JOINT STOCK BANK "RADABANK"

Financial statements in accordance with International Financial Reporting Standards

together with Independent auditor's report for the year ended December 31, 2023

(Translation from Ukrainian original)

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• IAS 1 • 110000 General information about the financial statements

Name of the reporting entity or other means of identification	JOINT STOCK BANK “RADABANK”
ID number of legal entity	21322127
International ID code of the entity	
Website	https://www.radabank.com.ua

Description of the nature of the financial statements

These financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective as at 31.12.2023. International Financial Reporting Standards consist of:

a) International Financial Reporting Standards;
b) International Accounting Standards;
c) IFRIC Interpretations.

End date of the reporting period	-
Period covered by the financial statements	year

Description of the presentation currency

The financial statements of the Bank are presented in the national currency of Ukraine - UAH.

Rounding levels used in the financial statements

All financial statements and notes are presented in thousands of Ukrainian hryvnias. Earnings (loss) per share are presented in UAH.

• IAS 1 • 220000 Statement of financial position, in order of liquidity

Statement of financial position

	Notes	December 31, 2023	December 31, 2022
Assets			
Cash and cash equivalents	822390-01 800100	4,145,098	1,924,213
Loans and due from customers	822390-01 800100	1,551,458	1,155,729
Investments in securities	822390-01 800100	1,230,016	393,411
Deferred tax assets	835110	2,854	1,519
Intangible assets excluding goodwill	823180	11,672	9,988
Fixed assets	822100 800100 832610	214,273	191,897
Other financial assets	822390-01 800100	68,070	97,737
Other non-financial assets	800100	42,314	33,151
Total assets		**7,265,755**	**3,807,645**
Liabilities			
Due to customers	822390-03 800100	6,616,271	3,295,307
Provisions			
Provisions under loan commitments and financial guarantee contracts	827570 800100	2,964	46
Provision for employee benefits	800100	7,937	5,797
Other provisions	827570 800100	-	4
Total provisions		**10,901**	**5,847**
Other financial liabilities	822390-03 800100	39,391	48,655
Other non-financial liabilities	800100	32,882	13,205
Current tax liabilities	835110	61,646	3,744
Total liabilities		**6,761,091**	**3,366,758**
Equity and liabilities			
Equity			
Share capital	861200 800100	301,000	301,000
Retained earnings	800100	174,592	111,281
Transactions with shareholders		(329)	(329)
Reserves and other funds of the Bank	800100	29,401	28,935
Total equity		**504,664**	**440,887**
Total equity and liabilities		**7,265,755**	**3,807,645**

Approved for issue and signed on March 25, 2024

Chair of Management Board **Andrii HRIHEL**

Chief accountant **Andrii AKHE**

«РАДАБАНК» Ідентифікаційний код 21322127

• IAS 1 • 320000 Statement of comprehensive income, profit or loss, by nature of expense

Profit or loss

	Notes	2023	2022
Profit (loss)			
Income from ordinary activities		**863,227**	**553,012**
Interest income		**728,677**	**415,882**
Interest income calculated using the effective interest rate	800200	728,677	415,882
Commission income	800200	134,550	137,130
Interest expense	800200	(356,805)	(189,104)
Commission expense	800200	(35,531)	(30,392)
Net profit (loss) on financial instruments at fair value through profit or loss	800200	513	2,379
Net profit (loss) on currency transactions	800200	61,159	72,617
Net profit (loss) on foreign currency translation		(5,727)	(924)
Impairment profit and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	800200	(49,873)	(160,754)
Other gains (losses)	800200	11,873	10,464
Expenses for employee benefits	800200	(187,405)	(140,234)
Depreciation and amortization charges	800200 822100 823180	(36,208)	(36,819)
Other administrative and operating expenses	800200	(125,997)	(64,753)
Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets	800200 832410	30	(1)
Operating profit (loss)		**139,256**	**15,491**
Profit (loss) arising on derecognition of financial assets measured at amortized cost		1,971	(423)
Profit (loss) before taxes		**141,227**	**15,068**
Tax expense (tax refund income)	835110	(77,450)	(5,765)
Profit (loss) from continuing operations		**63,777**	**9,303**
Profit (loss)		**63,777**	**9,303**
Earnings per share			
Basic earnings per share			
Basic earnings (loss) per share from continuing operations	838000	3.1889	0.4652
Total basic earnings (loss) per share		**3.1889**	**0.4652**
Earnings per share attributable to owners of the Bank			
Basic earnings per share attributable to owners of the Bank		**3.1889**	**0.4652**

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Chief accountant **Andrii AKHE**

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• IAS 7 • 520000 Statement of cash flows, indirect method

Statement of cash flows	2023	2022
Operating cash flows		
Profit (loss)	63,777	9,303
Adjustments to reconcile profit (loss)		
Amortization of discount/(premium)	(566)	(8,819)
Adjustment of income tax expense	77,450	5,765
Accrued income	26,515	(1,377)
Accrued expense	22,692	9,501
Adjustment of depreciation and amortization expense	36,208	36,819
Adjustment of impairment loss (reversal of impairment loss) recognized in profit or loss	37,552	160,023
Adjustment of unrealized foreign exchange losses (gains)	(8,104)	(49,478)
Other adjustments for which the cash effect is an investment or financing cash flow	(100,956)	(146,095)
Total adjustments to reconcile profit (loss)	**90,791**	**6,339**
Net operating cash flows	**154,568**	**15,642**
Net (increase)/decrease in loans and due from customers	(381,528)	527,622
Net (increase)/decrease in other financial assets	24,334	(55,614)
Net (increase)/decrease in other assets	(9,132)	26,696
Net increase/(decrease) in due to banks	-	(1,041,604)
Net increase/(decrease) in due to customers	3,298,448	(312,504)
Net increase/(decrease) in provisions for liabilities	2,903	13
Net increase/(decrease) in other financial liabilities	(11,242)	18,537
Net increase/(decrease) in other liabilities	21,719	(13,476)
Income tax refund (payment)	(20,884)	(12,695)
Net operating cash flows (used in operating activities)	**3,079,186**	**(847,383)**
Investing cash flows		
Purchase of securities	(1,606,730)	(55,252)
Proceeds from sale of investments in securities	804,460	1,692,469
Proceeds from sale of fixed assets	3,386	5,912
Acquisition of fixed assets	(45,322)	(23,996)
Acquisition of intangible assets	(2,921)	(3,636)
Net investing cash flows (used in investment activities)	**(847,127)**	**1,615,497**
Financing cash flows		
Lease payments	(15,922)	(12,922)
Net financing cash flows (used in financing activities)	**(15,922)**	**(12,922)**
Net increase (decrease) in cash and cash equivalents before foreign exchange effect	**2,216,137**	**755,192**
Effect of exchange rate changes on cash and cash equivalents		
Effect of exchange rate changes on cash and cash equivalents	15,871	65,475
Impact of expected credit losses on cash and cash equivalents	(11,123)	(4,171)

	2023	2022
Net increase (decrease) in cash and cash equivalents after effect of exchange rate changes	**2,220,885**	**816,496**
Cash and cash equivalents, opening balance	1,924,213	1,107,717
Cash and cash equivalents, closing balance	4,145,098	1,924,213

Approved for issue and signed on March 25, 2024

Chair of Management Board **Andrii HRIHEL**

Chief accountant **Andrii AKHE**

• IAS 1 • 610000 Statement of changes in equity

Statement of changes in equity as at December 31, 2023

	Share capital					
	Ordinary shares	Total share capital	Result from transactions with shareholders	Reserves and other funds of the bank	Retained earnings	Equity
Equity, opening balance	**301,000**	**301,000**	**(329)**	**28,935**	**111,281**	**440,887**
Changes in equity						
Comprehensive income						
Profit (loss)	-	-	-	-	63,777	**63,777**
Comprehensive income	-	-	-	-	**63,777**	**63,777**
Total increase (decrease) in equity	-	-	-	-	**63,777**	**63,777**
Distribution of profit of previous years	-	-	-	466	(466)	-
Equity, closing balance	**301,000**	**301,000**	**(329)**	**29,401**	**174,592**	**504,664**

Statement of changes in equity as at December 31, 2022

	Share capital					
	Ordinary shares	Total share capital	Result from transactions with shareholders	Reserves and other funds of the bank	Retained earnings	Equity
Equity, opening balance	**301,000**	**301,000**	**(329)**	**23,734**	**107,273**	**431,678**
Changes in equity						
Comprehensive income						
Profit (loss)	-	-	-	-	9,303	**9,303**
Comprehensive income	-	-	-	-	**9,303**	**9,303**
Increase (decrease) due to other changes, equity	-	-	-	-	(94)	**(94)**

	Share capital		Result of Transactions with shareholder	Reserves and other funds	Retained earnings	Equity
	Ordinary shares	Total share capital				
Total increase (decrease) in equity					**9,209**	**9,209**
Distribution of profit of previous years				5,201	(5,201)	
Equity, closing balance	**301,000**	**301,000**	**(329)**	**28,935**	**111,281**	**440,887**

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Chair of Management Board **Andrii HRIHEL**

Chief accountant **Andrii AKHE**

• IAS 1 • 800100 • Notes - Subclassifications of assets, liabilities and equity

Subclassifications of assets, liabilities and equity

	December 31, 2023	December 31, 2022
Cash and cash equivalents		
Cash		
Cash in hand	175,654	152,480
Correspondent accounts, deposits and overnight loans with banks	**451,917**	**369,969**
Ukraine	378,058	270,559
other countries	73,859	99,410
Total cash	**627,571**	**522,449**
Cash equivalents		
Short-term placements with the NBU	**3,517,527**	**1,401,764**
NBU deposit certificates	3,517,527	1,401,764
Total cash equivalents	**3,517,527**	**1,401,764**
Total cash and cash equivalents	**4,145,098**	**1,924,213**
Loans and due from customers		
Corporate loans	1,490,439	1,067,735
Consumer loans	54,947	77,700
Mortgage	6,072	10,294
Total loans and due from customers	**1,551,458**	**1,155,729**
Categories of financial assets		
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss designated at initial recognition or subsequently	18,919	-
Total financial assets at fair value through profit or loss	**18,919**	**-**
Financial assets at amortized cost	6,975,723	3,571,090
Total financial assets	**6,994,642**	**3,571,090**
Intangible assets and goodwill		
Intangible assets other than goodwill		
Computer software	10,153	8,845
Intangible assets under development	830	439
Other intangible assets	689	704
Total intangible assets excluding goodwill	**11,672**	**9,988**
Total intangible assets and goodwill	**11,672**	**9,988**
Fixed assets		
Land and buildings		
Buildings	149,206	122,155
Total land and buildings	**149,206**	**122,155**
Machines	11,918	9,971
Vehicles		
Cars	12,546	15,738
Total vehicles	**12,546**	**15,738**
Devices and accessories	6,718	6,847
Office equipment	1,403	1,421
Computer equipment	14,788	6,051
Communication and network equipment	2,995	2,054

	December 31, 2023	December 31, 2022
Capital investments in progress in fixed assets	628	17,471
other fixed assets	14,071	10,189
Total fixed assets	**214,273**	**191,897**
Different assets		
Debt instruments held		
State debt instruments held	1,230,016	393,411
Total debt instruments held	**1,230,016**	**393,411**
Deferred tax assets	2,854	1,519
Deferred tax assets		
Receivables under pay card transactions	1,142	3,578
Receivables under cash transactions	-	4
Limited in use cash and cash equivalents	29,205	87,268
Other receivables	37,723	6,887
Total other financial assets	**68,070**	**97,737**
Other non-financial assets		
Receivables under taxes other than income tax	**34**	**1**
Receivables under other taxes	34	1
Prepayments and accrued income excluding contractual assets		
Advance payments	11,485	7,240
Total prepayments and accrued income excluding contractual assets	**11,485**	**7,240**
Prepayments and accrued income, including contract assets		
Advance payments	**11,485**	**7,240**
Total prepayments and accrued revenue including contract assets	**11,485**	**7,240**
Bank	25,556	20,927
Inventories	5,239	4,983
Total other non-financial assets	**42,314**	**33,151**
Categories of financial liabilities		
Financial liabilities at amortized cost	6,655,662	3,343,962
Total financial liabilities	**6,655,662**	**3,343,962**
Classes of other provisions		
Provision for litigation	-	4
Other different provisions	7,937	5,797
Total other provisions	**7,937**	**5,801**
Other different provisions for liabilities		
Provisions under financial guarantee contracts	2,964	46
Total other different provisions for liabilities	**2,964**	**46**
Other financial liabilities		
Payables under transactions with pay cards	11,730	19,179
Payables under lease	19,237	16,993
Other financial liabilities	8,424	12,483
Total other financial liabilities	**39,391**	**48,655**
Different liabilities		
Customers' deposits		
Balances at customers' term deposits	2,484,498	1,314,607
Balances at customers' current accounts	3,508,260	1,972,655
Balances at other customers' deposits	623,513	8,045
Total customers' deposits	**6,616,271**	**3,295,307**
Current tax liabilities	61,646	3,744
Other non-financial liabilities		

	December 31, 2023	December 31, 2022
Accruals and deferred income, including contractual obligations		
Deferred income including contractual obligations		
Contractual obligations		
Advances received, representing contractual obligations for performance obligations fulfilled at a certain time	2,307	782
Contractual obligations under performance obligations fulfilled over time	1,640	1,114
Total contractual obligations	**3,947**	**1,896**
Deferred income excluding contractual obligations	10,175	6,932
Total deferred income including contractual commitments	**14,122**	**8,828**
Total accruals and deferred income, including contractual obligations	**14,122**	**8,828**
Other receivables	231	133
Payables under settlements with bank employees	8,439	3
Payables under social security and taxes other than income tax	**6,575**	**2,240**
Payables under value added tax	323	573
Payables under other taxes	6,252	1,667
Other payables	3,515	2,001
Total other non-financial liabilities	**32,882**	**13,205**
Share capital		
Share capital, ordinary shares	301,000	301,000
Total Share capital	**301,000**	**301,000**
Retained earnings		
Retained earnings, profit (loss) of the reporting period	63,777	9,303
Retained earnings, except for profit (loss) of the reporting period	110,815	101,978
Total retained earnings	**174,592**	**111,281**
Different equity		
Reserves and other funds of the bank	29,401	28,935
Result from transactions with shareholder	(329)	(329)
Net assets (liabilities)		
Assets	7,265,755	3,807,645
Liabilities	6,761,091	3,366,758
Net assets (liabilities)	**504,664**	**440,887**

• IAS 1 • 800200 Notes - Income and expense analysis

Analysis of income and expense	2023	2022
Partial write-off (reversal of partial write-off) of property, plant and equipment	(193)	(9,622)
Impairment loss recognized in profit or loss, property, plant and equipment	**(193)**	**(9,622)**
Net partial write-offs (reversal of partial write-offs) of property, plant and equipment		
Impairment loss (reversal of impairment loss), trade receivables		
		(1)
Impairment loss recognized in profit or loss, trade receivables		
	30	
Reversal of impairment loss recognized in profit or loss, trade receivables		
	30	**(1)**
Net impairment loss (reversal of impairment loss) recognized in profit or loss, trade receivables		
Impairment loss (reversal of impairment loss) recognized in profit or loss, loans and advances	(49,873)	(160,754)
Impairment loss recognized in profit or loss, loans and advances	**(49,873)**	**(160,754)**
Net impairment loss (reversal of impairment loss) recognized in profit or loss, loans and advances		
Gain on recovery of loans and advances previously written off	106	130
Gains (losses) on disposal of property, plant and equipment		
Gains on disposal of property, plant and equipment	620	1,925
Losses on disposal of property, plant and equipment	(543)	(51)
Net gain (loss) on disposal of property, plant and equipment	**77**	**1,874**
Gains (losses) on disposal of other non-current assets	1,971	(423)
Interest expense	**(356,805)**	**(189,104)**
Interest expense on bank loans and overdrafts	-	(2,616)
Interest expense under customers’ deposits	(353,360)	(128,650)
Interest expense under liabilities to central banks	-	(55,035)
Interest expense on other financial liabilities	(3,445)	(2,803)
Repair and maintenance costs	(29,187)	(20,504)
Other operating income (expense)c	10,047	16,274
Expenses under charitable contributions and subsidies	(7,326)	(2,533)

Analysis of income and expense

	2023	2022
Income from ordinary activities		
Interest income	**728,677**	**415,882**
Interest income under cash and bank balances with other banks	2,978	585
Interest income under cash and cash equivalents	425,179	57,197
Interest income under debt instruments held	84,929	99,846
Interest income under loans and due from customers	215,591	258,254
Commission income	**2,681**	**5,749**
Loan-related fees and commission income	91,554	102,986
Revenues under cash settlement services	1,094	786
Income on transactions with securities	8,591	6,826
Income from off-balance sheet transactions	25,668	14,854
Income from operations in the foreign exchange and precious metals markets	335	700
Income from operations under property management agreements	4,627	5,229
Other commission income	**134,550**	**137,130**
Total service fees and commission income	**863,227**	**553,012**
Total income from ordinary activities		
Significant income and expense		

	2023	2022
Rental income	822	860
Rental expense	(2,081)	(1,165)
Fines and penalties received	935	569
Profit (losses) from changes in fair value of derivative instruments		
Commission expense		
Expenses under cash and settlement services	(35,471)	(30,361)
Expenses under transactions with securities	(60)	(31)
Total commission expense	**(35,531)**	**(30,392)**
Sales income (expenses)		
Profit (loss) from sale of debt instruments	373	-
Profit (loss) from sale of derivative financial instruments	140	2,379
Profit (loss) from sale under currency contracts	61,159	72,617
Total sales income (expenses)	**513**	**2,379**
Expenses by nature		
Expenses for services	(34,504)	(28,514)
Expenses for professional services	(517)	(812)
Business trip expenses	(1,104)	(527)
Communication costs	(8,577)	(7,315)
Utility costs	(8,569)	(7,815)
Advertising expenses	(4,476)	(1,477)
Classes of employee benefit expenses		
Short-term employee benefits expenses		
Salary	(151,966)	(113,851)
Social insurance due	(34,124)	(26,030)
Other short-term employee benefits	(1,315)	(353)
Total expenses under short-term employee benefits	**(187,405)**	**(140,234)**
Total expenses under employee benefits	**(187,405)**	**(140,234)**
Depreciation and amortization of tangible and intangible assets and impairment losses (reversal of impairment losses) recognized in profit or loss		
Depreciation and amortization		
Depreciation	(34,903)	(35,677)
Amortization of intangible assets	(1,305)	(1,142)
Total depreciation and amortization	**(36,208)**	**(36,819)**
Total depreciation and amortization and impairment losses (reversal of impairment losses) recognized in profit or loss	**(36,208)**	**(36,819)**
Tax expense excluding income tax expense	(3,432)	(2,643)
Other expenses	(48,279)	(8,488)
Total expenses by nature	**(309,828)**	**(216,698)**

• IAS 1 • 800600 Notes - Summary of Significant Accounting Policies

Disclosure of significant accounting policies

The Bank initially measures assets and liabilities at fair value, which generally corresponds to the transaction price (cost). Subsequently, assets and liabilities are accounted for in accordance with IFRS. The accounting policies for certain assets and liabilities of the Bank are set out below.

Description of the accounting policies for derivative financial instruments

The Bank entered into transactions with derivative financial instruments, namely foreign exchange swap contracts. Derivative financial instruments are carried at fair value. Transactions of purchase and sale of one currency and precious metals for another currency on repurchase terms (currency swap) are accounted for in off-balance sheet accounts as claims to receive one currency and precious metals and obligations to deliver another currency and precious metals. When settling the first conversion transaction, the Bank simultaneously makes reverse entries on off-balance sheet accounts to account for this conversion transaction in the Bank's balance sheet. The Bank continues to account for the second conversion transaction on off-balance sheet accounts until the contractual terms are fully fulfilled. Revaluation to fair value on the second conversion transaction is performed at least monthly at each balance sheet date and at the date of closing of the transaction. The result of the transaction is recognized in the statement of comprehensive income, profit or loss, by the nature of the expenses (320000).

Description of accounting policies for determination of the components of cash and cash equivalents

The Bank's cash consists of cash on hand, balances on correspondent accounts with the National Bank of Ukraine and other banks, deposit certificates issued by the National Bank of Ukraine with original maturity of up to 90 days, overnight loans to other banks, less allowance for credit losses. Amounts due from other banks that are limited in use and funds in the banks being liquidated, bank metals in ingots are disclosed in the statement of financial position by order of liquidity (220000) as Other financial assets.

Description of the accounting policies for dividends

The Bank recognizes dividends when the right to receive payment is established.

Description of the accounting policies for earnings per share

During the reporting period, the Bank did not have any potentially dilutive financial instruments circulating. Therefore, basic earnings per share are equal to diluted earnings per share. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shares by the weighted average number of ordinary shares circulating during the year.

Description of the accounting policies for employee benefits

The Bank makes the following payments to employees:

- remuneration of labor, including civil law contracts, and social security contributions;
- social benefits not related to the execution of labor duties;
- payment for the first 5 days of temporary disability;
- payment for basic annual vacation;
- payment for social and additional vacations in accordance with the laws of Ukraine;
- severance payments provided for by applicable law;
- health insurance.

Employee benefit costs, other than basic annual leave, are recognized in the bank's expenses in the period the service is rendered (wages and social insurance) or in the period when they are paid. Employee social insurance costs are a statutory percentage of the amount of the respective payments. During 2023, the social security contribution rate for key employees was 22%, for disabled employees - 8.41% of the accrued payroll. Until the payment is made to the employees, the amount of the payment is recognized as the current liability of the Bank.

To pay for basic annual leave and social insurance costs, the Bank establishes a vacation reserve in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The provision is calculated as the actual amount of payments to the Bank's employees for unused days of basic vacation and the amount of the uniform social tax for the respective category of employee at the rate that will be effective during the next period (payment period).

Summary of accounting policies for fair value measurement

Methods and assumptions used to determine the fair value of financial instruments not carried at fair value in the financial statements.

Assets whose fair value approximates their carrying amount

As to financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that their carrying amounts is close to their fair value. This assumption is also applied to demand deposits and funds on current and correspondent accounts.

Fixed rate financial instruments

The fair value of fixed rate financial instruments carried at amortized cost is estimated by discounting the cash flows of the respective financial instrument using market interest rates offered by the Bank for similar financial instruments with similar terms, credit risk and remaining maturity at the reporting date. For the purposes of fair value disclosures, the Bank has set classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy:

- Level 1: valuation model using quoted market prices;
- Level 2: A valuation technique that uses observable inputs that are based directly or indirectly on market data;
- Tier 3: estimation model based on data that are not publicly available.

Description of the accounting policy for service fees and commission income and expense

Fees and commissions related to a financial instrument are recognized as part of the respective financial instrument in the discount (premium) accounts and amortized to interest income (expense) using the effective interest rate over the life of the contract. If the service fee is directly attributable to the earning of income on a financial instrument, the amount of the fee is recognized as a reduction of the discount (increase of the premium) on the respective instrument. Under agreements with customers, the amount of expenses reduces the amount of revenue (income) under the respective agreement.

Commissions on overdraft and revolving credit facilities are recorded as deferred income and amortized on a straight-line basis to interest income over the life of the facility. Commission income (expense) for one-off services are generally recognized (paid) when the service is provided (received) or upon achievement of the result specified in the agreement, without recognizing accrued income (expense).

Income (expense) for continuous services is accrued on a monthly basis throughout the term of the service agreement. Income (expense) for services provided in stages is accrued upon completion of each stage of the transaction during the term of the service agreement. Commission received for financial guarantees are amortized on a straight-line basis to commission income over the life of the agreement.

Description of the accounting policies for financial guarantees

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they become due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. At the date a guarantee is issued, its fair value is equal to the premium received. Subsequently, the guarantees are measured at the higher of cost less amortization of the fee and commission income received or the amount of loss allowance determined in accordance with IFRS 9 *Financial Instruments*. The amount of the fee is amortized on a straight-line basis over the life of the guarantee and recognized in the statement of comprehensive income, profit or loss, by the nature of the expense (320000), as fee and commission income from guarantees. The Bank fully amortizes the amount of guarantee fees received if it is virtually certain that it will be paid and, if necessary, adjusts the amount of the allowance to the amount payable. The Bank fulfills the requirements under the provided guarantee at the expense of the formed provision.

Description of accounting policies for financial instruments

In accordance with IAS 32 *Financial Instruments: Presentation*, the Bank defines a financial instrument as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Bank recognizes a financial asset or financial liability on its balance sheet when it becomes a party to the contractual provisions of the instrument (a party to the contractual provisions of the instrument). In the ordinary course of purchasing or selling financial assets, the Bank uses the trade date method of accounting.

Except for trade receivables that do not contain a significant financing component, the Bank measures a financial asset or financial liability at initial recognition at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. As a practical expedient, the Bank generally does not adjust the promised amount of consideration to account for a significant financing component if, at the time of contract inception, the period between the time the Bank transfers the promised goods (services) to the customer and the time the customer pays for those goods (services) is no more than one year.

A financial asset is any asset that is:

- cash;
- an equity instrument of another business entity (*purchased shares of other issuers, etc.*);
- contractual right:
- to receive cash or another financial asset from another entity (*loans granted, deposits placed, debt securities of another issuer, receivables to be settled in cash or other financial instruments*);
- to exchange financial instruments with another business entity under conditions that are potentially favorable (*purchased or sold derivatives, the execution of which is profitable: forwards, futures, swaps, options*);

- a contract that will or may be settled with the Bank's own equity instruments and is:
- a non-derivative instrument for which the Bank is or may be obliged to receive a variable number of its own equity instruments,
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments. For this purpose, the Bank's own equity instruments do not include instruments that are themselves contracts to receive or grant the Bank's own equity instruments.

If an irrevocable designation as at fair value through profit or loss does not apply at initial recognition, an entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss based on both of the following criteria:
(a) the Bank's business model for managing financial assets; and
(b) contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortized cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold the financial assets to collect the contractual cash flows (deemed to be Model 1, Held to Maturity); and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to collect contractual cash flows or to sell the financial assets (conventionally, Model 2, Held-to-maturity or for sale), and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

To determine whether cash flows from a financial instrument are solely payments of principal and interest, the Bank performs a test to determine whether they meet these requirements (the SPPI test). *The procedure for passing the SPPI test is regulated by the Bank's internal regulations*. For the purposes of applying the above paragraphs, principal is the fair value of the financial asset at initial recognition, and interest is compensation for the time value of money, for the credit risk of principal over time and for other basic lending risks and costs, and for the profit margin. If the business model does not meet Model 1 or 2, or if the SPPI test under those models is not met, the financial asset is measured at fair value through profit or loss (Model 3).

Upon initial recognition of initially impaired originated (purchased) financial assets, the Bank records expected credit losses in the analytical discount/premium account.

A financial liability is any obligation that is:

- contractual obligation to:
- provide cash or another financial asset to another entity (*loans received, deposits taken, debt securities issued by the entity, accounts payable to be settled in cash or other financial instruments*);
- exchange financial instruments or financial liabilities with another entity under conditions that are potentially unfavorable for the Bank (*purchased derivatives, the execution of which is unfavorable: forwards, futures, swaps, options);*
- a contract that will or may be settled in equity instruments and that is:
- a non-derivative instrument under which the Bank is, or may become, obliged to deliver a variable number of its own equity instruments,
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Bank's own equity instruments. For this purpose, the Bank's equity instruments do not include instruments that are themselves contracts to receive or grant the Bank's equity instruments in the future.

The Bank classifies all financial liabilities as subsequently measured at amortized cost, except for:
(a) Financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.
(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach is applied.
(c) financial guarantee contracts. After to initial recognition, the issuer of such a contract shall subsequently measure it at the higher of:

- the amount of allowance for losses,
- the amount initially recognized less, where appropriate, cumulative gain recognized in accordance with the principles of IFRS 15.

(d) commitments to provide a loan at a lower than market interest rate. Subsequently, such commitments are measured at the higher of the following amounts:

- the amount of allowance for losses,

- the amount initially recognized less, where appropriate, cumulative gain recognized in accordance with the principles of IFRS 15.

(e) contingent consideration recognized by the acquirer in a business combination to which IFRS 3 applies.

The Bank may irrevocably designate a financial liability as at fair value through profit or loss upon initial recognition if such a designation provides more relevant information because of one of the following reasons:

(a) it eliminates or significantly reduces a measurement or recognition mismatch that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different basis; or

(b) the group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

An equity instrument is any contract that evidences a residual interest in the Bank's assets after deducting all its liabilities. An instrument is an equity instrument if and only if both conditions (a) and (b) are met:

(a) the instrument does not contain a contractual obligation:

i) provide cash or another financial asset to another entity, or

ii) exchange financial assets or financial liabilities with another entity on terms that are potentially unfavorable to the issuer;

(b) if the instrument is or may be repaid with the issuer's own equity instruments, the instrument:

i) is a non-derivative instrument that does not contain a contractual obligation for the issuer to deliver a variable number of its own equity instruments, or

ii) is a derivative that will be settled by the issuer by exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers those rights, options or warrants pro rata to all existing holders of the same class as its own non-derivative equity instruments. Equity instruments at fair value through profit or loss or other comprehensive income.

A derivative is a financial instrument or other contract that has all three of the following characteristics:

- its value changes in response to changes in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, price or rate index, credit rating or creditworthiness index, or similar variable, provided that in the case of a non-financial variable, the variable is not determinable by a party to the contract (sometimes referred to as basic);
- that does not require an initial net investment or an initial net investment that is less than would be required for other types of contracts that are expected to respond similarly to changes in market factors;
- repayable at a future date.

Derivative financial instruments, including futures contracts, forward contracts and other derivative financial instruments, are measured at fair value through profit or loss.

Other terms of recognition of financial instruments

Upon initial recognition of financial instruments at fair value through profit or loss, the Bank measures them at fair value, net of transaction costs. The Bank recognizes transaction costs for the acquisition of such financial instruments in the accounting records on the date of their execution. The Bank measures all other financial instruments at initial recognition at fair value plus transaction costs.

The Bank recognizes transaction costs and other payments directly attributable to the recognition of a financial instrument in the discount/premium accounts for that financial instrument (except for financial instruments at fair value through profit or loss). The Bank accounts for equity instruments held for trading at fair value through profit or loss.

The Bank elects, irrevocably, to recognize the fair value of equity instruments not held for trading in other comprehensive income. Cumulative changes in fair value are not reclassified from other comprehensive income to profit or loss but may be recycled through other comprehensive income only when the equity instruments at fair value through other comprehensive income are derecognized.

On initial recognition of a financial instrument, the Bank recognizes a gain or loss on the difference between the fair value of the financial asset or financial liability and the contractual amount in the consolidated statement of financial position, including discount/premium accounts, if the effective interest rate on the instrument is higher or lower than the market rate. The difference between the fair value of a financial asset or financial liability and the contractual amount of transactions with the bank's shareholders is recognized in equity in accounts of class 5 "Bank's equity" of the Chart of Accounts and included in retained earnings (loss) on a straight-line basis over the period of its holding or in the total amount upon disposal of the financial instrument.

Subsequent measurement of financial assets

After initial recognition, the Bank measures a debt financial asset based on its business model and contractual cash flow characteristics at:

(a) amortized cost (AC);

(b) at fair value through other comprehensive income (FVOCI);

(c) at fair value through profit or loss (FVPL).

The Bank determines the business model not for each asset, but at the level of groups of financial assets that it manages in aggregate to achieve a specific business goal.

The Bank reclassifies debt financial assets only if there has been a change in the business model used to manage the financial assets, except for financial assets that are designated at fair value through profit or loss at initial recognition. The Bank measures and accounts for a debt financial asset at amortized cost if the following conditions are simultaneously met:

1) the financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows;
2) the financial asset contract provides for the receipt of cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

The Bank measures and recognizes a debt financial asset at fair value through other comprehensive income if all of the following conditions are met:

1) the financial asset is held within a business model whose objective is to collect contractual cash flows from both sales and purchases of financial assets;
2) the financial asset contract provides for the receipt of cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

The Bank recognizes gains or losses on such financial assets in other comprehensive income until the date of derecognition or reclassification, except for impairment gains or losses, interest income and gains or losses from changes in the official exchange rate of the hryvnia to foreign currencies.

The Bank measures and accounts for all other debt financial assets at fair value through profit or loss unless they do not meet the criteria for subsequent measurement at amortized cost or at fair value through other comprehensive income. The Bank accounts for debt financial instruments that are not repaid within the contractual maturity using certain parameters of analytical accounts of the respective balance sheet accounts of the Chart of Accounts for debt financial instruments.

Subsequent measurement of financial liabilities

Upon initial recognition, the Bank measures and accounts for all financial liabilities at amortized cost, except for:

1) financial liabilities at fair value through profit or loss;
2) financial liabilities that arise if the transfer of a financial asset does not meet the conditions for derecognition or the continuing involvement principle is applied;
3) financial guarantee, aval, surety agreements;
4) loan commitments at a rate below the market rate;
5) contingent consideration recognized by the acquirer in a business combination to which IFRS 3 *Business Combinations* applies. Such contingent consideration is subsequently measured at fair value with remeasurement recognized through profit or loss.

The Bank, at its discretion, designates a financial liability upon initial recognition without the right to subsequently reclassify it as at fair value through profit or loss if:

1) the classification eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from using different measurement bases for the assets or liabilities or for the recognition of related gains and losses;
2) a group of financial liabilities or a group of financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and internal information about the group is provided to key management personnel on this basis;
3) the contract contains one or more embedded derivatives, while the host contract is not a financial asset (unless the embedded derivative is insignificant or its separation from the host contract would be prohibited).

The Bank recognizes changes in the fair value of a financial liability accounted for at fair value through profit or loss due to changes in own credit risk in other comprehensive income. The Bank recognizes in profit or loss other amounts of changes in the fair value of a financial liability.

Upon initial recognition, the Bank measures and recognizes financial guarantees and firm commitments to extend credit at a rate below market interest rates at fair value. Subsequent to initial recognition, the Bank measures loan commitments issued at a lower than market rate and financial guarantees at the higher of:

1) amount of allowance for ECL;
2) the amount of the fair value of a financial liability less amortization of accumulated income in accordance with the principles of its recognition.

The Bank does not reclassify financial liabilities.

Modification of financial assets and liabilities

The Bank accounts for a change in the terms of a contract or modification of a financial asset that results in a revision of the cash flows on that asset as:

1) derecognition of the original financial asset and recognition of a new financial asset at fair value (substantial modification); or
2) continuing to recognize the original financial asset with new terms and conditions (not a substantial modification).

The Bank recalculates the gross carrying amount of a financial asset (not a substantial modification) and recognizes a modification gain or loss if the terms of the contractual arrangement for the financial asset are renegotiated by agreement of the parties (other than a renegotiation that results in derecognition of the asset or any other modification that results in derecognition of the original financial asset or a substantial change in the carrying amount of the asset (change in carrying amount exceeding 5 percent)).

The Bank calculates the new gross carrying amount as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate (or the original effective interest rate adjusted for credit risk for purchased or originated impaired financial assets). The Bank includes transaction costs in the carrying amount of the modified financial asset and amortizes them over the life of the asset. The Bank recognizes the difference between the gross carrying amount under the original terms and the gross carrying amount under the renegotiated or modified terms as modification gains or losses.

The Bank derecognizes the original financial asset and recognizes a new financial asset (substantial modification) if the revised or modified cash flows stipulated by the contract result in derecognition of the original financial asset. Such contracts include contracts in which the debtor is changed, or the currency of the contract is changed, or a part of the debt is forgiven (written off) in the course of debt restructuring related to the financial difficulties of the debtor, or changes in the terms of the contract lead to a change in the carrying amount of the asset by more than 5 percent.

On the date of modification, the Bank recognizes a new financial asset at fair value, taking into account transaction costs/income related to the creation of a new financial asset (except for a new asset accounted for at fair value through profit or loss), and determines the amount of expected credit losses within 12 months.

The Bank recognizes, on the date of derecognition of the original financial asset, a gain or loss on derecognition equal to the difference between the carrying amount of the original financial asset and the fair value of the new financial asset, if the modification is at a market interest rate. If the terms of the contract are modified at market terms, the fair value of the new financial asset is equal to the present value of future cash flows at the revised effective rate at the date of recognition of the new asset.

If the modification is not at a market rate, the difference between the carrying amount of the original financial asset and the present value of future cash flows of the new financial asset discounted at the market rate of interest is recognized as income (expense) on initial recognition of the financial asset at a cost higher/lower than fair value. In the case of significant modification of assets classified in Stage 3, an originally created impaired financial asset (POCI asset) arises. If the balance sheet accounts for accounting for a financial asset are not changed upon a significant modification, the Bank does not open new analytical accounts for accounting for a separate contract. When an initially impaired asset is identified, the balances on the loan accounting accounts are transferred to new analytical accounts opened on the balance sheet accounts for initially impaired assets. If a modification that results in the derecognition of an initial asset results in an initially impaired asset, a portion of the valuation allowance for the derecognized asset, in the amount of the unused valuation allowance, is recorded on a separate analytical discount account and accounted for until the asset is derecognized.

The Bank recognizes cumulative changes in expected credit losses over the life of the financial asset if the modification results in a new financial asset that was impaired on initial recognition (classified as Stage 3). At each reporting date, the Bank recognizes the results of changes in expected credit losses over the life of a financial asset that is impaired at initial recognition (including positive changes) in profit or loss as expenses/income from the formation/release of allowance accounts. Income from the release of valuation allowances is recognized even if the amount of the previously formed allowance for such a financial asset exceeds the amount of the allowance. If the terms of a contract for overdue debt are changed that do not involve a change in the maturity of the overdue debt, such changes do not result in a modification of the asset. The asset continues to be accounted for in overdue accounts.

The Bank accounts for significant changes in the terms and conditions (modification) of a financial liability or part thereof as an extinguishment of the original financial liability (part thereof) and recognition of a new financial liability. A substantial modification of the terms of a financial liability is a change in the terms that changes the net present value of the cash flows under the new terms, discounted using the original effective interest rate (for a financial liability with a floating interest rate, the effective interest rate calculated at the last change in the nominal interest rate) by at least 10% of the discounted present value of the cash flows remaining to maturity of the original financial liability.

If the modification does not result in derecognition of the original liability, the result of the modification is recognized in gains (losses) on modification of liabilities. If the modification results in derecognition of the original liability, the result of the modification is recognized in gains (losses) on derecognition of liabilities as if the modification were made at market terms. If the modification is not at market terms, the difference between the carrying amount of the original financial liability and the present value of future cash flows of the new financial liability is recognized as income (expense) on initial recognition of financial liabilities at a cost higher/lower than fair value.

Derecognition of a financial asset

The Bank derecognizes a financial asset or a group of financial assets if:

1) the rights to cash flows from the financial asset, as determined by the terms of the contract, expire;
2) the transfer of the financial asset meets the criteria for derecognition set out below;

3) 3) a write-off was made at the expense of allowance.

The Bank transfers a financial asset if one of the following conditions is met:

1) the bank transfers the rights to receive contractual cash flows from the financial asset;

2) the bank retains the rights to receive cash flows from the financial asset under the transfer agreement, but assumes an obligation to pay cash flows to one or more recipients under a contract that meets the following conditions:

- the bank does not have an obligation to pay amounts to final customers until it receives equivalent amounts from the original asset;
- the terms of the agreement prohibit the bank from selling or pledging the original financial asset, except for its transfer to the ultimate recipients as collateral for the obligation to pay cash flows;
- the bank has an obligation to transfer any cash flows that it receives on behalf of the ultimate recipients without significant delay. Besides, the Bank is not allowed to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in IA 7 *Statement of Cash Flows*) within the short maturity period from the date of collection to the date of their required transfer to the final recipients. Interest on such investments is transferred to the final recipients.

The Bank assesses the extent to which it retains substantially all the risks and rewards of ownership of a financial asset in a transfer of a financial asset by considering the following:

1) the bank derecognizes a financial asset and recognizes the rights and obligations created or retained in the transfer separately as an asset or liability if it transfers substantially all the risks and benefits of ownership of the financial asset;

2) the bank continues to recognize a financial asset if it retains substantially all the risks and benefits of ownership of the financial asset;

3) the bank determines whether it retains control over a financial asset if it neither transfers nor retains substantially all the risks and benefits of ownership of the financial asset.

The Bank does not control the transferred asset if the party to whom the asset is transferred has the realistic possibility to sell it to an unrelated third party and can do so unilaterally without the need to impose additional restrictions on such a transfer. The Bank derecognizes the asset and recognizes the rights and obligations created or retained in the transfer separately as assets or liabilities if control over the financial asset is not retained. The Bank continues to recognize the transferred financial asset to the extent of its continuing involvement in the transferred financial asset while retaining control of the financial asset.

The Bank recognizes the difference between the carrying amount of the financial asset measured at the date of derecognition and the sum of the consideration received (including the amount of the new asset received less the amount of the liability assumed) as a profit or loss on derecognition of the financial asset.

Derecognition of a financial liability

The Bank derecognizes a financial liability or part of it in the balance sheet if such liability is discharged, cancelled or expired or the period of claim has expired. The Bank accounts for an exchange between a borrower and a lender of debt financial liabilities on substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Bank accounts for significant changes in the terms and conditions (modification) of a financial liability or part thereof as an extinguishment of the original financial liability (part thereof) and recognition of a new financial liability. The Bank determines that the terms are substantially different if the net present value of the cash flows under the new terms, discounted at the original effective interest rate (for a floating rate financial liability P the effective interest rate calculated at the last change in the nominal interest rate) differs by at least 10% from the discounted present value of the remaining cash flows of the original financial liability.

The Bank recognizes any costs or fees as gains or losses on derecognition if an exchange of debt financial liabilities or modification of the terms of a financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Bank recognizes 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, including the non-cash assets transferred and liabilities assumed, as a profit or loss on derecognition. The Bank adjusts the carrying amount of the financial liability for any costs and fees incurred and amortizes them using the effective interest rate, taking into account the changed cash flows, unless an exchange of debt financial liabilities or a change in their terms (modification) is accounted for as an extinguishment.

Offsetting a financial asset and a financial liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, the Bank:

a) currently has a legally enforceable right to reverse the amounts recognized;

b) intends to settle the liability on a net basis or to sell the asset and settle the liability simultaneously.

When accounting for a transfer of a financial asset that does not qualify for derecognition, an entity shall not offset the transferred asset and the associated liability.

Description of the accounting policy for foreign currency translation

The Bank's functional and presentation currency is the Ukrainian hryvnia, the national currency of Ukraine.

Monetary assets and liabilities denominated in foreign currencies are translated into the Bank's functional currency at the official exchange rate of the National Bank of Ukraine at the respective reporting date. Transactions in foreign currencies are also recorded in the functional currency at the official exchange rate at the date of the transaction. The exchange rates of the Ukrainian hryvnia to foreign currencies at which assets and liabilities are reported in the financial statements at the end of the respective years were as follows:

(UAH)

	December 31, 2023	December 31, 2022
USD	37,9824	36,5686
EUR	42,2079	38,9510
Gold (troy ounce)7	8 861,34	66 075,80

All monetary items denominated in foreign currencies are revalued at each change in the official exchange rate of the National Bank of Ukraine. The results are recognized in "Net gain (loss) from foreign currency translation" in the Statement of Comprehensive Income, Profit or Loss, by the nature of the expense (320000). The Bank's income and expenses denominated in foreign currency are translated at the official exchange rate of the National Bank of Ukraine at the date of their recognition (accrual).

Description of accounting policies for impairment of assets

In accordance with IFRS 9, the Bank applies an approach to classification of financial assets based on the business model to which the asset belongs and its cash flow characteristics and applies a single model for impairment of expected credit losses to measure financial assets. The Bank recognizes an allowance for expected credit losses for debt financial assets carried at amortized cost and debt financial assets at fair value through other comprehensive income. The Bank assesses the allowance for credit losses at each reporting date.

If, as at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank estimates a loss allowance for such financial instrument equal to 12-month expected credit losses (Stage 1). The Bank estimates an allowance for losses on a financial instrument in an amount equal to the expected credit losses for the entire life of the financial instrument if the credit risk on the financial instrument has increased significantly since initial recognition (Stage 2) or there is objective evidence that the financial instrument is impaired (defaulted) (Stage 3).

POCI assets are a separate category of impaired financial assets that differ from other assets in the way they recognize interest income and expected credit losses and that remain on the initially impaired asset account for the entire life of the contract, even when there are favorable changes in expected credit losses. ROSI assets can be classified into two categories: non-performing assets and performing assets. POCI assets should be classified as non-performing assets at the date of initial recognition. Subsequently, POCI assets may be reclassified to performing assets, but the accounting treatment for them does not change. POCI assets may be reclassified from non-performing assets to performing assets only if, as of the reporting date, POCI assets no longer meet the definition of "credit-impaired" in accordance with the requirements of the NBU's accounting regulations.

If a financial asset is acquired or originated at a significant discount, i.e., is an impaired financial asset at initial recognition, the Bank assesses whether there is any indication that the debtor will default on its total debt, regardless of the price the Bank paid for the asset. This assessment may be based on due diligence performed prior to the purchase of the asset or an analysis performed for accounting purposes to determine whether the asset is credit impaired. If in the previous reporting period the Bank measured an allowance for losses on a financial instrument in an amount equal to the expected credit losses for the entire life of the financial instrument, but as of the current reporting date it became aware of an improvement in credit quality, the Bank measures the allowance for losses in an amount equal to the 12-month expected credit losses as of the current reporting date.

For financial instruments to which a restructuring tool has been applied, the Bank estimates a loss allowance equal to the lifetime of expected credit losses. For such financial instruments, the Bank monitors their servicing and the possibility of restoring the debtor/counterparty's solvency for at least 6 consecutive months. Not earlier than after the end of the monitoring period, the Bank may estimate the allowance for losses in an amount equal to 12-month expected credit losses as of the current reporting date if, as of that date, it has found out that the credit quality of the restructured financial instrument has improved, namely, the debtor/counterparty has been making payments under the restructuring plan/conditions, including repayment of principal and interest, with a maximum delay of up to 30 calendar days, since the date of the restructuring, and the debtor/counterparty has no signs of potential problems.

A borrower is considered to be in default as long as the Bank believes that it is unlikely that the obligation will be paid in full without realizing the collateral. The Bank analyzes this fact for borrowers before reclassifying defaulted exposures and their possible migration to performing assets. If, after a monitoring period of at least 6 months, the Bank believes that the obligation is unlikely to be paid in full without recourse to collateral, the exposure should continue to be classified as defaulted.

The Bank analyzes the credit quality of financial assets based on the number of days past due and classifies credit risk by the following ranges:

Risk level	Number of days overdue		
	Transactions with resident and non-resident banks	Transactions with individuals	Transactions with entities (including private entrepreneurs))
Minimal credit risk	Not overdue	Not overdue	Not overdue
Low credit risk	Up to 3 days	Up to 7 days	Up to 30 days
Medium credit risk	4 - 15 days	8 - 60 days	31 - 60 days
High credit risk	16 -30 days	61 – 90 lays	61 - 90 days
Default	Over 31 day	Over 91 day	Over 91 day

The amount of allowance (expected credit losses) for transactions with debt securities is calculated depending on the stage of impairment, taking into account the following:

to determine the LGD indicator for transactions with debt securities, the Bank uses the Recovery Rate for available cases based on statistical data on Ukraine's sovereign default from the rating agency (without differentiation of currencies);

PD is determined by adjusting the value of the probability of default to the specified time horizon of each homogeneous pool of securities;

the most current values of cumulative average default rates in sovereign foreign currency/local currency without rating modifiers from rating agencies are used to determine the PD amount;

debt securities refinanced by the National Bank of Ukraine (certificates of deposit) have an expected credit loss ratio of zero.

The stage of impairment is determined for securities depending on the presence of signs of increased credit risk/default of the instrument. The Bank considers a downgrade of the issuer's country rating, downgrading of expectations/forecasts on the rating of the issuer's obligations by any international rating agency to be a sign of increased credit risk. The Bank considers the assignment of a default rating by an international rating agency to be a sign of default. The classification of debt financial instruments by stages is based on changes in the economic environment, behavior and changes in the financial condition of issuers and the quality of servicing of liabilities.

To calculate the impairment of receivables, the Bank applies a simplified approach and establishes an allowance for losses in an amount equal to the expected credit losses for the entire term of the receivable. The Bank has developed criteria for detecting a significant increase in credit risk and impairment (default) at each stage, depending on the type of counterparty (legal entities, individuals and banks).

The value of the probability of default is adjusted depending on the forecast of the economic development scenario based on the forecast macroeconomic indicators (Mf), in particular:

- (Real GDP)
- (Current account balance, percent of GDP)
- (Gross domestic product (at purchasing power parity) per capita)
- (Unemployment rate).

The Bank assesses the cumulative effect of future economic conditions on the amount of expected credit losses compared to the situation in the period for which the statistical values of the probability of default were calculated. Adjustment factor for macroeconomic indicators, determined for each group of loans depending on the stage of loan impairment, taking into account respective scenarios. To calculate the borrower's probability of default (PD), the Bank uses various data sources:
internal data on credit loss experience, adjusted on the basis of available current data to reflect the effects of current conditions and to make its own projections of future conditions that did not affect the period to which the historical data relate and to remove the effects of historical conditions that are not relevant to future contractual cash flows;
industry statistics of Ukraine and research data from leading global rating agencies.

The Bank uses its expert judgment to weigh the factors influencing the final value of PD. For the purpose of forming historical data on credit losses. The Bank allocates credit exposures to groups of financial assets with similar risk characteristics.

The Bank aggregates legal entities' lending operations according to the scale of their business and forms the following portfolios of homogeneous operations: small business portfolio and large and medium entities portfolio. The Bank aggregates retail lending transactions by groups of loan products and forms the following portfolios of homogeneous transactions: retail overdrafts portfolio, mortgage loan portfolio, vehicle loan portfolio and other consumer loans.

For portfolios of homogeneous transactions of legal entities and individuals, the calculation of the borrower's probability of default (PD) is performed according to a single algorithm. For portfolios of homogeneous transactions of legal entities and individuals, the calculation of the borrower's probability of default (PD) is performed according to a single algorithm. In the absence or insufficiency of loss experience, the Bank uses experience obtained from specialized sources of information for similar portfolios of loans. The historical sampling horizon is 36 months.

The macroeconomic assumptions in the models are reviewed taking into account the latest estimates of changes in macroeconomic indicators published by the National Bank, the International Monetary Fund, the World Bank, etc.; information is monitored, taking into account the rate of change of forecasts, facts and circumstances; post-model (expert) adjustments to estimates of expected credit losses are made if the impact of negative factors cannot be taken into account in models for estimating expected credit losses or model estimates are not sensitive to deterioration of macroeconomic assumptions, by increasing the share of indicators that determine expectations in the model compared to model statistics; review the level of losses in the event of default, taking into account current economic conditions, in particular, the risks of a decrease in the value of collateral and an increase in its realization period; review the criteria for the transition of financial assets between stages of impairment, taking into account professional judgment of changes in the risk of default.

The value of the level of losses in case of default is estimated taking into account collateral. The amounts recoverable from the sale of collateral are based on their market value and represent the difference between the expected amount of realization of the collateral in a foreclosure proceeding and the costs of the foreclosure. The future cash flows from collateral are discounted by taking into account the time required for the Bank to sell the collateral. The Bank recognizes the amount of expected credit losses (or performs a reversal of impairment) necessary to adjust the allowance for losses at the reporting date to the amount that should be recognized as an impairment gain or loss in profit or loss in accordance with IFRS 9.

The Bank recognizes cumulative changes in expected credit losses over the life of the financial asset if the modification results in a new financial asset that was impaired on initial recognition (classified as Stage 3). At each reporting date, the Bank recognizes the results of changes in expected credit losses over the life of a financial asset that is impaired at initial recognition (including positive changes) in profit or loss as expenses/income from the formation/release of the allowance. Income from the release of valuation allowances is recognized even if the amount of the previously formed allowance for such a financial asset exceeds the amount of the allowance.

At the reporting date, the Bank recognizes an impairment of non-current assets if there is an indication that there is a possible loss of economic benefit, namely:

- During the period of operation, the value of the asset has declined significantly more than expected due to the passage of time or use;
- There have been (or will be in the near future) significant changes in the use of the facility due to the negative impact of both external (technological, market, economic, legal) and internal (cessation of operation, restructuring, liquidation of the asset before the expected date, etc.;
- Market interest rates or other market-based measures of investment returns have increased and this increase is likely to affect the discount rate used in estimating the asset's value in use;
- Obsolescence or physical damage to the assets;
- Economic efficiency is (or will be) lower than expected.

Non-current assets are impaired if their carrying amount exceeds their estimated recoverable amount.

Description of accounting policies for income taxes

Income tax expense consists of current income tax and deferred income tax. The current income tax was calculated and paid by the Bank in accordance with the applicable tax legislation at the rate of 50%, which was effective during 2023.

Income tax is recognized in the statement of comprehensive income, profit or loss, by the nature of the expense (320000) in full, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax is calculated on the basis of the taxable income for the reporting period using the income tax rate enacted during the reporting period. The amount of current tax payable to the budget is presented in the Statement of Financial Position in the order of liquidity (220000) as current tax liabilities.

Deferred tax is the amount of income tax recognized as a deferred tax liability and a deferred tax asset. Deferred tax is provided for all temporary differences. A temporary difference is a difference between the carrying amount of an asset or liability in the statement of financial position and its tax bases that will result in a future increase or decrease of current income tax. Deferred tax liabilities and assets are measured at the tax rate that is expected to apply to the period when the assets and liabilities are settled. The tax rate at which deferred assets and liabilities are measured is 50% as at 31.12.2023 and 18% as at 31.12.2022.

Tax losses carried forward are included in the calculation of deferred tax assets only to the extent that it is probable that the related profit will be generated in the foreseeable future. Deferred taxes are recognized in the Statement of Comprehensive Income, Profit or Loss, by the nature of the expense (320000), unless they relate to items recognized in other comprehensive income. Deferred taxes relating to items recognized in other comprehensive income are also recognized in other comprehensive income and in the Statement of Financial Position, in order of liquidity (220000) as revaluation reserves.

Description of accounting policies for intangible assets and goodwill

Intangible asset - a non-monetary asset that has no physical substance and can be identified. Upon recognition, intangible assets are measured at cost (actual costs incurred to acquire them). Upon recognition, intangible assets are measured at cost (actual costs incurred to acquire them). Upon recognition, intangible assets are measured at cost (actual costs incurred to acquire them).

Intangible assets with finite useful lives are amortized on a monthly basis using the straight-line method to allocate their cost to their residual values over their estimated useful lives, with the residual value being zero. Such assets are tested for impairment whenever there is an indication that an intangible asset may be impaired. The useful lives of intangible assets range from 2 to 20 years. If there is no finite period during which the intangible asset is expected to generate net cash inflows, the Bank determines that the asset has an indefinite useful life. No amortization is charged on such intangible asset. Each year, at the date of the annual inventory, the useful life of an intangible asset with an indefinite useful life is reviewed to determine whether events and circumstances continue to exist that support the assessment of an indefinite useful life.

Amortization periods and methods for intangible assets with finite useful lives are reviewed annually, usually during the annual inventory. During 2023, the amortization method and rates for intangible assets did not change. There were no adjustments to the useful lives of intangible assets in the reporting year.

Within intangible assets, the Bank has an asset with an indefinite useful life in the form of a lump sum payment under a license agreement for the use of VISA trademark and the cost of perpetual licenses for certain types of business activities. The Bank tests intangible assets with indefinite lives to determine whether events and circumstances continue to exist that support the indefinite life assessment on an annual basis as of November 1, as at the date of the annual inventory. As of the date of the annual inventory (as of November 1, 2023), the Bank performed an impairment test for intangible assets and tested intangible assets with indefinite useful lives. No indicators of impairment of intangible assets were identified.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use and no future economic activity is expected. Any resulting profit or loss is calculated as the difference between the net disposal proceeds and the carrying amount of the asset.

Description of accounting policies for interest income and interest expense

Interest income (expense) on financial assets (liabilities) carried at amortized cost is recognized using the effective interest rate method: interest is accrued daily at the nominal rate, and the discount (premium) is amortized. Accrued income and amortization of the discount (premium) are equal to the recognized income (expense) accrued using the effective interest rate. Interest income and expense on financial assets and liabilities with maturities on demand and up to 3 months, as well as on transactions where cash flows cannot be estimated (overdrafts, revolving credit lines) are accrued at the nominal rate of interest without applying the effective interest rate method.

Interest income on a financial asset that is recognized as impaired at stage 3 is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset. For financial assets recognized as impaired in stages 1 and 2, interest income is calculated using the effective interest rate to the gross carrying amount of the financial asset. For acquired or originated credit-impaired financial assets, the Bank applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

Description of accounting policies for share capital

Ordinary shares are recognized in share capital. External costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds in equity.

Description of accounting policies for leases

Bank as a lessee

The Bank leases non-residential premises that it uses to house its own structural units. Lease terms range from 2 to 3 years. The Bank has contracts with a term not exceeding 12 months and contracts with a low asset value. To such contracts, the Bank applies the practical expedients for exemptions from recognition provided for short-term leases and low-value assets.

Bank as a lessor

The Bank entered into operating lease agreements for its non-residential premises. The lease terms do not exceed 3 years. The Bank, as a lessee, assesses a lease agreement as a whole or its separate components as a lease if the following criteria are met:

- the asset is identifiable;
- the lessee (lessee) is transferred the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use of the asset;
- the lessee is transferred the right to determine how the asset is used throughout the period of use in exchange for compensation;
- The lessor does not have a substantial right to replace the asset during its useful life.

The Bank defines the lease term as the non-cancellable lease term together with:

- periods covered by the right to extend the lease if the lessee is reasonably certain to exercise the option;
- periods covered by the right to terminate the lease if the lessee is reasonably certain that it will not exercise the option.

The Bank revises the lease term if, following the occurrence of a significant event or a significant change in circumstances that is within the lessee's control and that affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term or whether the lessee will not exercise an option previously included in its determination of the lease term.

The Bank does not recognize an agreement as a lease (does not apply IFRS 16) in the case of a short-term lease or a lease for which the underlying asset has a low value (low-value underlying asset) and does not recognize a right-of-use asset and a lease liability.

Short-term leases are leases with a lease term of 12 months or less at the commencement date. Leases that contain purchase options are not short-term leases. The lessee recognizes a new lease if there is a modification of a short-term lease or any change in the term of the lease that the Bank accounted for as an exception to IFRS 16.

A low-value underlying asset includes:
- leased premises with a total area of no more than 6 square meters;
- certain movable property items, if the value of similar new items as of the date of the lease agreement does not exceed UAH 100,000.

The Bank recognizes lease payments as an expense on a straight-line basis over the lease term if the lease recognition exemption in IFRS 16 applies. The Bank accounts for the components of a contract that are leases separately from the non-lease components of the contract. For leases of premises and real estate, the terms of which do not provide for separate compensation for utilities and maintenance services, the Bank, as a lessee, applies simplification and accounts for all components of these leases as a single lease component.

The Bank, as a lessee, recognizes a right-of-use asset and a lease liability (lease obligation) at the commencement date of the lease. At the commencement date, the lessee recognizes a lease liability at the present value of the lease payments not yet due at that date. The lessee discounts the payments for the right to use the underlying asset during the lease term (lease payments) using the interest rate specified in the lease agreement. If no rate is specified in the agreement, the Bank applies the lessee's incremental borrowing rate, which corresponds to the rate at which the Bank tries to attract funds for the relevant term. The additional borrowing rate is determined based on the judgment of the Bank's specialists and approved by the relevant body of the Bank. To determine the borrowing rate by the term of the underlying asset, the Bank uses the following scale:
- up to 1 year (inclusive);
- from 1 to 2 years (inclusive);
- 2 to 3 years (inclusive);
- 3 to 5 years (inclusive);
- Over 5 years.

The lessee measures the lease liability after the commencement date as follows:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect a revaluation, lease modification, or revision of an essentially fixed lease payment.

The lessee accounts for the accrual of interest expense on the lease liability as an expense of the period. Interest is accrued monthly, usually on the day preceding the payment and the last business day of the month. The lessee, after the commencement date, recognizes as other operating expenses variable lease payments that are not included in the measurement of the lease liability in the period in which the event or conditions triggering the payments occur (and that are independent of the index or rate). At each reporting date, the lessee measures the lease liability by discounting the revised lease payments using the revised discount rate if all of the following conditions are met:
- change in the lease term (including in connection with the revision of the probability of exercising the option to extend or terminate the lease early);
- change in the assessment of the possibility of acquiring the underlying asset (if the purchase option is exercised);
- changes in payments due to changes in the floating interest rate.

A lessee remeasures a lease liability using a constant discount rate in the following cases:
- change in amounts expected to be paid under a residual value guarantee;
- changes in future lease payments resulting from changes in an index or rate used to determine those payments.

The lessee determines the revised lease payments for the remainder of the lease term by applying the interest rate at the commencement date. The lessee recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset (unless the carrying amount of the right-of-use asset is reduced to zero). If the carrying amount of the right-of-use asset is reduced to zero and the lease liability is subsequently reduced, the lessee recognizes the remaining amount in profit or loss.

The Bank applies the cost model for the subsequent measurement of a right-of-use asset. The Bank measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusts for any remeasurement of the lease liability.

The lessee accounts for the right-of-use asset after initial recognition in a manner similar to the accounting for property, plant and equipment and intangible assets.

The Bank depreciates the right-of-use asset on a monthly basis from the commencement date of the lease to the end of the useful life of the underlying asset if the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects the fact that the lessee will exercise an option to purchase the asset. Otherwise, the lessee depreciates the right-of-use asset from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. Once a month, the Bank recognizes in its accounting records the accrued depreciation of a right-of-use asset (except for a right-of-use asset whose underlying asset is investment property accounted for by the Bank at fair value) through profit or loss on a straight-line basis. For practical purposes, depreciation of an asset is first depreciated in the month following the month in which the right of use is determined and ends in the month determined as the end of depreciation.

A lessee accounts for a lease modification as a separate lease if both of the following conditions are met: the modification expands the scope of the lease to include the right to use one or more underlying assets. The lease consideration is increased by an amount commensurate with the price of the separate contract for the increased volume, as well as for appropriate adjustments to that price that reflect the circumstances of the particular contract.

The lessee does not derecognize the right-of-use asset and the lease liability under the existing lease and accounts for the modification as a separate lease that is not related to the existing lease. A lessee accounts for a lease modification that is not a separate agreement at the effective date of the lease modification (change in the lease term, change in the lease payment amount, reduction in the amount of leased property, etc.) as follows:

distributes the compensation specified in the modified lease agreement;

determines the terms of the modified lease;

remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the lessee's incremental lease interest rate for the remaining term of the lease, if that rate is readily determinable, or as the lessee's incremental borrowing rate at the effective date of the lease modification if the incremental lease interest rate is not readily determinable.

A modification that reduces the scope of the lease (reduction in the number of leased objects, reduction in the leased area, etc.) reduces the carrying amount of the right-of-use asset by the amount of partial or complete termination. The amount of the reduction in the asset and liability (including accumulated depreciation) in proportion to the amount of the leased object is written off the Bank's balance sheet. The difference between the carrying amount of the retired asset and the lease liability is recognized in profit or loss. The lessee accounts for adjustments to the right-of-use asset, taking into account all other (other than those that reduce the scope of the lease) modifications to the lease that are not a separate agreement, by adjusting the right-of-use asset and the lease liability. The amount of completed improvements is depreciated by the Bank on a monthly basis over the shorter of the non-cancellable lease term or the useful life of the underlying asset.

The Bank, as a lessor, classifies each of its leases as either an operating lease or a finance lease. A lessor classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. The lessor classifies a lease as an operating lease if it does not transfer substantially all the risks and rewards of ownership of the underlying asset. A lessor uses the following criteria, individually or in combination, to classify a lease as a finance lease:

at the end of the lease term, ownership of the underlying asset is transferred to the lessee;

the lessee has an option to purchase the underlying asset at a price that is substantially below its fair value at the date the option is exercised and it is reasonably certain that the option will be exercised at the inception of the lease term;

the lease term is for most of the useful life of the underlying asset, even if ownership is not transferred;

at the inception of the lease, the present value of the minimum lease payments approximates the fair value of the underlying asset leased;

the underlying assets leased are of a specialized nature that only the lessee has the right to use them without significant modifications.

A lessor determines the classification of a lease at the commencement date and reassesses it only when the lease is modified. A change in estimate or change in circumstances does not result in a new lease classification. At the inception of the lease term, a lessor recognizes assets provided under a finance lease as a loan [finance lease] in the amount of the net investment in the lease and derecognizes the finance lease (lease). A lessor calculates the net investment in a lease as the present value of lease payments and the present value of the asset's unguaranteed residual value, discounted at the contractual rate of interest. Initial direct costs are included in the initial measurement of the net investment. The allowable rate of interest in a lease shall be determined so that initial direct costs are included automatically in the net investment in the lease and are not added separately.

For a lessor, lease payments also include any residual value guarantees given to the lessor by a lessee, a party related to the lessee, or a third party not related to the lessor that has the financial ability to make good the guarantee. Lease payments do not include payments allocated to non-lease components. A lessor recognizes finance income over the lease term based on a pattern that reflects a consistent periodic rate of return on the lessor's net investment in the lease. The lessor applies the requirements of IFRS 9 *Financial Instruments* for impairment to the net investment in leases by forming an allowance for expected credit losses.

A lessor accounts for a finance lease modification as a separate contract if both of the following conditions are met:

the modification expands the scope of the lease by adding the right to use one or more underlying assets; and

the lease consideration is increased by an amount commensurate with the stand-alone price of the lease extension and appropriate adjustments to that stand-alone price to reflect the circumstances of the particular arrangement.

The lessor accounts for the modification depending on the classification of the modified lease:

if the lease was classified as an operating lease and the modification would have been effective at the lease commencement date, the lessor accounts for the modification as a new lease from the effective date of the lease modification. The lessor measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the modification;

if the lease was classified as a finance lease and this modification would have been effective at the commencement date, the lessor accounts for the net investment in the lease by applying the requirements of IFRS 9 Financial Instruments.

A lessor recognizes the financial lease (rental) object that is returned to it under the terms of the agreement at the amount of the non-guaranteed residual value and accounts for them on the respective accounts for fixed assets and intangible assets. A lessor accounts for non-current assets transferred under an operating lease on the balance sheet accounts for the respective property, plant and equipment and depreciates them in accordance with the rules for accounting for property, plant and equipment. A lessor recognizes lease payments from an operating lease as income on a straight-line basis. A lessor adds initial direct costs incurred in negotiating an operating lease to the carrying amount of the underlying asset and recognizes them as an expense over the lease term on the same basis as lease income. The lessor impairs the underlying assets in an operating lease in accordance with similar assets of the bank.

The lessor reassesses the criteria for classifying an operating lease at the date of the lease modification. A lessor accounts for a modification of an operating lease as a new lease from the effective date of the modification if it meets the criteria for lease recognition. A lessor accounts for any prepayments or accrued lease payments made in respect of the original lease as part of the lease payments under the new lease.

Description of accounting policies for loans and receivables

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. When the Bank originates loans, the loans are initially measured at fair value, including related costs (income) under the loan agreement. At the balance sheet date, loans are measured at amortized cost using the effective interest rate for the purposes of amortization of the discount (premium) and accrual of interest.

In the statement of financial position in the order of liquidity (220000), the cost of loans includes the principal amount of loans, accrued interest and any discounts and premiums thereon, less any allowance for credit losses. In some cases, a financial asset is considered credit-impaired upon initial recognition because the credit risk is extremely high and, if purchased, the asset is acquired at a significant discount. Upon initial recognition of such assets, the Bank includes initial expected credit losses in the estimated cash flows when calculating the credit risk-adjusted effective interest rate of financial assets that are considered at initial recognition to be purchased or created credit-impaired financial assets. At each reporting date, the Bank recognizes impairment of loans through monthly provisioning of expenses to cover credit risk. The allowance is formed in accordance with the requirements of International Financial Reporting Standards.

The Bank shall account for the loan debt not repaid within the term specified in the agreement on a separate analytical account on the same balance sheet account as the loan accounting with a separate parameter of the analytical account of overdue debt. The Bank shall account for the overdraft loan debt not repaid within the term specified in the agreement on the respective balance sheet account for term loan accounting with a separate parameter of the analytical account of overdue debt. If a loan is recognized by the Bank as uncollectible and meets the criteria for derecognition, it is written off against the allowance account by the decision of the Management Board of the Bank. Funds received on account of repayment of loans written off against the related allowances are recognized as income if the loans were written off in prior years or reduce the expense for provisioning if the loans were written off in the current year. In accordance with the current legislation, in case of financial difficulties of the debtor and the need to create favorable conditions for the fulfillment of its obligations under the asset, the Bank may conduct a financial restructuring procedure by changing the interest rate, partial debt forgiveness, changing the debt repayment schedule (terms and amounts of principal repayment, payment of interest/commissions), changing the amount of commission, etc.

Receivable is an entity's right to compensation that is unconditional. The right to compensation is unconditional if only the passage of time is required for the date when the compensation is due to be paid. Under contracts within the scope of IFRS 15 *Revenue from Contracts with Customers*, if the Bank provides services (transfers goods) before the customer pays consideration or before the due date, the Bank recognizes it as a contractual asset, except for any amounts recognized as receivables.

Accounts receivable are divided into financial and non-financial. Financial receivables are receivables that will be settled using cash or another financial instrument. Non-financial receivables arise in the course of business transactions and are generally settled by delivery of non-financial assets or performance of work (provision of services). Receivables are initially recognized at transaction price (as defined in IFRS 15) unless the receivable contains a significant financing component. Subsequently, financial receivables, including contractual assets, are measured at amortized cost less an allowance for losses equal to expected credit losses. Non-financial receivables are carried at transaction value less any impairment losses calculated in accordance with the requirements of IAS 36 *Impairment of Assets*. Impairment is recognized in separate accounts for provision for non-financial receivables.

The amortized cost of financial receivables with original maturities exceeding 1 year is estimated as the present value of all future cash flows discounted at the prevailing market rate(s) of interest for a similar instrument (similar in terms of currency, maturity, type and other characteristics) with a similar credit risk profile. In accordance with IFRS 9 Financial Instruments, the Bank applies a simplified approach to calculate the allowance for credit losses on financial receivables and establishes a loss allowance on the first day of each month equal to the expected credit losses for the entire term. The allowance is recorded on separate accounts for the allowance for financial receivables. For non-financial receivables, the Bank assesses impairment based on the number of calendar days of its recognition in the balance sheet. Uncollectible receivables are written off from the balance sheet at the expense of the provision/impaired amount by the decision of the Management Board of the Bank following the same procedures as for writing off loans.

Description of accounting policies for property, plant and equipment

Property, plant, and equipment are tangible items held for use in the production or supply of goods or services for rental or administrative purposes, which are expected to last for a period of more than one year. Items of property and equipment are initially recognized as assets at cost, which includes all costs related to their acquisition, delivery, installation and commissioning. Subsequent accounting for property, plant and equipment is carried out using the depreciated cost method. After initial recognition, all property, plant and equipment are measured using the cost model. This model provides for the measurement at historical cost less accumulated depreciation and impairment losses. Depreciation and amortization of property and equipment is calculated on a monthly basis using the straight-line method. Depreciation of property and equipment is calculated over its useful life until the carrying amount of the asset reaches its residual value. The Bank performs the test for compliance of the useful life of property, plant and equipment with the expected use period annually on the date of annual inventory, as at November 1.

During 2023, the Bank did not change its depreciation method for property, plant and equipment.

As at the end of the year, the Bank has the following useful lives of property, plant and equipment by groups:

Generalized group	Useful life
Buildings and structures with walls made of stone materials, or reinforced concrete, or other durable materials	360 months
Buildings and structures made of other materials	240 months
Transmission devices	180 months
Motor vehicles, except for collection vehicles	84 months

Generalized group	Useful life
Collection vehicles	72 months
Electronic computers, other machines for automatic information processing, other information systems and related means of reading or printing information, switches, routers, modules, modems, monitors (except for video surveillance monitors), multifunctional devices, printers, scanners, uninterruptible power supplies and means of connecting them to telecommunication networks, TV sets, POS terminals	60 months
Household electronic, optical, electronic and mechanical machines, telephones, faxes, office equipment and machinery, self-service banking machines (ATMs), cash register equipment, other machinery and equipment (except for those specified in the previous paragraph)	96 months
Tools, instruments and equipment	60 months
Fire and burglar alarm systems, video surveillance systems and devices included in them, including video surveillance monitors	96 months
Furniture	96 months
Safes (various) and file boxes (metal)	144 months
Other property, plant and equipment	144 months

In the case of a longer or shorter (more than one year) expected period of use of non-current assets than provided for in the above paragraph, a different useful life of fixed assets may be established for this object. The useful life of intangible assets is determined by the Bank independently when recognizing this item as an asset and, as a rule, corresponds to the term of use of the asset specified in the relevant agreement. In the case of acquisition of used property, plant and equipment, by the decision of management, their useful life may be reduced to 20 percent of the determined period for new property, plant and equipment of the respective group.

Taking into account the Bank's experience of further use of non-current assets after the expiration of their useful life, the residual value of the Vehicles asset group is set at 8 percent of the original cost of the vehicle at recognition.

For the group of assets "Buildings and structures with walls of stone materials, or reinforced concrete, other durable materials" and "Buildings and structures of other materials", the residual value is set at 2 percent of the original cost at the time of recognition of the asset.

As of the date of the annual inventory (as of November 1, 2023), the Bank performed an impairment test for property, plant and equipment. Non-current assets are impaired if their carrying amount exceeds their estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Given the fact that the non-current assets owned by the Bank are used to provide banking services, it is impractical or rather improbable to directly measure the value of the asset in use in terms of a possible range of values, and therefore, for the purposes of determining the recoverable amount, the Bank determines only the fair value less costs to sell the asset. Taking into account the insignificant costs of selling an asset and their uncertainty, their value is usually determined at zero. The fair value of non-current assets is determined by the Bank at the level of its market value both by the Bank's specialists and an independent expert in accordance with the Law of Ukraine *On Valuation of Property, Property Rights and Professional Valuation Activities in Ukraine*. As a result of the military aggression of russian federation against Ukraine, there is a significant risk of physical damage to property, plant and equipment, lack of access to them, as well as the risk of impairment of assets due to a decrease in the amount of expected recovery of their value due to changes in the market, economic and legal environment that had a significant negative impact on the Bank in current year. The impairment test identified property, plant and equipment with significant changes in fair value and property, plant and equipment that are not accessible. The amount of impairment of property, plant and equipment is disclosed in the note "Property, plant and equipment" (822100).

Based on the principle of materiality, low-value non-current tangible assets are not capitalized, i.e., are not recognized as an asset in the balance sheet, and their cost is fully expensed in the first month of use. The amount of expenses is recognized by the Bank in account 7423 "Depreciation". Low-value non-current tangible assets (assets whose value is not significant) include fixed assets with a value not exceeding UAH 20,000.

Depreciation and amortization expense is included in the statement of comprehensive income, profit or loss by the nature of the expense (320000). Repairs and maintenance are charged to the statement of comprehensive income, profit or loss by the nature of the expense (320000) in the period in which they are incurred and included in "Other administrative and operating expenses" unless they qualify for capitalization. Profit and losses on disposals determined by comparing proceeds with carrying amount are included in income or expense.

The Bank did not provide assets in the form of property, plant and equipment as collateral for liabilities.

Description of the accounting policy for provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized as liabilities (if a reliable estimate can be made) because they represent an existing obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The Bank recognizes a provision when:

(a) has an existing obligation (legal or constructive) as a result of a past event;
(b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.;
(c) the amount of the obligation can be measured reliably.

A contingent liability is a possible obligation arising from past events that will be confirmed only after one or more uncertain future events not wholly within the control of the entity or an existing obligation arising from past events but not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of the obligation can be made. Contingent liabilities are not recognized as liabilities because they are either contingent liabilities (because it is not yet probable that the entity will be obliged to settle an obligation that may result in an outflow of resources embodying economic benefits) or an existing obligation that does not meet the criteria for recognition (because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured reliably).

As at the reporting date, the Bank revises the amount of contingent liabilities and provisions. As at the reporting date, the Bank has provided for future expenses for vacation payments to employees of the Bank and expenses for lawsuits to recover funds in which the Bank is a defendant. The terms of fulfillment of obligations for certain future expenses are not determined, but it is expected that the obligation will be fulfilled within the next year.

Description of accounting policies for segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing a particular product or service (business segment), which is subject to risks and returns that are different from those of other business segments. As the Bank operates exclusively within Ukraine, the Bank has determined the following criteria for its reporting segments:

- Corporate banking and Retail banking segments by types of service users;
- Financial markets operations segment - by the nature of the legal environment.

The Corporate Banking segment includes current accounts, deposits, overdrafts, loans and other types of financing for corporate customers. The Retail Banking segment includes the provision of banking services to retail customers in the areas of opening and maintaining current accounts, attracting funds for deposits, lending safe deposit boxes for storage of valuables, consumer and mortgage lending, cash transfer services without opening an account. The Financial Markets segment includes transactions with securities, transactions in the interbank market.

The basis for allocating the Bank's income and expenses to segments is the Bank's internal financial statements. In determining segment revenue, segment expenses, segment assets and segment liabilities, the Bank includes items directly attributable to a segment as well as items that can be allocated on a reasonable basis to a segment. Administrative expenses that are not directly attributable to a particular segment are allocated to segment expenses in proportion to the revenue of the respective segment.

In order to encourage the Business Segments to make decisions on the dynamics of assets and liabilities in order to reduce liquidity risks and optimize the profit of the segments and the Bank as a whole, the Bank determines the result of the Business Segments taking into account the internal cost of resources, at which the conditional purchase/sale of free/excess resources in the Business Segments/ Business Segments (transfer income/expense) takes place.

Property and equipment and intangible assets, capital investments, depreciation and amortization and other non-cash income/expense are not allocated to the respective segments for internal reporting purposes. Cash on hand and on the correspondent account with the National Bank of Ukraine are not allocated to the respective segments.

Description of accounting policies for transactions between related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if the parties are under common control, or if one party controls the other party or has the ability to 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. In the normal course of business, the Bank enters into banking transactions with its major shareholders and other related parties. These transactions include settlements, loans, deposits, financing of commercial activities and foreign exchange transactions.

The list of related parties is compiled by the Bank on the basis of available information in accordance with internal regulations based on IAS 24. Transactions with the Bank's related parties do not provide for terms that are not current market conditions. Transactions concluded by the Bank with related parties on terms that are not current market conditions are recognized as invalid from the moment of their conclusion. The procedure for organizing transactions with the Bank's related parties is defined in the Bank's internal regulations.

Description of other accounting policies that are relevant to an understanding of the financial statements

Borrowings

Borrowings are financial liabilities of the Bank. Borrowings, in accordance with the items of the statement of financial position in order of liquidity (220000), include Due to banks, Due to customers and Other financial liabilities. By maturity, borrowings are divided into current liabilities, short-term and long-term liabilities.

The Bank recognizes financial liabilities in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at their fair value, which generally consists of the contractual amount and transaction costs. The Bank subsequently accounts for financial liabilities at amortized cost using the effective interest method, except as provided for in IFRS 9 *Financial Instruments*. The effective interest method may not be applied to current and short-term financial liabilities with a maturity of up to 3 months (except for financial liabilities raised on off-market terms). Interest expense on borrowed funds is recognized in the statement of comprehensive income, by nature of expense (320000) as interest expense.

The Bank derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires.

Investments in securities

The Bank classifies its investments for measurement and accounting purposes as follows:

1) Financial investments at fair value through profit or loss.
   Financial investments at fair value through profit or loss include debt securities, equity securities and other financial investments held for trading, as well as financial investments that are included in a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking upon initial recognition.
2) Financial investments at fair value through other comprehensive income.
   The Bank accounts for debt securities, equity securities and other financial investments available-for-sale that are held to collect contractual cash flows or to sell.
3) Financial investments measured at amortized cost.
   The Bank includes in this category debt securities purchased that have fixed or determinable payments and fixed maturities and which are intended to collect principal and interest cash flows.

The Bank accounts for purchase and sale of financial investments using settlement date accounting. That is, until the specified settlement date, claims and liabilities under the concluded agreement are reflected on off-balance sheet accounts. The Bank recognizes changes in the fair value of acquired financial investments (other than financial investments at amortized cost) between the date of the transaction and the date of settlement in income (for financial investments at fair value through profit or loss) and equity (for financial investments available-for-sale).

Upon initial recognition, the Bank recognizes financial investments at fair value through profit or loss, net of transaction costs, in its financial statements. Transaction costs for the acquisition of such financial investments are recognized on the expense accounts on the date of their occurrence. All other financial investments are measured at fair value at initial recognition, plus transaction costs. Transaction costs related to the purchase of debt securities are recognized in the accounts for discount (premium) accounting.

The Bank recognizes interest income [coupon accrual, amortization of discount (premium)] on debt securities at the effective interest rate over the period from the date of purchase to the date of derecognition (sale, redemption), reclassification, except for debt securities accounted for in the Bank's trading portfolio at fair value through profit or loss. The Bank accrues interest income on a daily basis. For debt securities measured at fair value through profit or loss, interest is not accrued and the discount or premium is not amortized. When purchasing coupon securities with accrued interest, the Bank accounts for them under premium (discount) accounts, the amount of the coupon received reduces the amount of the premium or increases the amount of the discount. The Bank recognizes interest income on debt securities at fair value through profit or loss as part of the fair value revaluation.

The fair value of securities traded on organized markets is determined by reference to their quoted market prices. If a quoted market price for a security is not available, the Bank uses observable inputs to measure fair value, if available (such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; observable rates and yield curves, etc.) or unobservable inputs (the Bank's own data such as budgets, forecasts, historical information on economic performance, etc.). If the data is not available, the bank applies the income method by determining the present value of future cash flows discounted at the rate of return of the same or similar security.

Financial investments accounted for at amortized cost are carried at amortized cost at each subsequent balance sheet date using the effective interest rate. If the maturity of a financial investment does not exceed 3 months, the effective interest rate method may not be applied. The Bank reviews its debt financial investments carried at amortized cost and fair value through other comprehensive income to assess impairment. The Bank recognizes impairment at each balance sheet date by establishing a respective allowance.

Revaluation (recalculation of the hryvnia equivalent of foreign currency balances) of debt securities denominated in foreign currency due to changes in the official exchange rate of the hryvnia to foreign currencies is carried out in accordance with the general procedure for revaluation of financial assets and liabilities denominated in foreign currency at each change in the official exchange rate of the National Bank of Ukraine.

The Bank derecognizes a financial asset (in whole or in part) in accordance with the requirements of IFRS 9 *Financial Instruments*, including when the asset is written off by consumption of allowance.

• IAS 1 • 810000 Notes - Corporate Information and IFRS Compliance Report

Disclosure of notes and other explanatory information

Name of the reporting entity or other means of identification

JOINT STOCK BANK “RADABANK”

ID code of entity

21322127

Origin of the entity

Ukraine

Legal form of the entity

Joint stock company

Country of registration

Ukraine

Address of the registered office of the entity

5 Volodymyra Monomakha St., Dnipro, 49000, Ukraine.

Affiliates of the reporting entity, addresses and telephone numbers

As at 31 December 2023, the Bank had 28 branches located in: 11 branches in Dnipro city and region, three branches each in Kyiv and Lviv, two branches each in Kharkiv and Zaporizhzhia, one branch each in Odesa, Ternopil, Cherkasy, Vinnytsia, Khmelnytskyi, Poltava, Mykolaiv. Despite the enormous challenges caused by Russia's full-scale aggressive war, which has been going on for almost 2 years, the Bank opened 2 full-fledged branches in Poltava and Mykolaiv in 2023 - in regions where the Bank was not yet represented. During the year, the Bank gradually resumed operations of the temporarily suspended branches where there was an increased threat to the lives of customers and employees (such as Kharkiv, Zaporizhzhia, Kryvyi Rih). In 2023, the Bank moved its branch in Dnipro to a new location - to a newly built office building. Construction work has begun on the new premises of the branch in Vinnytsia.

The Bank is constantly updating its blackout measures. Due to possible temporary restrictions on power supply as a result of Russian attacks on Ukraine's energy infrastructure, the list of emergency branches has been determined to ensure the provision of services to the Bank's customers in the event of a prolonged power outage. These branches are provided with backup power sources (powerful electric generators) with a reserve of resources/fuel for at least two to three days and reliable sources of their replenishment. Customers have access to information about the Bank's regular branches (including their location, contact numbers and working hours) that operate in the event of a prolonged power outage. Currently, 19 branches of the Bank in all regions of its presence have been provided with alternative energy sources and backup communication channels, enhanced cash collection and additional staff/

Description of the nature of the entity's functioning and main activities

JOINT STOCK BANK “RADABANK” was registered by National Bank of Ukraine on December 3, 1993, and registered in the State register of the banks under № 220.

Name of the Bank:

Full name:

In Ukrainian - АКЦІОНЕРНЕ ТОВАРИСТВО «АКЦІОНЕРНИЙ БАНК «РАДАБАНК»;

In English – JOINT STOCK BANK “RADABANK”.

Short name:

In Ukrainian – АТ «АБ «РАДАБАНК»;

In English – JOINT STOCK BANK “RADABANK”.

In 2023, the Bank provided the following banking and financial services in accordance with the licensers received:

- Provision of cash-settlement services in local and foreign currencies to the customers;
- Keeping correspondent accounts in authorized Ukrainian Banks with respective transactions through these accounts;
- Keeping correspondent accounts in non-resident banks with respective transactions through these accounts;
- Attraction of funds of legal entities and individuals;
- Issuance of loans to legal entities and individuals;
- Issuance of guarantees to entities;
- Issuance of loans to banking institutions;
- Transactions with foreign currencies and bank metals, namely:
- Purchase, sale, exchange of currency cash;
- Currency trading at Ukrainian currency market;
- Non-trading transactions with currency;
- Trading in bank metals and foreign coins at Ukrainian currency market;
- Brokerage, dealership and depository activities with securities at stock market;
- Safekeeping of valuables and lease-out of individual bank strongbox;
- Sale of memorable and jubilee Ukrainian coins;
- Sale of investment Ukrainian coins;
- Acceptance of payments for utilities and other payments of individuals;
- Transfers and payments of funds through money-transfer systems Welsend, MoneyGram International, RIA Money Transfer;
- Collection of cash and transportation of currency;
- Issuance of bank pay cards and transactions with these cards;
- Trustee transactions.

Statement of compliance with IFRS requirements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Law of Ukraine *On Accounting and Financial Reporting in Ukraine* No. 996-XIV of July 16, 1999 on the preparation of financial statements.

Disclosures about uncertainties about an entity's ability to continue as a going concern

During 2023, the Bank's ability to continue as a going concern was not significantly affected; however, the consequences of the military aggression of the Russian Federation against Ukraine may have a significant impact on the financial position and performance of the Bank and its counterparties. The further course of a full-scale war, the timing of its end and the consequences are uncertain. The NBU's macroeconomic forecast is based on the assumption that the security situation will improve significantly starting in 2025, but the risk of prolonged Russian aggression against Ukraine remains. These events create a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern in the future.

To ensure prompt measures to restore financial stability in the event of a deterioration in the financial condition and/or a stressful situation, the Bank has activated the Going Concern Plan and the Business Recovery Plan. The Bank has successfully passed through the periods of blackouts caused by Russia's terrorist attacks on critical infrastructure. However, the consequences of possible new terrorist attacks will continue to pose operational risks. The Bank develops and constantly updates its measures to ensure its continuing operations. The Bank has identified a list of emergency branches that will continue to operate during crisis situations. The standby branches are provided with backup power sources (powerful electric generators) with a reserve of resources/fuel for at least two to three days and reliable sources of their replenishment. Customers have access to information about the Bank's emergency branches (including their location, contact numbers and working hours) that operate in the event of a prolonged power outage. The list is updated and new branches are added.

Continuous operation of the information and telecommunication systems ensuring the functioning of the Bank's critical business processes was ensured by, inter alia, using backup power sources (diesel generators) in the data centers and in the premises where the Bank's customer support department operates and having resources/fuel available for their operation for at least seven days. An additional backup communication channel was set up at the NBU's data center using S2S VPN technology. The use of satellite communication technology was introduced through the purchase of a Starlink kit.

The Bank operated steadily even in the conditions of a full-scale war, maintaining liquidity and operational efficiency. This was due, in particular, to the fact that at the beginning of the Russian aggression the Bank was sufficiently capitalized, had well-established operations and crisis management plans. Today, the entire Bank's team is focused on clear and consistent actions under martial law. The Bank's branches are fully operational in cities where no active hostilities are taking place and provide all banking services that meet the NBU's regulatory requirements.

The bank managed to withstand the onslaught of numerous cyberattacks, which intensified significantly in wartime. The Bank's current business continuity plan allowed us to quickly ensure uninterrupted communication and power supply channels, save customer data, restart the infrastructure, and take all the necessary measures to quickly transition to work in the new environment. The implementation of anti-crisis measures provided for in the Business Continuity Plan mitigated the initial shock of the war by ensuring the uninterrupted operation of all the Bank's systems. The Bank meets its obligations to customers in time and in full. The structure and volume of the Bank's resource base are generally consistent with the approved business model, namely, a universal bank with corporate and retail business and a list of services that correspond to its risk profile. The Bank's funding sources are diversified.

The risks of significant outflows of funds with the start of a full-scale offensive did not materialize. Gradual economic recovery contributed to the accumulation of hryvnia funds on the accounts of enterprises and individuals. Depositors' confidence in the Bank has been maintained. Currently, the Bank's liquidity is not a concern, although liquidity risk may still be realized during the war, so it cannot be ignored.

In 2023:

- The Bank did not use refinancing loans from the NBU. The growth of customer funds allowed the Bank to refuse from expensive refinancing loans, which the Bank actively attracted during the periods of greatest uncertainty at the beginning of the military aggression;
- the Bank's fixed assets have not been physically damaged, are not located in the territories temporarily uncontrolled by the Armed Forces of Ukraine and in the area of active hostilities;
- the mortgaged property of the borrowers is mostly located on the territory controlled by the Ukrainian armed forces and has not been destroyed;
- the Bank's operations are profitable, the Bank fully complies with the economic standards established by the regulations of the National Bank of Ukraine, including capital, solvency and liquidity ratios;
- Provisions for active banking operations were replenished. The Bank continued to carry out prudent loan restructurings that help to normalize the debt burden of borrowers and increase the Bank's resilience. The Bank made every effort to minimize credit risk, in particular, adequately and in full reflected the level of losses on the loan portfolio. The Bank's provisioning level is considered acceptable. The Bank used pessimistic and rather conservative assumptions about the expected quality of the loan portfolio and adequately reflected the migration of loans between impairment stages based on strict credit risk assessment parameters. The Bank reviewed on a quarterly basis certain approaches to the estimation of expected credit losses in accordance with International Financial Reporting Standard 9 *Financial Instruments* and prudential requirements.

In general, the Bank is operating normally and performing the function of financial support to the economy and customers in a quality manner. There are no restrictions on the operation of cash desks. The Bank has sufficient cash in both hryvnia and foreign currency to meet its obligations to customers in full. The consequences of Russia's terrorist attacks on critical infrastructure facilities will threaten the realization of operational risks, in particular due to problems with energy supply. The Bank develops and constantly updates business continuity measures in case of a blackout

Available licenses: type, periods

The Bank operates based on BANKING LICENSE on National Bank of Ukraine № 166 of 14.11.2011. The Bank has the LICENSES of the National Commission on Securities and Stock Market to perform professional activities at stock market:

- License АД 034429 of 13.06.2012. Professional activities at stock market – trading in securities – brokerage, unlimited term, redrafted by decisions of the National Commission on Securities and Stock Market №420 of 23.06.2021 as a license on professional activities on trading in financial instruments, including brokerage and sub-brokerage, at capital markets.
- License AE 294570 of 04.11.2014. Professional activities at stock market – trading in securities – dealership, unlimited term, redrafted by decisions of the National Commission on Securities and Stock Market №420 of 23.06.2021 as a license on professional activities on trading in financial instruments, including dealership.
- License AE 286562 of 08.10.2013. Professional activities at stock market – depository operations. Depository activities of a depository.

JSC RADABANK is a member of the Deposit guarantee fund. Registration number in the Deposit guarantee funds is 119, date of registration - 02.09.1999, certificate of membership № 110 of 06.11.2012.

Explanation of the measurement bases used in the preparation of the financial statements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses, and the disclosure of contingent assets and liabilities. Judgments are constantly evolving and are based on the Bank's experience and other factors, including future events that are believed to be reasonable under the circumstances. Professional judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next period include:

Initial recognition of financial assets and liabilities
In accordance with IFRS 9 *Financial Instruments*, financial assets and liabilities are initially recognized at fair value. Judgment is applied to determine whether transactions are priced at market or non-market interest rates in the absence of an active market for such transactions. Judgments are based on pricing for similar transactions with independent and knowledgeable parties in the ordinary course of business, interest rates for financial instruments with similar terms and conditions established by the Bank and effective interest rate analysis.

Impairment of financial assets and calculation of provisions for liabilities
Loss allowances are established in an amount equivalent to the sum of expected losses on all financial assets recognized at amortized cost, all equity instruments recognized at fair value through other comprehensive income (FVOCI) and expected credit losses (ECL) on loan commitments and financial guarantees are recorded at different stages. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating future cash flows. In determining whether an impairment loss should be recorded in profit or loss for the year, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio.

In estimating the timing and amount of future cash flows, the impact of military actions and possible consequences in case of their further escalation were not taken into account. If these events are taken into account and estimates of future cash flows change, including taking into account the quality of debt servicing, the estimated amount of the required provision may increase. When calculating cash flows from the sale of collateral, the terms determined by the Bank's experts are taken into account, which may differ from the actual terms and amounts of funds received.

Fair value of collateral
The fair value of buildings and structures (real estate) used as collateral for lending transactions should be determined by the Bank at market value. As there was no active real estate market as at the reporting date and the existing property valuation standards and rules do not contain an algorithm for determining market value, the valuation of collateral is based on the comparative or income capitalization method, which relies more on the professional opinion of valuation specialists than on market factors. Changes in these assumptions could affect the fair value of collateral under loans.

Determination of useful lives of fixed assets and residual values
Useful lives and residual values of property, plant and equipment are determined on the basis of historical experience of use of groups of property, plant and equipment similar in function. In this regard, the actual useful life of a particular property, plant and equipment and its residual value may differ from the estimated useful life and residual value of the respective group and, as a result, the presence of fully depreciated property, plant and equipment or derecognition of property, plant and equipment before the expiration of their useful life.

Determination of lease terms and additional borrowing rate
The Bank considers all available facts and circumstances that give rise to an economic incentive to exercise an option to renew the lease or not to exercise an option to terminate the lease. As a rule, the lease term is taken into account in accordance with the concluded agreements and is 3 years. However, if the lease agreement provides for the lessee's unconditional right to extend the lease term, the bank takes into account management's judgment about the useful life of the leased property, but not more than the term of the lease extension option in the agreement, when determining the non-cancelable lease term.

As a lessee, at the date of commencement of the lease or its modification, the Bank uses the discount rate explicitly specified in the relevant agreement to determine the lease liability. If no rate is specified in the agreement, the Bank applies the lessee's incremental borrowing rate, which is set based on the judgment of the Bank's experts and corresponds to the rate at which the Bank tries to raise funds for the relevant period. These assumptions may affect the determination of the lease liability and right-of-use asset at the time of recognition (modification) of the lease agreement.

Fair value of assets and liabilities
The fair values of financial assets and financial liabilities recognized in the statement of financial position are based on prices in an active market. Where an active market is not available, fair values are determined using a variety of valuation techniques and calculations. Inputs to such models and calculations, where available, are determined based on observable markets. In the absence of observable market data, management's judgment is used to estimate fair value.

Disclosure of capital management objectives, policies and processes

The Bank's capital management policy is aimed at achieving the following objectives: compliance with the capital requirements set by the National Bank of Ukraine; ensuring the Bank's ability to continue as a going concern and maintaining a sufficient capital base to ensure that the Bank achieves a sufficient capital adequacy ratio. Compliance with capital adequacy ratios set by the National Bank of Ukraine is monitored on a daily and monthly basis with reports containing relevant calculations reviewed and signed by the Bank's Chair of the Management Board and Chief Accountant. Other capital management objectives are assessed on an annual basis.
The Bank complies with the capital requirements set by the National Bank of Ukraine - regulatory capital adequacy ratio H2

at the level not less than the regulatory value (10%) and core capital adequacy ratio (H3) at the level not less than the regulatory value (7%).The regulatory capital adequacy ratio (N2) is defined as the ratio of regulatory capital to the total carrying amount of assets and off-balance sheet liabilities weighted by credit risk after reduction by the amount of collateral. In calculating the regulatory capital adequacy ratio, the aggregate amount of the bank's open currency position in all foreign currencies and precious metals, the minimum amount of operational risk multiplied by a factor of 10, and the amount of uncovered credit risk are added to the total carrying amount of assets and off-balance sheet liabilities weighted by the degree of credit risk, and the amount of uncovered credit risk is excluded. Core capital adequacy ratio (N3) is defined as the ratio of core capital to the sum of assets and off-balance sheet liabilities weighted by the respective credit risk ratios.

The actual value of H2 ratio as at the end of 2023 was 18.4% (2022 - 22.2%), H3 ratio - 11.9% (2022 - 16.1%).

The structure of regulatory capital calculated in accordance with the requirements of the National Bank of Ukraine, taking into account adjusting entries for the reporting period, as of the end of 2023:

		December 31, 2023	December 31, 2022
1	Core capital	318 439	319 618
2	Additional capital	173 502	120 956
3	**Total regulatory capital**	**491 941**	**440 574**

During the financial years 2022 and 2023, the Bank complied with all capital requirements set by the National Bank of Ukraine.

• IAS 8 • 811000 Notes - Accounting policies, changes in accounting estimates and errors

Disclosure of changes in accounting policies, accounting estimates and errors

Disclosure of changes in accounting policies, accounting estimates and errors
The accounting policies adopted are consistent with those of the previous reporting year, except for the adoption of new standards effective as at January 1, 2023. The Bank has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Effect of changes in accounting policies, accounting estimates and correction of significant errors and their presentation in the financial statements

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, in the reporting period, the Bank made adjustments to its financial statements related to VAT for 2022 and 2021. This adjustment resulted in the recalculation of items in the Statement of Financial Position, in order of liquidity [220000] for 2022 and the Statement of Changes in Equity [610000] for 2022.

		Effect of changes		
		Balance	Adjusted balance	Effect of changes
Statement of financial position, in order of liquidity as of December 31, 2022				
1	Other non-financial assets	13 111	13 205	94
2	Total liabilities	3 366 664	3 366 758	94
3	Retained earnings	111 375	111 281	(94)
4	Total equity	440 981	440 887	(94)
2022 Statement of changes in equity				
5	Increase (decrease) due to other changes, equity	-	(94)	(94)
6	Increase (decrease) in equity	9 303	9 209	(94)
7	Equity	440 981	440 887	(94)

Disclosures about the first-time adoption of standards or interpretations

The following is the information on the standards that the Bank has adopted in the reporting period and that did not have a significant impact on the Bank's operations.

On January 1, 2023, the new IFRS 17 Insurance Contracts (IFRS 17) came into force.
IFRS 17 was adopted to replace IFRS 4 and is aimed at increasing transparency in the accounting for insurance contracts. IFRS 17 sets out principles for the recognition, measurement, presentation and disclosure of information about insurance contracts. This information is used by users of financial statements to evaluate the impact of such contracts on an entity's financial position, financial performance and cash flows. Transition to IFRS 17 is made retrospectively.

An entity does not apply IFRS 17 to financial guarantee contracts, unless the issuer has previously explicitly stated that it considers such contracts to be insurance contracts and has used the accounting applicable to insurance contracts; insurance contracts for which the entity is the policyholder, unless such contracts are retained reinsurance contracts (paragraph 7 of IFRS 17).

Major new provisions of IFRS 17 include:

- Classification of insurance and reinsurance contracts;
- Mandatory separation of non-insurance components;
- Determining the profitability of insurance contracts at initial recognition (e.g., whether insurance contracts are onerous);
- Requirements for aggregation of contracts: by risk level, profitability, issue date and other requirements of the standard;
- Expanding the requirements for financial statement disclosures in the structure of the balance sheet and income statement;
- Actuarial calculations through various methods of liability valuation.

An entity shall apply IFRS 17 to:

- insurance contracts issued by it, including reinsurance contracts;
- reinsurance contracts held;
- investment contracts issued by it with discretionary participation features, provided that the entity also issues insurance contracts.

***Other amendments to IFRS effective from January 1, 2023*:**

- Amendments to IAS 1 *Presentation of Financial Statements* and to IFRS practice statement 2 *Making Judgments about Materiality*;
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors - Determination of Accounting Estimates*;
- Amendments to IAS 12 *Income Taxes*, document *Deferred Taxes on Assets and Liabilities Arising from a Single Transaction*;
- Amendments to IAS 12 *Income Taxes - International Tax Reform - Pillar 2 Model Rules* (published on the IASB website on 23.05.2023).

Amendments to IAS 1 *Presentation of Financial Statements* are aimed at assisting entities in providing more useful disclosures about accounting policies, in particular: replacing the requirement to disclose significant accounting policies with a requirement to disclose significant accounting policies; clarifying how entities should apply the concept of 'materiality' when making decisions about accounting policy disclosures. Information is material if, if omitted, misstated or suppressed, it could reasonably be expected to influence the decisions made by the primary users of the general-purpose financial statements that are derived from the financial statements that provide financial information about the entity's specific financial statements. Information is material if, if omitted, misstated or suppressed, it could reasonably be expected to influence the decisions made by the primary users of the general-purpose financial statements that are derived from the financial statements that provide financial information about the entity's specific financial statements.

Several aspects when information about accounting policies may be material include: the entity changed its accounting policies during the reporting period and the change resulted in a material change to the financial statements; the entity has made a choice of accounting policies from among the options permitted by IFRSs; the accounting policies have been developed in accordance with IFRS 8 in the absence of an applicable IFRS; an accounting policy involves an area in which the entity is required to make judgments, estimates, or assumptions in the process of determining an accounting policy, and the entity discloses information about those judgments, estimates, or assumptions; the accounting treatment of transactions is complex, and users of the entity's financial statements would not otherwise understand the significant transactions.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarify the difference between changes in accounting policies and accounting estimates and define accounting estimates as amounts in financial statements that are subject to estimation uncertainty. The distinction between accounting policies and accounting estimates is important because changes in accounting policies are usually retrospective, while changes in accounting estimates are applied prospectively. The amendments to IAS 8 also clarify the relationship between accounting policies and accounting estimates, stating that an entity makes an accounting estimate to achieve a specific objective.

An entity uses valuation techniques and inputs to develop an accounting estimate. Valuation techniques include approximation techniques (e.g., techniques used to measure the loss allowance for expected credit losses when applying IFRS 9) and cost techniques (e.g., techniques used to measure the fair value of an asset or liability when applying IFRS 13). Changes in accounting estimates as a result of new information or events do not constitute revisions to an error. In addition, the effects of changes in inputs or estimation techniques are changes in accounting estimates unless they result from corrections of prior period errors. Changes in accounting estimates may affect profit/loss in the current period or in the current and future periods. An entity shall disclose the nature and amount of any change in an accounting estimate that affects the current period or is expected to affect future periods unless the effect cannot be estimated. If the amount of the effect on future periods is not disclosed because it cannot be estimated, the entity shall disclose this fact.

Amendments to IAS 12 *Income Taxes* clarify how entities should account for deferred taxes on transactions such as leases and obligations related to decommissioning. The amendments narrow the scope of the initial recognition exemption to transactions that result in equal taxable and deductible temporary differences. Consequently, all entities will be required to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of leases and decommissioning obligations.

At the beginning of the earliest comparative period, an entity shall:
(a) recognize a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and a deferred tax liability for all taxable and deductible temporary differences associated with:
i) right-of-use assets and lease liabilities, and
ii) decommissioning, restoration and similar obligations and related amounts recognized as part of the cost of the related asset; and
(b) recognize the cumulative effect of the first-time application of the amendment as an adjustment to the opening balance of

retained earnings (or other component of equity) at that date.

For the lease liability and the retirement obligation, the related deferred tax assets and liabilities shall be recognized from the beginning of the earlier of the comparative periods presented. any cumulative effect shall be recognized as an adjustment to retained earnings or other components of equity at that date. The transaction may result in the initial recognition of assets and liabilities and, at the time of the transaction, has no effect on accounting or taxable profit. For example. at the commencement date of a lease, a lessee generally recognizes a lease liability and a corresponding amount as part of the cost of the right-of-use asset. Depending on the applicable tax regulations, the transaction may give rise to equal taxable and temporary differences that are deductible on initial recognition of the asset or liability.

Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar 2 Model Rules. The amendments define the specifics of accounting and disclosure of income taxes arising from the implementation of tax legislation. which is developed on the basis of the model rules of the Second Pillar published by the Organization for Economic Cooperation and Development (hereinafter - the OECD).

Explanation of new standards or interpretations not yet applied

As of January 01, 2024, or at a later date:

- *Amendments to IAS 1 Presentation of Financial Statements* - classification of Liabilities as Current and Non-current;
- *Amendments to IAS 1 Presentation of Financial Statements* - Non-current Liabilities with covenants;
- *Amendments to IAS 16 Leases* - Lease Obligations in Sales and Leaseback Transactions;
- *Amendments to IAS 7 and IFRS 7* - Supplier Finance Arrangements;
- *The Effects of Changes in Foreign Exchange Rates* - Non-convertibility."

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-current. It is clarified that a liability is classified as non-current if the entity has a right to defer settlement of the liability for at least 12 months, and that right must exist at the end of the reporting period. The right to defer settlement of the obligation for at least 12 months after the end of the reporting period shall be real and shall exist at the end of the reporting period. If a right to defer settlement of a liability is conditional on an entity meeting certain conditions, that right exists at the end of the reporting period only if the entity has met those conditions at the end of the reporting period. The conditions must be met at the end of the reporting period, even if the creditor verifies that they are met at a later date. The classification of a liability is not affected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Covenants provide that an entity may classify liabilities arising from a loan agreement as non-current if the entity's right to defer repayment of those liabilities is conditional on the entity meeting covenants within twelve months after the end of the reporting period. In particular, the notes will need to disclose information that enables users of financial statements to understand the risk that liabilities may become due within 12 months after the end of the reporting period:

(a) information about the special conditions (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities;
(b) Facts and circumstances, if any, that indicate that it may be difficult for the entity to comply with the covenants, such as that the entity has taken actions during or after the reporting period to avoid or limit the effects of the potential violation.

Amendments to IFRS 16 Leases clarify how an entity should account for sales and leases leased after the date of the transaction. A sale and leaseback transaction is a transaction in which an entity sells an asset and leases the same asset from a new owner for a specified period of time. The amendments complement the requirements of IFRS 16 on sales and leaseback, thereby supporting the consistent application of the standard. Specifically, the amendments clarify that a lessee-seller does not recognize any gain or loss in respect of a right of use retained by the lessee-seller. However, this does not deprive a lessee-seller of the right to recognize in profit or loss any gain or loss on the partial or total termination of such a lease.

Amendments to IFRS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Financing Arrangements require entities to disclose information about their supplier financing arrangements that enables users of financial statements to evaluate the effects of those arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk.

The key amendments to IFRS 7 and IAS 7 include disclosure requirements for:
- terms and conditions of financing agreements;
- the carrying amount of financial liabilities that are part of supplier financing arrangements and the line items in which these liabilities are recorded;
- the carrying amount of financial liabilities for which suppliers have already received payment from financial service providers;
- The range of maturities of the financial liabilities that are part of the arrangements.

The amendments require entities to disclose the type and effect of non-cash changes in the carrying amount of financial liabilities that are part of a supplier financing arrangement. The amendments are effective for annual periods beginning on or after January 1, 2024, with no comparative information required for the first year.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Non-convertibility are mandatory for application from 01.01.2025. Early adoption is permitted.

The amendments relate to the definition of a convertible (exchangeable) currency. The standard is supplemented by the definition of a convertible currency, guidance on how to determine whether a currency is convertible, how to determine the spot rate if the currency is not convertible, and how to disclose this in the financial statements. It shall be determined whether one currency is convertible into another currency. If the currency is not convertible/exchangeable, the entity estimates the spot rate and discloses information that enables users of the financial statements to understand how the non-monetary item affects, or is expected to affect, the entity's financial performance, financial position and cash flows. To achieve this objective, an entity discloses information about:
(a) The nature and financial consequences of the currency not being convertible;
(b) spot rate(s) used;
(c) the evaluation process;
(d) the risks to which the entity is exposed because the currency is not convertible.

• IAS 24 • 818000 Notes - Related parties

Disclosure of information about related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if the parties are under common control, or if one party controls the other party or has the ability to exercise significant influence over the other party in making financial or operational decisions.

The list of related parties is compiled by the Bank on the basis of available information in accordance with internal regulations based on IAS 24. Transactions with the Bank's related parties do not provide for terms that are not current market conditions. Transactions concluded by the Bank with related parties on terms that are not current market conditions are recognized as invalid from the moment of their conclusion. The procedure for organizing transactions with the Bank's related parties is defined in the Bank's internal regulations.

Related parties

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Key management personnel of the entity or parent company

The Bank's key management personnel include individuals who directly or indirectly have the authority and responsibility for planning, managing and controlling the activities of the Bank: The Chair and members of the Supervisory Board, the Management Board, the Credit Committee, the Tariff Committee, the Assets and Liabilities Management Committee, and the Tender Committee.

Other related parties

The Bank's other related parties include the Bank's individual shareholders and all other persons other than key management personnel.

Disclosure of related party transactions

In the normal course of business, the Bank conducts banking transactions with its major shareholders and other related parties. These transactions include settlements, loans, deposits, financing of commercial activities and foreign exchange transactions.

					Related parties	
	Key management personnel of the entity or parent company		**Other related parties**			
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Related party transactions						
Allowance for loan losses	(9)	(4)	(90)	(3 363)	(99)	(3 367)
Provision for other financial assets	-	-	(1)	(1)	(1)	(1)
Loan commitments	568	878	69	1 635	637	2 513
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Loans to related parties	2 095	2 507	1 527	5 326	3 622	7 833
Loans repaid by related parties	2 173	2 574	24 733	53 795	26 906	56 369
Other changes in carrying amount	(9)	2	3 737	12 124	3 728	12 126

The contractual interest rate on loans and advances to related parties in the current reporting period was 0.01-30% (as at December 31, 2022 - 0.01-30%).

The contractual interest rate on funds borrowed from related parties in the current reporting period was: in USD 0.1-2%%; in EUR 0.1-1.2%%; in UAH 12-19%% (as at December 31, 2022 - in USD 0.1-2.5%%; in EUR 0.1%; in UAH 12-17.5%%).

Assets and liabilities of related parties as at December 31, 2023

	Key management personnel[1]	Other related parties	Total related parties
Assets			
Loans and due from customers	181	8,582	**8,763**
Other financial assets	-	10	**10**
Other non-financial assets	-	10	**10**
Total assets	**181**	**8,602**	**8,783**
Liabilities			
Due to customers	6,548	35,532	**42,080**
Other financial liabilities	40	4,180	**4,220**
Other non-financial liabilities	656	693	**1,349**
Total liabilities	**7,244**	**40,405**	**47,649**

1. Key management personnel of the entity or parent company [component].

Assets and liabilities of related parties as at December 31, 2022

	Key management personnel[1]	Other related parties	Total related parties
Assets			
Loans and due from customers	269	28,050	**28,319**
Other financial assets	-	32	**32**
Other non-financial assets	-	6	**6**
Total assets	**269**	**28,088**	**28,357**
Liabilities			
Due to customers	6,686	47,695	**54,381**
Other financial liabilities	23	6,388	**6,411**
Other non-financial liabilities	557	374	**931**
Total liabilities	**7,266**	**54,457**	**61,723**

1. Key management personnel of the entity or parent company [component].

Related party income and expenses for 2023

	Key management personnel[1]	Other related parties	Total related parties
Income and expenses			
Interest income	**59**	**3,607**	3,666
Interest income calculated using the effective interest method	59	3,607	**3,666**
Interest expense	(181)	(1,276)	**(1,457)**
Commission income	119	1,257	**1,376**
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	(4)	3,273	**3,269**

1. Key management personnel of the entity or parent company [component].

	Key management personnel[1]	Other related parties	Total related parties
Expenses for employee benefits	(11,586)	-	**(11,586)**
Other administrative and operating expenses	(784)	(8,583)	**(9,367)**
Profit (loss) from operating activities	**(12,377)**	**(1,722)**	**(14,099)**

1. П Key management personnel of the entity or parent company [component].

Related party income and expenses for 2022 Related party income and expenses for 2022

	Key management personnel[1]	Other related parties	Total related parties
Income and expenses			
Interest income	**68**	**9,531**	**9,599**
Interest income calculated using the effective interest method	68	9,531	**9,599**
Interest expense	(63)	(941)	**(1,004)**
Commission income	101	872	**973**
Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	-	11,872	**11,872**
Other profit (loss)	-	351	**351**
Expenses for employee benefits	(9,276)	-	**(9,276)**
Other administrative and operating expenses	(638)	(7,267)	**(7,905)**
Profit (loss) from operating activities	**(9,808)**	**14,418**	**4,610**

1. *Key management personnel of the entity or parent company [component].*

• IAS 16 • 822100 Notes - Property, plant and equipment

Disclosure of detailed information on property, plant and equipment

	December 31, 2023	December 31, 2022
Buildings		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Machines		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Vehicles		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Devices and accessories		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Office equipment		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Computer equipment		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Communication and network equipment		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Capital investments in progress in property, plant and equipment		
Basics of evaluation	At cost	At cost
Depreciation method	Straight-line	Straight-line
Other property, plant and equipment		
Basics of evaluation	At cost	Basics of evaluation
Depreciation method	Straight-line	Depreciation method

	2023	2022
	Useful life as a period of time[1]	**Useful life as a period of time[1]**
Buildings	20 – 30 years	20 - 30 years
Machines	5 - 8 years	5 - 8 years
Vehicles	6 - 7 years	6 - 7 years
Devices and accessories	5 - 12 years	5 - 12 years
Office equipment	5 - 8 years	5 - 8 years
Computer equipment	5 years	5 years
Communication and network equipment	5 - 15 years	5 - 15 years
Other property, plant and equipment	12 years	12 years

1. Useful life measured as a period of time, property, plant and equipment

Disclosure of detailed information on property, plant and equipment as at December 31, 2023

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Reconciliation of changes in fixed assets										
Property, plant and equipment, opening balance	**122,155**	**9,971**	**15,738**	**6,847**	**1,421**	**6,051**	**2,054**	**17,471**	**10,189**	**191,897**
Gross carrying amount	*167,761*	*19,491*	*25,836*	*12,673*	*4,560*	*20,653*	*6,468*	*17,677*	*37,495*	***312,614***
Accumulated depreciation and impairment	*(45,606)*	*(9,520)*	*(10,098)*	*(5,826)*	*(3,139)*	*(14,602)*	*(4,414)*	*(206)*	*(27,306)*	***(120,717)***
Accumulated depreciation and amortization	*(36,465)*	*(9,520)*	*(9,822)*	*(5,826)*	*(3,139)*	*(14,602)*	*(4,414)*	-	*(27,306)*	***(111,094)***
Accumulated impairment	*(9,141)*	-	*(276)*	-	-	-	-	*(206)*	-	***(9,623)***
Changes in property, plant and equipment										
Increase other than as a result of business combinations	14,831	2,859	-	1,690	608	13,019	2,077	19,191	2,950	**57,225**
Gross carrying amount	*14,831*	*2,859*	-	*1,690*	*608*	*13,019*	*2,077*	*19,191*	*2,950*	***57,225***
Depreciation	16,867	2,515	3,173	1,823	625	4,392	1,148	-	4,361	**34,904**
Accumulated depreciation	*16,867*	*2,515*	*3,173*	*1,823*	*625*	*4,392*	*1,148*	-	*4,361*	***34,904***
Accumulated impairment	*16,867*	*2,515*	*3,173*	*1,823*	*625*	*4,392*	*1,148*	-	*4,361*	***34,904***
Impairment loss recognized in profit or loss	-	-	193	-	-	-	-	-	-	**193**
Accumulated depreciation and amortization	-	-	*193*	-	-	-	-	-	-	***193***
Accumulated depreciation	-	-	*193*	-	-	-	-	-	-	***193***
Increase (decrease) due to revaluation	761	-	-	13	-	-	-	-	-	**774**
Gross carrying amount	*2,747*	-	-	*91*	-	-	-	-	-	***2,838***
Accumulated depreciation and impairment	*(1,986)*	-	-	*(78)*	-	-	-	-	-	***(2,064)***
Accumulated depreciation	*(1,986)*	-	-	*(78)*	-	-	-	-	-	***(2,064)***

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Increase (decrease) due to transfers and other changes										
Increase (decrease) due to transfer	**28,482**	**1,638**	**174**	**-**	**-**	**111**	**14**	**(36,034)**	**5,315**	**(300)**
Gross carrying amount	*28,482*	*1,638*	*174*	-	-	*111*	*14*	*(36,034)*	*5,315*	***(300)***
Increase (decrease) due to transfer from construction in progress	28,482	1,638	174	-	-	111	14	(36,034)	5,315	**(300)**
Gross carrying amount	*28,482*	*1,638*	*174*	-	-	*111*	*14*	*(36,034)*	*5,315*	***(300)***
Total increase (decrease) due to transfers and other changes	**28,482**	**1,638**	**174**	**-**	**-**	**111**	**14**	**(36,034)**	**5,315**	**(300)**
Gross carrying amount	*28,482*	*1,638*	*174*	-	-	*111*	*14*	*(36,034)*	*5,315*	***(300)***
Disposals and decommissioning										
Disposal	156	27	-	-	-	-	-	-	12	**195**
Accumulated depreciation and impairment	*(640)*	*(179)*	-	-	-	-	-	-	*(45)*	***(864)***
Accumulated depreciation	*(640)*	*(179)*	-	-	-	-	-	-	*(45)*	***(864)***
Decommissioning	-	8	-	9	1	1	2	-	10	**31**
Gross carrying amount	*18,238*	*361*	-	*103*	*33*	*234*	*14*	-	*557*	***19,540***
Accumulated depreciation and impairment	*(18,238)*	*(353)*	-	*(94)*	*(32)*	*(233)*	*(12)*	-	*(547)*	***(19,509)***
Accumulated depreciation	*(18,238)*	*(353)*	-	*(94)*	*(32)*	*(233)*	*(12)*	-	*(547)*	***(19,509)***
Total disposals and decommissioning	**156**	**35**	**-**	**9**	**1**	**1**	**2**	**-**	**22**	**226**
Gross carrying amount	*19,034*	*567*	-	*103*	*33*	*234*	*14*	-	*614*	***20,599***
Accumulated depreciation and impairment	*(18,878)*	*(532)*	-	*(94)*	*(32)*	*(233)*	*(12)*	-	*(592)*	***(20,373)***
Accumulated depreciation	*(18,878)*	*(532)*	-	*(94)*	*(32)*	*(233)*	*(12)*	-	*(592)*	***(20,373)***

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Total increase (decrease) in property, plant and equipment	**27,051**	**1,947**	**(3,192)**	**(129)**	**(18)**	**8,737**	**941**	**(16,843)**	**3,882**	**22,376**
Gross carrying amount	*27,026*	*3,930*	*174*	*1,678*	*575*	*12,896*	*2,077*	*(16,843)*	*7,651*	***39,164***
Accumulated depreciation and impairment	*25*	*(1,983)*	*(3,366)*	*(1,807)*	*(593)*	*(4,159)*	*(1,136)*	-	*(3,769)*	***(16,788)***
Accumulated depreciation	*25*	*(1,983)*	*(3,366)*	*(1,807)*	*(593)*	*(4,159)*	*(1,136)*	-	*(3,769)*	***(16,788)***
Property, plant and equipment, closing balance	**149,206**	**11,918**	**12,546**	**6,718**	**1,403**	**14,788**	**2,995**	**628**	**14,071**	**214,273**
Gross carrying amount	*194,787*	*23,421*	*26,010*	*14,351*	*5,135*	*33,549*	*8,545*	*834*	*45,146*	***351,778***
Accumulated depreciation and impairment	*(45,581)*	*(11,503)*	*(13,464)*	*(7,633)*	*(3,732)*	*(18,761)*	*(5,550)*	*(206)*	*(31,075)*	***(137,505)***
Accumulated depreciation	*(36,440)*	*(11,503)*	*(13,188)*	*(7,633)*	*(3,732)*	*(18,761)*	*(5,550)*	-	*(31,075)*	***(127,882)***
Accumulated impairment	*(9,141)*	-	*(276)*	-	-	-	-	*(206)*	-	***(9,623)***

Disclosure of detailed information on property, plant and equipment as at December 31, 2022

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Reconciliation of changes in fixed assets										
Property, plant and equipment, opening balance	**149,881**	**11,166**	**16,155**	**7,998**	**2,037**	**9,705**	**3,123**	**214**	**15,399**	**215,678**
Gross carrying amount	*172,962*	*18,598*	*22,901*	*12,120*	*4,530*	*20,740*	*6,377*	*214*	*36,696*	***295,138***
Accumulated depreciation and impairment	*(23,081)*	*(7,432)*	*(6,746)*	*(4,122)*	*(2,493)*	*(11,035)*	*(3,254)*	-	*(21,297)*	***(79,460)***
Accumulated depreciation	*(23,081)*	*(7,432)*	*(6,746)*	*(4,122)*	*(2,493)*	*(11,035)*	*(3,254)*	-	*(21,297)*	***(79,460)***

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Changes in property, plant and equipment										
Increase other than as a result of business combinations	9,553	955	2,918	836	56	44	91	19,175	827	**34,455**
Gross carrying amount	*9,553*	*955*	*2,918*	*836*	*56*	*44*	*91*	*19,175*	*827*	***34,455***
Depreciation	16,966	2,243	3,076	1,674	672	3,697	1,160	-	6,189	**35,677**
Accumulated depreciation and impairment	*16,966*	*2,243*	*3,076*	*1,674*	*672*	*3,697*	*1,160*	-	*6,189*	***35,677***
Accumulated depreciation	*16,966*	*2,243*	*3,076*	*1,674*	*672*	*3,697*	*1,160*	-	*6,189*	***35,677***
Impairment loss recognized in profit or loss	9,141	-	276	-	-	-	-	206	-	**9,623**
Accumulated depreciation and impairment	*9,141*	-	*276*	-	-	-	-	*206*	-	***9,623***
Accumulated impairment	*9,141*	-	*276*	-	-	-	-	*206*	-	***9,623***
Increase (decrease) due to revaluation	(6,829)	-	-	(194)	-	-	-	-	-	**(7,023)**
Gross carrying amount	*1,273*	-	-	*103*	-	-	-	-	-	***1,376***
Accumulated depreciation and impairment	*(8,102)*	-	-	*(297)*	-	-	-	-	-	***(8,399)***
Accumulated depreciation	*(8,102)*	-	-	*(297)*	-	-	-	-	-	***(8,399)***
Increase (decrease) due to transfers and other changes										
Increase (decrease) due to transfer	**991**	**144**	**17**	**34**	**-**	**-**	**-**	**(1,712)**	**526**	**-**
Gross carrying amount	*991*	*144*	*17*	*34*	-	-	-	*(1,712)*	*526*	-
Increase (decrease) due to transfer from construction in progress	991	144	17	34	-	-	-	(1,712)	526	-
Gross carrying amount	*991*	*144*	*17*	*34*	-	-	-	*(1,712)*	*526*	-

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Total increase (decrease) due to transfers and other changes	**991**	**144**	**17**	**34**	**-**	**-**	**-**	**(1,712)**	**526**	**-**
Gross carrying amount	*991*	*144*	*17*	*34*	*-*	*-*	*-*	*(1,712)*	*526*	*-*
Disposals and decommissioning										
Disposal	-	24	-	153	-	-	-	-	1	**178**
Gross carrying amount	-	*41*	-	*204*	-	-	-	-	*26*	***271***
Accumulated depreciation and impairment	-	*(17)*	-	*(51)*	-	-	-	-	*(25)*	***(93)***
Accumulated depreciation	-	*(17)*	-	*(51)*	-	-	-	-	*(25)*	***(93)***
Decommissioning	5,334	27	-	-	-	1	-	-	373	**5,735**
Gross carrying amount	*17,018*	*165*	-	*216*	*26*	*131*	-	-	*528*	***18,084***
Accumulated depreciation and impairment	*(11,684)*	*(138)*	-	*(216)*	*(26)*	*(130)*	-	-	*(155)*	***(12,349)***
Accumulated depreciation	*(11,684)*	*(138)*	-	*(216)*	*(26)*	*(130)*	-	-	*(155)*	***(12,349)***
Total disposals and decommissioning	**5,334**	**51**	**-**	**153**	**-**	**1**	**-**	**-**	**374**	**5,913**
Gross carrying amount	*17,018*	*206*	-	*420*	*26*	*131*	-	-	*554*	***18,355***
Accumulated depreciation and impairment	*(11,684)*	*(155)*	-	*(267)*	*(26)*	*(130)*	-	-	*(180)*	***(12,442)***
Accumulated depreciation	*(11,684)*	*(155)*	-	*(267)*	*(26)*	*(130)*	-	-	*(180)*	***(12,442)***
Total increase (decrease) in property, plant and equipment	**(27,726)**	**(1,195)**	**(417)**	**(1,151)**	**(616)**	**(3,654)**	**(1,069)**	**17,257**	**(5,210)**	**(23,781)**
Gross carrying amount	*(5,201)*	*893*	*2,935*	*553*	*30*	*(87)*	*91*	*17,463*	*799*	***17,476***
Accumulated depreciation and impairment	*(22,525)*	*(2,088)*	*(3,352)*	*(1,704)*	*(646)*	*(3,567)*	*(1,160)*	*(206)*	*(6,009)*	***(41,257)***
Accumulated depreciation	*(13,384)*	*(2,088)*	*(3,076)*	*(1,704)*	*(646)*	*(3,567)*	*(1,160)*	-	*(6,009)*	***(31,634)***
Accumulated depreciation	*(9,141)*	-	*(276)*	-	-	-	-	*(206)*	-	***(9,623)***

	Buildings	Machines	Vehicles	Accessories and devices	Office equipment	Computer equipment	Communication and networking equipment	Capital investments in progress in property, plant and equipment	Other property, plant and equipment	Total property, plant and equipment
Property, plant and equipment, closing balance	**122,155**	**9,971**	**15,738**	**6,847**	**1,421**	**6,051**	**2,054**	**17,471**	**10,189**	**191,897**
Gross carrying amount	*167,761*	*19,491*	*25,836*	*12,673*	*4,560*	*20,653*	*6,468*	*17,677*	*37,495*	***312,614***
Accumulated depreciation and impairment	*(45,606)*	*(9,520)*	*(10,098)*	*(5,826)*	*(3,139)*	*(14,602)*	*(4,414)*	*(206)*	*(27,306)*	***(120,717)***
Accumulated depreciation	*(36,465)*	*(9,520)*	*(9,822)*	*(5,826)*	*(3,139)*	*(14,602)*	*(4,414)*	-	*(27,306)*	***(111,094)***
Accumulated depreciation	*(9,141)*	-	*(276)*	-	-	-	-	*(206)*	-	***(9,623)***

Disclosure of detailed information on property, plant and equipment

	December 31, 2023			December 31, 2022		
	Buildings	**Accessories and devices**	**Total property, plant and equipment**	**Buildings**	**Accessories and devices**	**Total property, plant and equipment**
Property, plant and equipment subject to operating leases						
Reconciliation of changes in fixed assets						
Property, plant and equipment, opening balance	**14,107**	**539**	**14,646**	**23,999**	**1,091**	**25,090**
Changes in property, plant and equipment						
Increase other than as a result of business combinations	14,831	-	**14,831**	9,553	-	**9,553**
Depreciation	12,525	339	**12,864**	12,616	358	**12,974**
Increase (decrease) due to revaluation	760	13	**773**	(6,829)	(194)	**(7,023)**
Total increase (decrease) in property, plant and equipment	**3,066**	**(326)**	**2,740**	**(9,892)**	**(552)**	**(10,444)**

	December 31, 2023			December 31, 2022		
	Buildings	**Accessories and devices**	**Total property, plant and equipment**	**Buildings**	**Accessories and devices**	**Total property, plant and equipment**
Property, plant and equipment, closing balance	**17,173**	**213**	**17,386**	**14,107**	**539**	**14,646**

Disclosure of additional information about property, plant and equipment

	December 31, 2023		
	Buildings	**Accessories and devices**	**Total property, plant and equipment**
Property, plant and equipment subject to operating leases			
Gross carrying amount of fully depreciated assets still in use	30,749	338	**31,087**

• IFRS 7 • 822390-00 Notes - Financial instruments

Maximum exposure to credit risk

	December 31, 2023	December 31, 2022
	Maximum exposure to credit risk	**Maximum exposure to credit risk without applying IFRS 9 [1]**
Loan commitments	77,727	14,250
Financial guarantee agreements	473,899	195,128
Cash and cash equivalents	4,145,098	1,924,213
Mortgage	6,072	10,294
Consumer loans	54,947	77,700
Corporate loans	1,490,440	1,067,735
Government debt instruments held	1,211,097	393,411
Other receivables on financial assets	68,070	97,737
Financial instruments	7,527,350	3,780,468

1. Maximum exposure to credit risk, financial assets not subject to IFRS 9 impairment requirements

• IFRS 7 • 822390-01 Notes - Financial assets

Disclosure of financial assets as at December 31, 2023

		Financial assets at fair value through profit or loss		
	Financial assets at amortized cost	Designated on initial recognition or subsequently	Total	Financial assets
Cash and cash equivalents	4,145,098	-	-	**4,145,098**
Loans and due from customers				
Corporate loans	1,490,439	-	-	**1,490,439**
Consumer loans	54,947	-	-	**54,947**
Mortgage	6,072	-	-	**6,072**
Total loans and due from customers	**1,551,458**	**-**	**-**	**1,551,458**
Investments in securities				
Government debt instruments held	1,211,097	18,919	18,919	**1,230,016**
Total investments in securities	**1,211,097**	**18,919**	**18,919**	**1,230,016**
Other financial assets				
Other receivables on financial assets	68,070	-	-	**68,070**
Total other financial assets	**68,070**	**-**	**-**	**68,070**
Total financial assets	**6,975,723**	**18,919**	**18,919**	**6,994,642**

Disclosure of financial assets as at December 31, 2022

	Financial assets at amortized cost	Financial assets
Cash and cash equivalents	1,924,213	**1,924,213**
Loans and due from customers		
Corporate loans	1,067,735	**1,067,735**
Consumer loans	77,700	**77,700**
Mortgage	10,294	**10,294**
Total loans and due from customers	**1,155,729**	**1,155,729**
Government debt instruments held	393,411	**393,411**
Total investments in securities	**393,411**	**393,411**
Other financial assets		
Other receivables on financial assets	97,737	**97,737**
Total other financial assets	**97,737**	**97,737**
Total financial assets	**3,571,090**	**3,571,090**

• IFRS 7 • 822390-02 Notes - Credit ratings

Disclosure of information on internal credit rating

Disclosure of internal credit rating as at December 31, 2023

	Credit risk 1	Credit risk 2	Credit risk 3	Credit risk 4	Credit risk 5
Financial assets at amortized cost					
Cash and cash equivalents other than cash	3,985,499	-	-	-	-
Loans and due from customers					
Mortgage	5,183	-	1,641	-	3,639
Consumer loans	63,838	379	978	704	44,610
Corporate loans	1,608,801	46,856	67,354	21,103	155,426
Total loans and due from customers	**1,677,822**	**47,235**	**69,973**	**21,807**	**203,675**
Debt securities					
Government debt instruments held	1,285,944	-	-	-	-
Total debt securities	**1,285,944**	**-**	**-**	**-**	**-**
Other receivables on financial assets	71,484	9	20	6	4,506
Total financial assets at amortized cost	**7,020,749**	**47,244**	**69,993**	**21,813**	**208,181**
Financial assets at fair value					
Debt securities					
Government debt instruments held	18,919	-	-	-	-
Total debt securities	**18,919**	**-**	**-**	**-**	**-**
Total financial assets at fair value	**18,919**	**-**	**-**	**-**	**-**
Total financial assets	**7,039,668**	**47,244**	**69,993**	**21,813**	**208,181**

Disclosure of internal credit rating as at December 31, 2022

	Credit risk 1	Credit risk 2	Credit risk 3	Credit risk 4	Credit risk 5
Financial assets at amortized cost					
Cash and cash equivalents other than cash	1,776,663	-	-	-	-
Loans and due from customers					
Mortgage	7,925	-	-	1,798	3,219
Consumer loans	62,101	5,533	4,347	2,708	59,490
Corporate loans	782,853	87,198	88,006	393,645	125,373
Total loans and due from customers	**852,879**	**92,731**	**92,353**	**398,151**	**188,082**
Debt securities					
Government debt instruments held					
Total debt securities					
the receivables on financial assets	99,341	24	78	27	1,686
Total financial assets at amortized cost	**3,127,766**	**92,755**	**92,431**	**398,178**	**189,768**
Total financial assets	**3,127,766**	**92,755**	**92,431**	**398,178**	**189,768**

• IFRS 7 •822390-03 Notes - Financial liabilities

Disclosure of financial liabilities for 2023 Disclosure of financial liabilities for 2023

	Financial liabilities at amortized cost	Total financial liabilities
Due to customer	6,616,271	**6,616,271**
Other financial liabilities	39,391	**39,391**
Total financial liabilities	**6,655,662**	**6,655,662**

Disclosure of financial liabilities for 2022

	Financial liabilities at amortized cost	Total financial liabilities
Due to customers	3,295,307	**3,295,307**
Other financial liabilities	48,655	**48,655**
Total financial liabilities	**3,343,962**	**3,343,962**

• IFRS 7 •822390-11 Notes - Nature and extent of risks related to financial instruments

Disclosures about the nature and extent of risks associated with financial instruments

Risks not disclosed in the financial statements, including strategic risks, are not significant for the Bank. The Bank does not intend to accept and hold market risks inherent in trading book instruments, such as credit spread risk, volatility risk, and equity risk, to achieve its business objectives. The Bank is not exposed to price risk, which is the risk that quoted prices will change due to market conditions. The Bank considers other risks of the trading book to be significant and sets risk appetite indicators for them.

The Bank determines zero tolerance for deliberate violation of Ukrainian and relevant international legislation, regulations of regulatory authorities, including those that may be applied in the course of the Bank's performance of duties of the primary financial monitoring subject. The Bank regularly monitors compliance with the approved zero risk appetite (the absence of instruments in the trading book that it does not intend to hold and for which zero risk appetite has been set).

The Bank is unable to control and influence the risks resulting from the intervention of force majeure that arose in the course of banking operations. At the same time, the Bank has developed and implemented a Crisis Financing Plan (CFP), a Business Continuity and Emergency Plan (BCP) and a Recovery Plan, which allows to assess the likelihood of threats, significantly minimize possible losses, and at the same time defines the actions of the divisions in case of unforeseen circumstances.

Disclosures about the nature and extent of risks associated with financial instruments

Risks

Credit risk

Description of the risk exposure

Significant risk

Description of risk management objectives, policies and processes

The Bank has set the following credit risk management objectives:

- maximizing the Bank's profitability with limited exposure to credit risk;
- determining the level of the Bank's tolerance to credit risk, including by setting limits and thresholds;
- regulation of the distribution of responsibilities, functional duties, and preparation of reporting forms in the process of credit risk management;
- ensuring compliance with the requirements of the NBU, international organizations, audit companies and

rating agencies on credit risk management;
- promoting the value of the Bank's equity capital, while ensuring the achievement of the goals of many stakeholders, namely: customers and counterparties; investors and creditors; banking supervisors and other parties.

Methods used for risk assessment

The Bank determines the amount of credit risk for all active banking operations on a monthly basis in accordance with the Regulation on Determining Credit Risk for Active Banking Operations of JSB RADABANK. The Bank calculates and recognizes the provision for expected credit losses in accordance with the Methodology for assessing the loss of value of credit operations of JSB RADABANK.

The Bank divides its credit risk management methods into two groups: credit risk management at the level of an individual loan; consolidation and management of credit risk at the level of the loan portfolio as a whole. The Bank's methods of managing individual credit risk include:

a) Determination of acceptable risk levels and limitation of credit operations in accordance with the requirements of the regulations of the National Bank of Ukraine.
b) Comprehensive analysis of the debtor's creditworthiness and solvency, both at the stage of granting credit funds and subsequently in the process of servicing the credit debt.
c) Cooperation with credit bureaus, etc.
d) Acceptance of guarantees and sureties from third parties.
e) Thorough and consistent documentation of the lending process.
f) Monitoring the status of collateral for an active transaction.
g) Insurance of collateral and financial risks. In order to reduce the level of credit risk, the Bank introduced a mechanism of preliminary accreditation of insurance companies, setting a general limit of liability of the insurance company.

Description of changes in risk exposure

Credit risk has the greatest negative impact on the Bank's capital. This is due to an increase in the probability of borrowers' inability to service their debts as a result of the full-scale invasion of Ukraine by russian troops. The physical destruction of many businesses' assets and infrastructure, disruption of production processes and supply chains, increased business costs, reduced production, and lower real incomes have hampered economic activity in all sectors of the economy. Businesses are adapting to the new environment, but still maintain moderate negative expectations about their economic performance. In the current environment, not all borrowers are able to service their loans. The government program "Affordable Loans 5-7-9%" remains the main driver of business lending. Starting from 31.10.2023, the credit risk calculation takes into account new signs of default in accordance with the NBU Resolution No. 125 of 06.10.2023, which leads to an increase in the portfolio of non-performing assets.

Description of changes in risk management objectives, policies and processes

Internal regulatory documents on risk management are updated in accordance with the requirements of internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Description of changes in the methods used for risk assessment

The methods are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups of 11.06.2018.

Summarized quantitative data on risk exposure for the entity

As of the end of the day on December 31, 2023, the credit risk ratios were as follows:

- maximum credit risk exposure per counterparty (N7) - 15.53%, while the NBU set the standard value not exceeding 25%.
- significant credit risks (N8) - 77.77%, with the NBU's standard value not exceeding 800%.
- the maximum amount of credit risk on transactions with related parties (N9) - 2,500%, while the NBU established the standard value of no more than 25%.

Description of the concentration of risk

The Bank measures concentration risk by: the amount of debt by debtors and groups of related counterparties; maturities of loans; loan products; geographical regions; types of economic activity; types of loan collateral.

Description of how management determines concentration

Concentration is the concentration, accumulation of risk, i.e., its uneven distribution among objects. Concentration arises when the Bank's assets or liabilities characterized by a common factor exceed a certain threshold of its capital.

Description of common concentration characteristics

The Bank sets credit risk limits at least in relation to the authority of the Bank's collegial body to make credit decisions both for the loan portfolio as a whole and for one debtor or a group of related counterparties; individual debtors and groups of related counterparties; concentration risk (maximum amount of debt): for one debtor or a group of related counterparties; for debtors having a common type of economic activity; for debtors of the same geographical region (the region in which the debtor operates or resides, which may differ from the region of its registration); counterparty risk for each of them; the maximum amount of collateral that may be accepted on the Bank's balance sheet in case the Bank exercises its rights as a mortgagor.

The Bank manages concentration risk in its loan portfolio by currencies, geography, industries, products, and financial classes of borrowers.

Analysis of geographical concentration of financial assets and liabilities for the current reporting period

	Ukraine	OECD	Other countries	Total
ASSETS				
Cash and cash equivalents	4 071 239	73 859	-	4 145 098
Loans and due from customers	1 551 458	- -		1 551458
Investments in securities	981 193	248 823	-	1 230 016
Other financial assets	68 066	-	4	68 070
Total financial assets	**6 671 956**	**322 682**	**-**	**6 994 642**
LIABILITIES				
Due to customers	6 552 772	38 530	24 969	6 616 271
Other financial liabilities	39 365	10 16		39 391
Total financial liabilities	**6 592 137**	**38 540**	**24 985**	**6 655 662**
Net balance sheet position on financial instruments	**79 819**	**284 142**	**(24 981)**	**338 980**
Loan commitments	**548 662**	**- -**		**548 662**

Analysis of geographical concentration of financial assets and liabilities for the previous reporting period

	Ukraine	OECD	Other countries	Total
ASSETS				
Cash and cash equivalents	1 824 803	99 410		1 924 213
Loans and due from customers	1 155 729	-		1 155 729
Investments in securities	393 411	-		393 411
Other financial assets	97 737	-		97 737
Total financial assets	**3 471 680**	**99 410**		**3 571 090**
LIABILITIES				
Due to customers	3 162 152	69 747	63 408	3 295 307
Other financial liabilities	48 651	4	-	48 655
Total financial liabilities	**3 210 803**	**69 751**	**63 408**	**3 343 962**
Net balance sheet position on financial instruments	**260 877**	**29 659**	**(63 408)**	**227 128**
Loan commitments	**1 037 704**	**-**	**-**	**1 037 704**

Information on loans by type of collateral for the current reporting period

	Corporate loans	Consumer loans	Mortgage	Total
Unsecured loans	666 990	72 359	4 105	743 454
Secured loans:	1 232 550	38 150	6 358	1 277 058
by cash	9 994	-	-	9 994
property	713 288	34 091	6 358	753 737
including residential property	59 018	22 705	5 870	87 593
other assets	509 268	4 059	-	513 327
Total loans and due from net of allowance	**1 899 540**	**110 509**	**10 463**	**2 020 512**

Information on loans by type of collateral for the previous reporting year

	corporate loans	consumer loans	Mortgage	Total
Unsecured loans	504 640	59 520	2 633	566 793
Secured loans:	972 436	74 659	10 308	1 057 403
By cash	33 991	-	-	33 991
Property, including	641 992	70 848	10 308	723 148
Residential property	69 820	53 899	7 410	131 129
Other assets	296 453	3 811	-	300 264
Total loans receivable from customers including provisions	**1 477 076**	**134 179**	**12 941**	**1 624 196**

Information on the amount of collateral for loans for the current reporting period

	Loans secured by excessive collateral		Loans with inadequate collateral	
	The balance sheet value of the loan without allowance	Value of collateral	The balance sheet value of the loan without allowance	Value of collateral
Corporate loans	909 286	1 611 744	990 254	323 265
Customer loans	38 150	112 320	72 359	-
Mortgage	6 358	12 881	4 105	-
Total loans	**953 794**	**1 736 945**	**1 066 718**	**323 265**

Information on the amount of collateral for loans for the previous reporting period

	Loans secured by excessive collateral		Loans with inadequate collateral	
	The balance sheet value of the loan without allowance	Value of collateral	The balance sheet value of the loan without allowance	Value of collateral
Corporate loans	702 583	1 437 125	774 493	269 853
Customer loans	74 659	182 719	59 520	-
Mortgage	10 308	16 982	2 633	-
Total loans	**787 550**	**1 636 826**	**836 646**	**269 853**

Additional information about the entity's vulnerability

The ongoing war exacerbates most risks. The biggest one - credit risk - is already being realized and losses from it will continue to grow. The Bank timely and adequately recognizes credit losses and reflects the impact of negative events on asset quality. At the same time, the Bank continues to carry out prudent loan restructurings that help to normalize the debt burden of borrowers and increase the Bank's resilience. The Bank makes every effort to minimize credit risk, in particular, adequately and fully reflects the level of losses on the loan portfolio. The Bank's provisioning level is considered acceptable. The Bank uses pessimistic and rather conservative assumptions about the expected quality of the loan portfolio and adequately reflects the migration of loans between the stages of impairment based on strict credit risk assessment parameters Therefore, the level of loan provisioning coverage has been growing significantly since the beginning of the military aggression against the background of a decline in the loan portfolio. The Bank reviews on a quarterly basis certain approaches to the estimation of expected credit losses in accordance with International Financial Reporting Standard 9 "Financial Instruments" and prudential requirements. For the period of martial law, the Bank revised the main approaches, requirements and restrictions of the Credit Policy to minimize the negative impact of credit risk caused by the consequences of the Russian military aggression against Ukraine on the risk profile and financial position. Stricter lending approaches and requirements to borrowers were introduced in accordance with the risk segment.

Sensitivity analysis by type of market risk

Sensitive

Liquidity risk

Description of the risk exposure

Significant risk

Description of risk management objectives, policies and processes

The Bank has defined the following objectives of the Liquidity Risk Management Policy:

- maximizing the Bank's profitability with limited exposure to liquidity risk;
- determining the level of the Bank's tolerance to liquidity risk, including by setting limits and thresholds;
- regulation of the distribution of responsibilities, functional duties, and preparation of reporting forms in the process of liquidity risk management;
- ensuring compliance with the requirements of the NBU, international organizations, audit companies and rating agencies on liquidity risk management;
- ensuring uninterrupted functioning of the Bank in unstable (crisis) situations;
- promoting the value of the Bank's equity capital, while ensuring the achievement of the goals of many stakeholders, namely: customers and counterparties; investors and creditors; banking supervisors and other parties.

Key standards for liquidity risk management:

- a system of day-to-day liquidity management agreed with management;
- establishing an effective management structure for efficient liquidity management;
- development and implementation of regulations, provisions, instructions, rules/methods for liquidity risk management and their constant updating;
- building adequate information systems for identification (detection), quantitative and qualitative assessment (measurement), control, monitoring and reporting of liquidity risk;
- continuous measurement and monitoring of net funding needs;
- application of stress testing in liquidity risk management;
- continuous updating of the liquidity risk management strategy and selected indicators/assumptions used in liquidity management;
- diversifying liabilities and maintaining liquidity of assets;
- application of anti-crisis plans that regulate the strategy of liquidity risk management in crisis conditions and contain procedures for addressing the problem of cash flow insufficiency in unforeseen situations;
- measurement, monitoring and control of foreign currency positions and determination of foreign currency liquidity needs;
- establishing an adequate system of internal control over the liquidity risk management process.

Basic principles of liquidity risk management:

- prioritizing liquidity over profitability;
- taking into account the relationship between liquidity risk and other risks of the Bank's activities;
- regular calculation of liquidity indicators that would ensure accurate reflection of the current state of the Bank's liquidity;
- management both on a consolidated basis and at the level of the Bank's departments;
- identification (detection), quantitative and qualitative assessment (measurement), monitoring and control of liquidity risk both in general for all currencies and separately for major foreign currencies in which the Bank conducts its operations;
- promptly informing the Bank's management about the current and term payment position of the Bank;
- use of scenario analysis to determine the forecast level of liquidity.

Methods used for risk assessment

Liquidity risk is managed at three levels, namely:

- operational management of the liquidity position is carried out on the basis of daily liquidity analysis;
- tactical management of current and term liquidity positions is carried out on the basis of analysis, which is carried out by daily preparation of plans for expected cash inflows and outflows in the following periods, preferably for a period of 365 days (payment calendar), regulation of future cash flows to ensure an acceptable level of liquidity and control over the actual implementation of these plans;
- strategic liquidity management, which is carried out by comparing the amounts of assets and liabilities of the forecast balance sheet (by months) that mature within the same time interval and developing measures to maintain an appropriate level of liquidity in the future.

For strategic liquidity management, the Bank uses the resource gap method (GAP analysis), both static and dynamic (including comparison of assets and liabilities in each significant currency). The resource gap method assesses the degree of discrepancy between the structure of assets and the structure of liabilities, their balance by calculating the absolute gap between the flows of the carrying value of assets and liabilities by time intervals.

Description of changes in risk exposure

The principal liquidity risk factors for the Bank are: concentration of legal entities' funds on the interval "on demand", which causes a negative gap in this interval; concentration of individuals' funds in the Bank's liabilities. The liquidity position of the Bank does not cause any concerns: inflows of funds from individuals and businesses to the Bank continue, liquidity ratios exceed the minimum requirements with a margin, the structure of highly liquid assets is diversified. The share of hryvnia time deposits of households continues to grow. However, the realization of liquidity risk in times of war and uncertainty can be rapid. Therefore, even if the Bank is highly confident that the probability of liquidity risk realization is low, it should still be fully prepared for it.

Description of changes in risk management objectives, policies and processes

Internal regulatory documents on risk management are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Description of changes in the methods used for risk assessment

The methods are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Summarized quantitative data on risk exposure for the entity
Description of the concentration of risk

Based on the results of the GAR analysis, the following are determined**:**

- resource gap for each time interval;
- cumulative resource gap;
- cumulative resource gap, including adjustments for conditionally stable balances on current accounts of customers and banks, non-performing assets and insurance provisions.

Description of how management determines concentration

The analysis of current liabilities concentration is performed by dividing current liabilities balances into groups by the amount of balances, determining the number of customers included in each group, and determining the share of each group in the total amount of current liabilities. This analysis makes it possible to analyze the concentration of current account balances in a particular group in order to prevent a significant outflow of liquidity in the future.

The analysis of concentration of the Bank's liabilities by major groups of debtors/creditors, namely concentration ratios in total liabilities of the Bank is carried out by:

- the five and ten largest depositors/groups of related counterparties in terms of the aggregate amount of funds raised under all concluded agreements;
- the Bank's five and ten largest creditors/groups of related counterparties in terms of the aggregate amount of funds raised under all concluded agreements;
- significant depositors and other creditors of the Bank/groups of related counterparties;
- types of counterparties (banks, non-bank financial institutions, legal entities, bank-related entities, individuals, etc.);
- for significant instruments/products or groups of instruments/products. A significant instrument/product is one instrument/product or a group of instruments/products with similar characteristics, the aggregate amount of funds raised on which exceeds one percent of the Bank's liabilities at the date of analysis.

The concentration of the Bank's liabilities is analyzed both by all currencies in total and by significant currencies. The Bank calculates these ratios both for the Bank's liabilities in general and by time intervals: up to 1 month, 1-3 months, 3-6 months, 6-9 months, 9-12 months and over 12 months.

Description of common concentration characteristics

In monitoring the liquidity resource gaps, considerable attention is paid to the following:

- liquidity of securities (corporate, government);
- availability and changes in the amount of highly liquid funds (cash, funds on correspondent accounts);
- maturity of deposits of entities and individuals, in terms of actual maturities, taking into account their turnover;

- quality of the loan portfolio;
- scope of the open currency position.

Additional information about the entity's vulnerability

During 2023, the Bank complied with liquidity risk ratios set by the National Bank of Ukraine, adhered to internal limits and restrictions, as well as established liquidity risk appetite ratios, compliance with which is a prerequisite for ensuring the liquidity of the balance sheet. After the shock of the outbreak of war, economic activity picked up in 2023. Businesses are gradually resuming their operations and establishing logistics, overcoming the challenges of wartime. The gradual economic recovery contributed to the accumulation of hryvnia funds on the accounts of businesses and households. Depositors' confidence in the Bank has been maintained.

The structure and volume of the Bank's resource base generally correspond to the approved Funding Program, the Bank's business model, and its risk profile. The Bank's funding sources are diversified, the Bank has a sufficient level of resource base to finance profitable active operations. The available amount of high-quality liquid assets is sufficient to absorb possible shocks.

Sensitivity analysis by type of market risk

Moderately sensitive

Market risk

Description of the risk exposure

Significant

Description

Key standards for market risk management:

- The Bank carefully complies with all requirements and recommendations of the supervisory authorities on market risk management;
- The Bank has a permanent unit (Risk Management Department) responsible for identification, assessment, control and monitoring of market risk;
- The Bank quantitatively and qualitatively assesses market risk as a component of the Bank's overall risk profile;
- In the process of managing assets and liabilities in order to optimize the amount of market risk, the Bank takes into account the interdependence of market risk and other banking risks;
- The Bank has a system of limiting the amount of market risk accepted;
- The Bank's market risk management is based on retrospective analysis, preliminary forecasting of key parameters, scenario risk modeling (stress testing);
- Quantification of market risk can be expressed both in terms of open market position and VaR (value at risk).

Basic principles of market risk management:

- Regular calculation of the market risk level, which would ensure accurate reflection of the current level of open positions in relation to the Bank's market risk;
- Management both on a consolidated basis and at the level of the Bank's departments;
- Monitoring and controlling market risk both in general (overall position) and separately by its types;
- Promptly informing the Bank's management about the current level of the Bank's market risk;
- Use of stress testing to determine the forecast level of market risk.

Methods used for risk assessment

The major approaches to quantifying market risk are the VaR approach and the stress testing approach. VaR determines the maximum statistically possible limit of potential losses that will not be exceeded with a given probability during a given period and is used to estimate the maximum amount of capital required for a particular risk for a given period. The historical simulation method is used to calculate the VaR indicator. Stress testing allows to assess the impact of various scenarios and market risk factors on the Bank's profit/loss and ability to continue as a going concern**.**

Description of changes in risk exposure

As at January 01, 2024, the Bank determined its exposure to market risk (including currency risk) as moderate, equity risk - low, commodity risk - low, interest rate risk of the trading book - low, default risk - low.

The Bank does not intend to accept and hold market risks inherent in trading book instruments, such as credit spread risk, volatility risk, and equity risk, to achieve its business objectives. The Bank is not exposed to price risk, which is the risk that quoted prices will change due to market conditions. The Bank considers other risks of the trading book to be significant and sets risk appetite indicators for them.

Description of changes in risk management objectives, policies and processes

Internal regulatory documents on risk management are updated in accordance with the requirements of internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Description of changes in the methods used for risk assessment

The methods are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Summarized quantitative data on risk exposure for the entity

In 2023, the level of market risk was primarily determined by the structure and volume of operations performed by the Bank, as well as market conditions, competitive environment, the situation in the domestic and foreign financial and commodity markets, changes in the current legislation.

Description of the concentration of risk

The Bank identifies currency risk by the following currency groups (according to the NBU classification):

- convertible currencies that are widely used to make payments for international transactions, currencies of the European Union member states and precious metals (Group 1);
- convertible currencies that are not widely used to make payments in international transactions (Group 2);
- non-convertible currencies (group 3).

Description of how management determines concentration
Description of common concentration characteristics

Currency risk management involves differentiated calculation of currency positions by classified currencies and precious metals.

Additional information about the entity's vulnerability

The Bank does not intend to accept and hold market risks inherent in trading book instruments, such as credit spread risk, volatility risk, and equity risk, to achieve its business objectives. The Bank is not exposed to price risk, which is the risk that quoted prices will change due to market conditions. The Bank considers other risks of the trading book to be significant and sets risk appetite indicators for them.

Sensitivity analysis by type of market risk

Moderately sensitive

Currency risk

Description of the risk exposure

Significant risk

Description of risk management objectives, policies and processes

Currency risk is the risk that threatens income and capital and arises from unfavorable changes in foreign exchange rates in the market when the Bank has open currency positions. Foreign currency risk arises from unfavorable fluctuations in foreign currency exchange rates affecting assets, liabilities and off-balance sheet positions held in the Bank's trading and banking books.

The Bank classifies currency risk as follows:
Transaction currency risk is the risk that adverse changes in foreign exchange rates on transactions, usually of a speculative nature, affect the real value of open currency positions. The object of transaction risk is mainly the Bank's arbitrage operations (dealer operations of the Bank, both in the interbank foreign exchange market and in the international currency market). The Bank minimizes transaction risk when managing commercial and hedging currency positions. Transaction risk is a source of profit on arbitrage currency positions. The sources of transaction risks are cross-rate and forward exchange rates on both foreign and domestic currency markets.
Translation risk is the risk that the equivalent of a foreign currency position in the financial statements will change as a result of fluctuations in exchange rates used to translate foreign currency balances into the base (national) currency at the official NBU exchange rate. This category of currency risk is the main object of management. This type of currency risk is managed by optimizing the Bank's balance sheet, managing the Bank's overall currency position. The sources of foreign exchange risk are changes in foreign currency cross rates and official NBU exchange rates.

Economic currency risk is the risk of changes in the Bank's competitiveness in the foreign market due to significant changes in exchange rates. This risk can be quantified only in terms of the Bank's competitiveness and value in international markets.

Nevertheless, the risk is taken into account and forecasted as an element of the Bank's integrated risk management system. Sources of economic risk are the exchange rates of the national currency in the international currency markets.

Methods used for risk assessment

Currency risk is assessed based on external data: macroeconomic indicators of the financial market (exchange rates, volatility indicators, current account dynamics, international reserves, etc.), as well as internal data on the amount of the Bank's open currency positions (their dynamics and structure by currency) and actual exchange rates for individual transactions. The main source of information for currency risk assessment is the Bank's currency position. The currency position is determined daily, separately for each foreign currency and each precious metal.

Description of changes in risk exposure

The impact of exchange rate fluctuations on regulatory capital is assessed as low, and the VaR limit for the currency portfolio as of January 1, 2024 was not violated. The Bank's open currency position is generally balanced, and the Bank will not incur additional financial losses from currency fluctuations in case of returning to the floating exchange rate. During the reporting period, the Bank complied with the NBU limits on open long and short currency positions.

Description of changes in risk management objectives, policies and processes

Internal regulatory documents on risk management are updated in accordance with the requirements of internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Description of changes in the methods used for risk assessment

The methods are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Summarized quantitative data on risk exposure for the entity

As at the end of the day on December 31, 2023, the currency position ratios were as follows:

- total long open currency position ratio - 0.1335% (previous year - 2.1231%); regulatory value - no more than 5% (previous year - 15%);
- total short open currency position ratio - 2.9613% (previous year - 2.2873%); regulatory value - not more than 5% (previous year - 15%).

The calculated level of total possible losses on the Bank's total open currency position on a 10-day VaR basis is UAH 911.10 thousand, which is less than the established risk appetite indicator.

Currency risk analysis

		December 31,2023			December 31, 2022		
		monetary assets	monetary liabilities	net position	monetary assets	monetary liabilities	net position
1	USD	741 359	732 158	9 201	609 930	632 465	(22 535)
2	EUR	334 283	336 905	(2 622)	269 703	279 561	(9 858)
3	Other currencies	26 334	33 244	(6 910)	30 008	31 845	(1 837)
4	Total	1 101 976	1 102 307	(331)	909 641	943 871	(34 230)

Other currencies include: pounds sterling (net long position amounted to UAH 335 thousand), zloty (net long position amounted to UAH 358 thousand), Swiss franc (net short position amounted to UAH 3 thousand). thousand UAH), gold (net short position of 6,274 thousand UAH), silver (net long position of 6 thousand UAH) and Russian rubles (net short position of 1,332 thousand UAH).

Movements in profit or loss (before tax) and equity resulting from possible changes in the official exchange rate of the Ukrainian hryvnia to foreign currencies at the reporting date, with all other variables held constant

		December 31, 2023		December 31, 2022	
		Impact on profit/(loss)	Impact on equity	Impact on profit/(loss)	Impact on equity
1	Strengthening of USD by 40%	3 680	3 680	(9 014)	(9 014)
2	Weakening of USD by 20%	(1 840)	(1 840)	4 507	4 507
3	Strengthening of EUR by 40%	(1 049)	(1 049)	(3 943)	(3 943)
4	Weakening of EUR by 20%	524	524	1 972	1 972
5	Strengthening of other currencies by 40%	(2 764)	(2 764)	(735)	(735)
6	Weakening of other currencies by 20%	1 382	1 382	367	367

Movements in profit or loss (before tax) and equity resulting from possible changes in the official exchange rate of the Ukrainian hryvnia to foreign currencies, which is set as the weighted average exchange rate for the reporting period, with all other variables held constant

		December 31,2023		December 31, 2022	
		Impact on profit/(loss)	impact on equity	Impact on profit/ (loss)	Impact on equity
1	Strengthening of USD by 40%	3 544	3 544	(7 988)	(7 988)
2	Weakening of USD by 20%	(1 772)	(1 772)	3 994	3 994
3	Strengthening of EUR by 40%	(983)	(983)	(3 445)	(3 445)
4	Weakening of EUR by 20%	492	492	1 722	1 722
5	Strengthening of other currencies by 40%	(2 550)	(2 550)	(510)	(510)
6	Weakening of other currencies by 20%	1 275	1 275	253	253

Description of the concentration of risk

The Bank identifies currency risk by the following currency groups (according to the NBU classification):

- convertible currencies widely used for making payments in international transactions, currencies of the European Union member states and precious metals (Group 1);
- convertible currencies that are not widely used to make payments in international transactions (Group 2);
- non-convertible currencies (Group 3).

Description of how management determines concentration

Concentrations of currency risk are defined, in particular, as the amount of the currency component of the loan portfolio, the amount of highly liquid assets in different currencies and the concentration of the funding base in different currencies.

Description of common concentration characteristics

Currency risk management involves differentiated calculation of currency positions by classified currencies and bank metals.

Additional information about the entity's exposure

The impact of exchange rate fluctuations on regulatory capital is estimated to be low, and the VaR limit for the foreign currency portfolio as of January 1, 2024 was not violated. The Bank's open currency position is generally balanced, and the Bank will not incur additional financial losses from currency fluctuations in case of returning to the floating exchange rate. The results of the assessment are within the established risk appetite for the Bank's currency risk.

The level of dollarization of customer accounts is declining. The long-term trend toward a reduced role of foreign currency funding is driven by market conditions. Deposits in foreign currency remain less attractive to the public, as the yield on hryvnia deposits is significantly higher and compensates for the risks of devaluation. The Bank's ability to invest foreign currency funds is also extremely limited, given the weak demand for foreign currency loans and the government's insignificant need for foreign currency borrowings from the domestic market.

Sensitivity analysis by type of market risk

Moderately sensitive

Interest rate risk

Description of the risk exposure

Significant risk

Description of risk management objectives, policies and processes

Key standards for interest rate risk management of the bankbook:

- The Bank carefully complies with all requirements and recommendations of the supervisory authorities regarding the management of interest rate risk in the bankbook;
- The Bank has a permanent unit (Risk Management Department) responsible for identification, assessment, control and monitoring of interest rate risk of the bankbook;
- The Bank quantitatively and qualitatively assesses the interest rate risk of the bankbook as a component of the Bank's aggregate risk indicator;
- In the process of managing assets and liabilities in order to optimize the amount of interest rate risk of the bankbook, the Bank takes into account the interdependence of interest rate risk of the bankbook and other banking risks;
- The Bank has a system of limiting the accepted amount of interest rate risk of the bankbook;
- Interest rate risk management of the Bank's bankbook is carried out on the basis of preliminary forecast of key parameters, scenario risk modeling (stress testing);
- Quantification of interest rate risk in the banking book can be expressed in terms of changes in net interest income,

fall in the economic value of capital and VaR (volatility of interest income).

Objectives of interest rate risk management:

- regular recalculation of the interest rate risk level of the bankbook;
- management both on a consolidated basis and at the level of the Bank's department;
- monitoring and controlling the interest rate risk of the banking book both in general and separately for each currency;
- prompt communication to the Bank's management on the current level of interest rate risk of the Bank's bankbook;
- use of stress testing to determine the forecast level of interest rate risk of the banking book.

Methods used for risk assessment

To manage interest rate risk in the banking book, the Bank uses the following instruments:

- financial planning and budgeting of the Bank, which determines the target net interest income,
- net interest margin and spread;
- setting price terms for banking operations;
- analysis of the structure of gaps in the terms to revaluation of assets, liabilities and off-balance sheet instruments, as well as the dynamics of market interest rates;
- quantitative assessment of interest rate risk of the bankbook;
- forecasting the level of interest rates for the future based on the analysis of the impact of factors on their growth or decline;
- stress testing of the interest rate risk of the banking book by analyzing the impact of changes in interest rates on the amount of open interest positions;
- setting and monitoring limits on interest rate risk of the bankbook;
- analysis and practical application of modern experience of interest rate risk management in the bankbook.

The Bank measures the interest rate risk of the bankbook as net interest income (hereinafter referred to as the NII method) based on a complete and economically justified list of interest rate changes and stress scenarios. The NII method reflects the possible changes in the Bank's net interest income over a specified period of time, which will lead to a corresponding change in the Bank's capital. This indicator by currency is subject to mandatory limits.

The EVE method reflects the possible change in the net present value of assets, liabilities and off-balance sheet positions of the bankbook as a result of certain scenarios of changes in interest rates in the market. This indicator by currency is subject to mandatory limits. The Bank also uses the modified duration method as a tool for measuring interest rate risk in the bankbook.

Description of changes in risk exposure

The interest rate risk in the reporting period is moderate and acceptable for the Bank. The level of interest rates on deposits remains the determining factor in the growth of funding. Despite a nominal decrease in rates, the yield on hryvnia instruments in real terms remains positive amid declining inflation and improved expectations. Transactions with three-month deposit certificates support Ranks' competitiveness for depositors and ensure a smooth decline in hryvnia term deposit rates. The gradual decline in interest rates has boosted demand for loans and made funding cheaper.

Maintaining a high net interest margin leads to moderate profitability risks. Despite a significant increase in the tax rate, the Bank's operations are profitable, which ensures its sustainability. Profitability and capital reserve allow the Bank to meet new regulatory requirements.

Description of changes in risk management objectives, policies and processes

Internal regulatory documents on risk management are updated in accordance with the requirements of internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Description of changes in the methods used for risk assessment

The methods are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Summarized quantitative data on risk exposure for the entity

The Bank's annual spread is 4.90%, which indicates the profitability of the Bank's activities.

During the reporting period, the Bank complied with the limit of monthly possible decline in net interest income (NII), maximum decline in economic cost of capital (ECE) and the amount of the established risk appetite for income volatility Earning-at-Risk. The possible change in the economic value of the Bank's capital, calculated on the basis of the EVE method, is 0.06% of the RC, and does not have a significant negative impact on the Bank's operations.

Description of the concentration of risk

Sensitive assets and liabilities include those that bear interest and within a certain time interval are subject to contractual interest rate revisions or expiry of the contract. The result of the CAP analysis is a quantitative assessment of the possible change in the Bank's net interest income over the next 12 months as a result of changes in interest rates under the selected scenario.

Description how management determines concentration

The mandatory stages of the CAP analysis as a tool for measuring the amount of interest rate risk in the banking book are:

1. allocation of all interest rate risk-sensitive assets, liabilities and off-balance sheet positions of the Bank by certain time intervals, by the date of the next change in the index value - for instruments with a floating interest rate;
2. determination of the amount of mismatch between the Bank's assets and liabilities sensitive to interest rate risk of the banking book in each time interval based on the results of distribution.

Description of common concentration characteristics

The Bank's assets and liabilities are sensitive to changes in interest rates within a specified time interval.

Additional information about the entity's exposure

The results of the interest rate risk assessment do not exceed the established risk appetite NII and EVE. During the reporting period, the Bank pursued a prudent interest rate policy in accordance with the trends of the banking system and current monetary policy conditions during the martial law regime.

Sensitivity analysis by type of market risk

Moderately sensitive

Other price risk

Description of the risk exposure

Not significant

Commodity price risk

Description of the risk exposure

Significant risk

Description of risk management objectives, policies and processes

Commodity risk arises from unfavorable changes in the market value of commodities, including precious metals, held in the Bank's trading and banking books. Identification (detection) of commodity risk is the identification and understanding of risks of changes in the market value of commodities, including precious metals, held in the Bank's trading and banking books. Identification of commodity price risk is an ongoing process that is carried out both at the level of banking operations with commodities and in the process of monitoring financial markets. The commodity risk assessment is based on external data: macroeconomic indicators of the financial market (precious metals prices, volatility indicators, etc.), as well as internal data on the size of the Bank's open commodity positions (their dynamics and structure by commodity).

The commodity risk assessment is performed in the following sequence:

- calculating the Bank's balance sheet to determine the amount of open commodity positions in precious metals;
- collecting and processing data (dynamics of precious metals prices) to calculate indicators of volatility of precious metals prices;
- calculating the value at risk (VaR);
- performing stress testing to assess the nature and value of the Bank's commodity positions and to evaluate the level of commodity risk to which the Bank is or will be exposed;
- application of back testing by means of retrospective analysis, which consists in calculating the frequency of cases when actual daily losses exceed the VaR value over a long period of time in the past.

One of the key performance indicators of the above analysis is the amount of the Bank's losses. This indicator reflects the degree of the Bank's dependence on the market situation. Based on the results of the analysis, the following decisions may be made:

- setting/changing limits on certain assets or transactions;
- restructuring of the asset and liability structure;
- suspension of certain transactions that carry increased risks;
- taking certain measures to limit commodity risk;
- other decisions aimed at prevention of the Bank's losses.

Methods used for risk assessment

Commodity risk is assessed based on external data: macroeconomic indicators of the financial market (precious metals prices, volatility indicators, etc.), as well as internal data on the size of the Bank's open commodity positions (their dynamics and structure by commodity). Commodity risk is assessed using the Value at Risk (VaR) model based on historical modeling.

Description of changes in risk exposure

The commodity risk is formed by precious metals stored as inventories in the Bank's assets. Commodity risk does not have a significant negative impact on the Bank's capital.

Description of changes in risk management objectives, policies and processes

Internal regulatory documents on risk management are updated in accordance with the requirements of internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Description of changes in the methods used for risk assessment

The methods are updated in accordance with the requirements of the internal banking regulations and NBU Resolution No. 64 Regulation on the Organization of the Risk Management System in Ukrainian Banks and Banking Groups dated 11.06.2018.

Summarized quantitative data on risk exposure for the entity

In the reporting period, the Bank complied with the established VaR limits for possible losses from fluctuations in the market price of commodities (commodity risk of the bankbook and commodity risk of the trading book)

Description of the concentration of risk

Commodity risk is measured on transactions for the purchase or sale of commodity items where the underlying asset is a variety of commodities, including precious metals (except for gold, which is measured as a currency and included in the calculation of currency risk). A commodity is defined as a physical product that is or may be traded in a secondary market

Description of how management determines concentration

Concentrations of commodity risk, in particular, are defined as the size of the Bank's open commodity positions (their dynamics and structure by commodity).

Description of common concentration characteristics

Souvenir coins are accounted for in the Bank's balance sheet on balance sheet accounts 3400 and 3500 in the national currency, respectively, and are not revalued. Coins are not taken into account in the calculation of the currency position and do not cause additional currency risk.

Additional information about the entity's vulnerability

The Bank's commodity risk is assessed as insignificant and does not have a material adverse effect on the Bank's capital.

Sensitivity analysis by type of market risk

Low sensitivity

Risk of early repayment

Description of the risk exposure

Not significant

Salvage value risk

Description of the risk exposure

Not significant

Impact of risk diversification

Description of the risk exposure

Not significant

Explanation of credit risk management practices and their relevance to the recognition and measurement of expected credit losses

Credit risk is the possibility of losses or additional losses or a shortfall in planned income as a result of a debtor/counterparty's failure to fulfill its obligations in accordance with the terms of a contract. Credit risk arises from all active banking operations, except for debt securities and other financial instruments in the Bank's trading book.

Credit risk is present in all of the Bank's activities where the outcome depends on the performance of a counterparty, issuer or borrower. It arises whenever the Bank advances funds, makes commitments to provide funds, invests funds, or otherwise exposes itself to credit risk under the terms of an actual contract, regardless of whether the transaction is recorded on or off the balance sheet.

The Bank's effective credit risk management system ensures timely and adequate identification, measurement, monitoring, reporting, control and mitigation of credit risk on an individual and portfolio basis. The source of individual credit risk is a specific financial instrument, the Bank's counterparty borrower, debtor, issuer of securities. The assessment of individual credit risk involves an assessment of the creditworthiness of such an individual counterparty, i.e., its individual ability to pay off its obligations in a timely manner and in full. Portfolio credit risk is manifested in a decrease in the value of the Bank's assets (other than due to changes in market interest rates). The source of portfolio credit risk is the aggregate debt to the Bank on transactions that are subject to credit risk (loan portfolio, securities portfolio, receivables portfolio, etc.). Assessment of portfolio credit risk involves assessment of concentration and diversification of the Bank's assets.

The Bank assesses credit risk for the following types of active transactions:

1. Loans to legal entities, individuals and state institutions;
2. Loans and due from (including reverse repurchase agreements, placements on correspondent accounts, and funds in settlements);
3. Financial receivables;
4. Accounts receivable from business activities;
5. Debt securities (hereinafter referred to as securities);
6. Shares and other financial investments (hereinafter referred to as securities);
7. Derivative financial assets.

The calculation of the allowance for expected credit losses on the respective assets is based on an assessment of the debtor's financial position, debt service status, taking into account the type and terms of the banking transaction. As at each reporting date, the Bank assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. The measurement of credit risk for risk management purposes is complex and requires the use of models as risk changes with changes in market conditions, expected cash flows and over time. The calculation of expected credit losses requires the use of accounting estimates. Management is also required to exercise judgment in the process of applying the Bank's accounting policies.

Significant judgments required in application of the accounting requirements for estimating expected credit losses include: determining the criteria for a significant increase in credit risk; selecting appropriate models and assumptions for estimating expected credit losses; and other. At each subsequent reporting date after initial recognition, the Bank assesses the level of increase in the expected credit risk on a financial instrument from the date of its initial recognition. At each reporting date, an analysis of the presence of signs of high credit risk and signs of impairment is performed, as a result of which all financial assets are allocated to one of three stages (stages) of provisioning depending on the change in the level of credit risk since the date of initial recognition.

Information about how the entity determines whether the credit risk of financial instruments has increased significantly since initial recognition

In determining whether the credit risk 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 forward-looking information. The Bank primarily determines whether credit risk has increased significantly for credit exposures by comparing: the remaining lifetime probability of default at the reporting date; and the remaining lifetime probability of default calculated at that point in time and determined at initial recognition of the credit risk exposure. The assessment of whether credit risk has increased significantly since initial recognition of a financial instrument requires determining the date of initial recognition of the instrument. For legal entities, the main factors that indicate a significant increase in credit risk before an asset is recognized as impaired are the following:

- Overdue debt to the Bank for a period of 31 to 90 days (inclusive).
- Significant deterioration of the borrower's financial position.
- Initiation of criminal proceedings by the Bank against a party to a loan agreement / its managers and/or owners.
- Increased area of the borrower's problem
- The list of factors that indicate a significant increase in credit risk to default for individuals is the presence of overdue debts to the Bank for a period of 31 to 90 days (inclusive).
- Actual or expected unfavorable changes in the regulatory, legal, economic or technological environment of the debtor/counterparty, which lead to a significant change in the ability of the debtor/counterparty to fulfill its debt obligations;
- Significant changes in the value of the collateral for the asset that are expected to reduce the economic incentive for the debtor to make scheduled payments under the contracts or otherwise affect the likelihood of default.

Information on the determination of default by an entity

The Bank classifies a financial asset as a financial asset for which an event of default has occurred in the following cases:

- The borrower's debt on any material credit obligations to the Bank is overdue by more than 90 days.
- Defaulted restructuring of debt and/or financial liabilities arising from transactions in financial markets and expected insolvency.

The Bank's definition of default is consistent with the definition of asset impairment.

- Significant financial difficulties of the debtor.
- The Bank learns that the debtor may declare bankruptcy or other financial reorganization (it becomes known that a bankruptcy case or pre-trial reorganization procedure may be initiated against the debtor).
- Observable data indicate that there is a decrease in the estimated future cash flows from loans within an industry/sector of the economy/currency of the loan/collateral type, etc., although the decrease cannot yet be identified with individual loans in the group:
- Negative changes in the payment status of debtors in the groups.
- Changes in national or local economic conditions that correlate with defaults on loans in the group.

Information on how instruments are grouped when expected credit losses are measured collectively

Financial instruments are grouped on the basis of common risk characteristics, including:

- Type of instrument;
- Type of collateral;
- Date of initial recognition;
- The remaining term to maturity

and are subject to regular review to provide for homogeneity of positions under credit risk.

Information on how an entity identifies financial assets that are impaired

The Bank recognizes credit impairment for financial assets for which the Bank has identified indicators of a significant increase in credit risk or indicators of impairment.

Information about the entity's write-down policy

The Bank writes off a debt for which there is no reasonable expectation of recovery of the financial asset and/or receipt of cash. Such debts include debts of:

a) in respect of which the limitation period has expired;

b) overdue debts of a deceased individual, in the absence of inheritance property that may be foreclosed;

c) overdue debts of an individual who has been declared missing or declared dead in a court of law;

d) debts of business entities, including issuers of corporate rights or debt securities, declared bankrupt in accordance with the procedure established by law or terminated as legal entities in connection with their liquidation, regardless of the availability of collateral;

e) overdue debt on a financial asset repayment of the debt amount or part thereof (principal and/or accrued income) is overdue for more than 36 months and if the proceeds from repayment of such debt for the specified period did not exceed 10 percent of the gross value of the asset;

e) overdue debt on a financial asset secured by collateral or other security, if the proceeds from repayment of such debt did not exceed 10 percent of the gross value of the asset, including from the sale of collateral/foreclosure of collateral within 36 months or the bank did not have access/right of redemption to the relevant collateral/collateral during the specified period;

f) receivables of a person overdue for more than 180 days, the amount of the creditor's total claims under which does not exceed 25% for an individual and 50% for a legal entity of the minimum wage established as of January 1 of the current year or the equivalent of this amount in foreign currency determined at the official exchange rate established by the National Bank on the date the debt is determined to be uncollectible. Bad debts determined in accordance with this clause are fully uncollectible and are written off the off-balance sheet on the day of their recognition;

f) the overdue debt on the principal amount of the loan in the amount not exceeding 25% of the minimum wage established as of January 1 of the current year, granted to an individual and not secured by collateral, is more than 365 days, except for the debt of related parties, persons in labor relations with the bank and persons who were in labor relations during the last three years before the debt was recognized as bad. Bad debts determined in accordance with this clause are fully uncollectible and are written off the off-balance sheet on the day of their recognition;

g) other receivables for which there is no certainty of cash receipt, the criteria for determining which is uncollectible are based on reasonable and documented grounds, including in the event of a write-off of a financial asset by another bank.

Information on the application of requirements for modification of contractual cash flows of financial assets

The Bank accounts for a change in the terms of a contract or modification of a financial asset that results in a revision of the cash flows on that asset as:

- derecognition of the original financial asset and recognition of a new financial asset at fair value (substantial modification); or
- continued recognition of the original financial asset with new terms and conditions (insignificant modification).

The Bank recalculates the gross carrying amount of a financial asset (not a substantial modification) and recognizes a modification gain or loss if the terms of the contractual arrangement for the financial asset are renegotiated by agreement of the parties (other than a renegotiation that results in derecognition of the asset or any other modification that results in derecognition of the original financial asset or a substantial change in the carrying amount of the asset (change in carrying amount exceeding 5 percent)). The Bank calculates the new gross carrying amount as the present value of the renegotiated or modified contractual cash flows discounted at the original effective interest rate (or the original effective interest rate adjusted for credit risk for purchased or originated impaired financial assets). The Bank includes transaction costs in the carrying amount of the modified financial asset and amortizes them over the life of the asset. The Bank recognizes the difference between the gross carrying amount under the original terms and the gross carrying amount under the renegotiated or modified terms as modification profit or loss.

The Bank derecognizes the original financial asset and recognizes a new financial asset (substantial modification) if the revised or modified cash flows stipulated by the contract result in derecognition of the original financial asset. Such contracts include contracts in which the debtor is changed, or the currency of the contract is changed, or a part of the debt is forgiven (written off) in the course of debt restructuring related to the financial difficulties of the debtor, or changes in the terms of the contract lead to a change in the carrying amount of the asset by more than 5 percent. At the date of modification, the Bank recognizes a new financial asset at fair value, taking into account transaction costs/income related to the creation of a new financial asset (except for a new asset accounted for at fair value through profit or loss), and determines the amount of expected credit losses within 12 months.

The Bank recognizes, on the date of derecognition of the original financial asset, a gain or loss on derecognition equal to the difference between the carrying amount of the original financial asset and the fair value of the new financial asset, if the modification is at a market interest rate. If the terms of the contract are modified at market terms, the fair value of the new financial asset is equal to the present value of future cash flows at the revised effective rate at the date of recognition of the new asset. If the modification is not at a market rate, the difference between the carrying amount of the original financial asset and the present value of future cash flows of the new financial asset discounted at the market rate of interest is recognized as income (expense) on initial recognition of the financial asset at a cost higher/lower than fair value. In the case of significant modification of assets classified in Stage 3, an originally created impaired financial asset (POCI asset) arises.

If the balance sheet accounts for accounting for a financial asset are not changed upon a significant modification, the Bank does not open new analytical accounts for accounting for a separate contract. When an initially impaired asset is identified, the balances on the loan accounting accounts are transferred to new analytical accounts opened on the balance sheet accounts for initially impaired assets. If a modification that results in the derecognition of an initial asset results in an initially impaired asset, a portion of the valuation allowance for the derecognized asset, in the amount of the unused valuation allowance, is recorded on a separate analytical discount account and accounted for until the asset is derecognized.

The Bank recognizes cumulative changes in expected credit losses over the life of the financial asset if the modification results in a new financial asset that was impaired on initial recognition (classified as Stage 3). At each reporting date, the Bank recognizes the results of changes in expected credit losses over the life of a financial asset that is impaired at initial recognition (including positive changes) in profit or loss as expenses/income from the formation/release of allowance accounts. Income from the dissolution of valuation allowances is recognized even if the amount of the previously formed allowance for such a financial asset is excessive.

If the terms of a contract for overdue debt are changed that do not involve a change in the maturity of the overdue debt, such changes do not result in a modification of the asset. The asset continues to be accounted for in overdue accounts.

The Bank accounts for significant changes in the terms and conditions (modification) of a financial liability or part thereof as an extinguishment of the original financial liability (part thereof) and recognition of a new financial liability. A substantial modification of the terms of a financial liability is a change in the terms that changes the net present value of the cash flows under the new terms, discounted using the original effective interest rate (for a financial liability with a floating interest rate, the effective interest rate calculated at the last change in the nominal interest rate) by at least 10% of the discounted present value of the cash flows remaining to maturity of the original financial liability.

If the modification does not result in derecognition of the original liability, the result of the modification is recognized in gains (losses) on modification of liabilities. If the modification results in derecognition of the original liability, the result of the modification is recognized in gains (losses) on derecognition of liabilities as if the modification were made at market terms. If the modification is not at market terms, the difference between the carrying amount of the original financial liability and the present value of future cash flows of the new financial liability is recognized as income (expense) on initial recognition of financial liabilities at a cost higher/lower than fair value.

Explanation of inputs, assumptions and valuation techniques used to apply the impairment requirements

The Bank applies the expected credit loss model for the purposes of provisioning for financial debt instruments, the key principle of which is to reflect deterioration or improvement in the credit quality of debt financial instruments in a timely manner, taking into account current and forecast information. The amount of expected credit losses recognized as an allowance for expected credit losses depends on the degree of deterioration in credit quality since initial recognition of the debt financial instrument.
The Bank calculates credit risk using the following calculation components: exposure at risk (EAD), probability of default (PD) and loss given default (LGD).

Description of the basis for the inputs and assumptions and estimation methods used to determine the 12-month and lifetime ECL

For financial assets assigned to the 1st stage of provisioning, the expected credit loss is estimated based on the probability of default within the next 12 months. For financial assets assigned to the 2nd and 3rd stages of provisioning, the expected credit loss is estimated based on the probability of default over the entire life of the financial asset.

A description of the basis for inputs and assumptions and valuation techniques for determining whether credit risk on financial instruments has increased significantly since initial recognition

The inputs for determining a possible significant increase in credit risk are based on the above list of indicators of a significant increase in credit risk. The approach is used to calculate allowances for all financial assets that are subject to a significant increase in credit risk but are not in default.

Description of the basis for the inputs and assumptions and valuation techniques used to determine whether a financial asset is credit-impaired

A financial asset is classified by the Bank as a financial asset that is in default. The inputs to the assessment of whether a financial asset is credit-impaired are based on the following list of indicators of impairment.

Description of how forecast information is taken into account in determining expected credit losses

The assessment of a significant increase in credit risk and the calculation of expected credit losses take into account forward-looking information. The Bank has analyzed and identified the main macroeconomic indicators that affect credit risk and expected credit losses for each portfolio. These macroeconomic indicators and their impact on the probability of default, loss given default and exposure at risk of default depend on the category.

A description of changes in the valuation technique or significant assumptions made in applying the impairment requirements and the reasons for the change

During the reporting period, there were no changes in valuation methods or significant assumptions.

• IFRS 7 • 822390-12 Notes - Reconciliation of changes in ECL and carrying amounts for financial instruments, explanation of changes in gross carrying amount

Reconciliation of changes in cash and cash equivalents other than cash as at December 31, 2023

	12-month expected credit losses			Lifetime expected credit losses			Total		
	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated Impairment	Carrying amount
Financial assets, opening balance	**1,720,240**	**(2,023)**	**1,718,217**	**56,424**	**(2,908)**	**53,516**	**1,776,664**	**(4,931)**	**1,771,733**
Including financial instruments with good credit quality	1,720,240	(2,023)	**1,718,217**	-	-	-	**1,720,240**	**(2,023)**	**1,718,217**
Including financial instruments with deteriorated credit quality	-	-	-	56,424	(2,908)	**53,516**	**56,424**	**(2,908)**	**53,516**
Increase (decrease) in financial assets									
Decrease due to derecognition	1,401,764	-	**1,401,764**	1,334	(1,334)	-	**1,403,098**	**(1,334)**	**1,401,764**
Increase due to issuance or acquisition	3,517,527	-	**3,517,527**	-	-	-	**3,517,527**	-	**3,517,527**
Increase (decrease) due to transfer between stages	55,078	(1,214)	**53,864**	(55,077)	1,561	**(53,516)**	**1**	**347**	**348**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to exchange rate differences	8,674	(2,008)	**6,666**	397	(262)	**135**	**9,071**	**(2,270)**	**6,801**
Increase (decrease) due to other actions	81,334	(6,400)	**74,934**	4,000	(4,135)	**(135)**	**85,334**	**(10,535)**	**74,799**
Total increase (decrease) due to foreign exchange rate and other changes	**90,008**	**(8,408)**	**81,600**	**4,397**	**(4,397)**	**-**	**94,405**	**(12,805)**	**81,600**
Total increase (decrease) of financial assets	**2,260,849**	**(9,622)**	**2,251,227**	**(52,014)**	**(1,502)**	**(53,516)**	**2,208,835**	**(11,124)**	**2,197,711**
Financial assets, closing balance	**3,981,089**	**(11,645)**	**3,969,444**	**4,410**	**(4,410)**	**-**	**3,985,499**	**(16,055)**	**3,969,444**
Including financial instruments with good credit quality	3,981,089	(11,645)	**3,969,444**	-	-	-	**3,981,089**	**(11,645)**	**3,969,444**
Including financial instruments with deteriorated credit quality	-	-	-	4,410	(4,410)	-	**4,410**	**(4,410)**	**-**
Expected credit losses based on individual assessment	3,981,089	(11,645)	**3,969,444**	4,410	(4,410)	-	**3,985,499**	**(16,055)**	**3,969,444**

Reconciliation of changes in cash and cash equivalents other than cash as at December 31, 2022

	12-month expected credit losses			Lifetime expected credit losses			Total		
	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Financial assets, opening balance	**532,802**	**(707)**	**532,095**	**3,043**	**(52)**	**2,991**	**535,845**	**(759)**	**535,086**
Including financial instruments with good credit quality	532,802	(707)	**532,095**	-	-	**-**	**532,802**	**(707)**	**532,095**
Including financial instruments with deteriorated credit quality	-	-	**-**	3,043	(52)	**2,991**	**3,043**	**(52)**	**2,991**
Increase (decrease) in financial assets									
Decrease due to derecognition	470,193	(2)	**470,191**	1,054	(18)	**1,036**	**471,247**	**(20)**	**471,227**
Increase due to issuance or acquisition	1,401,764	-	**1,401,764**	28	(3)	**25**	**1,401,792**	**(3)**	**1,401,789**
Increase (decrease) due to transfer between stages	(7,179)	114	**(7,065)**	7,179	(2,871)	**4,308**	-	**(2,757)**	**(2,757)**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to exchange rate differences	17,869	(488)	**17,381**	18,718	(493)	**18,225**	**36,587**	**(981)**	**35,606**
Increase (decrease) due to other actions	245,177	(944)	**244,233**	28,510	493	**29,003**	**273,687**	**(451)**	**273,236**
Total increase (decrease) due to foreign exchange rate and other changes	**263,046**	**(1,432)**	**261,614**	**47,228**	**-**	**47,228**	**310,274**	**(1,432)**	**308,842**
Total increase (decrease) of financial assets	**1,187,438**	**(1,316)**	**1,186,122**	**53,381**	**(2,856)**	**50,525**	**1,240,819**	**(4,172)**	**1,236,647**
Financial assets, closing balance	**1,720,240**	**(2,023)**	**1,718,217**	**56,424**	**(2,908)**	**53,516**	**1,776,664**	**(4,931)**	**1,771,733**
Including financial instruments with good credit quality	1,720,240	(2,023)	**1,718,217**	-	-	**-**	**1,720,240**	**(2,023)**	**1,718,217**
Including financial instruments with deteriorated credit quality	-	-	**-**	56,424	(2,908)	**53,516**	**56,424**	**(2,908)**	**53,516**
Expected credit losses based on individual assessment	1,720,240	(2,023)	**1,718,217**	56,424	(2,908)	**53,516**	**1,776,664**	**(4,931)**	**1,771,733**

Approval of changes to the mortgage as at December 31, 2023

	12-month expected credit losses			Lifetime expected credit losses			Total		
	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Financial assets, opening balance	**6,086**	**(162)**	**5,924**	**6,855**	**(2,485)**	**4,370**	**12,941**	**(2,647)**	**10,294**
Including financial instruments with good credit quality	6,086	(162)	**5,924**	-	-	**-**	**6,086**	**(162)**	**5,924**
Including financial instruments with deteriorated credit quality	-	-	**-**	6,855	(2,485)	**4,370**	**6,855**	**(2,485)**	**4,370**
Increase (decrease) in financial assets									
Decrease due to derecognition	727	(35)	**692**	142	-	**142**	**869**	**(35)**	**834**
Increase (decrease) due to transfer between stages	1,151	(23)	**1,128**	(1,151)	188	**(963)**	**-**	**165**	**165**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to other actions	(1,327)	(6)	**(1,333)**	(282)	(1,938)	**(2,220)**	**(1,609)**	**(1,944)**	**(3,553)**
Total increase (decrease) due to foreign exchange rate and other changes	**(1,327)**	**(6)**	**(1,333)**	**(282)**	**(1,938)**	**(2,220)**	**(1,609)**	**(1,944)**	**(3,553)**
Total increase (decrease) of financial assets	**(903)**	**6**	**(897)**	**(1,575)**	**(1,750)**	**(3,325)**	**(2,478)**	**(1,744)**	**(4,222)**
Financial assets, closing balance	**5,183**	**(156)**	**5,027**	**5,280**	**(4,235)**	**1,045**	**10,463**	**(4,391)**	**6,072**
Including financial instruments with good credit quality	5,183	(156)	**5,027**	-	-	**-**	**5,183**	**(156)**	**5,027**
Including financial instruments with deteriorated credit quality	-	-	**-**	5,280	(4,235)	**1,045**	**5,280**	**(4,235)**	**1,045**
Expected credit losses based on individual assessment	5,183	(156)	**5,027**	5,280	(4,235)	**1,045**	**10,463**	**(4,391)**	**6,072**

Approval of changes to the mortgage as *at* December 31, 2022

	12-month expected credit losses			**Lifetime expected credit losses**			**Total**		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**
Financial assets, opening balance	**12,821**	**(71)**	**12,750**	**1,299**	**(103)**	**1,196**	**14,120**	**(174)**	**13,946**
Including financial instruments with good credit quality	12,821	(71)	**12,750**	-	-	**-**	**12,821**	**(71)**	**12,750**
Including financial instruments with deteriorated credit quality	-	-	**-**	1,299	(103)	**1,196**	**1,299**	**(103)**	**1,196**
Increase (decrease) in financial assets									
Decrease due to derecognition	800	(8)	**792**	694	(24)	**670**	**1,494**	**(32)**	**1,462**
Increase due to issuance or acquisition	547	(11)	**536**	1,151	(188)	**963**	**1,698**	**(199)**	**1,499**
Increase (decrease) due to transfer between stages	(4,977)		**(4,955)**	4,977	(2,277)	**2,700**	-	**(2,255)**	**(2,255)**
Increase (decrease) due to exchange rate and other changes		22							
Increase (decrease) due to transfer between stages									
Increase (decrease) due to other actions	(1,505)	(110)	**(1,615)**	122	59	**181**	**(1,383)**	**(51)**	**(1,434)**
Total increase (decrease) due to foreign exchange rate and other changes	**(1,505)**	**(110)**	**(1,615)**	**122**	**59**	**181**	**(1,383)**	**(51)**	**(1,434)**
Total increase (decrease) of financial assets	**(6,735)**	**(91)**	**(6,826)**	**5,556**	**(2,382)**	**3,174**	**(1,179)**	**(2,473)**	**(3,652)**
Financial assets, closing balance	**6,086**	**(162)**	**5,924**	**6,855**	**(2,485)**	**4,370**	**12,941**	**(2,647)**	**10,294**
Including financial instruments with good credit quality	6,086	(162)	**5,924**	-	-	**-**	**6,086**	**(162)**	**5,924**
Including financial instruments with deteriorated credit quality	-	-	**-**	6,855	(2,485)	**4,370**	**6,855**	**(2,485)**	**4,370**
Expected credit losses based on individual assessment	6,086	(162)	**5,924**	6,855	(2,485)	**4,370**	**12,941**	**(2,647)**	**10,294**

Reconciliation of changes in customer loans as at December 31, 2023

	12-month expected credit losses			**Lifetime expected credit losses**			**Total**		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**
Financial assets, opening balance	**32,403**	**(467)**	**31,936**	**101,776**	**(56,012)**	**45,764**	**134,179**	**(56,479)**	**77,700**
Including financial instruments with good credit quality	32,403	(467)	**31,936**	-	-	-	**32,403**	**(467)**	**31,936**
Including financial instruments with deteriorated credit quality	-	-	-	101,776	(56,012)	**45,764**	**101,776**	**(56,012)**	**45,764**
Increase (decrease) in financial assets									
Increase (decrease) due to transfers	-	-	-	(9,391)	9,391	-	**(9,391)**	**9,391**	-
Decrease due to derecognition	5,843	(63)	**5,780**	13,940	(8,390)	**5,550**	**19,783**	**(8,453)**	**11,330**
Increase due to issuance or acquisition	14,628	(547)	**14,081**	3,765	(1,704)	**2,061**	**18,393**	**(2,251)**	**16,142**
Decrease due to write-offs	-	-	-	1,185	(1,185)	-	**1,185**	**(1,185)**	-
Increase (decrease) due to transfer between stages	(4,093)	53	**(4,040)**	4,093	(8,891)	**(4,798)**	**-**	**(8,838)**	**(8,838)**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to other actions	293	(564)	**(271)**	(11,997)	(6,459)	**(18,456)**	**(11,704)**	**(7,023)**	**(18,727)**
Total increase (decrease) due to foreign exchange rate and other changes	**293**	**(564)**	**(271)**	**(11,997)**	**(6,459)**	**(18,456)**	**(11,704)**	**(7,023)**	**(18,727)**
Total increase (decrease) of financial assets	**4,985**	**(995)**	**3,990**	**(28,655)**	**1,912**	**(26,743)**	**(23,670)**	**917**	**(22,753)**
Financial assets, closing balance	**37,388**	**(1,462)**	**35,926**	**73,121**	**(54,100)**	**19,021**	**110,509**	**(55,562)**	**54,947**
Including financial instruments with good credit quality	37,388	(1,462)	**35,926**	-	-	-	**37,388**	**(1,462)**	**35,926**
Including financial instruments with deteriorated credit quality	-	-	-	73,121	(54,100)	**19,021**	**73,121**	**(54,100)**	**19,021**
Expected credit losses based on individual assessment	37,388	(1,462)	**35,926**	73,121	(54,100)	**19,021**	**110,509**	**(55,562)**	**54,947**

Reconciliation of changes in customer loans as at December 31, 2022

	12-month expected credit losses			**Lifetime expected credit losses**			**Total**		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**
Financial assets, opening balance	**123,048**	**(520)**	**122,528**	**53,380**	**(20,459)**	**32,921**	**176,428**	**(20,979)**	**155,449**
Including financial instruments with good credit quality	123,048	(520)	**122,528**	-	-	**-**	**123,048**	**(520)**	**122,528**
Including financial instruments with deteriorated credit quality	-	-	**-**	53,380	(20,459)	**32,921**	**53,380**	**(20,459)**	**32,921**
Increase (decrease) in financial assets									
Increase (decrease) due to derecognition	18,260	(103)	**18,157**	20,522	(3,725)	**16,797**	**38,782**	**(3,828)**	**34,954**
Decrease due to derecognition	5,763	(82)	**5,681**	6,860	(3,618)	**3,242**	**12,623**	**(3,700)**	**8,923**
Decrease due to write-offs	-	-	**-**	1,447	(1,447)	**-**	**1,447**	**(1,447)**	**-**
Increase (decrease) due to transfer between stages	(65,967)	210	**(65,757)**	65,967	(32,903)	**33,064**	-	**(32,693)**	**(32,693)**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to other actions	(12,181)	(178)	**(12,359)**	(2,462)	(4,204)	**(6,666)**	**(14,643)**	**(4,382)**	**(19,025)**
Total increase (decrease) due to foreign exchange rate and other changes	**(12,181)**	**(178)**	**(12,359)**	**(2,462)**	**(4,204)**	**(6,666)**	**(14,643)**	**(4,382)**	**(19,025)**
Total increase (decrease) of financial assets	**(90,645)**	**53**	**(90,592)**	**48,396**	**(35,553)**	**12,843**	**(42,249)**	**(35,500)**	**(77,749)**
Financial assets, closing balance	**32,403**	**(467)**	**31,936**	**101,776**	**(56,012)**	**45,764**	**134,179**	**(56,479)**	**77,700**
Including financial instruments with good credit quality	32,403	(467)	**31,936**	-	-	**-**	**32,403**	**(467)**	**31,936**
Including financial instruments with deteriorated credit quality	-	-	**-**	101,776	(56,012)	**45,764**	**101,776**	**(56,012)**	**45,764**
Expected credit losses based on individual assessment	32,403	(467)	**31,936**	101,776	(56,012)	**45,764**	**134,179**	**(56,479)**	**77,700**

Reconciliation of changes in loans to corporate entities as at December 31, 2023

	12-month expected credit losses			Lifetime expected credit losses			Total		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**
Financial assets, opening balance	**441,310**	**(2,641)**	**438,669**	**1,035,766**	**(406,700)**	**629,066**	**1,477,076**	**(409,341)**	**1,067,735**
Including financial instruments with good credit quality	441,310	(2,641)	**438,669**	-	-	**-**	**441,310**	**(2,641)**	**438,669**
Including financial instruments with deteriorated credit quality	-	-	-	1,035,766	(406,700)	**629,066**	**1,035,766**	**(406,700)**	**629,066**
Increase (decrease) in financial assets									
Decrease due to derecognition	369,211	(2,209)	**367,002**	517,633	(124,411)	**393,222**	**886,844**	**(126,620)**	**760,224**
Increase due to issuance or acquisition	1,181,918	(45,331)	**1,136,587**	293,427	(83,306)	**210,121**	**1,475,345**	**(128,637)**	**1,346,708**
Decrease due to write-off	-	-	-	16,313	(16,313)	**-**	**16,313**	**(16,313)**	**-**
Increase (decrease) due to transfer between stages	131,782	(2,529)	**129,253**	(131,782)	5,230	**(126,552)**	**-**	**2,701**	**2,701**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to exchange rate differences	15,240	(576)	**14,664**	5,143	(1,686)	**3,457**	**20,383**	**(2,262)**	**18,121**
Increase (decrease) due to other actions	(91,282)	294	**(90,988)**	(78,825)	(14,789)	**(93,614)**	**(170,107)**	**(14,495)**	**(184,602)**
Total increase (decrease) due to foreign exchange rate and other changes	**(76,042)**	**(282)**	**(76,324)**	**(73,682)**	**(16,475)**	**(90,157)**	**(149,724)**	**(16,757)**	**(166,481)**
Total increase (decrease) in financial assets	**868,447**	**(45,933)**	**822,514**	**(445,983)**	**46,173**	**(399,810)**	**422,464**	**240**	**422,704**
Financial assets, closing balance	**1,309,757**	**(48,574)**	**1,261,183**	**589,783**	**(360,527)**	**229,256**	**1,899,540**	**(409,101)**	**1,490,439**
Including financial instruments with good credit quality	1,309,757	(48,574)	**1,261,183**	-	-	**-**	**1,309,757**	**(48,574)**	**1,261,183**
Including financial instruments with deteriorated credit quality	-	-	-	589,783	(360,527)	**229,256**	**589,783**	**(360,527)**	**229,256**
Expected credit losses based on individual assessment	1,309,757	(48,574)	**1,261,183**	589,783	(360,527)	**229,256**	**1,899,540**	**(409,101)**	**1,490,439**

Reconciliation of changes in corporate loans as at December 31, 2022

	12-month expected credit losses			**Lifetime expected credit losses**			**Total**		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carryin g amount**
Financial assets, opening balance	**1,064,366**	**(2,303)**	**1,062,063**	**862,909**	**(258,099)**	**604,810**	**1,927,275**	**(260,402)**	**1,666,873**
Including financial instruments with good credit quality	1,064,366	(2,303)	**1,062,063**	-	-	**-**	**1,064,366**	**(2,303)**	**1,062,063**
Including financial instruments with deteriorated credit quality	-	-	-	862,909	(258,099)	**604,810**	**862,909**	**(258,099)**	**604,810**
Increase (decrease) in financial assets									
Increase (decrease) due to transfer	-	-	-	(735)	734	**(1)**	**(735)**	**734**	**(1)**
Decrease due to derecognition	579,304	(1,370)	**577,934**	401,818	(130,700)	**271,118**	**981,122**	**(132,070)**	**849,052**
Increase due to issuance or acquisition	234,609	(1,671)	**232,938**	347,063	(130,293)	**216,770**	**581,672**	**(131,964)**	**449,708**
Decrease due to write-off	-	-	**-**	6,362	(6,362)	**-**	**6,362**	**(6,362)**	**-**
Increase (decrease) due to transfer between stages	(232,836)		**(232,384)**	232,836	(155,832)	**77,004**		**(155,380)**	**(155,380)**
Increase (decrease) due to exchange rate and other changes		452					-		
Increase (decrease) due to exchange rate differences	37,694	(676)	**37,018**	67,018	(14,073)	**52,945**	**104,712**	**(14,749)**	**89,963**
Increase (decrease) due to other actions	(83,219)	187	**(83,032)**	(65,145)	13,801	**(51,344)**	**(148,364)**	**13,988**	**(134,376)**
Total increase (decrease) due to foreign exchange rate and other changes	**(45,525)**	**(489)**	**(46,014)**	**1,873**	**(272)**	**1,601**	**(43,652)**	**(761)**	**(44,413)**
Total increase (decrease) in financial assets	**(623,056)**	**(338)**	**(623,394)**	**172,857**	**(148,601)**	**24,256**	**(450,199)**	**(148,939)**	**(599,138)**
Financial assets, closing balance	**441,310**	**(2,641)**	**438,669**	**1,035,766**	**(406,700)**	**629,066**	**1,477,076**	**(409,341)**	**1,067,735**
Including financial instruments with good credit quality	441,310	(2,641)	**438,669**	-	-	**-**	**441,310**	**(2,641)**	**438,669**
Including financial instruments with deteriorated credit quality	-	-	-	1,035,766	(406,700)	**629,066**	**1,035,766**	**(406,700)**	**629,066**
Expected credit losses based on individual assessment	441,310	(2,641)	**438,669**	1,035,766	(406,700)	**629,066**	**1,477,076**	**(409,341)**	**1,067,735**

Reconciliation of changes in loans to the government as at December 31, 2022

	12-month expected credit losses			Total		
	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Financial assets, opening balance	**7,358**	**(13)**	**7,345**	**7,358**	**(13)**	**7,345**
Including financial instruments with good credit quality	7,358	(13)	**7,345**	**7,358**	**(13)**	**7,345**
Increase (decrease) in financial assets						
Decrease due to derecognition	7,358	(13)	**7,345**	**7,358**	**(13)**	**7,345**
Total increase (decrease) in financial assets	**(7,358)**	**13**	**(7,345)**	**(7,358)**	**13**	**(7,345)**

Reconciliation of changes in state debt instruments held as at December 31, 2023

	12-month expected credit losses			Total		
	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Financial assets, opening balance	**398,883**	**(5,472)**	**393,411**	**398,883**	**(5,472)**	**393,411**
Including financial instruments with good credit quality	398,883	(5,472)	**393,411**	**398,883**	**(5,472)**	**393,411**
Increase (decrease) in financial assets						
Decrease due to derecognition	398,883	(5,472)	**393,411**	**398,883**	**(5,472)**	**393,411**
Increase due to issuance or acquisition	1,285,944	(74,847)	**1,211,097**	**1,285,944**	**(74,847)**	**1,211,097**
Increase (decrease) due to exchange rate and other changes						
Increase (decrease) due to exchange rate differences	18,623	(3,220)	**15,403**	**18,623**	**(3,220)**	**15,403**
Increase (decrease) due to other actions	(18,623)	3,220	**(15,403)**	**(18,623)**	**3,220**	**(15,403)**
Total increase (decrease) in financial assets	**887,061**	**(69,375)**	**817,686**	**887,061**	**(69,375)**	**817,686**
Financial assets, closing balance	**1,285,944**	**(74,847)**	**1,211,097**	**1,285,944**	**(74,847)**	**1,211,097**
Including financial instruments with good credit quality	1,285,944	(74,847)	**1,211,097**	**1,285,944**	**(74,847)**	**1,211,097**
Expected credit losses based on individual assessment	1,285,944	(74,847)	**1,211,097**	**1,285,944**	**(74,847)**	**1,211,097**

Reconciliation of changes in state debt instruments held as at December 31, 2022

	12-month expected credit losses			Total		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**
Financial assets, opening balance	**1,878,033**	**-**	**1,878,033**	**1,878,033**	**-**	**1,878,033**
Including financial instruments with good credit quality	1,878,033	-	**1,878,033**	**1,878,033**	**-**	**1,878,033**
Increase (decrease) in financial assets						
Decrease due to derecognition	1,475,104	-	**1,475,104**	**1,475,104**	**-**	**1,475,104**
Increase due to issuance or acquisition	26,534	(453)	**26,081**	**26,534**	**(453)**	**26,081**
Increase (decrease) due to exchange rate and other changes						
Increase (decrease) due to exchange rate differences	56,448	-	**56,448**	**56,448**	**-**	**56,448**
Increase (decrease) due to other actions	(87,028)	(5,019)	**(92,047)**	**(87,028)**	**(5,019)**	**(92,047)**
Total increase (decrease) due to foreign exchange rate and other changes	**(30,580)**	**(5,019)**	**(35,599)**	**(30,580)**	**(5,019)**	**(35,599)**
Total increase (decrease) in financial assets	**(1,479,150)**	**(5,472)**	**(1,484,622)**	**(1,479,150)**	**(5,472)**	**(1,484,622)**
Financial assets, closing balance	**398,883**	**(5,472)**	**393,411**	**398,883**	**(5,472)**	**393,411**
Including financial instruments with good credit quality	398,883	(5,472)	**393,411**	**398,883**	**(5,472)**	**393,411**
Expected credit losses based on individual assessment	398,883	(5,472)	**393,411**	**398,883**	**(5,472)**	**393,411**

Reconciliation of changes in financial assets as at December 31, 2023

	12-month expected credit losses			Lifetime expected credit losses			Total		
	Gross carrying amount	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Carryin g amount**
Financial assets, opening balance	**2,598,922**	**(10,765)**	**2,588,157**	**1,200,821**	**(468,105)**	**732,716**	**3,799,743**	**(478,870)**	**3,320,873**
Including financial instruments with good credit quality	2,598,922	(10,765)	**2,588,157**	-	-	-	**2,598,922**	**(10,765)**	**2,588,157**
Including financial instruments with deteriorated credit quality	-	-	-	1,200,821	(468,105)	**732,716**	**1,200,821**	**(468,105)**	**732,716**
Increase (decrease) in financial assets									
Increase (decrease) due to transfer	-	-	-	(9,391)	9,391	-	**(9,391)**	**9,391**	-
Decrease due to derecognition	2,176,428	(7,779)	**2,168,649**	533,049	(134,135)	**398,914**	**2,709,477**	**(141,914)**	**2,567,563**
Increase due to issuance or acquisition	6,000,017	(120,725)	**5,879,292**	297,192	(85,010)	**212,182**	**6,297,209**	**(205,735)**	**6,091,474**
Decrease due to write-off	-	-	-	17,498	(17,498)	-	**17,498**	**(17,498)**	-
Increase (decrease) due to transfer between stages	183,918	(3,713)	**180,205**	(183,917)	(1,912)	**(185,829)**	**1**	**(5,625)**	**(5,624)**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to exchange rate differences	42,537	(5,804)	**36,733**	5,540	(1,948)	**3,592**	**48,077**	**(7,752)**	**40,325**
Increase (decrease) due to other actions	(29,605)	(3,456)	**(33,061)**	(87,104)	(27,321)	**(114,425)**	**(116,709)**	**(30,777)**	**(147,486)**
Total increase (decrease) due to foreign exchange rate and other changes	**12,932**	**(9,260)**	**3,672**	**(81,564)**	**(29,269)**	**(110,833)**	**(68,632)**	**(38,529)**	**(107,161)**
Total increase (decrease) in financial assets	**4,020,439**	**(125,919)**	**3,894,520**	**(528,227)**	**44,833**	**(483,394)**	**3,492,212**	**(81,086)**	**3,411,126**
Financial assets, closing balance	**6,619,361**	**(136,684)**	**6,482,677**	**672,594**	**(423,272)**	**249,322**	**7,291,955**	**(559,956)**	**6,731,999**
Including financial instruments with good credit quality	6,619,361	(136,684)	**6,482,677**	-	-	-	**6,619,361**	**(136,684)**	**6,482,677**
Including financial instruments with deteriorated credit quality	-	-	-	672,594	(423,272)	**249,322**	**672,594**	**(423,272)**	**249,322**

Reconciliation of changes in financial assets as at December 31, 2022

	12-month expected credit losses			Lifetime expected credit losses			Total		
	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount	Gross carrying amount	Accumulated impairment	Carrying amount
Financial assets, opening balance	**3,618,428**	**(3,614)**	**3,614,814**	**920,631**	**(278,713)**	**641,918**	**4,539,059**	**(282,327)**	**4,256,732**
Including financial instruments with good credit quality	3,618,428	(3,614)	**3,614,814**	-	-	**-**	**3,618,428**	**(3,614)**	**3,614,814**
Including financial instruments with deteriorated credit quality	-	-	**-**	920,631	(278,713)	**641,918**	**920,631**	**(278,713)**	**641,918**
Increase (decrease) in financial assets									
Increase (decrease) due to transfer	-	-	**-**	(735)	734	**(1)**	**(735)**	**734**	**(1)**
Decrease due to derecognition	2,551,019	(1,496)	**2,549,523**	424,088	(134,467)	**289,621**	**2,975,107**	**(135,963)**	**2,839,144**
Increase due to issuance or acquisition	1,669,217	(2,217)	**1,667,000**	355,102	(134,102)	**221,000**	**2,024,319**	**(136,319)**	**1,888,000**
Decrease due to write-off	-	-	**-**	7,809	(7,809)	**-**	**7,809**	**(7,809)**	**-**
Increase (decrease) due to transfer between stages	(310,959)	798	**(310,161)**	310,959	(193,883)	**117,076**	-	**(193,085)**	**(193,085)**
Increase (decrease) due to exchange rate and other changes									
Increase (decrease) due to exchange rate differences	112,011	(1,164)	**110,847**	85,736	(14,566)	**71,170**	**197,747**	**(15,730)**	**182,017**
Increase (decrease) due to other actions	61,244	(6,064)	**55,180**	(38,975)	10,149	**(28,826)**	**22,269**	**4,085**	**26,354**
Total increase (decrease) due to foreign exchange rate and other changes	**173,255**	**(7,228)**	**166,027**	**46,761**	**(4,417)**	**42,344**	**220,016**	**(11,645)**	**208,371**
Total increase (decrease) in financial assets	**(1,019,506)**	**(7,151)**	**(1,026,657)**	**280,190**	**(189,392)**	**90,798**	**(739,316)**	**(196,543)**	**(935,859)**
Financial assets, closing balance	**2,598,922**	**(10,765)**	**2,588,157**	**1,200,821**	**(468,105)**	**732,716**	**3,799,743**	**(478,870)**	**3,320,873**
Including financial instruments with good credit quality	2,598,922	(10,765)	**2,588,157**	-	-	**-**	**2,598,922**	**(10,765)**	**2,588,157**
Including financial instruments with deteriorated credit quality	-	-	**-**	1,200,821	(468,105)	**732,716**	**1,200,821**	**(468,105)**	**732,716**

• IFRS 7 • 822390-13 Notes - Exposure to credit risk

Disclosure of credit risk exposure by type of expected credit loss measurement

	December 31, 2023			December 31, 2022		
	12-month expected credit losses	Lifetime expected credit losses	Total financial instruments	12-month expected credit losses	Lifetime expected credit losses	Total financial instruments
Financial assets	**6,827,431**	**716,204**	**7,543,635**	**2,840,250**	**1,213,129**	**4,053,379**
Credit risk exposure 1	6,816,128	380,275	**7,196,403**	2,652,788	627,461	**3,280,249**
Credit risk exposure 2	11,073	36,172	**47,245**	54,340	38,414	**92,754**
Credit risk exposure 3	106	69,887	**69,993**	615	91,815	**92,430**
Credit risk exposure 4	-	21,813	**21,813**	132,507	265,671	**398,178**
Credit risk exposure 5	124	208,057	**208,181**	-	189,768	**189,768**
Exposure to credit risk from loan commitments and financial guarantee contracts	**551,626**	-	**551,626**	**209,424**	-	**209,424**
Credit risk exposure 1	551,626	-	**551,626**	209,424	-	**209,424**

Disclosure of credit risk exposure by method of expected credit loss measurement

	December 31, 2023			December 31, 2022		
	Expected credit losses based on individual assessment	Expected credit loss based on aggregate assessment	Total financial instruments	Expected credit losses based on individual assessment	Expected credit loss based on aggregate assessment	Total financial instruments
Financial assets	**7,543,033**	**602**	**7,543,635**	**4,052,475**	**904**	**4,053,379**
Credit risk exposure 1	7,196,179	224	**7,196,403**	3,279,965	284	**3,280,249**
Credit risk exposure 2	47,236	9	**47,245**	92,730	24	**92,754**
Credit risk exposure 3	69,973	20	**69,993**	92,401	29	**92,430**
Credit risk exposure 4	21,807	6	**21,813**	398,151	27	**398,178**
Credit risk exposure 5	207,838	343	**208,181**	189,228	540	**189,768**
Exposure to credit risk from loan commitments and financial guarantee contracts	**551,626**	-	**551,626**	**209,424**	-	**209,424**
Credit risk exposure 1	551,626	-	**551,626**	209,424	-	**209,424**

Disclosure of exposure to credit risk in respect of impairment on credit financial instruments as at December 31, 2023

		Credit impaired financial instruments		
	Financial instruments not credit-impaired	After acquisition or origination	Total	Total financial instruments
Financial assets	**6,871,040**	**672,595**	**672,595**	**7,543,635**
Credit risk exposure 1	6,855,195	341,208	**341,208**	**7,196,403**
Credit risk exposure 2	11,083	36,162	**36,162**	**47,245**
Credit risk exposure 3	126	69,867	**69,867**	**69,993**
Credit risk exposure 4	6	21,807	**21,807**	**21,813**

	Financial instruments not credit-impaired	Credit impaired financial instruments: After acquisition or origination	Credit impaired financial instruments: Total	Total financial instruments
Credit risk exposure 5	4,630	203,551	**203,551**	**208,181**
Exposure to credit risk from loan commitments and financial guarantee contracts	**551,626**	-	-	**551,626**
Credit risk exposure 1	551,626	-	-	**551,626**

Disclosure of exposure to credit risk in respect of impairment on credit financial instruments as at December 31, 2022

	Financial instruments not credit-impaired	Credit impaired financial instruments: After acquisition or origination	Credit impaired financial instruments: Total	Total financial instruments
Financial assets	**2,852,557**	**1,200,822**	**1,200,822**	**4,053,379**
Credit risk exposure 1	2,663,279	616,970	**616,970**	**3,280,249**
Credit risk exposure 2	54,365	38,389	**38,389**	**92,754**
Credit risk exposure 3	693	91,737	**91,737**	**92,430**
Credit risk exposure 4	132,534	265,644	**265,644**	**398,178**
Credit risk exposure 5	1,686	188,082	**188,082**	**189,768**
Exposure to credit risk from loan commitments and financial guarantee contracts	**209,424**	-	-	**209,424**
Credit risk exposure 1	209,424	-	-	**209,424**

Disclosure of exposure to credit risk at carrying amount

	December 31, 2023			December 31, 2022		
	Gross carrying amount	**Accumulated impairment**	**Total carrying amount**	**Gross carrying amount**	**Accumulated impairment**	**Total ccarrying amount**
Financial assets	**7,543,635**	**(567,912)**	**6,975,723**	**4,053,379**	**(482,289)**	**3,571,090**
Credit risk exposure 1	7,196,403	(283,861)	**6,912,542**	3,280,249	(153,975)	**3,126,274**
Credit risk exposure 2	47,245	(29,950)	**17,295**	92,754	(17,730)	**75,024**
Credit risk exposure 3	69,993	(34,578)	**35,415**	92,430	(46,697)	**45,733**
Credit risk exposure 4	21,813	(20,613)	**1,200**	398,178	(101,663)	**296,515**
Credit risk exposure 5	208,181	(198,910)	**9,271**	189,768	(162,224)	**27,544**
Exposure to credit risk from loan commitments and financial guarantee contracts	**551,626**	**(2,964)**	**548,662**	**209,424**	**(46)**	**209,378**
Credit risk exposure 1	551,626	(2,964)	**548,662**	209,424	(46)	**209,378**

• IFRS 7 •822390-14 Notes - Provision matrix for liabilities - Financial instruments by class

	December 31, 2023		December 31, 2022	
	Financial assets	**Expected level of credit losses**	**Expected level of credit losses**	**Expected level of credit losses**
Loan commitments	77,727	-	14,250	-
Financial guarantee agreements	473,899	0.63%	195,174	0.02%
Other receivables on financial assets	76,025	10.46%	101,157	3.38%
Total financial instruments	**627,651**	**1.74%**	**310,581**	**1.12%**

Financial instruments in overdue status

	December 31, 2023		December 31, 2022	
	Financial assets	**Expected level of credit losses**	**Expected level of credit losses**	**Expected level of credit losses**
Current	623,121	1.03%	308,824	0.53%
Over 1 and no more than 2 months	23	36.18%	48	55.90%
Over 2 and no more than 3 months	5	59.27%	25	71.73%
Over 3 months	4,502	99.44%	1,684	100.00%
Total financial instruments	**627,651**	**1.74%**	**310,581**	**1.12%**

Carrying amount of financial instruments

	December 31, 2023		December 31, 2022	
	Financial assets	**Expected level of credit losses**	**Expected level of credit losses**	**Expected level of credit losses**
Gross carrying amount	627,651	1.74%	310,581	1.12%
Accumulated impairment	(10,920)	1.74%	(3,466)	1.12%
Carrying amount	**616,731**	**1.74%**	**307,115**	**1.12%**

• IFRS 7 • 822390-15 Notes - Financial assets that are past due or impaired

Disclosure of mortgages that are past due or impaired	Current	Over one month and no more than two	Over three months	Total by overdue status
Gross carrying amount				
Financial assets	5,183	1,641	3,639	**10,463**
Including financial assets that are neither past due nor impaired	5,183	-	-	**5,183**
Including impairment of financial assets individually measured for credit losses	5,183	1,641	3,639	**10,463**
Accumulated impairment				
Financial assets	(156)	(597)	(3,639)	**(4,392)**
Including financial assets that are neither past due nor impaired	(156)	-	-	**(156)**
Including impairment of financial assets individually measured for credit losses	(156)	(597)	(3,639)	**(4,392)**
Carrying amount				
Financial assets	5,027	1,044	-	**6,071**
Including financial assets that are neither past due nor impaired	5,027	-	-	**5,027**
Including impairment of financial assets individually measured for credit losses	5,027	1,044	-	**6,071**

Disclosure of consumer loans that are past due or impaired

	Current	Over one month and no more than two months	Over two months and no more than three months	Over three months	Total by overdue status
Gross carrying amount					
Financial assets	64,343	1,157	409	44,600	**110,509**
Including financial assets that are neither past due nor impaired	(1,460)	-	-	-	**(1,460)**
Including financial assets past due but not impaired	-	-	-	(2)	**(2)**
Including impairment of financial assets individually measured for credit losses	(17,811)	(766)	(296)	(36,689)	**(55,562)**
Carrying amount					
Financial assets	46,532	391	113	7,911	**54,947**
Including financial assets that are neither past due nor impaired	35,804	-	-	-	**35,804**
Including financial assets past due but not impaired	-	-	-	122	**122**
Including impairment of financial assets individually measured for credit losses	46,532	391	113	7,911	**54,947**

Disclosure of corporate loans that are past due or impaired

	Current	Over one month and no more than two months	Over two months and no more than three	Over three months	Total by overdue status
Gross carrying amount					
Financial assets	1,723,011	21,103	17,750	137,675	**1,899,539**
Including financial assets that are neither past due nor impaired	1,309,757	-	-	-	**1,309,757**
Including impairment of financial assets individually measured for credit losses	1,723,011	21,103	17,750	137,675	**1,899,539**
Accumulated impairment					
Financial assets	(234,763)	(20,245)	(17,610)	(136,483)	**(409,101)**
Including financial assets that are neither past due nor impaired	(48,574)	-	-	-	**(48,574)**
Including impairment of financial assets individually measured for credit losses	(234,763)	(20,245)	(17,610)	(136,483)	**(409,101)**
Carrying amount					
Financial assets	1,488,248	858	140	1,192	**1,490,438**
Including financial assets that are neither past due nor impaired	1,261,183	-	-	-	**1,261,183**
Including impairment of financial assets individually measured for credit losses	1,488,248	858	140	1,192	**1,490,438**

Disclosure of other financial assets at amortized cost that are past due or impaired

	Current	Over one month and no more than two months	Over two months and no more than three months	Over three months	Total by overdue status
Gross carrying amount					
Financial assets	5,361,857	23	5	4,502	**5,366,387**
Including financial assets that are neither past due nor impaired	5,357,434	-	-	-	**5,357,434**
Including financial assets past due but not impaired	-	23	3	27	**53**
Including impairment of financial assets individually measured for credit losses	5,361,622	-	-	4,163	**5,365,785**
Including impairment of financial assets that are collectively measured for credit losses	235	23	5	340	**603**
Accumulated impairment					
Financial assets	(94,369)	(8)	(3)	(4,477)	**(98,857)**
Including financial assets that are neither past due nor impaired	(89,946)	-	-	-	**(89,946)**
Including financial assets past due but not impaired	-	(8)	-	(2)	**(10)**
Including impairment of financial assets individually measured for credit losses	(94,343)	-	-	(4,163)	**(98,506)**
Including impairment of financial assets that are collectively measured for credit losses	(26)	(8)	(3)	(315)	**(352)**
Carrying amount					
Financial assets	5,267,488	15	2	25	**5,267,530**
Including financial assets that are neither past due nor impaired	5,267,488	-	-	-	**5,267,488**
Including financial assets past due but not impaired	-	15	3	25	**43**
Including impairment of financial assets individually measured for credit losses	5,267,279	-	-	-	**5,267,279**
Including impairment of financial assets that are collectively measured for credit losses	209	15	2	25	**251**

Disclosure of financial assets at amortized cost that are past due or impaired

	Current	Over one month and no more than two months	Over two months and no more than three months	Over three months	Total by overdue status
Gross carrying amount					
Financial assets	7,154,394	23,924	18,164	190,417	**7,386,899**
Including financial assets that are neither past due nor impaired	6,709,638	-	-	-	**6,709,638**
Including financial assets past due but not impaired	-	23	3	150	**176**
Including impairment of financial assets individually measured for credit losses	7,154,159	23,901	18,159	190,077	**7,386,296**
Including impairment of financial assets that are collectively measured for credit losses	235	23	5	340	**603**
Accumulated impairment					
Financial assets	(347,098)	(21,617)	(17,909)	(181,288)	**(567,912)**
Including financial assets that are neither past due nor impaired	(140,136)	-	-	-	**(140,136)**
Including financial assets past due but not impaired	-	(8)	-	(4)	**(12)**
Including impairment of financial assets individually measured for credit losses	(347,072)	(21,608)	(17,906)	(180,973)	**(567,559)**
Including impairment of financial assets that are collectively measured for credit losses	(26)	(8)	(3)	(315)	**(352)**
Carrying amount					
Financial assets	6,807,296	2,307	255	9,129	**6,818,987**
Including financial assets that are neither past due nor impaired	6,569,502	-	-	-	**6,569,502**
Including financial assets past due but not impaired	-	15	3	146	**164**
Including impairment of financial assets individually measured for credit losses	6,807,087	2,293	253	9,104	**6,818,737**
Including impairment of financial assets that are collectively measured for credit losses	209	15	2	25	**251**

• IFRS 7 •822390-16 Notes - Analysis of non-derivative/derivative financial liabilities by maturity

Disclosure of maturity analysis of non-derivative financial liabilities

Maturity analysis of financial liabilities as at December 31, 2023

	On demand and less than 1 month.	1 – 3 months.	3 – 12 months.	12 months – 5 years	Total
Due to customers:	4 920 351	1 102 100	602 709	20 902	6 646 062
Due to individuals	741 379	1 005 323	463160	20 902	2 230 764
Other	4 178 972	96 777	139 549	0	4 415 298
Lease liabilities	1 527	2 340	7 900	7 470	19 237
Other financial liabilities	15 969	-	2 037	2 148	20 154
Loan commitments	57 381	207 670	158 413	125 198	548 662
Total potential future payments under financial liabilities	**4 995 228**	**1 312 110**	**771 059**	**155 718**	**7 234 115**

Maturity analysis of financial liabilities as at December 31, 2022

	On demand and less than 1 month.	1 – 3 months.	3 – 12 months.	12 months – 5 years	Total
Due to customers:	2 267 739	381 383	638 411	36 454	3 323 987
Due to individuals	377 277	348 202	466 557	36 453	1 228 489
Other	1 890 462	33 181	171 854	1	2 095 498
Lease liabilities	1 356	2 231	7 928	5 479	16 993
Other financial liabilities	21 474	-	9 853	335	31 662
Loan commitments	47 817	50 898	108 101	2 562	209 378
Total potential future payments under financial liabilities	**2 338 386**	**434 512**	**764 293**	**44 830**	**3 582 020**

• IFRS 7 •822390-17 Notes - Liquidity risk management

Disclosures of how the entity manages liquidity risk

Maturity analysis of financial assets and liabilities based on expected maturities as at December 31, 2023

	On demand and less than 1 month	1 – 3 months	3 – 12 months	12 months – 5 years	Over 5 years	Total
ASSETS						
Cash and cash equivalents	2 892 486	1 252 612	-	-	-	4 145 098
Loans and due from customers	185 943	144 980	789 138	427 794	3 603	1 551 458
Investments in securities	119 693	52 687	512 554	545 082	-	1 230 016
Other financial assets	38 864	-	29 206	-	-	68 070
Total financial assets	**3 236 986**	**1 450 279**	**1 330 898**	**972 876**	**3 603**	**6 994 642**
LIABILITIES						
Due to customers	2 610 223	2 208 213	1 776 748	21 087	-	6 616 271
Other financial liabilities and lease liabilities	17 496	2 340	9 937	9 618	-	39 391
Total financial liabilities	**2 627 719**	**2 210 553**	**1 786 685**	**30 705**	**-**	**6 655 662**
Net liquidity gap as at the end of the day December 31	**609 267**	**(760 274)**	**(455 787)**	**942 171**	**3 603**	**338 980**
Cumulative liquidity gap as at the end of the day December 31	**609 267**	**(151 007)**	**(606 794)**	**335 377**	**338 980**	**-**

Maturity analysis of financial assets and liabilities based on expected maturities as at December 31, 2022

	On demand and less than 1 month	1 – 3 months	3 – 12 months	12 months – 5 years	Over 5 years	Total
ASSETS						
Cash and cash equivalents	1 924 213	-	-	-	-	1 924 213
Loans and due from customers	153 533	88 285	712 836	182 182	18 893	1 155 729
Investments in securities	74 998	33 903	284 511	-	-	393 411
Other financial assets	97 417	-	-	320	-	97 737
Total financial assets	**2 250 161**	**122 188**	**997 347**	**182 502**	**18 893**	**3 571 090**
LIABILITIES						
Due to customers	1 064 085	969 925	1 224 766	36 531	-	3 295 306
Other financial liabilities and lease liabilities	22 830	2 231	17 781	5 814	-	48 656
Total financial liabilities	**1 086 915**	**972 156**	**1 242 547**	**42 345**	**0**	**3 343 962**
Net liquidity gap as at the end of the day December 31	**1 163 246**	**(849 968)**	**(245 200)**	**140 157**	**18 893**	**227 128**
Cumulative liquidity gap as at the end of the day December 31	**1 163 246**	**313 278**	**68 078**	**208 235**	**227 128**	

• IFRS 7 • 822390-18 Notes - Sensitivity analysis

Disclosure of financial instruments by type of interest rate

The weighted average floating interest rate as of the end of the current reporting period was 23% (as of the end of the previous reporting period - 17.5%).

Disclosure of financial instruments by type of interest rate

	December 31, 2023			December 31, 2022		
	Floating interest rate	Fixed interest rate	All types of rates	Floating interest rate	Fixed interest rate	All types of rates
Financial assets	715,759	6,278,883	**6,994,642**	306,532	3,264,558	**3,571,090**
Financial liabilities	-	6,655,662	**6,655,662**	-	3,343,962	**3,343,962**

• IFRS 13 • 823000-1 Notes - Fair value measurement of assets

Disclosure of fair value measurements

Disclosure of information about the measurement of assets at fair value

Analysis of financial assets carried at amortized cost

	2023		2022	
	fair value	**carrying amount**	**fair value**	**carrying amount**
FINANCIAL ASSETS				
Cash and cash equivalents	4 145 098	4 145 098	1 924 213	1 924 213
Loans and due from banks	1 587 718	1 551 458	1 149 542	1 155 729
Investments in securities	1 247 572	1 211 097	389 223	393 411
Other financial assets	68 070	68 070	97 737	97 737

Analysis of the fair value of financial assets by level of measurement as at December 31, 2023

	Fair value under different measurement models			Total fair value
	Level 1	Level 2	Level 3	
Assets with fair value disclosed				
Cash and cash equivalents	-	4 145 098	-	4 145 098
Loans and due from banks	-	-	1 587 718	1 587 718
Investments in securities	-	1 247 572	-	1 247 572
Other financial assets	-	-	68 070	68 070

Analysis of the fair value of financial assets by level of measurement as at December 31, 2022

	Fair value under different measurement models			Total fair value
	Level 1	Level 2	Level 3	
Assets with fair value disclosed				
Cash and cash equivalents	-	1 924 213	-	1 924 213
Loans and due from banks	-	-	1 149 542	1 149 542
Investments in securities	-	389 223	-	389 223
Other financial assets	-	-	97 737	97 737

• IFRS 13 • 823000-2 Notes - Fair value measurement of liabilities

Disclosure of fair value measurements

Disclosures about the measurement of liabilities at fair value

Analysis of financial liabilities at amortized cost

	2023		**2022**	
	fair value	**carrying amount**	**fair value**	**carrying amount**
FINANCIAL LIABILITIES				
Due to customers	6 618 696	6 616 271	3 297 439	3 295 307
Other financial liabilities	39 391	39 391	48 655	48 655

Analysis of the fair value of financial liabilities by level of measurement as at December 31, 2023

	Fair value under different measurement models			**Total fair Value**
	Level 1	Level 2	Level 3	
Liabilities with fair value disclosed				
Due to customers	-	6 618 696	-	6 618 696
Other financial liabilities	-	39 391	-	39 391

Analysis of the fair value of financial liabilities by level of measurement as at December 31, 2022

	Fair value under different measurement models справедлива			**Total fair value**
	Рівень 1	Рівень 2	Рівень 3	
Liabilities with fair value disclosed				
Due to customers	-	3 297 439	-	3 297 439
Other financial liabilities	-	48 655	-	48 655

• IAS 38 • 823180 Notes - Intangible assets

Disclosure of detailed information on intangible assets

	December 31, 2023	December 31, 2022
Computer software		
Amortization method	straight-line	straight-line
Licenses and franchises		
Amortization method	straight-line	straight-line
Intangible assets under development		
Amortization method	not amortized	not amortized
Other intangible assets		
Amortization method	straight-line	straight-line

Disclosure of reconciliation of changes in intangible assets and goodwill as at December 31, 2023

	Computer software	Intangible assets under development	Other intangible assets	Intangible assets less goodwill	Intangible assets and goodwill
Reconciliation of changes in intangible assets and goodwill					
Intangible assets and goodwill, opening balance	**8,845**	**439**	**704**	**9,988**	**9,988**
Gross carrying amount	*12,290*	*439*	*863*	***13,592***	***13,592***
Accumulated amortization	*(3,445)*	-	*(159)*	***(3,604)***	***(3,604)***
Changes in intangible assets and goodwill					
Increase other than as a result of business combinations	590	5,259	-	**5,849**	**5,849**
Gross carrying amount	*590*	*5,259*	-	***5,849***	***5,849***
Amortization	1,289	-	15	**1,304**	**1,304**
Accumulated amortization	*1,289*	-	*15*	***1,304***	***1,304***
Increase (decrease) due to transfers and other changes					
Increase (decrease) due to other changes	2,331	(4,868)	-	**(2,537)**	**(2,537)**
Gross carrying amount	*2,331*	*(4,868)*	-	***(2,537)***	***(2,537)***
Total increase (decrease) due to transfers and other changes	**2,331**	**(4,868)**	**-**	(2,537)	(2,537)
Gross carrying amount	*2,331*	*(4,868)*	-	***(2,537)***	***(2,537)***
Disposals and decommissioning					

	Computer software	**Intangible assets under development**	**Other intangible assets**	**Intangible assets other than goodwill**	**Intangible assets and goodwill**
Decommissioning	324	-	-	**324**	**324**
Accumulated impairment	*324*	-	-	***324***	***324***
Total disposals and retirements from decommissioning	**324**	-	-	**324**	**324**
Accumulated impairment	*324*	-	-	***324***	***324***
Total increase (decrease) in intangible assets and goodwill	**1,308**	**391**	**(15)**	**1,684**	**1,684**
Gross carrying amount	*2,921*	*391*	-	***3,312***	***3,312***
Accumulated amortization	*(1,289)*	-	*(15)*	***(1,304)***	***(1,304)***
Accumulated impairment	*(324)*	-	-	***(324)***	***(324)***
Intangible assets and goodwill, closing balance	**10,153**	**830**	**689**	**11,672**	**11,672**
Gross carrying amount	*15,211*	*830*	*863*	***16,904***	***16,904***
Accumulated amortization	*(4,734)*	-	*(174)*	***(4,908)***	***(4,908)***
Accumulated impairment	*(324)*	-	-	***(324)***	***(324)***

Disclosure of reconciliation of changes in intangible assets and goodwill as at December 31, 2022

Reconciliation of changes in intangibl assets and goodwill	**Computer software**	**Intangible assets under development**	**Other intangible assets**	**Intangible assets other than goodwill**	**Intangible assets and goodwill**
Intangible assets and goodwill, opening balance					**6,336**
Gross carrying amount	*8,654*	**1,343**	**719**	**8,398**	**8,398**
Accumulated amortization	*(2,318)*	*1,343*	*863*	***10,860***	***10,860***
Changes in intangible assets and goodwill		-	*(144)*	***(2,462)***	***(2,462)***
Increase other than as a result of business combinations	1,822				
Gross carrying amount	*1,822*	910	-	**2,732**	**2,732**
Amortization	1,127	*910*	-	***2,732***	***2,732***
Accumulated amortization	*1,127*	-	15	**1,142**	**1,142**
Increase (decrease) due to transfers and other changes		-	*15*	***1,142***	***1,142***

	Computer software	Intangible assets under development	Other intangible assets	Intangible assets other than goodwill	Intangible assets and goodwill
Increase (decrease) due to other changes	1,814	(1,814)	-	-	-
Gross carrying amount	*1,814*	*(1,814)*	-	-	-
Total increase (decrease) due to transfers and other changes	**1,814**	**(1,814)**	**-**	**-**	**-**
Total increase (decrease) due to transfers and other changes	*1,814*	*(1,814)*	-	-	-
Total increase (decrease) in intangible assets and goodwill	**2,509**	**(904)**	**(15)**	**1,590**	**1,590**
Gross carrying amount	*3,636*	*(904)*	-	***2,732***	***2,732***
Accumulated amortization	*(1,127)*	-	*(15)*	***(1,142)***	***(1,142)***
Intangible assets and goodwill, closing balance	**8,845**	**439**	**704**	**9,988**	**9,988**
Gross carrying amount	*12,290*	*439*	*863*	***13,592***	***13,592***
Accumulated amortization	*(3,445)*	-	*(159)*	***(3,604)***	***(3,604)***

• IAS 37 • 827570 Notes - Other provisions, contingent liabilities and contingent assets

Disclosure of other provisions, contingent liabilities and contingent assets

Litigation

As at 31 December 2023, the Bank is a defendant in the following lawsuits:
- on the protection of the rights of consumers of financial services and termination of the contract
- on termination of the contract for the sale and purchase of currency values, the obligation to return the disputed product and pay (refund) the money for the purchase of the product
- on the recognition of ownership of securities and the obligation to take certain actions by professional participants in the depository system of Ukraine
- on recognition of the absence of the right of claim.

Potential tax liabilities

The tax, currency, Customs and other legislation within Ukraine is not stable and is subject to frequent changes, and sometimes conflicting and varying interpretations. Therefore, there is a risk that management's interpretation of such legislation could differ from that of the relevant authorities. As a result, additional tax liabilities, penalties and other financial penalties may be assessed. Generally, tax years remain open to review by the tax authorities for three financial years after the end of the year.

Changes in provisions for liabilities

Changes	2023	2022
Balance as at January 1	51	38
Forming/release of provisions for liabilities	2 913	13
Balance as at December 31	**2 964**	**51**

Loan commitments

The primary purpose of these instruments is to provide funds to meet the financial needs of customers. Financial guarantees, 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. Loan commitments represent unused portions of authorized loan commitments in the form of overdrafts and credit lines. With respect to credit risk on these commitments, the Bank is potentially exposed to future losses in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most of these commitments are contingent upon customers maintaining specific credit standards.

The total outstanding contractual amount of undrawn loan commitments, overdrafts and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

In terms of credit risk under the methodology for determining revocable and irrevocable commitments to extend credit, the Bank believes that it is not exposed to additional credit risk under revocable commitments, as credit is extended after the Bank receives financial collateral in the form of a financial guarantee or deposit, which fully covers the possible risk.

Structure of loan commitments

	2023	2022
Loan commitments	77 727	14 250
Financial guarantee agreements	473 899	195 174
Provisions for loan commitments and financial guarantees	(2 964)	(46)
Total loan commitments, less provision	**548 662**	**209 378**

Loan commitments by currency

	2023	2022
1 UAH	56 801	209 378
2 USD	491 861	-
3 Total	**548 662**	**209 378**

• IFRS 16 • 832610 Notes - Lease (IFRS 16)

	December 31, 2023	December 31, 2022
Presentation of the lease for the lessee		
Assets with a right to use that do not meet the definition of investment property, opening balance	14,646	25,090
Assets with a right to use that do not meet the definition of investment property, closing balance	17,387	14,646
Lease liabilities, opening balance		
Current lease liabilities, opening balance	11,514	14,421
Non-current lease liabilities, opening balance	5,479	10,614
Lease liabilities, opening balance	**16,993**	**25,035**
Lease liabilities, closing balance		
Current lease liabilities, closing balance	11,766	11,514
Non-current lease liabilities, closing balance	7,470	5,479
Lease liabilities, closing balance	**19,236**	**16,993**

Lease disclosures for 2023

Description of statement of financial position items that include right-of-use assets

Right-of-use assets are presented in the statement of financial position within other property, plant and equipment.

Description of statement of financial position items that include lease liabilities

Lease liability is presented within other non-financial liabilities.

Lease disclosures for 2022

Description of statement of financial position items that include right-of-use assets

Right-of-use assets are presented in the statement of financial position within other property, plant and equipment.

Description of statement of financial position items that include lease liabilities

Lease liability is presented within other non-financial liabilities.

Disclosure of quantitative information on assets with the right of use as at December 31, 2023

	Depreciation	Right-of-use assets	Increase (decrease) in gain after revaluation
Property, plant and equipment	**12,864**	**17,387**	**773**
Land and buildings	**12,525**	**17,174**	**760**
Buildings	12,525	17,174	760
Devices and accessories	339	213	13
Total assets	**12,864**	**17,387**	**773**

Disclosure of quantitative information on assets with the right of use as at December 31, 2022

	Depreciation	Right-of-use assets	Increase (decrease) of gain after revaluation
Property, plant and equipment	**12,974**	**14,646**	**(7,023)**
Land and buildings	**12,616**	**14,107**	**(6,829)**

	Depreciation	Right-of-use assets	Increase (decrease) of gain after revaluation
Buildings	12,616	14,107	(6,829)
Devices and accessories	358	539	(194)
Total assets	**12,974**	**14,646**	**(7,023)**

	2023	2022
Interest expense under lease liabilities	3,445	2,803
Expenses related to short-term leases that qualify for the exemption from recognition	1,721	892
Expenses related to the lease of low-value assets that qualify for the exemption from recognition	360	273
Increase in right-of-use assets	14,831	9,553

Disclosure of quantitative lease information for the lessor

	2023	2022
Operating lease income	822	860

Undiscounted payments under operating lease receivable

	December 31, 2023	December 31, 2022
Less than one year	1,197	1,410
Over one year and no more than two years	847	1,421
Over two years and no more than three years	-	931
Cumulative time intervals	**2,044**	**3,762**

• IAS 12 • 835110 Notes - Income taxes

Income tax disclosures for 2023

Income tax is calculated at the current tax rate of 50%. The tax is paid to one tax authority, therefore, DTA and DTL are netted in the Bank's balance sheet. The amount of DTA and DTL is calculated at the tax rate of 25%, which will be effective as of January 1, 2024. Tax losses on securities trading operations that can be carried forward amounted to UAH 1,070 thousand for the year. Due to the fact that it is not probable that taxable profit will be available against which unused tax losses can be utilized in the foreseeable future, the amount of unrecognized DTA for the year amounted to UAH 268 thousand and considering the previous period UAH 1142 thousand.

Income tax disclosures for 2022

Income tax is calculated at a tax rate of 18%. The tax is paid to one tax authority, therefore, DTA and DTL are netted in the Bank's balance sheet. Tax losses on securities trading operations that can be carried forward amounted to UAH 3495 thousand. Due to the fact that it is not probable that taxable profit will be available against which unused tax losses can be utilized in the foreseeable future, the amount of unrecognized DTA for the year amounted to UAH 629 thousand.

Significant components of tax expense (tax refund income)

	2023	2022
Current tax expense (income from tax refunds) and adjustments of current tax for previous periods		
Current tax expense (income from tax refunds)	78,785	6,527
Total amount of current tax expense (tax refund income) and current tax adjustments for previous periods	**78,785**	**6,527**
Deferred tax expense (tax refund income) related to the origination and reversal of temporary differences	(745)	(762)
Deferred tax expense (tax refund income) relating to changes in tax rates or the introduction of new taxes	(590)	-
Total tax expense (tax refund income)	**77,450**	**5,765**

Explanations and descriptions for 2023

Explanation of changes in applicable tax rates from the previous reporting period

in accordance with the law, the income tax rate in the reporting year was changed from 18% to 50%

Description of the expiration date of temporary differences, unused tax losses and unused tax benefits

until fully utilized

Explanations and descriptions for 2022

Description of the expiration date of temporary differences, unused tax losses and unused tax benefits

until fully utilized

	December 31, 2023	December 31, 2022
Unused tax losses for which no deferred tax assets are recognized	1,070	3,495

Disclosure of temporary differences, unused tax losses and unused tax benefits in 2023

Temporary differences consist of differences arising from different depreciation rates for property, plant and equipment and intangible assets in accounting and taxation, provisioning of provisions recognized in taxation when used and allowance for unconditional loan commitments.

Disclosure of temporary differences, unused tax losses and unused tax benefits in 2022

Temporary differences consist of differences arising from different depreciation rates for property, plant and equipment and intangible assets in accounting and taxation, provisioning of provisions recognized in taxation when used and allowance for unconditional loan commitments.

Disclosure of temporary differences, unused tax losses and unused tax benefits as at December 31, 2023

	Allowance for credit losses	Other temporary differences	Temporary differences	Total
Deferred tax assets and liabilities				
Deferred tax assets	741	2,113	**2,854**	**2,854**
Net deferred tax liability (asset)	**(741)**	**(2,113)**	**(2,854)**	**(2,854)**
Net deferred tax assets and liabilities				
Net deferred tax assets	741	2,113	**2,854**	**2,854**
Deferred tax expense (income from tax refunds)				
Deferred tax expense (income from tax refunds)	(733)	(602)	**(1,335)**	**(1,335)**
Deferred tax expense (tax refund income) recognized in profit or loss	(733)	(602)	**(1,335)**	**(1,335)**
Reconciliation of changes in deferred tax liability (asset)				
Deferred tax liability (asset), opening balance	**(8)**	**(1,511)**	**(1,519)**	**(1,519)**
Changes in deferred tax liability (asset)				
Deferred tax expense (tax refund income) recognized in profit or loss	(733)	(602)	**(1,335)**	**(1,335)**
Total increase (decrease) in deferred tax liability (asset)	**(733)**	**(602)**	**(1,335)**	**(1,335)**
Deferred tax liability (asset), closing balance	**(741)**	**(2,113)**	**(2,854)**	**(2,854)**

Disclosure of temporary differences, unused tax losses and unused tax benefits as at December 31, 2022

	Allowance for credit losses	Other temporary differences	Temporary differences	Total
Deferred tax assets and liabilities				
Deferred tax assets	*8*	1,511	**1,519**	**1,519**
Net deferred tax liability (asset)	**(8)**	**(1,511)**	**(1,519)**	**(1,519)**
Net deferred tax assets and liabilities				
Net deferred tax assets		1,511	**1,519**	**1,519**
Deferred tax expense (income from tax refunds)				
Deferred tax expense (income from tax refunds)				
Deferred tax expense (income from tax refunds), recognized in profit or loss	(3)	(759)	**(762)**	**(762)**
Reconciliation of changes in deferred tax liability (asset)	(3)	(759)	**(762)**	**(762)**
Deferred tax liability (asset), opening balance	**(5)**	**(752)**	**(757)**	**(757)**

	Allowance for credit losses	Other temporary differences	Temporary differences	Total
Changes in deferred tax liability (asset)				
Deferred tax expense (tax refund income) recognized in profit or loss	(3)	(759)	**(762)**	**(762)**
Total increase (decrease) in deferred tax liability (asset)	**(3)**	**(759)**	**(762)**	**(762)**
Deferred tax liability (asset), closing balance	**(8)**	**(1,511)**	**(1,519)**	**(1,519)**

	2023	2022
Reconciliation of accounting income multiplied by applicable tax rates		
Accounting income	141,227	15,068
Tax expense (tax refund income) at the applicable tax rate	70,614	2,712
Tax impact of expenses that are not deductible in determining taxable profit (loss)	6,146	2,424
Tax effect of tax losses	535	629
Tax effect of changes in the tax rate	155	-
Total tax expense (tax refund income)	**77,450**	**5,765**
Reconciliation of the average effective tax rate and the applied tax rate		
Accounting income	141,227	15,068
c Applicable tax rate	50.00%	18.00%
Effect of tax rate related to expenses that are not deductible in determining taxable profit (tax loss)	4.35%	16.09%
Tax rate effect related to tax losses	0.38%	4.17%
Tax rate effect related to change in tax rate	0.11%	-
Total average effective tax rate	**54.84%**	**38.26%**

• IAS 33 • 838000 Notes - Earnings per share

Earnings per share

	2023	2022
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	3.1889	0.4652
Total basic earnings (loss) per share	**3.1889**	**0.4652**
Diluted earnings per share		
Profit (loss) attributable to ordinary share owners of the parent		
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	20,000	20,000

• IAS 1 • 861200 Notes - Share capital, reserves and other equity interests

Disclosure of information on classes of share capital

	December 31, 2023		December 31, 2022	
	Ordinary shares	Total share capital	Ordinary shares	Total share capital
Number of shares authorized for issue	20,000	20,000	20,000	20,000
Number of shares issued				
Number of shares issued and fully paid	20,000	20,000	20,000	20,000
Total number of shares issued	**20,000**	**20,000**	**20,000**	**20,000**
The par value of a share	15.05	15.05	15.05	15.05
Reconciliation of number of shares in circulation				
Number of shares in circulation, opening balance	**20,000**	**20,000**	**20,000**	**20,000**
Number of shares in circulation, closing balance	**20,000**	**20,000**	**20,000**	**20,000**

Disclosure of reserves in equity

To cover unforeseen losses, the Bank annually forms a reserve fund.

Description of the nature and purpose of reserves in equity for 2023

Reserve and other funds of the bank

The amount of annual contributions to the reserve fund is 5% of the Bank's net profit.

Description of the nature and purpose of reserves in equity for 2022

Reserve and other funds of the bank

The amount of annual contributions to the reserve fund is 5% of the Bank's net profit.

• IFRS 8 • 871100 Notes - Operating segments

Disclosure of information about the entity's operating segments for 2023

Reporting segment 1
Corporate banking

Reporting segment 2
Retail banking

Reporting segment 3
Transactions at financial markets

All other segments
Other segments and transactions

Disclosure of information about the entity's operating segments for 2022

Reporting segment 1
Corporate banking

Reporting segment 2
Retail banking

Reporting segment 3
Transactions at financial markets

All other segments
Other segments and transactions

Income and expenses of the entity by operating segments in 2023

	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	All segments
Interest income	200,181	15,410	513,086	-	**728,677**
Operating segments	*200,181*	*15,410*	*513,086*	-	***728,677***
Interest expense	182,260	174,545	-	-	**356,805**
Interest expense	*182,260*	*174,545*	-	-	***356,805***
Commission income	64,839	69,477	234	-	**134,550**
Interest expense	*64,839*	*69,477*	*234*	-	***134,550***
Commission expense	-	23,762	11,769	-	**35,531**
Interest expense	-	*23,762*	*11,769*	-	***35,531***
Depreciation and amortization expenses	-	-	-	36,208	**36,208**
Interest expense	-	-	-	*36,208*	***36,208***
Significant income and expense items	(72,396)	(20,942)	(150,274)	-	**(243,612)**
Interest expense	*(72,396)*	*(20,942)*	*(150,274)*	-	***(243,612)***
Tax expenses (income from tax refunds) from tax refunds)	-	-	-	77,450	**77,450**
Interest expense	-	-	-	*77,450*	***77,450***
Other significant non-cash items	278,169	181,078	(494,411)	(14,680)	**(49,844)**
Interest expense	*278,169*	*181,078*	*(494,411)*	*(14,680)*	***(49,844)***
Profit (loss) before income tax	288,533	46,716	(143,134)	(50,888)	**141,227**
Interest expense	*288,533*	*46,716*	*(143,134)*	*(50,888)*	***141,227***
Profit (loss) from continuing operations	-	-	-	63,777	**63,777**

	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	All segments
Operating segments	-	-	-	*63,777*	***63,777***
Profit (loss)	**-**	**-**	**-**	**63,777**	**63,777**
Operating segments	-	-	-	*63,777*	***63,777***

Income and expenses of the entity by operating segments in 2022

	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	All segments
Interest income	228,269	29,985	157,628	-	**415,882**
Operating segments	*228,269*	*29,985*	*157,628*	-	***415,882***
Interest expense	59,288	72,163	57,653	-	**189,104**
Operating segments	*59,288*	*72,163*	*57,653*	-	***189,104***
Commission income	51,176	85,469	485	-	**137,130**
Operating segments	*51,176*	*85,469*	*485*	-	***137,130***
Commission expense	-	23,485	6,907	-	**30,392**
Operating segments	-	*23,485*	*6,907*	-	***30,392***
Depreciation and amortization expenses	-	-	-	36,819	**36,819**
Operating segments	-	-	-	*36,819*	***36,819***
Significant income and expense items	(65,636)	(24,222)	(31,016)	-	**(120,874)**
Operating segments	*(65,636)*	*(24,222)*	*(31,016)*	-	***(120,874)***
Tax expense (tax refund income)	-	-	-	5,765	**5,765**
Operating segments	-	-	-	*5,765*	***5,765***
Other significant non-cash items	(58,552)	31,053	(127,931)	(5,325)	**(160,755)**
Operating segments	*(58,552)*	*31,053*	*(127,931)*	*(5,325)*	***(160,755)***
Profit (loss) before income taxes	95,969	26,637	(65,394)	(42,144)	**15,068**
Operating segments	*95,969*	*26,637*	*(65,394)*	*(42,144)*	***15,068***
Profit (loss) from continuing operations	-	-	-	9,303	**9,303**
Operating segments	-	-	-	*9,303*	***9,303***
Profit (loss)	**-**	**-**	**-**	**9,303**	**9,303**
Operating segments	-	-	-	*9,303*	***9,303***
Net operating cash flows	-	-	-	(740,848)	**(740,848)**
Operating segments	-	-	-	*(740,848)*	***(740,848)***
Net investing cash flows	-	-	-	1,615,497	**1,615,497**
Operating segments	-	-	-	*1,615,497*	***1,615,497***
Net financing cash flows	-	-	-	(12,922)	**(12,922)**
Operating segments	-	-	-	*(12,922)*	***(12,922)***

Assets and liabilities of the entity by operating segments as at December 31, 2023

	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	All segments
Assets	**1,491,314**	**97,547**	**4,875,987**	**800,907**	**7,265,755**
Operating segments	*1,491,314*	*97,547*	*4,875,987*	*800,907*	***7,265,755***
Liabilities	**4,418,919**	**2,217,264**	**-**	**124,908**	**6,761,091**
Operating segments	*4,418,919*	*2,217,264*	-	*124,908*	***6,761,091***

Assets and liabilities of the entity by operating segments as at December 31, 2022

	Reporting segment 1	Reporting segment 2	Reporting segment 3	All other segments	All segments
Assets	**1,068,610**	**183,642**	**1,990,762**	**564,631**	**3,807,645**
Operating segments	*1,068,610*	*183,642*	*1,990,762*	*564,631*	***3,807,645***
Liabilities	**2,092,059**	**1,240,456**	-	**34,149**	**3,366,664**
Operating segments	*2,092,059*	*1,240,456*	-	*34,149*	***3,366,664***

• IAS 1 • 880000 Notes - Additional information

Disclosure of additional information for 2023

Trust management accounts

The Bank offers developers a transparent and proven mechanism for financing the construction of facilities through Construction Financing Funds (CFF). Cooperation with the Bank allows the developer to receive financial support from the Bank and ensures the inflow of investors at the initial stage of construction by providing them, as principals of the CFF, with additional guarantees: control over the targeted use of funds and obtaining ownership of investment objects.

		December 31, 2023.	December 31, 2022	Changes (+;-)
1	Current accounts of the trust management bank	134	111	23
2	Receivables under trust management transactions	80 660	193 110	(112 450)
3	**Total active trust management accounts**	**80 794**	**193 221**	**(112 427)**
4	Bank management funds	80 794	193 221	(112 427)
5	**Total passive trust management accounts**	**80 794**	**193 221**	**(112 427)**

Approved for issue and signed on March 25, 2024

Chair of Management Board **Andrii HRIHEL**

Chief accountant **Andrii AKHE**

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INDEPENDENT AUDITOR'S REPORT

Shareholders and Supervisory Board of
JOINT STOCK BANK "RADABANK"

Report on Audit of Financial Statements

Opinion

We have audited the financial statements of JOINT STOCK BANK "RADABANK" (the Bank), which comprise Statement of financial position, order of liquidity, [IAS1 220000], Statement of comprehensive income, profit or loss, by nature of expense [IAS1 320000], Statement of cash flows, indirect method [IAS1 520000] and Statement of changes in equity [IAS1 610000] for the year ended December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements to their preparation established by Ukrainian law.

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 to the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (hereinafter referred to as the IESBA Code) and ethical requirements applicable to our audit of financial statements in accordance with the Law of Ukraine On Audit of Financial Statements and Audit Activities and other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note IAS1 810000 *Corporate information and IFRS compliance report* to the financial statements, which indicates that as of February 24, 2022, operations of the Bank and its counterparts are significantly affected by ongoing full-scale military invasion of Ukraine by russian federation, while subsequent developments, impact, and timing of when those actions will cease are uncertain.

As stated in Note IAS1 810000 *Corporate information and IFRS compliance report*, these events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Banks's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PKF Ukraine

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements 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 our audit addressed the key audit matter
Allowance for expected credit losses on loans and advances to customers and investments in securities (government debt instruments)	
The recognition and measurement of expected credit losses ('ECL') is highly complex and involves the use of significant judgment and estimation, including in the formulation and incorporation of multiple forward-looking economic conditions into the ECL estimates to meet the measurement objectives of IFRS 9 Financial Instruments. Accordingly, this matter required significant attention from us during the audit. In determining ECL, management is required to exercise judgment in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The accuracy of the assumptions used in the models, including the macroeconomic scenarios, impacts the level of allowance for impairment. Management exercises judgment in making estimations that require the use of assumptions which are highly subjective and very sensitive to the risk factors, in particular to changes in economic and credit conditions. We identified the issue of impairment of loans and advances to customers and investments in securities, carried at amortized cost (government debt instruments) as key audit matter due to the materiality of the loans and advances to customers and investments in securities, carried at amortized cost (government debt instruments) balances, the high complexity and subjective nature of the ECL calculation. We refer to Note IAS1 800600 *Summary of accounting policies*, disclosing information on significant accounting policies, while Note IFRS7 822390-12 *Reconciliation of changes in allowance for impairment and explanation of changes in gross carrying amount for financial instruments* and IFRS7 822390-13 *Credit risk exposures*	The controls management established to support their ECL calculations were tested during our audit procedures. We also assessed whether the impairment methodology used by the Bank is in line with IFRS 9 requirements. Particularly we assessed the approach of the Bank regarding application of Significant increase in credit risk ('SICR') criteria, definition of default, The Probability of Default ('PD'), Loss Given Default ('LGD') and Exposure at Default ('EAD') and incorporation of forward-looking information in the calculation of ECL. We have focused on assessing the Bank's assumptions and the expert adjustments applied in the model taking into account the empirical data and the existing credit and monitoring processes. For significant loans and advances assessed for impairment on an individual basis and investments in securities, carried at amortized cost (government debt instruments) we applied our professional judgement for selection the sample taking into account different risk criteria. For selected loans and advances and investments in securities, carried at amortized cost (government debt instruments) we checked the stage classification with assessing factors that affect the credit risk. Whereas, for selected impaired loans and advances (Stage 3) we tested the assumptions used in the ECL calculation, particularly expected scenarios and probabilities assigned to them and the timing and amount of expected cash flows, including cash flows from repayments and realization of collaterals. For individually insignificant loans and advances which are assessed for impairment on a portfolio basis we performed such procedures as testing the reliability of key data inputs and related management controls, examination of key management's judgements and assumptions, including the

Key audit matter	How our audit addressed the key audit matter
present disclosures and detailed information on the methods and models used and the level of the allowances for impairment of loans and advances to customers and investments in securities, carried at amortized cost (government debt instruments).	macro-economic scenarios and the associated probability weights, analysing of impairment coverage of credit portfolio and its changes.

Other matters - second date of the auditor's report

The date of this report, 25 April 2024, refers solely to the paragraphs "*Report on corporate governance report*" and "*Information other than the financial statements and the auditor's report thereon*". Paragraph "*Report on corporate governance report*" contains the results of our review of this report. This paragraph has been added to our auditor's report dated 15 April 2024 because the issuer's report, including the Corporate governance report referred to in this paragraph, was provided to us after 15 April 2024. Our independent auditor's report dated 15 April 2024 included information thereon in the section entitled "*Information other than the financial statements and the auditor's report thereon*". Our responsibility for events occurring subsequent to the auditor's report dated 15 April 2024 is limited to those events that relate to the information described in that paragraph and our procedures subsequent to that date were conducted in relation to that information only.

Information that is not financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in Issuer report with the Management report for 2023 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Banks's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board and Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board and Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board and Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legislative and Regulatory Requirements

Report on the requirements of the National commission on securities and stock exchange regarding the audit report on the audit of financial statements

(This section of the independent auditor's report is included in accordance with Requirements to information related to audit or review of financial statements of participants at capital and organized commodities markets, overseen by National commission on securities and stock exchange, approved by Decision of National commission on securities and stock exchange N 555 of 22.07.2021, hereinafter – Requirements 555 and in accordance with the Regulations on disclosure of information by issuers of securities and entities providing collateral for such securities, approved by the decision of the NSSMC dated 06.06.2023 No. 608, hereinafter - Regulation 608).

Information in line with p. 10 of section I of Requirements 555 is presented in Information on Audit entity performing audit of financial statements section of independent auditor's report.

Additional information in line with Chapter 1 of section II of Requirements 555

1. Full name (in the meaning of Civil Code of Ukraine) of legal entity (applicant or participants at capital and organized commodities markets):
    - JOINT STOCK BANK "RADABANK";
2. In our opinion, the Bank complies with requirements, set forward by Regulation on form and content of ownership structure, approved by Order of Ministry of finances of Ukraine N 163 of March 19, 2021, registered by Ministry of Justice of Ukraine on June 8, 2021, registration number 768/36390, regarding completeness of disclosure on information on ultimate beneficiary owner and structure of ownership;
3. a) the Bank is not a controller/participant of non-banking financial group;

    b) the Bank is Public Interest Entity;
4. The Bank has no parent/subsidiary companies;
5. NCSSE rules and regulations do not imply prudential indicators for the sector where the Bank operates, therefore auditor's opinion on correctness of calculation of respective prudential indicators was not expressed.

Additional information in line with Chapter 8 of section II of Requirements 555 and paragraph 45 of section III of Regulation 608

Report on Corporate governance report

We reviewed information presented in Corporate governance report of the Bank as a component of Management report (hereinafter – Corporate governance report).

Management of the Bank is responsible for Corporate governance report and its preparation in accordance with part 3 of Article 127 of Law of Ukraine On Capital and Organized Commodities Markets.

Our review of Corporate governance report, including information, stated in p.p. 1 – 4 of part 3 of Article 127 of Law of Ukraine On Capital and Organized Commodities Markets, including and additionally specified in subparagraphs 1-5 of paragraph 43 of Regulation 608, included examination whether the information, presented in the Report, contradicts to the financial statements, and whether the Corporate governance report is prepared in compliance with current laws and regulations. Our review of Corporate governance report is not an audit, performed in accordance with International standards on auditing, being of much lesser scope. We believe that, as a result of our review, have a basis for our opinion.

Opinion

The Corporate Governance Report has been prepared and the information disclosed herein is in accordance with the requirements of part 3 of Article 127 of Law of Ukraine On Capital and Organized Commodities Markets. Information, stated in p.p. 5 – 9 of part 3 of Article 127 of Law of Ukraine On Capital and Organized Commodities Markets, including those additionally specified in subparagraphs 6-11 of paragraph 43 of Regulation 608, namely, description of major characteristics of internal-control and risk-management systems of the Bank; information on the availability of the Bank's approved risk appetite declaration, as well as a description of the key provisions of the Bank's risk appetite declaration; list of persons, who directly or indirectly own a significant share in the Bank; information on any limitations of right to participate and vote at general meeting of the Bank; rules and procedures of appointment and dismissal, and powers of Bank officials, presented in Corporate governance report, does not contradict to information gained during our audit of financial statements and complies with requirements of Law of Ukraine On Capital and Organized Commodities Markets.

Information on Auditing entity performing audit of financial statements

Full name of legal entity in accordance with constituent documents:

- "PKF UKRAINE" LIMITED LIABILITY COMPANY (ID code of legal entity 34619277);

Information on inclusion into Register of auditors and auditing entities:

- The audit firm is registered in Auditing Entities, Having the Right to Perform Statutory Audits of Financial Statements of Public-Interest Entities section of Register of auditors and Auditing Entities. Registration number 3886;

Address of the legal entity and factual place of business:

- 4th floor, 52 B.Khmelnytskoho str., Kyiv, 01054, Ukraine

Webpage/website of the audit entity:

- www.pkf.kiev.ua

Date and number of the audit agreement:

- Agreement № 41 of 12.07.2021 and additional agreement № 5 of 09.10.2023

Beginning and closing dates of the audit:

- Date of beginning: 23.10.2023
- Date of closing: 15.04.2024 except for the matters disclosed in the paragraph "Other matters - second date of the auditor's report", which are presented as of 25 April 2024 (the date of completion of the audit procedures limited to the modification referred to in this paragraph of information).

Additional information in accordance with the Law of Ukraine On the Audit of Financial Statements and Auditing Activities

We have been appointed for statutory audit of the annual financial statements of the Bank by resolution of the Supervisory Board of 05.10.2023, Minutes # 051023-1. The total duration of our audit engagements with the Bank is 3 years, including the reporting year.

During our audit of the financial statements, resulting in issuance of this Independent auditor's report, we performed audit procedures regarding assessment of risk of material misstatement of information in the financial statements, being audited, including fraud.

Significant risks that required our attention but did not modify our opinion are disclosed in *Key Audit Matters* and *Material uncertainty related to going concern* sections of our report.

We have designed and performed risk-assessment procedures to obtain audit evidence as a proper basis for identification and assessment of risk of material misstatements, whether due to fraud or error, at the level of financial statements of the Bank and assertions therein. We have designed further audit procedures to identify irregularities, including fraud, and get reasonable assurance to express our opinion on the financial statements in general.

As the Bank operates in a strictly controlled environment, our assessment of risk of material misstatements covered control environment, including procedures applied by the Bank to comply with regulatory requirements. Our assessment included review of key structures, policies and standards, understanding and evaluation of supervisory function and internal control in their design and implementation, as well as monitoring of compliance and testing or related controls.

We obtained an understanding of laws and regulations applicable to the Bank and determined the most significant requirements directly related to specific assertions in the financial statements. In particular, these requirements relate to compliance of economic ratios and other laws and regulations.

ISAs limit necessary audit procedures for identification of non-compliance with laws and regulations by enquiries to management, those charged with governance, if necessary, and review of correspondence, if any, with respective licensing bodies and regulators. If non-compliance is not disclosed to us or is not evident from respective correspondence, audit may not identify this non-compliance.

According to the results of our audit, all identified misstatements were discussed with the Bank's management, those of them that required corrections in the financial statements were corrected. The misstatements we found are not related to fraud risks.

Our report is agreed to additional report for Audit committee of Supervisory Board of the Bank.

We did not provide any services to the Bank, prohibited by article 6 of the Law of Ukraine On Audit of Financial Statements and Audit Activities.

"PKF UKRAINE" LLC audit firm and the engagement partner on the audit (key audit partner) of the financial statements of the Bank as at December 31, 2023, are independent from the Bank.

We and other members of PKF Global network, as well as other entities controlled by our firm, did not provide any other than statutory audit, services, information on which is not disclosed in management report and/or financial statements.

The purpose of our audit is to increase degree of confidence of intended users to the financial statements of the Bank. It is achieved by expressing our opinion whether the financial statements are prepared in all material aspects in accordance with International Financial Reporting Standards (IFRSs). We conducted our audit in accordance with ISAs and respective ethical requirements; it gives us the possibility to formulate our opinion. Inherent limitations of an audit result in most audit evidence on which the auditor draws conclusions and bases the auditor's opinion being persuasive rather than conclusive, so, audit is not an absolute guarantee that the financial statements are free of misstatements, and our audit does not guarantee future sustainability of the Bank efficiency or effectiveness of Bank management.

The engagement partner on the audit (key audit partner) resulting in this independent auditor's report is Maryna Antonova.

Engagement partner on the audit — Maryna ANTONOVA

(Registration Number in the Register of Auditors and Auditing Entities 100193)

On behalf of "PKF UKRAINE" LLC

Director — Iryna KASHTANOVA

Kyiv, Ukraine

April 15, 2024, except for the matters disclosed in the paragraph "*Other matters - second date of the auditor's report*", which are presented as of 25 April 2024 (the date of completion of the audit procedures limited to the modification referred to in this paragraph of information).