 31 December 2023**	
In thousands of hryvnias	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US dollar strengthening by 10% (2023: strengthening by 10%)	14 788	19 718	15 866	19 349
US dollar weakening by 10% (2023: weakening by 10%)	(14 788)	(19 718)	(15 866)	(19 349)
Euro strengthening by 10% (2023: strengthening by 10%)	(5 341)	(7 122)	(8 332)	(10 161)
Euro weakening by 10% (2023: weakening by 10%)	5 341	7 122	8 332	10 161
Other currencies strengthening by 10% (2023: strengthening by 10%)	(302)	(402)	963	1 175
Other currencies weakening by 10% (2023: weakening by 10%)	302	402	(963)	(1 175)

Interest rate risk. The Bank is exposed to interest rate risk arising from the effects of fluctuations in the prevailing market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, however it may decrease or cause losses in case of unexpected fluctuations.

The vulnerability of the Bank's financial result to changes in interest rates is an indicator of the sensitivity of assets and liabilities to changes in interest rates in the long term. Sensitivity factors include assumptions about maturity and timing of interest rate changes and product updates. The table below shows the potential impact on the Bank's profit in the 12 m horizon, calculated using the NII method, in the event of an increase/decrease in interest rates on financial instruments denominated in major currencies:

		At 31 December 2024		**At 31 December 2023**	
	Type of financial instrument rate	**Rate change (b. p.)**	**Impact on profit or loss (thousands of hryvnias)**	**Rate change (b. p.)**	**Impact on profit or loss (thousands of hryvnias)**
UAH	- variable rate	+200/-200	+114 766 / -114 759	+200/-200	+137 345 / -137 211
	- constant rate	+200/-200	-8 318 / +6 430	+200/-200	+105 143 / -106 020
USD	- variable rate	+200/-200	+878 / -878	+200/-200	+1 634 / -1 634
	- constant rate	+200/-200	+102 384 / -123 876	+200/-200	+57 977 / -83 264
EUR	- variable rate	+200/-200	+822 / -822	+200/-200	+3 829 / -3 826
	- constant rate	+200/-200	+96 190 / -109 822	+200/-200	+132 660 / -149 703

The Bank monitors interest rates on financial instruments. The table below summarises effective interest rates on interest bearing financial instruments as at the relevant reporting date:

	2024				**2023**			
% per annum	**UAH**	**US Dollars**	**EUR**	**Other**	**UAH**	**US Dollars**	**EUR**	**Other**
Assets								
Cash and funds in the National Bank of Ukraine								
- deposit certificates issued by the NBU	16%	-	-	-	18%	-	-	-
Due from other banks								
- guarantee deposits	-	-	-	-	-	-	-	-
- interest bearing correspondent accounts with other banks	0%	2%	3%	0%	0%	3%	4%	0%
- term funds placed on the interbank market	-	5%	3%	5%	-	5%	0%	-
Loans and advances to customers								
- at fixed rate	19%	6%	5%	8%	22%	6%	5%	8%
- at variable rate	21%	5%	7%	-	22%	5%	7%	-
Securities at fair value through other comprehensive income	17%	-	-	-	18%	-	-	-
Securities at amortised cost	-	4%	3%	-	-	5%	3%	-
Liabilities								
Due to other banks								
- at fixed rate	0%	0%	0%	0%	0%	0%	0%	0%
- at variable rate	-	-	-	-	-	-	-	-
Due to other financial institutions								
- at fixed rate	-	-	-	-	-	-	-	-
- at variable rate	13%	-	-	-	15%	-	-	-
Customer accounts								
- current and settlement accounts	6%	0%	0%	0%	6%	0%	0%	0%
- term deposits	11%	1%	1%	2%	13%	1%	1%	-

“-“ in the table above means that the Bank has no assets or liabilities denominated in the corresponding currency. Information presented in the table relates to fixed rates, unless stated otherwise.

Other price risk. The Bank is exposed to early repayment risk due to providing fixed rate loans, including mortgages, which allow a borrower to early repay its loan. The Bank's current year profit and equity as at the reporting date would not be significantly influenced by changes in early repayment rates, since such loans are carried at amortised cost, and loan amount at early repayment is equal or close to amortised cost of loans and advances to customers.

Geographical risk concentration. Geographical analysis of Bank's assets and liabilities as at 31 December 2024 is presented as follows:

In thousands of hryvnias	**Ukraine**	**OECD**	**Non-OECD**	**Total**
Assets				
Cash and funds in the National Bank of Ukraine	17 647 174	-	-	**17 647 174**
Due from other banks	92 426	3 508 099	-	**3 600 525**
Loans and advances to customers	11 992 052	72	394	**11 992 518**
Securities	12 907 434	14 284 563	-	**27 191 997**
Investments in subsidiaries	35 000	-	-	**35 000**
Other financial assets	17 833	8 199	20	**26 052**
Total financial assets	**42 691 919**	**17 800 933**	**414**	**60 493 266**
Non-financial assets	**1 498 158**	**29 659**	**-**	**1 527 817**
Total assets	**44 190 077**	**17 830 592**	**414**	**62 021 083**
Liabilities				
Due to other banks	1 169 948	5 076	-	**1 175 024**
Customer accounts	51 375 239	736 761	116 947	**52 228 947**
Due to other financial institutions	103 161	-	-	**103 161**
Other financial liabilities	414 324	81 950	-	**496 274**
Total financial liabilities	**53 062 672**	**823 787**	**116 947**	**54 003 406**
Non-financial liabilities	**898 208**	**71**	**2**	**898 281**
Total liabilities	**53 960 880**	**823 858**	**116 949**	**54 901 687**
Net position	**(9 770 803)**	**17 006 734**	**(116 535)**	**7 119 396**

Assets and liabilities have been classified based on counterparty's resident country. Cash on hand, property, leasehold improvements, and equipment have been classified based on the country of their physical presence.

Amounts due to other banks, concentrated in OECD countries, include UAH 1 259 thousand, due to the parent bank (2023: UAH 4 141 thousand) (Note 36).

Geographical analysis of Bank's assets and liabilities as at 31 December 2023 is presented as follows:

In thousands of hryvnias	**Ukraine**	**OECD**	**Non-OECD**	**Total**
Assets				
Cash and funds in the National Bank of Ukraine	15 847 455	-	-	**15 847 455**
Due from other banks	158 314	3 772 618	-	**3 930 932**
Loans and advances to customers	12 467 293	144	657	**12 468 094**
Securities	8 065 477	13 873 969	-	**21 939 446**
Investments in subsidiaries	35 000	-	-	**35 000**
Other financial assets	27 823	10 629	4	**38 456**
Total financial assets	**36 601 362**	**17 657 360**	**661**	**54 259 383**
Non-financial assets	**1 594 682**	**32 007**	**-**	**1 626 689**
Total assets	**38 196 044**	**17 689 367**	**661**	**55 886 072**
Liabilities				
Due to other banks	1 737 870	7 979	-	**1 745 849**
Customer accounts	45 753 497	595 604	115 211	**46 464 312**
Due to other financial institutions	100 752	-	-	**100 752**
Other financial liabilities	350 417	51 010	6	**401 433**
Total financial liabilities	47 942 536	654 593	115 217	**48 712 346**
Non-financial liabilities	**1 304 748**	**293**	**5**	**1 305 046**
Total liabilities	**49 247 284**	**654 886**	**115 222**	**50 017 392**
Net position	**(11 051 240)**	**17 034 481**	**(114 561)**	**5 868 680**

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is managed by Asset, Liability and Tariff Management Committee (ALTCO).

The Bank seeks to maintain a stable funding base primarily consisting of amounts due to banks, corporate and retail customer deposits, and debt securities. The Bank invests the funds in portfolios of liquid assets in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Bank requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring compliance of balance sheet liquidity ratios with regulatory requirements.

The Bank calculates liquidity ratios on a daily/decadal basis in accordance with the requirements of the National Bank of Ukraine. These ratios include:

- Liquidity Coverage Ratio in all currencies (LCRAC), which amounted to 244% as at 31 December 2024, compared to the minimum required level of 100% (31 December 2023: 257%, minimum requirement: 100%);
- Liquidity Coverage Ratio in foreign currency (LCRFC), which amounted to 394% as at 31 December 2024, compared to the minimum required level of 100% (31 December 2023: 375%, minimum requirement: 100%);
- Net Stable Funding Ratio (NSFR), which amounted to 277% as at 31 December 2024, compared to the minimum required level of 100% (31 December 2023: 250%, minimum requirement: 100%).

The Treasury Department receives information on liquidity profile of financial assets and liabilities. The Treasury Department ensures availability of adequate portfolio of short-term liquid assets, largely made up of liquid securities, deposits with banks, and other inter-bank facilities, to maintain sufficient liquidity.

The tables below show Bank's liabilities by remaining contractual maturity. The amounts disclosed represent contractual undiscounted cash flows, including total credit related commitments and commitments to extend financial guarantees. Such undiscounted cash flows differ from the amounts reported in the separate statement of financial position, since the amounts in the separate statement of financial position are based on discounted cash flows. If the amount payable is not fixed, the amount disclosed is determined by reference to terms and conditions as at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate as at the reporting date.

The analysis of undiscounted cash flows for financial liabilities as at 31 December 2024 is presented as follows:

In thousands of hryvnias	**Demand and less than 1 month**	**1-12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Liabilities					
Due to other banks	1 175 024	-	-	-	**1 175 024**
Customer accounts	44 882 690	7 403 489	102 899	3 115	**52 392 193**
Due to other financial institutions	4 418	110 994	-	-	**115 412**
Financial lease liabilities	9 823	53 149	40 152	6 083	**109 207**
Other financial liabilities	387 067	-	-	-	**387 067**
Credit related commitments	4 386 582	-	-	-	**4 386 582**
Spot and forward contracts					
- inflows	192 826	-	-	-	**192 826**
- outflows	(192 292)	-	-	-	**(192 292)**
Total potential future payments for financial liabilities	**50 846 138**	**7 567 632**	**143 051**	**9 198**	**58 566 019**

Liquidity requirements to support calls under guarantees and letters of credit are considerably less than the amount of relevant liabilities and commitments disclosed in the above maturity analysis, as the Bank does not generally expect the third party to draw funds under such agreements.

The analysis of undiscounted cash flows for financial liabilities as at 31 December 2023 is presented as follows:

In thousands of hryvnias	**Demand and less than 1 month**	**1-12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Liabilities					
Due to other banks	1 745 849	-	-	-	**1 745 849**
Customer accounts	39 099 517	7 471 306	119 694	3 980	**46 694 497**
Due to other financial institutions	2 198	17 492	107 987	-	**127 677**
Financial lease liabilities	209	18 602	88 768	-	**107 579**
Other financial liabilities	293 854	-	-	-	**293 854**
Credit related commitments	3 547 433	-	-	-	**3 547 433**
Spot and forward contracts					
- inflows	265 698	-	-	-	**265 698**
- outflows	(265 268)	-	-	-	**(265 268)**
Total potential future payments for financial liabilities	**44 689 490**	**7 507 400**	**316 449**	**3 980**	**52 517 319**

Customer accounts are classified based on remaining contractual maturities in the above analysis. However, in accordance with the Civil Code of Ukraine, for deposit agreements concluded prior to 6 June 2015, individuals have the right to withdraw their deposits prior to maturity, with their right to accrued interest forfeited. Some corporate deposit contracts envisage a possibility of early withdrawn. Certain deposit contracts with individuals concluded after 6 June 2015 also envisage early withdrawals. However, the management believes, taking into account experience, that most counterparties will not demand funds ahead of schedule.

As at 31 December 2024 and 2023 undiscounted cash flows for deposits with early withdrawal option in distribution by maturity buckets are as follows:

In thousands of hryvnias	**Demand and less than 1 month**	**1-12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
At 31 December 2024	99 608	394 602	25 406	3 077	**522 693**
At 31 December 2023	136 194	623 546	23 489	4 018	**787 247**

The Bank monitors the following contractual maturities as at 31 December 2024 and 31 December 2023:

In thousands of hryvnias	**Demand and less than 1 month**	**1-12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
At 31 December 2024					
Financial assets	22 159 942	20 205 144	17 278 850	814 330	**60 458 266**
Financial liabilities	(46 410 915)	(7 442 570)	(140 747)	(9 174)	**(54 003 406)**
Net liquidity gap based on expected maturities	**(24 250 973)**	**12 762 574**	**17 138 103**	**805 156**	**6 454 860**
Spot and forward contracts					
- inflows	192 826	-	-	-	**192 826**
- outflows	(192 292)	-	-	-	**(192 292)**
At 31 December 2023					
Financial assets	18 089 312	21 761 461	13 313 023	1 060 587	**54 224 383**
Financial liabilities	(41 078 255)	(7 324 305)	(305 847)	(3 939)	**(48 712 346)**
Net liquidity gap based on expected maturities	**(22 988 943)**	**14 437 156**	**13 007 176**	**1 056 648**	**5 512 037**
Spot and forward contracts					
- inflows	265 698	-	-	-	**265 698**
- outflows	(265 268)	-	-	-	**(265 268)**

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is critical to management. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its response to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by a number and type of depositors, and the past experience of the Bank would indicate that these customer accounts provide a long-term and stable source of financing for the Bank.

The Bank has open credit line with its Parent company PKO Bank Polski SA for USD 30 and 47 million. Bank may regularly use this credit line for the replenishment of working capital and maintenance of the operational liquidity.

32. CAPITAL MANAGEMENT

The Bank's objectives when managing capital are (i) to comply with the capital requirements set by the by the National Bank of Ukraine, (ii) to safeguard the Bank's ability to continue as a going concern. In the opinion of management, the total amount of capital managed by the Bank is equal to the amount of capital represented in the separate statement of financial position. The amount of capital managed by the Bank as at 31 December 2024 is UAH 7 119 396 thousand (as at 31 December 2023 - UAH 5 868 680 thousand). Compliance with capital adequacy of the Bank, the National Bank of Ukraine carried out each decade. Other objectives of capital management are evaluated annually.

Ukrainian legislation requires that banks form a reserve to cover unforeseen losses on all asset items and offbalance sheet liabilities. The reserve must represent 25% of bank's regulatory capital but not less than 25% of bank's registered share capital. The reserve is formed through charges from net profit for the reporting year retained by the Bank after taxes and retained earnings for previous years.

Charges to the reserve must be no less than 5% of bank's profit until the reserve reaches 25% of bank's regulatory capital.

Should a bank's operations pose a threat to interests of depositors and other bank's creditors, the National Bank of Ukraine has the right to require increase in the reserve and annual charges thereto. If, as a result of bank's operations, regulatory capital is reduced to an amount lower than share capital, annual charges to the reserve must be 10% of bank's net profit until the reserve reaches 35% of bank's share capital.

The reserve may only be used to cover the bank's losses for the reporting year in accordance with the decision of the bank's board (Supervisory board) and in accordance with the procedure established by the general meeting of its shareholders. Furthermore, effective Ukrainian legislation envisages no restrictions on distribution of the reserve among bank's shareholders upon bank's liquidation after satisfaction of all creditors' claims.

As at 31 December 2024 the Bank's reserve fund amounts to UAH 2 848 725 thousand (31 December 2023: UAH 1 627 010 thousand).

From August 6, 2024, the National Bank of Ukraine has changed the approaches to calculating regulatory capital and adequacy ratios. According to the existing requirements, the bank's regulatory capital consists of Tier 1 Capital (Tier 1 Primary and Teir 1 Additional capital) and Teir 2 Capital. The table below shows the regulatory capital based on the Bank's reports prepared in accordance with the requirements of the NBU, which consists of the following components:

In thousands of hryvnias	**2024**
Tier 1 Primary capital	5 771 134
Tier 1 Additional capital	-
Tier 2 Capital	-
Total regulatory capital	**5 771 134**

In 2023, the Bank's regulatory capital consisted of the following components:

In thousands of hryvnias	**2023**
Primary capital	3 548 304
Additional capital	1 880 290
Diversion	(35 000)
Total regulatory capital	**5 393 594**

As at 31 December 2024 and 31 December 2023, the Bank complied with the minimum regulatory capital adequacy ratio requirements. The ratio stood at 30% as at 31 December 2024 (31 December 2023: 32%).

The minimum regulatory capital adequacy ratio (RCAR) for banks, as established by the Instruction of the National Bank of Ukraine on Regulation of Banks' Activities in Ukraine, is as follows:

- through 31 December 2024 (inclusive): 8.5% of total risk-weighted exposure;

- through 30 June 2025 (inclusive): 9.25% of total risk-weighted exposure;
- from 1 July 2025: 10% of total risk-weighted exposure.

During 2024 and 2023 the Bank adhered to all economic standards and open currency position limits set by the NBU.

The NBU performs stress testing on a regular basis to check compliance with the regulatory requirements under certain stress test assumptions. If results of the stress test show that required capital adequacy could fall below the required level in the future, the NBU might require an increase of regulatory capital above the minimum regulatory requirements.

33. CONTINGENCIES AND COMMITMENTS

Legal proceedings. From time to time and in the normal course of business, claims against the Bank may be received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims. The total amount of provision for litigation is UAH 10 099 thousand as at 31 December 2024 (31 December 2023: UAH 12 108 thousand).

Changes in provisions for potential liabilities are:

In thousands of hryvnias	**Note**	**2024**	**203**
Commitment provision at 1 January		**12 108**	**2 488**
Remeasurement of loss allowance	27	2 403	9 226
Amounts used during the year		(5 305)	-
Effect of exchange rate of foreign currency		893	394
Commitment provision at 31 December		**10 099**	**12 108**

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

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

Management believes that it has complied with all existing tax legislation. However, there can be no assurance that the tax authorities will not have a different interpretation of the Bank’s compliance with existing legislation and assess fines and penalties. No provision for potential tax assessment has been made in these separate financial statements.

Capital expenditure commitments. At 31 December 2024, the Bank had contractual capital expenditure commitments in respect of property, plant and equipment totalling UAH 6 011 thousand (31 December 2023: UAH 12 070 thousand) and in respect of intangible assets in the amount of UAH 81 616 thousand (31 December 2023: UAH 98 557 thousand).

The Bank has already allocated the necessary resources in respect of these commitments. The Bank’s management believes that future net income and funding will be sufficient to cover these and any similar commitments.

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to customers as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

As at 31 December 2024, all commitments to extend credits are revocable and amount to UAH 3 706 286 thousand (31 December 2023: UAH 2 963 203 thousand)

Credit related commitments were as follows:

	At 31 December 2024			
In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Financial guarantee contracts and letters of credit	324 145	356 150	-	**680 295**
Loss allowances for expected credit losses	3 042	17 041	-	**20 083**
Carrying value (provision)	3 042	17 041	-	**20 083**

	At 31 December 2023			
In thousands of hryvnias	**Stage 1**	**Stage 1**	**Stage 1**	**Stage 1**
Financial guarantee contracts and letters of credit	488 079	96 150	**-**	**584 229**
Loss allowances for expected credit losses	1 835	-	-	**1 835**
Carrying value (provision)	1 835	-	-	**1 835**

As at 31 December 2024, commitments under guarantees and letters of credit were secured with deposits in the amount of UAH 66 818 thousand (as at 31 December 2023 - UAH 116 897 thousand) (Note 16). The total outstanding contractual commitments to extend credit, import letters of credit, and guarantees do not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

Changes in expected credit losses estimates under credit-related loan commitments are presented as follows:

In thousands of hryvnias	**Note**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January 2024		**13 425**	**1 446**	**6 787**	**21 658**
Transfer to Stage 1		165	(159)	(6)	**-**
Transfer to Stage 2		(1 759)	2 316	(557)	**-**
Transfer to Stage 3		(2)	(116)	118	**-**
Net remeasurement of loss allowance	25	(18 563)	20 071	(2 332)	**(824)**
New loan commitments and financial guarantees issued	25	30 624	66 872	-	**97 496**
Loan commitments and financial guarantee contracts that have been derecognised	25	(2 237)	(7 729)	(3 362)	**(13 328)**
Foreign exchange and other movements		285	338	198	**821**
Balance at 31 December 2024		**21 938**	**83 039**	**846**	**105 823**

In thousands of hryvnias	Note	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023		**9 749**	**2 243**	**19 285**	**31 277**
Transfer to Stage 1		161	(142)	(19)	**-**
Transfer to Stage 2		(248)	579	(331)	**-**
Transfer to Stage 3		(5)	(172)	177	**-**
Net remeasurement of loss allowance	25	(15 284)	(9 762)	(589)	**(25 635)**
New loan commitments and financial guarantees issued	25	20 187	9 062	-	**29 249**
Loan commitments and financial guarantee contracts that have been derecognised	25	(1 327)	(289)	(11 801)	**(13 417)**
Foreign exchange and other movements		192	(73)	65	**184**
Balance at 31 December 2023		**13 425**	**1 446**	**6 787**	**21 658**

34. FAIR VALUE DISCLOSURES

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that IFRS require or permit in the separate statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follow:

	2024				**2023**			
In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Assets at fair value								
Financial assets								
Securities at fair value through other comprehensive income								
- Ukrainian government bonds	-	12 907 434	-	**12 907 434**	-	8 065 477	-	**8 065 477**
Non-financial assets								
- Premises	-	-	404 275	**404 275**	-	-	282 190	**282 190**
- Investment properties	-	-	8 851	**8 851**	-	-	8 863	**8 863**
Total assets recurring fair value measurements	**-**	**12 907 434**	**413 126**	**13 320 560**	**-**	**8 065 477**	**291 053**	**8 356 530**

The table below presents the valuation method and the input data that were used in the fair value measurement for Stage 2 valuations as at 31 December 2024:

In thousands of hryvnias	**Fair value**	**Valuation approach**	**Input data used**
Assets at fair value			
Financial assets			
Securities at fair value through other comprehensive income			
- Ukrainian government bonds	12 907 434	Market approach	Bond prices market quotes for similar bonds
Total estimated multiple fair value of Stage 2	**12 907 434**		

The table below presents the valuation method and the input data that were used in the fair value measurement for Stage 2 valuations as at 31 December 2023:

In thousands of hryvnias	**Fair value**	**Valuation approach**	**Input data used**
Assets at fair value			
Financial assets			
Securities at fair value through other comprehensive income			
- Ukrainian government bonds	8 065 477	Market approach	Bond prices market quotes for similar bonds
Total estimated multiple fair value of Stage 2	**8 065 477**		

b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows:

	2024				
In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Carrying value**
Assets					
Cash and funds in the National Bank of Ukraine	**17 647 174**	**-**	**-**	**17 647 174**	**17 647 174**
Due from other banks	**-**	**3 600 525**	**-**	**3 600 525**	**3 600 525**
Loans and advances to customers	**-**	**-**	**12 404 417**	**12 404 417**	**11 992 518**
- Corporate loans	-	-	10 577 980	10 577 980	10 282 181
- Loans to individuals - consumer loans	-	-	363 108	363 108	274 825
- Loans to individuals - mortgage loans	-	-	1 051 361	1 051 361	1 044 748
- Loans to individuals - car loans	-	-	411 968	411 968	390 764
Securities at amortised cost	**14 252 672**	**-**	**-**	**14 252 672**	**14 284 563**
Other financial assets	-	**-**	**26 052**	**26 052**	**26 052**
Total	**31 899 846**	**3 600 525**	**12 430 469**	**47 930 840**	**47 550 832**

	2023				
In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Carrying value**
Assets					
Cash and funds in the National Bank of Ukraine	**15 847 455**	**-**	**-**	**15 847 455**	**15 847 455**
Due from other banks	**-**	**3 930 932**	**-**	**3 930 932**	**3 930 932**
Loans and advances to customers	**-**	**-**	**12 711 910**	**12 711 910**	**12 468 094**
- Corporate loans	-	-	9 680 012	9 680 012	9 674 170
- Loans to individuals - consumer loans	-	-	607 246	607 246	454 736
- Loans to individuals - mortgage loans	-	-	1 496 926	1 496 926	1 476 338
- Loans to individuals - car loans	-	-	927 726	927 726	862 850
Securities at amortised cost	**13 894 853**	**-**	**-**	**13 894 853**	**13 873 969**
Other financial assets	**-**	**-**	**38 456**	**38 456**	**38 456**
Total	**29 742 308**	**3 930 932**	**12 750 366**	**46 423 606**	**46 158 906**

	2024				
In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Carrying value**
Liabilities					
Due to other banks	**-**	**1 175 024**	**-**	**1 175 024**	**1 175 024**
Customer accounts	**-**	**-**	**52 206 198**	**52 206 198**	**52 228 947**
- Current/settlement accounts of legal entities	-	-	28 264 586	28 264 586	28 264 586
- Term deposits of legal entities	-	-	5 576 138	5 576 138	5 589 917
- Current/demand accounts of individuals	-	-	11 283 488	11 283 488	11 283 488
- Term deposits of individuals	-	-	7 081 986	7 081 986	7 090 956
Due to other financial institutions	-	**-**	**102 518**	**102 518**	**103 161**
Other financial liabilities	**-**	**-**	**496 274**	**496 274**	**496 274**
Total	**-**	**1 175 024**	**52 804 990**	**53 980 014**	**54 003 406**

	2023				
In thousands of hryvnias	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Carrying value**
Liabilities					
Due to other banks	**-**	**1 745 849**	**-**	**1 745 849**	**1 745 849**
Customer accounts	-	**-**	**46 439 499**	**46 439 499**	**46 464 312**
- Current/settlement accounts of legal entities	**-**	**-**	24 063 060	24 063 060	24 063 060
- Term deposits of legal entities	-	**-**	6 537 959	6 537 959	6 549 025
- Current/demand accounts of individuals	-	**-**	9 606 564	9 606 564	9 606 564
- Term deposits of individuals	**-**	**-**	6 231 916	6 231 916	6 245 663
Due to other financial institutions	**-**	**-**	**97 980**	**97 980**	**100 752**
Other financial liabilities	**-**	**-**	**401 433**	**401 433**	**401 433**
Total	**-**	**1 745 849**	**46 938 912**	**48 684 761**	**48 712 346**

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current weighted average interest rate for existing instruments with similar remaining maturity.

For assets, the Bank used assumptions about counterparty's incremental borrowing rate and prepayment rates. Liabilities were discounted at the Bank's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the amount could be required to be paid by the Bank.

The table below presents the potential impact on the Bank's profit on FVOCI-valued securities:

	At 31 December 2024		**At 31 December 2023**	
	Rate change (b. p.)	**Impact on profit or loss (thousands of hryvnias)**	**Rate change (b. p.)**	**Impact on profit or loss (thousands of hryvnias)**
UAH	+100/-100	-99 087/ +100 860	+100/-100	-62 369 / +63 497
USD	+100/-100	-98 862 / +101 033	+100/-100	-81 825 / +83 442
EUR	+100/-100	-66 755 / +68 256	+100/-100	-16 177 / +16 386

35. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORIES

The procedure for classifying financial instruments is described in Note 3.

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2024:

In thousands of hryvnias	**Financial instruments measured at amortised cost**	**Financial instruments at fair value through other comprehensive income**	**Finance lease receivables**	**Total**
Assets				
Cash and funds in the National Bank of Ukraine	17 647 174	-	-	**17 647 174**
Due from other banks				
- Correspondent accounts with other banks	2 385 206	-	-	**2 385 206**
- Loans from other banks	1 180 743	-	-	**1 180 743**
- Guarantee deposits	34 576	-	-	**34 576**
Loans and advances to customers				
- Corporate loans	9 426 189	-	855 992	**10 282 181**
- Loans to individuals - car loans	384 600	-	6 164	**390 764**
- Loans to individuals - other consumer loans	274 825	-	-	**274 825**
- Loans to individuals – mortgage loans	1 044 748	-	-	**1 044 748**
Securities	14 284 563	12 907 434	-	**27 191 997**
Other financial assets	26 052	-	-	**26 052**
Total financial assets	**46 688 676**	**12 907 434**	**862 156**	**60 458 266**

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2023:

In thousands of hryvnias	**Financial instruments measured at amortised cost**	**Financial instruments at fair value through other comprehensive income**	**Finance lease receivables**	**Total**
Assets				
Cash and funds in the National Bank of Ukraine	15 847 455	-	-	**15 847 455**
Due from other banks				
- Correspondent accounts with other banks	2 782 408	-	-	**2 782 408**
- Loans from other banks	1 130 225	-	-	**1 130 225**
- Guarantee deposits	18 299	-	-	**18 299**
Loans and advances to customers				
- Corporate loans	9 093 776	-	580 394	**9 674 170**
- Loans to individuals - car loans	853 719	-	9 131	**862 850**
- Loans to individuals - other consumer loans	454 736	-	-	**454 736**
- Loans to individuals – mortgage loans	1 476 338	-	-	**1 476 338**
Securities	13 873 969	8 065 477	-	**21 939 446**
Other financial assets	38 456	-	-	**38 456**
Total financial assets	**45 569 381**	**8 065 477**	**589 525**	**54 224 383**

As at 31 December 2024 and 31 December 2023, all of the Bank’s financial liabilities were carried at amortised cost. Derivatives belong to the fair value through profit or loss measurement category.

36. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Key management personnel comprise individuals responsible for the planning, management, and control of the Bank's activities, namely: the Chairman and members of the Supervisory Board, the Chairman and members of the Management Board, the Chief Accountant, the Head of the Internal Audit Unit, and the Chief Compliance Officer.

As at 31 December 2024, the outstanding balances with related parties were as follows:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Correspondent accounts with other banks (interest rate: 0%)	24 754	-	-	-
Loss allowances for expected credit losses	(1)	-	-	-
Gross amount of loans and advances to customers	-	-	-	126
Loss allowances for expected credit losses on loans and advances to customers	-	-	-	(5)
Investments in subsidiaries	-	-	35 000	-
Other assets	10 312	-	-	53
Loss allowances for expected credit losses	(13)	-	-	-
Correspondent accounts and overnight placements of other banks (interest rate: 0%)	1 259	-	-	-
Customer accounts (interest rates for deposits: 0,75-14%, for current accounts: 0-7%)	-	61 182	7 445	8 215
Other liabilities	50	113	-	3 388

The income and expense items on transactions with related parties for 2024 were as:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Interest income	-	-	-	13
Interest expense	(2 071)	(3 090)	(371)	(205)
Other income	-	-	55	-
Loss allowances for expected credit losses	-	-	-	(1)
Fee and commission income	81	108	27	34
Fee and commission expense	(17 343)	-	-	(7 276)
Other expenses	-	(372)	-	-

As at 31 December 2024, other rights and obligations with related parties were as follows:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Loan commitments received	3 247 300	-	-	-
Other commitments granted	208 668	-	-	97
Other rights received	192 292	-	-	-
Guarantees Received	17 201	-	-	-

Loan commitments received relate to the undrawn borrowing facilities received from the Parent Bank PKO Bank Polski S.A. denominated in USD.

Total amounts of loans granted to related parties and repaid by them in 2024 are presented below:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Amounts lent to related parties during the year	-	-	-	2 114
Amounts repaid by related parties during the year	-	-	-	(2 098)

As at 31 December 2023, the outstanding balances with related parties were as follows:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Correspondent accounts with other banks (interest rate: 0%)	74 800	-	-	-
Loss allowances for expected credit losses	(3)	-	-	-
Gross amount of loans and advances to customers	-	-	-	111
Loss allowances for expected credit losses	-	-	-	(5)
Investments in subsidiaries	-	-	35 000	-
Other assets	14 582	-	-	100
Correspondent accounts and overnight placements of other banks (interest rate: 0%)	4 141	-	-	-
Customer accounts (interest rates for deposits: 1,25-14%, for current accounts: 0-8%)	-	60 302	5 721	6 261
Other liabilities	42	816	-	3 764

The income and expense items on transactions with related parties for 2023 were as:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Interest income	-	-	-	43
Interest expense	(1 906)	(1 453)	(1 127)	(98)
Other income	-	-	53	-
Loss allowances for expected credit losses	-	-	-	11
Fee and commission income	94	133	25	36
Fee and commission expense	(13 797)	-	-	(6 361)
Other expenses	-	(5 042)	-	-

As at 31 December 2023, other rights and obligations with related parties were as follows:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Loan commitments received	2 934 378	-	-	-
Other commitments granted	265 698	-	-	118
Other rights received	265 268	-	-	-

Loan commitments received relate to the undrawn borrowing facilities received from the Parent Bank PKO Bank Polski S.A. denominated in USD.

Total amounts of loans granted to related parties and repaid by them in 2023 are presented below:

In thousands of hryvnias	**Parent company**	**Entities under common control**	**Subsidiary**	**Key management personnel**
Amounts lent to related parties during the year	-	-	-	2 363
Amounts repaid by related parties during the year	-	-	-	(2 259)

Key management personnel amounts are presented below:

In thousands of hryvnias	**2024** **Expense**	**31 December 2024** **Accrued liability**	**2023** **Expense**	**31 December 2023** **Accrued liability**
Short-term benefits:				
- Salaries	57 959	2 860	48 520	3 296
- Termination benefits	25 339	-	-	-
Accrual of the single social security contribution	3 831	244	2 496	157
Total	**87 129**	**3 104**	**51 016**	**3 453**

Short-term benefits fall due wholly within twelve months after the end of the period in which management rendered related services. Other long-term payments include payments that are not expected to be fully settled within twelve months of the end of the period in which management provided the relevant services.

37. SUBSEQUENT EVENTS

After 31 December 2024, there were no subsequent events requiring changes or additions to the financial statements or disclosures in the separate financial statements.

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FREE TRANSLATION FROM THE UKRAINIAN ORIGINAL

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of KREDOBANK, JSC

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of KREDOBANK JSC (the Bank), which comprise the separate statement of financial position as at December 31, 2024, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying separate financial statements presents fairly, in all material respects, the separate financial position of the Bank as at December 31, 2024, and its separate financial performance and its separate 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 separate 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 separate financial statements, which discloses that on February 24, 2022, russian troops began invading Ukraine and active hostilities are currently taking place. As noted in Note 2, these events or conditions, together with other issues set out in Note 2, indicate that there is significant uncertainty that 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 separate financial statements, we concluded that the use of the principle of going concern by management in the preparation of separate 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.
- 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 Russian leadership. 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.

Key Audit Matters

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

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

Key Audit Matter	***How the Key Audit Matter Was Considered in Our Audit***
Expected credit losses on loans to customers (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 customer credit 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 for loans to customers 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 monitoring loans and risk provisioning, and critically assessed whether these processes are suitable for identifying loan losses and adequately reflecting the recoverability of exposures. 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 key characteristics relevant to the classification of the loan, such as quality, type of care, rating and level allocation throughout the year and in comparison with the previous year. • We tested individual exposures 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 consolidated financial statements regarding the calculation of expected credit losses and the significant assumptions and estimation uncertainties are appropriate.

Other Information

Management is responsible for the other information. The other information comprises the Separate Management Report. The other information which we expected to receive after the date of this Auditor`s report is Annual Information on the Issuer of Securities.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

Responsibilities of Management and Those Charges with Governance for the Separate Financial Statements

Management is responsible for preparation and fair presentation of these separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

Preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance whether the separate 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 separate 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", auditors must provide additional information and assurances.

Basic information about the audit firm

Full name	AC «CROWE UKRAINE»
Location	Obolonska Naberezhna 33, Kyiv, 04210 Ukraine
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	30.09.2020 (Minute of the meeting of the Supervisory Board №127/2020)
Duration of the audit task	5th year

We confirm that this independent auditor's report 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 entity 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Oleksandr Konovchenko.

For and on behalf of AC CROWE UKRAINE

Аудиторська компанія «КРОУ УКРАЇНА»

Audit Director
Registered Auditor #100594

Vitaliy HAVRYSH

Engagement partner
Registered Auditor #101572

Oleksandr KONOVCHENKO

Kyiv, Ukraine

April 1, 2025