

**PUBLIC JOINT-STOCK COMPANY JOINT STOCK  
BANK “UKRGASBANK”**

**Management report**

**Financial statements**

*for the year ended 31 December 2023,  
together with independent auditors' report*

*Translation from Ukrainian*

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# Management report of JSB "UKRGASBANK" for 2023

*Translation from Ukrainian*

## 1. Chairperson of the Supervisory Board's Statement

### Ladies and Gentlemen!

In 2023, JSB "UKRGASBANK", like the entire Ukrainian banking system, withstood the test of the second year of full-scale armed aggression. The Bank ensured smooth operation, remained efficient, liquid, operationally stable and profitable, which in turn had a significant positive impact on ensuring the stability of the domestic banking system.

From the first days of the war, the Supervisory Board clearly defined the wartime JSB "UKRGASBANK" mission - to promote active financing of the state's economy. Therefore, the Bank's strategic goal in 2023 was and is to provide financial support to strategic sectors of the economy and critical infrastructure enterprises, in particular, energy, agro-industry, oil, food, textile, medical industries, etc.

In addition, our main goal as a system bank was to provide comprehensive round-the-clock access to banking products and services relevant for customers, including through the introduction of modern technologies and the development of our remote service channels.

The Bank also continued to help domestic businesses use innovation to improve their efficiency, reduce their environmental impact and strengthen social responsibility.

The direction of energy efficiency remains one of the Bank's key competencies. The support of such "green" projects, as one of the important components of the country's sustainable development and its post-war recovery, remains one of the priority directions of JSB "UKRGASBANK's" work. We extend the concept from green banking to sustainable development, which includes the medical field, restoration projects, circular economy and more. JSB "UKRGASBANK" remains a leader in the implementation of new, current trends in sustainable banking and modern "green" banking products in Ukraine.

I would like to note that despite the unprecedented challenges of wartime for the banking system, clients' trust in JSB "UKRGASBANK" has only strengthened. This is explained by the continuity of the Bank's work, which is achieved by the dedicated work of thousands of its employees, including those in the front-line territories. I am convinced that it is the trust of clients in the banking system that is the guarantee of its strength in the conditions of war, as well as the effective post-war restoration of the territories and infrastructure of the state.

It should be especially noted that the support of the National Bank of Ukraine also plays an important role in the fact that JSB "UKRGASBANK", as well as the entire banking system, adequately copes with the challenges of war. In fact, the regulator and banks currently act as one team, whose work is aimed at preserving the financial stability of the state.

Thank you to the clients, shareholders, partners and employees of the bank for the trust placed in us in 2023. The Bank's Management Board and Supervisory Board are fully committed to further strengthening such fruitful cooperation, despite the challenges that await the country in the coming year.

Chairperson of the Supervisory Board

Sanela PAŠIĆ

## **2. Acting Chairperson of Management Board Rodion Morozov's Statement**

### **Ladies and Gentlemen!**

For the second year in a row, the banking system and JSB "UKRGASBANK" have overcome the challenges of full-scale armed aggression.

Despite the war raging on the territory of our country, JSB "UKRGASBANK" continues its effective work to meet the needs of its customers, continue lending to the real sector of the economy and help the army.

Despite the military actions, JSB "UKRGASBANK" did not stop lending to the real sector of the economy for a single day. Therefore, providing financial support to strategic sectors of the economy and critical infrastructure enterprises, in particular, the energy, agro-industry, oil, food, textile, medical industries, etc., remained a priority direction of the Bank's work in 2023 as well.

In 2023, JSB "UKRGASBANK" took part in the development and became a partner of a unique and critically important for Ukraine agreement with a pool of international insurance companies on the insurance of ships in the Black Sea, which created a special unprecedented mechanism for the insurance of ships using the Ukrainian maritime corridor.

In the conditions of full-scale armed aggression, the support of domestic exporters has become one of the key competencies of our Bank. The Bank supports Ukrainian manufacturers who export a very wide range of products abroad. Exporters who export processed products rather than raw materials are supported by lending with the ECA insurance mechanism. So, thanks to ECA, we managed to support the export of contracts worth UAH 1,5 million. Participation in the program enabled companies to export their products to 16 countries in Europe, Asia, as well as the USA and Israel.

We also offer clients specialized credit programs aimed at implementing energy-efficient measures.

Today, the most common among clients is lending within the framework of the state program "Affordable loans 5-7-9%". Our Bank stood at its origins and today is one of the leaders, having accumulated extensive experience and expertise in the operation of the program. During the period of the program, we issued UAH 16,963 million. (of which UAH 11,832 million - since the beginning of the full-scale invasion) and we rank third in terms of the volume of disbursements in the investment direction of the program.

The program in cooperation with the Business Development Fund and KfW, which finances investment projects aimed at reducing CO2 emissions and the purchase of generators, is also in great demand among clients - which can be combined with the program "Affordable loans 5-7-9%" and, accordingly, receive a loan with a term up to 5 years, in the amount of eq. 500,000 euros at a rate of 5-7-9% per annum, depending on client segmentation, job creation.

And also a program in cooperation with the EBRD, according to which clients have the opportunity to receive up to 15% "cashback" from the cost of the implemented investment project - namely, in the amount of up to eq. 3 million euros with "cashback" in the amount of 10% for simple projects (purchase of energy-efficient transport, machinery, equipment, etc.), in the amount of 15% for complex projects (construction of energy-efficient buildings, improvement/reconstruction of existing buildings for the purpose of energy efficiency, etc.), term up to 5 years This program can also be combined with the program "Available loans 5-7-9%" and get a loan at an interest rate of 5-7-9% per annum, depending on client segmentation, job creation.

JSB "UKRGASBANK" was and remains a leader in trade financing on the country's banking market. In 2023, the Bank won awards in the nominations "Best Trade Finance Bank in Eastern Europe" and

"Best Import Deal" by the most authoritative international publication Global Trade Review. Received the award "The most active issuing bank in Ukraine" and "Deal of the year - Green financing" from the EBRD. JSB "UKRGASBANK" did not stop for a moment in trade financing of critical imports, which is extremely important for supporting the country's economy in wartime conditions.

In wartime, one of the main priorities of the Bank is to provide for the needs of the army and to help restore the destroyed infrastructure. We also actively participated in this case. Our support has very specific figures - since the beginning of the war, the Bank has directed more than UAH 392 million to support the Armed Forces, communities and the implementation of important humanitarian projects and initiatives.

Understanding the urgent needs of the Ukrainian military and the health care system in wartime conditions, JSB "UKRGASBANK" has become a strategic partner in terms of SCP of medical supplies for military units and health care facilities.

In 2023, we continued our productive cooperation with the Ministry of Digital Transformation of Ukraine and the Individual Deposit Guarantee Fund in terms of online payments of guaranteed compensation amounts. In addition, thanks to the productive cooperation with "Ukrfinzhitlo", the Bank became one of the leaders of the "E-Oselya" state mortgage lending program.

JSB "UKRGASBANK" is moving towards the goal of becoming one of the best banks in terms of efficiency and quality of service to our customers. Therefore, digitalization of customer service channels became part of the overall transformation of JSB "UKRGASBANK" in this direction. We introduced remote opening of accounts for individual entrepreneurs and made this service the first among banks for legal entities.

In 2023, JSB "UKRGASBANK" continued to hold leading market positions in terms of key performance indicators and exceeded the established budget indicators regarding its profitability.

According to the results of 2023, the Bank received a net profit of UAH 1.9 billion, compared to a loss of UAH 3.9 billion in 2022.

Operating profit before reserves and taxation amounted to UAH 4.7 billion, which is 47% better than in the same period last year.

JSB "UKRGASBANK" has sufficient liquidity and capital at its disposal. The adequacy ratio of the financial institution's regulatory capital as at 1 January 2024 was 15.81% under the National Bank of Ukraine (NBU) standard of 10%.

Every year, the influence of ESG (environmental, social and corporate governance) will increase. This trend will develop more and more actively in Ukraine, even despite the war. 1,150 sustainable development projects were financed by JSB "UKRGASBANK", which, in turn, made it possible to reduce carbon dioxide emissions by 1.6 million tons. JSB "UKRGASBANK" is among the leaders in the field of implementation of sustainable development projects.

Summarizing, I will say that JSB "UKRGASBANK", despite all the challenges, passed the difficult second year of the war with dignity. We managed to maintain and support the operation of our services at a high level. We have maintained all our internal policies and market leadership in all key metrics.

We have ambitious plans for the future. We will continue to do everything necessary to preserve the stability and leading positions of the Bank, as well as our joint victory!

Taking this opportunity, I would like to thank the clients, shareholders and partners of the Bank for their trust and cooperation!

Glory to Ukraine! Together we will win!

Acting Chairperson of the Management Board

Rodion MOROZOV

### **3. Information on the development and probable prospects for further development of JSB «UKRGASBANK» (hereinafter, also the Bank)**

In 2023, the banking system of Ukraine continues to operate in crisis conditions. Large-scale military actions on the country's territory have significantly altered the functioning conditions of the banking sector.

In accordance with the decisions of the National Bank of Ukraine, public sector banks, including the JSB "UKRGASBANK", are included in the list of critical infrastructure objects in the banking system of Ukraine and the list of authorized banks in Ukraine that are involved in operations in special periods.

By the decision of the Bank's Management Board from 24 February 2022, the Action Plan of the Bank was approved under the conditions of an emergency mode of operation, according to which an operational headquarters operated in the Bank during a special period, which took over the powers of collegial bodies and coordinated the actions of the Bank's employees in terms of work in under emergency conditions. However, as at 6 March 2023, the Bank resumed the activities of the Management Board and collegial bodies of the Bank's Management Board. The Bank ensures the implementation of resolutions and decisions of the NBU and other authorities in the shortest possible time.

The bank ensured uninterrupted operation of the IT infrastructure, expanded the use of cloud technologies, including the deployment of processing center systems in AWS. A number of measures were taken to improve the Bank's information security and several DDoS attacks were repelled.

In 2023, the number of operating banks decreased by 4 to 63. According to the information on the performance indicators of the banking system of Ukraine as at 1 January 2024, published on the NBU website in the relevant section (<https://bank.gov.ua/ua/statistic/supervision-statist> (here and further in the text, information on the performance indicators of the banking system of Ukraine as a whole, as well as the shares of the JSB "UKRGASBANK" in relation to other banks of the banking system of Ukraine are given according to the data of files A4X of statistical reporting as at 01.01.2024)) market share of state financial institutions of the banking system of Ukraine as at 01.01.2024: 53.6% and 64.5% by net assets and household deposits, respectively. The degree of concentration in the sector has hardly changed over the past few years: as at 1 January 2024, 20 banks accounted for 93.1% of net assets.

The share of JSB "UKRGASBANK" in the assets of the banking system as at 1 January 2024 is 6.0%. The credit portfolio of customers of the banking system as at 1 January 2024 is UAH 688.4 billion, the share of JSB "UKRGASBANK" in the credit portfolio is 9.2%. The portfolio of clients' funds of the banking system of Ukraine as at 01.01.2024 is UAH 2 436.0 billion, the share of JSB "UKRGASBANK" in the portfolio of clients' funds is 6.3%. During 2023, the Bank fulfilled all its obligations on time and in full.

As of 1 January 2024, in accordance with the requirements of the National Bank of Ukraine, the JSB "UKRGASBANK" successfully operates 121 main branches, which is 55% of the Bank's network of operating branches (220). In addition to the main branches, other branches of the Bank are equipped with generators and backup communication channels.

JSB «UKRGASBANK» is a universal bank, 94.94% of whose shares are in state ownership. During 2023, the Bank continued to function as a universal bank with a full range of banking services for all categories of clients. The Bank's main areas of activity for generating income were corporate business, small and medium business, retail business, treasury and investment business.

On 20 December 2021, the JSB «UKRGASBANK» Supervisory Board approved the Bank's development strategy for 2022-2024 (Protocol dated 20 December 2021, No. 37). However, by Order No. 356 dated 7 May 2022, the Cabinet of Ministers of Ukraine approved the Main (strategic) areas of activity of public sector banks for the period of martial law and post-war economic recovery (hereinafter - Main areas). The main directions include the active participation of banks in ensuring the financial stability of Ukraine, support and stability of the functioning of the banking sector, ensuring the financing of priority sectors of the economy and the uninterrupted functioning of enterprises (objects) of critical infrastructure, including those that are state-owned.

The Main Directions determined that during the period of martial law, it is irrelevant and impractical to achieve the performance indicators of public sector banks expected during peacetime, defined by the Principles of Strategic Reform of the State Banking Sector (Strategic Principles) as at 2

September 2020, including it is impossible to fulfill the key aspects, priorities and performance indicators defined by the development strategies of each of the public sector banks.

Strategic goals during the period of martial law and post-war economic recovery are defined as:

- providing financial support to priority sectors of the economy and enterprises (objects) of critical infrastructure;

- the availability of banking services to ensure the protection of consumer rights, in particular within the framework of social protection of the population, provided there is no physical threat to bank employees;

- creation of conditions for the rapid restoration of the provision of banking services in full and ensuring the functionality and continuity of the work of public sector banks;

- creating, setting up and maintaining the functioning of an effective system of physical security (the central office and separate divisions of such a bank, including the security of bank employees), security of operating systems, in particular with the use of cloud solutions, and cyber security;

- implementation of measures aimed at reducing risks, including implementation of possible threats, implementation of bank security measures, in particular control over security risks (including physical, financial, cyber security and security of operating systems), elimination and/or minimization of the consequences of realized threats and crisis situations;

- smooth and effective work of the bank's managers to ensure the adoption of the necessary management decisions;

- preservation of the bank's financial stability, detection of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance.

During 2023, the Bank took measures to ensure the implementation of strategic goals. The Bank is one of the market leaders in supporting priority sectors of the economy, provides financial support to clients of priority sectors of critical infrastructure enterprises and is a participant in state programs. The bank ensured uninterrupted operation of the IT infrastructure, expanded the use of cloud technologies, implemented a number of measures to improve information security. The Bank is actively working to ensure compliance with the prudential requirements of the regulator and increase operational efficiency, which made it possible to ensure a net profit for 2023 in the amount of UAH 1.9 billion.

The main directions are that within six months after the termination or abolition of martial law or the state of war, the Ministry of Finance of Ukraine, together with public sector banks, must ensure the preparation and submission to the top management body of the bank for consideration of the updated main directions (strategic principles) of the activities of public sector banks and, accordingly, updated and updated own development strategies of public sector banks.

In 2023, the key trends in the banking sector remained the growth of funding at the expense of the funds of the population and businesses. The key trend remained unchanged: the share of customer funds as the main source of funding for banks increased (92.1% in the structure of liabilities as at 1 January 2024). Instead, the share of NBU refinancing decreased (as at 1 January 2024, it decreased to an annual minimum of 0.1%). In general, all banks increased their portfolio of hryvnia funds more and more intensively. Relatively high deposit rates contributed to the further growth of term funds in hryvnia, albeit at an increasingly lower rate. In July, some banks reclassified deposits with the right of early termination from time deposits to demand funds to more accurately reflect their nature.

Due to this, the share of term funds of the population decreased somewhat. However, in the future, the increase in the share of term funds continued. The vast majority of new hryvnia time deposits are attracted for a period of three to six months. And the most active in attracting time deposits in foreign currency were institutions with developed internet banking.

In assets, investments in domestic government bonds and deposit certificates of the NBU grew the fastest. Consumer lending was gradually restored, mortgage lending developed mainly under the "E-Oselya" program. Lending to legal entities took place mainly within the framework of the "Affordable loans 5-7-9%" program. Both within the limits of this program and in general, the volume of loans to trade and agriculture enterprises increased the most.

In the conditions of easing inflationary pressure, the NBU started a cycle of lowering the key policy rate. In July-December, the key policy rate was reduced four times, by a total of 10 percentage points - to 15% per annum. At the same time, higher rates for three-month NBU deposit certificates and



increased reserve requirements for current funds continued to motivate banks to attract time deposits from the population. So the decline in deposit rates followed by the key policy rate was slow

The increase in the sector's profit was facilitated by the continued growth of net interest income. In the structure of interest income, income from investments in NBU certificates and domestic government bonds of deposit continued to grow rapidly. At the same time, reservation costs remained moderate. At the same time, it is worth noting that on 21 October 2023, the Verkhovna Rada of Ukraine adopted the Law "On Amending the Tax Code of Ukraine Regarding the Features of Taxation of Banks and Other Taxpayers" (No. 3474-IX), according to which the tax rate on the profits of banks with 18% to 50% in 2023 and rising to 25% in subsequent years. Which significantly affects the net financial result of the sector.

The NBU began assessing the resilience of banks and the banking system in wartime conditions in April 2023, after a nearly two-year hiatus caused by full-scale war. The results of the stability assessment of banking institutions, published by the NBU, show that banks have sufficient capital, and the banking system as a whole has a high safety margin. Increased required levels of capital based on the results of the sustainability assessment were established only for five banks, including and for JSB "UKRGASBANK". However, as of the reporting date, the Bank is included in the list of two that already had a sufficiency standard above the required level.

As part of the sustainability assessment process, an asset quality review (AQR) and performance and capital indicators were conducted over a three-year horizon for the 20 largest banks with a share of more than 90% in the sector's net assets. The results of the assessment show that banks in general adequately assess credit risk. Adjustments of prudential reserves according to the results of AQR amounted to only about 1%, according to the results of the verification of the value of collateral - 0.5%, as a result of the extrapolation of the results of AQR to the entire loan portfolio of some banks - less than 0.5%. All these adjustments did not have a significant negative impact on banks' capital.

For the further harmonious development of the sector, banks need to take into account the results of the sustainability assessment and plans for the implementation of regulatory requirements in their business strategies and, if appropriate, update them.

In order to ensure compliance with an acceptable level of risks the Bank in 2023 carried out measures to minimize the risks it is exposed to on an ongoing basis.

According to the decision of the Board of the National Bank of Ukraine (No. 438-rsh dated 27.06.2019), JSB «UKRGASBANK» was designated as a systemically important bank as at 01.01.2019, and according to the decision of the Board of the National Bank of Ukraine No. 95-rsh dated 08.03.2023, this status was confirmed within the annual revision of the list of systemically important banks of Ukraine as at January 1, 2023. The status of systemic importance determines for the Bank the application of increased requirements regarding the credit risk standard and the formation of an additional capital buffer in the future (when the capital buffers will be put into effect by the regulator).

At the same time, the military actions in the territory of the country significantly changed the conditions of functioning of the banking sector. In turn, the National Bank of Ukraine took a number of measures during the martial law to maintain the stability of the banking system. Thus, the resolution of the Board of the National Bank of Ukraine dated 25 February 2022 No. 23 "On some issues of the activity of banks of Ukraine and banking groups" made a decision not to apply influence measures for violations by banks of economic norms and limits of open currency positions, if such violations occurred starting from 24 February 2022 and caused by the negative impact of the Russian Federation's military aggression against Ukraine.

Reserves for expected credit losses for the Bank's credit portfolio as of the end of the day on 31 December 2023 are defined in the Notes of the financial statements as at 31 December 2023.

Until January - March 2023, the Bank did not comply with the standard of the maximum amount of credit risk per counterparty (H7), established for systemically important banks. Starting from 24 March 2023, the value of the maximum amount of credit risk per counterparty was brought into the regulatory requirements of the regulator and was less than 20% of the regulatory capital of the Bank. As of the end of the day on 31 December 2023, the value was 14.83% with a regulatory value of no more than 20% of the regulatory capital (set for systemically important banks). At the same time, the standard value of large credit risks (H8) was 247.82% with a standard value of no more than 800%. As of the end

of the day on 31 December 2023, the value of the standard LCR (liquidity coverage ratio) in all currencies is 189.78% (with a standard value of at least 100%), LCR in foreign currency is 217.69% (with a standard value of at least 100%), and the value of NSFR (net stable financing ratio) is 139.18% (with a normative value of at least 100%).

As of the end of the day on 31 December 2023, the Bank complied with the limits of the open currency position established by the National Bank of Ukraine, so as of the end of the day on 31 December 2023, the value of the long open currency position was 1.28% (normative - no more than 5%), and the short open currency position is 0.27% (normative - no more than 5%), calculated in accordance with the Decision of the Board of the National Bank of Ukraine No. 419-rsh dated 08.22.2022 "On the approval of the Methodology for calculating the limits of open currency position by banks".

As of the end of the day on 31 December 2023, the regulatory capital of the Bank amounted to UAH 11,369,885.7 thousand, the value of the Bank's capital adequacy indicator (H2) was 15.81% with a normative value of at least 10%, the value of the Bank's core capital adequacy indicator (H3) was 11.49%, with a normative value of at least 7%. Based on the actual level of capital adequacy in 2023, the Bank complies with capital standards.

The Bank's budget foresees a financial result for 2024 in the amount of UAH 3,379 million, which is more than the result of 2023 by UAH 1,443 million or by 75%. At the same time, the operating profit for 2024 is UAH 6,011 million, which is UAH 1,264 million more than in 2023.

The volume of formed reserves at the end of 2024 is expected to be UAH 1,357 million, which is UAH 1,271 million more than in 2023, which is mainly due to the increase in the volume of the loan portfolio and the forecast devaluation processes of the national currency.

Operating income before the change in reserves is expected at the level of UAH 11,761 million, which is UAH 2,589 million more than the level of 2023. Net interest income in the amount of UAH 9,912 million or 84% takes the largest share in the structure of operating income to reserves, the main drivers of which are lending operations to corporate clients and operations with securities.

The amount of non-interest income is UAH 1,849 million or 16% of the Bank's operating income, including net commission income of UAH 1,391 million, trading result of UAH 240 million (including a negative result from the revaluation of the currency position in the amount of UAH 195 million), other incomes of UAH 189 million.

According to the results of 2024, the Bank will accrue UAH 1,274 million current income tax at the rate of 25%.

#### *Information on the purchase of shares.*

During 2023, the Bank did not sell, buy back and/or otherwise acquire its own shares.

#### *Related party relations.*

The Supervisory Board approved the Regulation on the procedure for carrying out transactions with persons related to the Bank (hereinafter referred to as the Regulation), which defines the following two criteria for relatedness:

- Person related to the Bank (NBU) (hereinafter - Related person (NBU)) - A person who meets the characteristics specified in Article 52 of the Law of Ukraine "On Banks and Banking Activities" and meets the requirements of Regulation No. 315;

- Related party of the Bank (IFRS) (hereinafter - Related party (IFRS)) – Person who meets the characteristics, in accordance with the International Financial Reporting Standards, and additional characteristics specified in the credit agreement [Credit Agreement between the Bank and the International financial corporation dated 25 January 2021], but is not a Bank Related Person (NBU).

A person is associated with the Bank from the moment the grounds for determining such a person are associated with the Bank arise.

Signs of definition of Related Persons (NBU) are:

1. Controllers of the Bank.
2. Persons who have a significant share in the Bank, and Persons through whom these Persons exercise indirect ownership of a significant share in the Bank.

3. Heads of the Bank, the director of the Bank's internal audit department, chairperson, deputy chairperson and members of collegial bodies of the Bank's Supervisory Board and Management Board, the Bank's Chief Risk Officer (CRO) and the Bank's Chief Compliance Officer (CCO).
4. Related and Affiliated persons of the Bank, including members of the banking group (if any).
5. Persons who have significant participation in the Bank's Related and Affiliated persons.
6. Managers of legal entities and managers of banks that are Related and Affiliated entities of the Bank, the head of the internal audit service, managers and committee members of these entities.
7. Associates of individuals specified in points 4-6 of this paragraph
8. Legal entities in which the individuals specified in points 1-7 of this paragraph are managers or owners of significant participation.
9. Any Person through whom a transaction is carried out in the interests of the Persons specified in points 1-10 of this paragraph, and who is influenced during such a transaction by the Persons specified in points 1-8 of this paragraph, through labor, civil and other relationships.
10. Persons who, in accordance with the characteristics of the nature of relationships and/or the nature of transactions established by the National Bank of Ukraine, are designated as Related Persons (NBU).

The Bank determines the list of persons related to the Bank (person related to the Bank (NBU) and person related to the Bank (IFRS)), which is approved monthly by the Bank's Management Board.

The Bank ensures the relevance of information about persons related to the Bank on the basis of changes in information regarding such persons, identification of new persons as persons related to the Bank, etc. The Bank takes measures to comply with related party transactions with the requirements of the law from the moment signs of a person's connection with the Bank appear.

The Bank ensures the relevance of information about persons related to the Bank on the basis of changes in information regarding such persons, identification of new persons as persons related to the Bank, etc. The Bank takes measures to comply with related party transactions with the requirements of the law from the moment signs of a person's connection with the Bank appear.

Transactions with persons related to the Bank include:

1. Operations leading to financial requirements to Related Persons, i.e.:

- placement of deposits and settlement funds in other banks;
- provision of loans, including accounted bills;
- factoring operations, financial leasing;
- purchase of debt securities;
- purchase of shares and other securities with unfixed profit;
- other operations leading to the emergence of receivables;

The requirements of this clause do not apply to operations with certificates of deposit of the National Bank of Ukraine, bonds of the domestic state loan of Ukraine, and operations on Nostro correspondent accounts.

2. Provision of financial obligations by the Bank to Related Persons, i.e.:

- provision/issuance by the Bank of guarantees, sureties, letters of credit, guarantees and acceptances;
- provision of lending obligations by the Bank.

3. Fund-raising operations (passive operations) and other operations carried out by the Bank within the scope of statutory activities, and do not lead to the emergence of credit risk in relation to Related Persons, with the exception of operations on customer current accounts, Loro and Nostro correspondent accounts.

4. Transactions on the purchase/sale and/or lease of assets, economic and other transactions.

Agreements made with persons related to the Bank cannot provide for conditions that are not current market conditions. The Bank conducts active operations with persons related to the Bank on terms that do not differ from the conditions for conducting active operations with other persons. The lending eligibility criteria defined by the Credit Policy cannot be adjusted to the requirements and needs of persons associated with the Bank.

Agreements concluded by the Bank with persons related to the Bank (NBU) on terms that are not current market conditions are invalid from the moment of their conclusion.

Current market conditions are not considered, in particular:

- acceptance of less collateral than required from other clients.
- purchase of property of low quality or at an inflated price from a person related to the Bank.
- making an investment in the securities of a person related to the Bank, which the Bank would not have made in another company.

- payment of goods and services of a person related to the Bank at prices higher than usual, or under such circumstances, when the same goods and services of another person would not have been purchased at all.

- sale of property to a person related to the Bank at a price that is lower than what the Bank would receive from the sale of such property to another person.

- accrual of interest and commissions for services provided by the Bank to persons connected with the Bank, which are less than usual.

- accrual of interest on contributions (deposits) attracted by the Bank from persons related to the Bank, which are larger than usual.

The Bank is obliged to take measures to comply with the requirements of the legislation of Ukraine in transactions with persons related to the Bank (NBU) from the moment of the appearance of signs of a person's connection with the Bank.

The Bank's Supervisory Board makes decisions on the Bank's active transactions with Bank-related persons (NBU) in the cases and in the manner provided for by the legislation of Ukraine.

The Bank's Management Board makes a decision on the Bank's active transactions with persons related to the Bank in accordance with the procedure provided for by the legislation of Ukraine, and within the limits of the powers (limits of the maximum amount of credit risk per person related to the Bank), established by the decision of the Supervisory Board of the Bank.

The Bank's Management Board, within the limits of its authority to carry out active operations with Related Persons by the Bank, may delegate its authority to make a decision on the Bank's carrying out active operations with Related Persons to the collegial bodies of the Bank's Management Board and authorized employees of the Bank.

Members of the Bank's Supervisory Board, the Bank's Management Board, collegial bodies of the Bank's Management Board, and the Bank's employees, who are delegated the authority to make decisions on active operations by the Bank, may not be involved in approving decisions on active operations regarding themselves and/or those related to them personal

The Bank is prohibited from granting loans to any person for repayment of any obligations by this person to a person related to the Bank (NBU), to purchase assets of a person related to the Bank (NBU), with the exception of products produced by this person, and securities placed or signed by a person related to the Bank (NBU).

The Bank is prohibited from indirectly carrying out credit transactions with persons related to the Bank, including placing funds in another bank for lending by this bank to persons related to the Bank.

The Bank fully complies with the restrictions on transactions with persons related to the Bank, established in accordance with the Law of Ukraine "On Banks and Banking Activities" and regulations of the National Bank of Ukraine. As of the end of the day on 31 December 2023, the total amount of loans granted to persons related to the Bank amounted to about UAH 17 million. During 2023, the Bank complied with the standard of the Maximum amount of credit risk for transactions with persons related to the bank (H9), so the value of the standard as of the end of the day on 31 December 2023 was 0.15% (the standard value is no more than 25%).

#### *Liquidity risk and management of funding sources.*

Liquidity risk is the risk that arises due to the bank's inability to fulfill its obligations in a timely manner without incurring unacceptable losses, or due to the inability to manage unplanned outflows of funds, changes in funding sources and/or fulfill off-balance sheet obligations. In order to limit this risk, the management uses various sources of funding in addition to its main deposit base. Management also manages the Bank's liquidity on a daily basis, taking into account balances of funds on correspondent accounts and plans for inflows and outflows of funds; management of current liquidity for a period of

up to 1 month by determining the Bank's needs for liquid funds and determining the size of the liquidity gap during the specified period; liquidity management for a period of more than 1 month by assessing the degree of discrepancy between the term structure of assets and the term structure of liabilities and developing measures to maintain an appropriate and sufficient level of liquidity of the Bank in the future.

#### *Financial mechanisms.*

The Bank's financing policy is aimed at obtaining an acceptable level of risk-weighted income and ensuring the growth of the Bank's investment attractiveness, strengthening its position on the banking market, improving the quality of service, improving the quality of the loan portfolio, increasing the client base, increasing non-interest income, optimizing the product line, improving sales channels, improvement of marketing campaigns. The bank plans to develop cooperation with international financial organizations, documentary business, etc.

At the same time, it is expected that the events that took place on 24 February 2022, namely, the full-scale military invasion of the Russian Federation on the territory of Ukraine and, as a result, the introduction of martial law in Ukraine, will have a further negative impact on the economy of Ukraine, the banking sector and directly on JSB "UKRGASBANK". At the same time, today it is impossible to accurately, quantitatively and qualitatively assess such a negative impact on the further activities of the Bank, taking into account the uncertainty regarding the further development of military operations and the escalation of the conflict.

#### *Key risks and uncertainties.*

The main risks and uncertainties in the Bank's activities are characteristic of all banking institutions of Ukraine and are standard risks of banking activity.

#### *Environmental and social aspects of activity.*

Projects financed by the Bank are developed and implemented in accordance with the best Ukrainian and international practices and are subject to proper verification and assessment of compliance with the socio-ecological requirements of the Bank's Environmental and Social Responsibility Policy. In order to reduce the environmental and social risks of lending projects and achieve compliance with Ukrainian and international sustainable practices, the Bank is guided by 8 requirements in the social sphere and the sphere of environmental protection regarding the implementation of projects developed by the International Finance Corporation.

Projects related to sustainable development projects are also evaluated in accordance with the Bank's environmental and social policy requirements. Project analysis assesses project size, location, type of activity, and potential environmental and social impacts.

Based on the results of the analysis of lending projects, the Bank's specialists prepare project reports (conclusions). If deviations in compliance with environmental and social standards or current legislation are detected during the assessment, the borrower is provided with a corrective action plan and additional credit terms are set. Late fulfillment of contractual requirements is subject to fines. The fulfillment of credit conditions and action plans is subject to monitoring on a quarterly basis. In addition, the Bank's borrowers report on the fulfillment of the requirements established by credit agreements, recommendations and on environmental and social aspects of activities during the reporting period on an annual basis by submitting annual reports.

For the assessment of projects of risk category A (high environmental and social risk), the Bank has accredited two independent expert companies, which, if necessary, are involved in the analysis of the specified lending projects. In 2023, no audits of lending projects were conducted by independent accredited expert companies.

In 2023, reports on all projects of risk category A were submitted for review and approval to representatives of the International Financial Corporation.

During 2023, 298 projects were analyzed for environmental and social risks, including:

- 98 projects are projects with an amount owed to a group of related counterparties over USD 2 million (including: 12 projects of high environmental and social risk, 54 projects of medium environmental and social risk, and 32 projects of low environmental and social risk);
- 34 sustainable development projects (including: 13 medium environmental and social risk

projects and 21 low environmental and social risk projects);

- 124 projects under the cooperation program with the EBRD (including: 104 projects of medium environmental and social risk and 20 projects of low environmental and social risk);

- 42 projects under the program of the Business Development Fund (energy efficiency) (of which: 14 projects of medium environmental and social risk and 28 projects of low environmental and social risk).

Penal sanctions for non-fulfillment of lending conditions were not applied in the reporting period.

In order to analyze borrowers with high-risk projects, relevant specialists of the Bank made 4 visits to the place of borrowers' activities and project implementation during 2023.

All the above-mentioned procedures, actions and methods are designed to control and minimize the issuer's risks.

In 2023, new, significant and unminimized social and environmental risks that could affect the use of the issuer's assets were not identified.

*Employment, respect for human rights, fight against corruption.*

In order to ensure the rights of employees and ensure employment in JSB "UKRGASBANK", the Regulation on personnel policy and personnel management procedures is in force.

In particular, in accordance with this Regulation, the Bank's personnel policy is based on the principle of equal opportunities and mutual respect between all employees, regardless of the positions and divisions in which the employees work. Every employee has the right to equal respect and dignified treatment of his work and personality by all employees and managers of the Bank. Any discrimination, in particular violation of the principle of equal rights and opportunities, direct or indirect restriction of rights depending on race, skin color, political, religious and other beliefs, sex, gender identity, sexual orientation, ethnic, social and foreign origin, age, state of health, disability, suspicion or presence of HIV/AIDS, family and property status, family responsibilities, place of residence, membership in a trade union or other association of citizens, participation in a strike, appeal or intention to appeal to court or other bodies for the protection of their rights or providing support to other employees in the protection of their rights, on linguistic or other grounds unrelated to the nature of the work or the conditions of its performance. In addition, the company's employees formed the first trade union organization "Union of Employees of JSB UKRGASBANK".

Since the declaration of martial law in the country and during 2023, the Bank's management pays special attention to ensuring the employment of internally displaced persons, Bank employees who were forced to change their place of work and residence due to the military aggression of the Russian Federation, as well as Bank employees whose place of work is in de-occupied territories.

In 2023, with the observance of the necessary security conditions, the activities of certain branches in the de-occupied territories of the country were resumed, which made it possible to improve the social protection and material level of the Bank's employees, who carry out operations and ensure the uninterrupted operation of the Bank in the conditions of martial law in Ukraine. Also, the Bank operates an "internal labor market", which provides an opportunity for growth and professional development through alternative job offers to employees, including those who have been forced to move to other regions.

The Bank's activities are based on trust and mutual respect between all its managers/employees. The Bank complies with all applicable legislation, ensuring equal promotion opportunities for all employees. Mobbing and discrimination on the basis of race, skin color, sex, country of origin, age, religion, disability, marital status, pregnancy, sexual orientation, gender identity and its expression, citizenship or any other characteristic protected by law is not allowed.

Each of the employees of the Bank is obliged to:

- treat colleagues fairly and with respect,
- recognize and respect clients and other external persons with whom the Bank has relations as partners;

- do not discriminate against colleagues in any way.

The Bank recognizes and guarantees equality with clients. The main goal of the Bank is to become the best partner and provider of banking services for clients. Relations with clients and provision of services to clients are carried out in a way that best meets the requirements of clients and enables the

establishment of long-term relationships based on cooperation and trust.

The Bank recognizes and guarantees equality with suppliers. The Bank does not take advantage of the contractual position in such a way that it is unfair or in a way that does not correspond to the principles of rationality, suppresses the rights of suppliers.

The bank recognizes equality with competitors. Relations with the Bank's competitors are built on the principles of honesty and mutual respect in accordance with the requirements of the antimonopoly legislation of Ukraine. The Bank does not enter into unfair agreements that do not comply with the pricing policy, and adheres to the requirements of fair competition practices.

The Bank is guided by the principle of "zero tolerance" to any manifestations of corruption and takes all measures prescribed by law to prevent, detect and counter corruption and related actions (practices) in its internal activities, as well as in legal relations with clients, counterparties and other legal or natural persons with whom business relations are established, state authorities, local self-government bodies.

The Bank has implemented a training system for Bank employees, as well as a mechanism for preventing and controlling corruption and violations:

- established restrictions on receiving/donating business gifts and entertainment expenses;
- a mechanism for confidential notification ("whistleblowing") about potential and discovered violations in the activities of the Bank and its employees has been introduced, while preserving the confidentiality of the appeal.

An anti-corruption program has been implemented in the Bank, and an anti-corruption program implementation officer has been appointed.

#### *Availability of structural subdivisions.*

As at 31 December 2023, there are independent divisions in the Bank's structure: in the main institution - 46 independent structural divisions of the Bank's Main Institution (including 5 divisions that are subject to reduction after the actual release of employees); 21 regional directorates of the Bank; regional directorate - 1.

#### *Procedure for appointing and dismissing officials.*

The procedure for appointing and dismissing officials of JSB «UKRGASBANK» is regulated by the requirements of the current legislation of Ukraine, in particular, the Labor Code of Ukraine, the Law of Ukraine "On Banks and Banking Activities", Resolution of the Cabinet of Ministers of Ukraine dated 03.10.2017 No. 142 "Some issues of management of state unitary enterprises and economic companies, in the authorized capital of which more than 50 percent of the shares (shares) belong to the state", the Articles of Association of JSB "UKRGASBANK", Regulation on licensing of banks, approved by the resolution of the Board of the National Bank of Ukraine dated 22.12.2018 No. 149.

The Chairperson and members of the Management Board are appointed and dismissed by the Supervisory Board of the Bank, in accordance with the requirements of the Articles of Association of JSB "UKRGASBANK", and are approved by the National Bank of Ukraine in accordance with the requirements of current legislation. When appointed, a contract is concluded with the Chairperson and members of the Board. The chief accountant, corporate secretary, and other officials of the Bank are appointed in accordance with the requirements of the Labor Code of Ukraine, the Law of Ukraine "On Banks and Banking Activities", the Law of Ukraine "On Joint-Stock Companies".

#### *Powers of officials.*

The powers of the Bank's officials are determined by the Bank's Articles of Association, the Regulation on the Supervisory Board and the Management Board, job instructions, as well as powers of attorney.

#### *Received rewards for the reporting period.*

Remuneration of the Chairperson and members of the Supervisory Board was carried out in 2023 in accordance with the Regulations on the Supervisory Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 11.12.2023 (protocol No. 4), Regulations on the

remuneration of members of the Supervisory Board of the Board of JSB "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB"UKRGASBANK" dated 23 April 2021 (protocol No. 1), a civil law or labor agreement (contract) concluded with each member of the Supervisory Board.

Remuneration of the Chairperson and Members of the Bank's Management Board was carried out in 2023 on the basis of the decisions of the Supervisory Board and in accordance with the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB"UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28 ).

Remuneration of the chief accountant was carried out on the basis of the Collective Agreement, approved by the conference of the labor team, the protocol of 27.07.2022, registered on 06.09.2022 (registration number 57-22), with changes and additions, Regulations on remuneration and material incentives for employees of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK" (Protocol of the Management Board No. 17 of 22 March 2018), as amended.

#### *Human resources, intellectual capital.*

The number of employees at the end of the reporting period is 3,830, of which 72% are women, 28% are men.

The number of employees of the Bank during the reporting period practically did not change (increased by 5 people).

More than 82% of employees are between the ages of 25 and 50, the average age of employees is 43 years. The average length of service in the Bank is more than 7 years.

One of the Bank's key resources is human resources and intellectual capital. In 2023, considerable attention was paid to raising the professional level of the Bank's managers and employees. In particular, with the aim of developing and improving the knowledge, skills and expertise of the Management team and heads of key divisions, taking into account the results of the assessment of the level of manifestation of leadership competencies, the level of motivation, involvement, resourcefulness and resistance to factors of increased stress and uncertainty, the Bank ensured the development and implementation of their personal plans development.

Also, in 2023, to ensure the practical implementation of the Succession Planning Policy in the Bank, a list of persons, successors to the positions of key persons, managers of the Bank was formed, and annual personal development plans were implemented for candidates, which provide for the implementation of training activities for successors.

In order to study the best international practices and experience, to represent the Bank and Ukraine at international events, in 2023 the Bank's managers and employees took part in international conferences and business events, in particular, regarding joint initiatives of the EBRD and partner financial institutions in the financial sector of Ukraine.

#### *Technological resources.*

The bank uses a wide range of digital communications with the bank's clients: the Ekobank mobile application, a system of alternative communication channels (CRM), a client-bank for legal entities, social networks, its own ATM network and the bank's website.

In 2023, the Bank continued to actively invest in digital development and improvement and modernization of service provision processes both for customers and within the Bank.

So, the development of the functionality of the updated client-bank for legal entities Ekoboom 24/7 continues. The improvement and introduction of new functionality did not end there, the Bank closely cooperates with large clients to introduce personal services and improve the level of bank service. The implementation of the international standard ISO20022 (CEP-4) continues in SDO ECO BUM 24/7 with the aim of expanding the functionality of payment instruments for bank clients;

In order to increase the flexibility of front-end systems and speed up their deployment or updating, the use of the AWS public cloud, which has a wide range of modern services both in terms of functionality and security, has been started.

Measures taken to ensure uninterrupted operation of the IT infrastructure in martial law conditions:



- the construction of a new backup data center on a geographically remote site was completed, physical equipment was cooled, and the deployment and reservation of the Bank's information systems, software and hardware resources of the data center were completed.

- work is being done to build the 3rd data center in AWS by deploying ICT Systems

- two large-scale testing of the recovery of ICT Systems at the capacity of the Backup Data Center was carried out by simulating the situation regarding the inaccessibility of the Main Data Center with the verification of the functioning of all Systems at the capacities of the Backup Data Center and in AWS.

- the modernization of the network infrastructure was carried out to ensure timely and adequate protection measures against real and potential threats to the Bank's information security, organization of measures to ensure information security and cyber protection as required by the NBU

- the construction of centralized WiFi is being carried out in order to ensure controlled access to the Internet for bank customers at the main branches, organization of wireless access for bank employees to the Internet and the corporate network.

- migration of KNEDP of JSB "UKRGASBANK" was carried out for the purpose of functioning of KNEDP on own equipment in geographically distributed main and backup data centers of JSB "UKRGASBANK".

In 2023, the Bank successfully switched to the new standard of the NBU payment system – CEP-4, based on the international standard ISO20022 (CEP-4), and migrated to the ISO20022 standard in the SWIFT international payment system.

In 2023, the analysis of financial transactions of the Bank's clients was automated to identify suspicious transactions, clients were checked against sanctions lists and belonging to public persons.

In the second half of 2023, the software for supporting business operations (ERP system) was implemented to replace the "Sail Enterprise" software.

In the second half of 2023, the corporate telephony platform was updated to the latest version to ensure stable operation, increase security and to comply with the requirements of the National Bank of Ukraine (Resolution No. 95)

The expansion of the functionality of the system for remote opening of a current account for individual entrepreneur has been completed, the Diya.Sharing and Diya.Signature functions have been launched; implementation of the cloud-based KEP and connection to the mobile application; remote customer identification through integration with the "DIYa" application.

The development of a single consolidated "reference repository" of all information available in the bank about all types of clients and their characteristics - "Single Client Base" - was completed.

Among the planned digital projects, the following should be highlighted:

- construction of a single repository of client documents;

- expansion of the functional content of payment instruments in DMS ECO BUM 24/7 for bank clients according to ISO20022;

- development of a new corporate website, which will emphasize the Bank's image, with the aim of increasing the number of visits from existing and potential new customers, which will subsequently lead to increased sales of banking products and services

During 2023, work was constantly carried out to expand the functionality of the Eco-bank mobile application and the web version of this application for individuals.

Storage of critical information and critical information systems, which ensure the operation of the Eco-bank Mobile application and the bank's processing center, is ensured using cloud technologies.

Functional capabilities of the "System of alternative communication channels" software were developed.

Constant work was carried out to expand the capabilities of the mobile and web versions of the "ORGANIZER" application.

The "Executive Proceedings" software was developed and implemented to work with the application program interface of the automated enforcement proceedings system (ASVP).

Implemented API (microservice) for converting and adapting documents to pdf that are uploaded by the user in the "Automation of remote opening of a current account" system.

*Links, additional explanations of the amounts reflected in the annual financial statements.*

The Bank is one of the market leaders in supporting priority sectors of the economy, provides financial support to clients of priority sectors of critical infrastructure enterprises and is a participant in state programs.

The Bank actively works to optimize the balance sheet structure and maintain the appropriate level of liquidity and profitability, adheres to the implementation of economic standards and limits of open currency position.

As at 1 January 2024, in accordance with the requirements of the National Bank of Ukraine, 121 support branches are successfully operating within JSB "UKRGASBANK", which is 55% of the Bank's network of operating branches (220). In addition to the main branches, other branches of the Bank are equipped with generators and backup communication channels.

The Bank's assets as at 1 January 2024 (according to the data of the A4X statistical reporting file) amounted to UAH 175.9 billion, having increased by UAH 44.2 billion in 2023 or by 34%.

As at 01.01.2024:

- the credit portfolio of clients – UAH 63.3 billion, including:
  - the credit portfolio of corporate business UAH 48.4 billion;
  - the credit portfolio of small and medium-sized businesses amounts to UAH 9.6 billion;
  - the credit portfolio of the retail business amounts to UAH 5.3 billion;
- client funds – UAH 154.1 billion, including:
  - the portfolio of funds of corporate clients amounts to UAH 91.8 billion;
  - portfolio of funds of small and medium-sized business clients amounts to UAH 28.8 billion;
  - portfolio of funds of retail clients 33.5 billion hryvnias.

The portfolio of investments valued at fair value through other comprehensive income amounted to UAH 46.9 billion as at 1 January 2024, having increased by UAH 23.7 billion in 2023 or 102%. The NBU's portfolio of deposit certificates as at 1 January 2024 amounted to UAH 23.9 billion, having increased by UAH 16.9 billion in 2023 or 241%.

As at 1 January 2024, the portfolio of funds of international financial organizations amounted to UAH 5.6 billion.

According to the results of 2023, the Bank received a profit of UAH 1,936.4 million. Including operating income in 2023 amounted to UAH 8,969.0 million: net interest income after expenses for credit losses is UAH 6,876.5 million (interest income is UAH 17,369.7 million, interest expenses are 10,690.1 million hryvnias, the net positive effect of changes in provisions for credit losses is hryvnia 196.8 million). The largest share in non-interest income is: net commission income, which amounts to UAH 1,296.8 million. (including UAH 2,261.0 million commission income) and net profits from operations with foreign currencies and derivative financial instruments of UAH 800.9 million. The largest share in the net commission income of the Bank is occupied by income from settlement operations (57%).

Interest income traditionally occupies the largest specific weight in the structure of the Bank's operating income, the volume of which increased by UAH 5,803.6 million in 2023. (+50%) and reached UAH 17,369.7 million as at 1 January 2024. The largest share of interest income is occupied by treasury and securities investment business income (50%) and corporate business income (35%)

The net interest spread for 2023 was 5.4%, the interest margin was 5.1%.

The significant volume of income tax expenses of UAH 2,724.5 million in 2023 is explained by the increase in the tax rate from 18% to 50% in accordance with the amendments to the Tax Code of Ukraine regarding the specifics of taxation of banks.

Other information on the financial position is reflected in the annual financial statements with additional explanations in the notes to the annual financial statements.

#### **4. Information related to conclusion of derivatives or the performance of transactions with respect to derivative securities by the Bank, if it affects the valuation of its assets, liabilities, financial situation and profits or expenses, in particular the information about the following:**

During 2023, the Bank did not conclude the derivatives or performed the transactions with respect to derivative securities.

***Task and policy of the Bank related to the management of the financial risks, including the policy related to insurance of each main type of forecasted operation to which hedging operations are used.***

In the course of its regular activities, the Bank uses various derivative financial instruments, including forward contracts and swaps in foreign exchange markets, which are concluded predominantly with Ukrainian banks. Derivative instruments are initially recognized at fair value at the date of the contract conclusion, after which they are revalued at fair value. All derivative instruments are recognized as assets when their fair value is positive and as liabilities if their fair value is negative.

Changes in the fair value of derivative instruments shall be recognized immediately as a Result of transactions with derivative financial instruments of the Profit and Loss Statement and other comprehensive income. The Bank shall evaluate and calculate the fair value of forward contracts, and recognize its material changes in profit or loss.

Though the Bank performs the trade operations with derivative instruments for the purposes of hedging, these instruments do not meet the criteria of hedging accounting.

Embedded derivative financial instruments:

Derivative financial instruments embedded into the composition of other financial liabilities or other combined agreements accounted as individual derivatives if their characteristics and risks are not in tight connection with the main agreement, and the main agreement does not refer to category of financial instruments assessed at fair value through profits or losses.

***The Bank's exposure to price risks, credit risk, liquidity risk and/or cash flow risk.***

The Bank shall determine (declare) the total risk appetite by setting aggregate risk limits and risk appetite to individual risks by setting risk limits for significant risks, as defined by the current Risk Management Strategy of JSB "UKRGASBANK":

- Credit risk;
- Liquidity risk;
- Interest rate risk;
- Market risks;
- Operational risk;
- Compliance risk;
- AML/CFT risk;
- Social and environmental risk.

A description of the risk management system is provided in Note 27 Risk Management of the Financial Statements as at 31.12.2023.

## 1) Corporate Governance Report

### **Part 1. Information about the Corporate Governance Code, which is managed by the person, and/or the practice of corporate governance of the person, applied beyond the requirements defined by the law**

The decision of General Assembly of Shareholders dated 25 April 2017 (Protocol No. 1) approved the Corporate Governance Code of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, which determines the basic principles of corporate governance in JSB “UKRGASBANK”, structure of corporate governance, loyalty and responsibility of the Bank’s officials, internal control system, information disclosure and transparency in the Bank’s activities, environmental liability, etc.

JSB “UKRGASBANK” in its activity strictly adheres to the Code of Corporate Governance of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, provided at the web-address:

[https://www.ukrgasbank.com/upload/file/kodeks\\_ku.pdf](https://www.ukrgasbank.com/upload/file/kodeks_ku.pdf).

The decision of dated 16 December 2022 (Protocol No. 2), changes were made to the Corporate Governance Code of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the decision of General Assembly of Shareholders of JSB «UKRGASBANK» dated 25 April 2017 (Protocol No. 1). and taking into account the above changes, it was approved General Assembly of Shareholders and put into effect from 17.05.2023 - the date of registration by the state registrar of the Articles of Association of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by General Assembly of Shareholders of JSB «UKRGASBANK» 16.12.2022

JSB «UKRGASBANK» in its activities in the period from 17.05.2023 to 31.12.2023 strictly followed Corporate Governance Code of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, provided at the web-address:

[https://www.ukrgasbank.com/upload/file/kku\\_\(1\).pdf](https://www.ukrgasbank.com/upload/file/kku_(1).pdf)

The Bank does not violate from the provisions:

- Corporate Governance Code of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the decision of General Assembly of Shareholders of JSB «UKRGASBANK» dated 25 April 2017 (Protocol No. 1).

- Corporate Governance Code of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the decision of General Assembly of Shareholders of JSB «UKRGASBANK» dated 16 December 2022 (Protocol No. 2).

Corporate government in JSB “UKRGASBANK” is performed in accordance with the requirements of the effective legislation of Ukraine and considering the Recommendations related to the practice of application of the legislation in the area of the corporate governance, approved by the decision of the National Commission on Securities and Fund Market dated 12 March 2020 No. 118, as well as Methodic recommendations related to corporate governance in the banks of Ukraine approved by decision of Management Board of National Bank of Ukraine dated 03 December 2018 No. 814-rsh (as amended).

The Bank does not apply the practice of corporate management beyond the requirements defined by the law.

Table 1.

**Information about the Corporate Governance Code, which is managed by the person**

	A decision was made to apply another Code
The name of the management body that made the decision to approve the application of another Code	General meeting of shareholders of JSB "UKRGASBANK"
The date of the decision to approve the application of another Code	16 December 2022
URL with Code text	<a href="https://www.ukrgasbank.com/upload/file/kku_(1).pdf">https://www.ukrgasbank.com/upload/file/kku_(1).pdf</a>

Table 2.

**Information about the code of corporate governance that the person is governed by**

	A decision was made to apply another Code
The name of the management body that made the decision to approve the application of another Code	General meeting of shareholders of JSB "UKRGASBANK"
The date of the decision to approve the application of another Code	25 April 2017
URL with Code text	<a href="https://www.ukrgasbank.com/upload/file/kodeks_ku.pdf">https://www.ukrgasbank.com/upload/file/kodeks_ku.pdf</a>

**Part 2. Information on the General Assembly of the Shareholders (participants) and a general description of decisions made at such Assemblies**

4 General Assembly of shareholders was convened (4 General Assembly of shareholders took place).

<b>Date of holding</b>	06.02.2023
<b>Method of conducting</b>	<input type="checkbox"/> voice voting, place of holding: _____ <input type="checkbox"/> electronic voting <input checked="" type="checkbox"/> survey (remote)
<b>The subject of the convocation</b>	the Supervisory Board
<b>Issues on the agenda and adopted decisions:</b>	
<p>Issue 1: Regarding termination of powers of the Chairperson and the members of Supervisory Board of JSB “UKRGASBANK”</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Terminate the powers of the Chairperson and members of the Supervisory Board of JSB “UKRGASBANK”:             <ol style="list-style-type: none"> <li>1.1. Teymur Mamedovych Bagirov – the Chairperson of the Supervisory Board of JSB “UKRGASBANK”, the independent member of the Supervisory Board JSB “UKRGASBANK”.</li> <li>1.2. Shrenik Davda – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.3. Slawomir Roman Konias – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.4. Yuri Oleksandrovyh Blashchuk – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.5. Oksana Yulianivna Volchko – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.6. Yana Isaakivna Bugrymova – Chairs of the Supervisory Board of JSB “UKRGASBANK”, representative of the shareholder - the State of Ukraine.</li> <li>1.7. Maryna Volodymyrivna Lazebna – Chairs of the Supervisory Board of JSB “UKRGASBANK”, representative of the shareholder - the State of Ukraine.</li> </ol> </li> <li>2. Establish that Clause 1 of this decision of the General Assembly of JSB “UKRGASBANK” shareholders takes effect from the date of entry into office of the newly elected members of the Supervisory Board of JSB “UKRGASBANK” in the number of more than half of the members of the Supervisory Board, established by The Articles of Association.</li> </ol>
<p>Issue 2: Regarding election of the members of Supervisory Board of JSB “UKRGASBANK”.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Elect members of the Supervisory Board of JSB “UKRGASBANK”:             <ol style="list-style-type: none"> <li>1.1. Yana Isaakivna Bugrymova, representative of the shareholder - the State of Ukraine</li> <li>1.2. Maryna Volodymyrivna Lazebna, representative of the shareholder - the State of Ukraine</li> <li>1.3. Fasth Per Anders, the independent member.</li> <li>1.4. Pašić Sanela, the independent member.</li> <li>1.5. Gafka Dariusz, the independent member.</li> <li>1.6. Yuri Oleksandrovyh Blashchuk, the independent member.</li> </ol> </li> </ol>

	1.7. Yeleiko Taras Yaroslavovych, the independent member.
Issue 3: Regarding election of the Chairperson of Supervisory Board of JSB "UKRGASBANK".	Decision making: 1. Elect the Chairperson of the Supervisory Board of JSB "UKRGASBANK" - Yeleiko Taras Yaroslavovych
Issue 4: Regarding approval of the terms of civil law contracts to be concluded with the Chairperson and the members of Supervisory Board of JSB "UKRGASBANK", setting the amount of their remuneration, election of the person authorized to sign civil law contracts with the Chairperson and the members of Supervisory Board of JSB "UKRGASBANK".	Decision making: 1. Approve the main terms of civil law contracts to be concluded with the Chairperson and the members of Supervisory Board of JSB "UKRGASBANK". 2. Setting the amount of remuneration of the Chairperson and the members of Supervisory Board of JSB "UKRGASBANK" in accordance with the terms of civil law contracts. 3. To elect the the Chairperson of the Management Board of JSB "UKRGASBANK", and in his absence - the acting Chairperson of of the Management Board of JSB "UKRGASBANK", person authorized to sign civil law contracts with the Chairperson and members of the Supervisory Board of JSB "UKRGASBANK" on behalf of JSB "UKRGASBANK"
Issue 5: Regarding certain issues related to the adoption of a decision on voluntary insurance, the responsibility of the Chairperson and members of the Supervisory Board, officials of JSB "UKRGASBANK".	Decision making: 1. To conclude a voluntary insurance contract for the Chairperson and members of the Supervisory Board, officials of JSB "UKRGASBANK" with PJSC "SK "Colonnayd Ukraine", the main terms of which are attached. 2. To elect the the Chairperson of the Management Board of JSB "UKRGASBANK", and in his absence - the acting Chairperson of of the Management Board of JSB "UKRGASBANK", person authorized to sign contract of voluntary insurance of the Chairperson and members of the Supervisory Board, officials of JSB "UKRGASBANK" with PJSC "SC "Colonneyd Ukraine".
<b>URL of the protocol of the Articles of Assotiation:</b>	<a href="https://ukrgasbank.com/about/corporate_management/protokols/">https://ukrgasbank.com/about/corporate_management/protokols/</a>

<b>Date of holding</b>	24.04.2023
<b>Method of conducting</b>	<input type="checkbox"/> voice voting, place of holding: _____ <input type="checkbox"/> electronic voting <input checked="" type="checkbox"/> survey (remote)
<b>The subject of the convocation</b>	the Supervisory Board
<b>Issues on the agenda and adopted decisions:</b>	
Issue 1: Regarding approval of JSB "UKRGASBANK" Annual Performance Results (Annual Report) for 2022, consideration of the Report	Decision making: 1. Approve the annual results of activity (Annual Report) of JSB "UKRGASBANK" for 2022 consisting of the following: - Report by Supervisory Board of JSB "UKRGASBANK" for 2022. - Top Management Report (Report on Management) for 2022.

<p>by Supervisory Board of JSB “UKRGASBANK” for 2022, as well as consideration of the Report (conclusions) of the external independent auditor (audit company) and approval of measures based on the results of its consideration.</p>	<ul style="list-style-type: none"> <li>- Annual Financial Statements of JSB “UKRGASBANK” for 2022.</li> </ul> <p>2. Take note of the Report (Conclusions) of the external independent auditor (audit company) Ernst &amp; Young Audit Services LLC on the results of the audit of JSB “UKRGASBANK” financial statements for the year ended 31 December 2022, including the Auditor’s Conclusion.</p>
<p>Issue 2: Regarding decision making following the review of the Report by Supervisory Board of JSB “UKRGASBANK” for 2022.</p>	<p>Decision making:</p> <p>1. Recognize the performance of JSB “UKRGASBANK” Supervisory Board for 2022 as effective and in the interests of the shareholders, depositors, investors and as such that promotes further development of JSB “UKRGASBANK”.</p>
<p>Issue 3: Regarding approval of the Report on Remuneration for the Members of Supervisory Board of JSB “UKRGASBANK” for 2022.</p>	<p>Decision making:</p> <p>1. Approve the Report on Remuneration for the Members of Supervisory Board of JSB “UKRGASBANK” for 2022.</p>
<p>Issue 4: Regarding compensation of losses and distribution of profit of JSB “UKRGASBANK” following the results of the Bank’s activity in 2022.</p>	<p>Decision making:</p> <p>1. According to the results of activity in 2022, recognize losses in the amount of UAH 3,861,512,653.85 and direct them to uncovered losses of previous years.</p>
<p>Issue 5: Regarding approval of the amount of annual dividends.</p>	<p>Decision making:</p> <p>1. Taking into account the restrictions established in accordance with Article 35 of the Law of Ukraine “On Joint Stock Companies” and clause 3 of Resolution of the Management Board of the National Bank of Ukraine No. 23 “On Certain Issues of Activities of Ukrainian Banks and Banking Groups” dated 25 February 2022 (as amended) and in connection with the lack of JSB “UKRGASBANK” sources provided for by law and The Articles of Association of JSB “UKRGASBANK” for the payment of dividends based on the results of 2022, JSB “UKRGASBANK” shall not pay dividends on JSB “UKRGASBANK” shares for 2022.</p>
<p>Issue 6: Regarding expediency of introduction of the changes into the Regulations on Remuneration for the Members of Supervisory Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”.</p>	<p>Decision making:</p> <p>1. Recognize the Regulations on the Regulations on Remuneration for the Members of Supervisory Board of PUBLIC JOINT - STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” approved by the decision of the General Assembly of Shareholders of JSB “UKRGASBANK” dated 23 April 2021 (Protocol No. 1) as relevant and not requiring amendments.</p>



<p>Issue 7: Regarding expediency of introduction of the changes into the Regulations on Remuneration for the Chairperson and the Members of Management Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Recognize the update of the Regulations on Remuneration for the Chairperson and the Members of Management Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the decision of Supervisory Board of JSB “UKRGASBANK” dated 06 December 2019 (Protocol No. 25), during the period of martial law in Ukraine inexpedient.</li> <li>2. Commission Supervisory Board of JSB “UKRGASBANK” in accordance with the internal documents of JSB “UKRGASBANK” ensure updating of the Regulations on Remuneration for the Chairperson and the Members of Management Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” during six (6) months upon completion of the validity of the martial law in Ukraine.</li> </ol>
<p>Issue 8: About the cancellation of previously purchased and otherwise acquired shares and the reduction of the total number of shares issued by JSB “UKRGASBANK”.</p>	<p><b>No decision has been made.</b></p>
<p>Issue 9: On the reduction of the Articles of Association of JSB “UKRGASBANK” by the amount of the total nominal value of the shares to be cancelled.</p>	<p><b>There is no quorum on the mentioned issue No decision has been made.</b></p>
<p>Issue 10: Regarding amending the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.</p>	<p><b>No decision has been made.</b></p>
<p><b>URL of the protocol of the Articles of Assotiation:</b></p>	<p><a href="https://ukrgasbank.com/about/corporate_management/protokols/">https://ukrgasbank.com/about/corporate_management/protokols/</a></p>

<p><b>Date of holding</b></p>	<p>06.11.2023</p>
<p><b>Method of conducting</b></p>	<p><input type="checkbox"/> voice voting, place of holding: _____  <input type="checkbox"/> electronic voting  <input checked="" type="checkbox"/> survey (remote)</p>
<p><b>The subject of the convocation</b></p>	<p>the Supervisory Board</p>
<p><b>Issues on the agenda and adopted decisions:</b></p>	

<p>Issue 1: Regarding the early termination of powers of the Chairperson and the members of Supervisory Board of JSB “UKRGASBANK”.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Premature terminate the powers of the Chairperson and members of the Supervisory Board of JSB “UKRGASBANK”:</li> <li>1.1. Taras Yaroslavovych Yeleiko – the Chairperson of the Supervisory Board of JSB “UKRGASBANK”, the independent member of the Supervisory Board JSB “UKRGASBANK”.</li> <li>1.2. Yana Isaakivna Bugrymova – Chairs of the Supervisory Board of JSB “UKRGASBANK”, representative of the shareholder - the State of Ukraine.</li> <li>1.3. Maryna Volodymyrivna Lazebna – Chairs of the Supervisory Board of JSB “UKRGASBANK”, representative of the shareholder - the State of Ukraine.</li> <li>1.4. Fasth Per Anders – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.5. Pašić Sanela – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.6. Gafka Dariusz – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> <li>1.7. Yuri Oleksandrovykh Blashchuk – the independent member of the Supervisory Board of JSB “UKRGASBANK”.</li> </ol>
<p>Issue 2: Regarding election of the members of Supervisory Board of JSB “UKRGASBANK”.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Elect members of the Supervisory Board of JSB “UKRGASBANK”:</li> <li>1.1. Pašić Sanela, the independent member.</li> <li>1.2. Fasth Per Anders, the independent member.</li> <li>1.3. Rimoldi Enrica, the independent member.</li> <li>1.4. Elashvili Irakli, the independent member.</li> <li>1.5. Yuri Oleksandrovykh Blashchuk , the independent member.</li> <li>1.6. Yana Isaakivna Bugrymova , representative of the shareholder - the State of Ukraine.</li> <li>1.7. Maryna Volodymyrivna Lazebna , representative of the shareholder - the State of Ukraine.</li> </ol>
<p>Issue 3: Regarding election of the Chairperson of Supervisory Board of JSB “UKRGASBANK”.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Elect the Chairperson of the Supervisory Board of JSB “UKRGASBANK” - Pašić Sanela.</li> </ol>
<p>Issue 4: Regarding approval of the terms of civil law contracts to be concluded with the Chairperson and the members of Supervisory Board of JSB “UKRGASBANK”, setting the amount of their remuneration, election of the person authorized to sign civil law contracts with the Chairperson and the</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Approve the main terms of civil law contracts to be concluded with the Chairperson and the members of Supervisory Board of JSB “UKRGASBANK”.</li> <li>2. Setting the amount of remuneration of the Chairperson and the members of Supervisory Board of JSB “UKRGASBANK” in accordance with the terms of civil law contracts.</li> <li>3. To elect the the Chairperson of the Management Board of JSB “UKRGASBANK”, and in his absence - the acting Chairperson of of the Management Board of JSB “UKRGASBANK”, person authorized to sign civil law contracts with the Chairperson and members of the Supervisory Board of JSB "UKRGASBANK" on behalf of JSB "UKRGASBANK"</li> </ol>

members of Supervisory Board of JSB “UKRGASBANK”.	
Issue 5: Regarding amending the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.	<b>No decision has been made.</b>
Issue 6: Regarding amending the Regulations on the General Assembly of the Shareholders of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.	<b>Counting of votes</b> from the Issue of the sixth agenda of the Meeting <b>was not carried out</b> , taking into account the decision of the Supervisory Board of JSB “UKRGASBANK” dated 20.10.2023 (protocol No. 45) about the existence of a relationship between the Issues of the fifth and sixth agenda of the Meeting, and also, taking into account the non-acceptance of the decision with Issue of the fifth agenda of the Meeting.
Issue 7: Regarding amending the Regulations on Supervisory Board of PUBLIC JOINT - STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.	<b>Counting of votes</b> from the Issue of the seventh agenda of the Meeting <b>was not carried out</b> , taking into account the decision of the Supervisory Board of JSB “UKRGASBANK” dated 20.10.2023 (protocol No. 45) about the existence of a relationship between the Issues of the fifth and seventh agenda of the Meeting, and also, taking into account the non-acceptance of the decision with Issue of the fifth agenda of the Meeting.
Issue 8: Regarding amending the Regulations on Shares and Dividend Policy of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.	<b>Counting of votes</b> from the Issue of the eighth agenda of the Meeting <b>was not carried out</b> , taking into account the decision of the Supervisory Board of JSB “UKRGASBANK” dated 20.10.2023 (protocol No. 45) about the existence of a relationship between the Issues of the fifth and eighth agenda of the Meeting, and also, taking into account the non-acceptance of the decision with Issue of the fifth agenda of the Meeting.
<b>URL of the protocol of the Articles of Assotiation:</b>	<a href="https://ukrgasbank.com/about/corporate_management/protokols/">https://ukrgasbank.com/about/corporate_management/protokols/</a>

<b>Date of holding</b>	11.12.2023
<b>Method of conducting</b>	<input type="checkbox"/> voice voting, place of holding: _____ <input type="checkbox"/> electronic voting <input checked="" type="checkbox"/> survey (remote)

<b>The subject of the convocation</b>	the Supervisory Board
<b>Issues on the agenda and adopted decisions:</b>	
<p>Issue 1: Regarding amending the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Amend the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of the Shareholders of JSB “UKRGASBANK” dated 16 December 2022 (Protocol No. 2), and considering the presented amendments approve the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” as amended, and submit it for approval and state registration following the procedure established by the effective legislation of Ukraine.</li> </ol>
<p>Issue 2: Regarding amending the Regulations on the General Assembly of the Shareholders of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Amend the Regulations on the General Assembly of Shareholders of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of the Shareholders of JSB “UKRGASBANK” dated 16 December (Protocol No. 2), and considering the above changes, to approve and put into effect from the date of registration by the State Registrar of the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of Shareholders of JSB “UKRGASBANK” dated 11 December 2023, the Regulations on the General Assembly of the Shareholders of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, as revised.</li> </ol>
<p>Issue 3: Regarding amending the Regulations on Supervisory Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Amend the Regulations on Supervisory Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of the Shareholders of JSB “UKRGASBANK” dated 16 December 2022 (Protocol No. 2), and considering the above changes, to approve and put into effect from the date of registration by the State Registrar of the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of Shareholders of JSB “UKRGASBANK” dated 11 December 2023, the Regulations on Supervisory Board of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” as revised.</li> </ol>
<p>Issue 4: Regarding amending the Regulations on Shares and Dividend Policy of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” by way of approval of its revision.</p>	<p>Decision making:</p> <ol style="list-style-type: none"> <li>1. Amend the Regulations on the Shares and Dividend Policy of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of the Shareholders of JSB “UKRGASBANK” dated 16 December 2022 (Protocol No. 2), and considering the above changes, to approve and put into effect from the date of registration by the State Registrar of the Articles of Association of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, approved by the General Assembly of</li> </ol>

	Shareholders of JSB “UKRGASBANK” dated 11 December 2023, the Regulations on the Shares and Dividend Policy of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” as revised.
<b>URL of the protocol of the Articles of Assotiation:</b>	<a href="https://ukrgasbank.com/about/corporate_management/protokols/">https://ukrgasbank.com/about/corporate_management/protokols/</a>

**Part 3. Information on meetings of bondholders and a general description of decisions made at such Assemblies**

JSB “UKRGASBANK” is not a bond issuer.

**Part 4. Board**

Table 1.

**Board Members and Committee Personnel**

Name of board member, term of powers in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the Board	Chairperson / member of the board committee		
				Audit Committee	Risk Management Committee	Remuneration, Appointments and Corporate Governance Committee
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Bagirov Teymur Mamedovych (Chairperson of the Supervisory Board) from 01.01.2023 to 02.05.2023	-	-	X	V		X
Davda Shrenik Diraglal from 01.01.2023 to 02.05.2023	-	-		V		V
Volchko Oksana Yulianivna from 01.01.2023 to 02.05.2023	-	-		X		V
Konias Slawomir Roman from 01.01.2023 to 02.05.2023	-	-			V	
PAŠIĆ Sanela from 03.05.2023 to 31.12.2023 (Chairperson of the Supervisory Board from 10.11.2023 to 31.12.2023)	-		X	V	V	X
Yana Isaakivna Bugrymova from 01.01.2023 to 31.12.2023	-		Y	V		
Maryna Volodymyrivna Lazebna From 01.01.2023 to 31.12.2023	-				V	V

Yuri Oleksandrovykh Blashchuk From 01.01.2023 to 31.12.2023	-			V	X	V
Per Anders FASTH From 03.05.2023 to 31.12.2023	-					
Irakli ELASHVILI From 12.12.2023 to 31.12.2023	-					

Name of board member, term of powers in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the Board	Chairperson / member of the board committee		
				Committee for investment attraction and development strategy implementation	Committee on raising financing on the international capital market through the mechanism of issuing "green" bonds	Committee on Information Technology Development
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Bagirov Teymur Mamedovych (Chairperson of the Supervisory Board) from 01.01.2023 to 02.05.2023	-	-	X	X		
Davda Shrenik Diraglal from 01.01.2023 to 02.05.2023	-	-		V	X	
Volchko Oksana Yulianivna from 01.01.2023 to 02.05.2023	-	-			V	V
Konias Slawomir Roman	-	-				X

from 01.01.2023 to 02.05.2023						
PAŠIĆ Sanela from 03.05.2023 to 31.12.2023 (Chairperson of the Supervisory Board from 10.11.2023 to 31.12.2023)	-	-	X	X	X	X
Yana Isaakivna Bugrymova from 01.01.2023 to 31.12.2023	-	-	Y	V	V	
Maryna Volodymyrivna Lazebna From 01.01.2023 to 31.12.2023	-	-				V
Yuri Oleksandrovych Blashchuk From 01.01.2023 to 31.12.2023	-	-		V		V
Per Anders FASTH From 03.05.2023 to 31.12.2023	-	-		V	V	
Irakli ELASHVILI From 12.12.2023 to 31.12.2023	-	-				

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

<sup>3</sup> X - to designate the chairperson of the board; Y - to designate the deputy chairperson of the Board .

<sup>4</sup> X - to designate the chairperson of the committee; V - to designate a committee member



**Information about the board meetings held and a general description of the decisions made**

The number of Board meetings in the reporting period:	57
of them ocular:	13
of them extramural:	44
Description of the key decisions of the board:	<p>In 2023, the Bank's Supervisory Board made decisions, in particular, regarding:</p> <ul style="list-style-type: none"> <li>- approval and control of the implementation of the Bank's Budget;</li> <li>- appointment and termination of powers of the Chairperson and members of the Bank's Management Board;</li> <li>- appointment of a person acting as the Chairperson of the Board;</li> <li>- changes to the organizational structure of the Bank;</li> <li>- consideration and approval of the reports of the committees of the Supervisory Board and the reports of the Corporate Secretary;</li> <li>- consideration and approval of reports on remuneration of the Chairperson and members of the Board; reports of the Board; reports: on the assessment of the effectiveness of the Supervisory Board and the Management Board, on the assessment of key employees, on the assessment of the collective suitability of the Management Board and the Supervisory Board, on the assessment of the effectiveness of the risk management and compliance units; key performance indicators (KPI) of the Board, CRO, CCO, internal audit department; a report on the results of checking the compliance of the Bank's managers, the employee responsible for financial monitoring, the chief risk manager, the chief compliance manager and the director of the Bank's internal audit department with the requirements established by the legislation of Ukraine for the relevant position; other management reporting on risk management, internal control system, etc.;</li> <li>- consideration and control of the implementation of audit plans and work plans of the internal audit department, action plans for the implementation of recommendations provided by the National Bank of Ukraine</li> <li>- approval of new internal documents and amendments to current internal documents, in particular, regarding risk management, internal control system, etc.;</li> <li>- approval of the annual results of activity (annual report) of JSB «UKRGASBANK» for 2022, as well as consideration of the report (conclusions) of the external independent auditor (auditing firm); the report of the Supervisory Board of JSB «UKRGASBANK» for 2022; the report on the remuneration of members of the Supervisory Board of JSB «UKRGASBANK» for 2022;</li> <li>- approval of the Bank's active operations in accordance with the established limits of authority;</li> <li>- selection of an internationally recognized company providing services for the analysis of the current organizational structure, assessment of the Chairperson and members of the Board, heads</li> </ul>

	<p>of independent structural divisions of the Bank and recruitment of personnel for the search of applicants and competitive selection for the positions of the Chairperson and members of the Bank's Board, approval of the terms of the contract to be concluded with him, establishing the amount of payment for his services;</p> <p>- other issues that belong to the competence of the Supervisory Board in accordance with the legislation and the Articles of Association.</p>
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Table 3.

**Information about the held meetings of the Board 's committees and a general description of the decisions made**

	Audit Committee	Risk Management Committee
The number of board committee meetings in the reporting period:	27	29
of them ocular:	15	20
of them extramural:	12	9
Description of key decisions of the board committee:	<p>Consideration and provision of appropriate recommendations to the Supervisory Board regarding:</p> <ul style="list-style-type: none"> <li>- reports based on the results of inspections conducted by the internal audit department;</li> <li>- reports on the results of monitoring the implementation of audit recommendations;</li> <li>- questions regarding the establishment of the actual size of the personal bonus for employees of the internal audit department based on work results;</li> <li>- proposals for setting planned KPI and SLA values for employees of the internal audit department;</li> <li>- information on transactions with persons related to JSB "UKRGASBANK";</li> <li>- information on the purchase/sale and/or lease of assets, economic and other transactions with persons related to JSB "UKRGASBANK" and on identified cases of submission of loan applications for consideration by persons related to JSB "UKRGASBANK" whose</li> </ul>	<p>Consideration and provision of appropriate recommendations to the Supervisory Board regarding:</p> <ul style="list-style-type: none"> <li>- current profile of the Bank's credit risk, liquidity risk, interest rate, market and operational risks;</li> <li>- the results of the implementation of the Operational Plan for the management of non-performing assets and seized property of JSB "UKRGASBANK" for 2023;</li> <li>- Action plans for implementation of recommendations provided by the National Bank of Ukraine;</li> <li>- Internal documents of the Bank;</li> <li>- Reports on the management of risks of legalization (laundering) of proceeds obtained through crime, financing of terrorism and/or financing</li> </ul>

	<p>conditions are not met current market conditions;</p> <ul style="list-style-type: none"> <li>- approval of transactions with related parties;</li> <li>- internal documents;</li> <li>- plan of audit checking;</li> <li>- Financial statements of JSB "UKRGASBANK" for 2022 and the report (conclusions) of the external independent auditor (auditing firm);</li> <li>- the project of the main components of the budget of the Supervisory Board of JSB "UKRGASBANK" and the service of ensuring the activities of the Supervisory Board of JSB "UKRGASBANK" for the year 2024, the project of the main components of the budget of the internal audit department of JSB "UKRGASBANK" for the year 2024, etc.</li> </ul>	<p>of proliferation of weapons of mass destruction;</p> <ul style="list-style-type: none"> <li>- General report on the preliminary assessment of the effectiveness of risk management and compliance units;</li> <li>- Projects of the main components of the budget of the risk management department, social and environmental risk management and the compliance department for 2024, etc.</li> </ul>
<p>Assessment of the independence of the subjects of audit activity, which provide statutory audit services<sup>1</sup></p>	<p>Taking into account the criteria for the selection of the audit company, as well as the assurances of PJSC "KPMG Audit" regarding compliance with the independence criteria in accordance with the requirements of the Law of Ukraine "On the Audit of Financial Statements and Auditing" and International Standards for Quality Control, Auditing, Review, Other Assurance and Related Services under during the audit of the annual financial statements for the year 2022 of JSB "UKRGASBANK", set out in the Report of the independent auditor dated 20 March 2023, the Audit Committee of the Supervisory Board of JSB "UKRGASBANK" reached a conclusion regarding the independence of the conducted external audit of JSB "UKRGASBANK", in particular the independence of the audit firm - PJSC "KPMG Audit".</p>	

Table 3. (Continuation of 1)

	Remuneration, Appointments and Corporate Governance Committee	Committee for investment attraction and development strategy implementation
The number of board committee meetings in the reporting period:	22	1
of them ocular:	9	-
of them extramural:	12	1
Description of key decisions of the board committee:	<p>Consideration and provision of appropriate recommendations to the Supervisory Board regarding:</p> <ul style="list-style-type: none"> <li>- internal documents;</li> <li>- Succession plan of JSB "UKRGASBANK" and Personal development plans of successors to the positions of key persons, managers of JSB "UKRGASBANK";</li> <li>- Requirements for applicants for the positions of members of the Board;</li> <li>- Reports on the evaluation of the effectiveness of activities and collective suitability of the Supervisory Board and the Bank's Management Board;</li> <li>- Reports of the Corporate Secretary;</li> <li>- Report on the results of the verification of the compliance of the heads of JSB "UKRGASBANK", the employee responsible for financial monitoring, the chief risk manager, the chief compliance manager and the director of the internal audit department of JSB "UKRGASBANK" with the requirements established by the legislation of Ukraine for the relevant position;</li> <li>- Reports on the remuneration of the Chairperson, members of the Management Board and influential persons of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK";</li> <li>- key performance indicators (KPI) of the Board, CRO and CCO;</li> <li>- appointment of the Deputy Chairperson of the Supervisory Board;</li> <li>- election, re-election of members of the Management Board of JSB "UKRGASBANK" and approval of the terms of contracts concluded with members of the Management Board of JSB "UKRGASBANK";</li> </ul>	<p>Consideration and provision of appropriate recommendations to the Supervisory Board regarding the report of the Committee on Attracting Investments and Implementation of the Development Strategy of JSB "UKRGASBANK" on the results of work for 2022.</p>

- information for the analysis of market indicators of the size and conditions of payment of fixed remuneration in positions commensurate with the positions of the Chairperson, members of the Board of JSB "UKRGASBANK", the Report based on the results of the analysis of market practices and recommendations regarding the target organizational structure of JSB "UKRGASBANK", prepared by LLC "TALENT ADVISORS", which is the exclusive representative of the ODGERS BERNDTSON Global Brand, the Report prepared by LLC "TALENT ADVISORS", which is the exclusive representative of the ODGERS BERNDTSON Global Brand, on the results of a professional assessment of the leadership qualities of managers of JSB "UKRGASBANK" level B/V-1, which includes a psychometric study on based on the Hogan Assessment, assessment of the level of manifestation of leadership competencies, the level of motivation, involvement, resourcefulness and resistance to factors of increased stress and uncertainty;
- the results of the selection of an internationally recognized company for the provision of services for the analysis of the current organizational structure, evaluation of the Chairperson and members of the Board, heads of independent structural units of JSB "UKRGASBANK" and recruitment of personnel JSB "UKRGASBANK" for the search of applicants and conducting competitive selection for the positions of the Chairperson and members of the Board of JSB "UKRGASBANK" ; regarding the results of the selection of members of the Board of JSB "UKRGASBANK", etc.

Assessment of the independence of the subjects of audit activity, which provide statutory audit services <sup>1</sup>		
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Table 3. (Continuation of 2)

	Committee on raising financing on the international capital market through the mechanism of issuing "green" bonds	Committee on Information Technology Development
The number of board committee meetings in the reporting period:	-	2
of them ocular:	-	1
of them extramural:	-	1
Description of key decisions of the board committee:	Didn't act	Consideration and provision of appropriate recommendations to the Supervisory Board regarding: the report of the Committee of the Supervisory Board on the Development of Information Technologies of JSB "UKRGASBANK" on the results of work for the year 2022. Review of information regarding: - review of statistics of stability and availability of systems of JSB "UKRGASBANK"; - assessments of the current technical reliability of the system of payment limits in JSB "UKRGASBANK"; - the state of automation of financial monitoring in JSB "UKRGASBANK"; - other current developments of the information technology department of JSB "UKRGASBANK"; - aspects of IT security (including fraud prevention).
Assessment of the independence of the subjects of audit activity, which provide statutory audit services <sup>1</sup>		

<sup>1</sup> Information is noted only by the audit committee of the Board (audit committee).

## **Board report:**

The Supervisory Board of JSB "UKRGASBANK" (hereinafter - the Board) is a collegial body that protects the rights of depositors, other creditors and shareholders of JSB "UKRGASBANK" (hereinafter, also the Bank), and, within its competence, monitors and regulates the activities of the Bank's Management Board .

The Supervisory Board of JSB "UKRGASBANK" (hereinafter - the Board) is a collegial body that protects the rights of depositors, other creditors and shareholders of JSB "UKRGASBANK" (hereinafter, also the Bank), and, within its competence, monitors and regulates the activities of the Bank's Management Board .

In the process of carrying out the duties assigned to it in 2023, the Board was guided by the norms of Ukrainian legislation, the Articles of Association, the Regulation on the Supervisory Board, the Code of Corporate Governance, as well as relevant decisions of the Bank's general shareholders' meeting.

The Board reports to the general meeting of shareholders on its activities.

The assessment of the effectiveness of the Board's activity for 2023 was carried out by the Board in accordance with the Regulation on the assessment of the effectiveness of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT-STOCK BANK "UKRGASBANK", approved by the Board's decision dated 09.04.2019 (protocol No. 8) (with changes) (hereinafter - the Assessment Regulation) . The report on the assessment of the efficiency of the Board's activity for 2023 was approved by the Board's decision dated 23 February 2024 (protocol No. 5).

### **1) assessment of the composition, structure and activity of the Board as a collegial body (collective suitability of the Board )**

As at 01.01.2023, the Board of the Bank consisted of 5 independent members and 2 members - representatives of the shareholder - the State of Ukraine, while the Chairperson of the Board was an independent member.

The following changes took place during the reporting year.

Personal composition of the Board in accordance with the decision of the general meeting of shareholders dated 19.04.2019 (protocol No. 1), taking into account the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1), as well as taking into account the replacement of the member of the Board - representative of the shareholder - States of Ukraine, SVISTUN Andriy Oleksandrovych to LAZEBNA Maryna Volodymyrivna in accordance with the letter of the Ministry of Finance of Ukraine dated 13.09.2022 No. 14010-10-7/20647 (entry dated 14.09.2022 No. 10/42601) and the letter of the National Bank of Ukraine dated 09.11.2022 No. 27-0013 /77973 (entry dated 09.11.2022 No. 02/50859) on the approval of Maryna Volodymyrivna LAZEBNA for the position of a member of the Board - representative of the shareholder - the State of Ukraine, as well as, taking into account the replacement of the member of the Board - representative of the shareholder - the State of Ukraine Denys Valeriyovych Ulyutin to Yana Isaakivna BUGRIMOVA in accordance with the letter of the Ministry of Finance of Ukraine dated 13.09.2022 No. 14010-10-7/20646 (entry dated 14.09.2022 No. 10/42600) and the letter of the National Bank of Ukraine dated 02.12.2022 No. 27-0013/83848 (entry dated 02.12.2022 No. 02/54769) on the approval of Yana Isaakivna BUGRIMOVA for the position of member of the Board - representative of the shareholder - the State of Ukraine as of 01.01.2023:

- Teymur BAGIROV – Chairperson of Board, independent member of Board.
- Yurii BLASHCHUK – independent member of Board.
- Oksana VOLCHKO – independent member of Board.
- Shrenik DAVDA – independent member of Board.
- Slawomir KONIAS – independent member of Board.
- Yana BUGRIMOVA – member of Board - representative of the Shareholder – State of Ukraine.
- Maryna LAZEBNA – member of Board - representative of the Shareholder – State of Ukraine.

In accordance with the decision of the extraordinary general meeting of shareholders of JSB "UKRGASBANK" dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023, there were changes in the composition of the Board, namely:

Terminated powers of the Chairperson and members of the Board:

- Teymur BAGIROV – Chairperson of Board, independent member of Board.
- Shrenik DAVDA – independent member of Board.
- Slawomir KONIAS – independent member of Board.
- Yurii BLASHCHUK – independent member of Board.
- Oksana VOLCHKO – independent member of Board.
- Yana BUGRIMOVA – member of Board - representative of the Shareholder – State of Ukraine.

– Maryna LAZEBNA – member of Board - representative of the Shareholder – State of Ukraine.  
At the same time, this decision of the general meeting of shareholders of JSB "UKRGASBANK" entered into force from the date of entry into office of the newly elected members of the Board in the number of more than half of the members of the quantitative composition of the Board established by the Article.

Also, in accordance with the aforementioned decision of the extraordinary general meeting of shareholders of JSB "UKRGASBANK" dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023, the following were elected as members of the Board:

- Yana BUGRIMOVA, representative of the Shareholder – State of Ukraine.
- Maryna LAZEBNA, representative of the Shareholder – State of Ukraine.
- Per Anders FASTH, independent member.
- Sanela PAŠIĆ, independent member.
- Dariusz GAFKA, independent member.
- Yurii BLASHCHUK – independent member.
- Taras YELEYKO – independent member.

Taras YELEYKO was elected as the Chairperson of the Supervisory Board.

At the same time, in accordance with Part 12 of Article 42 of the Law of Ukraine “On Banks and Banking Activities”, the chairperson and members of the Bank board take office after their approval by the National Bank of Ukraine.

Taking into account the letters of the National Bank of Ukraine dated 02.05.2023 No. 27-0014/30355 (entry dated 03.05.2023 No. 02/22163) and dated 02.05.2023 No. 27-0014/30354 (entry dated 03.05.2023 No. 02/22171) with on 03.05.2023, the following newly elected members of the Supervisory Board of JSB “UKRGASBANK” were empowered and took office:

- Yana BUGRIMOVA – member of Board - representative of the Shareholder – State of Ukraine.
- Maryna LAZEBNA – member of Board - representative of the Shareholder – State of Ukraine.
- Per Anders FASTH, independent member of Board.
- Sanela PAŠIĆ, independent member of Board.
- Yurii BLASHCHUK – independent member of Board.

According to the decision of the Supervisory Board of JSB “UKRGASBANK” dated 05.05.2023 (protocol No. 20), independent member of the Supervisory Board of JSB “UKRGASBANK” Sanela PASHICH was appointed as acting Chairperson of the Supervisory Board of JSB “UKRGASBANK” (including the right to sign documents, convene Supervisory Board meetings Board s, etc.) in case of his absence.

In accordance with the decision of the extraordinary general meeting of shareholders of JSB “UKRGASBANK” dated 06.11.2023 (protocol No. 3), held remotely on 06.11.2023, according to the vote count carried out on 10.11.2023, there were changes in the composition of the Supervisory Board, namely:

from 10.11.2023, the powers of the Chairperson and members of the Board are terminated:

- Taras YELEYKO, the Chairperson of the Board, independent member of Board.
- Per Anders FASTH, independent member of Board.
- Sanela PAŠIĆ, independent member of Board.
- Yurii BLASHCHUK – independent member of Board.
- Yana BUGRIMOVA, member of Board - representative of the Shareholder – State of Ukraine.
- Dariusz GAFKA, independent member.
- Maryna LAZEBNA, member of Board - representative of the Shareholder – State of Ukraine.

From 10.11.2023, the Chairperson and members of the Board were elected:

1. Sanela PAŠIĆ, independent member of Board.
2. Yana BUGRIMOVA, member of Board - representative of the Shareholder – State of Ukraine.
3. Maryna LAZEBNA, member of Board - representative of the Shareholder – State of Ukraine.
4. Per Anders FASTH, independent member of Board.
5. Yurii BLASHCHUK, independent member of Board.
6. Irakli ELASHVILI, independent member of the Board.
7. Enrica RIMOLDI, independent member of the Board.

At the same time, it should be noted that due to the fact that in accordance with part 12 of Article 42 of the Law of Ukraine “On Banks and Banking Activities”, the chairperson and members of the bank's board take office after their approval by the National Bank of Ukraine, Enrica RIMOLDI and Irakli ELASHVILI take up positions as independent members of JSB “UKRGASBANK” after their approval by the National Bank of Ukraine.

According to the decision of the Supervisory Board of JSB “UKRGASBANK” dated 21.11.2023 (protocol No. 51), Yana BUGRIMOV was appointed Deputy to Chairperson of the Supervisory Board of JSB “UKRGASBANK”.



The letter of the National Bank of Ukraine dated 12.12.2023 No. 27-0014/91539 (entry dated 12.12.2023 No. 02/59144) informed about the decision of the Committee on Supervision and Regulation of Banks, Payment Infrastructure Oversight dated 11.12.2023 No. 24/2262- rk on the approval of Irakli ELASHVILI for the position of independent member of the Supervisory Board of JSB "UKRGASBANK".

Accordingly, the composition of the Board as at 12 December 2023 was as follows:

- Sanela PAŠIĆ - Chairperson of the Supervisory Board, independent member of the Supervisory Board.
- Yana BUGRYMOVA – member of the Supervisory Board - representative of the shareholder - the State of Ukraine .
- Maryna LAZEBNA – member of the Supervisory Board - representative of the shareholder - the State of Ukraine.
- Per Anders FASTH– independent member of the Board.
- Yuri BLASHCHUK– independent member of the Board.
- Irakli ELASHVILI – independent member of the Board.

In 2023, 57 meetings of the Board were held (from 01.01.2023 to 02.05.2023 – 19 meetings; from 03.05.2023 to 31.12.2023 – 38 meetings), at which 411 issues were considered. In 2023, the Board made decisions on issues within the Board's competence, in particular, these issues related to the following:

- approval and control of the implementation of the Bank's Budget;
- appointment and termination of powers of the Chairperson and members of the Bank's Management Board;
- appointment of a person acting as the Chairperson of the Board;
- changes to the organizational structure of the Bank;
- consideration and approval of the reports of the committees of the Supervisory Board and the reports of the Corporate Secretary;
- consideration and approval of reports on remuneration of the Chairperson and members of the Board; reports of the Board; reports: on the assessment of the effectiveness of the Supervisory Board and the Management Board, on the assessment of key employees, on the assessment of the collective suitability of the Management Board and the Supervisory Board, on the assessment of the effectiveness of the risk management and compliance units; key performance indicators (KPI) of the Board, CRO, CCO, internal audit department; a report on the results of checking the compliance of the Bank's managers, the employee responsible for financial monitoring, the chief risk manager, the chief compliance manager and the director of the Bank's internal audit department with the requirements established by the legislation of Ukraine for the relevant position; other management reporting on risk management, internal control system, etc.;
- consideration and control of the implementation of audit plans and work plans of the internal audit department, action plans for the implementation of recommendations provided by the National Bank of Ukraine
- approval of new internal documents and amendments to current internal documents, in particular, regarding risk management, internal control system, etc.;
- approval of the annual results of activity (annual report) of JSB "UKRGASBANK" for 2022, as well as consideration of the report (conclusions) of the external independent auditor (auditing firm); the report of the Supervisory Board of JSB "UKRGASBANK" for 2022; the report on the remuneration of members of the Supervisory Board of JSB "UKRGASBANK" for 2022;
- approval of the Bank's active operations in accordance with the established limits of authority;
- selection of an internationally recognized company providing services for the analysis of the current organizational structure, assessment of the Chairperson and members of the Board, heads of independent structural divisions of the Bank and recruitment of personnel for the search of applicants and competitive selection for the positions of the Chairperson and members of the Bank's Board, approval of the terms of the contract to be concluded with him, establishing the amount of payment for his services;
- other issues that belong to the competence of the Supervisory Board in accordance with the legislation and the Articles of Association.

During the period from 01.01.2023 to 02.05.2023, out of 19 Board meetings held, 1 meeting was

held in the form of joint presence of Board members using electronic means of communication (video and voice conferences), 18 meetings - in the form of absentee voting (method poll). During the period from 03.05.2023 to 31.12.2023, out of 38 Board meetings held, 11 meetings were held in the form of joint presence of Board members using electronic means of communication (video and voice conferences; 1 meeting - in the form of joint presence of Board members; 26 meetings - in the form of absentee voting (survey method). Also, in 2023, the Board held working meetings with the Bank's Management Board on 30.05.2023, 20.11.2023, 21.11.2023 and 22.11.2023, at which issues related to the results of the unscheduled inspection of the PUBLIC JOINT-STOCK COMPANY OF THE JOINT STOCK BANK "UKRGASBANK", regarding the Bank's actual and forecast financial condition, the Bank's Budget for 2024, the Bank's organizational structure, issues related to the internal control system, the remuneration system in the Bank, corporate, small and medium-sized businesses and other issues of the Bank's current activities. In addition, in the second half of 2023, 15 working meetings were held with the participation of Board members for the purpose of deeper understanding and discussion of various issues of the Bank's activities.

Out of 57 meetings of the Board held in 2023, 55 meetings were attended by all members of the Board who had the authority at the time of the respective meetings.

In the cases provided for by the legislation of Ukraine, including in connection with the election of the Chairperson and members of the Board, in 2023 an assessment of the collective suitability of the Board was periodically carried out. The relevant reports were approved by the decisions of the Board dated 28.02.2023 (protocol No. 7), dated 23.05.2023 (protocol No. 23), dated 24.11.2023 (protocol No. 52).

In 2024, in accordance with the decision of the Board dated 19.01.2024 (protocol No. 1), an evaluation of the performance of the Supervisory Board of JSB "UKRGASBANK" was organized in 2023 (hereinafter - the Evaluation), based on the results of which the Report on the Evaluation of the Performance of the Supervisory Board of JSB was approved "UKRGASBANK" in 2023 (hereinafter referred to as the Evaluation Report) (protocol dated February 23, 2024 No. 5). The evaluation was carried out in accordance with the Regulation on the evaluation of the performance of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY OF THE JOINT-STOCK BANK "UKRGASBANK" (hereinafter referred to as the Regulation), approved by the Board's decision dated 09.04.2019 (protocol No. 8) (with changes). The assessment, which included an assessment of the overall efficiency of the Board, including its committees, an individual assessment of the activities of the Board members and an assessment of the collective suitability of the Board, was carried out in-house in the form of a questionnaire by filling out questionnaires in accordance with the Appendices to the Assessment Regulation. The evaluation of the collective suitability of the Board was carried out on the basis of the Profile Matrix (assessment of collective suitability) of the Supervisory Board of JSB "UKRGASBANK" (hereinafter, also the Matrix), approved by the decision of the Board dated 01.07.2022 (protocol No. 18).

Five individuals participated in the assessment, namely:

- Sanela PAŠIĆ - the Chairperson and independent member of Board;
- Yuri BLASHCHUK – independent member of the Board;
- Yana BUGRYMOVA – member of the Board;
- Maryna LAZEBNA – member of Board;
- Per Anders FASTH – independent member of the Board.

According to clause 1.5. of section 1 of the Regulation. The evaluation is carried out for members of the Board who have worked as part of the Board for at least three months. Members of the Board who have worked for less than three months are not subject to the specified types of assessment, which is reflected in the report on the assessment of the Board's activity. The letter of the National Bank of Ukraine dated 12.12.2023 No. 27-0014/37539 (entry dated 12.12.2023 No. 02/59144) informed about the approval of Irakli ELASHVILI to the position of an independent member of the Board, in connection with which from 12.12.2023 Irakli ELASHVILI is considered such that he entered the specified position. Accordingly, regarding Irakli ELASHVILI, the Assessment was not conducted and he did not take classes in the Assessment.

According to the Assessment Report, the overall effectiveness of the Board's activities in 2023 was evaluated as well-performed, specifically:

- regarding the Assessment of the Composition, Structure, and Activities of the Supervisory Board as a collegial body, including the effectiveness of methods and procedures of the Board's work, including interaction with the Bank's Management and control units, the activity was assessed as well-performed.
- concerning the Assessment of the effectiveness of performing functions and powers by the Board's committees, including the effectiveness of methods and procedures of the committees' work, the activity was assessed as well-performed.
- regarding the Assessment of the Board's achievement of its objectives, the activity was assessed as well-performed.

According to the Assessment Report:

- The composition of the Board in 2023 was collectively suitable, balanced, and represented by professionals with necessary skills, outstanding characteristics, and significant experience in the banking and financial sector, collectively possessing the required level of qualification, professional experience, and experience in managerial positions in all areas of the Bank's activities to understand all aspects of the Bank's operations, adequately assess the risks the Bank may face, make decisions, and ensure effective management and control of the Bank's activities as a whole.
- The collective suitability of the Board in 2023 corresponded to the size, business model, characteristics of the Bank's activities, nature and scope of banking and other financial services, the risk profile of the Bank, and the systemic importance of the Bank.

In 2023, the members of the Board collectively possessed the knowledge and understanding of the Bank's activities, as well as the skills and experience necessary to fulfill their duties. The Bank's Board in 2023 had a sufficient number of members who possessed the knowledge, skills, and experience in all areas of the Bank's operations.

## **2) assessment of the competence and efficiency of each board member, including information about his activities as an official of other legal entities or other activities - paid and unpaid**

The functional duties of each member of the Board are defined by current legislation, the Statute of JSB "UKRGASBANK", the Regulations on the Supervisory Board of JSB "UKRGASBANK", the regulations on the respective committee of the Supervisory Board, and the civil contract concluded with such a member of the Board. When making decisions in 2023, the procedures provided for in the Articles of Association and the Regulations on the Supervisory Board of JSB "UKRGASBANK" were applied.

**Teymur BAGIROV** – *Chairperson of Board, independent member of Board*, served in the Bank for 8 years and 10 months (from 28 August 2009, to 17 June 2010, and from 28 April 2015, to 2 May 2023). As the Chairperson of the Board, he was responsible for all directions of the Board's activities. He led the Board's Committee on Remuneration, Appointments, and Corporate Governance from 25.05.2021 to 02.05.2023, and the Committee on Investment Attraction and Bank Development Strategy Implementation from February 15, 2022, to May 2, 2023. He also served as a member of the Board's Audit Committee from 25.05.2021 to 02.05.2023.

During 2023, he also held positions as the Chairperson of the Supervisory Board of PJSC "SK "UNIQA Zhittya", Ukraine; Chairperson of the Supervisory Board of PJSC "SK "UNIQA", Ukraine; member of the Supervisory Board of UNIQA TU S.A., Poland; and member of the Supervisory Board of UNIQA TU na Życie S.A., Poland.

**Shrenik Davda** - independent member of the Board, served in the Bank for 8 years (from 28.04.2015 to 02.05.2023). He was responsible for matters related to the Bank's raising of financing on the international capital market through the issuance mechanism of "green" bonds; internal and external audit of the Bank; determining remuneration, appointments, corporate governance; attracting investments and implementing the Bank's development strategy. He chaired the Supervisory Board's Committee on raising financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds from 25.05.2021 to 02.05.2023. He was a member of the Audit Committee of the Board; the Committee on attracting investments and implementing the development strategy of JSB "UKRGASBANK"; the Committee of the Board on determining remuneration, appointments, and corporate governance.

During 2023, he also held positions as a partner (managing partner) of NECP LLP (OC355149), United Kingdom of Great Britain and Northern Ireland; an independent member of the Supervisory Board of Nova Ljubljanska Banka d.d. Slovenia (SI91132550), Slovenia.

**Slavomir Konyas** - independent member of the Board, served in the Bank for 5 years (from 26.04.2018 to 02.05.2023). He was responsible for matters related to the development of information technologies of JSB "UKRGASBANK"; risk management. He chaired the Board's Committee on the development of information

technologies of JSB "UKRGASBANK" from 14.05.2019 to 02.05.2023. He was a member of the Board's Risk Management Committee from 14.05.2019 to 02.05.2023.

**Oksana Volchko** - independent member of the Board, served in the Bank for 4 years and 8 months (from 11.09.2018 to 02.05.2023). She was responsible for matters related to the internal and external audit of the Bank; attracting financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds; determining remuneration, appointments, corporate governance; development of information technologies of JSB "UKRGASBANK". She chaired the Board's Audit Committee from 25.05.2021 to 02.05.2023. She was a member of the Board's Committee on determining remuneration, appointments, and corporate governance from 14.05.2019 to 02.05.2023; the Committee on attracting financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds from 14.05.2019 to 02.05.2023; the Committee on the development of information technologies of JSB "UKRGASBANK" from 14.05.2019 to 02.05.2023.

During 2023, she also held the position of a member of the Supervisory Board of JSC "Ukrposhta".

**Yuriy Blashchuk** - an independent member of the Board, served in the Bank for 5 years and 3 months (from 11.09.2018); responsible for risk management matters; issues related to attracting investments and implementing the development strategy of JSB "UKRGASBANK"; attracting financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds; development of information technologies of JSB "UKRGASBANK". He chairs the Board's Risk Management Committee since 25.05.2021. He is a member of the Board's Committee on attracting investments and implementing the development strategy of JSB "UKRGASBANK" since 14.05.2019; the Committee of the Board on attracting financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds since 14.05.2019; the Committee of the Board on the development of information technologies of JSB "UKRGASBANK" since 14.05.2019; and the Board's Audit Committee since 05.05.2023.

**Yana Bugrimova** - Deputy Chair of the Board (since 21.11.2023), member of the Board representing the shareholder, the State of Ukraine, served in the Bank for 1 year and 1 month (from 02.12.2022); responsible for internal and external auditing matters of the Bank; issues related to attracting investments and implementing the development strategy of JSB "UKRGASBANK"; attracting financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds. She does not chair any of the Board's committees. She is a member of the Board's Audit Committee since 23.12.2022; the Committee on attracting investments and implementing the development strategy of JSB "UKRGASBANK" since 23.12.2022; the Committee of the Board on attracting financing for JSB "UKRGASBANK" on the international capital market through the issuance mechanism of "green" bonds since 23.12.2022.

During 2023, she also held the position of director at LLC "U4 Ukraine".

**Marina Lazebna** - member of the Board representing the shareholder, the State of Ukraine, served in the Bank for 1 year and 1.5 months (since 09.11.2022); responsible for matters related to determining remuneration, appointments, corporate governance; attracting investments and implementing the Bank's development strategy; risk management. She does not chair any of the Board's committees. She is a member of the Board's Committee on determining remuneration, appointments, and corporate governance; the Committee of the Board on the development of information technologies of JSB "UKRGASBANK" since 23.12.2022; the Committee on risk management of the Board since 23.12.2022.

During 2023, she also held the position of assistant to the rector at the National Aviation University.

**Sanela PAŠIĆ** - Chair of the Board (since 10.11.2023), independent member of the Board, served in the Bank for 8 months (since 03.05.2023); as Chair of the Board, she is responsible for all directions of the Board's activities. She chairs: the Board's Committee on determining remuneration, appointments, and corporate governance since 05.05.2023; the Committee on attracting investments and implementing the development strategy of JSB "UKRGASBANK" since 05.05.2023; the Committee of the Board on attracting JSB "UKRGASBANK" funding in the international capital market through the mechanism of issuing "green" bonds; the Committee of the Board on the development of information technologies of JSB "UKRGASBANK". She is a member of the Board's Risk Management Committee since 05.05.2023.

During 2023, she also held positions as a professor at the University in the School of Science and Technology in Sarajevo, Bosnia and Herzegovina, teaching the course "Risk and Finance"; a member of the Supervisory Board, Chair of the Risk Management Committee at Addiko Bank dd Sarajevo, Bosnia and Herzegovina; Vice Chair of the Supervisory Board, Chair of the Audit Committee at Addiko Bank dd Zagreb, Croatia; Vice Chair of the Supervisory Board, Vice Chair of the Audit Committee at Addiko Bank Beograd, Serbia.

**Per Anders FASTH** - independent member of the Board, served in the Bank for 8 months (since 03.05.2023); responsible for internal and external audit matters of the Bank; issues related to attracting investments and implementing the development strategy of JSB "UKRGASBANK"; attracting funding for JSB "UKRGASBANK" in the international capital market through the mechanism of issuing "green" bonds; risk management.

He chairs: the Board's Audit Committee since 05.05.2023. He is a member of the Board's Risk Management

Committee; the Committee of the Board on determining remuneration, appointments, and corporate governance; the Committee on attracting investments and implementing the development strategy of JSB "UKRGASBANK"; the Committee of the Board on attracting JSB "UKRGASBANK" funding in the international capital market through the mechanism of issuing "green" bonds.

During 2023, he also held positions as the independent Chair of the Supervisory Board at Lyra Financial Wealth AB, Sweden; independent non-executive director, member of the Supervisory Board at Atle Investment Management/Services AB, Sweden; independent non-executive director, member of the Supervisory Board at TBC Bank Group Plc, Georgia.

**Irakli ELASHVILI** - independent member of the Board at the Bank for 0.5 months (since 12.12.2023). He neither chairs nor is a member of any committee of the Board. During 2023, he also held positions as an independent member of the Supervisory Board at Credit Information Bureau Creditinfo Georgia JSC, Georgia; member of the Supervisory Board at JSC "HAMKORBANK", Uzbekistan; co-founder and CEO (Chief Executive Officer) of ALPHA CAPITAL ADVISORY LLC, Georgia; general partner at ELYSIUM ASSET MANAGEMENT LLC, Georgia.

All members of the Board have an economic or legal education and are fluent in English. Three members of the Board hold academic degrees: two hold PhDs in Economics (Yuriy Blashchuk and Marina Lazebna), while one holds a PhD in Risk Management (Sanela Pashich). One member of the Board holds an MBA degree from the London Business School. All Board members have experience working in senior positions in government bodies and/or in the banking and financial sector. The Board also includes members with significant experience in the financial and banking sectors of foreign countries, including risk management and credit portfolio management, allowing for the implementation of best practices within the Board's work.

The individual assessment of the performance of each member of the Board was based on evaluating:

- competence and effectiveness of each Board member, including information about their activities as officials of other legal entities or other paid and unpaid activities.

- business reputation of the Board members.

- professional suitability of the Board members, taking into account their effectiveness in the Board's work, as well as their adherence to duties of loyalty and due care.

- independence of each of the independent Board members.

The individual assessment of the Board members' performance was conducted using a mixed form: self-assessment (where a Board member assessed only their own effectiveness) and peer assessment (where a Board member evaluates only their colleagues).

The results of the individual assessment of the Supervisory Board members in 2023 include the assessment of each member's own performance in 2023 and the evaluation of the experience, skills, and professional qualities of the Board members in 2023. According to clause 1.6 of the Regulation, information regarding the assessment results of a specific Board member qualifies as confidential and is not subject to disclosure.

The Chair of the Board, Sanela PAŠIĆ, and all members of the Board: Yana BUGRIMOVA, Yuri BLASHCHUK, Irakli ELASHVILI, Marina LAZEBNA, Per Anders FASTH, during the assessment period, fully, professionally, impartially, and effectively fulfilled their duties in accordance with the legislation of Ukraine, the Articles, internal documents of the Bank, and contracts concluded with them. The Chair of the Board, Sanela PAŠIĆ, properly performed additional duties regarding the organization and ensuring the work of the Board. The attendance of Board meetings by all Board members during the assessment period was one hundred percent at all meetings, except for absences due to business trips, vacations, illness, etc. Board members underwent training (qualification enhancement) in 2023, and the Board plans to provide training for its members in the following year, 2024. Board/Committee members have the necessary qualifications corresponding to their positions, a clear understanding of their responsibilities in corporate governance, and impartially judge matters in the Bank. During the reporting period, there were no instances of unacceptable behavior by any Board member. The business reputation and professional suitability of each Board member comply with the requirements of current legislation. All Board members have impeccable business reputations, and during the assessment period, there were no signs indicating the absence of an impeccable business reputation for any of them.

### **3) assessment of independence of each independent member of the Board**

During the Assessment, the independence of each independent member of the Board was evaluated based on their compliance with the independence requirements established by the applicable legislation, the Article and the internal documents of the Bank for the period under review. To conduct the assessment of independence, each independent member of the Board completed a corresponding questionnaire.

Considering that Irakli ELASHVILI did not participate in the Assessment, the independence assessment questionnaires for the Board member were completed and provided to the responsible person by the following

independent members of the Bank's Board:

- Sanela PAŠIĆ – Chairperson of the Board, independent member of the Board;
- Yuriy BLASHCHUK – independent member of the Board;
- Per Anders FASTH – independent member of the Board.

In 2023, the Board conducted a verification of the compliance of the managers of JSB "UKRGASBANK", the employee responsible for conducting financial monitoring, the chief risk manager, the chief compliance manager, and the director of the internal audit department of JSB "UKRGASBANK" with the requirements established by Ukrainian legislation for their respective positions. The report on the results of the compliance verification of the mentioned positions was approved by the decision of the Board on 28.12.2023 (protocol №57). During this verification, the independence of Irakliy ELASHVILI was also assessed.

According to the provided independence assessment questionnaires, the independent members of the Board indicated compliance throughout the reporting period of 2023 and compliance with the requirements for independence established by the current legislation of Ukraine and the internal documents of the Bank as of the date of completing the questionnaire. Regarding the independent members of the Board, no financial or moral circumstances were identified or arose during the assessment period that could deprive such a Board member of independence of views or adversely affect the objectivity and impartiality of their decisions. The independence of each independent Board member meets the criteria defined by current legislation.

**4) assessment of the competence and efficiency of each of the board's committees, their functional powers. At the same time, the audit committee of the board must separately indicate information about its conclusions regarding the independence of the conducted external audit of the person, in particular the independence of the auditor (audit firm)**

In 2023, the following Board Committees functioned: Audit Committee of the Bank Board; Risk Management Committee of the Board of the Bank; Remuneration, Appointments and Corporate Governance Committee; Committee for investment attraction and development strategy implementation; Committee of the Board on the Bank's on raising financing on the international capital market through the mechanism of issuing "green" bonds; The Committee of the Board on Information Technology Development of the Bank.

The Audit Committee of the Board held 27 meetings in 2023. During the period from 01.01.2023 to 02.05.2023, 8 meetings were held, 7 of them - in the form of absentee voting (survey method), 1 - in the form of joint presence using electronic means of communication (video and/or voice conference). During the period from 03.05.2023 to 31.12.2023, 19 meetings were held, 8 of them - in the form of absentee voting (survey method), 10 - in the form of joint presence using electronic means of communication (video and/or voice conference), 1 – in the form of joint presence. 88 issues were considered, 78 recommendations were made to the Board, 8 instructions were given, 6 of which were given to the Chairperson of the Audit Committee; 2 – to the director of the Bank's internal audit department. In 2023, 1 meeting of the Audit Committee was held with 75% attendance of Audit Committee members, the remaining meetings were held with 100% attendance of Audit Committee members. The audit committee held 3 working meetings with the external auditor, and a number of working meetings with the director of the internal audit department.

In addition, in accordance with Clause 2 of Part 2 of Article 79 of the Law of Ukraine "On Joint-Stock Companies", it should be noted that during 2023 there were no comments from the Audit Committee regarding the independence of the external audit.

The Risk Management Committee of the Board held 29 meetings in 2023. In the period from 01.01.2023 to 02.05.2023 - 9 meetings, of which 7 - in the form of joint presence using electronic means of communication (video and voice conferences, etc.), 2 - in the form of absentee voting (survey method). In the period from 03.05.2023 to 31.12.2023 – 20 meetings, of which 12 – in the form of joint presence using electronic means of communication (video and voice conferences, etc.), 1 – in the form of joint presence and 7 – in the form of absenteeism voting (survey method). 105 issues were considered, 96 recommendations were made to the Supervisory Board, 4 instructions were given to the Chairperson of the Risk Management Committee of the Bank's Board, 3 instructions were given to the Management Board member, the Chief Compliance Officer (CCO), the Director of the Compliance Department, the employee responsible for financial monitoring of JSB "UKRGASBANK", 1 instruction to the Deputy Chairperson of the Board of JSB "UKRGASBANK", the Chief Risk Officer (CRO). In 2023, 4 meetings of the Risk Management Committee were held with the presence of 75% of the members of the Risk Management Committee, with the presence of 100% of the members of the Committee. Also, the Risk

Management Committee held 1 working meeting with a member of the Management Board, the chief compliance manager, and the director of the compliance department.

In 2023, the Remuneration, Appointments and Corporate Governance Committee held 21 meetings. For the period from 01.01.2023 to 02.05.2023 – 6 meetings, of which 2 meetings - in the form of joint presence, including using electronic means of communication (video and voice conferences, etc.), 4 - in the form of absentee voting (survey method).

For the period from 03.05.2023 to 31.12.2023 – 15 meetings, 7 of them - in the form of joint presence, including using electronic means of communication (video and voice conferences, etc.), 8 - in the form of absentee voting (method survey), a total of 57 issues were considered, 55 recommendations were given to the Board, 5 assignments, of which 1 was to the Corporate Secretary, 3 assignments were to the Chairperson of the Board, the Chairperson of the Board Committee on Remuneration, appointments and Corporate Governance, 1 assignment to a member of the Board, 1 assignment to acting chairperson of Management Board. In 2023, 2 Committee meetings were held with 75% attendance of Committee members. The remaining meetings of the Committee were held with 100% participation of Committee members. Also, the Committee held 10 working meetings, including interviews with candidates for the positions of the Chairperson and members of the Bank's Management Board.

In 2023, the Committee for investment attraction and development strategy implementation of the Bank

held 1 meeting in the form of absentee voting (survey method), considered 1 issue, and made 1 recommendation to the Board. The meeting of the Committee was held with 100% participation of Committee members.

In 2023, there were no meetings of the Board's committee on the issue of raising financing by the Bank on the international capital market through the mechanism of issuing "green" bonds.

In 2023, the Committee of the Board on the Development of Information Technologies of the Bank held 2 meetings, of which 1 meeting was in the form of joint presence using electronic means of communication (video and/or voice conference) and 1 meeting was in the form of absentee voting (method survey), 7 issues were considered, 1 recommendation was given to the Board. All meetings of the Bank's Information Technology Development of the Bank in 2023 were held with 100% attendance of Committee members.

In total, in 2023, 80 meetings of the Board's committees were held, at which 258 issues were considered, 231 recommendations to the Board and 5 instructions were given. In 2023, the Bank's Board committees made, in particular, decisions regarding:

- reports on the results of inspections conducted by the internal audit department; independent auditor's reports; reports on the results of monitoring the implementation of audit recommendations;
- independent auditor's reports;
- changes to the main components of the Budget of the Bank Board for 2023; changes to the main component budgets of the risk management department, social and environmental risk management, compliance department and internal audit department of the Bank for 2023; the main components of the Budget of the Bank Board for 2024; the main components of the budgets of the risk management department, social and environmental risk management, compliance department and internal audit department of the Bank for 2024;
- information on transactions with persons related to JSB "UKRGASBANK";
- information regarding the purchase/sale and/or lease of assets, economic and other transactions with persons related to JSB "UKRGASBANK" and about identified cases of submission of credit applications for consideration by persons related to JSB "UKRGASBANK", the conditions of which do not correspond to current market conditions;
- proposals for establishing key performance indicators (hereinafter also KPI), their specific weight, the methodology for calculating KPI performance when determining a personal bonus for employees of the Bank's internal audit department;
- current profile of the Bank's credit risk, liquidity risk, market and operational risk; the results of the implementation of the operational plan for the implementation of the Strategy for the management of non-performing assets and seized property of JSB "UKRGASBANK" for 2023, the Bank's portfolio of non-performing assets, assessments of the Bank's compliance risks;
- action plans for the implementation of recommendations provided by the National Bank of Ukraine;

- reports on the management of risks of legalization (laundering) of proceeds obtained through crime, financing of terrorism and/or financing of proliferation of weapons of mass destruction; from compliance risk assessment of JSB "UKRGASBANK";
- the general report on the preliminary assessment of the effectiveness of the risk management and compliance units;
- the report on the results of the verification of the compliance of the managers of JSB "UKRGASBANK", the employee responsible for financial monitoring, the chief risk manager, the chief compliance manager and the director of the internal audit department of JSB "UKRGASBANK" with the requirements established by the legislation of Ukraine for the relevant position;
- reports on remuneration of the Chairperson, members of the Management Board and influential persons and the Board;
- key performance indicators (KPI) of the Board, CRO and CCO;
- appointment of the Deputy Chairperson of the Board; election, re-election of members of the Management Board and approval of the terms of contracts concluded with members of the Management Board;
- the results of the selection of an internationally recognized company providing services for the analysis of the current organizational structure, evaluation of the Chairperson and members of the Board, heads of independent structural units of JSB "UKRGASBANK" and recruitment of personnel for the search of applicants and conducting competitive selection for the positions of the Chairperson and members of the Board of JSB "UKRGASBANK" ;
- results of the selection of members of the Board of JSB "UKRGASBANK";
- information for the analysis of market indicators of the size and conditions of payment of fixed remuneration in positions commensurate with the positions of the Chairperson, members of the Board of JSB "UKRGASBANK", a report based on the results of the analysis of market practices and recommendations regarding the target organizational structure of JSB "UKRGASBANK", prepared by LLC "TALENT ADVISORS", which is the exclusive representative of the ODGERS BERNDTSON Global Brand, the Report prepared by TALENT ADVISORS LLC, which is the exclusive representative of the ODGERS BERNDTSON Global Brand, on the results of a professional assessment of the leadership qualities of the heads of JSB "UKRGASBANK" level B/B-1, which includes a psychometric study on based on the Hogan Assessment, assessment of the level of manifestation of leadership competencies, the level of motivation, involvement, resourcefulness and resistance to factors of increased stress and uncertainty;
- preliminary consideration of draft internal documents of the Bank on matters of competence of the Board's committees, including the Risk Propensity Declaration of JSB "UKRGASBANK" for 2023 in the new version, the Financing Program of JSB "UKRGASBANK" for 2023 in the new version; Declarations of susceptibility to risks of JSB "UKRGASBANK" for 2024, Financing programs of JSB "UKRGASBANK" for 2024, Amendments to the Policy on prevention and countermeasures against legalization (laundering) of proceeds obtained through crime, financing of terrorism and financing of the proliferation of weapons of mass destruction of JSB "UKRGASBANK" , documents regulating remuneration in the Bank;
- others.

In accordance with the Assessment report the activity was evaluated as well implemented under the parameter Assessment of the effectiveness of the performance of functions and powers by the Board's committees, including the effectiveness of the methods and procedures of the Board's committees.

At the same time, it should be noted that from 03.05.2023 to 11.12.2023 the Board acted with five members out of seven, which is 71.43% of the Board's numerical composition. In the period from 12.12.2023, the Board acted in the composition of six members of the Board out of seven, which is 85.71% of the quantitative composition of the Board.

Considering the above, during the period from 03.05.2023 to 31.12.2023, the Chairperson and members of the Board worked with an additional load due to an incomplete staff, which required additional efforts, attention and time of the Chairperson and members of the Board. Also, in order to ensure effective and efficient preliminary consideration of issues within the Board's competence by the Board's committees, the Board focused its attention primarily on the activities of mandatory Board



committees, namely: the Risk Management Committee of the Bank's Board, the Audit Committee of the Bank's Board and the Committee The Bank's Board on matters of determination of remuneration, appointments and corporate governance.

At the same time, it should be noted that during 2023 the Board of the Bank ensured, in particular:

- implementation of constant monitoring and control over the implementation of recommendations provided by the National Bank of Ukraine based on the results of inspections of JSB "UKRGASBANK";
- implementation of constant monitoring and control over the implementation of recommendations provided by the internal audit department, consideration of reports based on the results of inspections conducted by the internal audit department;
- regular review of the full range of management reporting in accordance with the requirements of Ukrainian legislation and the Bank's internal documents;
- constant effective communication with the Bank's Management Board, the Bank's chief risk officer (CRO), the Bank's chief compliance officer (CCO), the employee responsible for financial monitoring, the director of the internal audit department.

**5) assessment of the Board 's fulfillment of the individual's goals. Within this point, information is noted on the impact of decisions made by the board during the reporting period, in order to ensure the achievement of the strategic goals set for the person. At the same time, information regarding the strategic goals of the person must contain a general description of such strategic goals and does not require the disclosure of information (indicators) that, according to the person's internal documents, belongs to information with limited access (confidential information and commercial secrets)**

According to the Assessment Report, the activity was evaluated as well implemented under the parameter Assessment of the fulfillment of the goals set by the Board.

The full-scale war that began on 24 February 2022 definitely affected the work of the entire banking system of Ukraine. The Bank faced serious challenges caused by the war and the need to ensure the Bank's operational and effective activities in extreme conditions, which required the prompt adoption of appropriate decisions. Within the limits of the powers defined by the legislation, the Articles of Association and the Regulations on the Supervisory Board, during 2023, the Board carried out its activities in difficult conditions with the aim of ensuring stable and efficient work of the Bank, standing side by side with the Bank's Management Board and providing round-the-clock communication and support to the Bank for operational consideration and solving all urgent issues within the competence of the Board.

The development strategy of JSB "UKRGASBANK" for 2022-2024 was approved by the Board on 20.12.2021 (protocol No. 37). However, by Order No. 356-r of 07.05.2022, the Cabinet of Ministers of Ukraine approved the Main (strategic) directions of activity of public sector banks for the period of martial law and post-war economic recovery (hereinafter referred to as the Main Directions). The main directions include the active participation of banks in ensuring the financial stability of Ukraine, support and stability of the functioning of the banking sector, ensuring the financing of priority sectors of the economy and the uninterrupted functioning of enterprises (objects) of critical infrastructure, including those that are state-owned.

In 2023, the Board made decisions aimed at fulfilling the strategic goals established by the Main Directions.

Strategic goals during the period of martial law and post-war economic recovery are defined as:

- provision of financial support for priority sectors of the economy and enterprises (objects) of critical infrastructure;
- the availability of the provision of banking services to ensure the protection of consumer rights, in particular within the framework of social protection of the population, provided there is no physical threat to bank employees;
- creation of conditions for the rapid restoration of the provision of banking services in full and ensuring the functionality and continuity of the work of public sector banks;
- creating, setting up and maintaining the functioning of an effective system of physical security (the central office and separate divisions of such a bank, including the security of bank employees),

- security of operating systems, in particular with the use of cloud solutions, and cyber security;
- implementation of measures aimed at reducing risks, including implementation of possible threats, implementation of bank security measures, in particular control over security risks (including physical, financial, cyber security and security of operating systems), elimination and/or minimization of the consequences of realized threats and crisis situations;
- uninterrupted and effective work of bank managers to ensure the adoption of necessary management decisions;
- preservation of the bank's financial stability, identification of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance.

During 2023, the Bank took measures to ensure the implementation of strategic goals. The bank is one of the market leaders in supporting priority sectors of the economy, provides financial support to clients of priority sectors of critical infrastructure enterprises and is a participant in state programs. The bank ensured uninterrupted operation of the IT infrastructure, expanded the use of cloud technologies, implemented a number of measures to improve information security. The bank is actively working to ensure compliance with the regulator's prudential requirements and increase operational efficiency, which made it possible to ensure a net profit for 2023 in the amount of UAH 1.9 billion., profit before taxes for 2023 amounted to UAH 4.7 billion.

**6) information about the internal structure of the board, the procedures used in its decision-making, including an indication of how the board's activities led to changes in the person's financial and economic activity**

As of December 31, 2023, the Board of the Bank consisted of 4 independent members and 2 members representing the shareholder - the State of Ukraine, while the Chairperson of the Board was an independent member.

The Board established 6 committees: the Audit Committee of the Supervisory Board of JSB "UKRGASBANK", the Risk Management Committee of the Supervisory Board of JSB "UKRGASBANK", the Committee of the Supervisory Board of JSB "UKRGASBANK" on matters of Remuneration, Appointments and Corporate Governance, the Committee for investment attraction and development strategy implementation JSB "UKRGASBANK" of the Supervisory Board of JSB "UKRGASBANK", Committee of the Supervisory Board on raising JSB "UKRGASBANK" financing on the international capital market through the mechanism of issuing "green" bonds, Committee of the Supervisory Board on information technologies development of JSB "UKRGASBANK".

Committees are created from the members of the Board. Committees are headed by independent members of the Board. Most of the members of these committees are independent members of the Board.

When making decisions by the Board in 2023, the procedures stipulated by the Bank's Articles of Association and the Regulation on the Supervisory Board were applied.

The organizational form of the Board's work is regular and extraordinary meetings. Board meetings are held as necessary, but at least once a quarter. Board meetings are held in the form of joint presence of Board members in a designated place to discuss agenda items and vote (hereinafter - the form of joint presence), including using electronic means of communication (video and voice conferences, etc.), provided that each Board member participating in such a conference can see/hear all participants and communicate with all other Board meeting participants. At the meeting of the Board, each member of the Board has one vote. Board members participate in Board meetings only in person, the transfer of rights to participate in Board meetings by its members by issuing proxies or in any other way is not allowed. At a meeting of the Board in the form of joint presence, decisions of the Board are made by a simple majority of the votes of the members of the Board who participate in the meeting and have the right to vote on the relevant issue, except for cases provided by the Articles of Association and Regulations on the Supervisory Board, which provide for a different number of votes for decision-making.

Decisions of the Board may be made by absentee voting (survey method), including by using a software and technical complex, or by conducting an audio or video conference, in accordance with the procedure established by the Regulations on the Supervisory Board. Decisions of the Board made by absentee voting (survey method), including using a software and technical complex, or by conducting an audio or video conference, are adopted by a simple majority of the votes of Board members (more

than 50 percent of the votes) from the quantitative composition of the Board established by the Articles of Association Bank, with the exception of the cases stipulated by the Articles of Association and Regulations on the Supervisory Board, which provide for a different number of votes for decision-making. If the number of votes "for" and "against" is equal, the decision for which the Chairperson of the Board voted is adopted. The decision to commit a significant transaction in the cases provided for by the Law of Ukraine "On Joint Stock Companies" is adopted by the Board by at least three-fourths of the votes of the members of the Board participating in the meeting. Board members refuse to participate in decision-making if a conflict of interest prevents them from fully fulfilling their duties in the interests of the Bank, its depositors and participants. In such cases, the member of the Board does not have the right to vote when the Board makes a decision and is not taken into account when determining the quorum of the Board. The decision of the Board is formalized in the protocol of the Board meeting. A member of the Board who does not agree with the decision made at the meeting and voted "against" such a decision may, within 2 working days from the date of the meeting, present his comments in writing to the Chairperson/Secretary of the Board. Remarks of Board members are added to the protocol and become its integral part. The meeting of the Board or consideration of a separate issue of the agenda by its decision may be fixed by technical means.

The Board exerts its influence on the financial and economic activity of the Bank by effectively performing its functions and powers in accordance with the Articles of Association and the Regulations on the Supervisory Board, by exercising control over the activities of the Management Board and control units of the Bank, which is confirmed by the decisions made by the Board in 2023 and described in information about the held meetings of the Board and a general description of the main issues that were considered by it.

During 2023, the Board approved a number of internal documents, in particular, on issues of risk management, the functioning of the internal control system, on the activities of independent structural units of the Bank, and others.

Also, during 2023, the Board regularly and promptly considered other issues related to its competence, in particular, reports of the Management Board, control units, and others.

The Board supervised the activities of the Management Board and the implementation of action plans to eliminate deficiencies identified by the National Bank of Ukraine, the internal audit department, and the compliance department, as well as the timely response of the Bank's managers to the recommendations (proposals) of the internal audit department and the compliance department.

All adopted decisions of the Board, in particular, regarding control over the activities of the Bank's Management Board, taking measures to prevent the emergence of conflicts of interest in the Bank, ensuring the improvement of the effectiveness of the functioning of the internal control system, exercising control over the functioning of the Bank's risk management system and making management decisions regarding the Bank's activities within its scope competencies, contributed to the efficient operation of the Bank, qualitative positive changes in the financial and economic activity of the Bank.

The Bank's assets as of January 1, 2024 (according to the A4X statistical reporting file) amounted to UAH 175.9 billion, having increased by UAH 44.2 billion in 2023. or by 34%.

As of 01.01.2024:

- 1) credit portfolio of clients UAH 63,3 billion (UAH -1.4 billion since the beginning of the year), including:
  - credit portfolio of corporate business UAH 48.4 billion (UAH -3.3 billion since the beginning of the year);
  - the loan portfolio of small and medium-sized businesses amounts to UAH 9.6 billion (UAH +0.5 billion since the beginning of the year);
  - the credit portfolio of the retail business amounts to UAH 5.3 billion. (UAH +1,4 billion since the beginning of the year);
- 2) customer funds UAH 154,1 billion (UAH +41,3 billion since the beginning of the year), including:
  - the portfolio of funds of corporate clients is UAH 91,8 billion (UAH +32,4 billion since the beginning of the year);
  - the portfolio of funds of small and medium-sized business clients is UAH 28,8 billion (UAH+7,5 billion since the beginning of the year);

- portfolio of funds of retail clients UAH 33,5 billion (UAH +1,4 billion since the beginning of the year).

According to the results of 2023, the Bank received a profit of UAH 1,936.4 million. Including, the operating income in 2023 amounted to UAH 8,969.0 million: net interest income after expenses for credit losses was UAH 6,876.5 million. (interest income is UAH 17,369.7 million, interest expenses are UAH 10,690.1 million, the net positive effect of changes in provisions for credit losses is UAH 196.8 million). The largest share in non-interest income is: net commission income, which amounts to UAH 1,296.8 million. (including UAH 2,261.0 million commission income) and net profits from operations with foreign currencies and derivative financial instruments of UAH 800.9 million. The largest share of the Bank's net commission income is accounted for by income from settlement operations (57%).

The net interest spread for 2023 was 5.4%, the interest margin was 5.1%. The profitability of the Bank's assets and balance sheet capital as of January 1, 2024 was 1.3% and 19.3%, respectively.

Thus, despite the difficulties of working in the conditions of war, the overall financial indicators reflect the improvement of the Bank's activities in 2023. The Bank demonstrated better profit before tax and better net profit, improved margins, and stabilized productivity and cost management.

**Part 5. Executive body**

Table 1.

**Personal composition of the collegial executive body and its committees**

The name of the member of the executive body, term of office in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the executive body	Chairperson / member of the committee of the executive body		
				Credit Board	Credit Committee	Committee on Methodological Support for Retail, Small and Micro Business Risk Management
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Andrii Mykolayovych Kravets (from 01.01.2023 to 10.02.2023)	-	-	X			
Oleksandr Vitaliyovych Dubrovin (from 01.01.2023 to 16.02.2023)	-	-	Y			
Serhiy Volodymyrovych Kharitich (from 01.01.2023 to 16.02.2023)	-	-	Y			
Rodion Valeriyovych Morozov (from 01.01.2023 to 31.12.2023, acting Chairperson from 13.02.2023 to 31.12.2023)	-	-	Y	V	X	
Natalija Yevhenivna Vasylets (from 01.01.2023 to 31.12.2023)	-	-	Y	V		X
Volodymyr Mykolayovych Ponomarov (from 03.04.2023 to 31.12.2023)	-	-	Y			

Tamara Yuriyivna Savoshchenko (from 01.01.2023 to 31.12.2023)	-	-	Y	X		
Denys Viktorovych Chernyshov (from 01.01.2023 to 31.12.2023)	-	-	Y			
Tetiana Mykhailivna Shestak (from 01.01.2023 to 05.05.2023)	-	-	Y			
Volodymyrovych Maksym Vashchuk (from 08.05.2023 to 31.12.2023)	-	-	Y			

Table 1. (Continuation 1)

The name of the member of the executive body, term of office in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the executive body	Chairperson / member of the committee of the executive body		
				The Assets and Liabilities Management Committee	Tariff Committee	The Operations Risk Management Committee
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Andrii Mykolayovych Kravets (from 01.01.2023 to 10.02.2023)	-	-	X	V		
Oleksandr Vitaliyovych Dubrovin (from 01.01.2023 to 16.02.2023)	-	-	Y	X		V
Serhiy Volodymyrovych Kharitich (from 01.01.2023 to 16.02.2023)	-	-	Y			V
Rodion Valeriyovych Morozov (from 01.01.2023 to 31.12.2023, acting Chairperson from 13.02.2023 to 31.12.2023)	-	-	Y	V	V	

Natalija Yevhenivna Vasylets (from 01.01.2023 to 31.12.2023)	-	-	Y	V		X
Volodymyr Mykolayovych Ponomarov (from 03.04.2023 to 31.12.2023)	-	-	Y	X	V	V
Tamara Yuriyivna Savoshchenko (from 01.01.2023 to 31.12.2023)	-	-	Y	V, X	X	V
Denys Viktorovych Chernyshov (from 01.01.2023 to 31.12.2023)	-	-	Y	V		
Tetiana Mykhailivna Shestak (from 01.01.2023 to 05.05.2023)	-	-	Y			
Volodymyrovych Maksym Vashchuk (from 08.05.2023 to 31.12.2023)	-	-	Y			

Table 1. (Continuation 2)

The name of the member of the executive body, term of office in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the executive body	Chairperson / member of the committee of the executive body		
				Tender Committee	Technological committee	The Information Security Management Committee
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Andrii Mykolayovych Kravets (from 01.01.2023 to 10.02.2023)	-	-	X			
Oleksandr Vitaliyovych Dubrovin (from 01.01.2023 to 16.02.2023)	-	-	Y		V	
Serhiy Volodymyrovych Kharitich (from 01.01.2023 to 16.02.2023)	-	-	Y		X	X

Rodion Valeriyovych Morozov (from 01.01.2023 to 31.12.2023, acting Chairperson from 13.02.2023 to 31.12.2023)	-	-	Y			
Natalija Yevhenivna Vasylets (from 01.01.2023 to 31.12.2023)	-	-	Y			
Volodymyr Mykolayovych Ponomarov (from 03.04.2023 to 31.12.2023)	-	-	Y		V	
Tamara Yuriyivna Savoshchenko (from 01.01.2023 to 31.12.2023)	-	-	Y		V, X	X
Denys Viktorovych Chernyshov (from 01.01.2023 to 31.12.2023)	-	-	Y			
Tetiana Mykhailivna Shestak (from 01.01.2023 to 05.05.2023)	-	-	Y			V
Volodymyrovych Maksym Vashchuk (from 08.05.2023 to 31.12.2023)	-	-	Y			V

Table 1. (Continuation 3)

The name of the member of the executive body, term of office in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the executive body	Chairperson / member of the committee of the executive body		
				Commission on interaction with non-banking institutions	Marketing commission	Credit Transaction Monitoring Committee
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Andrii Mykolayovych Kravets	-	-	X		X	



(from 01.01.2023 to 10.02.2023)						
Oleksandr Vitaliyovych Dubrovin (from 01.01.2023 to 16.02.2023)	-	-	Y			
Serhiy Volodymyrovych Kharitich (from 01.01.2023 to 16.02.2023)	-	-	Y		V	
Rodion Valeriyovych Morozov (from 01.01.2023 to 31.12.2023, acting Chairperson from 13.02.2023 to 31.12.2023)	-	-	Y	V	V, X	
Natalija Yevhenivna Vasylets (from 01.01.2023 to 31.12.2023)	-	-	Y			V, X
Volodymyr Mykolayovych Ponomarov (from 03.04.2023 to 31.12.2023)	-	-	Y		V	
Tamara Yuriyivna Savoshchenko (from 01.01.2023 to 31.12.2023)	-	-	Y		V	
Denys Viktorovych Chernyshov (from 01.01.2023 to 31.12.2023)	-	-	Y			
Tetiana Mykhailivna Shestak (from 01.01.2023 to 05.05.2023)	-	-	Y			
Volodymyrovych Maksym Vashchuk (from 08.05.2023 to 31.12.2023)	-	-	Y			

Table 1. (Continuation 4)

The name of the member of the executive body, term of office in the reporting period	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	Chairperson / Deputy Chairperson of the executive body	Chairperson / member of the committee of the executive body		
				Committee on management of non-performing assets of non-banking institutions	Committee on International Financial Assistance	Business committee
			X / Y <sup>3</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>	X / V <sup>4</sup>
Andrii Mykolayovych Kravets (from 01.01.2023 to 10.02.2023)	-	-	X			
Oleksandr Vitaliyovych Dubrovin (from 01.01.2023 to 16.02.2023)	-	-	Y			
Serhiy Volodymyrovych Kharitich (from 01.01.2023 to 16.02.2023)	-	-	Y			
Rodion Valeriyovych Morozov (from 01.01.2023 to 31.12.2023, acting Chairperson from 13.02.2023 to 31.12.2023)	-	-	Y		X	V
Natalija Yevhenivna Vasylets (from 01.01.2023 to 31.12.2023)	-	-	Y	X		V
Volodymyr Mykolayovych Ponomarov (from 03.04.2023 to 31.12.2023)	-	-	Y	V		X

Tamara Yuriyivna Savoshchenko (from 01.01.2023 to 31.12.2023)	-	-	Y			V
Denys Viktorovych Chernyshov (from 01.01.2023 to 31.12.2023)	-	-	Y			
Tetiana Mykhailivna Shestak (from 01.01.2023 to 05.05.2023)	-	-	Y			
Volodymyrovych Maksym Vashchuk (from 08.05.2023 to 31.12.2023)	-	-	Y			V

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

<sup>3</sup> X - to designate the chairperson of the board; Y - to designate the deputy chairperson of the Board .

<sup>4</sup> X - to designate the chairperson of the committee; V - to designate a committee member.

Table 2.

### Information about the held meetings of the collegial executive body and a general description of the decisions made

1	2
The number of meetings in the reporting period	101
of them ocular:	101
of them extramural:	0
Description of key solutions:	In 2023, the Bank's Management Board made decisions, in particular, regarding: <ul style="list-style-type: none"> <li>- conducting active operations;</li> <li>- changes in the organizational structure of the main institution;</li> <li>- activities of the Bank's branches;</li> <li>- financing under capital investment items;</li> <li>- the results of inspections carried out by the internal audit department and the state of</li> </ul>

implementation of the recommendations of the internal audit department;  
- review and approval of the Bank's internal documents, etc.

Table 3.

**Information about the held meetings of the committees of the collegial executive body and a general description of the decisions made**

	Credit Board	Credit Committee	Committee on Methodological Support for Retail, Small and Micro Business Risk Management
The number of committee meetings in the reporting period	243	97	20
of them ocular:	103	97	6
of them extramural:	140	0	14
Description of the key decisions of the committee:	Performing active operations with clients of corporate, retail, small and medium-sized businesses and some other issues in accordance with the specified powers of the credit Board .	Performing active operations with retail, small and medium-sized business clients and some other issues in accordance with the credit committee's defined powers.	Decisions were made to approve the methodology for credit risk management of retail, small and micro businesses; consideration of reports on the quality of the credit portfolio of retail, small and micro-businesses and some other decisions in accordance with the defined powers of the Committee.

Table 3. (Continuation 1)

	The Assets and Liabilities Management Committee	Tariff Committee
The number of committee meetings in the reporting period	190	38
of them ocular:	22	31

of them extramural:	168	7
Description of the key decisions of the committee:	<p>Analysis and monitoring of liquidity gaps and structural indicators of the Bank's assets and liabilities, optimization of the structure of assets and liabilities from the standpoint of liquidity.</p> <p>Distribution of risk-weighted assets by business segments;</p> <p>Setting internal limits of liquidity risk, interest rate and market risk.</p> <p>Establishing and revising limits on bank operations with securities and certificates of deposit issued by the NBU.</p> <p>Approval of transfer rate values, individual transfer rate values, decisions regarding the application of transfer pricing.</p> <p>Monitoring of the cost of liabilities and profitability of assets, conditions and trends of the external environment, analysis of interest spread and margin, analysis of the market of competing banks regarding the level of rates.</p> <p>Analysis of dynamics and cost of liabilities.</p> <p>The decision on the possibility of conducting passive operations on non-standard conditions within the competence of the Committee.</p> <p>Approval of standard conditions and parameters of passive operations, limit range of rates for individual passive operations, determination of the list of conditions and parameters of its application.</p> <p>Implementation/modification of banking products, price parameters of banking products under the Bank's passive operations, determination of pricing approaches for banking products under the Bank's active operations.</p> <p>Approval of profitability, interest rates and commissions for the Bank's active operations in terms of banking products for lending.</p> <p>Determination of the conditions for carrying out individual operations, resource campaigns and promotions under passive operations, with the possibility of establishing/amending/cancelling promotional conditions regarding the Bank's early return of funds under passive operations and promotional conditions regarding increasing interest rates.</p> <p>Approval of cash balance limits in cash registers and ATMs.</p> <p>Analysis of the calculation of the break-even rate and recommended effective lending interest rates.</p> <p>Other issues related to the competence of the Committee.</p>	<p>Approval of general tariffs and standard forms of contracts, as well as changes to them, application of non-standard tariffs for customers of corporate, retail, small and medium-sized businesses and some other issues in accordance with the defined powers of the tariff committee</p>

Table 3. (Continuation 2)

	The Operations Risk Management Committee	Tender Committee
The number of committee meetings in the reporting period	18	69
of them ocular:	17	69
of them extramural:	1	0
Description of the key decisions of the committee:	<p>On consideration of issues related to the unavailability/failure of banking systems.</p> <p>Regarding the consideration of issues related to the identification of a significant number of problematic transactions (successful at the issuer level, but no compensation was received from the acquirer for them), subsequent contractual write-offs and arrears on the accounts of the Bank's clients that arose as a result.</p> <p>On consideration of issues related to illegal debiting of funds from the client's account.</p> <p>On consideration of issues related to compensation of losses incurred by the Bank as a result of implementation of operational risk incidents.</p> <p>On consideration of the report on the current status of the execution of the Committee's assignments.</p> <p>On consideration of the report on the profile of operational risk, implementation of incidents of operational risk and results of monitoring of key indicators of operational risk.</p> <p>On consideration of the Report on the results of self-assessment of operational risk for 2023 and the Report on the results of stress testing of operational risk.</p>	<p>The number of committee meetings in the reporting period - 69 meetings, of which: 5 meetings in the form of working meetings in the period from 01.01.2023 - 01.03.2023 and 64 meetings of the Tender Committee in the period from 03.20.2023 - 31.12.2023</p> <p>Decisions related to the procurement of goods, works and services, in particular, but not exclusively: the selection of the procurement procedure, approval of the composition of the working group, approval of the tender documentation, consideration and evaluation of the bids of the bidders (winner's documents), acceptance, rejection of the bids of the bidders, approval of the conclusion of contracts, approval procurement plan/temporary procurement plan and amendments to them, amendments to procurement contracts, some other issues related to the competence of the competitive bidding committee.</p>

	<p>On consideration of issues regarding the approval of the updated list of key indicators of operational risk, their limit indicators and calculation methods.</p> <p>On consideration of critical incidents on payments, customer service and IT systems of the first level of criticality and the state of reservation in the Backup data center.</p> <p>On consideration of the implemented mechanisms and procedures for monitoring operations on the transfer of funds and fraud scenarios.</p> <p>Regarding the consideration of the issue regarding the Plan for deployment and performance testing/recovery of all critical IT Systems of the Bank at the capacities of the Backup Data Center.</p>	
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Table 3. (Continuation 3)

	Technological committee	The Information Security Management Committee
The number of committee meetings in the reporting period	45	10
of them ocular:	45	8
of them extramural:	0	2
Description of the key decisions of the committee:	<p>Agreeing on the expediency of purchasing copies/updates of software products, services for technical support/support of IT systems, services for finalization of IT systems.</p> <p>Approval of IT projects.</p> <p>Approving software testing plans.</p>	<p>Approving the expediency of acquiring a state examination (comprehensive information security system (KSZI)) of the Bank's information security/cyber protection measures, including an audit of the infrastructure and processes of the SWIFT system for compliance with the SWIFT user security concept and the</p>

	Approval of priority areas of activity regarding the implementation and improvement (development) of the Bank's information systems, etc.	principles of information security. certification of the Bank according to Payment Card Industry Data Security Standard (PCI DSS) and VISA PCI PIN Security (PIN Security).  Approval/approval of information security management system documents.
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Table 3. (Continuation 4)

	Commission on interaction with non-banking institutions	Marketing commission	Credit Transaction Monitoring Committee
The number of committee meetings in the reporting period	14	17	31
of them ocular:	12	6	31
of them extramural:	2	11	0
Description of the key decisions of the committee:	48 questions (of 988 Partners) regarding the accreditation of Partners / expansion of the borders of the accreditation of Partners / suspension of the accreditation of Partners / cancellation of the accreditation of Partners / review of the accreditation of Partners were considered; approval of the terms of cooperation for insurance products of 2 insurance groups and other decisions, in	The total number of issues considered at the meetings is 33, of which: - 28 questions about agreeing the expediency of providing charitable/sponsored assistance; - 3 questions about quarterly reports on the state of implementation of decisions of the marketing commission; - 1 question about approval of the organizational plan for the "Help the Army - win coins with Zaluzhny's signature!" campaign. - 1 question about the expediency of implementing actions regarding organizational plans for conducting an	121 issues were considered, the key of which were: - identification and assessment of individual credit risk factors; - prospects for repaying debts owed by customers more than 1 day in arrears; - monitoring of the Bank's client monitoring list; - approving action plans/orders for the settlement of credit risk factors and monitoring their implementation.



	accordance with the specified powers.	advertising campaign to update the positioning of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” through the development of a creative platform relevant to wartime.	
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Table 3. (Continuation 5)

	Committee on management of non-performing assets of non-banking institutions	Committee on International Financial Assistance	Business committee
The number of committee meetings in the reporting period	56	6	21
of them ocular:	55	6	9
of them extramural:	1	0	12
Description of the key decisions of the committee:	<p>Regarding the settlement of the debt of the borrowers of the Bank, which acquired the management status of "Restructuring" or "Problem debt".</p> <p>Review of reports on the timeliness and completeness of the implementation of measures defined in the restructuring plan/plans actions to settle problematic debt.</p>	<p>The total number of issues considered at the meetings is 11, of which:</p> <ul style="list-style-type: none"> <li>- About attracting international financial aid - 3 questions;</li> <li>- About quarterly reports on the state of implementation of the decisions of the committee on international financial assistance - 2 questions;</li> <li>- About the expediency of the participation of representatives of JSB “UKRGASBANK” in international events, the purpose of which is to attract resources to support the economy of Ukraine during the martial law and the post-war reconstruction of Ukraine - 6 questions.</li> </ul>	<p>About the expediency of purchasing a lease of premises for the placement of an ATM/branch.</p> <p>On the approval of general tariffs and tariffs for individual clients of JSB “UKRGASBANK”.</p> <p>About the installation and dismantling of ATMs.</p> <p>On the approval of standard contracts, on the approval of banking products and modified banking products, etc.</p>



**Information about the sole executive body and a general description of the decisions made**

Name of the manager, term of office in the reporting period	-
RNTAC <sup>1</sup>	-
UNRR <sup>2</sup>	-
Description of the key decisions of the manager	-
Name of the deputy manager(s), term of office in the reporting period	-
RNTAC <sup>1</sup>	-
UNRR <sup>2</sup>	-
Area of responsibility of the deputy	-
Name and position of the person who performed the duties of the manager in the reporting period, the period during which the person performed the duties of the manager	-
RNTAC <sup>1</sup>	-
UNRR <sup>2</sup>	-

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

## Report of the executive body:

- 1) assessment of the composition, structure and activity of the executive body;

As of 1 January 2023, the Bank's Management Board consisted of the Chairperson of the Management Board and seven members of the Management Board. At the same time, according to the decision of the Supervisory Board of JSB «UKRGASBANK» dated 08.11.2022 (protocol No. 29) on the issue of the first agenda of the meeting, Denis CHERNYSHOV was suspended from exercising his powers from 10.10.2022.

Personnel of the Bank's Management Board as of 1 January 2023:

1. Kravets Andrii Mykolayovych – Chairperson of Management Board
2. Dubrovin Oleksandr Vitaliyovych – First Deputy to Chairperson of Management Board
3. Vasylets Natalija Yevhenivna – Deputy to Chairperson of Management Board
4. Savoshchenko Tamara Yuriyivna – Deputy to Chairperson of Management Board
5. Chernyshov Denys Viktorovych – Deputy to Chairperson of Management Board
6. Kharitich Serhiy Volodymyrovych – Deputy to Chairperson of Management Board
7. Morozov Rodion Valeriyovych – Deputy to Chairperson of Management Board
8. Shestak Tetiana Mykhailivna – Director of the Department of Compliance

During 2023, the following changes took place in the composition of the Management Board:

Authority terminated:

- Chairperson of the Management Board Kravets Andrii Mykolayovych in accordance with the decision of the Supervisory Board dated 10 February 2023 (protocol No. 4);
- Dubrovin Oleksandr Vitaliyovych, a member of the Management Board, in accordance with the decision of the Supervisory Board dated 16 February 2023 (protocol No. 5);
- Management Board member Serhiy Volodymyrovych Kharitich in accordance with the decision of the Supervisory Board dated 31 March 2023 (protocol No. 14);
- member of the Management Board, director of the Department of Compliance Shestak Tetiana Mykhailivna, in accordance with the decision of the Supervisory Board dated 05 May 2023 (protocol No. 20);

Selected:

- Ponomarov Volodymyr Mykolayovych from 03.04.2023 as a member of the Management Board for a period of 6 (six) months in accordance with the decision of the Supervisory Board dated 31.03.2023 (protocol No. 14);
- Vashchuk Maksym Volodymyrovych from 08.05.2023 as a member of the Management Board for a period of 5 (five) years in accordance with the decision of the Supervisory Board dated 05.05.2023 (protocol No. 20);
- Piotr KACHMAREK Chairperson of the Management Board for a period of 5 (five) years from the date of his assumption of office after approval in accordance with the established procedure by the National Bank of Ukraine in accordance with the decision of the Supervisory Board dated 26.07.2023 (protocol No. 32).<sup>1</sup>
- Ponomarov Volodymyr Mykolayovych as of 4 October 2023 as a member of the Management Board for a period of 5 (five) years in accordance with the decision of the Supervisory Board dated 27 September 2023 (protocol No. 40).
- Liubomyra Ihnatova PUNCHEVA as of 1 February 2024, a member of the Management Board for a period of 5 (five) years in accordance with the decision of the Supervisory Board dated 28 December 2023 (protocol No. 57).
- Andrii Viktorovych SAMOKHVALOV as of 29 January 2024 as a member of the Management Board for a period of 5 (five) years in accordance with the decision of the Supervisory Board dated 28 December 2023 (protocol No. 57).

Assigned:

- Deputy Chairperson of the Management Board Morozov Rodion Valeriyovych as of 13 February 2023 acting Chairperson of the Management Board in accordance with the decision of the Supervisory Board dated 10 February 2023 (protocol No. 4).<sup>2</sup>
- Deputy Chairperson of the Management Board Morozov Rodion Valeriyovych acting as the Chairperson of

<sup>1</sup> According to the decision of the Supervisory Board of JSB "UKRGASBANK" dated 10.11.2023 (protocol no. 49), the decision of the Supervisory Board of JSB "UKRGASBANK" dated 26 July 2023 (protocol no. 32) on the issue of the first agenda of the meeting on the appointment (election) ) Piotr KACHMAREK Chairperson of the Board of JSB "UKRGASBANK"

<sup>2</sup> By the decision of the Supervisory Board dated 09.08.2023 (protocol no. 34), the decision of the Supervisory Board of JSB "UKRGASBANK" dated 10.02.2023 (protocol no. 4) on the issue of the fourteenth agenda of the meeting, which was appointed from 13.02.2023 Morozov Rodion Valeriyovych, was recognized as having lost its validity as acting Chairperson of the Board of JSB "UKRGASBANK".

the Management Board of JSB "UKRGASBANK" from 10 August 2023 until the National Bank of Ukraine approves the nomination of the Chairperson of the Management Board in accordance with the decision of the Supervisory Board dated 9 August 2023 (protocol No. 34).

As of 31 December 2023, the Bank's Management Board consisted of acting Chairperson of the Management Board and five members of the Management Board. At the same time, according to the decision of the Supervisory Board dated 08.11.2022 (protocol No. 29) on the issue of the first agenda of the meeting, Denys Viktorovych Chernyshov was suspended from exercising his powers from 10.10.2022.

Personnel of the Bank's Management Board as of 31.12.2023:

- 1) Rodion MOROZOV – acting Chairperson of Management Board;
- 2) Natalija VASYLETS – Deputy to Chairperson of Management Board;
- 3) Tamara SAVOSHCHENKO – Deputy to Chairperson of Management Board;
- 4) Denys CHERNYSHOV – Deputy to Chairperson of Management Board;
- 5) Volodymyr PONOMAROV – Deputy to Chairperson of Management Board;
- 6) Maksym VASHCHUK – Director of the Department of Compliance.

The functional duties of the Chairperson and members of the Management Board are defined by the current legislation, the Articles of Association of JSB "UKRGASBANK", the Regulations on the Management Board of JSB "UKRGASBANK", the regulations on the relevant committee and other collegial body of the Management Board, the civil law contract concluded with the Chairperson and a member of the Management Board

When making decisions by the Management Board in 2023, the procedures provided for by the Articles of Association and Regulations on the Management Board of JSB "UKRGASBANK" were applied.

In 2023, the Board held 101 meetings, at which 1228 issues were considered, including according to the 2023 Work Plan of the Management Board of JSB "UKRGASBANK", approved by the decision of the Supervisory Board dated 23.12.2022 (protocol No. 36), during which decisions were made, in most cases, regarding active operations; changes in the organizational structure of the main institution; activities of Bank branches; financing under capital investment items; the results of inspections conducted by the internal audit department and the state of implementation of the recommendations of the internal audit department; review and approval of the Bank's internal documents, etc.

All meetings of the Management Board in 2023 were held with the participation of 5 members of the Management Board out of 6, i.e. 83.33% of its composition, due to the fact that the Deputy Chairperson of the Management Board Denys Viktorovych Chernyshov was suspended from exercising his powers from 10.10.2022 (the decision of the Supervisory of the Board from 08.11.2022 (protocol No. 29) on the issue of the first agenda of the meeting).

In 2023, the following collegial bodies of the Management Board functioned:

- Credit Board of JSB "UKRGASBANK";
- Credit Committee of JSB "UKRGASBANK";
- Committee on Methodological Support for Retail, Small and Micro Business Risk Management of JSB "UKRGASBANK";
- The Assets and Liabilities Management Committee of JSB "UKRGASBANK"
- Tariff committee of JSB "UKRGASBANK" before 31.10.2023;
- The Operations Risk Management Committee of JSB "UKRGASBANK";
- Tender Committee of JSB "UKRGASBANK";
- Technological committee of JSB "UKRGASBANK";
- The Information Security Management Committee of JSB "UKRGASBANK";
- Commission on interaction with non-banking institutions of JSB "UKRGASBANK";
- Marketing commission of JSB "UKRGASBANK";
- Credit Transaction Monitoring Committee of JSB "UKRGASBANK";
- Committee of Non-performing Assets of JSB "UKRGASBANK"
- Committee on International Financial Assistance of JSB "UKRGASBANK";
- Business committee of JSB "UKRGASBANK" since 06.11.2023;
- Credit commission of branches.

It should be noted that since the beginning of the full-scale invasion of the Russian Federation on the territory of Ukraine and the introduction of martial law in the country, the meetings of the collegial bodies of the Management Board have not been held, and the decisions included in their powers have been taken by the Operational Headquarters of JSB "UKRGASBANK". According to the decision of the Operational Headquarters dated 28 February 2023 (protocol No. 42), the activities of the Management Board and collegial bodies of the Management Board have been resumed since 6 March 2023.

*Regarding the functioning of the Credit Board of JSB "UKRGASBANK".*

In 2023, since March, 243 meetings of the credit Board were held, including 103 in the form of face-to-face

meetings and 140 meetings in working order, at which 1591 decisions were made regarding active operations with clients of corporate, retail, small and medium-sized businesses and some other issues, respectively to the specified powers of the credit Board .

*Regarding the functioning of the Credit committee of JSB "UKRGASBANK".*

During 2023, 97 face-to-face meetings of the credit committee were held, at which 1204 decisions were made regarding active operations with retail, small and medium-sized business clients and some other issues in accordance with the credit committee's defined powers.

*Regarding the functioning of the Committee on Methodological Support for Retail, Small and Micro Business Risk Management of JSB "UKRGASBANK" (further - the methodological support committee).*

During 2023, 20 meetings of the committee on methodological support were held, including: 6 meetings of the Committee with the joint presence of Committee members (face-to-face meeting) and 14 meetings of the Committee without the joint presence of Committee members (in working order). At the meetings of the methodological support committee in 2023, 39 issues were considered regarding the approval of the methodology for credit risk management of retail, small and micro businesses; credit committee consideration of reports on the quality of the credit portfolio of retail, small and micro businesses and some other issues in accordance with the Committee's defined powers.

*Regarding the functioning of the Assets and Liabilities Management Committee of JSB "UKRGASBANK" (hereinafter referred to as the CALM).*

During 2023, since the resumption of CALM activities, 190 meetings were held, including 22 in the form of face-to-face meetings and 168 meetings in working order, at which 284 decisions were made on issues in accordance with the defined powers of CALM.

*Regarding the functioning of the tariff committee of JSB "UKRGASBANK".*

In 2023, from March to November, 38 meetings of the tariff committee were held, including 31 in the form of face-to-face meetings and 7 meetings in working order, at which 115 decisions were made on the approval of general tariffs and standard forms of contracts, as well as changes to them, the use of non-standard tariffs by customers of corporate, retail, small and medium-sized businesses and some other issues in accordance with the defined powers of the tariff committee.

*Regarding the functioning of the Operations Risk Management Committee of JSB "UKRGASBANK" (further – CORM)*

In 2023, 18 meetings of the Committee were held, of which 17 were in the form of joint presence of committee members and 1 - in the form without joint presence of committee members (work order).

During 2023, 67 issues were considered at the meetings of the CORM, in particular, regarding consideration of:

questions regarding the unavailability/failure of banking systems; issues related to the identification of a significant number of problematic transactions (successful at the issuer level, but no compensation was received from the acquirer for them), subsequent contractual write-offs and resulting arrears on the accounts of the Bank's clients; issues related to illegal debiting of funds from the client's account; issues regarding the compensation of losses incurred by the Bank as a result of operational risk incidents; issues regarding the approval of the updated list of key indicators of operational risk, their limit indicators and calculation methods; critical incidents on payments, customer service and ICT systems of the first level of criticality and the state of reservation in the Backup data center; the current state of execution of the Committee's assignments; a report on the operational risk profile, implementation of operational risk incidents and monitoring results of key operational risk indicators; Report on the results of self-assessment of operational risk for 2023 and Report on the results of stress testing of operational risk; questions regarding the Plan for deployment and performance testing/restoration of all critical ICT Systems of the Bank at the capacities of the backup data center, etc.

*Regarding the functioning of the tender committee of JSB "UKRGASBANK" (hereinafter - the committee).*

During 2023, the committee held 69 meetings, all in the form of joint attendance. During 2023, 1039 issues were considered at committee meetings, in particular, regarding the introduction of changes to the essential terms of economic contracts concluded by JSB "UKRGASBANK" with counterparties; application of a simplified procurement procedure; approval, amendments to the annual (temporary) procurement plan, its publication; approval of tender documentation (bidding documentation); determination of the deadline for conducting sub-threshold auctions (submission of offers); disclosure of offers, etc.

*Regarding the functioning of technological committee of JSB "UKRGASBANK"*

A total of 45 meetings of the technological committee were held in 2023, of which all 45 were in the form of joint presence of committee members.

During 2023, 209 issues were considered at the meetings of the technology committee, in particular, regarding the expediency of purchasing software, consulting services, software technical support services, updating software modules, and purchasing other goods and services in the field of information technology; continuation of the provision of services provided under the current business contracts of the bank; approval of

software implementation of new versions of ABS "SCROOGE", WebBank, AS, Cash&Billing; on the expediency of implementation, implementation and closure of information technology development projects; quarterly reports on the status of project implementation and other issues.

*Regarding the functioning of the Information Security Management Committee of JSB "UKRGASBANK" (hereinafter referred to as the Committee).*

A total of 10 committee meetings were held in 2023, of which 8 meetings were held face-to-face and 2 meetings were held in a form without the joint presence of committee members. During 2023, 32 issues related to information security and the activities of the committee were discussed at committee meetings.

*Regarding the functioning of the commission on issues of interaction with non-banking institutions of JSB "UKRGASBANK" (hereinafter - the commission).*

In 2023, 14 meetings were held, of which: 12 were face-to-face meetings and 2 meetings were held in absentia (working order). At the meetings of the commission, 48 issues were considered, in particular, regarding accreditation / expansion of accreditation boundaries / suspension of accreditation / cancellation of accreditation / review of Partners' accreditation; approval of the terms of cooperation for insurance products of 2 groups of insurance and other issues in accordance with the specified powers.

*Regarding the functioning of the marketing commission of JSB "UKRGASBANK".*

During 2023, 17 meetings of the Marketing Commission were held, including: 6 meetings in the form of joint presence, 11 meetings without joint presence (working order).

At the meetings of the marketing commission during 2023, 33 issues were considered, in particular, regarding the approval of the expediency of providing charitable/sponsorship assistance; approval of the organizational plan for the campaign "Help the army - win coins with Zaluzhny's signature!"; the expediency of implementing actions regarding organizational plans for an advertising campaign to update the positioning of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK" by developing a creative platform relevant to wartime; consideration of reports on the state of implementation of decisions of the marketing commission, etc.

*Regarding the functioning of the Credit Transaction Monitoring Committee of JSB "UKRGASBANK" (hereinafter - the commission).*

In 2023, 31 face-to-face meetings of the commission were held, at which 121 issues were considered, the main of which are the execution of the commission's orders, the prospects for repaying debts of clients overdue by more than 1 day, individual credit risk factors were identified, and monitoring the status of the Bank's clients. Absentee meetings were not held in 2023.

*Regarding the functioning of the business committee of JSB "UKRGASBANK".*

In accordance with the decision of the Management Board dated 31.10.2023 (protocol No. 78), from 06.11.2023 a new collegial body of the Management Board was created - the business committee of JSB "UKRGASBANK", whose main tasks include making decisions on approval/ implementation /modification/ suspension/ renewal and closure of the Bank's banking products, pricing of banking products/modified products/new products in the Bank's activities (except for active operations), ensuring the profitability of sales of the Bank's products in terms of pricing in accordance with the Bank's internal documents, etc.

In the period from 6 November 2023 to 31 December 2023, 21 business committee meetings were organized and held, including 9 meetings in person and 12 meetings in working order, at which 100 issues were considered, the summary of which is: on the feasibility of purchasing a lease of premises for the placement of an ATM/branch, on the approval of general tariffs and tariffs for individual clients of JSB "UKRGASBANK", on the establishment and dismantling of ATMs, approval of standard contracts, approval of banking products and modified banking products, etc.

*Regarding the functioning of the Committee on International Financial Assistance of JSB "UKRGASBANK" (hereinafter referred to as the Committee).*

During 2022, 6 meetings of the committee were held in the form of face-to-face meetings using the mechanism of remote connection using electronic means of communication, video, audio conferences, at which 11 issues were considered, in particular, regarding the results of the Bank's work in terms of attracting international financial assistance in 2022; plans to attract international financial assistance in 2023; the expediency of the participation of Bank representatives in international events until the end of 2023 and the formation of a draft budget for foreign business trips, the purpose of which is to attract resources to support the economy of Ukraine during martial law and post-war recovery of Ukraine; Report on the implementation of the decisions of the Committee on International Financial Assistance of JSB "UKRGASBANK", etc.

*Regarding the functioning of the committee of Non-performing Assets of JSB "UKRGASBANK" (hereinafter referred to as the NPA Committee).*

During 2023, 56 meetings of the NPA Committee were held, including 55 in the form of a face-to-face meeting and 1 meeting in working order, at which 386 issues were considered in accordance with the defined powers of the NPA Committee regarding the settlement of the debts of borrowers of the Bank, which acquired the management status of "Restructuring" or " Problem debt"; consideration of reports on the timeliness and

completeness of the implementation of measures defined in the restructuring plan/action plans for the settlement of problem debt.

In 2024, in accordance with the decision of the Supervisory Board dated 19.01.2024 (protocol No. 1), an assessment of the collective suitability and effectiveness of the Management Board of JSB "UKRGASBANK" in 2023 (hereinafter - the Assessment) was organized, based on the results of which the Report on the assessment of collective suitability was approved and effectiveness of the Management Board of JSB "UKRGASBANK" (hereinafter referred to as the Evaluation Report) (protocol of the Supervisory Board meeting dated 23 February 2024 No. 5). The evaluation was carried out in accordance with the Regulation on the assessment of the collective suitability and effectiveness of the management of the PUBLIC JOINT-STOCK COMPANY OF THE JOINT STOCK BANK "UKRGASBANK" (hereinafter - the Regulation on the assessment), approved by the decision of the Supervisory Board dated 31.01.2022 (protocol No. 1), and provided for the assessment of the collective suitability and the implementation the effectiveness of the activities of the Board, including committees and other collegial bodies of the Board (hereinafter, also Committees), and the Chairperson of the Board and members of the Board (each separately). Evaluation of the overall efficiency of the Management Board (as a whole) (with the exception of the member of the Bank's Management Board, Deputy Chairperson of the Management Board of the Bank Denys Viktorovych Chernyshov) and individual evaluation of the performance of the Chairperson of the Management Board and members of the Management Board (each separately) (with the exception of the member of the Bank's Management Board, the Deputy Chairperson of the Management Board of the Bank of Denys Viktorovych Chernyshov) was carried out by the method of self-assessment in the form of a questionnaire survey (for each of the specified types of assessment) by filling out questionnaires in accordance with the annexes to the Regulations on Assessment). The assessment of the collective suitability of the Management Board was carried out on the basis of the Profile Matrix (assessment of collective suitability) of the Management Board of JSB "UKRGASBANK" (hereinafter, also the Matrix), approved by the decision of the Supervisory Board dated 01.07.2022 (protocol No. 18).

The evaluation was carried out in relation to 5 people, namely:

- Rodion MOROZOV – acting Chairperson of Management Board;
- Volodymyr PONOMAROV – Deputy to Chairperson of Management Board;
- Natalija VASYLETS – Deputy to Chairperson of Management Board;
- Tamara SAVOSHCHENKO – Deputy to Chairperson of Management Board;
- Maksym VASHCHUK – Director of the Department of Compliance.

Since, according to the decision of the Supervisory Board dated 08.11.2022 (protocol No. 29) on the issue of the first agenda of the meeting, Denys CHERNYSHOV was suspended from the performance of his powers from 10.10.2022, accordingly, no Assessment was conducted for him.

According to the results of the evaluation, reflected in the evaluation report, the activity of the Management Board as a collegial executive body of the Bank, which ensures effective management of the Bank's activities as a whole, was evaluated as excellent.

The evaluation of the overall efficiency of the activities of the committees and collegial bodies of the Board was based on the assessment of:

performance of functions and powers by committees, competence and effectiveness of each of the Committees, in particular, information on the list of Committees, their functional powers, the number of meetings held and a description of the main issues dealt with by the Committees, the effectiveness of the methods and procedures of the Committees, including their interaction with the Management Board and divisions control of the Bank.

According to the results of the assessment of the effectiveness of the Management Board's committees, it was determined that the activities of the Management Board's committees ensure the improvement of the Management Board's activity. The activity of the Management Board according to this indicator was evaluated as excellent.

In general, the overall effectiveness of the Board's activities (as a whole) was assessed as excellent.

In the cases provided for by the legislation of Ukraine, including in connection with the election of members of the Management Board, in 2023 the Supervisory Board periodically assessed the collective suitability of the Management Board. The respective reports were approved by the decisions of the Supervisory Board dated 28.02.2023 (protocol No. 7), dated 24.03.2023 (protocol No. 13), dated 18.04.2023 (protocol No. 16), dated 23.05.2023 (protocol No. 23), dated 23.08.2023 (protocol No. 36), from 11.10.2023 (protocol No. 43), from 04.12.2023 (protocol No. 54).

The assessment of the collective suitability of the Management Board in 2023 was based on the assessment of the presence of the Chairperson and members of the Management Board of common/collective knowledge, skills, professional and managerial experience in the amount necessary (sufficient) to understand all aspects of the Bank's activities, adequate assessment of the risks to which the Bank may be exposed, making balanced decisions, as well as to ensure effective management and control of the Bank's activities as a whole, taking into



account the functions assigned to the Management Board by legislation, the Articles of Association and its internal documents.

According to the Evaluation Report:

- the composition of the Bank's Management Board in 2023 was collectively suitable, balanced and represented by professionals with the necessary skills, excellent characteristics and significant work experience in the banking and financial sector, who together had the necessary level of qualifications, professional experience and experience in management positions in all areas of the Bank's activities to understand all aspects of the Bank's activities, adequately assess the risks to which the Bank may be exposed, make decisions, as well as ensure effective management and control of the Bank's activities as a whole;
- a the collective suitability of the Bank's Management Board in 2023 corresponded to the size, its business model, the specifics of the Bank's activities, the nature and scope of banking and other financial services, the Bank's risk profile and the Bank's systemic importance.

Also, the members of the Bank's Management Board in 2023 jointly had the knowledge and proper understanding of the Bank's spheres of activity, as well as the skills and experience necessary for the Management Board to exercise its powers. The Bank's Management Board in 2023 had a sufficient number of members with knowledge, skills and experience in all areas of the Bank's activities.

At the same time, it should be noted that the composition of the Management Board during 2023 was not static, the Chairperson of the Management Board and 3 members of the Management Board terminated their powers, the Chairperson (did not take office) and 4 members of the Management Board were elected, only 2 of whom gained authority in 2023. That is, in 2023 the Management Board carried out its activities in an incomplete composition, which required additional efforts, attention and time from the Acting Chairperson of the Management Board and members of the Management Board, to ensure effective management of the current activities of JSB "UKRGASBANK" in the difficult conditions of martial law in Ukraine and to ensure stable support of priority sectors of the economy.

At the same time, it should be noted that during 2023 the Management Board ensured, in particular:

- timely and full implementation of relevant action plans to eliminate deficiencies and recommendations provided by the National Bank of Ukraine based on the results of unscheduled inspections;
- providing the Supervisory Board and the National Bank of Ukraine with regular information on the state of implementation of the relevant action plans;
- preparation and submission to the Supervisory Board of a full range of management reports in accordance with the requirements of Ukrainian legislation and internal documents;
- constant effective dialogue and fruitful cooperation with the Supervisory Board for the purpose of high quality work of the Bank as a whole, etc.

2) assessment of the competence and efficiency of the manager and deputy managers/chairperson and members of the collegial executive body, including information about his activities as an official of other legal entities or other activities - paid and unpaid;

Individual assessment of the performance of the Chairperson and members of the Management Board (each separately) included:

Assessment of compliance with established qualification requirements, regarding the business reputation of the Chairperson and members of the Management Board, professional suitability of the Chairperson and members of the Management Board, compliance by the Chairperson and members of the Management Board with duties of loyalty and caring attitude.

According to the decision of the Supervisory Board dated 19.01.2024 (protocol No. 1), individual evaluation of the effectiveness of the Chairperson and members of the Management Board (each separately) was carried out by the method of self-assessment (performed by the Chairperson and members of the Management Board in relation to themselves).

According to the results of an individual assessment of the effectiveness of the Chairperson of the Management Board, the activities of acting The Chairperson of the Board was rated excellent.

Also, according to the results of the individual evaluation of the effectiveness of the members of the Management Board, their activity was evaluated as excellent.

3) assessment of the execution of the individual's goals by the executive body. Within this point, information is noted on the impact of decisions made by the executive body during the reporting period on the achievement of the strategic goals set for the individual. At the same time, the information regarding the strategic goals of the person must contain a general description of such strategic goals and does not require the disclosure of information (indicators) that, according to the person's internal

documents, belongs to information with limited access (confidential information and commercial secrets);

The development strategy of JSB "UKRGASBANK" for 2022-2024 was approved by the Supervisory Board on 20.12.2021 (protocol No. 37). However, by Order No. 356-r of 07.05.2022, the Cabinet of Ministers of Ukraine approved the Main (strategic) directions of activity of public sector banks for the period of martial law and post-war economic recovery (hereinafter referred to as the Main Directions). The main directions include the active participation of banks in ensuring the financial stability of Ukraine, support and stability of the functioning of the banking sector, ensuring the financing of priority sectors of the economy and the uninterrupted functioning of enterprises (objects) of critical infrastructure, including those that are state-owned.

Strategic goals during the period of martial law and post-war economic recovery are defined as:

- provision of financial support for priority sectors of the economy and enterprises (objects) of critical infrastructure;;
- availability of banking services to ensure the protection of consumer rights, in particular within the framework of social protection of the population, provided there is no physical threat to bank employees;
- creation of conditions for the rapid restoration of the provision of banking services in full and ensuring the functionality and continuity of the work of public sector banks;
- creating, setting up and maintaining the functioning of an effective system of physical security (the central office and separate divisions of such a bank, including the security of bank employees), security of operating systems, in particular with the use of cloud solutions, and cyber security;
- implementation of measures aimed at reducing risks, including implementation of possible threats, implementation of bank security measures, in particular control over security risks (including physical, financial, cyber security and security of operating systems), elimination and/or minimization of the consequences of realized threats and crisis situations;
- smooth and effective work of bank managers to ensure the adoption of necessary management decisions;
- preservation of the bank's financial stability, identification of possible threats to such stability, as well as prompt response to threats to financial stability and/or their avoidance.

During 2023, the Bank took measures to ensure the implementation of strategic goals. The bank is one of the market leaders in supporting priority sectors of the economy, provides financial support to clients of priority sectors of critical infrastructure enterprises and is a participant in state programs. The bank ensured uninterrupted operation of the IT infrastructure, expanded the use of cloud technologies, implemented a number of measures to improve information security. The bank is actively working to ensure compliance with the regulator's prudential requirements and increase operational efficiency, which made it possible to ensure a net profit for 2023 in the amount of UAH 1.9 billion.

4) information on how the activity of the executive body caused changes in the financial and economic activity of the person.

Observance of the sequence of presentation of the information of the parts is mandatory. In the absence of information, the person notes this in the report of the executive body. The report of the executive body is presented concisely and clearly. The length of the board's report should not exceed seven pages of A4 format.

The Bank's assets as of 01 January 2024 (according to the data of file A4X of statistical reporting) amounted to UAH 175.9 billion, having increased by UAH 44.2 billion in 2023 or by 34%.

As of 01 January 2024:

- 1) Credit portfolio of the customers UAH 63.3 billion (-1.4 billion UAH since the beginning of the year), including:
  - Credit portfolio of the corporate business UAH 48.4 billion (-3.3 billion UAH since the beginning of the year);
  - Credit portfolio of the small and medium business constitutes amounted to UAH 9.6 billion (+0.5 billion UAH since the beginning of the year);
  - Credit portfolio of the retail business constitutes amounted to UAH 5,3 billion (+1.4 billion UAH since the beginning of the year);
- 2) Customer's funds UAH 154.1 billion (+41.3 billion UAH since the beginning of the year), including:
  - Portfolio of the corporate customers' funds constitutes UAH 91.8 billion (+32.4 billion UAH since the beginning of the year);
  - Portfolio of the small and medium business customers' funds constitutes UAH 28.8 billion (+7.5 billion UAH since the beginning of the year);
  - Portfolio of the retail business' funds constitutes UAH 33,5 billion (+1.4 billion UAH since the

beginning of the year).

According to the results of 2023, the Bank received a profit of UAH 1,936.4 million. Including, the operating income in 2023 amounted to UAH 8,969.0 million: net interest income after expenses for credit losses was UAH 6,876.5 million. (interest income is UAH 17,369.7 million, interest expenses are UAH 10,690.1 million, the net positive effect of changes in provisions for credit losses is UAH 196.8 million). The largest share in non-interest income is: net commission income, which amounts to UAH 1,296.8 million. (including UAH 2,261.0 million commission income) and net profits from operations with foreign currencies and derivative financial instruments of UAH 800.9 million. The largest share of the Bank's net commission income is accounted for by income from settlement operations (57%).

The net interest spread for 2023 was 5.4%, the interest margin was 5.1%.

The profitability of the Bank's assets and balance sheet capital as on 01.01.2024 was 1.3% and 19.3%, respectively.

**Part 6. Information about the corporate secretary, as well as a report on the results of his activities**

Name	Yuliia Serhiivna Richniak
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Documents regulating the activities of the corporate secretary	The Articles of Association of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, Regulations on the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”, Regulations on the Corporate Secretary of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK” employment contract dated 15.07.2022
The governing body that made the decision to appoint the corporate secretary	Supervisory Board JSB “UKRGASBANK”
Date and number of the decision on the appointment of the corporate secretary	15.07.2022 protocol №19
Date and number of the decision on approval of the report of the corporate secretary for the contractual period	Protocol of the Supervisory Board dated 28.02.2023 No. 7, protocol of the Supervisory Board dated 23.05.2023 No. 23, protocol of the Supervisory Board dated 18.08.2023 No. 35, protocol of the Supervisory Board dated 24.11.2023 No. 52.
The main provisions of the report on the results of the activities of the corporate secretary for the contractual period	<p>The Bank's Supervisory Board exercises authority to regulate and control the activities of the Corporate Secretary by approving the Corporate Secretary's report. The Corporate Secretary reports quarterly to the Bank's Supervisory Board on the results of its activities.</p> <p>The reports contain information on the meetings and decisions of the Supervisory Board and the committees of the Supervisory Board of JSB “UKRGASBANK”, the holding of the General Assembly of shareholders and the adopted decisions, the disclosure in the prescribed manner of special and regular information, the coordination of the interaction of the bank's management and control bodies, ensuring the provision of information within the framework of controls bodies and requests of the IFC, other organizations, information on the state of implementation of decisions, instructions of the General Assembly and the Supervisory Board of the Bank, direction and coordination of the work of the corporate management service and the service of ensuring the activities of the Supervisory Board, participation in seminars, specialized training programs.</p>

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

**Part 7. A description of the main characteristics of the entity's internal control systems, as well as a list of the entity's structural divisions that carry out key responsibilities for ensuring the operation of internal control systems**

1	2
The internal control system provides a model of three lines of protection Yes/No	Yes
Description of the functions of the divisions of the first line of defense and a list of key divisions	Business divisions and support divisions of the Bank. These divisions initiate, carry out or reflect operations, accept risks in the course of their activities and are responsible for the current management of these risks, carry out control measures.
List of divisions and description of functions of divisions of the second line of defense	Risk management divisions defined by the Risk Management Strategy of JSB “UKRGASBANK” and the compliance department, the requirements for whose activities are established in Resolution No. 64. These divisions provide confidence to the Bank's managers that the risk control and management measures implemented by the first line of defense have been developed and are functioning properly.
List of divisions and description of functions of divisions of the third line of defense	The Internal Audit Department, which carries out an independent assessment of the effectiveness of the first and second lines of defense and a general assessment of the effectiveness of the internal control system, taking into account the requirements established by Resolution No. 311. The functions of the Internal Audit Department include: 1. Inspection and evaluation of the processes that ensure the Bank's activities, including those that carry potential risk and the implementation of which is ensured by the involvement of legal entities and individuals on a contractual basis (outsourcing). 2. Assessment of the effectiveness of the organization of corporate governance in the Bank, the internal control system, including the risk management system, and their compliance with the Bank's amount, complexity, volumes, types, nature of operations carried out by the Bank, organizational structure and risk profile of the Bank, taking into account the characteristics of the Bank's activity as a systemically important , organization of the internal system of prevention and counteraction to legalization of criminal income/terrorist financing, risk management system of legalization of criminal income/terrorist financing. 3. Verification of the Bank's management processes, including assessment of capital adequacy and liquidity adequacy, means of ensuring the preservation of assets, taking into account the Bank's risks. 4. Verification of compliance by the Bank's managers and employees with the requirements of legislation and the Bank's internal documents. 5. Verification of the correctness and reliability of accounting, financial and other reporting prepared by the Bank, their completeness and timeliness of submission, including to the

National Bank of Ukraine, state authorities and management bodies that supervise the Bank's activities within the scope of their competence.

- 6. An independent assessment of the control system implemented by the Bank's management, in particular, regarding compliance by the managers and employees of the Bank, who ensure the provision of banking and other financial services, with the requirements of the legislation of Ukraine, including the normative legal acts of the National Bank of Ukraine, and the Bank's internal documents, the performance of professional duties and rules established by the Bank's Articles of Associations and internal documents of the Bank, including compliance and risk management issues;

- identification and analysis of facts of violations by the Bank's employees of the requirements of the current legislation of Ukraine, internal audit standards, internal documents that regulate the Bank's activities;

- the timeliness of the elimination of deficiencies identified by the National Bank of Ukraine and other state authorities and management bodies that, within the scope of their competence, supervise the Bank's activities.

7. Verification of compliance with qualification requirements and performance of professional duties by Bank employees during inspections of processes that ensure the Bank's operations.

8. Assessment of information and technical support for management and operations.

9. An independent assessment of the reliability, efficiency and integrity of information systems management and business processes in the Bank (including relevance, accuracy, completeness, availability, confidentiality and comprehensiveness of data).

10. Audit of the Bank's financial and economic activities.

11. Providing a conclusion on the effectiveness and realism of the Bank's business recovery plan (based on the results of its verification, if necessary).

12. Verification of the order of transactions with persons related to the Bank.

13. Assessment of the activities of risk management and compliance-risk divisions, committees established by the Bank and the quality of risk reports provided to the Supervisory Board and the Bank's Management Board.

14. Identification and verification of cases of excess of authority by Bank officials and conflict of interests in the Bank.

15. Provision of consulting services within the Bank and in the absence of a threat to independence, without violating the objectivity of the internal audit, being within the scope of authority and without affecting the Department's performance of its direct functional duties.

16. Other functions related to supervision of the Bank's activities and provided for by the legislation of Ukraine.

<p>Availability of an approved document(s) that(s) determine(s) the policy of the internal control system (including regarding the compliance system and internal audit)</p>	<p>Yes</p>
<p>List of main internal documents regarding the internal control system (including regarding the compliance and internal audit system)</p>	<p>Strategy of risk management in JSB “UKRGASBANK”. Policies for managing all types of risks, which are defined by the Risk Management Strategy of JSB “UKRGASBANK”. Policy of the organization of the internal control system in JSB “UKRGASBANK”.</p>
<p>Date and number of the decision to approve the report on the internal control system (including compliance risks)</p>	<p>Reports on the internal control system (ICS): Report on the monitoring results of the ICS of JSB “UKRGASBANK” for the 1st quarter of 2023 (decision of the Supervisory Board of JSB “UKRGASBANK” dated 31 May 2023, protocol No. 24); Report on the monitoring results of the ICS of JSB “UKRGASBANK” for the 2nd quarter of 2023 (decision of the Supervisory Board of JSB "UKRGASBANK" dated 06 September 2023, protocol No. 38); Report on the monitoring results of the ICS of JSB “UKRGASBANK” for the 3rd quarter of 2023 (decision of the Supervisory Board of JSB “UKRGASBANK” dated 21 December 2023, protocol No.56); Compliance risk assessment reports of JSB “UKRGASBANK”: Compliance risk assessment report JSB “UKRGASBANK” for the 1st quarter of 2023 (decision of the Supervisory Board of JSB “UKRGASBANK” dated 15 June 2023, protocol No. 26); Compliance risk assessment report JSB “UKRGASBANK” for the 2nd quarter of 2023 (decision of the Supervisory Board of JSB “UKRGASBANK” dated 27 September 2023, protocol No. 40); Compliance risk assessment report JSB “UKRGASBANK” for the 3rd quarter of 2023 (decision of the Supervisory Board of JSB “UKRGASBANK” dated 21 December 2023, protocol No. 56);</p>
<p>Main points of the internal control system report (including compliance risks)</p>	<p>The report on the monitoring results of the ICS of JSB “UKRGASBANK” reflects: Information on the regulation (description) of business processes by the Bank's internal/normative and methodical documents. Information on the relevance and compliance of the regulated (described) business processes with the Bank's internal/normative and methodical documents, legal requirements and the absence of contradictions with other internal/normative and methodical documents of the Bank. Information on determining procedures/measures for internal control over business processes. Information about appeal for complaints about non-compliance with business processes.</p>

Information on the training of employees in accordance with the Bank's internal/normative and methodical documents. The results of carried out studies.

Information on the implementation of Action Plans and on the implementation of measures to establish additional control measures for operations/actions that caused a compliance risk event (incident);

Information about the indentified defects of the ICS for business processes and the eliminated defects of the ICS for business processes, the analysis of the causes of the defects, the probable consequences that these defects may lead to, a list of measures to minimize the identified defects of the ICS.

Information on the assessment of monitoring activities of the ICS by the compliance department.

Recommendations/proposals for increasing the efficiency of the operation of the ICS on business processes, mechanisms for monitoring the state of implementation of recommendations approved earlier.

- The compliance risk assessment report of JSB "UKRGASBANK" includes information on:

- products, types of activities, processes that expose the Bank to a significant compliance risk and affect the Bank in case of its implementation, as well as proposals for avoiding or mitigating this risk;

- cases of violations of the requirements of the legislation of Ukraine (tax, banking legislation, legislation on the protection of consumer rights, labor, antimonopoly legislation, legislation in the field of prevention and countermeasures against legalization (laundering) of proceeds obtained through crime, financing of terrorism and financing of the proliferation of weapons of mass destruction, other laws, regulations of the National Bank of Ukraine and other regulatory bodies) and internal documents during the Bank's activities, as well as sanctions applied to the Bank or other negative consequences as a result of such violations;

- cases of violations by Bank employees of the Code of Conduct (Ethics) of JSB "UKRGASBANK", the results of the investigation of their causes and measures to prevent such events in the future

- cases of unreliable reporting for regulatory and supervisory bodies, as well as sanctions applied to the Bank;

- significant changes in legislation and their potential consequences for the Bank;

- external information regarding compliance risk (fines imposed on other banks, events that led to the deterioration of the reputation of other banks) and their potential consequences for the Bank;

- cases of conflict of interests;

- conducted trainings for Bank employees on matters related to the functions of the compliance department;

- observance by the Bank of norms regarding the definition of the list of persons connected with the Bank;



	<ul style="list-style-type: none"> <li>- mechanism for confidential notification of unacceptable behavior in the Bank/violations in the Bank's activities (whistleblowing policy mechanism);</li> <li>- prevention of corruption and bribery;</li> <li>- conclusions regarding compliance risk;</li> <li>- compliance risk monitoring;</li> <li>- the results of the analysis of information provided by independent structural divisions, owners of business processes, in reports on current compliance risk management;</li> <li>- analysis of causes/consequences of compliance-risk events (incidents), control over their elimination and prevention of future detection; <ul style="list-style-type: none"> <li>- compliance risk control;</li> <li>- compliance risk profile;</li> <li>- compliance with the established amount of risk appetite for compliance risk;</li> <li>- observance of compliance risk limit values;</li> <li>- other information regarding compliance risk.</li> </ul> </li> </ul>
Availability of an approved risk appetite declaration Yes/No	Yes
Description of the main provisions of the declaration of exposure to risks	<p>The declaration is developed in accordance with the assumptions laid down in the basis of the Bank's budget, taking into account the prudential requirements of the National Bank of Ukraine (including those established for systemically important banks), and the covenants that the Bank has undertaken to comply with in accordance with agreements with international financial organizations.</p> <p>Cumulative risk appetite includes requirements for maintaining the target level of credit rating on an international scale, compliance with capital standards and capital buffers, including taking into account expected changes in prudential requirements and the regulatory environment.</p>
The name of the body that made the decision to approve the risk appetite declaration	Supervisory Board
Date and number of the decision on approval of the declaration of exposure to risks	Decision of the Supervisory Board of JSB "UKRGASBANK" dated 28 December 2023 No. 57

**Part 8. Information about persons who directly or indirectly own a significant block of the person's shares**

Information about persons who directly or indirectly own a significant block of the person's shares	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	The size of a significant block of shares	The size of the share package that is in direct and (indirect) ownership
The State of Ukraine is represented by the Ministry of Finance of Ukraine (USREOU code - 00013480)	-	-	94.940948	94.940948

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

**Part 9. Information on any restrictions on the rights of participation and voting of shareholders (participants) at the general meeting of the person**

The name or full name of the shareholder (participant) whose right to participate and/or vote is limited	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	A description of the existing constraint
1400 people			<p>According to the lists of shareholders who have the right to participate in the extraordinary general meeting of JSB "UKRGASBANK" held on 6 February 2023, as at 1 February 2023:</p> <ul style="list-style-type: none"> <li>- total number of shares – 13,837,000,000;</li> <li>- total number of shares with restrictions on participation and voting rights – 521,842,161;</li> <li>- the total number of shareholders with restrictions is 1,400 persons who own 1,245,533 shares, of which: 1,157 persons who own 1,039,074 ordinary shares and 243 persons who own 206,459 preferred shares, restrictions according to Clause 10 of Chapter VI of the final and transitional provisions of the Law of Ukraine "On the Depository System of Ukraine", date of limitation: 11.10.2014.</li> </ul> <p>There are 519,326,006 ordinary registered shares on accounts in the Central Depository, of which:</p> <ul style="list-style-type: none"> <li>- 518,439,305 ordinary registered shares - restriction in accordance with Article 105 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 2013-2014;</li> <li>- 874,201 ordinary registered shares - on accounts in the Central Depository - Custodian;</li> </ul>

		<p>- 12,500 ordinary registered shares - there is no information about the owners whose accounts were opened by depository institutions.</p> <p>1,000,003 ordinary registered shares - the depository institution did not provide information.</p> <p>270,619 preferred registered shares - restrictions in accordance with Articles 28, 40, 41 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 01.02.2023.</p>
1401 people		<p>According to the lists of shareholders who have the right to participate in the annual general meeting of JSB "UKRGASBANK", held on 24.04.2023, compiled as at 18.04.2023:</p> <ul style="list-style-type: none"> <li>- total number of shares – 13,837,000,000;</li> <li>- the total number of shares with restrictions on the rights of participation and voting on all issues except the ninth - 520,912,160, on the ninth issue - 520,641,541;</li> <li>- the number of shareholders with restrictions – 1,400 persons owning 1,245,533 shares, of which: 1,157 persons owning 1,039,074 ordinary shares and 243 persons owning 206,459 preferred shares, restrictions in accordance with clause 10 of Chapter VI of the final and transitional provisions of the Law of Ukraine "On the Depository System of Ukraine", date of limitation: 11.10.2014,</li> <li>- 1 person who owns 2 ordinary registered shares - restriction: in accordance with the decision of the NSDC, the account holder is subject to the sanction of "blocking of</li> </ul>

		<p>assets", date of restriction: 18/04/2023.</p> <p>There are 519,326,006 ordinary registered shares on accounts in the Central Depository, of which:</p> <ul style="list-style-type: none"> <li>- 518,439,305 ordinary registered shares - restriction in accordance with Article 105 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 2013-2014;</li> <li>- 874,201 ordinary registered shares - on accounts in the Central Depository - Custodian;</li> <li>- 12,500 ordinary registered shares - there is no information about the owners whose accounts were opened by depository institutions.</li> </ul> <p>70,000 ordinary registered shares - the depository institution did not provide information.</p> <p>270,619 preferred registered shares - restrictions in accordance with Articles 28, 40, 41 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 18.04.2023.</p>
1400 people		<p>According to the lists of shareholders who have the right to participate in the extraordinary general meeting of JSB "UKRGASBANK" held on 6 November 2023, as at 1 November 2023:</p> <ul style="list-style-type: none"> <li>- total number of shares – 13,837,000,000;</li> <li>- total number of shares with restrictions on participation and voting rights – 520,912,160;</li> <li>- the number of shareholders with restrictions – 1,399 persons owning 1,245,533 shares, of which: 1,156 persons owning 1,039,074 ordinary shares and 243 persons owning 206,459</li> </ul>

			<p>preferred shares, restrictions in accordance with clause 10 of Chapter VI of the final and transitional provisions of the Law of Ukraine "On the Depository System of Ukraine", date of limitation: 11.10.2014;</p> <p>- 1 person who owns 2 ordinary registered shares - restriction: in accordance with the decision of the NSDC, the account holder is subject to the sanction of "blocking of assets", date of restriction: 04/18/2023.</p> <p>There are 519,326,006 ordinary registered shares on accounts in the Central Depository, of which:</p> <p>- 518,439,305 ordinary registered shares - restriction in accordance with Article 105 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 2013-2014;</p> <p>- 874,201 ordinary registered shares - on accounts in the Central Depository - Custodian;</p> <p>- 12,500 ordinary registered shares - there is no information about the owners whose accounts were opened by depository institutions.</p> <p>70,000 ordinary registered shares - the depository institution did not provide information.</p> <p>270,619 preferred registered shares - restrictions in accordance with Articles 28, 40, 41 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 01.11.2023.</p>
1400 people			<p>According to the lists of shareholders who have the right to participate in the extraordinary general meeting of JSB «UKRGASBANK» held on 11.12.2023, compiled as at 06.12.2023:</p>

			<p>- total number of shares – 13,837,000,000;</p> <p>- total number of shares with restrictions on participation and voting rights – 520,912,679;</p> <p>- the number of shareholders with restrictions – 1,399 persons owning 1,245,033 shares, of which: 1,156 persons owning 1,038,574 ordinary shares and 243 persons owning 206,459 preferred shares, restrictions in accordance with clause 10 of Chapter VI of the final and transitional provisions of the Law of Ukraine "On the Depository System of Ukraine", date of limitation: 11.10.2014;</p> <p>- 1 person who owns 2 ordinary registered shares - restriction: in accordance with the decision of the NSDC, the account holder is subject to the sanction of "blocking of assets", date of restriction: 18/04/2023.</p> <p>On accounts in the Central Depository: 519,327,025 ordinary registered shares, of which:</p> <p>- 518,439,305 ordinary registered shares - restriction in accordance with Article 105 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 2013-2014;</p> <p>- 875,220 ordinary registered shares - on accounts in the Central Depository - Custodian;</p> <p>- 12,500 ordinary registered shares - there is no information about the owners whose accounts were opened by depository institutions.</p> <p>70,000 ordinary registered shares - the depository institution did not provide information.</p>
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			<p>269,942 preferred registered shares - restrictions in accordance with Articles 28, 40, 41 of the Law of Ukraine "On Joint Stock Companies", date of restriction: 06.12.2023.</p> <p>677 preferred registered shares are on account in the Central Depository - Custodian.</p>
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<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.



**Part 10. Information on the procedure for appointment / dismissal of officials (except for the board and executive body) of the person**

The name of the official	RNTAC <sup>1</sup>	UNRR <sup>2</sup>	The name of the position, the name of the body that made the decision to appoint the official, the date and number of the decision	Description of the key powers of the official	Procedure for appointing and dismissing an official
Nataliia Hennadiivna Ilnytska		-	Chief accountant, by the order of the Chairperson of the Management Board dated 24.12.2010 No. 386-P Khrustalyova N.G. appointed indefinitely. According to the order No. 616-P dated 11 November 2020, the name of the chief accountant of JSB "UKRGASBANK" KHRUSTALYOVA was changed to ILNYTSKA in all documents from 11 November 2020.	Organization of control over the reflection in the accounting of all operations carried out by the bank. Carrying out general supervision of the bank's divisions in accordance with the Order on the Distribution of Powers. Compilation and submission of financial statements in due time.	In accordance with the current labor legislation of Ukraine and the requirements of the Law of Ukraine "On Banks and Banking Activities".

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information..

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

**Part 11. Information on the remuneration of the members of the executive body and/or the board of the person**

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Deputy to Chairperson of the Management Board / acting Chairperson of Management Board
Date of taking office	15.05.2020 / 13.02.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 9,997,888.41
Forms of payment of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 9,502,829.12
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 495,059.29
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of

	the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>
Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Deputy to Chairperson of the Management Board
Date of taking office	03.04.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 7,109,873.77
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 6,979,573.77
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 130,300.00
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB

	"UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Deputy to Chairperson of the Management Board
Date of taking office	10.11.2017
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 8,700,000.00
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 8,091,304.35
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 608,695.65
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management

	Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28)
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Deputy to Chairperson of the Management Board
Date of taking office	12.11.2014
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 8,703,475.07
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 8,208,415.78
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 495,059.29
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of

	the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Director of the Compliance Department
Date of taking office	08.05.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 4,280,434.78
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 4,280,434.78
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	-
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	-
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).

The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>
Management body	Executive body
The name of the member of the executive body / board person	Denys Viktorovych Chernyshov *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Deputy to Chairperson of the Management Board
Date of taking office	25.03.2020
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	-
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	-
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	-
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	-
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	-
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

\* On the basis of the decision of the Supervisory Board dated 08.10.2022 (protocolNo. 27) (with amendments) and the order of the Chairperson of the Management Board dated 10.10.2022 No. 1061-P (with amendments), the Deputy to Chairperson of the Management Board was suspended from performing official duties from 10.10.2022 duties of the Deputy to Chairperson of the Management Board, without salary retention

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Chairperson of the Management Board
Date of taking office	16.11.2020
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,449,603.73
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,156,421.91
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 293,181.82
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>



\* terminated his powers on 10 February 2023 in accordance with the decision of the Supervisory Board dated 10 February 2023 (protocol no. 4)

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	First Deputy to Chairperson of the Management Board
Date of taking office	02.02.2018
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 1,851,905.40
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 1,451,905.40
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 400,000.00
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of

	the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

\* terminated his powers on 16 February 2023 in accordance with the decision of the Supervisory Board dated 16 February 2023 (protocol no. 5)

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Deputy to Chairperson of the Management Board
Date of taking office	09.04.2020
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,426,123.90
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 1,931,064.61
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 495,059.29
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of

	the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

\* terminated his powers on 31 March 2023 in accordance with the decision of the Supervisory Board dated 31 March 2023 (protocol No. 14)

Management body	Executive body
The name of the member of the executive body / board person	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Director of the Compliance Department
Date of taking office	08.11.2021
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,997,422.74
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,525,090.73
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 472 332,01
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28) and in the Collective Agreement.

Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Bank's Management Board in the event of their dismissal is defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 ( protocol No. 28).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity">https://www.ukrgasbank.com/about/corporate_management/boards_of_bank/zvity</a>

\* terminated his powers on 5 May 2023 in accordance with the decision of the Supervisory Board dated 5 May 2023 (protocol no. 20).\_\_\_\_\_

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Chairperson of the Supervisory Board, independent member of the Supervisory Board
Date of taking office	10.11.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,755,436.23
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,893,689.22
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 861,747.01
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The efficiency evaluation criteria used to calculate the variable part of the remuneration of the Chairperson and Members of the Bank's Management Board are defined in the Regulation on the remuneration of the Chairperson, members of the Management Board and influential persons of JSB "UKRGASBANK", approved by the decision

	of the Supervisory Board of JSB "UKRGASBANK" dated 28.06.2023 (protocol No. 28).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>
Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Independent member of the Supervisory Board
Date of taking office	10.11.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,695,316.02
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,360,280.70
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 335,035.32

Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	member of the Supervisory Board - representative of the shareholder - the State of Ukraine
Date of taking office	10.11.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,695,316.02
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,360,280.70

The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 335,035.32
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocolNo. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Independent member of the Supervisory Board
Date of taking office	12.12.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 243,790.67
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision	Paid out: UAH 243,790.67

on payment of which was made in the reporting period	
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	-
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	-
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Member of the Supervisory Board - representative of the shareholder - the State of Ukraine
Date of taking office	10.11.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,695,316.02
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,360,280.70
The amount of the variable part of the remuneration that was paid and/or should be	Paid out: UAH 335,035.32



paid in the reporting period and/or the decision on payment of which was made in the reporting period	
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocolNo. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name *
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	The independent member of the Supervisory Board
Date of taking office	10.11.2023
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 3,183,058.14
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 2,893,689.22

The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 289,368.92
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocolNo. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name **
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Chairperson of the Supervisory Board, independent member of the Supervisory Board
Date of taking office	19.04.2019 Chairperson of the Supervisory Board from 28.04.2021
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 605,576.18
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine

The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 466,591.48
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 138,984.70
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocolNo. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

The authority of the member of the management body was terminated in accordance with the decision of the extraordinary general meeting of shareholders of JSB "UKRGASBANK" dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023. At the same time, this decision entered into force after the newly elected members of the Supervisory Board took office and took office.

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name **
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Independent member of the Supervisory Board
Date of taking office	19.04.2019
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on	Paid out: UAH 512,257.88

payment of which was made in the reporting period	
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 466,591.48
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 45,666.40
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

\* The authority of the member of the management body was terminated in accordance with the decision of the extraordinary general meeting of shareholders of JSB "UKRGASBANK" dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023. At the same time, this decision entered into force after the acquisition of powers and entry into office of the newly elected members of the Supervisory Board

Management body	Board
The name of the person's board member	A member of the management body has forbidden to disclose the name **
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-

Position	Independent member of the Supervisory Board
Date of taking office	19.04.2019
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 512,257.88
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 466,591.48
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 45,666.40
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

\*The authority of the member of the management body has been terminated in accordance with the decision of the extraordinary general meeting of shareholders of JSB "UKRGASBANK" dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023. At the same time, this decision entered into force after the newly elected members of the Supervisory Board took office and took office.

Management body	Board
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The name of the person's board member	A member of the management body has forbidden to disclose the name **
RNTAC <sup>1</sup>	
UNRR <sup>2</sup>	-
Position	Independent member of the Supervisory Board
Date of taking office	19.04.2019
The amount of remuneration in national or foreign currency that was paid (to be paid) in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 512,257.88
Forms of payment of remuneration that was paid and/or should be paid in the reporting period and/or the decision on the payment of which was made in the reporting period	Paid out: in monetary form in the national currency of Ukraine
The amount of the fixed part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 466,591.48
The amount of the variable part of the remuneration that was paid and/or should be paid in the reporting period and/or the decision on payment of which was made in the reporting period	Paid out: UAH 45,666.40
Criteria of an estimation of efficiency, according to which the variable part of the reward was calculated	The performance evaluation criteria, which were used to calculate the variable part of the remuneration for the Chairperson and members of the Supervisory Board, are defined in the Regulation on the remuneration of the members of the Supervisory Board the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
Information about remuneration or compensation to be paid in case of dismissal	Any remuneration or compensation that must be paid to the Chairperson and members of the Supervisory Board in the event of termination of their powers are specified in the Regulation on the remuneration of the members of the Supervisory Board of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by the decision of the general meeting of shareholders of JSB "UKRGASBANK" dated 23.04.2021 (protocol No. 1).
The URL of the website of the person on which the reward report is posted	<a href="https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity">https://www.ukrgasbank.com/about/corporate_management/supervisory_Board/zvity</a>

The authority of the member of the management body was terminated in accordance with the decision of the extraordinary general meeting of shareholders of JSB "UKRGASBANK" dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023. At the same time, this decision entered into force after the newly elected members of the Supervisory Board took office and took office.

The ratio of the average amount of remuneration of a member of the executive body to the average amount of remuneration of employees of JSB "UKRGASBANK": 17.

The ratio of the average remuneration of a member of the executive body/board to the average remuneration of an individual's employees: 5

<sup>1</sup> Registration number of the taxpayer's registration card or series (if available) and passport number (for individuals who, due to their religious beliefs, refuse to accept the registration number of the taxpayer's registration card and have notified the relevant supervisory authority about this and have a mark in the passport). At the same time, such information is not subject to placement on the website of the person and in the database of the person who publishes the regulated information.

<sup>2</sup> Unique number of a record in the Unified State Demographic Register (if available) At the same time, such information is not subject to posting on the website of the person and in the database of the person who publishes the regulated information.

**Part 12. Information about the individual's disclosure policy**

<p>The name of the internal document that defines the policy on information disclosure</p>	<p>Information policy of JSB “UKRGASBANK”</p>
<p>The name of the body that made the decision to approve the document that defines the policy on disclosure of information</p>	<p>Supervisory Board of JSB “UKRGASBANK”</p>
<p>The date and number of the decision on approval of the document that defines the policy on disclosure of information</p>	<p>Protocol of the Supervisory Board of JSB “UKRGASBANK” dated 21.12.2023 No. 56</p>
<p>Description of the key positions of the internal document that defines the policy on disclosure of information</p>	<p>Information policy of JSB “UKRGASBANK” (hereinafter - Policy) defines the main communication principles and principles of the Bank's interaction with the public, media, clients, counterparties, partners, etc. and a list of information and documents that can be disclosed to the public, media representatives, depositors, clients, creditors, potential investors, professional securities market participants, shareholders and other interested parties, and also establishes the procedure for providing such information and documents and the procedure for interaction between the Bank and Interested Persons.</p> <p>The policy provides for:</p> <ul style="list-style-type: none"> <li>- implementation of a unified and agreed policy of JSB “UKRGASBANK” in the field of communications and public relations;</li> <li>- providing interested persons with the opportunity to exercise their right to receive up-to-date and objective information about the Bank, its products and services;</li> <li>- preventing the spread of intentionally false / fake information about the Bank, as one of the threats to its business reputation, stable activity on the market of financial and banking services.</li> </ul>



**Part 13. Information about the advisor**

JSB “UKRGASBANK” does not have a corporate rights advisor.

**Part 14. Information from the subject of audit activity taking into account the requirements provided for in clause 45 of the Regulation on disclosure of information by issuers of securities, as well as persons who provide security for such securities, approved by the decision of the National Commission for Securities and the Stock Market dated 06.06.2023 №608**

Information from the subject of audit activity regarding the Management Report is provided in the Independent Auditors' Report.

## **Part 15. Information provided by legislation on activities and regulation of activities on the financial services market**

### **Additional information provided by the Law of Ukraine dated 12.07.2001 No. 2664-III "On Financial Services and State Regulation of Financial Services Markets"**

#### ***The purpose of carrying out the activity of a financial institution***

In accordance with Articles of Association of the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", approved by General Assembly of the Shareholders of JSB "UKRGASBANK" dated 11.12.2023 (protocol No. 4), the Bank was established for the purpose of providing banking and other financial services, based on a banking license, as well as performing other activities in accordance with the current legislation of Ukraine. The bank operates and provides banking and other financial services in both national and foreign currency.

#### ***Adherence/non-adherence to the principles or code of corporate governance (with reference to the source of their text), deviations and reasons for such deviations during the year***

JSB "UKRGASBANK" in its activities in the period from 01.01.2023 to 16.05.2023 inclusively followed the Code of Corporate Governance of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", posted at the web address: [https://www.ukrgasbank.com/upload/file/kodeks\\_ku.pdf](https://www.ukrgasbank.com/upload/file/kodeks_ku.pdf).

In the period from 17.05.2023 to 31.12.2023, JSB "UKRGASBANK" in its activities strictly followed the Code of Corporate Governance of PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK", located at the web address:

[https://www.ukrgasbank.com/upload/file/kku\\_\(1\).pdf](https://www.ukrgasbank.com/upload/file/kku_(1).pdf)

JSB "UKRGASBANK" during 2023 did not deviate from the provisions of the above-mentioned Codes.

Corporate governance in JSB "UKRGASBANK" is carried out in accordance with the requirements of the legislation of Ukraine and taking into account the Recommendations on the practice of applying legislation on corporate governance, approved by the decision of the National Securities and Stock Market Commission dated 12 March 2020 No. 118, and Methodical recommendations on the organization of corporate governance management in banks of Ukraine, approved by the decision of the Board of the National Bank of Ukraine dated 3 December 2018 No. 814-rsh (with amendments).

Owners of significant share (including persons exercising control over a financial institution), their compliance with the requirements established by legislation and changes in their composition during the year.

The owner of a significant share in the Bank is the State of Ukraine represented by the Ministry of Finance of Ukraine, which owns 94.940948% of the authorized capital of AB "UKRGASBANK", the acquisition of a substantial stake of which took place in accordance with the requirements of the current legislation of Ukraine.

During 2023, there were no changes in the composition of the owners of significant share in the Bank.

#### ***The composition of the supervisory board of the financial institution and its change during the year, including the committees formed by it (ABSENT COMMITTEES)***

Personal composition of the Supervisory Board of the Bank as at 1 January 2023:

1. Teymur BAGIROV – Chairperson of the Supervisory Board, independent member of the Supervisory Board.
2. Yuri BLASHCHUK – independent member of the Supervisory Board.
3. Oksana VOLCHKO – independent member of the Supervisory Board.
4. Shrenik DAVDA – independent member of the Supervisory Board.
5. Slawomir KONIAS – independent member of the Supervisory Board.
6. Yana BUGRYMOVA – member of Supervisory Board - representative of the Shareholder – State of Ukraine.

7. Maryna LAZEBNA – member of Supervisory Board - representative of the Shareholder – State of Ukraine.

Personal composition of the Supervisory Board of the Bank as at 10 February 2023:

1. Yana BUGRYMOVA, representative of the Shareholder – State of Ukraine.
2. Maryna LAZEBNA, representative of the Shareholder – State of Ukraine.
3. Per Anders FASTH – independent member.
4. Sanela PAŠIĆ – independent member.
5. Dariusz GAFKA – independent member.
6. Yuri BLASHCHUK – independent member.
7. Taras YELEYKO – independent member.

Taras YELEYKO was elected as the Chairperson of the Supervisory Board.

At the same time, in accordance with Part 12 of Article 42 of the Law of Ukraine “On Banks and Banking Activities”, the chairperson and members of the Bank board take office after their approval by the National Bank of Ukraine.

Personal composition of the Supervisory Board of the Bank as at 3 May 2023:

1. Yana BUGRYMOVA – member of Supervisory Board, representative of the Shareholder – State of Ukraine.
2. Maryna LAZEBNA – member of Supervisory Board - representative of the Shareholder – State of Ukraine.
3. Per Anders FASTH – independent member of Supervisory Board.
4. Sanela PAŠIĆ – independent member of Supervisory Board.
5. Yuri BLASHCHUK – independent member of Supervisory Board..

According to the decision of the Supervisory Board of JSB “UKRGASBANK” dated 05.05.2023 (protocol No. 20), independent member of the Supervisory Board of JSB “UKRGASBANK” Sanela PAŠIĆ was appointed as acting Chairperson of the Supervisory Board of JSB “UKRGASBANK” (including the right to sign documents, convene Supervisory Board meetings Board s, etc.) in case of his absence

Personnel of the Supervisory Board of the Bank as at 10 November 2023:

1. Sanela PAŠIĆ – Chairperson of the Supervisory Board, independent member of the Supervisory Board.
2. Yana BUGRYMOVA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
3. Maryna LAZEBNA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
4. Per Anders FASTH – independent member of the Supervisory Board.
5. Yuri BLASHCHUK – independent member of the Supervisory Board.
6. Irakli ELASHVILI – independent member of the Supervisory Board.
7. Enrica RIMOLDI – independent member of the Supervisory Board.

At the same time, in connection with the fact that in accordance with part 12 of Article 42 of the Law of Ukraine “On Banks and Banking Activities”, the chairperson and members of the bank's board take office after their approval by the National Bank of Ukraine, Enrica RIMOLDI and Irakli ELASHVILI will take up positions as independent members of JSB “UKRGASBANK” after their approval by the National Bank of Ukraine.

Personal composition of the Supervisory Board of the Bank as at 12.12.2023 and in the period from 12.12.2023 to 31.12.2023:

1. Sanela PAŠIĆ – Chairperson of the Supervisory Board, independent member of the Supervisory Board.
2. Yana BUGRYMOVA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
3. Maryna LAZEBNA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
4. Per Anders FASTH – independent member of Supervisory Board.

5. Yuri BLASHCHUK – independent member of Supervisory Board.
6. Irakli ELASHVILI – independent member of Supervisory Board.

During 2023, the following changes took place in the composition of the Supervisory Board:

In accordance with the decision of the extraordinary general meeting of shareholders of JSB “UKRGASBANK” dated 06.02.2023 (protocol No. 1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023, there were changes in the composition of the Supervisory Board, namely:

The powers of the Chairperson and members of the Supervisory Board of JSB “UKRGASBANK” have been terminated:

1. Teymur BAGIROV – Chairperson of the Supervisory Board, independent member of the Supervisory Board.
2. Shrenik DAVDA – an independent member of the Supervisory Board
3. Slawomir Roman KONIAS – an independent member of the Supervisory Board.
4. Yuri BLASHCHUK – an independent member of the Supervisory Board.
5. Oksana VOLCHKO – an independent member of the Supervisory Board..
6. Yana BUGRYMOVA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
7. Maryna LAZEBNA – member of the Supervisory Board, representative of the shareholder.

Also, in accordance with the specified decision of the extraordinary general meeting of shareholders of JSB “UKRGASBANK” dated 06.02.2023 (protocol No.1), held remotely on 06.02.2023, according to the vote count carried out on 10.02.2023, members of the Supervisory Board of JSB “UKRGASBANK” were elected:

1. Yana BUGRYMOVA, representative of the shareholder - the State of Ukraine.
2. Maryna LAZEBNA, representative of the shareholder - the State of Ukraine.
3. Per Anders FASTH, independent member.
4. Sanela PAŠIĆ, independent member.
5. Dariusz GAFKA, independent member.
6. Yuri BLASHCHUK, independent member.
7. Taras YELEYKO, independent member.

Taras YELEYKO was elected as the Chairperson of the Supervisory Board. At the same time, in accordance with Part 12 of Article 42 of the Law of Ukraine “On Banks and Banking Activities”, the chairperson and members of the Bank board take office after their approval by the National Bank of Ukraine.

Taking into account the letters of the National Bank of Ukraine dated 02.05.2023 No. 27-0014/30355 (entry dated 03.05.2023 No. 02/22163) and dated 02.05.2023 No. 27-0014/30354 (entry dated 03.05.2023 No. 02/22171) with on 03.05.2023, the following newly elected members of the Supervisory Board of JSB “UKRGASBANK” were empowered and took office:

1. Yana BUGRYMOVA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
2. Maryna LAZEBNA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
3. Per Anders FASTH – independent member of the Supervisory Board.
4. Sanela PAŠIĆ – independent member of the Supervisory Board.
5. Yuri BLASHCHUK – independent member of the Supervisory Board.

According to the decision of the Supervisory Board of JSB “UKRGASBANK” dated 05.05.2023 (protocol No. 20), independent member of the Supervisory Board of JSB “UKRGASBANK” Sanela PASHICH was appointed as acting Chairperson of the Supervisory Board of JSB “UKRGASBANK” (including the right to sign documents, convene Supervisory Board meetings Board s, etc.) in case of his absence.

In accordance with the decision of the extraordinary general meeting of shareholders of JSB “UKRGASBANK” dated 06.11.2023 (protocol No. 3), held remotely on 06.11.2023, according to the vote count carried out on 10.11.2023, there were changes in the composition of the Supervisory Board, namely:

from 10.11.2023, the powers of the Chairperson and members of the Supervisory Board of JSB «UKRGASBANK» are terminated:

1. Taras YELEYKO – Chairperson of the Supervisory Board, independent member of the Supervisory Board.
2. Sanela PAŠIĆ, an independent member of the Supervisory Board
3. Per Anders FASTH, an independent member of the Supervisory Board
4. Yuri BLASHCHUK – an independent member of the Supervisory Board.
5. Yana BUGRYMOVA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
6. Dariusz GAFKA – an independent member of the Supervisory Board
7. Maryna LAZEBNA – member of the Supervisory Board, representative of the shareholder - the State of Ukraine.

From 10.11.2023, the Chairperson and members of the Supervisory Board of JSB “UKRGASBANK” were elected:

8. Sanela PAŠIĆ, Chairperson of the Supervisory Board, independent member of the Supervisory Board.
9. Yana BUGRYMOVA, member of the Supervisory Board, representative of the shareholder - the State of Ukraine
10. Maryna LAZEBNA, member of the Supervisory Board, representative of the shareholder - the State of Ukraine.
11. Per Anders FASTH, independent member of the Supervisory Board.
12. Yuri BLASHCHUK, independent member of the Supervisory Board.
13. Irakli ELASHVILI, independent member of the Supervisory Board.
14. Enrica RIMOLDI, independent member of the Supervisory Board.

At the same time, it should be noted that due to the fact that in accordance with part 12 of Article 42 of the Law of Ukraine “On Banks and Banking Activities”, the chairperson and members of the bank's board take office after their approval by the National Bank of Ukraine, Enrica RIMOLDI and Irakli ELASHVILI take up positions as independent members of JSB “UKRGASBANK” after their approval by the National Bank of Ukraine.

According to the decision of the Supervisory Board of JSB “UKRGASBANK” dated 21.11.2023 (protocol No. 51), Yana BUGRIMOV was appointed Deputy to Chairperson of the Supervisory Board of JSB “UKRGASBANK”.

The letter of the National Bank of Ukraine dated 12.12.2023 No. 27-0014/91539 (entry dated 12.12.2023 No. 02/59144) informed about the decision of the Committee on Supervision and Regulation of Banks, Payment Infrastructure Oversight dated 11.12.2023 No. 24/2262- rk on the approval of Irakli ELASHVILI for the position of independent member of the Supervisory Board of JSB “UKRGASBANK”.

Accordingly, the composition of the Supervisory Board as at 12 December 2023 was as follows:

1. Sanela PAŠIĆ - Chairperson of the Supervisory Board, independent member of the Supervisory Board.
2. Yana BUGRYMOVA – member of the Supervisory Board - representative of the shareholder - the State of Ukraine .
3. Maryna LAZEBNA – member of the Supervisory Board - representative of the shareholder - the State of Ukraine.
4. Per Anders FASTH– independent member of the Supervisory Board
5. Yuri BLASHCHUK– independent member of the Supervisory Board.
6. Irakli ELASHVILI – independent member of the Supervisory Board.

***Information on the personnel of the Audit Committee of the Supervisory Board of JSB "UKRGASBANK".***

Personal composition as at 31.12.2023:

Chairperson of the Committee – independent member of the Supervisory Board Per Anders FASTH;  
Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

Changes in the composition of the Committee during 2023:

- as at January 1, 2023, in accordance with the decision of the Supervisory Board dated December 23, 2022 (protocol No. 36), the Committee acted in the composition of:

Chairperson of the Committee – independent member of the Supervisory Board Oksana VOLCHKO;  
Committee member- independent member of the Supervisory Board Teymur BAGIROV;  
Committee member- independent member of the Supervisory Board Shrenik DAVDA;  
Committee member- member of the Supervisory Board Yana BUGRYMOVA.

- according to the decision of the Supervisory Board dated 05.05.2023 (protocol No. 20), the composition of the Committee was changed to:

Chairperson of the Committee – independent member of the Supervisory Board Per Anders FASTH;  
Committee member- independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member- member of the Supervisory Board Yana BUGRYMOVA.

***Information on the personnel of the Risk Management Committee of the Supervisory Board of JSB "UKRGASBANK"***

Personal composition as at 31.12.2023:

Chairperson of the Committee – independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member- independent member of the Supervisory Board Per Anders FASTH;  
Committee member- independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member- member of the Supervisory Board Maryna LAZEBNA.

Changes in the composition of the Committee during 2023:

- as at 01.01.2023 in accordance with the decision of the Supervisory Board dated 23.12.2022 (protocol No. 36)

Committee acted in the composition of:

Chairperson of the Committee – independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member- independent member of the Supervisory Board Slawomir KONIAS;  
Committee member- member of the Supervisory Board Maryna LAZEBNA.

- according to the decision of the Supervisory Board dated 05.05.2023 (protocol No. 20), the composition of the Committee was changed to:

Chairperson of the Committee – independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member- independent member of the Supervisory Board Per Anders FASTH;  
Committee member- independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member- member of the Supervisory Board Maryna LAZEBNA.

***Information on the personal composition of the Committee of the Supervisory Board of JSB "UKRGASBANK" on matters of determination of remuneration, appointments and corporate governance.***

Personal composition as of 31.12.2023:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member- independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member- independent member of the Supervisory Board Per Anders FASTH;  
Committee member- member of the Supervisory Board Maryna LAZEBNA.

Changes in the composition of the committee during 2023:

- as at 01.01.2023, in accordance with the decision of the Supervisory Board dated 23.12.2022 (protocol No. 36)

Committee acted in the composition of:

Chairperson of the Committee – independent member of the Supervisory Board Teymur BAGIROV;

Committee member- independent member of the Supervisory Board Oksana VOLCHKO;  
Committee member- independent member of the Supervisory Board Shrenik DAVDA;  
Committee member- member of the Supervisory Board Maryna LAZEBNA.  
– according to the decision of the Supervisory Board dated 05.05.2023 (protocol No. 36), the composition of the Committee was changed to:  
Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member- independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member- independent member of the Supervisory Board Per Anders FASTH;  
Committee member- member of the Supervisory Board Maryna LAZEBNA.

***Information on the personal composition of the Committee for attracting investments and implementing the development strategy of JSB "UKRGASBANK".***

Personal composition as of 31.12.2023:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

Changes in the composition of the committee during 2023:

- according to the decision of the Supervisory Board dated 23.12.2022 (protocol No. 36), the Committee acted in the composition of:

Chairperson of the Committee – independent member of the Supervisory Board Teymur BAGIROV;  
Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member - independent member of the Supervisory Board Shrenik DAVDA;  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

- according to the decision of the Supervisory Board dated 23.12.2022 (protocol No. 36), the composition of the committee was changed to:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

***Information on the personnel of the Committee of the Supervisory Board on the attraction of JSB "UKRGASBANK" financing on the international capital market through the mechanism of issuing "green" bonds.***

Personal composition as at 31.12.2023:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member - independent member of the Supervisory Board Per Anders FASTH  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

Changes in the composition of the Committee during 2023:

– as at 01.01.2023 in accordance with the decision of the Supervisory Board dated 23.12.2022 (protocol No. 36)

Committee acted in the following composition:

Chairperson of the Committee – independent member of the Supervisory Board Shrenik DAVDA;  
Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;  
Committee member - independent member of the Supervisory Board Oksana VOLCHKO;  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

- according to the decision of the Supervisory Board dated 05.05.2023 (protocol No. 20), the composition of the Committee was changed to:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;  
Committee member - independent member of the Supervisory Board Per Anders FASTH  
Committee member - member of the Supervisory Board Yana BUGRYMOVA.

***Information on the personnel of the Committee of the Supervisory Board on the development of information technologies of JSB "UKRGASBANK"***

Personal composition as at 31.12.2023:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;



Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;

Committee member - member of the Supervisory Board Maryna LAZEBNA.

Changes in the composition of the Committee during 2023:

- as at 01.01.2023, in accordance with the decision of the Supervisory Board dated 14.05.2019 (protocol No. 10)

Committee acted in the following composition:

Chairperson of the Committee – independent member of the Supervisory Board Slawomir KONIAS;

Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;

Committee member - independent member of the Supervisory Board Oksana VOLCHKO.

- according to the decision of the Supervisory Board dated 05.05.2023 (protocol No. 20), the composition of the Committee was changed to:

Chairperson of the Committee – independent member of the Supervisory Board Sanela PAŠIĆ;

Committee member - independent member of the Supervisory Board Yuri BLASHCHUK;

Committee member - member of the Supervisory Board Maryna LAZEBNA.

### ***The composition of the executive body of the financial institution and its change during the year***

Personnel of the Bank's Management Board as at 1 January 2023:

1. Andrii Mykolayovych Kravets – Chairperson of Management Board.
2. Oleksandr Vitaliyovych Dubrovin – First Deputy to Chairperson of Management Board.
3. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board
4. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
5. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
6. Serhiy Volodymyrovych Kharitich – Deputy to Chairperson of Management Board.
7. Rodion Valeriyovych Morozov – Deputy to Chairperson of Management Board.
8. Tetiana Mykhailivna Shestak – Director of the Department of Compliance.

Personal composition of the Bank's Management Board as at 11 February 2023:

1. Oleksandr Vitaliyovych Dubrovin – First Deputy to Chairperson of Management Board.
2. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
3. Tamara Yuriyivna Savoshchenko -Deputy to Chairperson of Management Board.
4. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
5. Serhiy Volodymyrovych Kharitich – Deputy to Chairperson of Management Board.
6. Rodion Valeriyovych Morozov – Deputy to Chairperson of Management Board.
7. Tetiana Mykhailivna Shestak – Director of the Department of Compliance.

Personal composition of the Bank's Management Board as at 13 February 2023:

1. Rodion Valeriyovych Morozov – acting Chairperson of Management Board.
2. Oleksandr Vitaliyovych Dubrovin – First Deputy to Chairperson of Management Board
3. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
4. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
5. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
6. Serhiy Volodymyrovych Kharitich – Deputy to Chairperson of Management Board.
7. Tetiana Mykhailivna Shestak – Director of the Department of Compliance.

Personal composition of the Bank's Management Board as at 17 February 2023:

1. Rodion Valeriyovych Morozov – acting Chairperson of Management Board.
2. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
3. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
4. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
5. Serhiy Volodymyrovych Kharitich – Deputy to Chairperson of Management Board.
6. Tetiana Mykhailivna Shestak – Director of the Department of Compliance.

Personal composition of the Bank's Management Board as at 1 April 2023:

1. Rodion Valeriyovych Morozov – acting Chairperson of Management Board.
2. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
3. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
4. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
5. Tetiana Mykhailivna Shestak – Director of the Department of Compliance.

Personal composition of the Bank's Management Board as at 3 April 2023:

1. Rodion Valeriyovych Morozov – acting Chairperson of Management Board.
2. Volodymyr Mykolayovych Ponomarov – Deputy to Chairperson of Management Board.
3. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
4. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
5. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
6. Tetiana Mykhailivna Shestak – Director of the Department of Compliance.

Personal composition of the Bank's Management Board as at 6 May 2023:

1. Rodion Valeriyovych Morozov – acting Chairperson of Management Board.
2. Volodymyr Mykolayovych Ponomarov – Deputy to Chairperson of Management Board.
3. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
4. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
5. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.

Personal composition of the Bank's Management Board as at 8 May 2023 and in the period from 08/05/2023 to 31/12/2023:

1. Rodion Valeriyovych Morozov – acting Chairperson of Management Board.
2. Volodymyr Mykolayovych Ponomarov – Deputy to Chairperson of Management Board.
3. Natalija Yevhenivna Vasylets – Deputy to Chairperson of Management Board.
4. Tamara Yuriyivna Savoshchenko – Deputy to Chairperson of Management Board.
5. Denys Viktorovych Chernyshov – Deputy to Chairperson of Management Board.
6. Volodymyrovych Maksym Vashchuk – Director of the Department of Compliance.

During 2023, the following changes took place in the composition of the Bank's Management Board:

*Authority terminated:*

- Chairperson of the Management Board of JSB “UKRGASBANK” Kravets Andrii Mykolayovych in accordance with the decision of the Supervisory Board dated 10.02.2023 (protocol No. 4);
- member of the Management Board of JSB “UKRGASBANK” Oleksandr Vitaliyovych Dubrovin in accordance with the decision of the Supervisory Board of JSB “UKRGASBANK” dated 16 February 2023 (protocol No. 5);
- member of the Management Board of JSB “UKRGASBANK” Serhiy Volodymyrovych Kharitich according to the decision of the Supervisory Board of JSB “UKRGASBANK” dated 31 March 2023 (protocol No. 14);
- director of the Department of Compliance Tetiana Mykhailivna Shestak in accordance with the decision of the Supervisory Board dated 05.05.2023 (protocol No. 20);

*Elected:*

- Volodymyr Mykolayovych Ponomarov as at 03/04/2023 as a member of the Management Board of JSB “UKRGASBANK” for a period of 6 (six) months in accordance with the decision of the Supervisory Board of JSB “UKRGASBANK” dated 31/03/2023 (protocol No. 14);
- Volodymyrovych Maksym Vashchuk from 08/05/2023 as a member of the Management Board of JSB “UKRGASBANK” for a period of 5 (five) years in accordance with the decision of the Supervisory Board dated 05/05/2023 (protocol No. 20);
- Piotr KACZMAREK Chairperson of the Management Board of JSB “UKRGASBANK” for a period of 5 (five) years from the date of his assumption of office after approval in accordance with the established procedure by the National Bank of Ukraine in accordance with the

decision of the Supervisory Board of JSB "UKRGASBANK" dated 26.07.2023 (protocol No. 32).<sup>3</sup>

- Volodymyr Mykolayovych Ponomarov was elected as at 4 October 2023 as a member of the Management Board of JSB "UKRGASBANK" for a period of 5 (five) years in accordance with the decision of the Supervisory Board of JSB "UKRGASBANK" dated 27 September 2023 (protocol No. 40).
- Liubomyra Ihnatova Puncheva was elected as a member of the Board of Directors of JSB "UKRGASBANK" for a period of 5 (five) years from 01.02.2024 in accordance with the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28.12.2023 (protocol No. 57).
- Andrii Viktorovych SAMOKHVALOV was elected as at 29 January 2024 as a member of the Management Board of JSB "UKRGASBANK" for a period of 5 (five) years in accordance with the decision of the Supervisory Board of JSB "UKRGASBANK" dated 28 December 2023 (protocol No. 57).

*Appointed to the position:*

- Deputy to Chairperson of the Management Board of JSB "UKRGASBANK" Rodion Valeriyovych Morozov from 13.02.2023 as Acting Chairperson of the Management Board of JSB "UKRGASBANK" in accordance with the decision of the Supervisory Board dated 10.02.2023 (protocol No. 4).<sup>4</sup>
- Deputy to Chairperson of the Management Board of JSB "UKRGASBANK" Rodion Valeriyovych Morozov has been appointed acting Chairperson of the Management Board of JSB "UKRGASBANK" from 10 August 2023 until the National Bank of Ukraine approves the candidature of the Chairperson of the Management Board in accordance with the decision of the Supervisory Board dated 9 August 2023 (protocol No. 34).

***Facts of violation of internal rules by members of the Supervisory Board and the Bank's Management Board, which resulted in damage to the Bank or consumers of financial services***

During 2023, there were no facts of violation of internal rules by the members of the Supervisory Board of JSB "UKRGASBANK" and the Management Board of JSB "UKRGASBANK", which resulted in damage to JSB "UKRGASBANK" or the bank's clients.

***Influence measures applied during the year by state authorities to a financial institution, including members of its supervisory board and executive body***

A measure of influence was applied to the Bank in the form of a fine in the amount of UAH 69,596,750.00 for violating the requirements of NBU Resolution No. 18 in accordance with the decision of the Committee on Supervision and Regulation of Banks, Supervision (Oversite) of Payment Systems dated 20 February 2023 No. 20/306- rk of the NBU letter 28-0011/11942/BT dated 21 February 2023.

A measure of influence was applied to the Bank in the form of a fine in the amount of UAH 64,621,972.00 for failure to ensure the proper organization of the intra-bank prevention and countermeasure system and conducting primary financial monitoring (in accordance with the decision of the Committee on Supervision and Regulation of Banks, Supervision (oversite) of payment systems dated 20 February 2023 No. 20/310-rk/BT) NBU letter 25-0012/12394/BT dated 22 February 2023.

A measure of influence was applied to the Bank in the form of a written warning for violating the requirements of NBU Resolution No. 18 (in accordance with the decision of the Committee on Supervision and Regulation of Banks, Supervision (Oversite) of Payment Systems dated 20 February 2023 No. 20/313-rk/BT).

A measure of influence was applied to the Bank in the form of a restriction on the implementation of certain types of operations carried out by the Bank (in accordance with the decision of the Committee

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<sup>3</sup> According to the decision of the Supervisory Board of JSB "UKRGASBANK" dated 10.11.2023 (protocol no. 49), the decision of the Supervisory Board of JSB "UKRGASBANK" dated 26 July 2023 (protocol no. 32) on the issue of the first agenda of the meeting on the appointment (election) Piotr KACZMAREK Chairperson of the Board of JSB "UKRGASBANK".

<sup>4</sup> The decision of the Supervisory Board of 08/09/2023 (protocol No. 34) recognized as invalid the decision of the Supervisory Board of JSB "UKRGASBANK" dated by 10 February 2023 (protocol No. 4) on the issue of the fourteenth agenda of the meeting, which was appointed as at 13 February 2023 by Rodion Valeriyovych Morozov as Acting Chairperson of the Board of JSB "UKRGASBANK"

on Supervision and Regulation of Banks, Payment Infrastructure Oversight dated 12 June 2023 No. 24/1096-rk/BT), which provides for a restriction on the implementation of active transactions with persons related to the bank (NBU) in terms of concluding new credit agreements and agreements on the provision of financial obligations by the bank, concluding agreements on introducing changes to credit agreements to increase the terms of use of assets and/or increase the amount of loans and financial obligations until 1 June 2024;

The Bank was subject to an enforcement measure in the form of a fine in the amount of UAH 301,041.46 as a result of an unscheduled on-site inspection conducted by the Office of Large Taxpayers of the State Tax Service of Ukraine at JSB "UKRGASBANK" in 2019, which took place from 26.02.2019 to 02.04.2019, in accordance with Inspection Report No. 1094/28-10-43-02/23697280 dated 09.04.2019.

A measure of influence was applied to the Bank in the form of a fine in the amount of - 1,383,700.00 (one million three hundred and eighty-three thousand seven hundred hryvnias) as a result of on-site supervision for violation of the requirements of paragraph 14 of Resolution No. 18 (according to the decision of the Committee on Supervision and Regulation of Banks, supervision (oversight) of payment systems dated 02.10.2023 No. 24/1895-rk/BT "On the imposition of a fine on PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK").

The National Securities and Stock Market Commission applied a sanction in the form of a warning to JSB "UKRGASBANK" for violating the requirements of the legislation on capital markets and organized commodity markets. (Resolution of the NSSMC dated 24 October 2023 No. 232-E).

***The annual remuneration of the members of the supervisory board and the executive body of the financial institution***

The amount of the remuneration of the members of the Supervisory Board and the Management Board of JSB "UKRGASBANK" for 2023 is UAH 68,927,310.72.

***Significant risk factors affecting the activity of the financial institution during the year***

During 2023, the biggest impact on the Bank's capital and income was the realization of credit risk, which was reflected in the formation of the valuation reserve for active operations.

***Availability of the financial institution's risk management system and its key characteristics***

The risk management strategy of the Bank defines the following objectives of the risk management process:

- Building an effective risk management system to achieve the current and strategic goals of the Bank, utilizing appropriate policies, methods, and means of risk management and control, which are significant for the Bank based on its size, business model, scale of operations, types, and complexity of transactions.

- Ensuring efficient processes for identifying, measuring (assessment), monitoring, reporting, controlling, and mitigating all significant risks of the bank to determine the amount of capital necessary to cover all significant risks inherent in its activities (internal capital).

- Establishing requirements for delineating functions and responsibilities of risk management system entities.

- Establishing requirements for ensuring the independence of the risk management function.

- Implementing an effective decision support system considering the level of risks faced by the Bank.

- Ensuring the viability of the Bank in crisis situations.

The risk management strategy of JSB "UKRGASBANK" defines the following list of significant risks:

<b>№</b>	<b>Type of risk</b>	<b>Definition of the term</b>
1.	Credit risk	The probability of losses or additional losses, or failure to receive planned income as a result of failure by the debtor/contractor to fulfill the obligations assumed in accordance with the terms of the contract.
2.	Liquidity risk	The probability of losses or additional losses, or failure to receive income as a result of the Bank's inability to provide financing for the growth of assets and/or the fulfillment of its obligations in due time.

3.	Interest rate	The probability of losses or additional losses or failure to receive planned revenues due to the impact of adverse changes in interest rates. Interest rate risk affects both the Bank's profitability and the economic value of its assets, liabilities and off-balance sheet instruments.
4.	Market risk	The probability of losses or additional losses or failure to receive planned income due to the adverse impact of market risk factors (foreign currency exchange rates, interest rates and/or other factors) on the value/price of the instruments.
5.	Operational risk	<p>The probability of losses or additional losses or failure to receive planned revenues due to deficiencies or errors in the organization of internal processes, intentional or unintentional actions of bank employees or other persons, failures in the operation of bank systems or due to the influence of external factors.</p> <p>Operational risk includes legal risk, i.e. the probability of losses or additional losses, or failure to receive planned revenues as a result of the unexpected application of legal norms due to the possibility of their ambiguous interpretation or as a result of invalidating the terms of the contract due to their non-compliance with the requirements of the legislation of Ukraine.</p> <p>Components of operational risk are:</p> <ul style="list-style-type: none"> <li>- the risk of information and communication technologies (ICT risk), i.e. the probability of losses or additional losses or the failure to receive planned income due to the malfunction or incompatibility of information and communication technologies with the business needs of the bank, which may lead to a violation of their sustainable functioning, or deficiencies in the management organization of such technologies,</li> <li>- and the risk of information security, i.e. the probability of losses or additional losses, or the failure to receive planned revenues as a result of violations of confidentiality, integrity, availability of data in the bank's information systems, deficiencies or errors in the organization of internal processes or the occurrence of external events, including cyber attacks or inadequate physical security. Information security risk includes cyber risk. Operational risk excludes reputational risk and strategic risk.</li> </ul>
6.	Compliance risk	The probability of damages/sanctions, additional losses or failure to receive planned revenues or loss of reputation due to the bank's failure to comply with the requirements of legislation, regulatory acts, market standards, rules of fair competition, rules of corporate ethics, the occurrence of a conflict of interests, as well as the bank's internal documents.
7.	Risk AML/CFT	Risk of using the Bank for legalization (laundering) of procedures and controls for anti-money laundering and combating the financing of terrorism and/or financing the proliferation of weapons of mass destruction
8.	Social risk	Probability of damages, additional losses, or lack of income due to danger to people's health and safety, negative impact on local communities, cultural and archaeological heritage.
9.	Ecological risk	The probability of damages, additional losses, or lack of income due to environmental pollution, as well as the creation of a danger to biodiversity.

The Bank's risk management system is built taking into account its size, business model, scale of operations, types and complexity of operations and ensures:

- Identification,
- measurement (assessment),
- monitoring,
- reporting,
- control,
- mitigation

of all significant risks of the Bank in order to determine the amount of capital required by the Bank to cover all significant risks inherent in its activities (internal capital).

The risk management system complies with the following principles:

- efficiency – ensuring an objective assessment of the size of the Bank's risks and the completeness of risk management measures with optimal use of financial resources, personnel and information systems for the Bank's risk management;
- timeliness – ensuring timely (at an early stage) detection, measurement, monitoring, control, reporting and mitigation of all types of risks at all organizational levels;
- structuredness – clear division of functions, duties and powers in risk management between all structural divisions and employees of the Bank, and their responsibilities in accordance with such division;
- segregation of duties (separation of the control function from the Bank's operations) – avoiding a situation in which the same person carries out Bank operations and performs control functions;
- comprehensiveness and complexity – coverage of all types of activities of the Bank at all organizational levels and in all its divisions, assessment of the mutual impact of risks;
- proportionality – compliance of the risk management system with the Bank's business model, its systemic importance, as well as the level of complexity of operations carried out by the Bank;
- independence – freedom from circumstances that pose a threat to the impartial performance of CRO and risk management divisions, CCO and the Department of compliance of respective functions;
- confidentiality - preventing the distribution of information that is not subject to publication by persons who do not have the authority to receive it;
- transparency – disclosure by the Bank of information on the risk management system and risk profile.

When assessing all types of risks, the Bank takes into account the risk of concentration. The Bank considers concentration risk in the following sections:

- by the largest debtors/depositors and their groups;
- by types of economic activity (sectors of the economy) and geographical regions, counterparties of persons whose financial results depend on one type of activity or main product;
- by classes of debtors/counterparts determined in accordance with the regulatory act of the National Bank of Ukraine on credit risk assessment;
- by types of ensuring the debtors and counterparties fulfill their obligations;  
by types of currencies. The Bank assesses risks by financial instruments contained in both trading and banking books.

Information on risk management is made public as part of the Bank's annual and interim financial reports.

The risk management system is based on the division of responsibilities between the Bank's divisions using the model of three lines of protection:

- the first line – at the level of business divisions and business support divisions of the Bank;
- the second line – at the level of risk management divisions, which include the risk management department and the management of social and ecological risks, and the compliance department;
- the third line is equal to the internal audit department to verify and assess the effectiveness of the risk management system.

The Bank determines (declares) the aggregate amount of risk appetite, defined in the declaration of risk appetite, by establishing the limit indicators of aggregated risk and risk appetite for individual significant risks, which are determined by the current Risk Management Strategy of JSB "UKRGASBANK", which the Bank will accept or avoid in order to achieve business goals, and the level of risk appetite for significant risks.

The declaration is developed in accordance with the assumptions laid down in the Bank's Budget, taking into account the prudential requirements of the National Bank of Ukraine (including those established for systemically important banks), and the covenants that the Bank has undertaken to comply with in accordance with agreements with international financial organizations.

Aggregate risk appetite includes requirements for maintaining the target level of credit rating on an international scale, compliance with capital standards and capital buffers, including taking into account expected changes in prudential requirements and the regulatory environment.

Risk-appetite for credit risk includes a system of quality control indicators of the credit portfolio (the share of non-performing assets and foreclosed property), the value of credit risk, limiting the risk of concentration by the largest borrowers, industries, etc.

The risk-appetite for liquidity risk includes the minimum values of the liquidity coverage ratio (LCR) in all currencies and separately in foreign currencies, the net stable funding ratio (NSFR), limits on concentration indicators in liabilities.

Interest rate risk appetite includes measures of sensitivity of net interest income and economic cost of capital to parallel/non-parallel shifts in yield curves in major currencies.

The risk-appetite for market risks is set as the maximum values of the positions sensitive to market risk and the value-at-risk indicator calculated by a parametric model based on t-distribution Student's t-test with 7 degrees of freedom with a 99% confidence interval over a horizon of 10 trading days.

The risk-appetite for operational risk is set as the maximum amount of direct losses from the implementation of operational risk at the end of the year. At the same time, regardless of the cost of the incident and the amount of potential loss, the Bank has established a zero tolerance for operational risks associated with incidents of internal fraud, official negligence, disruption of the continuity of critical business processes.

Risk-appetite for compliance risk is determined by setting compliance risk parameters. Regardless of the value of the compliance risk incident and the amount of potential loss, the Bank is intolerant of compliance risk incidents related to:

- implementation of risky activities by the Bank;
- implementation of significant reputational risks that have a significant impact on the Bank's activities.

***The results of the functioning of the internal audit (control) system, as well as the data recorded in the notes to the financial and consolidated financial statements are consistent with the accounting regulations (standards)***

- Based on the three-line model of protection, the Bank has created a comprehensive, adequate and effective risk management system that adheres to the following principles:
  - efficiency – ensuring an objective assessment of the amount of the Bank's risks and the completeness of measures to manage the Bank's risks with optimal allocation of financial resources, personnel and information systems to manage the Bank's risks;
  - timeliness – ensuring timely (at an early stage) detection, measurement, monitoring, control, reporting and mitigation of all types of risks at all organizational levels;

- structuredness – a clear distribution of functions, responsibilities and risk management powers between all structural divisions and employees of the Bank, and their responsibilities according to such distribution;
- segregation of duties (separation of the control function from the Bank's operations) – avoiding a situation in which the same person carries out Bank operations and performs control functions;
- comprehensiveness and complexity – coverage of all types of activities of the Bank at all organizational levels and in all its divisions, assessment of the mutual impact of risks;
- proportionality – compliance of the risk management system with the Bank's business model, its systemic importance, as well as the level of complexity of operations carried out by the Bank;
- independence - freedom from circumstances that pose a threat to the impartial performance of CRO and risk management divisions, CCO and the Department of Compliance of their functions;
- confidentiality – prevention of dissemination of information that is not subject to publication by persons who do not have the authority to receive it;
- transparency – disclosure by the Bank of information regarding the risk management system and risk profile.

The main objectives of the risk management process are:

- achievement of performance indicators of the Bank's Budget, taking into account possible risks by ensuring the optimal ratio of risks and profitability;
- ensuring compliance with the risk appetite and limit indicators of risk established by the Supervisory Board;
- ensuring the Bank's stable development within the framework of the implementation of the Bank's general development strategy, determined by the Supervisory Board;
- ensuring effective management of the Bank's capital and liquidity.

The risk management system ensures that:

- risks are timely identified and adequately assessed;
- The bank adheres to the established level of risk appetite, marginal indicators and internal risk limits;
- decisions on accepting risks are consistent with the Bank's strategic and current goals;
- decisions on accepting risks are transparent and clear;
- decisions on taking risks are made taking into account available resources (capital, liquidity, etc.);
- the expected profitability of operations compensates for the accepted risks;
- early diagnosis of both idiosyncratic (crisis states of the Bank as a whole or in individual areas of activity) and system-wide crises is ensured.

The Supervisory Board of the Bank ensures the functioning and control over the effectiveness of the risk management system and is responsible for the organization and effective functioning of the internal control system in the Bank.

JSB “UKRGASBANK” has a permanent internal audit division that performs the functions defined by the legislation of Ukraine and relevant internal documents. The Bank's Internal Audit Department is an integral part of the Bank's internal control system and performs the following main functions:

- assessment of the effectiveness of the Bank's corporate governance organization, internal control system, including the risk management system, and their compliance with the Bank's amount, complexity, volumes, types, nature of operations carried out by the Bank, the Bank's organizational structure and risk profile, taking into account the specifics of the Bank's activity as a systemically important;
- providing the Supervisory Board (Audit Committee), the Bank's Management Board and the managers of the audited structural divisions with conclusions on the results of audits and recommendations for improving the existing internal control systems in the Bank.



The activities of the internal audit department are based on comprehensive risk-oriented planning (including the assessment of the Bank's business processes in accordance with the “World of Audit” internal audit risk map).

Thus, in 2023, the internal audit department conducted thematic audits in accordance with the Long-term plan for conducting audits for 2023-2025 and the work plan of the internal audit department for 2023, which was approved by the decision of the Supervisory Board of the Bank dated 16.01.2023 (protocol No. 1), and in the new edition (decision dated 12.07.2023, protocol No. 30).

In order to improve the internal control system, according to the results of audits conducted in 2023, the audit provided appropriate recommendations, and the responsible structural divisions of the Bank developed plans for corrective measures with appropriate deadlines. Thus, the internal audit department carries out regular monitoring of the implementation of corrective action plans within the established time limits. Based on the results of audits, the risk level was assessed by areas of banking activity (processes), including in terms of risk categories, as well as an assessment of the effectiveness of the functioning of the internal control system.

In addition, the internal audit department carries out an independent assessment of the effectiveness of the first and second lines of defense and a general assessment of the effectiveness of the internal control system at least once a year, the results of which are provided by the internal audit department to the Supervisory Board of JSB “UKRGASBANK” as part of the Department's Work Report internal audit of JSB “UKRGASBANK” for 2023.

Also, at least once a year, the internal audit department provides a conclusion on the effectiveness of the Bank's risk management and compliance divisions, made on the basis of reports on the results of audits during the reporting period, during which the activities of the risk management and compliance divisions were checked.

It should also be noted that the Bank's internal audit system (function) as a whole meets the requirements of the International Standards of Professional Practice of Internal Audit and the Code of Ethics of the Institute of Internal Auditors, which is confirmed by the results of internal and external assessments. Such an assessment represents the highest level of assessment and means that the structure, policies and procedures, as well as processes of the internal audit department meet the requirements of individual international standards of internal audit and the elements of the Code of Ethics in all essential aspects, which is confirmed by an external assessment of the effectiveness and quality of the work of internal audit in Bank, which was conducted in 2021 by a qualified independent expert - an audit company that belongs to the recognized international company of the “big four”, which provides audit services.

The International Financial Reporting Standards do not require disclosure of information about the internal audit (control) system in the notes to the annual financial statements.

#### ***Facts of divestment during the year of assets in excess of the size established in the Bank's Articles of Association***

During 2023, there were no cases of divestment of assets in the amounts exceeding the one established by the Articles of Association of JSB “UKRGASBANK”.

#### ***Results of valuation of assets in case of their purchase and sale during the year in an amounts exceeding the one established by the Articles of Association of JSB “UKRGASBANK”.***

During 2023, there were no cases of divestment of assets in the amounts exceeding the one established by the Articles of Association of JSB “UKRGASBANK”, in connection with it no assessment of such assets was performed.

#### ***Transactions with related parties, including within the same industrial and financial group or other association, were conducted during the year. Such information is not a commercial secrecy***

The sum of all the Bank's claims to persons related to the Bank (defined in accordance with the requirements of Article 52 of the Law of Ukraine “On Banks and Banking Activities”) as of the end of 2023 amounted to UAH 17.05 million. During 2023, the Bank complied with the standard of the Maximum amount of credit risk for transactions with persons related to the Bank (N9).

***The recommendations of the bodies that carry out state regulation of financial services markets, regarding the auditor's opinion, were used***

The bodies that carry out state regulation of financial services markets did not provide recommendations regarding the audit opinion.

***Information on the external auditor of the supervisory board of the financial institution appointed during the year***

During 2023, the external auditor of the Supervisory Board was not appointed. The executor of the audit of the annual financial statements of JSB "UKRGASBANK", compiled in accordance with the requirements of International Financial Reporting Standards for the year ended 31 December 2023, was determined (protocol of the Supervisory Board of JSB "UKRGASBANK" dated 10.10.2022 No. 28) PJSC "KPMG Audit" ( USREOU code 31032100, location: Ukraine, 01001, Kyiv, 32/2 Moskovska St.).

***Information on the activities of the external auditor, in particular:***

***- total experience of audit activity***

Date of registration of PJSC "KPMG Audit" – 17.08.2001, date of issuance of certificate of Chamber of Auditors of Ukraine 26.01.2001. (22 years old).

***- the number of years during which he provides audit services to such a financial institution***

PJSC "KPMG Audit" provided services for the audit of the Bank's financial statements for the year ending 31 December 2022 and for the year ending 31 December 2023.

***a list of other audit services provided to the financial institution during the year***

PJSC "KPMG Audit" did not provide other audit services to the Bank during the last year.

***- cases of conflicts of interest and/or combining the functions of the internal auditor***

There are no cases of conflicts of interest and/or combining the functions of the internal auditor.

***- rotation of auditors in the financial institution during the last five years***

Rotation of auditors in JSB "UKRGASBANK" during the last five years:

- for 2019 - provision of services for the audit of annual financial reporting, prepared in accordance with the requirements of the International Financial Reporting Standards of Ernst & Young Audit Services LLC.

- for 2020 - "Ernst & Young Audit Services" LLC - provision of audit services for annual financial reporting prepared in accordance with the requirements of International Financial Reporting Standards.

- for 2021 - "Ernst & Young Audit Services" LLC - provision of audit services for annual financial reporting prepared in accordance with the requirements of International Financial Reporting Standards.

- for 2022 - PJSC "KPMG Audit" - provision of financial reporting services for the Bank for the year ending on 31 December 2022, prepared in accordance with International Financial Reporting Standards (IFRS), taking into account the requirements of the National Securities and Stock Commission market and the current legislation of Ukraine, including requirements for reporting in the iXBRL format, determined by the central executive body that ensures the formation and implementation of state policy in the field of accounting, with the purpose of its subsequent submission to state authorities and other users at their request in accordance with current legislation of Ukraine.

- for 2023 - PJSC "KPMG Audit" - provision of financial reporting services for the Bank for the year ending 31 December 2023, prepared in accordance with International Financial Reporting Standards (IFRS), taking into account the requirements of the National Securities and Stock Market Commission and the current legislation of Ukraine, including requirements for reporting in the iXBRL format, determined by the central executive body that ensures the formation and implementation of state policy in the field of accounting, for the purpose of its subsequent submission to state authorities and other users at their request in accordance with the current legislation of Ukraine .

***penalties applied to the auditor by the Audit Chamber of Ukraine during the year, and the facts of the financial institution's submission of unreliable reporting, confirmed by the auditor's opinion, discovered by the bodies that carry out state regulation of financial services markets***

During the last year, PJSC "KPMG Audit" was not subject to penalties by the Audit Chamber of Ukraine, and there is no information regarding the facts of the financial institution's submission of

unreliable statements, confirmed by the auditor's opinion, discovered by the bodies that carry out state regulation of financial services markets.

**Information on the amount of remuneration for the audit of annual financial statements**

The amount of remuneration paid to PJSC “KPMG Audit” for the audit of the annual financial statements for 2023 is UAH 9,495,000.00 (with VAT).

**Information on the financial institution's protection of the rights and interests of consumers of financial services, in particular:**

**- the existence of a complaint handling mechanism**

Complaints are considered in accordance with the Regulation on the procedure for handling appeals in JSB “UKRGASBANK”, approved by the decision of the Board of JSB “UKRGASBANK” dated 02.05.2023 (protocol No. 18).

**- surname, first name and patronymic of the employee of the financial institution authorized to consider complaints**

Titova Yaroslava Oleksandrivna, the director of the corporate communications department, is the person authorized to handle complaints at the PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK “UKRGASBANK”.

**- the state of consideration by the financial institution during the year of complaints regarding the provision of financial services (character, number of complaints received and number of satisfied complaints)**

In 2023, the regional distribution department/corporate communications department received 199 appeals regarding the provision of financial services by the bank. The issues stated in the appeals related to the return of funds for reasons of non-receipt of funds through an ATM, return of mistakenly or incorrectly transferred funds from the account, early return of deposit funds, disagreement with the amount of funds credited/deducted from the account according to tariffs, etc.

The number of satisfied appeals related to financial services for 2023 amounted to 47 appeals.

**- presence of lawsuits in court regarding the provision of financial services by a financial institution and the results of their review**

During the period from 1 January 2023 to 31 December 2023, 136 lawsuits (including counterclaims) related to the provision of financial services by the Bank were pending in the courts, of which 88 were non-property lawsuits (mainly regarding the invalidation of credit agreements and security agreements) and 48 claims of a property nature.

According to the results of consideration of the mentioned court cases, at the end of the reporting year 2023, 43 court cases were won by the Bank, 16 court cases were lost by the Bank, and 77 cases are in the process of judicial review.

**Information on corporate governance in a financial institution, the submission of which is provided for by laws on the regulation of individual financial services markets and/or by regulatory acts of bodies that carry out state regulation of financial services markets adopted in accordance with such laws**

Corporate governance in JSB “UKRGASBANK” is carried out in accordance with the requirements of the legislation of Ukraine and taking into account the Recommendations on the practice of applying legislation on corporate governance, approved by the decision of the National Securities and Stock Market Commission dated 12 March 2020 No. 118, and Methodical recommendations on the organization of corporate governance management in banks of Ukraine, approved by the decision of the Board of the National Bank of Ukraine dated 03of December 2018 No. 814-rsh (with amendments).

2) report on sustainable development

1	Assessment of environmental protection and social responsibility activities for the reporting period:
	In 2023, military aggression by the russian remains a significant factor determining the socio-economic development of the country, including in the field of environmental protection

and development of social responsibility. The enemy continues to use terrorist methods of waging war, trying to cause maximum damage to the civilian population, critical infrastructure facilities, social, residential and communal facilities, industrial enterprises, etc.

Military actions continue to be a source of significant damage to the environment in Ukraine - due to emissions of harmful substances into the atmosphere, soil and water bodies, littering of large areas, destruction of stable ecosystems in combat zones, mining, etc.

The priority of the Bank's activity during the period of war and the period of post-war reconstruction remains the financing of projects of sustainable recovery and maintenance of the sustainability of socio-economic processes in the country. First of all, these are projects aimed at restoring and further developing the country's economic potential (ensuring business continuity, critical infrastructure), as well as ensuring a decent standard of living and equal opportunities for residents of local communities. An important goal of the Bank's activity during the war remains the minimization of the consequences of damage to the environment, the preparation of sites for reconstruction, demining, etc.

While implementing projects of sustainable recovery and development, the Bank gives priority to projects involving the implementation of the best modern technologies and available solutions (Best available techniques - BAT), which allow to optimize the consumption of resources, provide the best modern services and reduce negative consequences for the environment.

When implementing projects of sustainable recovery and development, the Bank gives priority to projects that involve implementation, which allow to optimize the consumption of resources, provide the best modern services and reduce negative consequences for the environment.

In 2023, within the framework of the concept of sustainable banking, criteria were approved for evaluating credit projects financed by the Bank and the implementation of which will potentially contribute to the achievement of the Sustainable Development Goals defined by the Decree of the President of Ukraine "On Sustainable Development Goals of Ukraine for the Period Until 2030" dated 30 September 2019 No. 722/2019, which is based on UN General Assembly Resolution No. 70/1 of 25.09.2015 regarding the definition of the Global Sustainable Development Goals.

For 2023, the task was set to stabilize the credit portfolio of sustainable banking of JSB "UKRGASBANK", corporate and small and medium-sized businesses (CB and SMEs) at the expense of projects to support sustainability and business continuity in wartime, energy- and resource-efficient modernization of business, projects to support food security

A separate emphasis was directed to the construction of "green" generation to (1) reduce the business's own costs for electric energy; (2) sale of electricity on the energy market, in order to maintain the energy balance of the country; (3) direct sale of electricity to enterprises (primarily industrial ones). Renewable energy, together with energy storage systems, is becoming an important element for achieving the goals of decentralization of energy generating capacities, which allows maintaining business efficiency, including during interruptions in the supply of electricity from the network due to military actions and terrorist attacks by russia.

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In 2023, despite the war, the Bank continued to finance sustainable development projects. The Bank's technical office reviewed 340 sustainable development projects, among which compliance with sustainable banking criteria was confirmed for 312 projects. In 2023, 229 credit agreements for sustainable business development projects were financed for a total amount (credit limits) of over UAH 3 billion.

In 2023, as a result of the implementation of projects in the areas of renewable energy and energy-efficient modernization of business, a reduction of CO2 emissions by 44 thousand tons was achieved.

In 2023, the Bank continued the implementation of energy management and digitization of business processes. Including, due to the transition to payment with virtual cards instead of plastic ones, a reduction of greenhouse gas emissions for 2023 by 6.26 tons in CO2 equivalent was achieved.\* (<https://www.thalesgroup.com/en/markets/digital-identity-and-security/banking-payment/cards/eco-friendly-credit-card/carbon-neutrality>)

The main goals set by the Bank for financing sustainable development projects in 2023, taking into account the continuation of russia's military invasion of Ukraine, were achieved.

Sustainable development projects financed by the Bank are subject to proper verification and assessment of compliance with the socio-ecological requirements of the Bank's Environmental and Social Responsibility Policy.

In order to reduce the environmental and social risks of lending projects and achieve compliance with Ukrainian and international sustainable practices, the Bank is guided by 8 requirements (standards) in the social sphere and the sphere of environmental protection regarding the implementation of projects developed by the International Finance Corporation.

During 2023, 298 projects were analyzed for environmental and social risks, including:

- 98 projects are projects with the amount of debt under the Group of related counterparties over \$2 million (including: 12 projects of high environmental and social risk, 54 projects of medium environmental and social risk, and 32 projects of low environmental and social risk)

- 34 sustainable development projects (including: 13 medium environmental and social risk projects and 21 low environmental and social risk projects);

- 124 projects under the cooperation program with the EBRD (including: 104 projects of medium environmental and social risk and 20 projects of low environmental and social risk);

- 42 projects under the program of the Business Development Fund (energy efficiency) (of which: 14 projects of medium environmental and social risk and 28 projects of low environmental and social risk).

Penal sanctions for non-fulfillment of lending conditions were not applied in the reporting period.

In order to analyze borrowers with high-risk projects, relevant specialists of the Bank made 4 visits to the place of borrowers' activities and project implementation during 2023.

In 2023, the Environmental and Social Responsibility Policy of JSB "UKRGASBANK" and the Regulation on assessment, monitoring, reporting on environmental and social risks of projects in JSB "UKRGASBANK" were updated.

The main goals set by the Bank regarding the identification, assessment and minimization of environmental and social risks were achieved.

2 The main goals set by the Bank regarding the identification, assessment and minimization of environmental and social risks were achieved.

1. List of environmental protection and social responsibility risks that affect a person:

- 1) Ecological
- 2) Social

2. Measures that are planned to be implemented / are being implemented to minimize / eliminate each of the risks:

Since 2017, the assessment and monitoring of environmental and social risks of the bank's clients has been implemented and included in the Bank's risk management system at JSB "UKRGASBANK".

In its activities, the Bank is guided by the principles of sustainable development and the standards of the International Finance Corporation (PS IFC). During the analysis of potential social and environmental risks, the Bank is guided by eight requirements (P8) in the social sphere and the sphere of environmental protection regarding the

		<p>implementation of projects developed by the International Finance Corporation.</p> <p>The key elements of the environmental and social risk management system at JSB "UKRGASBANK" are:</p> <ol style="list-style-type: none"> <li>1) Ban on financing types and directions of economic activity, which is a potential source of significant risks in the social sphere and threats to the environment, which are specified in the Environmental and Social Risks Policy of JSB "UKRGASBANK".</li> <li>2) Conducting assessment and analysis of environmental and social risks, which includes a preliminary analysis to determine the category of risks for each loan project of the Bank and for the activity of the borrower (A, B, C) guided by the categorization of environmental and social risks of projects by types of economic activity.</li> <li>3) Formation of proposals and interaction with the Bank's Borrowers regarding measures to minimize and/or eliminate environmental and social risks under credit projects.</li> <li>4) Monitoring of environmental and social risks for credit projects financed by the Bank by collecting standardized annual reports on environmental and social issues from borrowers, with the aim of early identification of factors that can affect the level of social and environmental risks under the credit project.</li> </ol>
3	The main provisions of the policy on environmental protection and social responsibility	
	A list of environmental and social responsibility policies and a description of the issues that such policies are designed to address	<ol style="list-style-type: none"> <li>1) The environmental and social responsibility policy of JSB "UKRGASBANK" was developed with the aim of assessing and minimizing the negative impact of JSB "UKRGASBANK" activities on social harmony and the environment and defines the standards, principles and approaches to the achievement of JSB "UKRGASBANK" sustainable development goals, the main tools for managing environmental and social risks of projects financed by the Bank, general requirements for reporting, as well as the interaction of the Bank's structural units and collegial bodies in the process of environmental and social risk management, a list of types and areas of activity excluded from financing by the Bank.</li> </ol> <p>The environmental and social responsibility policy of JSB "UKRGASBANK" is based on three main directions:</p> <ul style="list-style-type: none"> <li>- in the direction of "Management of environmental and social risks of projects financed by the Bank" The policy determines the establishment of the basic principles regarding the</li> </ul>

		<p>management of environmental and social risks of projects financed by the Bank;</p> <ul style="list-style-type: none"> <li>- in the direction of "Green financing" The policy is based on the financing of projects with a positive environmental effect, with the aim of ensuring the improvement of the energy efficiency of the Ukrainian economy and the achievement of the country's energy independence, including, but not limited to, the following financing directions: <ul style="list-style-type: none"> <li>• implementation of energy-efficient technologies;</li> <li>• use of renewable energy sources;</li> <li>• more efficient use of natural resources (resource efficiency);</li> <li>• reduction of harmful emissions into the environment</li> </ul> </li> <li>- in the direction of "Environmental management and social responsibility of the Bank", the policy provides for the introduction of environmental and social standards that will contribute to the improvement of environmental and social indicators of JSB "UKRGASBANK", minimization of the Bank's impact on the environment, improvement of the quality of working conditions and health of the Bank's employees, the settlement procedure internal conflicts, etc.</li> </ul> <p>2) Regulations on assessment, monitoring, reporting on environmental and social risks of projects in JSB "UKRGASBANK" - regulates the procedure for assessment of environmental and social risks of projects financed by the Bank, implementation of monitoring and preparation and provision of reports on environmental and social risks of projects.</p>
4	The list of issues and decisions made regarding environmental protection and social responsibility that were considered by the Board and the executive body:	
	1. The list of issues that were considered by the executive body and a summary of the decisions that were made:	<p>1) The Criteria of Sustainable Banking in JSB «UKRGASBANK» have been approved and adopted to replace the criteria of eco-banking, the main changes relate to the expansion of the list of types and areas of activity, the implementation of which will contribute to the achievement of the goals of sustainable development of the United Nations, including decarbonization projects that have been separated into a separate group.</p> <p>2) Amendments were made to the Regulation on assessment, monitoring, reporting on environmental and social risks of projects in JSB "UKRGASBANK", which related to changes in terminology regarding the implementation of sustainable banking criteria (ECO projects were changed to ESG projects), changes were made to</p>

		<p>the list types of economic activity and areas of financing that are excluded from the assessment of environmental and social risks, clarifications have been made regarding the assessment of environmental and social risks of agricultural producers.</p> <p>3) The Methodology for evaluating the effectiveness of the implementation of sustainable banking in JSB "UKRGASBANK" was approved and adopted, regarding the introduction of a mechanism for the analysis and evaluation of the effectiveness of financing sustainable development projects (ESG projects), including intrabank ESG projects.</p>
	<p>2. The list of issues that were considered by the Board and a summary of the decisions that were made:</p>	<p>1) Changes were made to the Environmental and Social Responsibility Policy of JSB "UKRGASBANK", which related to clarifications to the procedure for submitting quarterly reports on the assessment of environmental and social risks of the Bank, as well as clarifications to the system of internal control over compliance with the provisions of the Policy.</p> <p>2) Consideration and approval by the Bank's Supervisory Board of quarterly reports on environmental and social risks for bank-financed sustainable banking projects.</p>
<p>5</p>	<p>A list of key stakeholders affected by the person's activities with an indication of the justification for what exactly this influence consists of:</p>	
	<p>The assessment of the impact of JSB "UKRGASBANK" on groups of related stakeholders is carried out in accordance with the ESG model of sustainable development management, according to the Policy on the development of sustainable financing for the period until 2025, approved by the National Bank of Ukraine on 25 November 2021, namely in accordance to factors of environmental protection (E), issues of social development (S) and corporate governance (G).</p> <ul style="list-style-type: none"> <li>• <b>Clients.</b> Clients - individuals, legal entities, communal and state enterprises, local communities and municipalities</li> </ul> <p><u>Ecological aspects:</u></p> <p>JSB "UKRGASBANK" finances projects and offers banking services to clients in the direction of energy-efficient and resource-efficient modernization of business, housing stock, local communities and municipalities, renewable energy projects. In addition, the Bank promotes the implementation of the best available technologies, which provide the best indicators of saving natural resources today and are designed taking into account safety issues for the environment, employees, etc. The bank offers clients to participate in the financing of "green" projects by placing funds on eco-deposits.</p> <p><u>Social aspects:</u></p> <p>JSB "UKRGASBANK" finances and comprehensively supports the development of sustainable social development projects (health care, waste management, organization of modern educational process for local communities), social support (including financing of agriculture and agricultural production projects to ensure food security and prevent risks of famine during the war, reconstruction projects of local communities, business relocation, etc.). The implementation of sustainable development projects contributes to the creation of new jobs for local communities and the improvement of the population's standard of living.</p>	



JSB «UKRGASBANK» implements barrier-free principles in its activities, with the aim of providing all clients with equal opportunities to receive banking services and products (including people with disabilities, people with hearing or vision impairment, people using wheelchairs, etc.). The bank offers clients, by placing funds in specialized deposits, to participate in the financing of the reconstruction of cities and local communities that suffered damage as a result of military aggression or terrorist actions of the Russian Federation.

JSB "UKRGASBANK" is a participant in the Power banking program, which allows its branches to work during power outages from the network, at the expense of their own power generators

Management aspects:

JSB "UKRGASBANK" develops the best modern methods of corporate management, taking into account the principles of sustainable development, integrating the Goals of sustainable development into its own corporate strategies. In addition, cooperation with the Bank on the implementation of sustainable development projects contributes to the formation of a positive ESG image of the client, which in turn contributes to the growth of attractiveness for potential, primarily international, investors. The bank has implemented a policy to prevent and counter the legalization (laundering) of proceeds of crime, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction in order to comply with the relevant norms of Ukrainian legislation.

- **Employees.** JSB "UKRGASBANK" is one of the largest employers in the country's banking sector, which provides its employees with decent working conditions and social guarantees, barrier-free opportunities for work and professional development

- Ecological aspects:

JSB "UKRGASBANK" to implement elements of ecological and energy management aimed at creating environmentally safe working conditions for employees, including a system of separate garbage collection, energy-efficient modernization of bank buildings, and the use of cars with hybrid engines.

Social aspects:

JSB "UKRGASBANK" guarantees a full package of social guarantees for its employees in accordance with the Labor Code of Ukraine, including paid holidays and sick leave. The Bank implements health protection measures for its employees, including measures to combat epidemic / pandemic diseases, including COVID19 (vaccination, measures to disinfect premises, increased requirements for sanitary and hygienic protection of employees, etc.). The Bank implements the principles of inclusion of all employees (including people with visual and hearing impairments, people with disabilities, etc.).

The Bank pays special attention to the development of professional knowledge and skills of employees, conducting both internal training and training with the involvement of external experts on an ongoing basis.

Management aspects:

JSB "UKRGASBANK", as a bank of sustainable development, has in its structure specialized divisions aimed at the development, analysis and control of the implementation of sustainable banking, assessment of environmental and social risks, as well as an internal technical office for assessment of technical and technological risks of "green" projects. The Bank prepares periodic public reporting for the purpose of disclosing information in the direction of its own sustainable development activities.

- **State.** JSB "UKRGASBANK", as one of the state sector banks, carries out its activities in the field of sustainable development with the aim of implementing the state strategy of "green" transition, state environmental policy and the UN Sustainable Development Goals, taking into account the specifics of Ukraine's national development.

Ecological aspects:

The activities of JSB "UKRGASBANK" are aimed at promoting environmental protection, including the preservation of local ecosystems, by financing projects aimed at: (1) reducing harmful emissions into the environment; (2) optimization of consumption of natural

resources; (3) reduction of greenhouse gas emissions; (4) promoting the development of ecological production in Ukraine.

Social aspects:

The activities of JSB "UKRGASBANK", as a large taxpayer, are aimed at supporting the economy of Ukraine during the war, including supporting the stability and continuity of the financial sector and providing financial services to the bank's clients for the population, businesses, local and state authorities. During the war and during the period of post-war reconstruction, JSB "UKRGASBANK" focuses its activities on the financing of sustainable reconstruction projects, social support of local communities during the war, business relocation, financing of projects aimed at ensuring food security, rebuilding critical infrastructure, ensuring the clearing of the remains of damaged buildings, etc.

The bank acts as an agent for the implementation of state programs for the implementation of energy-efficient technologies and solutions, as well as the "eOselya" affordable housing lending program. JSB "UKRGASBANK" finances projects aimed at social development and raising the standard of living of local communities, including in the areas of health care, waste management, water purification, modernization of the educational process, etc.

Management aspects:

JSB "UKRGASBANK" as a state bank, submits periodic reports on its activities to state bodies and fulfills regulatory requirements, including the implementation of the Policy on the Development of Sustainable Financing for the period until 2025 and other goals and objectives determined by state bodies for implementation "green" transition in Ukraine. The bank provides specialized reporting to authorized state bodies, which includes information on the implementation of sustainable banking, and also provides feedback on the main trends, obstacles and prospects for financing sustainable development projects in Ukraine, primarily in areas that are strategically important for the State (RES, energy-efficient modernization, restoration and reconstruction projects, including critical infrastructure, business relocation and ensuring stability and continuity of its work, etc.

- **Banking sector (other banks).** The activity of JSB "UKRGASBANK" as a bank of sustainable development, both in terms of *ecological* and *social* aspects of management of sustainable development, prompts other banks to reformat their activities and reorientation, following their own example. JSB "UKRGASBANK" contributes to the development of competition in the banking market to further ensure the provision of the best banking practices to citizens and businesses in the direction of sustainable banking.
- **International organizations and financial institutions.** Implementing sustainable banking programs according to international programs, JSB "UKRGASBANK" provides reporting on its activities related to the implementation of these programs. This allows international organizations and financial institutions to receive feedback on the state of implementation of joint programs and use it for a better understanding of the financial sector of Ukraine, as well as to take such information into account when planning further cooperation in the direction of sustainable development.

6 The list of stakeholders that have an influence on the person's achievement of strategic goals with an indication of the justification of what exactly this influence consists of:

- **State.** The state, as the main stakeholder and owner of 94.9409% of the shares of JSB "UKRGASBANK", determines and forms the long-term goals of the country's development as a whole, including areas of environmental protection, sustainable social development and corporate governance. At the same time, the state regulates financial services markets in Ukraine, using, among other things, the banking sector as an effective mechanism for realizing the defined strategic goals of the country's development. The state influences JSB "UKRGASBANK" through the adoption of laws, by-laws, orders and other regulatory acts that determine the interaction of JSB "UKRGASBANK" with the country's regulatory bodies, including the Verkhovna Rada of Ukraine, the Cabinet of Ministers of Ukraine, the National Bank of Ukraine, other state and local bodies executive. As a public sector bank, JSB "UKRGASBANK" for the period of the war was

included by the decision of the National Bank of Ukraine under number 9/DSK dated 24.04.2022 "On approval of the list of banks of Ukraine involved in the work (implementation of operations) in the conditions of a special period" to the list of objects of critical infrastructure in the banking system of Ukraine and the list of authorized banks of Ukraine that are involved in the work (implementation of operations) in the conditions of a special period (martial law in force in Ukraine from 24.02.2022).

Ecological aspects:

JSB "UKRGASBANK" implements its activities in accordance with nationally approved concepts of "green" transition at the state level, aimed at integrating internationally defined tasks of decarbonization of the economy in Ukraine with the aim of achieving the climate goals defined by the Paris Climate Agreement. First of all, the Bank carries out its activities in accordance with the Concept of the "green" energy transition of Ukraine until 2050, which defines the main directions and tasks of the "green" transformation of the Ukrainian economy, including the implementation of RES, energy-efficient solutions, modern models of waste management, the implementation of energy-efficient and energy-saving technologies in agriculture and implementation of digitization of economic processes. In addition, JSB «UKRGASBANK» implements its environmental protection activities based on the principles of the Environmental Policy of Ukraine, approved by the Law of Ukraine "On the Basic Principles (Strategy) of the State Environmental Policy of Ukraine for the Period Until 2030" dated 28 February 2019 No. 2697-VIII.

Social aspects:

The state regulates the activities of JSB "UKRGASBANK" in the field of corporate social responsibility and activities in the creation of an inclusive and barrier-free environment, according to the updated Strategy of the National Bank of Ukraine "Financial Fortress of Ukraine", which takes into account the factors of the influence of Russia's invasion on the conditions of the functioning of the financial system and aims to protect financial stability and ensuring sustainable recovery of the country.

JSB "UKRGASBANK" implements its activities in accordance with social norms and standards aimed at ensuring continuity and barrier-free access of citizens to the full provision of financial instruments, including during possible power outages (the bank is part of a network of branches that can work under account of own autonomous generation Power banking)

JSB "UKRGASBANK", implementing its activities in accordance with the principles of sustainable development, provides credit for projects of restoration and reconstruction of local communities, maintenance of stability and continuity of business operations and critical and social infrastructure during the war. Thus, the Government of Ukraine simplified the terms of lending as much as possible under the program "Affordable loans 5-7-9%" to support domestic business in the conditions of martial law. In particular, the rate on loans for farmers was reduced to 0%, and state guarantees for loans were increased to 80%. The main priorities in the activity of public sector banks during the war period are defined, including, but not exclusively, financing (1) of the agricultural sector of the economy and the food industry for the purpose of food security of the country, including the sowing campaign, including related industries that ensure the functioning agricultural enterprises (suppliers of fuel, fertilizers, seeds, plant protection products, etc.); (2) critical infrastructure enterprises; (3) infrastructure projects aimed at the restoration/development of social, transport and critical infrastructure facilities, including those damaged/destroyed as a result of conducting military operations during martial law;

Management aspects:

According to the "Main (strategic) directions of activity of public sector banks during the period of martial law and post-war economic recovery", enhanced requirements for the level and quality of corporate governance are applied to public sector banks, including, but not exclusively, in terms of: (1) implementation professional activity and decision-making based on the need to preserve the environment in which banks function (in particular, preservation of economic activity, critical infrastructure, employment of employees, etc.), prevention of humanitarian catastrophe and/or economic blockade; (2) the duty of the manager, deputy managers, members of collegial bodies, members of the supervisory board, other officials of the bank to ensure

availability of 24-hour communication with them, as well as the possibility of their full performance of their duties; (3) ensuring the integrity and continuity of the work of the bank's supervisory board and management board; - proactiveness at all levels of the bank's corporate management system in solving state tasks, decisions of the bank's top management body.

The state regulates the activities of JSB "UKRGASBANK" in the field of corporate governance, which contributes to increasing the Bank's transparency and accountability. The National Bank of Ukraine is the main regulator of the financial sector in Ukraine and interacts with all banks, including JSB "UKRGASBANK", directly influencing the personnel of the Issuer's management bodies

As a state bank, JSB "UKRGASBANK" is responsible and accountable to state bodies for its activities and compliance with regulatory requirements. In addition, JSB "UKRGASBANK" participates in public events, working groups and publicly reports on the results of its work, including in the direction of sustainable banking. At the same time, such information about the main trends, obstacles and prospects for financing sustainable development projects in Ukraine, primarily in directions that are strategically important for the State, is taken into account, including, by state bodies when developing plans and concepts for sustainable development and sustainable post-war recovery of Ukraine.

- ***International organizations.***

International organizations provide support to JSB "UKRGASBANK" in the form of financial resources, guarantees, and other banking instruments, as well as consultations, training, and methodological support. JSB "UKRGASBANK" cooperates with international organizations, including - International Finance Corporation (IFC), United Nations Industrial Development Organization (UNIDO), European Bank for Reconstruction and Development (EBRD), Black Sea Trade and Development Bank (BSTDB), Nordic Environmental Finance Corporation (NEFCO), European Investment Bank (EIB), UN Environment Programme Finance Initiative, German State Development Bank (KfW), etc. International organizations implement modern policies in the field of sustainable development in Ukraine, and have the appropriate influence, establishing the appropriate conditions for receiving preferential financial instruments, including the implementation of relevant standards of sustainable banking in their activities and the formation of specialized reporting on sustainable development to receive feedback from the Bank. As a result of cooperation with the International Finance Corporation, a system of ecological and social risk assessment was implemented in JSB "UKRGASBANK", based on 8 standards of the International Finance Corporation (IFC), which, among other things, contains a list of types of economic activities that cannot be credited by the Bank, since the implementation of such projects can potentially lead to negative consequences for the environment and local communities.

*Ecological aspects:*

JSB "UKRGASBANK" cooperates with international organizations working in the direction of sustainable development in the implementation of programs aimed at reducing resource consumption and CO2 emissions by enterprises (which contributes to environmental protection), primarily in the implementation of energy-efficient modernization projects and the implementation of resource conservation projects, as well as for the purpose of organizing joint training for employees, clients and partners of the Bank on ecological (environmental protection) projects;

*Social aspects:*

JSB "UKRGASBANK" cooperates with international organizations working in the direction of sustainable development, regarding the organization of training for bank employees, clients and partners of the Bank in the areas of financing social development projects and sustainable post-war reconstruction. The Bank is considering the possibility of cooperation with international organizations for the purpose of joint development and implementation of programs aimed at the implementation of projects of sustainable recovery and social development of local communities.

*Management aspects*

International organizations working in the direction of sustainable development require JSB «UKRGASBANK» in its activities to adhere to international standards of corporate governance, in order to ensure transparency and complete disclosure of information regarding the implementation of projects in the direction of sustainable development by the Issuer.

- **Banking sector of Ukraine.** The banking sector of Ukraine is a highly competitive environment in which JSB "UKRGASBANK" interacts with other banks on the implementation of strategic tasks defined by state authorities for the development of sustainable banking (which includes the development of financing programs in accordance with the concept of "green" transition and state environmental policy of Ukraine, areas of renewable energy, energy-efficient modernization and implementation of resource conservation projects, sustainable agricultural and agrarian production, etc.), as well as implementation of the principles of barrier-free and continuity of activity in the organization of banking processes. According to the Policy on the development of sustainable financing, developed by the National Bank of Ukraine, banks of Ukraine, primarily banks that are members of international banking groups and banks of the public sector of the economy, implement environmental and social risk assessment in their activities. The Issuer's interaction with the banking sector of Ukraine is bilateral and encourages the Bank to actively work on the development and implementation of new banking products, lending programs in the direction of sustainable development, implementation of intra-bank ESG projects, active activities in the media and information space, etc., with the aim of preserving JSB "UKRGASBANK" » leadership positions in the field of sustainable, including "green" financing in Ukraine.

- **Public organizations.** Public organizations working in Ukraine in the direction of sustainable development, including environmental protection and social development of local communities, act as aggregators of clients' needs in specialized financing, providing banks with feedback on the actual state of development of sustainable financing in Ukraine. Interaction with public organizations contributes to the Bank's understanding of trends, obstacles and issues in the market of sustainable financing, including taking into account the peculiarities caused by the war. In addition, interaction with public organizations has a positive effect on the recognition and formation of a positive environmental and social image of JSB "UKRGASBANK" on the banking services market of Ukraine as a sustainable development bank.

- **Bank clients.** The Bank's clients have a significant impact on the Bank's activities in the social aspect. Analyzing customer requests, the Bank is engaged in the development and implementation of new or improvement of already existing banking products in the direction of sustainable banking, which satisfy the needs of customers in the implementation of sustainable development projects. In addition, clients require JSB "UKRGASBANK" to be transparent in its reporting and to disclose information as fully as possible, including regarding its activities in the field of sustainable banking.

7 The main provisions of the policy regarding interaction with stakeholders, including shareholders / participants:

The Bank interacts with stakeholders based on the requirements and principles of the IFC Guidelines: Stakeholder Engagement – A Guide for Companies on Good Business Practices in Emerging Market Economies. According to the Ecological and Social Responsibility Policy of JSB "UKRGASBANK", communication with interested parties (stakeholders) provides an important contribution to the development of the Bank and allows to develop and promote sustainability criteria, solve problems of sustainable development and encourage appropriate actions. The environmental and social responsibility policy of JSB "UKRGASBANK" also defines as an important element of the Bank's interaction with stakeholders the mechanism for handling external complaints related to ecological and social risks under sustainable development projects financed by the Bank. A separate communication channel has been created to ensure the possibility of receiving information on projects financed by the Bank from third parties, including

the community that may be negatively affected by the project. At the same time, the Bank encourages feedback from all interested parties and guarantees the processing of applications guided by the principles of fairness, consistency and efficiency.

In 2024, it is planned to implement the Sustainable Banking Policy at JSB “UKRGASBANK”, which will also regulate the Issuer's relations with stakeholders in the direction of sustainable banking, other than the assessment of ecological and social risks, including in the direction of financing sustainable development projects. The policy will include a stakeholder engagement plan that aims to identify and describe consultation and disclosure requirements, identify key stakeholder groups, provide strategies and tools for information exchange and consultation for each stakeholder group, describe resources and responsible for the implementation of the interaction plan and the details of reporting and documentation regarding consultations and disclosure of information related to the Bank's activities in the direction of sustainable banking.

Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

ПРОТОКОЛ

створення та перевірки кваліфікованого та удосконаленого електронного підпису

Дата та час: 21:17:38 15.03.2024

Назва файлу з підписом: Management report\_ENG\_2023\_FINISH (1).pdf.p7s

Розмір файлу з підписом: 16.7 КБ

Перевірені файли:

Назва файлу без підпису: Management report\_ENG\_2023\_FINISH (1).pdf

Розмір файлу без підпису: 1.3 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Електронна печатка: ПУБЛІЧНЕ АКЦІОНЕРНЕ ТОВАРИСТВО АКЦІОНЕРНИЙ БАНК "УКРГАЗБАНК"  
П.І.Б.:

Країна: Україна

Організація (установа): ПУБЛІЧНЕ АКЦІОНЕРНЕ ТОВАРИСТВО АКЦІОНЕРНИЙ БАНК  
"УКРГАЗБАНК"

Код ЄДРПОУ: 23697280

Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 21:18:33  
15.03.2024

Сертифікат виданий: КНЕДП АБ "УКРГАЗБАНК"

Серійний номер: 5C3ECEEFC2D9BD7B

Алгоритм підпису: ДСТУ 4145

Тип підпису: Удосконалений

Тип контейнера: Підпис та дані в окремих файлах (CAAdES detached)

Формат підпису: З повними даними для перевірки (CAAdES-X Long)

Сертифікат: Кваліфікований

Версія від: 2023.12.21 13:00

Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

ПРОТОКОЛ

створення та перевірки кваліфікованого та удосконаленого електронного підпису

Дата та час: 21:04:47 15.03.2024

Назва файлу з підписом: Management report\_ENG\_2023\_FINISH (1).pdf.p7s

Розмір файлу з підписом: 17.8 КБ

Перевірені файли:

Назва файлу без підпису: Management report\_ENG\_2023\_FINISH (1).pdf

Розмір файлу без підпису: 1.3 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Підписувач: Ільницька Наталія Геннадіївна

П.І.Б.: Ільницька Наталія Геннадіївна

Країна: Україна

РНОКПП: 2565005064

Організація (установа): ПУБЛІЧНЕ АКЦІОНЕРНЕ ТОВАРИСТВО АКЦІОНЕРНИЙ БАНК "УКРГАЗБАНК"

Код ЄДРПОУ: 23697280

Посада: Головний бухгалтер

Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 21:04:46 15.03.2024

Сертифікат виданий: АЦСК Національного банку України

Серійний номер: 3E0E4EA9F723F863040000002218000022A90000

Алгоритм підпису: ДСТУ 4145

Тип підпису: Удосконалений

Тип контейнера: Підпис та дані в окремих файлах (CAdES detached)

Формат підпису: З повними даними ЦСК для перевірки (CAdES-X Long)

Сертифікат: Кваліфікований

Версія від: 2023.12.21 13:00



Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

ПРОТОКОЛ

створення та перевірки кваліфікованого та удосконаленого електронного підпису

Дата та час: 21:12:45 15.03.2024

Назва файлу з підписом: Management report\_ENG\_2023\_FINISH (1).pdf.p7s

Розмір файлу з підписом: 17.0 КБ

Перевірені файли:

Назва файлу без підпису: Management report\_ENG\_2023\_FINISH (1).pdf

Розмір файлу без підпису: 1.3 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Підписувач: Морозов Родіон Валерійович

П.І.Б.: Морозов Родіон Валерійович

Країна: Україна

РНОКПП: 2883002798

Організація (установа): АБ "УКРГАЗБАНК"

Код ЄДРПОУ: 23697280

Посада: В.о. Голови Правління

Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 21:13:39 15.03.2024

Сертифікат виданий: КНЕДП АБ "УКРГАЗБАНК"

Серійний номер: 15A7651A1FAF0B391EC3F16EF5AF95DD048335B4

Алгоритм підпису: ДСТУ 4145

Тип підпису: Удосконалений

Тип контейнера: Підпис та дані в окремих файлах (CAAdES detached)

Формат підпису: З повними даними для перевірки (CAAdES-X Long)

Сертифікат: Кваліфікований

Версія від: 2023.12.21 13:00



# Independent Auditors' Report

## To the Shareholders of Public Joint-Stock Company Joint Stock Bank "UkrGasbank"

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Public Joint-Stock Company Joint Stock Bank "UkrGasbank" (the "Bank"), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Law of Ukraine "On accounting and financial statements in Ukraine" on preparation of the financial statements.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 Notes 2 and 3 of the financial statements, which describes the negative effects on the Bank's operations of the military invasion launched by the Russian Federation on the territory of Ukraine on 24 February 2022. As also stated in Note 3, these events or conditions, along with other

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Website: <https://home.kpmg/ua/uk/home.html>  
PJSC "KPMG Audit", a company incorporated under the Laws of Ukraine, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registration No. 31032100 in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations.

Registration No. 2397 in the Register of Auditors and Auditing Entities.



matters as set forth in Notes 2 and 3, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide 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:

### Expected credit losses on loans and advances to customers

The gross amount of loans and advances to customers and the total related allowance for expected credit losses as at 31 December 2023: UAH 75 866 174 thousand and UAH 12 533 227 thousand, respectively; gain on reversal of impairment loss for the year then ended: UAH 504 671 thousand (31 December 2022: UAH 77 693 153 thousand and UAH 12 934 025 thousand, respectively; impairment loss for the year then ended: UAH 6 401 951 thousand).

Please refer to the Notes 4, 5, 9, 26 and 29 in the financial statements.

Key audit matter	Our response
<p>Loss allowances for loans and advances to customers represent management's best estimate of the expected credit losses ("ECLs") within loans and advances to customers (collectively, "loans", "exposures") at amortized cost at the reporting date.</p> <p>The loss allowances for individually significant non-performing exposures (Stage 3) are determined on an individual basis by means of a discounted cash flows analysis. The process involves subjectivity and reliance on a number of significant assumptions, including those in respect of the expected proceeds from the sale of the related collateral ("expected credit losses estimated individually").</p> <p>The loss allowances for other non-performing and performing exposures are determined by modelling techniques relying on key parameters such as the probability of default (PD), exposure at default (EAD) and loss given default (LGD), taking into account historical experience, identification of exposures with a significant increase in credit risk, forward-looking information ("expected credit losses estimated collectively").</p>	<p>Our procedures in the area performed, where applicable, with the assistance of our own financial risk-management, information technology (IT) and valuation specialists, included, among other things:</p> <ul style="list-style-type: none"> <li>• Inspecting the Bank's ECL methodology and models and assessing their compliance with the relevant requirements of the financial reporting standards. As a part of the above, we challenged the management on whether the level of the methods' sophistication is appropriate based on an assessment of the Bank specific factors;</li> <li>• Testing the design, implementation and, where appropriate, operating effectiveness, of selected key controls within the loan impairment process;</li> <li>• Independently evaluating the forward-looking information, macroeconomic projections used in the Bank's ECL assessment, by means of recalculation of parameters, corroborating inquiries of the relevant credit risk personnel and</li> </ul>

<p>We focused on this area as the measurement of expected credit losses requires the Management Board to make complex and subjective judgements and assumptions. In the light of the above factors and the uncertainty caused by military invasion launched by the Russian Federation on the territory of Ukraine, we considered expected credit losses for loans and advances to customers to be associated with a significant risk of material misstatement in the financial statements.</p> <p>Therefore, the area required our increased attention in the audit and as such was determined to be a key audit matter.</p>	<p>inspecting publicly available information;</p> <ul style="list-style-type: none"> <li>• For expected credit losses estimated collectively challenging the LGD and PD parameters used by the Bank, by testing on a sample basis input data of historical defaults and historical recoveries, and recalculation of respective models outputs, and also considering any required adjustments to reflect expected future changes and impact of Russian invasion;</li> <li>• Recalculating ECLs as part of accuracy check of application of methods, assumptions and data;</li> <li>• For a sample of loans, testing the EAD parameter by reference to the Bank's accounting system, external confirmations obtained independently from the borrowers, and to primary documents, as applicable;</li> <li>• For a sample of loans, testing the determination of segment and internal rating parameter by reference to the Bank's methodology and to primary documents and by performing recalculation, as applicable;</li> <li>• Challenging, on a sample basis, the appropriateness of the Bank's staging of exposures, including identification of exposures meeting significant increase in credit risk and default criteria;</li> <li>• Challenging, on a sample basis, the collateral valuations by inspecting valuation reports obtained by the Bank, and also by reference to publicly available data;</li> <li>• On a sample basis, assessing whether the definition of default and the standard's staging criteria were applied consistently and appropriately by reference to the underlying loan files and through inquiries of responsible loan officers and credit risk management personnel.</li> </ul>
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	<p>In addition, specifically for expected credit losses estimated individually, for a risk-based sample of loans:</p> <ul style="list-style-type: none"> <li>Challenging the Bank's cash flow projections and key assumptions used therein, by reference to our knowledge of the relevant industry and of the borrower. We also involved valuation specialist to independently assess on a sample basis the reasonableness of the collateral valuations by inspecting valuation reports obtained by the Bank, and also by comparing them to publicly available data.</li> </ul> <p>For loan exposures in totality:</p> <ul style="list-style-type: none"> <li>Examining whether the Bank's allowance for expected credit losses and credit risk-related disclosures in the financial statements appropriately include and describe the relevant quantitative and qualitative information required by the applicable financial reporting framework.</li> </ul>
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<b>Compliance with loan covenants</b>	
<p>Other borrowed funds as at 31 December 2023: UAH 5,579,937 thousand (31 December 2022: UAH 4,384,815 thousand).</p> <p>Please refer to the Notes 4, 19, 29 and 31 in the financial statements.</p>	
<b>Key audit matter</b>	<b>Our response</b>
<p>As at 31 December 2023, the Bank had significant outstanding other borrowed funds due to international and government organisations. In respect of the said indebtedness, pursuant to the terms and conditions of the underlying loan contracts, the Bank was required to comply with a significant number of financial as well as non-financial covenants.</p> <p>Any non-compliance with the covenants creates a risk of incorrect presentation of other borrowed funds in the financial statements as either current or non-current.</p> <p>Due to the above factors, coupled with the multitude of loan arrangements and covenant clauses therein to be considered and concluded</p>	<p>Our audit procedures in the area included, among other things:</p> <ul style="list-style-type: none"> <li>Inspecting the underlying loan contracts and any subsequent amendments thereto in force as at 31 December 2023, in order to evaluate whether the Bank has identified all related covenants;</li> <li>Independently reperforming the calculation of financial covenants and also, through inquiries of the relevant personnel and inspection of underlying confirmations from international and government organisations, assessing whether all significant financial and non-financial covenants were complied with and whether waivers were provided for covenants breached as at reporting date ;</li> </ul>

<p>upon, we determined this area requires our increased attention in the audit and as such was determined to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>— Examining whether the other borrowed funds maturity appropriately disclosed.</li> <li>— For any covenant non-compliance identified, evaluating whether it was appropriately considered in presenting the related loans and as either current or non-current considering waivers obtained from international and government organisations.</li> </ul>
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### Other Information

Management is responsible for the other information. The other information comprises the information included in:

- the Management Report (including the Corporate Governance Report) as set out in a separate report prepared by management,
- Annual Information of the Issuer of Securities (including the Management Report),

but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

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, 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Law of Ukraine "*On accounting and financial statements in Ukraine*" on preparation of the financial statements, 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.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### Auditors' 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 auditors' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, 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 auditors' 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 Legal and Regulatory Requirements

Pursuant to the Article 14(4) of the Law of Ukraine "On Audit of Financial Statements and Auditing", Section IV(11) of "Instruction on the procedure for preparation and publication of financial statements of Ukrainian banks" approved by the Resolution of the Board of the National Bank of Ukraine No. 373 dated 24 October 2011 (the "Instruction No. 373"), and "Requirements for information related to audit or review of financial statements of participants of capital markets and organized commodity markets, which are supervised by the National Securities and Stock Market Commission" approved by the Resolution of the National Securities and Stock Market Commission (the "NSSMC") No. 555 dated 22 July 2021 we provide the following information in addition to that required by ISAs.



#### *Appointment of the Auditor and Period of Engagement*

We were appointed by the Supervisory Board of the Bank on 10 October 2022 (Minutes of the Supervisory Board №28 dated 10 October 2022) to audit the financial statements of the Bank as at and for the year ended 31 December 2023. Our total uninterrupted period of audit engagements is two years.

#### *Provision of Non-audit Services and Disclosure of Fee-related Information*

We declare that no prohibited non-audit services referred to in the Article 6(4) of the Law of Ukraine “*On Audit of Financial Statements and Auditing*” were provided and that the engagement partner and the audit firm remain independent of the Bank in conducting the audit.

For the period to which our statutory audit relates, we have not provided any other services to the Bank which are not disclosed in the Management Report or in the financial statements.

#### *Additional Report to the Audit Committee*

We confirm that our auditors’ report is consistent with the additional report to the Audit Committee.

#### *Reporting on the NSSMC’s Requirements*

- The audit of Public Joint-Stock Company Joint Stock Bank “UkrGasbank” (Registration number 23697280 in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations) was conducted in accordance with the Engagement Contract No 100-SA/2022 dated 31 October 2022. The audit was performed from 2 October 2023 to the date of this report.
- Information on the ownership structure and the ultimate controlling party of the Bank is included in Note 1 to the financial statements.
- As at 31 December 2023 the Bank is neither a controlling party, nor a member of non-banking financial group.
- The Bank is a public interest entity in accordance with the Law of Ukraine “*On accounting and financial statements in Ukraine*”.
- As at 31 December 2023, the Bank does not have subsidiaries.
- The Revision committee did not perform examination of the Bank’s financial performance for the year ended 31 December 2023 as it was liquidated on 16 December 2022.

#### *Reporting on the Management Report*

Solely based on the work we have performed in connection with our audit of the financial statements, in our opinion, the Management Report (including the Corporate Governance Report):

- is consistent, in all material respects, with the financial statements, and





- contains the elements required by the Section IV of the Instruction No. 373 and clauses 1-9 of Article 127(3) of the Law of Ukraine “*On Capital Markets and Organized Commodity Markets*”.

If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

The engagement partner on the audit resulting in this independent auditors' report is:

Anna Parkhomenko  
*Registration No. 101539 in the Register of Auditors and Auditing Entities*  
Deputy Director

### **PJSC “KPMG Audit”**

15 March 2024

Kyiv, Ukraine



**STATEMENT OF FINANCIAL POSITION****as at 31 December 2023***(UAH thousands)*

	Notes	31 December 2023	31 December 2022 (reclassified*)	31 December 2021 (reclassified*)
<b>Assets</b>				
Cash and cash equivalents	7	49,749,451	35,346,787	30,188,103
Loans and other balances with banks	8	1,633,211	2,420,569	5,081,150
Loans and advances to customers	9	63,332,947	64,759,128	55,889,683
Investments in securities	10	55,728,665	23,217,149	29,458,919
Derivative financial assets	11	2,933	15,069	509
Investment property	12	154,269	156,366	153,955
Current tax assets		1,070,155	2,690,423	–
Deferred tax assets	13	54,449	30,138	32,254
Property, equipment and intangible assets	14	1,225,785	1,234,025	1,187,141
Right-of-use assets	15	138,631	166,113	255,664
Other financial assets	16	2,112,157	900,755	334,523
Other non-financial assets	16	664,730	709,427	689,615
<b>Total assets</b>		<b>175,867,383</b>	<b>131,645,949</b>	<b>123,271,516</b>
<b>Liabilities</b>				
Due to banks	17	2,794,957	5,568,569	4,799,959
Due to customers	18	154,133,564	112,778,613	96,736,381
Derivative financial liabilities	11	20,376	737	72,346
Other borrowed funds	19	5,579,937	4,384,815	7,205,704
Provisions	21			
Provisions for loan commitments and financial guarantee contracts		677,152	302,743	369,357
Other provisions		153,335	396,062	266,105
Other financial liabilities	16	648,999	771,373	1,343,870
Other non-financial liabilities	16	613,411	526,915	402,119
Current tax liabilities		–	–	444,773
<b>Total liabilities</b>		<b>164,621,731</b>	<b>124,729,827</b>	<b>111,640,614</b>
<b>Equity</b>				
Issued capital	20	13,837,000	13,837,000	13,837,000
Share premium		135,942	135,942	135,942
Result from transactions with the shareholder		(1,102,304)	(1,102,304)	(1,102,304)
Treasury shares		(518,439)	(518,439)	(518,439)
Reserve and other funds of a bank		967,777	967,777	590,676
Other reserves	20	1,528,277	(864,441)	(2,185)
Retained earnings		(3,602,601)	(5,539,413)	(1,309,788)
<b>Total equity</b>		<b>11,245,652</b>	<b>6,916,122</b>	<b>11,630,902</b>
<b>Total equity and liabilities</b>		<b>175,867,383</b>	<b>131,645,949</b>	<b>123,271,516</b>

\*Comparative information was reclassified. Details of the reclassification are provided in Note 3(g).

**Authorized and signed on behalf of the Bank's management by:**

Acting Chairman of the Management Board

Rodion MOROZOV

Chief Accountant  
15 March 2024

Nataliia ILNYTSKA

V. Usenko  
+380 (050) 508-97-97

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****for the year ended 31 December 2023***(UAH thousands)*

	<b>Notes</b>	<b>2023</b>	<b>2022 (reclassified*)</b>
<b>Interest income</b>		<b>17,369,733</b>	<b>11,566,183</b>
Interest revenue calculated using effective interest method	24	17,300,343	11,316,936
Other interest income		69,390	249,247
Commission income	22	2,260,965	2,327,460
Interest expense	25	(10,690,068)	(6,571,938)
Commission expense	22	(964,194)	(906,636)
Net gain (loss) on operations with financial instruments at fair value through profit or loss		267,157	(44,721)
Net gain on operations with debt financial instruments, at fair value through other comprehensive income		72,374	37,331
Net gain (loss) from trading in foreign currencies		260,318	(419,087)
Net gain from revaluation of foreign exchange		274,865	1,155,577
Net (loss) gain from revaluation of investment property		(2,097)	914
Impairment loss determined in accordance with IFRS 9	7, 8, 9, 10, 26	(167,519)	(7,071,168)
Other gains	23	448,147	214,554
Employee benefits expense	28	(2,941,919)	(2,535,646)
Depreciation and amortisation expense	14, 15	(427,404)	(365,780)
Other administrative and operating expense	28	(1,068,390)	(1,380,922)
Impairment loss for non-financial assets	27	(24,010)	(14,697)
<b>Profit (loss) from operating activities</b>		<b>4,667,958</b>	<b>(4,008,576)</b>
(Loss) gain arising from derecognition of financial assets measured at amortised cost		(7,055)	9,437
<b>Profit (loss) before income tax</b>		<b>4,660,903</b>	<b>(3,999,139)</b>
Tax income (expense) / reimbursement	13	(2,724,477)	137,626
<b>Profit (loss)</b>		<b>1,936,426</b>	<b>(3,861,513)</b>

\*Comparative information was reclassified. Details of the reclassification are provided in Note 3(g).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

(continued)

	<b>Notes</b>	<b>2023</b>	<b>2022 (reclassified*)</b>
<b>Statement of Comprehensive Income</b>			
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income that will not be reclassified to profit or loss, before income tax</b>			
Other comprehensive income, before income tax, (losses) gains on revaluation of property, plant and equipment, right-of-use assets and intangible assets	20	(24,092)	23,127
<b>Total other comprehensive income that will not be reclassified to profit or loss, before income tax</b>		<b>(24,092)</b>	<b>23,127</b>
<b>Components of other comprehensive income that will be reclassified to profit or loss, before income tax</b>			
Net change in fair value of debt instruments at fair value through other comprehensive income	20	2,056,063	(1,449,078)
Reclassification of cumulative (gain)/loss on disposal of debt instruments at fair value through other comprehensive income to profit or loss	20	(72,374)	(37,331)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	20	306,476	749,789
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	20	(1,480)	-
<b>Total other comprehensive income that will be reclassified to profit or loss, before income tax</b>		<b>2,288,685</b>	<b>(736,620)</b>
<b>Total other comprehensive income/(loss), before income tax</b>		<b>2,264,593</b>	<b>(713,493)</b>
Income tax relating to changes in revaluation surplus of property, plant and equipment, right-of-use assets and intangible assets included in other comprehensive income	20	(6,451)	(4,812)
Income taxes related to financial assets measured at fair value through other comprehensive income included in other comprehensive income	20	134,962	(134,962)
<b>Total other comprehensive income (loss)</b>		<b>2,393,104</b>	<b>(853,267)</b>
<b>Total comprehensive income (loss)</b>		<b>4,329,530</b>	<b>(4,714,780)</b>
Weighted average number of shares (in thousands)		13,837,000	13,837,000
Basic earnings/(loss) per share (in UAH)		0.14	(0.28)

\*Comparative information was reclassified. Details of the reclassification are provided in Note 3(g).

**Authorized and signed on behalf of the Bank's management by:**

Acting Chairman of the Management Board

Rodion MOROZOV

Chief Accountant

Nataliia ILNYTSKA

15 March 2024

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**STATEMENT OF CHANGES IN EQUITY****for the year ended 31 December 2023***(UAH thousands)*

	Notes	Issued capital	Share premium	Result from transactions with the shareholder	Treasury shares	Reserve and other funds of a bank	Revaluation surplus	Other reserves Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	Reserve of gains and losses from investments in equity instruments	Retained earnings	Total equity
<b>As at 1 January 2022 (before reclassification)</b>		13,837,000	135,942	(1,102,304)	(518,439)	-	224,594	(224,854)	(1,925)	(719,112)	11,630,902
Reclassification		-	-	-	-	590,676	-	-	-	(590,676)	-
<b>As at 1 January 2022 (reclassified)</b>		<u>13,837,000</u>	<u>135,942</u>	<u>(1,102,304)</u>	<u>(518,439)</u>	<u>590,676</u>	<u>224,594</u>	<u>(224,854)</u>	<u>(1,925)</u>	<u>(1,309,788)</u>	<u>11,630,902</u>
Loss		-	-	-	-	-	-	-	-	(3,861,513)	(3,861,513)
Other comprehensive income	20	-	-	-	-	-	18,315	(871,582)	-	-	(853,267)
<i>Comprehensive income</i>		-	-	-	-	-	18,315	(871,582)	-	(3,861,513)	(4,714,780)
Increase (decrease) through other changes, equity	20	-	-	-	-	-	(8,989)	-	-	8,989	-
Distribution of previous year's profit		-	-	-	-	377,101	-	-	-	(377,101)	-
<b>As at 31 December 2022 (reclassified*)</b>		<u>13,837,000</u>	<u>135,942</u>	<u>(1,102,304)</u>	<u>(518,439)</u>	<u>967,777</u>	<u>233,920</u>	<u>(1,096,436)</u>	<u>(1,925)</u>	<u>(5,539,413)</u>	<u>6,916,122</u>
Profit		-	-	-	-	-	-	-	-	1,936,426	1,936,426
Other comprehensive income	20	-	-	-	-	-	(30,543)	2,425,127	(1,480)	-	2,393,104
<i>Comprehensive income</i>		-	-	-	-	-	(30,543)	2,425,127	(1,480)	1,936,426	4,329,530
Increase (decrease) through other changes, equity	20	-	-	-	-	-	(386)	-	-	386	-
<b>As at 31 December 2023</b>		<u>13,837,000</u>	<u>135,942</u>	<u>(1,102,304)</u>	<u>(518,439)</u>	<u>967,777</u>	<u>202,991</u>	<u>1,328,691</u>	<u>(3,405)</u>	<u>(3,602,601)</u>	<u>11,245,652</u>

**Authorized and signed on behalf of the Bank's management by:**

Acting Chairman of the Management Board

Rodion MOROZOV

Chief Accountant

Nataliia ILNYTSKA

15 March 2024

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*The accompanying notes on pages 6 to 80 are an integral part of these financial statements.*

## STATEMENT OF CASH FLOWS (direct method)

for the year ended 31 December 2023

(UAH thousands)

	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities</b>			
Interest received		17,160,741	10,530,860
Interest paid		(10,434,164)	(6,181,348)
Fees and commissions received		2,301,100	2,318,520
Fees and commissions paid		(964,195)	(906,637)
Net gain (loss) from trading in foreign currencies		260,318	(419,087)
Result on operations with derivative financial instruments		301,799	29,979
Other gains received		359,104	301,756
Employee benefits expense		(2,799,220)	(2,439,144)
Other administrative and operating expense		(1,049,553)	(1,238,324)
<b>Cash flows from (used in) operating activities before changes in operating assets and liabilities</b>		<b>5,135,930</b>	<b>1,996,575</b>
<i>Net increase/(decrease) in operating assets</i>			
Loans and other balances with banks		820,557	2,867,313
Loans and advances to customers		2,511,647	(7,544,624)
Other assets		(1,042,486)	801,417
<i>Net increase/(decrease) in operating liabilities</i>			
Due to banks		(2,854,665)	(259,071)
Due to customers		38,747,368	3,512,831
Other liabilities		169,723	(809,347)
<b>Net cash flows from (used in) operating activities before income taxes</b>		<b>43,488,074</b>	<b>565,094</b>
Income taxes paid		(1,000,000)	(3,135,227)
<b>Net cash flows from (used in) operating activities</b>		<b>42,488,074</b>	<b>(2,570,133)</b>
<b>Cash flows from (used in) investing activities</b>			
Acquisition of securities		(92,830,478)	(21,986,690)
Proceeds on sale and repayment of securities		62,678,031	26,045,971
Acquisition of property and equipment and intangible assets		(354,403)	(314,544)
Proceeds on disposal of property and equipment		1,434	19,981
Proceeds on investment property		12,654	12,664
Proceeds on disposal of other property	16	2,012	54,202
<b>Net cash flows from (used in) investing activities</b>		<b>(30,490,750)</b>	<b>3,831,584</b>
<b>Cash flows from (used in) financing activities</b>			
Proceeds of borrowed funds from credit institutions	34	2,360,603	999,718
Repayment of borrowed funds from credit institutions	34	(439,957)	(648,443)
Proceeds of borrowed funds from the National Bank of Ukraine	34	-	7,200,000
Repayment of borrowed funds from the National Bank of Ukraine	34	(1,000,000)	(10,900,000)
Repayment of lease liability principal amount	34	(81,305)	(90,871)
<b>Net cash flows from (used in) financing activities</b>		<b>839,341</b>	<b>(3,439,596)</b>
Effect of exchange rate changes on cash and cash equivalents		1,567,582	7,336,644
Effect of expected credit losses on cash and cash equivalents		(1,583)	185
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,402,664</b>	<b>5,158,684</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>35,346,787</b>	<b>30,188,103</b>
<b>Cash and cash equivalents at the end of the period</b>	7	<b>49,749,451</b>	<b>35,346,787</b>

Authorized and signed on behalf of the Bank's management by:

Acting Chairman of the Management Board

Rodion MOROZOV

Chief Accountant

Nataliia ILNYTSKA

15 March 2024  
V. Usenko  
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The accompanying notes on pages 6 to 80 are an integral part of these financial statements.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

## 1. General information

### Organizational structure and operations

PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK" (the "Bank") was established on 21 July 1993 based on the merger of several commercial banks. Since September 2009, the Government of Ukraine exercises control over the Bank by holding a majority stake of its share capital.

The Bank is engaged in accepting deposits from individuals and legal entities and extending loans, transferring payments in Ukraine and abroad, exchanging currencies and providing other banking services to its corporate and retail customers. The Bank's Head Office is located in Kyiv. As at 31 December 2023, the Bank's network consisted of 223 registered outlets (including 220 operating outlets) (2022: 217 registered outlets, including 217 operating outlets) in different regions of Ukraine. The registered address of the Bank is : 1 Yerevanska St., Kyiv, Ukraine. The Bank's mailing address: 19, 21,23 Staronavodnytska St., Kyiv, Ukraine.

As at 31 December 2023 and 31 December 2022, the Bank's issued shares were held by the following shareholders:

<b>Shareholder</b>	<b>31 December 2023, 31 December 2022,</b>	
	<b>%</b>	<b>%</b>
Ministry of Finance of Ukraine	94.94	94.94
Other	5.06	5.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

As at 31 December 2023 and 31 December 2022, the Bank's ultimate controlling party was the state of Ukraine represented by the Ministry of Finance of Ukraine.

The Bank has no subsidiaries.

The Supervisory Board of JSB "UKRGASBANK" is a collegial body responsible for protecting the rights of depositors, other creditors, and shareholders of JSB "UKRGASBANK" and, within its competence, overseeing and regulating the activities of the Bank's Management Board.

The Supervisory Board of JSB "UKRGASBANK" consists of 5 independent members and 2 members representing the shareholder - the State of Ukraine, with the Chairman of the Supervisory Board being an independent member. In accordance with Part 12 of Article 42 of the Law of Ukraine "On Banks and Banking Activity," the chairman and members of the bank's board are appointed after their approval by the National Bank of Ukraine. The Supervisory Board of JSB "UKRGASBANK" reports on its activities to the general meeting of shareholders. The functional responsibilities of each member of the Supervisory Board are defined by current legislation, ", the Articles of Association of JSB "UKRGASBANK," the Regulations on the Supervisory Board of JSB "UKRGASBANK," the regulations on the relevant committee of the Supervisory Board, and the civil contract concluded with such member of the Supervisory Board.

All members of the Supervisory Board have economic and/or legal education and are proficient in English. Three members of the Supervisory Board hold academic degrees: the academic title of Candidate of Economic Sciences (Yurii BLASHCHUK and Marina LAZEBNA), a Ph.D. in Risk Management (Sanela PAŠIĆ), and one member of the Supervisory Board holds an MBA degree from the London Business School (Irakli ELASHVILI). All members of the Supervisory Board have experience in senior positions in government bodies and/or the banking and financial sector. The Supervisory Board includes members who have significant experience working in the financial and banking sectors of foreign countries, including risk management and credit portfolio management, allowing for the adoption of best practices in the work of the Supervisory Board.

These interim condensed financial statements have been authorized for issue and signed by the Bank's management 15 March 2024.

## 2. Operating environment

The Bank's activities are influenced by the economy and financial markets of Ukraine, which demonstrate characteristics of a developing market. Legal, tax and administrative systems continue to develop, but are associated with the risk of ambiguity in the interpretation of their requirements, which are also subject to frequent changes, which, together with other legal and fiscal obstacles, creates additional problems for entities that conduct business in Ukraine.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

On 24 February 2022, the Russian Federation launched a full-scale military invasion to Ukraine. The ongoing war has led to significant civilian casualties, massive displacement of the population, damage to infrastructure, electricity outages, and overall significant disruption to economic activity in Ukraine. This also had a detrimental and long-lasting impact on the political and business environment in Ukraine, including on the ability of many entities to continue business as usual. In response to the military invasion, the President of Ukraine introduced the state of martial law, which is currently extended until 13 March 2024.

Throughout 2023 and early 2024, active hostilities remain intense, albeit concentrated in eastern and southern Ukraine, and the Autonomous Republic of Crimea and most of the territory of Donetsk, Luhansk, Kherson and Zaporizhzhia regions are still under occupation. Additionally, since October 2022, the Russian Federation has launched missile and drone attacks that have affected the power grid as well as other critical civilian infrastructure across Ukraine.

Despite the ongoing war, macroeconomic indicators have turned out to be more resilient than initially expected. Annual inflation decreased to 5.1%. There was also a reduction in the National Bank of Ukraine (hereinafter - the NBU) discount rate from 25% to 15% and the abandonment of the exchange rate peg policy. However, there are expectations of a slowdown in growth due to the ongoing war. Meanwhile, the budget balance continues to show a significant deficit caused by defense and national security-related expenditures. The forecasts are generally subject to significant risks, primarily due to increased uncertainty caused by the war, as well as possible delays or reductions in external financing.

From a full-scale military invasion, the NBU introduced certain administrative restrictions on currency conversion transactions and capital movements, including restrictions on interest and dividend payments abroad. Due to these restrictions, UAH lacks exchangeability and is not freely convertible. From August 2023, the National Bank of Ukraine is gradually easing a number of restrictions for the population and businesses.

After invasion, all global rating agencies lowered Ukraine's ratings.

In December 2023, amendments were made to the Tax Code of Ukraine, which set the income tax rate for banks based on the results of 2023 at the level of 50%, and starting from 2024, the income tax rate at the level of 25%. The income tax rate for the 2022 results was set at 18%.

According to the decisions of the NBU, public sector banks, including JSC "UKRGASBANK", are included in the list of critical infrastructure facilities in the banking system of Ukraine and the list of authorized banks of Ukraine that are involved in the operating during a special period.

### **3. Basis of preparation**

#### **(a) Statement of compliance**

These financial statements have been prepared in accordance with IFRS accounting standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and the requirements of Law of Ukraine "On Accounting and Financial Reporting in Ukraine" No. 996-XIV dated 16 July 1999, concerning the preparation of financial statements.

#### **(b) Basis of measurement**

These financial statements have been prepared on the historical cost basis, except for buildings that are carried at revalued amount, investment property carried at fair value, assets held for sale, which are carried at the lower of carrying amount or fair value less cost to sell, and financial instruments measured at fair value, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable in the market or is assessed using a different valuation technique. In measuring the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability as if the market participants took those characteristics into account when pricing the asset or liability at the measurement date.

#### **(c) Going concern**

Under the current circumstances, the Bank continues its operational activities.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

As at 31 December 2023, in accordance with the requirements of the National Bank of Ukraine, 121 support outlets are successfully operating within JSC "UKRGASBANK" (outlets of the Bank that are equipped with generators and have guaranteed backup communication lines and/or are equipped with Starlink satellite communication and are able to work in blackout conditions), which is 55% of the Bank's network of operating outlets (220 operating outlets). In addition to the main outlets, other outlets of the Bank are equipped with generators and backup communication channels.

Currently, the Bank does not plan to change its business model due to martial law and will continue to function as a universal bank with a full range of banking services for all categories of clients in accordance with the Main (strategic) areas of activity of public sector banks for the period of martial law and post-war economic recovery, approved by the Government in May 2022, and the Bank's Budget for 2024 (hereinafter - the Budget).

The budget provides for maintaining an adequate level of liquidity and continues to optimize the balance sheet structure, giving preference to investments in low-risk assets.

As at 31 December 2023, the total amount of cash and cash equivalents is UAH 49,749,451 thousand.

The Bank has breached covenants for loans received from credit institutions, which provide for the event of default and cross-default under loan agreements in the amount of UAH 3,198,099 thousand. The Bank has received all the necessary waiver letters from creditors until the end of 2023 (Note 19 and 29). As at the date of approval of these financial statements, the lenders have provided neither claims for early repayment of debt.

In 2024, the Bank expects non-compliance to occur in respect of covenants of this loan agreements. The Bank obtained waivers from 3 creditors with regard to covenants breached for 12 months of 2024 in the amount of UAH 1,036,332 thousand, and from 2 creditors with regard to covenants breached for 7 months of 2024 in the amount of UAH 2,161,767 thousand.

The Bank is in constant communication with creditors and expects to receive from 2 creditors the necessary letters of refusal to the requirements of the financial covenants ("waiver") until the end of 2024. The result of these efforts cannot be predicted, however, in case the early repayment request would be received, the Bank has sufficient funds to continue its uninterrupted activities and will not require additional financing for settlement of these loans.

Based on the results of the Bank's stability assessment conducted by the NBU in 2023, the necessary level of capital adequacy was determined for the Bank. In accordance with the requirements of the legislation, the Bank has developed an appropriate capitalization program, which provides for compliance with capital adequacy standards at the current regulatory level until 30 September 2024, and compliance with the increased necessary threshold levels of capital adequacy standards until 31 March 2026. The developed capitalization program was submitted to the NBU for approval. As of the date of signing this report, the Bank is awaiting a response from the NBU regarding approval of the capitalization program.

According to the Budget forecast for 2024, the Management expects the Bank to comply with the NBU regulations as of 31 December 2024. As of 31 December 2023 the Bank complies with all prudential regulations and currency position limits.

The Management of the Bank monitors the development of the current situation in Ukraine caused by the armed conflict, and takes measures, if necessary, to minimize any negative consequences as much as possible and provide a full range of banking services. Further negative development of events and macroeconomic conditions may adversely affect the Bank's financial condition and results of operations in a manner that is not currently determinable.

However, the continuation of military operations may have negative consequences for the Bank's activities. Furthermore, the hostilities can also lead to extension of the current or introduction of additional administrative restrictions from the NBU, which may pose a threat to the Bank's operations and cause further disruption of the financing for both the Bank and its customers.

Therefore, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. These financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary had the Bank been unable to continue as a going concern.

These financial statements reflect management's current assessment of the impact of the Ukrainian business environment on the Bank's operations and financial position. Future operating conditions may differ from management's assessments.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***(d) Reclassifications**

When preparing the interim financial statements as at 31 December 2023 and for the year ending on this date, the Bank reviewed the principles of aggregation of essential articles and made reclassifications in the statement of financial position, the statement of changes in equity and the statement of profit and loss and other comprehensive income to achieve representation in accordance with the nature and types of transactions and taking into account presentation based on the taxonomy of financial reporting according to international standards in a single electronic format XBRL. Accordingly, certain changes were made to the presentation of comparative information for 2022 and 2021 to bring it into line with the new data presentation format.

In particular, the following reclassifications were made in the financial statement of financial position:

- (1) Articles "Precious metals", "Other property" and "Other assets" are separated into different articles "Other financial assets" and "Other non-financial assets" for the representation of assets according to the type of transactions;
- (2) The articles "Due to credit institutions" and "Due to the National Bank of Ukraine" were allocated by articles "Due to banks" and "Other borrowed funds" in accordance with the content of the operation;
- (3) Articles "Lease liabilities", "Other liabilities" are combined into separate articles "Other financial liabilities" and "Other non-financial liabilities" for the representation of liabilities according to the type of transactions;
- (4) The article "Accumulated deficit" was presented by separate articles "Retained earnings" and "Reserve and other funds of a bank" to represent changes in equity according to the type of transaction.

The table below shows the impact of the relevant reclassifications on the disclosures in the statement of financial position as at 31 December 2022 and 2021:

		<b>31 December 2022 (Before # reclassifications)</b>	<b>Reclassifications</b>	<b>31 December 2022 (After reclassifications)</b>	<b>31 December 2021 (Before reclassifications)</b>	<b>Reclassifications</b>	<b>31 December 2021 (After reclassifications)</b>
<b>Assets</b>							
Precious metals	(1)	1,349	(1,349)	-	1,666	(1,666)	-
Other property	(1)	337,064	(337,064)	-	385,353	(385,353)	-
Other assets	(1)	1,271,769	(1,271,769)	-	637,119	(637,119)	-
Other financial assets	(1)	-	900,755	900,755	-	334,523	334,523
Other non-financial assets	(1)	-	709,427	709,427	-	689,615	689,615
Other article		130,035,767	-	130,035,767	122,247,378	-	122,247,378
<b>Total assets</b>		<b>131,645,949</b>	<b>-</b>	<b>131,645,949</b>	<b>123,271,516</b>	<b>-</b>	<b>123,271,516</b>
<b>Liabilities</b>							
Due to the National Bank of Ukraine							
Ukraine	(2)	998,956	(998,956)	-	4,699,967	(4,699,967)	-
Due to credit institutions	(2)	8,954,428	(8,954,428)	-	7,305,696	(7,305,696)	-
Due to banks	(2)	-	5,568,569	5,568,569	-	4,799,959	4,799,959
Other borrowed funds	(2)	-	4,384,815	4,384,815	-	7,205,704	7,205,704
Lease liabilities							
Lease liabilities	(3)	163,506	(163,506)	-	230,772	(230,772)	-
Other liabilities	(3)	1,134,782	(1,134,782)	-	1,515,217	(1,515,217)	-
Other financial liabilities	(3)	-	771,373	771,373	-	1,343,870	1,343,870
Other non-financial liabilities	(3)	-	526,915	526,915	-	402,119	402,119
Other article		113,478,155	-	113,478,155	97,888,962	-	97,888,962
<b>Total liabilities</b>		<b>124,729,827</b>	<b>-</b>	<b>124,729,827</b>	<b>111,640,614</b>	<b>-</b>	<b>111,640,614</b>
<b>Equity</b>							
Accumulated deficit	(4)	(4,571,636)	4,571,636	-	(719,112)	719,112	-
Retained earnings	(4)	-	(5,539,413)	(5,539,413)	-	(1,309,788)	(1,309,788)
Reserve and other funds of a bank	(4)	-	967,777	967,777	-	590,676	590,676
Other article		11,487,758	-	11,487,758	12,350,014	-	12,350,014
<b>Total Equity</b>		<b>6,916,122</b>	<b>-</b>	<b>6,916,122</b>	<b>11,630,902</b>	<b>-</b>	<b>11,630,902</b>

In particular, the following reclassifications were made in the financial statement of profit or loss and other comprehensive income:

- (5) Article "Net gains on foreign exchange operations" is represented by separate articles "Net gain (loss) from trading in foreign currencies" and "Net gain (loss) from revaluation of foreign exchange" in accordance with the type of operations;

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

- (6) Changes in reserves for Cash and cash equivalents, Loans and advances to banks, Loans and advances to customers, Investments in securities, Other financial assets, Financial guarantees and Loan commitments were reclassified from articles "Credit loss expense", "Change in allowance for impairment of assets and other provisions" and included into articles "Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9". Changes in reserves for other non-financial assets were reclassified from the article "Changes in the provision for impairment of assets and other reserves" and included in the article "Impairment gain and reversal of impairment loss (impairment loss) for non-financial assets" and included in the article "Other gains (loss)";
- (7) Articles "Net gain/(losses) on derecognition of financial liabilities", "Net gains/(losses) on investment property" are reclassified into articles "Other gains (loss)". The results of revaluation of investment real estate were reclassified from the article "Net gain/(losses) from revaluation of investment property. These changes were made in accordance with the type of operations;
- (8) Articles "Depreciation and amortization", "Depreciation of right-of-use assets" are combined into separate article "Depreciation and amortisation expense" in accordance with the essence of operations;

The table below shows the impact of the relevant reclassifications on the disclosures in the statement of profit or loss and other comprehensive income for year that ended on December 31, 2022:

		31 December 2022		31 December 2022
	#	(Before	Reclassifications	(After
		reclassifications)		reclassifications)
Net gain (loss) from trading in foreign currencies	(5)	-	(419,087)	(419,087)
Net gain (loss) from revaluation of foreign exchange	(5)	-	1,155,577	1,155,577
Net gains on foreign exchange operations	(5)	736,490	(736,490)	-
loss determined in accordance with IFRS 9	(6)	-	(7,071,168)	(7,071,168)
Impairment loss for non-financial assets	(6)	-	(14,697)	(14,697)
Credit loss expense	(6)	(7,134,791)	7,134,791	-
Change in allowance for impairment of assets and other provisions	(6)	(89,125)	89,125	-
Other gains	(6)	-	214,554	214,554
Other administrative and operating expense	(7)	-	(1,380,922)	(1,380,922)
Net gain/(losses) from revaluation of investment property	(7)	-	914	914
Net gain/(losses) on derecognition of financial liabilities	(7)	(748)	748	-
Other income	(7)	340,690	(340,690)	-
Net gains/(losses) on investment property	(7)	13,578	(13,578)	-
Other operating expense	(7)	(1,380,722)	1,380,722	-
Depreciation and amortisation expense	(8)	-	(365,780)	(365,780)
Depreciation and amortization	(8)	(275,210)	275,210	-
Depreciation of right-of-use assets	(8)	(90,570)	90,570	-
Other article		4,018,895	201	4,019,096
<b>Net (losses)/gain</b>		<b>(3,861,513)</b>	<b>-</b>	<b>(3,861,513)</b>
<i>Other comprehensive income</i>				
Total comprehensive income (loss)		<b>(4,714,780)</b>		<b>(4,714,780)</b>

#### (e) Functional and presentation currency

These financial statements are presented in thousands of Ukrainian hryvnias, unless otherwise indicated. The Bank's functional and presentation currency is the Ukrainian hryvnia ("UAH").

## 4. Summary of accounting policies

### Changes in accounting policies

The Bank applied certain amendments that became effective for the annual reporting periods beginning on or after 1 January 2023. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

## Foreign currency translation

Foreign currency transactions are initially recognized in the Bank's functional currency at the exchange rates prevailing as at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates effective at the reporting date. The foreign currency gains or losses are recognized in the statement of profit or loss and other comprehensive income as a net result of foreign exchange operations. Non-monetary assets and liabilities in foreign currencies at fair value are translated into UAH at the exchange rates effective at the fair value measurement date. Non-monetary items at historical cost in a foreign currency are translated using the exchange rates prevailing at the transaction dates.

The differences between a contractual exchange rate on a specific transaction in a foreign currency and the official exchange rate established by the National Bank of Ukraine at the date of such a transaction are also included in the result of trading activities in foreign currencies.

The official exchange rates of the National Bank of Ukraine used in the preparation of these financial statements are as follows:

<b>Currency</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
USD	37.9824	36.5686
EUR	42.2079	38.9510

## Financial assets and liabilities

### **Initial recognition**

#### *Date of recognition*

All regular way purchases and sales of financial assets and liabilities are recognized on the date of transaction, i.e. the date that the Bank makes a commitment to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require the delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

### **Initial measurement**

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at fair value, including transaction costs, except when financial assets and financial liabilities are measured at fair value through profit or loss.

#### *Measurement categories of financial assets and liabilities*

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- ▶ amortized cost;
- ▶ fair value through other comprehensive income (FVOCI);
- ▶ fair value through profit or loss (FVTPL).

The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

#### *Loans and other balances with banks, loans and advances to customers, and other financial investments*

The Bank measures amounts loans and other balances with banks, loans and advances to customers and other financial investments at amortized cost only if both of the following conditions are met:

- ▶ the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- ▶ 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 (SPPI).

The details of these conditions are outlined below.

### **Business model assessment**

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its certain business objectives.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Rather than on an instrument-by-instrument basis, the Bank's business model is assessed at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- ▶ the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- ▶ how managers of the business are remunerated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- ▶ the expected frequency, value and timing of sales are also important aspects of the Bank's business model assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a manner different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### *Solely payments of principal and interest test (SPPI test)*

As a second step of its classification process, the Bank assesses the contractual terms of financial asset to identify whether there are cash flows relating thereto exclusively in payments against principal and interest on the principal amount outstanding (the so-called SPPI test).

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than a minor influence exposure to risks or volatility in the contractual cash flows that are related to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

#### *Debt instruments at FVOCI*

In accordance with IFRS 9, the Bank measures debt instruments at FVOCI when both of the following conditions are met:

- ▶ the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- ▶ the contractual terms of the financial asset match the criteria of the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position. Instead, an amount equal to the allowance for expected losses that would arise if the assets were measured at amortized cost is recognised in OCI as accumulated impairment, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is reclassified to the net profit or loss upon derecognition of the asset.

#### *Financial guarantees, letters of credit and undrawn loan commitments*

The Bank issues financial guarantees, letters of credit and undrawn loan commitments.

Financial guarantees are initially recognized in the financial statements at fair value, being the premium received. Subsequently to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less accumulated depreciation recognized in the statement of profit or loss, and ECL allowance.

Undrawn loan commitments and letters of credit are commitments under contracts, over the terms of which the Bank is required to provide a loan to the customer at predetermined conditions. These contracts fall within the scope of the ECL requirements.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are initially recognized at fair value and subsequently measured at the higher of the ECL allowance amount and the initially recognised amount less, where appropriate, the amortisation of accumulated income.

#### *Performance guarantees*

Performance guarantees are contracts that provide compensation if the other party fails to perform a contractual obligation. The risk under performance guarantee contracts is the possibility that the failure to perform the contractual obligation by the other party occurs.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, unrestricted cash balances with the National Bank of Ukraine, loans and other balances with banks that are free from contractual encumbrances, and the overnight deposit certificates issued by the National Bank of Ukraine, except for balances of precious metals on the correspondent accounts.

### **Balances in precious metals**

Balances in precious metals on the correspondent accounts in Banks are recognized at fair value through profit or loss. The value of assets changes on a daily basis depending on the prices for precious metals and the official exchange rates for precious metals in the Ukrainian market and recognized as part of Loans and other balances with banks..

### **Loans and other balances with banks**

In the normal course of business, the Bank grants loans or maintains deposits for various periods of time with other credit institutions. Loans and advances to banks is initially measured at fair value. Loans and advances to banks with fixed maturities is measured at amortized cost using the effective interest rate method and is accounted net of expected credit losses.

### **Precious metals**

Precious metals are stated at the lower of net realizable value or cost. The net realizable value of precious metals is based on quoted market prices. Foreign currency revaluation effect is recognized as exchange differences on transactions with precious metals within Net gain from revaluation of foreign exchange of the Statement of profit or loss and other comprehensive income.

### **Repurchase and reverse repurchase agreements**

Sale and repurchase agreements of securities ("repo") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the counterparty has the right by contract or common practice to sell or re-pledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within due to credit banks or customers. Securities purchased under agreements to resell (reverse repurchase agreements or "reverse repo") are recorded as due from other credit institutions, or loans and advances to customers, as appropriate. The difference between sale and repurchase price is treated as interest income or expense and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the financial statements. Securities borrowed are not recorded in the financial statements, unless sold to third parties, in which case the purchase and sale is recorded within gains less losses from investments at fair value through profit/loss. The obligation to return them is recorded at fair value as a trading liability.

### **Derivative financial instruments**

In the course of its ordinary activities, the Bank uses various derivative financial instruments, including forward contracts and swaps in foreign exchange markets, which are concluded predominantly with Ukrainian banks. Derivative instruments are initially recognized at fair value at the date of the contract, after which they are revalued at fair value. All derivative instruments are recognized as assets when their fair value is positive and as liabilities if their fair value is negative.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Changes in the fair value of derivative instruments are recognized immediately within article "Net gain (loss) on operations with financial instruments at fair value through profit or loss" of the statement of profit or loss and other comprehensive income. The Bank estimates and calculates the fair value of forward contracts and recognizes its material changes in profit or loss.

Though the Bank performs trade operations with derivative instruments for hedging purposes, these instruments do not meet the hedge accounting criteria.

### **Borrowed funds**

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation, other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to banks and due to customers. Upon initial recognition, borrowed funds are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the borrowed funds are derecognized, as well as through the amortization process.

### **Leases**

#### *i. The Bank as a lessee*

The Bank applies a single approach to the recognition and measurement of all leases other than short-term and low-value asset leases. The Bank recognizes a lease liability in respect of the lease payments and right-of-use assets that are rights to use the underlying assets.

#### Right-of-use assets

The Bank recognizes the right-of-use assets at the commencement date of a lease (i.e., the date on which the underlying asset becomes available for use). The right-of-use assets are measured at initial cost, less accumulated depreciation and accumulated impairment losses, and adjustments for the revaluation of the lease liability. The initial cost of the right-of-use assets consists of the amount of the initial measurement of the lease liability, the initial direct costs and the lease payments made at or before the commencement date of a lease, less the received lease incentives. If the Bank does not have sufficient confidence that it will acquire title to the underlying asset at the end of the lease term, the recognized right-of-use asset is amortized on a straight-line basis to the earlier of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are tested for impairment.

#### Lease liability

At the commencement date, the Bank recognizes the lease liability at the present value of the lease payments that will be made during the lease term. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives to be received; variable lease payments that depend on the index or rate; and the amounts to be payable under residual value guarantees. Lease payments also include the cost of exercising the option to purchase, if the Bank is reasonably certain that it will take advantage of that option, and the lease termination penalties if the lease term reflects the Bank's ability to terminate the lease. Variable payments that do not depend on any index or rate are recognized as expenses in the period, in which the event or condition occurs that gives rise to such payments.

To calculate the present value of the lease payments, the Bank applies the lessee's incremental borrowing rate at the commencement date, if the interest rate implicit in the lease cannot be easily determined. After the lease takes effect, the lease liability increases to reflect the interest accrual and decreases to reflect the lease payments made. Also, in the event of modification, change of the lease term, change in the substance of fixed lease payments or change of option of purchase of the underlying asset, the carrying value of the lease liabilities is revalued.

#### Short-term and low-value asset leases

The Bank applies a recognition exemption to short-term leases (that is, to the agreements where the lease term, as at the lease commencement date, is less than 12 months and which do not include purchase option). The Bank also applies a recognition exemption with respect to low-value assets to office equipment leases and other asset leases (i.e. up to UAH 150 thousand). Lease payments under short-term leases and under low-value asset leases are recognized as lease expenses on a straight-line basis over the lease term.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

*ii. Operating leases — Bank as a lessor*

Leases for which the Bank does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is recognized on a straight-line basis over the lease term and is included in other gains in the statement of profit or loss and other comprehensive income. Initial direct costs incurred in the process of negotiating and concluding operating leases are included in the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent lease payments are recognized as income in the period in which they were received.

*iii. Finance leases — Bank as a lessor*

Lease payments receivable are recognized in the amount equal to net lease investments starting from the lease commencement date. Finance income is calculated using a method that reflects a constant periodic rate of return on the carrying amount of net investments. Initial direct costs are included in the initial amount of lease payment receivables.

### **Expected credit losses**

The Bank estimates the impairment for asset-related transactions measured at amortized cost or at fair value through other comprehensive income, for financial guarantees, letters of credit and undrawn loan commitments.

According to the general approach, depending on whether a financial instrument's credit risk has increased significantly since initial recognition, the Bank attributes its financial instruments to one of the stages described below:

- ▶ Stage 1: financial instruments for which there are no signs of a significant increase of credit risk. For these financial instruments, the Bank recognizes an allowance based on the 12-month expected credit losses;
- ▶ Stage 2: financial instruments for which there are signs of a significant increase of credit risk since the initial recognition, but no signs of impairment exist. For these financial instruments, the Bank recognizes the lifetime expected credit losses;
- ▶ Stage 3: financial instruments for which there are signs of a significant increase in credit risk since the initial recognition and the objective evidence of impairment exists. For these financial instruments, the Bank recognizes the lifetime expected credit losses;
- ▶ Purchased or originated credit impaired (POCI) financial assets are assets that are credit impaired on initial recognition. POCI assets are measured at fair value at initial recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL allowances are only recognized or derecognized to the extent that there is a subsequent change in the lifetime expected credit losses on the financial instrument.
- ▶ The definition of a significant increase in credit risk and default is given in Note 29.

#### *Renegotiated loans and/or modifications*

Where possible, the Bank seeks to renegotiate the lending conditions, i.e. restructure loans rather than to take possession of collateral. Restructuring, i.e. change in significant terms and conditions under the original agreement by entering into additional arrangements with a debtor due to its financial difficulties (as determined by the Bank) and the need to create favorable conditions for it to meet its obligations under the asset (change in interest rate; cancellation, wholly or in part, of financial sanctions (penalties, fines, forfeits) accrued for untimely payments of the principal and interest amounts and failed to be repaid by the debtor; change in the repayment schedule (terms and amounts of the principal, interest/fees); change in the fee amount, etc.).

As a result of significant changes in the terms of the loan agreement, the Bank repurchases the original financial instrument and recognizes the new financial instrument.

The Bank determines the following modifications to contractual cash flows for financial instruments as significant:

- ▶ change of the currency of the financial instrument;
- ▶ change in the type of interest rate of a financial instrument (fixed to floating or vice versa);
- ▶ consolidation of several financial instruments or a financial instrument split into several ones.

Similarly, with respect to financial assets, the Bank determines the following modification of contractual cash flows as material:

- ▶ The inclusion in the contract of the additional terms / exclusion of terms / changes in the terms of the contract that affect the result of SPPI test. If the "indicative" test results in a change in the result of the SPPI test conducted at the time of recognition of the financial instrument, the modification is considered material.

In case of significant modification, the Bank derecognizes an initial financial asset and recognizes a new financial asset. At the modification date, the Bank recognizes a new financial asset at its fair value taking into account transaction costs associated with the origination of a new financial asset (with the exception of a new asset measured at fair value through profit or loss) and determines the amount of the 12-month expected credit losses.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

If, as a result of the modification, a new financial asset is impaired at initial recognition, the Bank recognizes the cumulative changes in the expected credit losses for the lifetime of this financial asset.

The Bank continually analyses the renegotiated loans to ensure that all criteria and options for future payments are met.

If the modification of contractual cash flows does not result in the derecognition of the original financial asset (i.e. when the modification of contractual cash flows is not substantial), the Bank continues to apply current approaches to accounting for the financial asset whose contractual terms have been modified. Subject to changes in contractual cash flows discounted at the original effective interest rate, the Bank recognizes the modification-related income or expense included in interest revenue calculated using effective interest method in the statement of profit or loss and other comprehensive income.

In the case the modification of the contract terms are caused by the market shift (e.g., a decrease in the interest rate in the event of changes in the NBU discount rate), provided that the changes in the terms of the contract were not caused by the significant financial difficulties of the borrower, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification.

#### *Write off of loans*

Loans are written off using the expected credit loss allowance based on the decision of the Management Board.

The Bank recognizes bad debts on asset-based banking transactions for which there are no reasonable expectations of recovering of a financial asset. The Bank writes off such bad debts against the loss provision.

Subsequent recoveries of amounts previously written off are reflected as other gains in the statement of profit or loss and other comprehensive income in the period of recovery.

#### *Investments at fair value through other comprehensive income*

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remain being measured at fair value. Instead, an amount equal to the allowance for expected credit losses that would arise were the assets measured at amortized cost is recognized in OCI as an accumulated impairment amount, with the corresponding charge to profit or loss. The accumulated credit losses recognized in OCI is reclassified to the net profit or loss upon derecognition of the asset.

#### *Non-financial assets*

Other non-financial assets, other than deferred tax, are assessed at each reporting date for any indication of impairment. The recoverable amount of non-financial assets is the greater of their fair value, less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognized in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## **Derecognition of financial assets and liabilities**

#### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- ▶ The rights to receive cash flows from the financial asset have expired;
- ▶ The Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- ▶ The Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. Continuing involvement of the Bank is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

#### *Financial liabilities*

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### **Taxation**

The current income tax charge is calculated in accordance with the Ukrainian tax regulations.

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income, because it excludes the items of income or expense that are taxable or deductible in other years, and it further excludes the items that are never taxable or deductible. The Bank's taxable profit is determined by adjusting the financial result, which is presented in the Bank's financial statements in accordance with the International Financial Reporting Standards, for the differences arising under the Tax Code of Ukraine. The Bank's current tax expense is calculated using tax rates that have been enacted during such reporting periods.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at the tax rates set by the tax legislation of Ukraine in the respective reporting periods.

Also, Ukrainian tax regulations include other taxes and duties. These taxes are included in administrative and operating expense.

#### **Investment property**

Investment property, which comprises office premises, is the property held to earn rentals from long-term leases or for capital appreciation and is not occupied by the Bank. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, which is based on the market evidence as a result of valuations performed by independent appraisers, less any subsequently accumulated impairment losses. Revaluations are performed with sufficient regularity so that the carrying amounts did not differ significantly from those arrived at using fair value as at the reporting date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

#### **Property and equipment**

Property and equipment other than buildings and land plots is carried at historical cost, less any accumulated depreciation and recognized impairment losses, if any.

Following initial recognition at cost, buildings and land plots are subsequently carried at their revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is included in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. In this case, the increase is recognized in profit or loss. A revaluation deficit is recognized in profit and loss, except that a deficit directly offsetting a previous surplus on the same asset which is directly offset against the surplus in the property and equipment revaluation reserve.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

In addition, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Upon disposal, the respective surplus of property revaluation is transferred to retained earnings.

Depreciation/amortization of an asset commences on the first day of the month following the month in which the item of property, equipment and intangible assets became available for use and ceases on the first day of the month following the month in which the item of property, equipment and intangible assets is disposed of.

Depreciation/amortization of property, equipment and intangible assets is calculated based on the new useful life, starting from the month following the month of change in the useful life.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Furniture and equipment	2-10
Leasehold improvements	According to the shorter of the term of validity of the relevant lease contract and the term of useful life
Motor vehicles	5

Residual value, useful lives, and depreciation methods are reviewed at the end of each reporting year and adjusted as appropriate.

Costs related to repairs and renewals are charged when incurred and included in other operating and administrative expense, unless they qualify for capitalization.

### **Intangible assets**

Intangible assets include the acquired computer software. Intangible assets acquired separately are measured on initial recognition at acquisition cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The useful life of an intangible asset that arises as a result of contractual or other legal rights, and accordingly, the rate of depreciation, is limited by the term of validity of these rights or the norms of the Tax Code of Ukraine.

Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each reporting year-end. Depreciation is calculated using the straight-line method over the expected useful life of the assets. The terms of useful use are set depending on the type of intangible asset and range from 3 to 7 years.

An item of property, equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

### **Other property**

The non-current assets, which have been acquired by foreclosure of collateral and are held for further sale, are recognized as other property. These assets do not qualify for recognition as assets held for sale and cannot be recognized as non-current assets to be used in the Bank's ongoing operations. These assets are measured at the cost less depreciation.

### **Provisions**

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

When some or all of the economic benefits required to settle an obligation are expected to be recovered from a third party fully or partially, receivables are recognized to the extent it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.

### **Retirement and other benefit obligations**

The Bank has pension arrangements to the state pension system of Ukraine, which requires current contributions by the employer calculated as a percentage of gross salary payments. Such expense is charged in the period, in which the related salaries are earned.

### **Share capital and other reserves**

Ordinary and preference shares are carried in equity.

Acquired title of ownership to shares of the Bank's own issue is deducted directly from equity. A gain or loss arising from purchase, sale, issue or cancellation of the Bank's treasury shares is not included in profit or loss.

The surplus of consideration received over the nominal value of shares issued is reflected as additional paid-in capital.

Other reserves included in equity (other comprehensive income) in the Bank's statement of financial position comprise a revaluation surplus, reserve of gains and losses on financial assets measured at fair value through other comprehensive income, reserve of gains and losses from investments in equity instruments .

Profit or loss arising from transactions with the Bank's shareholders is recognized in equity as "Result from transactions with shareholders".

### **Segment reporting**

The Bank's segment reporting is based on the following operating segments: retail banking, corporate banking, clients of small and medium-sized enterprises (SME), financial institutions, treasury and investment business and other.

### **Contingencies**

Contingent liabilities are not reported in the statement of financial position but are disclosed unless the possibility of any future outflow is considered remote. A contingent asset is not recognized in the statement of financial position. The information about such assets is disclosed when an inflow of economic benefits is probable.

### **Revenue and expense recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank, and the revenue can be reliably measured.

Interest income and expense are recognized on an accrual basis using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

In calculating the effective interest rate, the Bank considers all paid and/or received fees, duties, and transaction costs that form an integral part of income/expense on the financial instrument, in particular:

- ▶ financial instrument origination fees received/paid by the Bank and related to origination or acquisition of such a financial instrument;
- ▶ fees received/paid by the Bank on lending arrangements in the course of loan origination or acquisition as consideration for participation in the financial instrument's acquisition if it is probable that a loan commitment will lead to a specific lending arrangement;
- ▶ fees received/paid by the Bank when issuing debt securities that are accounted for at amortized cost.

Income on debt financial instruments is carried using the effective interest method, except for financial assets measured at fair value through profit or loss.

Once a financial asset or a group of similar financial assets has been (partly) written down as a result of an impairment loss, interest income is thereafter recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Amortized cost of a financial asset or financial liability - the amount at which a financial asset or financial liability is valued at the time of initial recognition, after deducting funds received or paid [principal amount of the debt, interest income/expenses or other payments related with the initiation of a financial asset or financial liability], increased or decreased by the amount of accumulated depreciation calculated using the effective interest rate, - the difference between the initially recognized amount and the maturity amount of the financial instrument, as well as for financial assets adjusted taking into account the allowance for credit losses.

The gross carrying value of a financial asset is the amortized cost of the financial asset before adjusting for the amount of the allowance for credit losses.

#### *Calculation of interest income and expenses*

The effective interest rate for a financial asset or financial liability is calculated upon initial recognition of the financial asset or financial liability. When calculating interest income and expenses, the effective interest rate is applied to the value of the gross carrying value of the asset (when the asset is not credit-impaired) or the fair value of the liability. However, for financial assets that have become credit-impaired after initial recognition, interest income is calculated by applying the effective interest rate to the fair value of the financial asset. If the financial asset is no longer credit-impaired, the calculation of interest income is again based on the gross carrying value.

For originated credit impaired financial assets, interest income is calculated using the effective interest rate, adjusted for credit risk, to the fair value of the financial asset. The calculation of interest income on such assets is not carried out on the basis of the gross carrying value, even if the credit risk on them will subsequently decrease.

When calculating the effective interest rate for financial instruments that are not purchased or originated credit impaired assets, the Bank estimates future cash flows, taking into account all the contractual terms of this financial instrument, but without taking into account expected credit losses. For purchased or originated credit impaired financial assets, the effective interest rate, adjusted for credit risk, is calculated using the amount of expected future cash flows, including expected credit losses.

Interest received from the assets measured at fair value is classified as interest income.

Fee and commission income and expense (hereinafter the "fees") is income and expense related to the services rendered/received, which amount is calculated pro rata to the amount of an asset or liability or is fixed.

Where it is probable that a loan commitment will lead to a specific lending arrangement or loan tranche, the loan commitment fees are deferred, together with the related direct costs, and recognized as an adjustment to the effective interest rate of the resulting loan. Where it is unlikely that a loan commitment will lead to a specific lending arrangement or loan tranche, the loan commitment fees are recognized in the statement of profit or loss and other comprehensive income over the remaining period of the loan commitment. Where a loan commitment expires without resulting in a specific lending arrangement or loan tranche, the loan commitment fee is recognized in the statement of profit or loss and other comprehensive income on expiry. Loan servicing fees are recognized as revenue as the services are provided. All other commissions are recognized after the applicable services have been provided.

Other revenue is recognized in profit or loss as soon as the applicable transaction has been completed.

Fee and commission income and expenses consist of fees and commissions received/paid by the Bank for providing financial services, other than those related to the origination of a financial asset or liability, which form a part of the effective interest income/expenses.

Fees and commissions from financial services provided by the Bank, including payment services, brokerage services, investment advice and financial planning, investment banking services and asset management services.

Fees and commission income are accounted for in the income statement as the Bank satisfies the performance obligation embedded in the contract, according to IFRS15 "Revenue from Contracts with Customers" rules.

In particular:

- ▶ if the performance obligation is satisfied at a specific moment ("point in time"), the related revenue is recognised in the income statement when the service is provided;
- ▶ if the performance obligation is satisfied over-time, the related revenue is recognised in the income statement in order to reflect the progress of satisfaction of such obligation.

Transaction fees coming from securities transactions, payment services, interchange, foreign currency transactions are typically booked at the point in time when the service is provided and immediately withdrawn from customer account.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Fees related to on-going management, loan administration, deposit and custody services, account administration, agency services, administration of loan syndication, asset management and payment cards are normally recognised over time during the term of the contract. The revenue is measured on straight-line basis and is evenly distributed during the term of the contract as this method best depicts the Group's commitment to stand ready for fulfilment of customer requests. These services are mostly invoiced on regular basis (typically monthly), selected services are invoiced in advance.

Fees related to loans provided, other than those related to the origination, which form a part of the effective interest income, are either booked at the point in time when the service is provided or recognised over time during the term of the contract based on the type of services provided.

The amount of revenues linked to fee and commission income is determined based on contractual conditions. Variability that would have impact on amount that the Bank expects to receive is not usually foreseen for services provided by the Bank.

If a contract regards different goods/services which are not priced and charged on the stand-alone price level, the revenue is allocated among the different obligation proportionally to the stand-alone price of the single item delivered. These amounts will therefore be accounted for in the income statement on the basis of the timing of satisfaction of each obligation.

### **Other gains (losses)**

The article "Other gains (losses)" of the Statement of Profit and Loss and other comprehensive income of the Bank includes the gain (loss) from derecognition of financial liabilities, net gains from investment real estate, other losses (gains) represented by changes from formation (dissolution) reserves for legal risks and performance guarantees, and other income.

## **Application of new and revised International Financial Reporting Standards ("IFRS")**

### ***New and revised IFRS***

#### *New standard IFRS 17 "Insurance contracts"*

From 1 January 2023, the new IFRS 17 "Insurance Contracts" (hereinafter - IFRS 17) entered into force. IFRS 17 was adopted to replace IFRS 4 and is aimed at increasing transparency in the accounting of insurance contracts. IFRS 17 establishes the principles of recognition, evaluation, presentation and disclosure of information under insurance contracts. This information is used by users of financial statements to assess the impact of such contracts on the entity's financial position, financial results and cash flows. The transition to IFRS 17 is carried out retrospectively.

An entity shall not apply IFRS 17 to financial guarantee contracts, unless the issuer has previously expressly stated that it considers such contracts to be insurance contracts and has used accounting applicable to insurance contracts; insurance contracts under which the entity is the holder of an insurance policy, unless such contracts are held reinsurance contracts (clause 7 of IFRS 17).

The main innovations of IFRS 17 include: classification of insurance and reinsurance contracts; mandatory separation of non-insurable components; determining the profitability of insurance contracts at initial recognition (for example, whether insurance contracts are onerous); requirements for aggregating contracts: by risk level, profitability, date of issue and other requirements of the standard; expansion of requirements for disclosure of information in financial reporting in the structure of the balance sheet and the report on financial results; actuarial calculations through various liability assessment methods.

An entity must apply IFRS 17 to: insurance contracts issued by it, including reinsurance contracts; 3 reinsurance contracts held by him; of investment contracts issued by it with terms of discretionary participation, provided that the business entity also issues insurance contracts.

The bank analyzed the available banking products: from lending (including the provision of credit cards), the provision of financial guarantees and the provision of performance guarantees, and came to the conclusion that there are no banking products to which the requirements of IFRS 17 should be applied. Credit agreements (including credit cards) do not meet the definition of an insurance contract in accordance with the requirements of IFRS 17. The Bank continues to apply the requirements of IFRS 9 to financial guarantee contracts, as such contracts do not belong to the scope application of IFRS 17.

#### *Other changes to IFRS, which will come into force on 1 January 2023:*

- ▶ Amendments to IAS 1 "Presentation of Financial Statements" and to Provisions on the Practice of IFRS 2 "Making Materiality Judgments";
- ▶ Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors" - "Definition of accounting estimates";

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

- ▶ Amendments to IAS 12 "Income Taxes", document "Deferred tax related to assets and liabilities arising from a single transaction";
- ▶ Amendments to IAS 12 "Income Taxes" - "International tax reform - standard rules of the Second Component" (the document was published on the website of the IAS Council on 05/23/2023).

These changes did not have a significant impact on the Bank's financial statements for 2023.

*From 1 January 2024 and later, the following amendments to IFRS will enter into force:*

- ▶ 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 special conditions";
- ▶ Amendments to IFRS 16 "Lease" - "Lease obligation in sale and leaseback transactions";
- ▶ Amendments to IAS 7 and IFRS 7 - "Supplier financing agreements";
- ▶ Amendments to IAS 21 "Effect of changes in exchange rates" - "Lack of convertibility".

Amendments to IAS 1 "Presentation of financial statements" - "Classification of liabilities as current and non-current". It has been clarified that a liability is classified as non-current if the entity has the right to postpone the settlement of the liability for at least 12 months - this right must exist at the end of the reporting period. The right to defer settlement of the liability for at least 12 months after the end of the reporting period must be real and must exist at the end of the reporting period, regardless of whether the entity plans to exercise this right. If the right to postpone the settlement of the obligation depends on the fulfillment of certain conditions by the economic entity, then such right exists as of the end of the reporting period only if the economic entity has fulfilled these conditions as of the end of the reporting period. It is necessary to fulfill these conditions on the date of the end of the reporting period, even if the verification of their fulfillment is carried out by the creditor later. The classification of the liability is not affected by the probability 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 special conditions" provide that an entity may classify liabilities arising under a credit agreement as non-current if the entity's right to defer repayment these obligations are conditioned by the economic entity's fulfillment of special conditions within twelve months after the end of the reporting period. In particular, the notes will need to disclose information that enables users of the financial statements to understand the risk that the liability may become recoverable within 12 months after the end of the reporting period: a) information about special conditions (including the nature of special conditions and when the economic entity is required to fulfill them) and the book value of related liabilities; b) facts and circumstances, if any, which indicate that it may be difficult for the business entity to comply with special conditions: for example, that the business entity during the reporting period or after its completion has taken actions aimed at avoiding or limiting the consequences of a potential violation.

The Bank expects that the other changes mentioned above will not have a significant impact on the financial statements.

## **5. Significant accounting judgments and estimates**

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is as follows.

### **Key estimates in applying accounting policies**

Management has prepared these financial statements on a going concern basis. Forming such a professional judgment, the management took into account the Bank's financial condition, its existing intentions, the budgeted profitability of operations in the future and access to financial resources, as well as analyzed the impact of the current financial and economic situation on the Bank's future activities. (Note 3)

#### *Fair value of financial instruments*

Investments in securities measured at fair value through other comprehensive income, loans and advances to customers measured at fair value through profit or loss and derivative financial instruments are stated at fair value.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

The Bank considers that the accounting estimates and assumptions related to valuation of financial instruments where quoted markets prices are not available is a key source of estimation uncertainty because: (i) they are highly susceptible to change from period to period because they require management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific feature of the transactions and (ii) the impact that recognizing a change in the valuations would have on the assets reported in separate statement of financial position as well as its income/(expense) could be material.

Had management used different assumptions regarding interest rates, volatility, exchange rates, credit rating of a counterparty, offer dates and valuation adjustments, their value could differ significantly from that reflected in the financial statements.

#### *Expected credit loss allowance*

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the ECL and assessing a significant increase of credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- ▶ the Bank's criteria for assessing if there has been a significant increase of credit risk and so allowances for financial assets should be measured on an LTECL basis, and the qualitative assessment;
- ▶ development of ECL models, including the various formulae and the choice of inputs;
- ▶ determination of relationships between macroeconomic scenarios and economic inputs, such as unemployment rate and collateral values, and the effect on probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD);
- ▶ selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The impact of changes in estimates related to the application management adjustments to forward-looking information is disclosed in Note 29.

For more detailed information, see Notes 9 and 29.

#### *Fair value of buildings and land plots and investment property*

As discussed in Note 4, buildings and land plots are carried at revalued amount, less any subsequent accumulated depreciation and impairment losses. Fair value is predominantly determined using the comparative approach. The comparative approach to fair value measurement is based on an analysis of the results of comparable sales of similar buildings. Determining the fair value of buildings and land plots requires the exercise of judgment and the use of assumptions regarding the comparability of properties and other factors. Management engages external independent values to estimate the fair value of property.

#### *Deferred tax assets*

Estimating the likelihood of recognition of deferred tax assets requires management to exercise judgment, particularly in determining the future taxable income against which the deferred tax assets can be utilized. Such preliminary estimates depend on a number of factors, changes in which could result in different amounts of deferred tax assets or liabilities. For information on these estimates, see Note 13.

## **6. Segment information**

For management purposes, the Bank has defined five operating segments based on its products and services, which are as follows:

Corporate banking:	Mainly granting purpose loans, servicing deposits and current accounts of customers whose activities meet certain criteria and limits.
Customers of small and medium-sized enterprises (hereinafter – "SME"):	Mainly customer servicing under target lending programs, deposits and current accounts of customers whose activities meet certain criteria and limits and attracting funds from state organizations for targeted customer lending.
Retail banking:	Mainly servicing individual customer deposits and granting consumer loans, overdrafts, handling credit cards and funds transfer facilities and attracting funds from state organizations for targeted customer lending..

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Financial institutions, treasury and investment business: The main components are interbank operations, operations with securities, operations with foreign currencies and bank metals, depository operations, operations with financial institutions.

Other activities: A key element of other types of activities is the internal bank function, through which internal funding is carried out between segments of business areas. The financial result of the internal bank, formed by the transfer result between the Bank's divisions, refers to other types of activities. Additionally, the segment carries out operational leasing operations, e-commerce operations, return of previously written-off assets, revaluation, increase/decrease the usefulness of non-current assets and other centralized management functions, including distribution general banking expenses of the Bank's departments etc.

In 2023, the Bank added intersegment revenues and expenses to segment results. Changes in the comparative period for 2022 were also added to the results of the reporting segments.

For the purposes of this note, the management of the Bank refers to the Chairperson and members of the Bank's Management Board, as well as the heads of the Bank's business units.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured differently from profit or loss in the financial statements. Income taxes are managed centrally and are not allocated to operating segments.

Substantial reconciliation items include intersegment revenues and expenses, including in the part of the transfer result, bank-wide expenses (distribution) of the support units of the main institution of the Bank and the apparatus of directorates and branches, cash divisions.

The basis for allocation and redistribution of bank-wide support costs is the number of personnel of the relevant business line.

The segment information below is presented on the basis used by the Bank's chief operating officer to evaluate performance, in accordance with IFRS 8 *Operating Segments*. Management reviews discrete financial information for each of its segments, including estimates of operating results, assets, and liabilities.

During 2023, the Bank received revenue from transactions with the Client 1 in the amount of UAH 5,207,263 thousand (26.53%) and with the Client 2 in the amount of UAH 3,076,606 thousand (15.67%) . During 2022, the Bank's revenue from transactions with the Client 1 amounted to UAH 2,741,635 thousand (19.73%).

The following tables summarize income and expenses and certain other assets and liabilities information regarding the Bank's operating segments.

**Operating segments**

<b>31 December 2023</b>	Corporate banking	SME	Retail banking	Financial institution, treasury and investment business	Other activities	Total
Interest income	6,139,930	1,420,898	562,557	9,246,348	–	<b>17,369,733</b>
Interest expense	(6,396,109)	(2,141,784)	(1,725,998)	(414,808)	(11,369)	<b>(10,690,068)</b>
Transfer income/expenses	2,119,502	1,541,427	2,538,896	(7,560,868)	1,361,043	–
<b>Interest income (expenses) taking into account transfer income/expenses</b>	<b>1,863,323</b>	<b>820,541</b>	<b>1,375,455</b>	<b>1,270,672</b>	<b>1,349,674</b>	<b>6,679,665</b>
Commission income	827,178	537,049	735,962	84,109	76,667	<b>2,260,965</b>
Commission expense	(203,743)	(34,565)	(566,690)	(126,685)	(32,511)	<b>(964,194)</b>
Depreciation costs with consideration of inter-segment distribution	(80,728)	(115,913)	(207,213)	(14,329)	(9,221)	<b>(427,404)</b>
Significant items of income and expenses distribution	(885,381)	(691,796)	(1,334,295)	(91,403)	114,746	<b>(2,888,129)</b>
Profit (loss) before income tax	1,520,649	515,316	3,219	1,122,364	1,499,355	<b>4,660,903</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

<b>Operating segments</b>						
<b>31 December 2023</b>	Corporate banking	SME	Retail banking	Financial institution, treasury and investment business	Other activities	Total
Tax income (expense) (income from tax refunds)	-	-	-	-	(2,724,477)	<b>(2,724,477)</b>
<b>Profit (loss)</b>	<b>1,520,649</b>	<b>515,316</b>	<b>3,219</b>	<b>1,122,364</b>	<b>(1,225,122)</b>	<b>1,936,426</b>
<b>Assets</b>	48,407,547	9,673,540	6,261,544	107,662,646	3,862,106	<b>175,867,383</b>
<b>Liabilities</b>	92,684,287	29,422,361	35,934,903	5,489,882	1,090,298	<b>164,621,731</b>
<b>Other segment information</b>						
Capital expenditures	4,880	3,708	52,106	-	293,709	<b>354,403</b>

<b>Operating segments</b>						
<b>31 December 2022</b>	Corporate banking	SME	Retail banking	Financial institution, treasury and investment business	Other activities	Total
Interest income	5,452,418	1,391,456	564,645	4,157,664	-	<b>11,566,183</b>
Interest expense	(3,201,244)	(680,737)	(770,199)	(1,909,650)	(10,108)	<b>(6,571,938)</b>
Transfer income/expenses	(69,355)	132,737	1,291,817	(1,276,460)	(78,739)	-
<b>Interest income (expenses) taking into account transfer income/expenses</b>	<b>2,181,819</b>	<b>843,456</b>	<b>1,086,263</b>	<b>971,554</b>	<b>(88,847)</b>	<b>4,994,245</b>
Commission income	620,563	429,186	759,756	283,357	234,598	<b>2,327,460</b>
Commission expense	(152,283)	(21,243)	(428,103)	(256,947)	(48,060)	<b>(906,636)</b>
Depreciation costs with consideration of inter- segment allocation	(62,308)	(86,928)	(189,282)	(19,440)	(7,822)	<b>(365,780)</b>
Significant items of income and expenses allocation	(5,223,143)	(1,972,070)	(1,555,370)	(698,465)	(599,380)	<b>(10,048,428)</b>
Profit (loss) before income tax	(2,635,352)	(807,599)	(326,736)	280,059	(509,511)	<b>(3,999,139)</b>
Tax income (expense) (income from tax refunds)	-	-	-	-	137,626	<b>137,626</b>
<b>Profit (loss)</b>	<b>(2,635,352)</b>	<b>(807,599)</b>	<b>(326,736)</b>	<b>280,059</b>	<b>(371,885)</b>	<b>(3,861,513)</b>
<b>Assets</b>	51,313,096	9,171,283	4,514,143	61,119,307	5,528,120	<b>131,645,949</b>
<b>Liabilities</b>	59,921,258	22,068,078	32,297,070	9,297,453	1,145,968	<b>124,729,827</b>
<b>Other segment information</b>						
Capital expenditures	9,931	4,722	24,162	-	275,729	<b>314,544</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***7. Cash and cash equivalents**

Cash and cash equivalents comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Current accounts with other credit institutions	21,207,261	20,508,440
Deposit certificates of the National Bank of Ukraine (overnight)	15,018,493	7,013,233
Current accounts with the National Bank of Ukraine	10,374,688	4,770,104
Cash on hand	3,155,849	3,060,267
	<b>49,756,291</b>	<b>35,352,044</b>
Less: expected credit losses	(6,840)	(5,257)
<b>Cash and cash equivalents</b>	<b>49,749,451</b>	<b>35,346,787</b>

The current accounts with the National Bank of Ukraine represent the amounts for daily settlements and other operations of the Bank. There are no restrictions of access to the funds placed on the current accounts with the National Bank of Ukraine.

As at 31 December 2023 and 2022, the Bank complied with the requirements of the National Bank of Ukraine regarding the obligatory reserve amounts.

In terms of cash and cash equivalents, the Bank has not identified an event of increase of credit risk and classifies these assets in Stage 1 due to their short-term nature and quick period of update on the balance sheet.

Changes in expected credit losses during the year ended 31 December 2023 and 2022 were as follows:

	<b>Stage 1</b>
<b>As at 1 January 2023</b>	<b>5,257</b>
Changes in expected credit losses	388
<i>Total loss allowance expense before the effect of foreign exchange differences</i>	388
Exchange differences	1,195
<b>As at 31 December 2023</b>	<b>6,840</b>
	<b>Stage 1</b>
<b>As at 1 January 2022</b>	<b>5,442</b>
New assets originated or purchased	209
Assets repaid	(23)
Changes in expected credit losses	(2,687)
<i>Total credit loss expense before the effect of exchange differences</i>	(2,501)
Exchange differences	2,316
<b>As at 31 December 2022</b>	<b>5,257</b>

**8. Loans and other balances with banks**

Loans and other balances with banks comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Reverse REPO agreements	448,160	399,168
Current accounts in banks in precious metals	321,371	276,538
Term deposits with maturities over 90 days or overdue	–	14,521
Other amounts in banks	864,360	1,746,694
	<b>1,633,891</b>	<b>2,436,921</b>
Less: expected credit losses	(680)	(16,352)
<b>Loans and other balances with banks</b>	<b>1,633,211</b>	<b>2,420,569</b>

Other amounts in banks include guarantee deposits placed mainly in connection with customer transactions, such as letters of credit, financial guarantees and performance guarantees, payment card transactions.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

As at 31 December 2023, loans and other balances with banks are carried at amortized cost, except for current accounts in banks in precious metals in the amount of UAH 321,371 thousand, which are carried at fair value through profit or loss (2022: UAH 276,538 thousand).

As at 31 December 2023, there are no overdue balances of loans and advances to banks (2022: UAH 14,521 thousand).

As at 31 December 2023, loans and other balances with banks in the amount of UAH 1,235,027 thousand (or 75.59% of the total amount loans and other balances with banks) was placed with three banks (2022: UAH 2,072,181 thousand (or 85.03% of the total amount loans and other balances with banks)).

As at 31 December 2023, reverse REPO agreements were secured by UDGB with the fair value of UAH 478,616 thousand (2022: UAH 421,235 thousand).

As at 31 December 2023, with respect to balances loans and other balances with banks, the Bank has not determined the event of an increase of credit risk, and it classifies these assets in Stage 1 due to their short-term nature and quick period of update on the balance sheet. Loans and other balances with banks with a maturity of more than 90 days or overdue are separately analyzed for the presence of an event of increased credit risk.

The analysis of changes in the gross carrying value loans and other balances with banks that are carried at amortized cost for the year ended 31 December 2023 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>2,145,862</b>	-	<b>14,521</b>	<b>2,160,383</b>
New assets originated or purchased	4,591,469	-	-	<b>4,591,469</b>
Assets repaid	(5,464,471)	-	-	<b>(5,464,471)</b>
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes in contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Write-offs	-	-	(14,521)	<b>(14,521)</b>
Foreign exchange differences	39,660	-	-	<b>39,660</b>
<b>At 31 December 2023</b>	<b>1,312,520</b>	-	-	<b>1,312,520</b>

The analysis of changes in the gross carrying value loans and other balances with banks that are carried at amortized cost for the year ended 31 December 2022 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>4,892,664</b>	-	<b>10,832</b>	<b>4,903,496</b>
New assets originated or purchased	7,980,499	-	-	<b>7,980,499</b>
Assets repaid	(11,063,963)	-	-	<b>(11,063,963)</b>
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes in contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Foreign exchange differences	336,662	-	3,689	<b>340,351</b>
<b>At 31 December 2022</b>	<b>2,145,862</b>	-	<b>14,521</b>	<b>2,160,383</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Changes in expected credit losses for the year ended 31 December 2023 were as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>1,830</b>	<b>-</b>	<b>14,522</b>	<b>16,352</b>
New assets originated or purchased	1,348	-	-	1,348
Assets repaid	(843)	-	-	(843)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Changes in expected credit losses	(1,669)	-	-	(1,669)
<i>Total loss allowance expense before the effect of foreign exchange differences</i>	<i>(1,164)</i>	<i>-</i>	<i>-</i>	<i>(1,164)</i>
Write-offs	-	-	(14,522)	(14,522)
Foreign exchange differences	14	-	-	14
<b>As at 31 December 2023</b>	<b>680</b>	<b>-</b>	<b>-</b>	<b>680</b>

Changes in expected credit losses for the year ended 31 December 2022 were as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>3,387</b>	<b>-</b>	<b>10,832</b>	<b>14,219</b>
New assets originated or purchased	2,255	-	-	2,255
Assets repaid	(3,321)	-	-	(3,321)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	(380)	-	380	-
Changes in expected credit losses	(629)	-	(15)	(644)
<i>Total credit loss expense before the effect of exchange differences</i>	<i>(2,075)</i>	<i>-</i>	<i>365</i>	<i>(1,710)</i>
Write-off	-	-	-	-
Foreign exchange differences	518	-	3,325	3,843
<b>As at 31 December 2022</b>	<b>1,830</b>	<b>-</b>	<b>14,522</b>	<b>16,352</b>

## 9. Loans and advances to customers

Loans and advances to customers comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Corporate banking	58,093,443	61,201,988
SME	11,012,747	10,781,717
Retail banking	6,759,984	5,709,448
<b>Gross loans and advances to customers</b>	<b>75,866,174</b>	<b>77,693,153</b>
Less: expected credit losses	(12,533,227)	(12,934,025)
<b>Loans and advances to customers</b>	<b>63,332,947</b>	<b>64,759,128</b>

As at 31 December 2023, loans and advances to customers included loans and advances to customers of UAH 29,531 thousand (2022: UAH 60,654 thousand), the contractual terms of which do not comply to the terms of the basic lending arrangement, and which are measured at FVTPL. Information regarding fair value measurement of loans and advances to customers which are measured at FVTPL is provided in Note 30.

As at 31 December 2023, loans and advances to customers included loans and advances to customers of UAH 2,925 thousand (2022: UAH 2,245 thousand) held under the business model, the purpose of which is to retain financial assets to obtain contractual cash flows and sales. Information regarding fair value measurement of loans and advances to customers which are measured at FVOCI is provided in Note 30.

As at 31 December 2023, the total amount of restructured loans not overdue was UAH 4,416,561 thousand (2022: UAH 1,964,393 thousand).

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

During 2023, the Bank does not performed foreclosure of collateral for repayment of loans to customers. The value of foreclosed collateral used for repayment of loans and advances to customers in 2022: UAH 8,277 thousand. (Note 16).

As at 31 December 2023, the amount of loans to legal entities and SMEs located in the territories occupied as a result of the military operations amounted to UAH 2,775,432 thousand, for which a provision of UAH 2,524,078 thousand was created (2022: UAH 2,491,580 thousand, for which a provision of UAH 2,054,354 thousand, in accordance).

As at 31 December 2023, the amount of loans to individuals located in the territories occupied as a result of military operations amounted to UAH 60,056 thousand, for which a provision of UAH 43,826 thousand was created (2022: UAH 172,584 thousand, for which a provision of UAH 64,009 thousand, in accordance).

The bank is an authorized person-participant of the state program of affordable mortgage lending to individuals "eOselya". As at 31 December 2023, the amount of loans to individuals issued under this program is UAH 2,363,423 thousand. (2022: UAH 35,177 thousand).

The analysis of changes in the gross carrying value for the year ended 31 December 2023, excluding loans and advances to customers which are measured at FVOCI, is as follows:

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>17,315,721</b>	<b>28,785,249</b>	<b>14,533,693</b>	<b>567,325</b>	<b>61,201,988</b>
New assets and other changes					
in existing assets	22,671,131	3,547,725	709,016	66,547	<b>26,994,419</b>
Repaid assets	(21,922,539)	(7,840,446)	(1,542,928)	(26,603)	<b>(31,332,516)</b>
Transfer to Stage 1	6,351,490	(6,351,490)	-	-	-
Transfer to Stage 2	(9,567,471)	11,547,282	(1,979,811)	-	-
Transfer to Stage 3	(1,064,575)	(2,238,008)	3,302,583	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(384,260)	-	<b>(384,260)</b>
Foreign exchange differences	248,097	802,085	552,237	11,393	<b>1,613,812</b>
<b>As at 31 December 2023</b>	<b>14,031,854</b>	<b>28,252,397</b>	<b>15,190,530</b>	<b>618,662</b>	<b>58,093,443</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>5,230,965</b>	<b>3,056,688</b>	<b>2,433,410</b>	-	<b>10,721,063</b>
New assets and other changes					
in existing assets	5,240,009	600,543	141,527	-	<b>5,982,079</b>
Repaid assets	(3,427,386)	(1,961,511)	(419,229)	(628)	<b>(5,808,754)</b>
Transfer to Stage 1	1,919,181	(1,842,195)	(76,986)	-	-
Transfer to Stage 2	(3,076,561)	3,260,502	(183,941)	-	-
Transfer to Stage 3	(21,128)	(508,121)	529,249	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(53,429)	-	<b>(53,429)</b>
Foreign exchange differences	18,641	77,675	45,941	-	<b>142,257</b>
<b>As at 31 December 2023</b>	<b>5,883,721</b>	<b>2,683,581</b>	<b>2,416,542</b>	<b>(628)</b>	<b>10,983,216</b>

<b>Retail banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>3,562,564</b>	<b>103,543</b>	<b>2,026,730</b>	<b>16,611</b>	<b>5,709,448</b>
New assets and other changes					
in existing assets	3,020,988	10,632	46,687	6,426	<b>3,084,733</b>
Repaid assets	(1,746,248)	(21,633)	(198,447)	(3,846)	<b>(1,970,174)</b>
Transfer to Stage 1	432,462	(224,075)	(208,387)	-	-
Transfer to Stage 2	(386,176)	424,095	(37,919)	-	-
Transfer to Stage 3	(17,614)	(240,525)	258,139	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(114,086)	(231)	<b>(114,317)</b>
Foreign exchange differences	361	(14)	49,947	-	<b>50,294</b>
<b>As at 31 December 2023</b>	<b>4,866,337</b>	<b>52,023</b>	<b>1,822,664</b>	<b>18,960</b>	<b>6,759,984</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

The new assets and other changes in existing assets, in addition to the emergence of new assets, also include the accrual of interest and the disbursement of loans within existing credit facilities at the appropriate stages during 2023.

The Analysis of changes in the gross carrying value for the year ended 31 December 2022, excluding loans and advances to customers which are measured at FVOCI, is as follows:

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>33,275,253</b>	<b>9,917,838</b>	<b>3,424,334</b>	<b>256,494</b>	<b>46,873,919</b>
New assets and other changes					
in existing assets	40,832,285	3,777,344	513,813	254,409	<b>45,377,851</b>
Repaid assets	(31,812,653)	(4,704,792)	(662,978)	(12,134)	<b>(37,192,557)</b>
Transfer to Stage 1	1,227,372	(1,217,905)	(9,467)	-	-
Transfer to Stage 2	(28,781,740)	29,301,593	(519,853)	-	-
Transfer to Stage 3	(427,106)	(11,544,831)	11,971,937	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(990,593)	-	<b>(990,593)</b>
Foreign exchange differences	3,002,310	3,256,002	806,500	68,556	<b>7,133,368</b>
<b>As at 31 December 2022</b>	<b>17,315,721</b>	<b>28,785,249</b>	<b>14,533,693</b>	<b>567,325</b>	<b>61,201,988</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>6,368,371</b>	<b>1,531,545</b>	<b>391,921</b>	-	<b>8,291,837</b>
New assets and other changes					
in existing assets	6,556,426	216,640	159,751	-	<b>6,932,817</b>
Repaid assets	(3,638,263)	(1,262,219)	(100,685)	-	<b>(5,001,167)</b>
Transfer to Stage 1	833,770	(810,786)	(22,984)	-	-
Transfer to Stage 2	(3,704,469)	4,882,503	(1,178,034)	-	-
Transfer to Stage 3	(1,230,293)	(1,896,033)	3,126,326	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(12,487)	-	<b>(12,487)</b>
Foreign exchange differences	45,423	395,038	69,602	-	<b>510,063</b>
<b>As at 31 December 2022</b>	<b>5,230,965</b>	<b>3,056,688</b>	<b>2,433,410</b>	-	<b>10,721,063</b>

<b>Retail banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>4,963,594</b>	<b>21,740</b>	<b>1,511,345</b>	<b>14,773</b>	<b>6,511,452</b>
New assets and other changes					
in existing assets	1,170,450	18,766	70,316	4,100	<b>1,263,632</b>
Repaid assets	(2,021,111)	(30,345)	(164,719)	(2,262)	<b>(2,218,437)</b>
Transfer to Stage 1	658,138	(264,376)	(393,762)	-	-
Transfer to Stage 2	(641,444)	679,312	(37,868)	-	-
Transfer to Stage 3	(570,074)	(321,846)	891,920	-	-
Amounts written off or derecognised as a result of a significant modification	-	-	(232,585)	-	<b>(232,585)</b>
Foreign exchange differences	3,011	292	382,083	-	<b>385,386</b>
<b>As at 31 December 2022</b>	<b>3,562,564</b>	<b>103,543</b>	<b>2,026,730</b>	<b>16,611</b>	<b>5,709,448</b>

The new assets and other changes in existing assets, in addition to the emergence of new assets, also include the accrual of interest and the disbursement of loans within existing credit facilities at the appropriate stages during 2022.

Write-offs of loan debts are represented by bad debts in the amount of UAH 999,029 thousand (2022: UAH 1,235,665 thousand of write-off of bad debts).



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Expected credit losses on loans and advances to customers and finance leases for the year ended 31 December 2023 were as follows:

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>73,382</b>	<b>765,933</b>	<b>8,479,676</b>	<b>201,464</b>	<b>9,520,455</b>
New assets	123,066	-	-	9,228	132,294
Repaid assets	(30,170)	(3,976)	(63,380)	-	(97,526)
Transfer to Stage 1	21,929	(21,929)	-	-	-
Transfer to Stage 2	(42,040)	1,464,248	(1,422,208)	-	-
Transfer to Stage 3	(42,175)	(45,006)	87,181	-	-
Changes in expected credit losses	(63,383)	(1,881,244)	1,618,015	(7,183)	(333,795)
<i>Total allowance expense before the effect of foreign exchange difference</i>	<i>(32,773)</i>	<i>(487,907)</i>	<i>219,608</i>	<i>2,045</i>	<i>(299,027)</i>
Changes in impaired interest	-	-	528,640	16,837	545,477
Amounts written off	-	-	(384,260)	-	(384,260)
Foreign exchange differences	281	1,559	299,643	4,564	306,047
<b>As at 31 December 2023</b>	<b>40,890</b>	<b>279,585</b>	<b>9,143,307</b>	<b>224,910</b>	<b>9,688,692</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>49,575</b>	<b>90,312</b>	<b>1,472,935</b>	-	<b>1,612,822</b>
New assets	22,382	-	13	-	22,395
Repaid assets	(995)	(687)	(15,650)	-	(17,332)
Transfer to Stage 1	31,674	(28,899)	(2,775)	-	-
Transfer to Stage 2	(32,312)	50,783	(18,471)	-	-
Transfer to Stage 3	(346)	(21,781)	22,127	-	-
Changes in expected credit losses	(48,958)	(78,463)	(245,372)	(628)	(373,421)
<i>Total allowance expense before the effect of foreign exchange difference</i>	<i>(28,555)</i>	<i>(79,047)</i>	<i>(260,128)</i>	<i>(628)</i>	<i>(368,358)</i>
Changes in impaired interest	-	-	136,583	-	136,583
Amounts written off	-	-	(53,429)	-	(53,429)
Foreign exchange differences	16	1,535	35,668	-	37,219
<b>As at 31 December 2023</b>	<b>21,036</b>	<b>12,800</b>	<b>1,331,629</b>	<b>(628)</b>	<b>1,364,837</b>

<b>Retail banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>77,463</b>	<b>30,680</b>	<b>1,685,648</b>	<b>6,956</b>	<b>1,800,747</b>
New assets	27,389	-	2,058	2,316	31,763
Repaid assets	(3,145)	(4,059)	(41,791)	(20)	(49,015)
Transfer to Stage 1	143,454	(44,682)	(98,772)	-	-
Transfer to Stage 2	(42,807)	59,494	(16,687)	-	-
Transfer to Stage 3	(9,414)	(71,601)	81,015	-	-
Changes in expected credit losses	(181,835)	34,451	(122,815)	3,142	(267,057)
<i>Total allowance expense before the effect of foreign exchange difference</i>	<i>(66,358)</i>	<i>(26,397)</i>	<i>(196,992)</i>	<i>5,438</i>	<i>(284,309)</i>
Changes in impaired interest	-	-	33,204	1,220	34,424
Amounts written off	-	-	(114,086)	(231)	(114,317)
Foreign exchange differences	-	(10)	43,163	-	43,153
<b>As at 31 December 2023</b>	<b>11,105</b>	<b>4,273</b>	<b>1,450,937</b>	<b>13,383</b>	<b>1,479,698</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Expected credit losses on loans and advances to customers and finance leases for the year ended 31 December 2022 were as follows:

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>406,403</b>	<b>1,354,074</b>	<b>2,283,053</b>	<b>31,035</b>	<b>4,074,565</b>
New assets	816,018	57,104	48,604	16,750	938,476
Repaid assets	(73,619)	(150,522)	(27,713)	-	(251,854)
Transfer to stage 1	121,016	(119,711)	(1,305)	-	-
Transfer to stage 2	(1,142,648)	1,410,664	(268,016)	-	-
Transfer to stage 3	(985)	(3,642,688)	3,643,673	-	-
Change of reserve	(110,065)	1,285,535	3,124,756	142,191	4,442,417
<i>Total credit loss expense before the effect of exchange differences</i>	<i>(390,283)</i>	<i>(1,159,618)</i>	<i>6,519,999</i>	<i>158,941</i>	<i>5,129,039</i>
Changes in impaired interest	-	-	240,506	2,581	243,087
Amounts written off	-	-	(990,593)	-	(990,593)
Exchange differences	57,262	571,477	426,711	8,907	1,064,357
<b>As at 31 December 2022</b>	<b>73,382</b>	<b>765,933</b>	<b>8,479,676</b>	<b>201,464</b>	<b>9,520,455</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>25,298</b>	<b>76,931</b>	<b>272,065</b>	-	<b>374,294</b>
New assets	40,991	-	3,340	-	44,331
Repaid assets	(2,124)	(4,502)	(12,016)	-	(18,642)
Transfer to stage 1	45,658	(36,093)	(9,565)	-	-
Transfer to stage 2	(56,129)	319,412	(263,283)	-	-
Transfer to stage 3	(16,518)	(351,449)	367,967	-	-
Change of reserve	12,304	32,109	1,042,388	-	1,086,801
<i>Total credit loss expense before the effect of exchange differences</i>	<i>24,182</i>	<i>(40,523)</i>	<i>1,128,831</i>	<i>-</i>	<i>1,112,490</i>
Changes in impaired interest	-	-	51,903	-	51,903
Amounts written off	-	-	(12,487)	-	(12,487)
Exchange differences	95	53,904	32,623	-	86,622
<b>As at 31 December 2022</b>	<b>49,575</b>	<b>90,312</b>	<b>1,472,935</b>	-	<b>1,612,822</b>

<b>Retail banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>10,405</b>	<b>7,016</b>	<b>1,407,404</b>	<b>9,688</b>	<b>1,434,513</b>
New assets	2,346	2	8,014	744	11,106
Repaid assets	(1,830)	(5,888)	(33,574)	-	(41,292)
Transfer to stage 1	249,135	(71,682)	(177,453)	-	-
Transfer to stage 2	(35,113)	43,950	(8,837)	-	-
Transfer to stage 3	(858)	(107,798)	108,656	-	-
Change of reserve	(148,661)	164,961	178,134	(3,826)	190,608
<i>Total credit loss expense before the effect of exchange differences</i>	<i>65,019</i>	<i>23,545</i>	<i>74,940</i>	<i>(3,082)</i>	<i>160,422</i>
Changes in impaired interest	-	-	67,255	350	67,605
Amounts written off	-	-	(232,585)	-	(232,585)
Exchange differences	2,039	119	368,634	-	370,792
<b>As at 31 December 2022</b>	<b>77,463</b>	<b>30,680</b>	<b>1,685,648</b>	<b>6,956</b>	<b>1,800,747</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

The following is the information on undiscounted ECLs at initial recognition of purchased credit-impaired loans and advances to customers, which were initially recognized during the year ended 31 December 2023 and in 2022:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Corporate banking	447,059	350,494
SME	50,433	-
Retail banking	12,433	9,775
<b>Total undiscounted ECLs at initial recognition of POCI</b>	<b>509,925</b>	<b>360,269</b>

## Collateral

The following table summarizes the total loan portfolio by types of collateral:

<b>31 December 2023</b>					
<b>Type of collateral</b>	<b>Corporate banking</b>	<b>SME</b>	<b>Retail banking</b>	<b>Total</b>	<b>Of them in Stage 3 and POCI</b>
Deposits	803,508	411,225	16	<b>1,214,749</b>	38,249
Real estate	23,851,987	3,628,470	4,374,445	<b>31,854,902</b>	9,931,167
Other assets	17,599,772	5,443,654	745,687	<b>23,789,113</b>	4,659,795
Unsecured	15,838,176	1,529,398	1,639,836	<b>19,007,410</b>	5,438,280
<b>Total loans</b>	<b>58,093,443</b>	<b>11,012,747</b>	<b>6,759,984</b>	<b>75,866,174</b>	<b>20,067,491</b>

  

<b>31 December 2022</b>					
<b>Type of collateral</b>	<b>Corporate banking</b>	<b>SME</b>	<b>Retail banking</b>	<b>Total</b>	<b>Of them in Stage 3 and POCI</b>
Deposits	2,914,698	371,632	4,751	<b>3,291,081</b>	85,474
Real estate	25,852,654	3,355,331	2,262,951	<b>31,470,936</b>	9,456,049
Other assets	22,524,677	5,412,075	1,471,284	<b>29,408,036</b>	5,042,991
Unsecured	9,909,959	1,642,679	1,970,462	<b>13,523,100</b>	4,995,222
<b>Total loans</b>	<b>61,201,988</b>	<b>10,781,717</b>	<b>5,709,448</b>	<b>77,693,153</b>	<b>19,579,736</b>

The above amounts represent the carrying amounts of the loans before expected credit losses and do not represent the fair value of collateral. The Bank assesses the fair value of collateral at the loan origination, change of collateral structure, collateral repossession when the borrower is unable to repay the loan, and in cases and with frequency required by Ukrainian regulations.

As at 31 December 2023 and 31 December 2022, other assets include movable property, goods in turnover, etc.

In the absence of collateral the expected credit losses on loans and advances to customers at Stage 3 as at 31 December 2023 and 31 December 2022 would be higher by:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Corporate banking	4,559,593	4,483,111
SME	883,034	706,209
Retail banking	222,476	125,045
	<b>5,665,103</b>	<b>5,314,365</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

The following table presents the structure of loans and advances to customers and finance leases by types of client segments and by debt currency:

Types of customers	31 December 2023				31 December 2022			
	In foreign currency	In national currency	Total	Impaired	In foreign currency	In national currency	Total	Impaired
State-owned entities and municipalities	7,004,155	9,915,619	<b>16,919,774</b>	2,517,709	7,411,800	10,577,284	<b>17,989,084</b>	2,668,621
Corporate customers	22,995,108	18,191,081	<b>41,186,189</b>	13,291,484	22,670,968	20,541,936	<b>43,212,904</b>	12,432,397
SME	2,231,473	8,768,754	<b>11,000,227</b>	2,416,676	2,168,012	8,613,705	<b>10,781,717</b>	2,435,377
Retail banking	1,305,141	5,454,843	<b>6,759,984</b>	1,841,622	1,366,349	4,343,099	<b>5,709,448</b>	2,043,341
<b>Total</b>	<b>33,535,877</b>	<b>42,330,297</b>	<b>75,866,174</b>	<b>20,067,491</b>	<b>33,617,129</b>	<b>44,076,024</b>	<b>77,693,153</b>	<b>19,579,736</b>

The following table presents the structure of loans and advances to customers and finance leases by types of client segments and maturities:

Types of customers	31 December 2023			31 December 2022		
	Within one year	More than one year	Total	Within one year	More than one year	Total
State-owned entities and municipalities	12,728,192	4,191,582	<b>16,919,774</b>	14,155,950	3,833,134	<b>17,989,084</b>
Corporate customers	22,862,917	18,323,272	<b>41,186,189</b>	27,865,485	15,347,419	<b>43,212,904</b>
SME	6,117,127	4,883,100	<b>11,000,227</b>	7,374,835	3,406,882	<b>10,781,717</b>
Retail banking	1,008,794	5,751,190	<b>6,759,984</b>	2,593,447	3,116,001	<b>5,709,448</b>
<b>Total</b>	<b>42,717,030</b>	<b>33,149,144</b>	<b>75,866,174</b>	<b>51,989,717</b>	<b>25,703,436</b>	<b>77,693,153</b>

Loans and advances to clients in the amount of UAH 416,632 thousand. were provided to municipal institutions, according to which ECL is defined as Stage 1 (2022: UAH 1,488,733 thousand).

As at 31 December 2023, loans and advances to customers and finance leases in the amount of UAH 23,903,598 thousand were granted to the ten largest borrowers/groups of Bank's related counterparties (31.51% of the total loans to customers); allowance for expected credit losses of UAH 2,371,300 thousand was made for these loans and advances to customers and finance leases (2022: UAH 25,183,771 thousand, or 32.41%, and the allowance for expected credit losses of UAH 2,446,556 thousand).

The loans are primarily granted to the customers operating in Ukraine in the following industries:

	31 December 2023	31 December 2022
Electric power industry	12,164,048	10,966,784
Agriculture and food industry	12,059,443	11,555,348
Extraction, trade in gas and fuel	11,730,922	13,415,120
Trade	10,734,023	10,334,202
Individuals	6,759,984	5,709,448
Real estate	5,627,296	6,030,442
Manufacturing	3,557,854	4,063,849
Transport	3,419,613	4,440,555
Construction	2,164,065	2,051,572
Metallurgy	1,983,776	1,821,325
Service sector	1,836,919	1,941,336
Finance	620,674	208,207
Municipality	432,482	1,795,762
Telecommunications	27,390	29,958
Other	2,747,685	3,329,245
<b>Total</b>	<b>75,866,174</b>	<b>77,693,153</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

In the table below, the loans and advances to customers under finance leasing agreements are distributed by segments and maturities:

	31 December 2023			31 December 2022		
	Corporate banking	SME	Total	Corporate banking	SME	Total
<b>Within one year</b>						
Finance lease	19,925	18,918	38,843	–	464,719	<b>464,719</b>
Less: expected credit losses	(15,621)	(908)	(16,529)	–	(2,560)	<b>(2,560)</b>
<b>Short-term finance lease agreements</b>	<b>4,304</b>	<b>18,010</b>	<b>22,314</b>	<b>–</b>	<b>462,159</b>	<b>462,159</b>
<b>More than one year</b>						
Finance lease	–	686,346	686,346	28,687	827,384	<b>856,071</b>
Less: expected credit losses	–	(118,054)	(118,054)	(7,011)	(492,879)	<b>(499,890)</b>
<b>Long-term finance lease agreements</b>	<b>–</b>	<b>568,292</b>	<b>568,292</b>	<b>21,676</b>	<b>334,505</b>	<b>356,181</b>
<b>Total finance lease agreements</b>	<b>4,304</b>	<b>586,302</b>	<b>590,606</b>	<b>21,676</b>	<b>796,664</b>	<b>818,340</b>

The collateral structure on finance leases by industry and Bank's customer segment is presented in the table below:

	31 December 2023		31 December 2022	
	Corporate banking	SME	Corporate banking	SME
Transport	–	687,918	–	1,158,650
Agriculture and food industry	19,925	–	28,687	–
Service sector	–	10,578	–	39,891
Manufacturing	–	4,559	–	32,841
Real estate	–	2,210	–	4,747
Unsecured	–	–	–	55,975
<b>Total</b>	<b>19,925</b>	<b>705,265</b>	<b>28,687</b>	<b>1,292,104</b>

The analysis of finance lease receivables in the legal entity and SME loan portfolio as at 31 December 2023 is presented in the table below:

	Within 1 year	From 1 year to 2 years	From 2 years to 3 years	From 3 years to 4 years	From 3 years to 5 years	Total
Gross investments in finance leases	420,311	286,659	98,132	501	–	<b>805,603</b>
Unearned finance income from future finance leases	(27,459)	(38,101)	(14,721)	(132)	–	<b>(80,413)</b>
<b>Investments in finance leases before taking into account reserves for ECL</b>	<b>392,852</b>	<b>248,558</b>	<b>83,411</b>	<b>369</b>	<b>–</b>	<b>725,190</b>

The analysis of finance lease receivables in the legal entity and SME loan portfolio as at 31 December 2022 is presented in the table below:

	Within 1 year	From 1 year to 2 years	From 2 years to 3 years	From 3 years to 4 years	From 4 years to 5 years	Total
Gross investments in finance leases	939,440	287,565	168,681	72,103	500	<b>1,468,289</b>
Unearned finance income from future finance leases	(48,639)	(44,015)	(37,475)	(17,203)	(167)	<b>(147,499)</b>
<b>Investments in finance leases before taking into account reserves for ECL</b>	<b>890,801</b>	<b>243,550</b>	<b>131,206</b>	<b>54,900</b>	<b>333</b>	<b>1,320,790</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***10. Investments in securities**

Investments in securities include:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><i>Investments at fair value through other comprehensive income</i></b>		
Ukrainian domestic government bonds (UDGB)	44,419,609	20,630,471
State Mortgage Institution bonds	1,192,852	1,353,913
Municipal bonds	1,136,847	1,130,540
Corporate bonds	98,394	90,893
Corporate shares	9,854	11,332
	<b>46,857,556</b>	<b>23,217,149</b>
<b><i>Investments in securities at fair value at amortized cost</i></b>		
Deposit certificates issued by the National Bank of Ukraine	8,871,109	-
	<b>8,871,109</b>	<b>-</b>
<b>Investments in securities</b>	<b>55,728,665</b>	<b>23,217,149</b>

As at 31 December 2023, investments in securities included deposit certificates issued by the National Bank of Ukraine in the amount of UAH 8,871,109 thousand. (2022: absent) held within the framework of a business model whose purpose is to hold financial assets to obtain contractual cash flows. Information on investments in securities valued at amortized cost, the fair value of which is disclosed, is presented in Note 30.

The Bank classifies overnight deposit certificates issued by the National Bank of Ukraine as cash and cash equivalents. Deposit certificates issued by the National Bank of Ukraine with 3 months maturity are classified as investments in securities, valued at amortized cost.

At its own discretion, the Bank classified certain investments in equity instruments as investments in equity instruments which are measured at fair value through other comprehensive income on the grounds that they are not used for trading purposes.

For the purposes of the table below, movements in gross carrying amount of investments in securities at fair value through other comprehensive income below excluding revaluation:

<b><i>Investments in securities at fair value through other comprehensive income</i></b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross carrying amount as at 1 January 2023</b>	<b>5,895,024</b>	<b>17,354,591</b>	<b>2,015,955</b>	<b>25,265,570</b>
New created and purchased assets	60,949,620	-	-	<b>60,949,620</b>
Assets repaid	(4,331,832)	(4,934,434)	(642,509)	<b>(9,908,775)</b>
Assets sold	(32,021,904)	(2,941,138)	-	<b>(34,963,042)</b>
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Accrued income (expenses)	3,685,347	1,685,286	209,695	<b>5,580,328</b>
Write-offs	-	-	-	-
Foreign exchange differences	348	3	-	<b>351</b>
<b>Gross carrying amount as at 31 December 2023</b>	<b>34,176,603</b>	<b>11,164,308</b>	<b>1,583,141</b>	<b>46,924,052</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***Investments in securities at fair value through other comprehensive income**

	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 1 January 2022</b>	<b>28,018,429</b>	–	<b>2,015,389</b>	<b>30,033,818</b>
New created and purchased assets	34,217,788	–	–	<b>34,217,788</b>
Assets repaid	(28,467,148)	–	(671,770)	<b>(29,138,918)</b>
Assets sold	(13,264,837)	–	–	<b>(13,264,837)</b>
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(17,354,591)	17,354,591	–	–
Transfer to Stage 3	(399,133)	–	399,133	–
Accrued income (expenses)	2,994,378	–	273,203	<b>3,267,581</b>
Write-offs	–	–	–	–
Foreign exchange differences	150,138	–	–	<b>150,138</b>
<b>Gross carrying amount as at 31 December 2022</b>	<b>5,895,024</b>	<b>17,354,591</b>	<b>2,015,955</b>	<b>25,265,570</b>

Movements in gross carrying amount of investments in securities valued at amortized cost include:

**Investments in securities at fair value at amortized cost**

	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at 1 January 2023</b>	–	–	–	–
New created and purchased assets	30,961,000	–	–	<b>30,961,000</b>
Assets repaid	(23,777,781)	–	–	<b>(23,777,781)</b>
Assets sold	–	–	–	–
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	1,687,890	–	324	<b>1,688,214</b>
Write-offs	–	–	(324)	<b>(324)</b>
Foreign exchange differences	–	–	–	–
<b>Gross carrying amount as at 31 December 2023</b>	<b>8,871,109</b>	–	–	<b>8,871,109</b>

Changes in expected credit losses of investments in securities at fair value through other comprehensive income for the year ended 31 December 2023 were as follows:

**Investments in securities at fair value through other comprehensive income**

	Stage 1	Stage 2	Stage 3	Total
<b>Expected credit losses as at 1 January 2023</b>	<b>139,009</b>	<b>854,204</b>	<b>105,352</b>	<b>1,098,565</b>
New created and purchased assets	1,011,308	–	–	<b>1,011,308</b>
Assets repaid	(2,717)	(9,461)	(28,168)	<b>(40,346)</b>
Assets sold	(251,329)	(11,204)	–	<b>(262,533)</b>
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Changes in expected credit losses	27,566	(462,977)	33,458	<b>(401,953)</b>
Write-offs	–	–	–	–
Exchange differences	128	–	–	<b>128</b>
<b>Expected credit losses as at 31 December 2023</b>	<b>923,965</b>	<b>370,562</b>	<b>110,642</b>	<b>1,405,169</b>

For the purpose of ECL determination of Ukrainian government bonds the Bank applied PD in the range of 5.08% - 25.45% and LGD 60% from international credit agency Fitch based on the Ukraine's credit rating as of 31 December 2023.

Changes in expected credit losses of investments in securities at fair value through other comprehensive income for the year ended 31 December 2022 were as follows:

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

<b>Investments in securities at fair value through other comprehensive income</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Expected credit losses as at 1 January 2022</b>	<b>51,380</b>	<b>-</b>	<b>306,833</b>	<b>358,213</b>
New created and purchased assets	135,282	-	-	135,282
Assets repaid	(7,934)	-	-	(7,934)
Assets sold	(1,873)	-	(462)	(2,335)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(65,891)	65,891	-	-
Transfer to stage 3	(366)	-	366	-
Changes in expected credit losses	27,579	788,313	(201,385)	614,507
Write-off	-	-	-	-
Exchange differences	832	-	-	832
<b>Expected credit losses as at 31 December 2022</b>	<b>139,009</b>	<b>854,204</b>	<b>105,352</b>	<b>1,098,565</b>

Changes in expected credit losses of investments in securities valued at amortized cost include for the year ended 31 December 2023 were as follows:

<b>Investments in securities valued at amortized cost</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Expected credit losses as at 1 January 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
New created and purchased assets	-	-	-	-
Assets repaid	-	-	-	-
Assets sold	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in expected credit losses	-	-	324	324
Write-off	-	-	(324)	(324)
Exchange differences	-	-	-	-
<b>Expected credit losses as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Breakdown of provisions for expected credit losses on sold and redeemed securities is included in net income from investments measured at fair value through other comprehensive income, in the statement of profit and loss and other comprehensive income.

As at 31 December 2023, UDGB with fair value of UAH 7,681,278 thousand (2022: UAH 1,084,684 thousand) were pledged for a long-term loans received from a credit institution (Note 19).

As at 31 December 2023, UDGB with the fair value of null were pledged as collateral for loans received from the National Bank of Ukraine (2022: UAH 16,566,069 thousand) (Note 19).

## 11. Derivative financial assets and liabilities

The Bank enters into currency exchange operations whereby it is obliged to supply one currency in exchange for another under pre-determined exchange rates. Such transactions are entered into with Ukrainian and international banks and clients. Currency delivery under such contracts should not exceed one month. The Bank concludes contracts in the following foreign currencies: US dollar and Euro.

The Bank concludes contracts for the purchase of derivative financial instruments for hedging purposes, but these instruments do not qualify for hedge accounting.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Notional amounts in the tables below represent the accounts receivable and payable:

	31 December 2023				31 December 2022			
	Notional amount		Fair value		Notional amount		Fair value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Foreign exchange contracts</b>								
Swaps/forwards	1,617,477	(1,636,874)	33	(19,430)	2,941,048	(2,926,410)	14,972	(334)
Spots	1,645,195	(1,643,241)	2,900	(946)	443,413	(443,719)	97	(403)
<b>Total derivative financial assets/ (liabilities)</b>			<b>2,933</b>	<b>(20,376)</b>			<b>15,069</b>	<b>(737)</b>

## 12. Investment property

Movements in investment property items were as follows:

	31 December 2023	31 December 2022
<b>Carrying amount as at 1 January</b>	<b>156,366</b>	<b>153,955</b>
Additions	–	1,497
Fair value adjustment	(2,097)	914
<b>Carrying amount as at 31 December</b>	<b>154,269</b>	<b>156,366</b>

Income from investment property includes rental income in the amount of UAH 12,654 thousand (2022: UAH 12,664 thousand).

To determine the fair value of investment property as at 31 December 2023 the Bank engaged independent appraisers. Comparative and income approaches to valuation were mainly used to determine the fair value of the real property items.

## 13. Taxation

Income tax expenses (reimbursement) comprise:

	31 December 2023	31 December 2022
Current income tax expenses	2,620,277	31
Changes in deferred taxes — origination and reversal of temporary differences	104,200	(137,657)
<b>Income tax expenses (reimbursement)</b>	<b>2,724,477</b>	<b>(137,626)</b>

The difference between the total expected tax expense computed by applying the statutory income tax rate to the reported income tax expense is summarized below:

	31 December 2023	31 December 2022
<b>Profit / (loss) before tax</b>	<b>4,660,903</b>	<b>(3,999,139)</b>
Statutory tax rate	50%	18%
<b>Income tax expense / (Reimbursement) at the statutory rate</b>	<b>2,330,452</b>	<b>(719,845)</b>
Non-deductible expense for taxation	273,835	30,221
Changes in recognized deferred tax assets / (liabilities)	–	(132,997)
Changes in unrecognized deferred tax assets	–	684,995
Tax rate changes	15,245	–
Other changes not taken into account in tax reporting	104,945	–
<b>Income tax expense / (Reimbursement)</b>	<b>2,724,477</b>	<b>(137,626)</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

In accordance with the amendments to the Tax Code of Ukraine issued in December 2023, the Bank's income tax rate was set at 50% for the year ending December 31, 2023, and 25% for subsequent years. In 2022, the Bank's profits were subject to income tax at the rate of 18%.

As at 31 December 2023 and 2022, deferred tax assets and liabilities and their movements for the respective periods were as follows:

	<i>Origination and reversal of temporary differences</i>		<i>Origination and reversal of temporary differences</i>		<i>31 December 2022</i>
	<i>In profit or loss</i>	<i>In equity</i>	<i>31 December 2023</i>	<i>In profit or loss</i>	
<b>Tax effect of non-taxable temporary differences</b>					
Assessment of investments at fair value through other comprehensive income	(134,962)	134,962	-	134,962	(134,962)
Property, equipment and intangible assets	30,762	(6,451)	54,449	2,695	(4,811)
<b>Deferred tax assets/ (liabilities), net amount</b>	<b>(104,200)</b>	<b>128,511</b>	<b>54,449</b>	<b>137,657</b>	<b>(139,773)</b>
<b>Deductible temporary differences for which no deferred tax assets is recognized</b>					
Tax losses carried forward	266,430	-	951,425	684,995	-
Assessment of investments at fair value through other comprehensive income	-	(288,939)	19,087	-	267,554
<b>Deferred tax assets, unrecognized</b>	<b>266,430</b>	<b>(288,939)</b>	<b>970,512</b>	<b>684,995</b>	<b>267,554</b>

In 2023, changes in temporary differences on unrecognized deferred tax assets had no impact on profit and loss and equity.

Changes in the balance of unrecognized tax losses carried forward as at 31 December 2023 are caused by a change in the tax rate from 18% to 25%.

Preparation and provision of financial statements and corporate income tax returns is made at different periods. Consequently, financial and tax accounting may have minor differences. These differences will be reported in tax accounting in the next reporting period.

In accordance with the norms of the current tax legislation, the object of taxation with income tax is the financial result before taxation, defined in the financial statements of the Bank in accordance with IFRS, adjusted for differences, which are defined by the norms of the Tax Code of Ukraine. Thus, tax accounting is carried out on the basis of accounting with subsequent tax adjustments for the purpose of timely and reliable tax reporting.

Deferred tax assets related to revaluation of securities and to secure credit obligations are not recognized by the Bank, as realization of the deferred tax assets is improbable.

The Bank does not recognize deferred tax assets in relation to tax losses (the negative value of the taxable item of previous tax (reporting) years) due to the existence of significant uncertainty regarding the receipt of sufficient taxable profit in the following reporting periods.

The unrecognized deferred tax assets has no expiration date.

When calculating deferred taxes on the revaluation of investments in securities, as at 31 December 2023, the total amount of recognized revaluation of securities minus the amount of recognized reserves for these securities was used. The Bank recognizes only those deferred tax assets for which there is a high probability of their realization.

The Bank does not recognize deferred tax assets in relation to tax losses (the negative value of the object of taxation of the previous tax (reporting) years) until it receives objective evidence that sufficient taxable income will be obtained to cover them in the following reporting periods. In 2023, according with changes in tax legislation, the Bank has no right to reduce pre-tax profit by the amount of losses of previous tax years.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

**14. Property, equipment and intangible assets**

Movements in property, equipment and intangible assets were as follows:

Note	Buildings and land plots	Furniture and equipment	Leasehold improvements	Motor vehicles	Construction in progress and items not yet available to use	Intangible assets	Total
<b>Cost or revalued amount</b>							
<b>As at 1 January 2023</b>	<b>839,734</b>	<b>1,081,349</b>	<b>32,288</b>	<b>72,135</b>	<b>31,350</b>	<b>729,903</b>	<b>2,786,759</b>
Additions	22,567	104,834	-	-	61,758	186,203	375,362
Disposals	(1,362)	(33,481)	(286)	(5,803)	-	(4,046)	(44,978)
Transfers	18,172	68,870	3,134	-	(89,293)	(883)	-
Revaluation	(61,552)	-	-	-	-	-	(61,552)
Recovery of utility	-	2,729	-	-	-	11	2,740
Reclassification from Right-of-use assets	-	-	-	930	-	-	930
<b>As at 31 December 2023</b>	<b>817,559</b>	<b>1,224,301</b>	<b>35,136</b>	<b>67,262</b>	<b>3,815</b>	<b>911,188</b>	<b>3,059,261</b>
<b>Accumulated depreciation</b>							
<b>As at 1 January 2023</b>	<b>-</b>	<b>860,848</b>	<b>29,027</b>	<b>61,184</b>	<b>-</b>	<b>601,675</b>	<b>1,552,734</b>
Depreciation charges	22,724	169,016	2,049	7,443	-	142,114	343,346
Disposals	(13)	(33,415)	(286)	(5,803)	-	(4,046)	(43,563)
Recovery of utility	-	2,729	-	-	-	11	2,740
Reclassification from Right-of-use assets	-	-	-	930	-	-	930
Revaluation	(22,711)	-	-	-	-	-	(22,711)
<b>As at 31 December 2023</b>	<b>-</b>	<b>999,178</b>	<b>30,790</b>	<b>63,754</b>	<b>-</b>	<b>739,754</b>	<b>1,833,476</b>
<b>Net book value</b>							
<b>As at 1 January 2023</b>	<b>839,734</b>	<b>220,501</b>	<b>3,261</b>	<b>10,951</b>	<b>31,350</b>	<b>128,228</b>	<b>1,234,025</b>
<b>As at 31 December 2023</b>	<b>817,559</b>	<b>225,123</b>	<b>4,346</b>	<b>3,508</b>	<b>3,815</b>	<b>171,434</b>	<b>1,225,785</b>

Article "Revaluation" for the total amount UAH (38,841) thousand reflected in the amounts UAH (24,092) thousand of the article "Revaluation of fixed assets" as part of equity (Note 20), UAH 2,447 thousand of the item "Other income" as part of other income (losses) (Note 23) and UAH (17,196) thousand of the articles "Other" as part of other administrative and operational expenses.

Note	Buildings and land plots	Furniture and equipment	Leasehold improvements	Motor vehicles	Construction in progress and items not yet available to use	Intangible assets	Total
<b>Cost or revalued amount</b>							
<b>As at 1 January 2022</b>	<b>853,454</b>	<b>958,534</b>	<b>39,003</b>	<b>46,552</b>	<b>3,359</b>	<b>661,552</b>	<b>2,562,454</b>
Additions	-	120,114	-	-	76,852	117,578	314,544
Disposals	(16,344)	(40,627)	(7,122)	(6,616)	-	(49,227)	(119,936)
Transfers	1,892	43,459	407	3,103	(48,861)	-	-
Revaluation	732	-	-	-	-	-	732
Impairment	-	(15)	-	-	-	-	(15)
Reclassification from Right-of-use assets	15	-	-	29,096	-	-	29,096
Reclassification to Assets held for sale	16	-	(116)	-	-	-	(116)
<b>As at 31 December 2022</b>	<b>839,734</b>	<b>1,081,349</b>	<b>32,288</b>	<b>72,135</b>	<b>31,350</b>	<b>729,903</b>	<b>2,786,759</b>
<b>Accumulated depreciation</b>							
<b>As at 1 January 2022</b>	<b>-</b>	<b>765,212</b>	<b>30,192</b>	<b>40,790</b>	<b>-</b>	<b>539,119</b>	<b>1,375,313</b>
Depreciation charges	21,999	130,054	4,712	6,662	-	111,783	275,210
Disposals	(349)	(40,271)	(6,079)	(6,003)	-	(49,227)	(101,929)
Revaluation	(21,651)	-	-	-	-	-	(21,651)
Impairment	1	5,935	202	151	-	-	6,289
Reclassification from Right-of-use assets	15	-	-	19,584	-	-	19,584
Reclassification to Assets held for sale	16	-	(82)	-	-	-	(82)
<b>As at 31 December 2022</b>	<b>-</b>	<b>860,848</b>	<b>29,027</b>	<b>61,184</b>	<b>-</b>	<b>601,675</b>	<b>1,552,734</b>
<b>Net book value</b>							
<b>As at 1 January 2022</b>	<b>853,454</b>	<b>193,322</b>	<b>8,811</b>	<b>5,762</b>	<b>3,359</b>	<b>122,433</b>	<b>1,187,141</b>
<b>As at 31 December 2022</b>	<b>839,734</b>	<b>220,501</b>	<b>3,261</b>	<b>10,951</b>	<b>31,350</b>	<b>128,228</b>	<b>1,234,025</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

To determine the fair value of buildings and land plots as at 31 December 2023, the Bank engaged independent appraisers. Comparative and income approaches to valuation were mainly used to determine the fair value of buildings. Key assumptions relate to the condition, quality and location of the buildings used as comparatives.

Had the valuation of buildings and land plots been performed using a historical cost model, the carrying value of the buildings and land plots as at 31 December 2023 would amount to UAH 850,960 thousand (2022: UAH 835,105 thousand).

## 15. Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities comprise:

<i>Right-of-use assets</i>						
	<i>Note</i>	<i>Buildings</i>	<i>Furniture and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>	<i>Lease liability</i>
<b>As at 1 January 2023</b>		<b>165,801</b>	<b>76</b>	<b>236</b>	<b>166,113</b>	<b>163,506</b>
Additions		68,852	-	28	68,880	68,880
Early termination		(22,365)	-	-	(22,365)	(29,119)
Depreciation expense		(83,516)	(278)	(264)	(84,058)	-
Modification		9,792	269	-	10,061	10,061
Interest expense		-	-	-	-	14,835
Payments		-	-	-	-	(95,102)
<b>As at 31 December 2023</b>		<b>138,564</b>	<b>67</b>	<b>-</b>	<b>138,631</b>	<b>133,061</b>
<i>Right-of-use assets</i>						
	<i>Note</i>	<i>Buildings</i>	<i>Furniture and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>	<i>Lease liability</i>
<b>As at 1 January 2022</b>		<b>194,973</b>	<b>74</b>	<b>60,617</b>	<b>255,664</b>	<b>230,772</b>
Additions		66,473	339	494	67,306	67,306
Early termination		(10,750)	-	(45,685)	(56,435)	(44,315)
Depreciation expense		(84,895)	(337)	(5,338)	(90,570)	-
Interest expense		-	-	-	-	12,642
Payments		-	-	-	-	(102,899)
Impairment		-	-	(340)	(340)	-
Reclassification to Property, equipment and intangible assets	14	-	-	(9,512)	(9,512)	-
<b>As at 31 December 2022</b>		<b>165,801</b>	<b>76</b>	<b>236</b>	<b>166,113</b>	<b>163,506</b>

For the year ended 31 December 2023, the Bank recognized expenses on short-term leases, leases of low-value assets and variable lease payments in the amount of UAH 75,579 thousand (31 December 2022: UAH 61,154 thousand).

For the year ended 31 December 2023, the total lease-related cash outflow amounted to UAH 170,681 thousand (31 December 2022: UAH 164,054 thousand).

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***16. Other assets and liabilities**

Other assets comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Other financial assets</b>		
Clearing payments for payment cards	972,183	580,135
Receivables for securities	793,281	400,040
Other receivables due to banks	570,676	190,928
Other accrued income	118,884	143,540
Other	4,728	19,551
	<b>2,459,752</b>	<b>1,334,194</b>
Less: expected credit losses on other financial assets	(347,595)	(433,439)
<b>Total other financial assets</b>	<b>2,112,157</b>	<b>900,755</b>
<b>Other non-financial assets</b>		
Prepayments and deferred expenses	368,584	313,641
Other property	285,259	337,064
Receivables for property rights	83,361	110,887
Inventories	24,300	14,466
Taxes recoverable, other than income tax	19,870	946
Receivables from employees	10,539	9,548
Precious metals	1,023	1,349
Prepayments for the assets to be provided under finance leases	-	2,612
Cash and precious metals located in the temporarily occupied territory	27	63,428
Other	166	52,804
	<b>793,129</b>	<b>906,745</b>
Less: allowance for impairment on other non-financial assets	(128,399)	(197,318)
<b>Total other non-financial assets</b>	<b>664,730</b>	<b>709,427</b>

As at 31 December 2023, financial assets in the amount of UAH 492,921 thousand are reflected under the article "Receivables for securities" classified as initially impaired (2022: zero).

As at 31 December 2023, the carrying value of other property was UAH 285,259 thousand (2022: UAH 337,064 thousand).

	<b>Land plots</b>	<b>Non-residential property</b>	<b>Residential property</b>	<b>Ownership rights to real estate</b>	<b>Movables, furniture and equipment</b>	<b>Total</b>
<b>Cost</b>						
<b>As at 1 January 2023</b>	<b>20,458</b>	<b>224,295</b>	<b>66,759</b>	<b>6,561</b>	<b>18,991</b>	<b>337,064</b>
Additions	-	6,218	-	-	-	6,218
Sale	(639)	(24,809)	(18,472)	-	(98)	(44,018)
Impairment	(210)	(4,250)	(1,755)	-	(7,168)	(13,383)
Decrease in utility	-	(622)	-	-	-	(622)
<b>As at 31 December 2023</b>	<b>19,609</b>	<b>200,832</b>	<b>46,532</b>	<b>6,561</b>	<b>11,725</b>	<b>285,259</b>

	<b>Land plots</b>	<b>Non-residential property</b>	<b>Residential property</b>	<b>Ownership rights to real estate</b>	<b>Movables, furniture and equipment</b>	<b>Total</b>
<b>Cost</b>						
<b>As at 1 January 2022</b>	<b>21,642</b>	<b>262,088</b>	<b>75,936</b>	<b>6,561</b>	<b>19,126</b>	<b>385,353</b>
Additions	2,304	-	5,974	-	-	8,278
Sale	(2,960)	(33,707)	(8,623)	-	-	(45,290)
Impairment	(528)	(4,086)	(6,528)	-	(135)	(11,277)
<b>As at 31 December 2022</b>	<b>20,458</b>	<b>224,295</b>	<b>66,759</b>	<b>6,561</b>	<b>18,991</b>	<b>337,064</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

To determine the fair value of other property as at 31 December 2023, the Bank engaged independent appraisers. Comparative and income approaches to valuation were mainly used to estimate the fair value of other property. Based on the analysis of the assessment, the value of other property was written down.

The analysis of changes in the expected credit loss allowance for other financial assets for the year ended 31 December 2023 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>2,412</b>	<b>6,729</b>	<b>424,298</b>	-	<b>433,439</b>
New assets originated or purchased	3,541	4,081	94	9,858	<b>17,574</b>
Assets repaid	(4,912)	(3,946)	(5,085)	-	<b>(13,943)</b>
Transfer to Stage 1	385	(164)	(221)	-	-
Transfer to Stage 2	(130)	334	(204)	-	-
Transfer to Stage 3	(249)	(7,002)	7,251	-	-
Changes in expected credit losses	(648)	772	10,732	-	<b>10,856</b>
<i>Total loss allowance expense before the effect of foreign exchange differences</i>	<i>(2,013)</i>	<i>(5,925)</i>	<i>12,567</i>	<i>9,858</i>	<b>14,487</b>
Write-offs	(169)	(636)	(101,629)	-	<b>(102,434)</b>
Foreign exchange differences	2	-	2,101	-	<b>2,103</b>
<b>As at 31 December 2023</b>	<b>232</b>	<b>168</b>	<b>337,337</b>	<b>9,858</b>	<b>347,595</b>

Analysis of changes in the expected credit loss (ECL) allowance for other financial assets for the year ended 31 December 2022 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>429</b>	<b>560</b>	<b>521,841</b>	-	<b>522,830</b>
New assets originated or purchased	13,427	3,331	1,423	-	<b>18,181</b>
Assets repaid	(225)	(899)	(523)	-	<b>(1,647)</b>
Transfer to Stage 1	2,153	(1,157)	(996)	-	-
Transfer to Stage 2	(214)	6,468	(6,254)	-	-
Transfer to Stage 3	(928)	(5,171)	6,099	-	-
Changes in expected credit losses	(12,314)	3,751	7,362	-	<b>(1,201)</b>
<i>Total loss allowance expense before the effect of foreign exchange differences</i>	<i>1,899</i>	<i>6,323</i>	<i>7,111</i>	<i>-</i>	<b>15,333</b>
Write-offs	(8)	(77)	(107,583)	-	<b>(107,668)</b>
Foreign exchange differences	92	(77)	2,929	-	<b>2,944</b>
<b>As at 31 December 2022</b>	<b>2,412</b>	<b>6,729</b>	<b>424,298</b>	-	<b>433,439</b>

Analysis of changes in the impairment losses for other non-financial assets for the year ended 31 December 2023 is as follows:

	<b>Other assets</b>
<b>As at 1 January 2023</b>	<b>197,318</b>
Accrual	24,010
<i>Total impairment losses before the effect of exchange differences</i>	<i>24,010</i>
Recovery	(27,526)
Amounts written off	(66,700)
Foreign exchange differences	1,297
<b>As at 31 December 2023</b>	<b>128,399</b>

Analysis of changes in the impairment losses for other non-financial assets for the year ended 31 December 2022 is as follows:

	<b>Other assets</b>
<b>As at 1 January 2022</b>	<b>182,327</b>
Accrual	14,697
<i>Total impairment losses before the effect of exchange differences</i>	<i>14,697</i>
Recovery	4,022
Amounts written off	(14,838)
Foreign exchange differences	11,110
<b>As at 31 December 2022</b>	<b>197,318</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Other liabilities comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Other financial liabilities</b>		
Payables for operations with clients	269,089	106,678
Lease liabilities	133,061	163,506
Accrued expenses for cash and settlements	48,219	50,688
Accounts payable for operations with banks	42,755	7,481
Payables for operations with payment cards	38,331	267,411
Accounts payable for professional services	15,086	33,063
Payables for operations with clients on purchase and sale of foreign currency, bank and precious metals	11,211	38,500
Communication services	8,288	7,247
Maintenance of premises	7,230	4,915
Software support	6,533	1,920
Accounts payable for acquiring assets	3,082	12,906
Repair and maintenance of property, plant and equipment	2,509	1,150
Rent of premises	2,455	7,377
Security services	1,421	1,153
Payables to payment cards transactions processing center	6	1,923
Other	59,723	65,455
<b>Total other financial liabilities</b>	<b>648,999</b>	<b>771,373</b>
<b>Other non-financial liabilities</b>		
Accruals for unused vacations	425,140	325,864
Payables for payments to the Individual Deposit Guarantee Fund	56,041	51,401
Accounts payable for payments to employees	46,322	2,775
Deferred income	43,025	48,345
Payables on taxes and mandatory contributions, except for income tax	40,647	28,455
Other	2,236	70,075
<b>Total other non-financial liabilities</b>	<b>613,411</b>	<b>526,915</b>

As at 31 December 2023, other financial liabilities include balances in the amount of UAH 3,114 thousand counterparties with geographic jurisdiction in the russian federation and the republic of belarus (2022: UAH 2,862 thousand).

## 17. Due to banks

Due to banks comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Current accounts	2,598,716	4,595,444
Other amounts due to banks	196,241	973,125
<b>Due to banks</b>	<b>2,794,957</b>	<b>5,568,569</b>

As at 31 December 2023, the balances of due to banks amounted to UAH 1,725,988 thousand (61.75%) raised from three banks (2022: balances amounted to UAH 3,254,132 thousand (58.44%) raised from three banks).

As at 31 December 2023, current accounts due to banks included funds raised in precious metals, which are measured at fair value through profit or loss in the amount to UAH 89,745 thousand (2022: UAH 82,465 thousand).

As at 31 December 2023, the funds of credit institutions include balances in the amount of UAH 8,033 thousand borrowed from banks of the russian federation and the republic of belarus (2022: 8,033).

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***18. Due to customers**

Due to customers by operating segments comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Current accounts</b>		
- Corporate banking	78,647,725	41,472,462
- SME	13,723,251	12,800,410
- Retail banking	17,802,655	16,718,093
	<b>110,173,631</b>	<b>70,990,965</b>
<b>Time deposits</b>		
- Corporate banking	13,137,863	17,897,959
- SME	15,114,810	8,552,785
- Retail banking	15,707,260	15,336,904
	<b>43,959,933</b>	<b>41,787,648</b>
<b>Due to customers</b>	<b>154,133,564</b>	<b>112,778,613</b>

As at 31 December 2023, balances due to customers of UAH 45,970,012 thousand (29.82%) included the amounts due to ten largest customers of the Bank (2022: UAH 17,909,400 thousand (15.88%).

As at 31 December 2023, balances due to budget organizations amounted to UAH 842,059 thousand and included the amounts due to customers: UAH 840,933 thousand - in the Corporate banking segment (2022: UAH 998,160 thousand) and UAH 1,126 thousand - in the SME segment (2022: UAH 1,181 thousand).

As at 31 December 2023, balances due to customers included funds raised in precious metals, which are measured at fair value through profit or loss, in the amount of UAH 18,563 thousand in the Corporate banking segment (2022: UAH 15,553 thousand), UAH 176,376 thousand - in the Retail banking segment (2022: UAH 149,330 thousand).

The amounts due to customers by industry are summarized as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Individuals	33,613,597	32,138,432
Service sector	31,759,784	14,238,343
Production	19,641,843	11,021,968
Transport	17,431,057	13,668,126
Power engineering	13,156,659	14,069,274
Trade	10,774,429	8,258,425
Mining industry	9,749,638	1,534,158
Agriculture and food industry	4,088,633	3,643,022
Finance	3,867,146	5,143,687
Construction	3,107,956	1,464,692
Insurance	2,513,300	3,213,145
Metallurgy	1,150,496	1,201,861
Other	3,279,026	3,183,480
<b>Due to customers</b>	<b>154,133,564</b>	<b>112,778,613</b>

As at 31 December 2023, balances due to customers by industry in the Retail banking segment in the amount of UAH 33,613,597 thousand (2022: UAH 32,138,432 thousand) included SME share of due to customers in the amount of UAH 103,682 thousand (2022: UAH 83,435 thousand).

As at 31 December 2023, items attributed to Other included the funds of non-resident legal entities of UAH 3,108,017 thousand (2022: UAH 3,099,941 thousand).

As at 31 December 2023, loans and advances to customers were secured by amounts due to customers of UAH 1,214,749 thousand (2022: UAH 3,291,081 thousand) (Note 9).

As at 31 December 2023, amounts due to customers were pledged to secure the commitments and contingencies in the amount of UAH 2,425,706 thousand (2022: UAH 4,832,300 thousand) (Note 21).



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***19. Other borrowed funds**

Other borrowed funds comprise:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Due to the National Bank of Ukraine	–	998,956
Term deposits and loans	5,579,937	3,385,859
<b>Other borrowed funds</b>	<b>5,579,937</b>	<b>4,384,815</b>

Loans from the National Bank of Ukraine include:

	<b>Maturity</b>	<b>Interest rate</b>	<b>31 December 2023</b>	<b>Interest rate</b>	<b>31 December 2022</b>
Long-term loans obtained through refinancing	9 January 2026	–	–	25%	998,956
<b>Total due to the National Bank of Ukraine</b>		<b>–</b>	<b>–</b>		<b>998,956</b>

As at 31 December 2023, the discount rate of the National Bank of Ukraine was 15% (2022: 25%).

As at 31 December 2023, the following assets were pledged as a collateral for loans received from the National Bank of Ukraine:

	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
UDGB and UDMB	10	–	16,566,069
<b>Total</b>		<b>–</b>	<b>16,566,069</b>

The loan agreement with the National Bank of Ukraine was concluded with a total restorative refinancing limit of UAH 41,112,415 thousand until October 2028.

As at 31 December 2023, the balances of other borrowed funds amounted to UAH 4,543,605 thousand (81.43%) raised from three banks (2022: balances amounted to UAH 3,140,743 thousand 71.63% raised from three banks).

As at 31 December 2023, other borrowed funds include loans received from international and other organizations in the amount of UAH 2,651,981 thousand. (2022: UAH 2,721,618 thousand). The balances of these loans on both reporting dates are denominated in Euro. The range of interest rates is from 6.904% to 9.445% per annum (2022: from 4.84% to 6.993% per annum) for loans in Euro, repayment dates according to the terms of the agreements in the years 2024 - 2026 (2022: in the years 2023 - 2026).

As at 31 December 2023, other borrowed funds include loans received from state organizations in the amount of UAH 2,927,956 thousand. (2022: UAH 664,241 thousand). The balances of these loans on both reporting dates are denominated in hryvnias. The range of interest rates is from 3% to 14.28% per annum (2022: from 3% to 11.07% per annum) for hryvnia loans, repayment dates in accordance with the terms of the contracts in 2024 - 2044 (2022: in 2023 - 2043).

Information on future cash flows in terms of terms remaining to maturity according to the terms of the contracts is provided in Note 31.

As at 31 December 2023, a long-term loans received from credit institutions were secured by the Ukrainian domestic government bonds with a fair value of UAH 7,681,278 thousand (2022: UAH 1,084,684 thousand) (Note 10).

Note 29 provides information as at 31 December 2023 on breaches of covenants in relation to term loans obtained from credit institutions amounted to UAH 3,198,099 thousand (2022: UAH 3,339,098 thousand).

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***20. Equity****Share capital**

As at 31 December 2023, the authorized issued share capital comprised 13,836,522,922 ordinary shares and 477,078 preferred shares (2022: 13,836,522,922 ordinary shares and 477,078 preferred shares) with the nominal value of UAH 1 per share. Ordinary shares give rights to their holders to participate in the General Shareholders' Meetings, to receive dividends and, in case of liquidation of the Bank, to receive a portion of the Bank's property or its value in proportion to the value of the Bank's shares owned by them in the order and in accordance with the procedure stipulated by the legislation of Ukraine and the Bank's charter. The shareholders that own preferred shares have a right to vote in certain cases according to the charter and are entitled to receive annual fixed amounts of dividends, unless otherwise envisaged by law.

The number of issued and fully paid shares is as follows:

	<i>Number of shares, thousand</i>		<i>Nominal value, thousand UAH</i>		<i>Nominal value, thousand UAH</i>	<i>Total, thousand UAH</i>
	<i>Ordinary</i>	<i>Preferred</i>	<i>Ordinary</i>	<i>Preferred</i>		
<b>As at 31 December 2021</b>	<b>13,836,523</b>	<b>477</b>	<b>13,836,523</b>	<b>477</b>	<b>13,837,000</b>	<b>13,837,000</b>
Issued and registered shares	–	–	–	–	–	–
<b>As at 31 December 2022</b>	<b>13,836,523</b>	<b>477</b>	<b>13,836,523</b>	<b>477</b>	<b>13,837,000</b>	<b>13,837,000</b>
Issued and registered shares	–	–	–	–	–	–
<b>As at 31 December 2023</b>	<b>13,836,523</b>	<b>477</b>	<b>13,836,523</b>	<b>477</b>	<b>13,837,000</b>	<b>13,837,000</b>

**Reserve fund**

The Bank creates a reserve fund to cover unforeseen losses on all items of assets and off-balance liabilities. The amount of charges to the reserve fund should be not less than 5 percent of the Bank's profit until it reaches 25 percent of the Bank's regulatory capital. As at 31 December 2023, the Bank's reserve fund amounted to UAH 967,777 thousand (2022: UAH 967,777 thousand). The Reserve Fund is included in the line "Reserve and other funds of the Bank" of the Statement of Financial Position.

If as a result of the Bank's operations the amount of its regulatory capital decreases to the amount below its share capital, then annual charges to the reserve fund should be 10 percent of the Bank's net profit until it reaches 35 percent of the Bank's share capital.

**Movements in other reserves**

Movements in other reserves were as follows:

	<i>Revaluation surplus</i>	<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Total</i>
<b>As at 1 January 2022</b>	<b>224,594</b>	<b>(224,854)</b>	<b>(1,925)</b>	<b>(2,185)</b>
Revaluation of property, plant and equipment	23,127	–	–	<b>23,127</b>
Income tax related to revaluation of property and equipment	(4,812)	–	–	<b>(4,812)</b>
Net change in fair value of debt instruments at fair value through other comprehensive income	–	(1,449,078)	–	<b>(1,449,078)</b>
Reclassification of cumulative (gain)/loss on disposal of debt instruments at fair value through other comprehensive income to profit or loss	–	(37,331)	–	<b>(37,331)</b>
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	–	749,789	–	<b>749,789</b>
Income tax associated with revaluation of securities	–	(134,962)	–	<b>(134,962)</b>
Transfer as a result of disposal of assets	(8,989)	–	–	<b>(8,989)</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

	<i>Revaluation surplus</i>	<i>Reserve of gains and losses on financial assets measured at fair value through other comprehensive income</i>	<i>Reserve of gains and losses from investments in equity instruments</i>	<i>Total</i>
<b>As at 31 December 2022</b>	<b>233,920</b>	<b>(1,096,436)</b>	<b>(1,925)</b>	<b>(864,441)</b>
Revaluation of property, plant and equipment	(24,092)	-	-	(24,092)
Income tax related to revaluation of property and equipment	(6,451)	-	-	(6,451)
Net change in fair value of debt instruments at fair value through other comprehensive income	-	2,056,063	-	2,056,063
Reclassification of cumulative (gain)/loss on disposal of debt instruments at fair value through other comprehensive income to profit or loss	-	(72,374)	-	(72,374)
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	-	-	(1,480)	(1,480)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	-	306,476	-	306,476
Income tax associated with revaluation of securities	-	134,962	-	134,962
Transfer as a result of disposal of assets	(386)	-	-	(386)
<b>As at 31 December 2023</b>	<b>202,991</b>	<b>1,328,691</b>	<b>(3,405)</b>	<b>1,528,277</b>

## 21. Commitments and contingencies

### Legal

In the ordinary course of business, the Bank is subject to legal actions and complaints. The Bank management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank.

### Taxation

The Ukrainian tax system is characterized by numerous taxes and frequent changes in the legislation. Tax regulations are often unclear, open to wide interpretation and, in some instances, are controversial. Instances of inconsistent tax law treatment among the fiscal authorities, authorized institutions, entities and other government bodies are not infrequent. Tax returns are subject to review and investigation by a number of authorities that are authorized to impose penalties and interest charges. These facts create tax risks substantially more significant than typically found in countries with more developed systems.

The management believes that it has complied with all existing tax legislation requirements. However, there can be no assurance that the tax authorities will not have a different interpretation of the Bank's compliance with existing legislation and assess fines and penalties.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***Commitments and contingencies**

As at 31 December 2023 and 31 December 2022, contractual commitments and contingencies were as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Credit-related commitments</b>		
Financial guarantees	7,596,041	8,009,244
Loan commitments	16,414,703	10,875,864
Letters of credit:	3,629,211	5,226,349
- including secured letters of credit	890,432	568,059
- including unsecured letters of credit	2,738,779	4,658,290
Aval	2,933	19,133
	<b>27,642,888</b>	<b>24,130,590</b>
Performance guarantees	896,326	856,764
	<b>896,326</b>	<b>856,764</b>
<b>Commitments and contingencies</b>	<b>28,539,214</b>	<b>24,987,354</b>

As at 31 December 2023, loan commitments amounted to UAH 16,414,703 thousand (2022: UAH 10,875,864 thousand), including

- ▶ loan commitments to strategic customers of the Bank (clients to whom the Bank will fulfill its lending obligations in conditions of crisis and limited liquidity) in the amount of UAH 1,794,476 thousand (2022: UAH 2,569,681 thousand)
- ▶ loan commitments to other customers of the Bank in the amount of UAH 14,620,227 thousand (2022: UAH 8,306,183 thousand).

As at 31 December 2023 and 31 December 2022, the loan commitments are revocable commitments.

As at 31 December 2023, the estimated allowances for ECLs in respect of credit-related commitments amounted to UAH 677,149 thousand (2022: UAH 302,744 thousand).

As at 31 December 2023, the estimated allowances for performance guarantees amounted to UAH 6,222 thousand (2022: UAH 143 thousand).

As at 31 December 2023, the commitments and contingencies were secured by cash collateral for UAH 2,425,706 thousand (2022: UAH 4,832,300 thousand) (Note 18) .

The indicator "Other provision" of the Statement of the financial position for the year ended 31 December 2023 is represented by the estimated reserve for legal and other risks of UAH 147,116 thousand (2022: UAH 395,919 thousand) and an estimated reserve for performance guarantees of UAH 6,222 thousand (2022: UAH 143 thousand).

Changes in the expected credit loss allowance for financial guarantees for the year ended 31 December 2023 were as follows:

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>23,934</b>	<b>203,193</b>	<b>42,399</b>	<b>269,526</b>
New guarantees	438,802	-	-	<b>438,802</b>
Expired guarantees	(65,577)	(6,870)	(653,024)	<b>(725,471)</b>
Transfer to Stage 1	2,229	(2,229)	-	-
Transfer to Stage 2	(25,849)	25,849	-	-
Transfer to Stage 3	(2,016)	(6,369)	8,385	-
Change in allowance	78,145	(170,124)	672,291	<b>580,312</b>
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>425,734</i>	<i>(159,743)</i>	<i>27,652</i>	<b>293,643</b>
Foreign exchange differences	19,544	18	3,341	<b>22,903</b>
<b>As at 31 December 2023</b>	<b>469,212</b>	<b>43,468</b>	<b>73,392</b>	<b>586,072</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>37</b>	<b>156</b>	<b>-</b>	<b>193</b>
New guarantees	1,076	-	-	1,076
Expired guarantees	(618)	(20)	-	(638)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(300)	300	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(169)	(223)	-	(392)
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>(11)</i>	<i>57</i>	<i>-</i>	<i>46</i>
Foreign exchange differences	(17)	(5)	-	(22)
<b>As at 31 December 2023</b>	<b>9</b>	<b>208</b>	<b>-</b>	<b>217</b>

Changes in the expected credit loss allowance for financial guarantees for the year ended 31 December 2022 were as follows:

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>132,540</b>	<b>56,535</b>	<b>-</b>	<b>189,075</b>
New guarantees	110,670	-	-	110,670
Expired guarantees	(33,929)	(312,802)	-	(346,731)
Transfer to Stage 1	39,861	(39,861)	-	-
Transfer to Stage 2	(253,953)	253,953	-	-
Transfer to Stage 3	-	(6,720)	6,720	-
Change in allowance	26,181	243,208	35,679	305,068
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>(111,170)</i>	<i>137,778</i>	<i>42,399</i>	<i>69,007</i>
Foreign exchange differences	2,565	8,882	-	11,447
<b>As at 31 December 2022</b>	<b>23,935</b>	<b>203,195</b>	<b>42,399</b>	<b>269,529</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>119</b>	<b>-</b>	<b>1</b>	<b>120</b>
New guarantees	12,428	-	-	12,428
Expired guarantees	(230)	(8,458)	-	(8,688)
Transfer to Stage 1	168	(168)	-	-
Transfer to Stage 2	(11,729)	77,535	(65,806)	-
Transfer to Stage 3	(371)	-	371	-
Change in allowance	(361)	(73,266)	69,598	(4,029)
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>(95)</i>	<i>(4,357)</i>	<i>4,163</i>	<i>(289)</i>
Foreign exchange differences	13	4,513	(4,164)	362
<b>As at 31 December 2022</b>	<b>37</b>	<b>156</b>	<b>-</b>	<b>193</b>

Changes in allowances for performance guarantees for the year ended 31 December 2023 were as follows:

<b>Corporate banking</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>126</b>
Accrual/(reversal)	5,834
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>5,834</i>
Foreign exchange differences	227
<b>As at 31 December 2023</b>	<b>6,187</b>

<b>SME</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>17</b>
Accrual/(reversal)	15
<i>Total allowance expense before the effect of foreign exchange differences</i>	<i>15</i>
Foreign exchange differences	-
<b>As at 31 December 2023</b>	<b>32</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Changes in allowances for performance guarantees for the year ended 31 December 2022 were as follows:

<b>Corporate banking</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>805</b>
Accrual/(reversal)	(834)
<i>Total allowance expense before the effect of foreign exchange differences</i>	(834)
Foreign exchange differences	155
<b>As at 31 December 2022</b>	<b>126</b>

<b>SME</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>3</b>
Accrual/(reversal)	13
<i>Total allowance expense before the effect of foreign exchange differences</i>	13
Foreign exchange differences	1
<b>As at 31 December 2022</b>	<b>17</b>

Below is the analysis of changes in allowances for expected credit losses under the loan commitments for the year ended 31 December 2023.

Stage 3 is defined in accordance with the balance sheet of these instruments

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>2,629</b>	<b>219</b>	-	<b>2,848</b>
New loan commitments	9,852	-	-	<b>9,852</b>
Expired loan commitments	(202)	(412)	-	<b>(614)</b>
Transfer to Stage 1	3,060	(3,060)	-	-
Transfer to Stage 2	(8,105)	8,105	-	-
Transfer to Stage 3	-	-	-	-
Change in allowance	(3,034)	(622)	66,386	<b>62,730</b>
<i>Total allowance expense before the effect of foreign exchange differences</i>	1,571	4,011	66,386	<b>71,968</b>
Foreign exchange differences	2	25	1,668	<b>1,695</b>
<b>As at 31 December 2023</b>	<b>4,202</b>	<b>4,255</b>	<b>68,054</b>	<b>76,511</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>212</b>	<b>38</b>	-	<b>250</b>
New loan commitments	502	-	-	<b>502</b>
Expired loan commitments	(17)	(47)	(1,481)	<b>(1,545)</b>
Transfer to Stage 1	150	(150)	-	-
Transfer to Stage 2	(82)	82	-	-
Transfer to Stage 3	-	(1)	1	-
Change in allowance	(407)	101	2,545	<b>2,239</b>
<i>Total allowance expense before the effect of foreign exchange differences</i>	146	(15)	1,065	<b>1,196</b>
Foreign exchange differences	-	-	-	-
<b>As at 31 December 2023</b>	<b>358</b>	<b>23</b>	<b>1,065</b>	<b>1,446</b>

<b>Retail banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2023</b>	<b>23,544</b>	<b>8</b>	<b>6,371</b>	<b>29,923</b>
New loan commitments	4,658	-	63	<b>4,721</b>
Expired loan commitments	(1,236)	(1)	(3,085)	<b>(4,322)</b>
Transfer to Stage 1	5,117	(15)	(5,102)	-
Transfer to Stage 2	(209)	1,594	(1,385)	-
Transfer to Stage 3	(121)	(1)	122	-
Change in allowance	(24,675)	(1,584)	8,794	<b>(17,465)</b>
<i>Total allowance expense before the effect of foreign exchange differences</i>	(16,466)	(7)	(593)	<b>(17,066)</b>
Foreign exchange differences	-	-	49	<b>49</b>
<b>As at 31 December 2023</b>	<b>7,078</b>	<b>1</b>	<b>5,827</b>	<b>12,906</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Below is the analysis of changes in allowances for expected credit losses under the loan commitments for the year ended 31 December 2022.

Stage 3 is defined in accordance with the balance sheet of these instruments.

<b>Corporate banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>2,490</b>	<b>160,221</b>	<b>-</b>	<b>162,711</b>
New loan commitments	1,351	-	-	1,351
Expired loan commitments	(345)	(6,818)	(3)	(7,166)
Transfer to Stage 1	2,071	(2,071)	-	-
Transfer to Stage 2	(163)	163	-	-
Transfer to Stage 3	(1)	(2,289)	2,290	-
Change in allowance	(2,777)	(149,274)	(2,287)	(154,338)
<i>Total allowance expense before the effect of foreign exchange differences</i>	136	(160,289)	-	(160,153)
Foreign exchange differences	3	287	-	290
<b>As at 31 December 2022</b>	<b>2,629</b>	<b>219</b>	<b>-</b>	<b>2,848</b>

<b>SME</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>100</b>	<b>31</b>	<b>6,615</b>	<b>6,746</b>
New loan commitments	112	-	-	112
Expired loan commitments	(17)	-	(239)	(256)
Transfer to Stage 1	79	(6)	(73)	-
Transfer to Stage 2	(2)	5,002	(5,000)	-
Transfer to Stage 3	-	(28)	28	-
Change in allowance	(60)	(4,961)	(1,331)	(6,352)
<i>Total allowance expense before the effect of foreign exchange differences</i>	112	7	(6,615)	(6,496)
Foreign exchange differences	-	-	-	-
<b>As at 31 December 2022</b>	<b>212</b>	<b>38</b>	<b>-</b>	<b>250</b>

<b>Retail banking</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>As at 1 January 2022</b>	<b>2,255</b>	<b>1</b>	<b>8,449</b>	<b>10,705</b>
New loan commitments	2,182	-	112	2,294
Expired loan commitments	(341)	-	(4,424)	(4,765)
Transfer to Stage 1	7,963	(1)	(7,962)	-
Transfer to Stage 2	(129)	886	(757)	-
Transfer to Stage 3	(5)	-	5	-
Change in allowance	11,619	(878)	10,705	21,446
<i>Total allowance expense before the effect of foreign exchange differences</i>	21,289	7	(2,321)	18,975
Foreign exchange differences	-	-	243	243
<b>As at 31 December 2022</b>	<b>23,544</b>	<b>8</b>	<b>6,371</b>	<b>29,923</b>

Provisions for claims, guarantees and commitments are recorded as liabilities.

#### Assets pledged as collateral

The Bank pledges the assets as collateral stated in the statement of financial position in terms of various current transactions carried out under the normal conditions applicable to such agreements.

As at 31 December 2023, the assets pledged by the Bank as collateral include:

<b>Liability type</b>	<b>Liability amount</b>	<b>Asset type</b>	<b>Asset carrying amount</b>
Long-term loan from a financial institution	2,927,956	UDGB	7,681,278
<b>Total</b>	<b>2,927,956</b>		<b>7,681,278</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

As at 31 December 2022, the assets pledged by the Bank as collateral include:

<i>Liability type</i>	<i>Liability amount</i>	<i>Asset type</i>	<i>Asset carrying amount</i>
Long-term loans obtained through refinancing from NBU	998,956	UDGB and UDMB	16,566,069
Long-term loan from a financial institution	664,241	UDGB	1,084,684
<b>Total</b>	<b>1,663,197</b>		<b>17,650,753</b>

Provisions for legal risks relate to other property of the Bank to which the title is likely to be lost, and legal claims on which the Bank is likely to incur losses.

The Change in provisions for legal and other risks was as follows:

	<i>Provision for legal and other risks</i>
<b>As at 1 January 2023</b>	<b>395,920</b>
Accrual	(111,096)
Used	(137,708)
<b>As at 31 December 2023</b>	<b>147,116</b>

	<i>Provision for legal and other risks</i>
<b>As at 1 January 2022</b>	<b>265,297</b>
Accrual	138,872
Write-off	(8,250)
<b>As at 31 December 2022</b>	<b>395,919</b>

**22. Net fee and commission income**

Net fee and commission income comprised:

	<b>2023</b>	<b>2022</b>
Settlements	1,450,168	1,636,573
Guarantees and letters of credit	406,818	356,746
Agent operations in the foreign exchange market	333,293	274,380
Loan servicing to customers	41,003	23,759
Transactions with securities	6,289	9,487
Other	23,394	26,515
<b>Fee and commission income</b>	<b>2,260,965</b>	<b>2,327,460</b>
Settlements	(707,395)	(716,122)
Guarantees and letters of credit	(224,612)	(172,247)
Agent operations in the foreign exchange market	(31,754)	(11,869)
Other	(433)	(6,398)
<b>Fee and commission expense</b>	<b>(964,194)</b>	<b>(906,636)</b>
<b>Net fee and commission income</b>	<b>1,296,771</b>	<b>1,420,824</b>



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***23. Other gains (losses)**

Other gains (losses) comprised:

	<b>2023</b>	<b>2022</b>
Other losses (profits) are represented by changes in provisioning-related expenses (reversal of provisions) for legal risks	21	111,096
		(138,872)
Gain on marketing support services		83,029
Fees from insurance companies and banks		96,865
Recovery of previously written-off assets		78,268
Penalties received and other fees for overdue payments under loan agreements		14,581
		29,757
Obtaining income from the acquisition of ownership of real estate		59,795
Recovery of expenses on finance lease agreements		20,959
Gain from sale of investment and commemorative coins		-
Compensation costs for utilities of premises leased		13,784
Recovery of litigation expenses		33,885
Recognition of the fair value of buildings		11,297
Surplus cash collection at ATMs		7,832
Positive result from sale of other property		9,706
Recovery of registration costs		7,430
Positive result from sale of property, equipment and intangible assets		6,172
Other		3,144
		3,104
		-
		2,568
		2,393
		2,012
		7,270
		442
		628
		186
		757
		44,021
		40,815
<b>Total other gains (losses)</b>	<b>448,147</b>	<b>214,554</b>

**24. Interest revenue calculated using effective interest method**

The Table below discloses interest revenue calculated using effective interest method, reflected in the statement of profit and loss and other comprehensive income for the years ended 31 December 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Loans and advances to customers	8,053,995	7,159,283
Investments in securities	5,580,651	3,209,886
Deposit certificates of the National Bank of Ukraine	3,076,606	651,301
Loans and advances to banks	589,091	296,466
<b>Interest revenue calculated using effective interest method</b>	<b>17,300,343</b>	<b>11,316,936</b>

**25. Interest expense**

The Table below discloses interest expense, reflected in the statement of profit and loss and other comprehensive income for the years ended 31 December 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Due to customers	(10,181,952)	(4,631,413)
Due to the National Bank of Ukraine	(197,968)	(1,796,710)
Due to banks	(295,313)	(131,173)
	<b>(10,675,233)</b>	<b>(6,559,296)</b>
<b>Other interest expense</b>		
Lease liabilities	(14,835)	(12,642)
	<b>(14,835)</b>	<b>(12,642)</b>
<b>Interest expense</b>	<b>(10,690,068)</b>	<b>(6,571,938)</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***26. Impairment loss determined in accordance with IFRS 9**

The Table below discloses the impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9 recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2023:

	<i>Notes</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	7	388				388
Loans and other balances with banks	8	(1,164)	-	-		(1,164)
Loans and advances to customers	9	(127,686)	(593,351)	(237,512)	6,855	(951,694)
Losses from the recognition of POCI		-	-	-	447,023	447,023
Investments in securities at fair value through other comprehensive income	10	784,828	(483,642)	5,614	-	306,800
Return of loans and advances to customers written-off in the current year		-	-	1,892	-	1,892
Other financial assets	16	(2,013)	(5,925)	12,567	9,858	14,487
Financial guarantees	21	425,723	(159,686)	27,652	-	293,689
Undrawn loan commitments	21	(14,749)	3,989	66,858	-	56,098
<b>Total impairment loss determined in accordance with IFRS 9</b>		<b>1,065,327</b>	<b>(1,238,615)</b>	<b>(122,929)</b>	<b>463,736</b>	<b>167,519</b>

The Table below discloses the impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9 recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2022:

	<i>Notes</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	7	(2,501)	-	-	-	(2,501)
Loans and advances to banks	8	(2,075)	-	365	-	(1,710)
Loans and advances to customers	9	(301,082)	(1,176,596)	7,723,770	155,859	6,401,951
Investments in securities at fair value through other comprehensive income	10	162,861	788,313	(201,385)	-	749,789
Return of loans and advances to customers written-off in the current year		-	-	(12,738)	-	(12,738)
Other financial assets	16	1,899	6,323	7,111	-	15,333
Financial guarantees	21	(111,265)	133,421	46,562	-	68,718
Undrawn loan commitments	21	21,537	(160,275)	(8,936)	-	(147,674)
<b>Total impairment gain determined in accordance with IFRS 9</b>		<b>(230,626)</b>	<b>(408,814)</b>	<b>7,554,749</b>	<b>155,859</b>	<b>7,071,168</b>

**27. Impairment loss for non-financial assets**

The statement of profit and loss and other comprehensive income for the year ended 31 December 2023 presents provisioning-related expenses for other non-financial assets in the amount of UAH 24,010 thousand. (Note 16).

The statement of profit and loss and other comprehensive income for the year ended 31 December 2022, presents provisioning-related expenses for other non-financial assets in the amount of UAH 14,697 thousand. (Note 16).

**28. Employee benefits expense, Other administrative and operating expense**

Employee benefits expense, Other administrative and operating expense comprise:

	<b>2023</b>	<b>2022</b>
Salaries and bonuses	2,361,274	1,961,084
Employment taxes	434,861	379,179
Other staff costs	145,784	195,383
<b>Employee benefits expense</b>	<b>2,941,919</b>	<b>2,535,646</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

	<b>2023</b>	<b>2022</b>
Payments to the Individual Deposit Guarantee Fund	221,780	189,106
Repair and maintenance of property, plant and equipment	173,623	167,851
Communication services	122,440	108,025
Taxes, other than income tax	90,097	91,351
Office supplies	88,926	76,995
Lease and maintenance of premises	78,993	84,535
Software support	73,002	62,124
Professional services	56,838	53,483
Security	36,169	36,316
Expenses for the accumulation of values	25,960	30,753
Marketing and advertising	15,842	22,674
Revaluation of buildings and land plots, other property	14,004	11,276
Business trips	6,724	2,216
Charity	4,888	388,416
Fines and penalties	303	-
Other	58,801	55,801
<b>Other administrative and operating expense</b>	<b>1,068,390</b>	<b>1,380,922</b>

## 29. Risk management

The risk management system of the Bank is designed to take into account its size, business model, scale of operations, types and complexity of transactions and ensures identification, measurement (assessment), monitoring, reporting, control, mitigation of all material risks of the Bank in order to determine the amount of capital required to cover all material risks inherent in its activities.

The risk management system is based on the segregation of duties among the Bank departments with using a model incorporating a concept of three security lines:

- ▶ first line – at the level of business departments and the Bank operation support departments;
- ▶ second line – at the level of risk management departments, including the department of risk management, social and environmental risk management, and the compliance department;
- ▶ third line – at the level of the internal audit department to review and evaluate the effectiveness of the risk management system.

### Risk management structure

#### *Supervisory Board*

The Supervisory Board outlines and approves the risk management strategy, credit policy, risk appetite statement, individual risk management policies, going concern procurement plan, plan for financing in crisis situations, strategy and operational plan for management of non-performing assets and foreclosed property, determines the risk appetite and sets risk limits, recognizes the sources of capitalization and other Bank financing, considers reporting on the Bank's risk profile, reviews the results of stress-testing, approves the CRO appointment and dismissal, identifies cases of the prohibition (veto) by the CRO, ensures the functioning of the risk management system and control over its effectiveness.

#### *Risk Management Committee of the Supervisory Board*

The Risk Management Committee of the Supervisory Board ensures the availability and updates of the internal regulations governing the Bank risk management process and credit policy, regularly monitors and analyzes the current profile of risks assumed by the Bank, monitors the compliance with the risk appetite amounts specified in the risk appetite statement.

#### *Management Board*

The Management Board is responsible for the overall risk management and for implementation of risk strategies and principles approved by the Supervisory Board. The Management Board delegates the operational risk management authority to the Bank's collegial structures and sets the authority limits for such collegial structures.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

#### *Collegial structures of the Management Board*

Credit Council, Credit Committee, Committee for Methodological Support of Retail, Small and Microbusiness Risk Management, Non-performing Asset Management Committee, Commission for Monitoring of Credit Operations of customers, Credit Commissions of Directories manage the credit risk within the limits of authorities delegated to them by the Management Board.

The Assets and Liabilities Management Committee manages the liquidity risk, interest rate risk and market risk within the limits of authorities delegated by the Management Board.

The Operational Risk Management Committee manages the operational risk within the limits of authorities delegated by the Management Board.

The Information Security Management Committee manages the information risk as a component of the operational risk within the limits of authorities delegated by the Management Board.

The Supervisory Board and the committees of the Supervisory Board will continue to perform their functions.

#### *CRO (Chief Risk Officer) and its subordinate risk management divisions*

The CRO and its subordinate risk management divisions ensure timely identification, measurement, monitoring, control and reporting of significant risks, prepare and submit risk reports to the Supervisory Board, Risk Management Committee of the Supervisory Board, Management Board, collegial structures of the Management Board, develop and update the Bank methodology, risk assessment tools and models, ensure coordination of risk management related work with other structural units of the Bank, calculate the Bank risk profile, provide monitoring and prevention of violations of risk appetite amounts and risk limits, control the approximation of risk indicators to the approved risk amounts and risk limits and initiate measures to prevent their violations, carry out stress testing, prepare conclusions for adoption of credit decisions both for new loans and for making changes to the conditions of the existing loans, prepare conclusions on the risks inherent in new products before their introduction for the appropriate management decisions to be taken.

#### *CCO (Chief Compliance Officer) and Compliance Department*

CCO and Compliance Department develop compliance procedures, including compliance principles that shall be observed by all employees and management, ensure compliance of the compliance function with the current requirements of law and conducting trainings and increasing the awareness of the Banks employees regarding compliance with legal norms, relevant professional standards associations applicable to the Bank, risk management cultures, taking into account the code of conduct (ethics), organize the continuous functioning of the compliance function in the Bank, coordinate the establishment of potential areas of compliance risk that may result in the loss of the Bank reputation, legal or regulatory sanctions or financial losses, ensure the development and implementation of measures to limit (reduce) compliance risk, including transparent processes for the purpose of preventing or reducing the level of compliance risk, as well as for the purpose of identifying, registering and implementing measures for compliance violations, assess compliance risks inherent to new products and significant changes in the Bank activities until the moment of their implementation in order to make appropriate management decisions, ensure the organization of control over the Bank compliance with the norms regarding the timeliness and reliability of financial and statistical reporting, prepare conclusions regarding compliance risk for decision-making regarding the implementation of active transactions of the Bank related parties.

#### *Risk appetite statement*

The Bank determines (declares) the aggregate risk appetite by setting the aggregate risk limits and the risk appetite for individual risks by setting risk limits for significant risks, which are defined by the Risk Management Strategy currently effective at JSB "UKRGASBANK":

- ▶ Credit risk;
- ▶ Liquidity risk;
- ▶ Interest rate risk of the banking book;
- ▶ Market risks;
- ▶ Operational risk;
- ▶ Compliance risk;
- ▶ ML/TF risk (prevention and countermeasures against the legalization (laundering) of criminal proceeds, the financing of terrorism and the financing of the proliferation of weapons of mass destruction);
- ▶ Social and environmental risk.

The statement is based on the assumptions underlying the Bank budget, taking into account the current martial law in the country, the prudential requirements of the National Bank of Ukraine (including those set for systemically important banks) and covenants, which the Bank has undertaken to comply with according to the agreements with international financial institutions.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

The aggregate risk appetite includes the requirements to comply with capital ratios, including with due consideration of expected changes in prudential and regulatory requirements.

Risk appetite for credit risk includes a system of indicators to control the quality of the loan portfolio (a portion of non-performing assets and foreclosed property), the value of credit risk, the limit of risk concentration by largest borrowers, industries, indicators of geographic and product concentrations and more.

Risk appetite for liquidity risk includes minimum liquidity coverage ratios (LCRs) in all currencies and separately in foreign currencies, duration of the period of full and timely performance by the Bank of its payment (settlement) obligations during a stressful situation, a net stable funding ratio (NSFR), and the limit of risk concentration in liabilities.

Risk appetite for interest rate risk of the banking book includes the sensitivity of net interest income and the economic value of capital to parallel/non-parallel shifts in yield curves in major currencies.

Risk appetite for market risks for instruments of the banking book includes compliance with the limits of open long and short currency positions, the value of the total risk position in goods by commodity risk and for instruments of the trading book is set as the maximum values, negative cumulative revaluation of the fair value of financial instruments of the "swap" type, the risk indicator of debt instruments based on the interest rate risk of the trading book and as the value at risk calculated using a parametric model based on Student's t-distribution with 7 degrees of freedom with a confidence interval of 99% over the horizon of 10 trading days.

Risk appetite for operational risk is set as the maximum amount of direct losses from the occurrence of operational risk at the year-end. At the same time, regardless of the cost of the incident and the amount of potential damage, the Bank has established zero tolerance for operational risks associated with incidents of internal fraud, negligence, disruption of the continuity of critical business processes.

## **Credit risk**

Credit risk is the risk that the Bank will incur damage or incremental loss or suffer shortfall in expected profit, because its borrower/counterparty failed to discharge its contractual obligations.

The Supervisory Board approved the Credit Policy for the period of martial law, which defines the main areas of lending and regulates the basic principles and conditions for assuming the credit risk. To manage the risk of concentration of the loan portfolio, the Bank monitors the loan portfolio structure and, if necessary, sets the appropriate limits.

To manage credit risk, the Bank applies the following practical measures:

- ▶ setting a limit on the share of non-performing assets in the loan portfolio;
- ▶ setting limits on the cost of risk (accumulated amount of provision expenses to the average value of the loan portfolio for the relevant period);
- ▶ setting restrictions on credit transactions that may violate the maximum credit risk exposure per counterparty (N7);
- ▶ setting limits on the concentration of the loan portfolio by industry of geographical and product concentration;
- ▶ setting limits on the share of debt of the largest counterparty and the 20 largest counterparties in the loan portfolio.

The carrying amount of items in the statement of financial position, including derivative financial instruments, without taking into account the impact of risk reduction due to collateral agreements, most accurately reflects the maximum amount of credit risk for these items.

### *Derivative financial assets and liabilities*

Credit risk arising from derivative financial assets and liabilities is limited to their nominal amount under the applicable contracts.

### *Credit-related commitment risks*

The Bank makes guarantees available to its customers, which provide that the Bank should make payments on their behalf. Such payments are collected from customers based on the terms of the letters of credit. These guarantees expose the Bank to the risks similar to credit risks, which are mitigated by using the same control processes and policies. For more details on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)**Classification of the Bank's financial assets according to credit ratings*

As at 31 December 2023, the credit rating of Ukraine, according to the international rating agencies, was CC (2022: CCC-). The Bank uses the following approach to determining the rating based on the ratings of several international rating agencies:

- ▶ if there are two different ratings, the lower rating of the rating agency will be taken into account;
- ▶ if there are three different ratings, the rating of the rating agency that is the lower of the two highest ones is taken into account.

Investments in securities at fair value through other comprehensive income include: Ukrainian domestic government bonds and unrated municipal bonds, were assigned by the Bank to the category in accordance with the external sovereign credit rating of Ukraine.

Other balances of cash and cash equivalents, loans and other balances with banks and investments in securities are classified with reference to the current credit ratings assigned by the international rating agencies. In the event a counterparty does not have an international rating assigned to it at the reporting date, the Bank used the ratings assigned to the parent companies by the international rating agencies, and if the counterparty (for example, NBU) is owned by the government or the state, the corresponding sovereign rating of the owner's country was used. The highest possible rating is AAA. The investment grade of financial assets corresponds to ratings from AAA to BBB-. The financial assets, which have ratings lower than BBB-, are classified as a speculative grade according to the acceptable international practice.

As at 31 December 2023, the classification by credit ratings of the Bank's financial assets with such ratings is as follows:

	AAA – A	BBB – BB	B	CCC	Below CCC	Not rated	31 December 2023
Cash and cash equivalents (other than cash on hand)	17,655,039	3,251,879	–	293,503	25,393,181	–	46,593,602
Loans and other balances with banks	1,068,089	105,784	–	10,287	891	448,160	1,633,211
Derivative financial assets	1,629	1,271	–	–	–	33	2,933
Investments in securities	26	–	–	–	55,627,077	101,562	55,728,665

As at 31 December 2022, the classification by credit ratings of the Bank's financial assets with such ratings is as follows:

	AAA – A	BBB – BB	B	CCC	Below CCC	Not rated	31 December 2022
Cash and cash equivalents (other than cash on hand)	16,909,150	3,420,064	–	173,970	11,783,336	–	32,286,520
Loans and other balances with banks	1,026,540	985,699	–	9,162	–	399,168	2,420,569
Derivative financial assets	–	97	–	229	–	14,743	15,069
Investments in securities	20	–	–	–	23,121,584	95,545	23,217,149

The allowance for active operations with unrated banks is determined by reference to the country's sovereign rating using the Bank internal ratings.

**Impairment assessment**

The Bank calculates the expected credit losses based on several probability-weighted scenarios to measure the expected cash shortfalls discounted using EIR. Cash shortfall is the difference between the cash flows that are due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive. ECL calculation methods are outlined below. The calculation elements are as follows:

Probability of Default (PD)	Probability of Default is an estimate of the likelihood that counterparties fail to discharge their Default (PD) contractual obligations.
Exposure at Default (EAD)	The Exposure at Default is the amount of debt on the asset that the counterparty is likely to fail to perform at any future date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.
Loss Given Default (LGD)	<i>The Loss Given Default is an estimate of the loss arising in the case where a default by the counterparty occurs.</i> LGD is calculated using a few scenarios. Estimates of probabilities for all scenarios and sub-types of loss in the event of default are combined in the overall assessment. The probability of scenarios for non-performing debt maintenance is calculated based on historical data. The level of losses in the case of default of loans with collateral is determined on the basis of collateral foreclosure value, taking into account the potential cash shortage in comparison with the book value (discount) and the term of realization.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

### Definition of default and cure

For the purposes of the assessment of ECL, the Bank recognizes the occurrence of an event of default on a financial instrument and, accordingly, assigns this asset to Stage 3 (credit-impaired assets) in the case of overdue payments under the contract for a period of more than 90 days, or in the following cases, regardless of the number of days of overdue debt:

- ▶ the borrower's internal rating indicates default or close to default;
- ▶ a bankruptcy case has been initiated against the customer or the debtor has reported bankruptcy;
- ▶ the process of liquidation of the customer has been started;
- ▶ the terms of the contract were changed for the financial instrument, without which the customer would not be able to perform further debt service;
- ▶ the borrower is assigned to a group of clients that has a significant impact on the borrower's activities (it is a part of the business and cannot work separately) and the borrowers of this group are assigned to Stage 3.

Due to the military operations, the Bank has expanded the definition of default and classifies assets as Stage 3 in the following cases:

- ▶ for the borrower, 2 or more criteria are met at the same time: is in a war zone; the client's business does not generate cash flows in its main activity; the main production assets suffered significant destruction;
- ▶ the borrower's business are located in the temporarily occupied territory;
- ▶ the borrower has not fully resumed activity, as a result, is unable to fully pay the accrued interest under the contract and has no obvious prospects of resuming full payment.

### Significant increase in credit risk

To determine whether there has been a significant increase in credit risk since the initial recognition of a financial instrument, the Bank uses a list of events that may indicate an increase in credit risk. A delay in the discharge of the monetary obligations exceeding 30 days is considered to be the evidence of a significant increase in credit risk from the date of the financial instrument initial recognition, as well as the occurrence of the subsequent events, no matter how many days the debt is overdue:

- ▶ for corporate- and medium-sized business customers: the DEBT/EBITDA ratio is greater than 5, provided that the indicator value did not exceed 5 at the date of the asset initial recognition;
- ▶ for corporate- and medium-sized business customers: the customer internal rating decreased by over 3 p.p. in comparison with the rating effective at the date of the asset initial recognition;
- ▶ the borrower is assigned to a group of clients that has a significant impact on the borrower's activities (it is a business unit and cannot work separately) and the borrowers of this group are assigned to Stage 2.

Due to the military operations, the Bank broadened the criteria used for a significant increase in credit risk to:

- ▶ the borrower's business does not generate cash flows from the main activity and the main production assets have not suffered significant destruction, and the interest under the contract is paid in part or in full with the support of the group or alternative sources of financing;;
- ▶ the customer operates in the renewable energy sources segment (due to the suspension of "green tariff" payments during the martial law);
- ▶ the customer underwent repeated short restructuring (for a period of no more than 12 months).

### Impairment assessment on individual and collective basis

Depending on the factors below, the Bank calculates ECLs either on individual or on collective basis.

The Bank calculates the ECLs on an individual basis for the assets, which are included in Stage 3 and which outstanding balance of debt per group of counterparties exceeds the limit set for the respective business segment and is individually significant.

The Bank combines the financial assets assessed on a collective basis in homogeneous groups depending on the internal features of loans, for example, payment days past due, type of product, etc.

Initial identification of the location of customers in the occupied territories is carried out at the branch level. When communicating with the customers (oral /written), the Bank collects information about the actual location of the retail borrowers and the location of the main production facilities of the borrowers-legal entities. All available information from open sources is used as well. The received data are additionally analyzed by risk management units, including using information on the status of territorial units, following the instructions of the Ministry of Reintegration of the Temporarily Occupied Territory of Ukraine.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***Forward-looking information and economic scenarios**

In its ECL models, the Bank relies on a broad range of forward-looking information as economic inputs, such as:

- ▶ GDP growth;
- ▶ Inflation (consumer price index), to the corresponding month of the previous year (%);
- ▶ Discount rates of the National Bank of Ukraine;
- ▶ Unemployment rates;
- ▶ Foreign exchange rates;
- ▶ Prices for iron ore;
- ▶ Prices for wheat;
- ▶ Growth of real wages, YoY.

The Bank performed a statistical analysis of the dependence of the probability of default of the Bank customers on economic indicators. The Bank identified the indicators that are mostly close related to the level of borrowers defaults in each of the portfolio segments.

For obtaining forecast information, the Bank uses data from external sources to obtain the required forward-looking information (prepared by the NBU, the Cabinet of Ministers of Ukraine, the Ministry of Finance of Ukraine and other government bodies, forecasts by the IMF, the World Bank and other leading international organizations, forecasts by leading international rating agencies (companies), such as Moody's, Fitch Ratings, S&P Global Ratings and Bloomberg information system data).

In 2022, the Bank additionally applied management adjustments to forecast information indicators. The management's adjustments reflected the significant uncertainty caused by the beginning of the armed aggression of the Russian Federation on the territory of Ukraine and took into account the possible degree of severity and duration of economic shocks, increased credit risk in certain areas of the economy, areas of lending. As at 31 December 2022, the indicator of macro factors was calculated with the application of adjustments for the rate of increase in the level of defaults by segments for the year 2022 (excluding borrowers in the occupied territories). The impact of this management adjustment on the amount of ECLs in the amount of UAH 208,294 thousand.

This adjustment had an impact only on loans evaluated on a collective basis in Stages 1 and 2. The impact of the below-mentioned adjustment on the default event parameters and on the amount of ECLs amounted to UAH 208,294 thousand.

<i>Segment type</i>	<i>Gross book value</i>	<i>ECL</i>	<i>ECLs for the 1st-2nd Stage</i>	<i>Impact of management adjustments</i>	<i>The impact of the adjustment on the indicators of forecast information, in %</i>
Corporate and medium clients	68,290,123	10,978,649	938,191	<b>143,052</b>	212.54%
Small and Micro clients	3,693,582	154,629	41,011	<b>16,629</b>	529.50%
Retail banking	5,709,448	1,800,747	108,143	<b>48,613</b>	392.70%*
<b>Total</b>	<b>77,693,153</b>	<b>12,934,025</b>	<b>1,087,345</b>	<b>208,294</b>	

\* The table shows the average probability for the retail business, including the impact of the adjustment on the indicators of forecast information for the following sub-segments: mortgage loans - at 746%, car loans - at 406%, consumer loans - at 284%, other loans - at 135%.

In 2023, the indicator of macro factors was calculated without the adjustments of 2022.

However, taking into account the continuation of hostilities on the territory of Ukraine and the moderate degree of uncertainty, the Bank limited the lower limit of the macro factor coefficient to 0.9 and the highest limit of the macro factor coefficient to 3. The impact of the application of this restriction influenced the increase in reserves for Stage 1 and 2 loans in the amount of UAH 66,252 thousand.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

The table below gives the forecast values of the economic indicators used in economic scenario for calculation of the ECL as at 31 December 2023.

<b>Key drivers</b>	<b>ECL scenario Probability, %</b>		<b>2024</b>	<b>2025</b>
<b>Inflation (consumer price index), to the corresponding month of the previous year (%)</b>	Optimistic	25	7,5	3,5
	Base	50	9,8	6,0
	Pessimistic	25	12,1	8,5
<b>NBU discount rate</b>	Optimistic	25	13,0	8,2
	Base	50	15,0	11,1
	Pessimistic	25	17,0	14,0

To analyze the impact of changes in macro factors on the amount of expected credit losses, the assumption of a 10% improvement or deterioration of the indicator of macro factors was used.

Thus, as at 31 December 2023 the improvement of the indicator of macro factors by 10% will lead to a decrease of the ECLs by UAH 502 thousand (by the corporate and medium business segment by UAH 179 thousand, by the small and micro business segment by UAH 174 thousand, by the retail business segment by UAH 149 thousand).

A 10% deterioration of the indicator of macro factors will lead to an increase of the ECLs by UAH 773 thousand as at 31 December 2023 (for the corporate and medium business segment by UAH 386 thousand, by the small and micro business segment by UAH 202 thousand, by the retail business segment by UAH 185 thousand).

In 2023, the Bank analyzed the impact of scenario weights on the amount of expected credit losses, which is shown in the table below. Assumptions were used for the assessment of ECLs with the application of each individual scenario on Stage 1 and 2.

<b>31 December 2023</b>	<b>ECL when applying an optimistic scenario</b>	<b>ECL when applying the base scenario</b>	<b>ECL when applying a pessimistic scenario</b>	<b>ECL when using a probability-weighted scenario</b>
Corporate banking	319,613	319,868	322,554	320,476
SME	33,781	33,810	33,942	33,836
Retail banking	15,327	15,373	15,437	15,377
<b>Total</b>	<b>368,721</b>	<b>369,051</b>	<b>371,933</b>	<b>369,689</b>

The credit quality of financial assets is managed by the Bank using the internal credit ratings, as described above. The Table below shows the credit quality by class of asset, statement of financial position based on the Bank credit rating system.

<b>31 December 2023</b>	<b>Notes</b>	<b>High grade</b>	<b>Standard grade</b>	<b>Belowstandard grade</b>	<b>Impaired</b>	<b>Total</b>	
Cash and cash equivalents (other than cash on hand)	7	Stage 1	46,310,958	289,484	-	-	<b>46,600,442</b>
Loans and other balances with banks measured at amortised cost	8	Stage 1	834,392	478,128	-	-	<b>1,312,520</b>
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
Loans and advances to customers at amortized cost:	9						
- Corporate banking		Stage 1	4,254,982	5,539,322	4,237,550	-	<b>14,031,854</b>
		Stage 2	93,891	8,880,915	19,277,591	-	<b>28,252,397</b>
		Stage 3	-	-	9,213,292	5,906,709	<b>15,120,001</b>
		POCI	-	-	370,057	248,605	<b>618,662</b>
- SME		Stage 1	3,330,249	1,596,658	956,814	-	<b>5,883,721</b>
		Stage 2	594,091	596,437	1,493,053	-	<b>2,683,581</b>
		Stage 3	-	85,615	1,381,185	949,742	<b>2,416,542</b>
		POCI	-	-	-	(628)	<b>(628)</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

<b>31 December 2023</b>	<b>Notes</b>		<b>High grade</b>	<b>Standard grade</b>	<b>Belowstandard grade</b>	<b>Impaired</b>	<b>Total</b>
- Retail banking		Stage 1	4,744,661	121,646	20	10	<b>4,866,337</b>
		Stage 2	28,527	14,334	9,162	-	<b>52,023</b>
		Stage 3	-	14,420	1,134	1,799,924	<b>1,815,478</b>
		POCI	6,539	1,155	(140)	11,406	<b>18,960</b>
Investments in securities at fair value through other comprehensive income	10	Stage 1	34,176,603	-	-	-	<b>34,176,603</b>
		Stage 2	11,063,487	-	100,821	-	<b>11,164,308</b>
		Stage 3	-	-	-	1,583,141	<b>1,583,141</b>
Investments valued at amortized cost		Stage 1	8,871,109	-	-	-	<b>8,871,109</b>
		Stage 2	-	-	-	-	<b>-</b>
		Stage 3	-	-	-	-	<b>-</b>
Undrawn loan commitments:							
- Corporate banking		Stage 1	4,684,372	2,534,366	1,816,985	-	<b>9,035,723</b>
		Stage 2	1,556,429	2,031,682	111,342	-	<b>3,699,453</b>
		Stage 3	-	-	57,114	43,605	<b>100,719</b>
- SME		Stage 1	337,845	82,009	102,317	-	<b>522,171</b>
		Stage 2	3,228	36,368	12,446	-	<b>52,042</b>
		Stage 3	-	2,289	6	2	<b>2,297</b>
- Retail banking		Stage 1	2,969,151	22,664	219	501	<b>2,992,535</b>
		Stage 2	72	1,535	863	-	<b>2,470</b>
		Stage 3	-	1,658	115	5,521	<b>7,294</b>
Financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit):							
- Corporate banking	21	Stage 1	377,788	2,243,293	2,840,128	-	5,461,209
		Stage 2	3,306	226,887	4,362,772	-	<b>4,592,965</b>
		Stage 3	-	-	97,194	-	97,194
- SME		Stage 1	9,891	41,442	49,059	-	<b>100,392</b>
		Stage 2	-	-	85,993	-	<b>85,993</b>
		Stage 3	-	-	-	-	<b>-</b>
<b>Total</b>			<b>124,251,571</b>	<b>24,842,307</b>	<b>46,577,092</b>	<b>10,548,538</b>	<b>206,219,508</b>

<b>31 December 2022</b>	<b>Notes</b>		<b>High grade</b>	<b>Standard grade</b>	<b>Belowstandard grade</b>	<b>Impaired</b>	<b>Total</b>
Cash and cash equivalents (other than cash on hand)	7	Stage 1	32,115,278	20,386	156,113	-	<b>32,291,777</b>
Loans and other balances with banks measured at amortised cost	8	Stage 1	1,746,694	399,168	-	-	<b>2,145,862</b>
		Stage 2	-	-	-	-	<b>-</b>
		Stage 3	-	-	-	14,521	<b>14,521</b>
Loans and advances to customers at amortized cost:							
- Corporate banking	9	Stage 1	4,859,726	5,340,201	7,115,794	-	<b>17,315,721</b>
		Stage 2	-	9,224,322	19,560,927	-	<b>28,785,249</b>
		Stage 3	1,325	331,528	11,765,530	2,367,407	<b>14,465,790</b>
		POCI	-	-	410,375	156,950	<b>567,325</b>
- SME		Stage 1	3,006,848	1,456,526	767,591	-	<b>5,230,965</b>
		Stage 2	260,453	725,397	2,070,838	-	<b>3,056,688</b>
		Stage 3	-	255,636	1,798,433	379,341	<b>2,433,410</b>
- Retail banking		Stage 1	3,129,780	431,958	791	35	<b>3,562,564</b>
		Stage 2	1,786	75,271	26,486	-	<b>103,543</b>
		Stage 3	-	288,475	4,877	1,726,460	<b>2,019,812</b>
		POCI	4,921	299	-	11,390	<b>16,610</b>
Investments in securities at fair value through other comprehensive income	10	Stage 1	5,895,024	-	-	-	<b>5,895,024</b>
		Stage 2	17,253,807	100,784	-	-	<b>17,354,591</b>
		Stage 3	-	-	-	2,015,955	<b>2,015,955</b>
Undrawn loan commitments:							
- Corporate banking		Stage 1	515,633	3,100,809	779,797	-	<b>4,396,239</b>
		Stage 2	-	1,647,491	671,848	-	<b>2,319,339</b>
		Stage 3	4,891	-	312,267	333,372	<b>650,530</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

31 December 2022	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
- SME		Stage 1	277,452	143,074	109,333	-	529,859
		Stage 2	11,915	50,350	30,488	-	92,753
		Stage 3	-	24,815	5,648	3,317	33,780
- Retail banking		Stage 1	2,763,006	57,257	227	218	2,820,708
		Stage 2	20	5,423	2,744	-	8,187
		Stage 3	-	12,326	622	11,522	24,470
Financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit):	21						
- Corporate banking		Stage 1	968,197	2,873,770	2,195,840	-	6,037,807
		Stage 2	-	2,017,380	4,366,630	-	6,384,010
		Stage 3	-	-	55,072	-	55,072
- SME		Stage 1	48,508	4,240	7,134	-	59,882
		Stage 2	-	148,467	1,429	-	149,896
		Stage 3	-	-	-	-	-
<b>Total</b>			<b>72,865,264</b>	<b>28,735,353</b>	<b>52,216,834</b>	<b>7,020,488</b>	<b>160,837,939</b>

The following Table describes the grouping of balances by the rating categories.

Description of the internal rating	Number of days past due	Level of internal rating	Rating of external international rating agency (Fitch), non-resident counterparties	Rating of external international rating agency (Fitch) and level of internal rating resident Banks and securities issuers
<b>High grade</b>	No overdue payments	A1, A2, A3	AAA+ to BBB-	<b>For resident banks</b> - with an intra-bank rating of 1, 2 and CC (Ukraine's rating), <b>For issuers of securities</b> - domestic government bonds, municipal bonds and deposit certificates of the NBU
<b>Standard grade</b>	From 1 to 30 days, from 31 to 60 days	B1, B2, B3	BB+ to B-	<b>For resident banks</b> - with an intra-bank rating 3 (with the credit rating not lower than rating CC or NR) <b>For issuers of securities</b> - are not rated but in stage 1
<b>Below standard grade</b>	From 61 to 90 days	C1, C2, C3, D1, D2, D3	CCC to C	<b>For resident banks</b> - with an intra-bank rating 4 (with the credit rating not lower than rating CC or NR) <b>For issuers of securities</b> - are not rated but in stage 2
<b>Impaired</b>	More than 90 days	E	D	<b>For resident banks</b> - with an intra-bank rating 5 (with the credit rating D or NR). <b>For issuers of securities</b> - are not rated but in stage 3

The Internal grade for the individuals and small and micro business segments (part of the SME) for which no level internal or internal rating is assigned are determined based on the number of days in arrears (column 2).

For the individuals and small and micro business segments (part of the SME in Stage 3, the rating cannot be higher than "Standard" even if there is no overdue debt.

The Internal grade for the legal entities and medium business segments (part of SME) is determined based on the internal rating (column 3).

For non-residents the internal grade is determined based on international ratings (column 3).

For resident Banks and securities issuers the rating is determined based on the lower of internal rating and international credit rating (column 4).

For government bonds and municipal bonds the rating is determined as High (column 4). For the disclosure of external credit rating of these instruments please refer to the section Classification of the Bank's financial assets according to external credit ratings of this note.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***Geographical concentration**

The information on geographical concentration of monetary assets and liabilities is summarized in the table below:

	<b>31 December 2023</b>				
	<b>Ukraine</b>	<b>OECD countries</b>	<b>CIS and other foreign banks</b>	<b>including the russian federation and the republic of belarus</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	28,843,684	20,897,042	8,725	-	<b>49,749,451</b>
Loans and advances to other balances with banks	459,338	1,173,873	-	-	<b>1,633,211</b>
Loans and advances to customers	63,332,947	-	-	-	<b>63,332,947</b>
Investments in securities	55,728,639	26	-	-	<b>55,728,665</b>
Derivative financial assets	1,304	1,629	-	-	<b>2,933</b>
Other financial assets	1,548,757	562,442	958	-	<b>2,112,157</b>
	<b>149,914,669</b>	<b>22,635,012</b>	<b>9,683</b>	<b>-</b>	<b>172,559,364</b>
<b>Liabilities</b>					
Due to banks	2,786,924	-	8,033	8,033	<b>2,794,957</b>
Due to customers	154,133,564	-	-	-	<b>154,133,564</b>
Derivative financial liabilities	19,788	588	-	-	<b>20,376</b>
Other borrowed funds	2,927,956	2,651,981	-	-	<b>5,579,937</b>
Provisions for loan commitments and financial guarantee contracts	677,152	-	-	-	<b>677,152</b>
Other financial liabilities	580,830	63,091	5,078	3,114	<b>648,999</b>
	<b>161,126,214</b>	<b>2,715,660</b>	<b>13,111</b>	<b>11,147</b>	<b>163,854,985</b>
<b>Difference between assets and liabilities</b>	<b>(11,211,545)</b>	<b>19,919,352</b>	<b>(3,428)</b>	<b>(11,147)</b>	<b>8,704,379</b>
	<b>31 December 2022</b>				
	<b>Ukraine</b>	<b>OECD countries</b>	<b>CIS and other foreign banks</b>	<b>including the russian federation and the republic of belarus</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	15,020,143	20,326,029	615	-	<b>35,346,787</b>
Loans and other balances with banks	408,330	1,253,618	758,621	-	<b>2,420,569</b>
Derivative financial assets	14,973	96	-	-	<b>15,069</b>
Loans and advances to customers	64,759,128	-	-	-	<b>64,759,128</b>
Investments in securities	23,217,129	20	-	-	<b>23,217,149</b>
Other financial assets	900,755	-	-	-	<b>900,755</b>
	<b>104,320,458</b>	<b>21,579,763</b>	<b>759,236</b>	<b>-</b>	<b>126,659,457</b>
<b>Liabilities</b>					
Due to banks	5,560,536	-	8,033	8,033	<b>5,568,569</b>
Due to customers	112,778,613	-	-	-	<b>112,778,613</b>
Derivative financial liabilities	346	391	-	-	<b>737</b>
Other borrowed funds	1,663,198	2,721,617	-	-	<b>4,384,815</b>
Provisions for loan commitments and financial guarantee contracts	302,743	-	-	-	<b>302,743</b>
Other financial liabilities	731,679	34,887	4,807	2,862	<b>771,373</b>
	<b>121,037,115</b>	<b>2,756,895</b>	<b>12,840</b>	<b>10,895</b>	<b>123,806,850</b>
<b>Difference between assets and liabilities</b>	<b>(16,716,657)</b>	<b>18,822,868</b>	<b>746,396</b>	<b>(10,895)</b>	<b>2,852,607</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***Liquidity risk and funding management**

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations as they fall due without incurring unacceptable losses, or as a result of its inability to manage unplanned cash outflows, changes in funding sources and/or to honor its off-balance sheet liabilities. To mitigate this risk, management uses different sources of funding in addition to the main base of deposits. Management also performs the Bank's day-to-day liquidity management activities, with due account for balances on the correspondent accounts and cash inflow/outflow projections; management of current liquidity (up to 1 month) through identification of the Bank's requirements for liquid assets and assessment of the liquidity gaps for the period; management of liquidity over one month through assessment of mismatch between maturities on assets and liabilities and development of remedial measures to maintain the Bank's relevant liquidity levels in the future.

Analysis of financial liabilities grouped based on duration of periods from the reporting date to the maturity date is carried out in accordance with the applicable agreement.

As at 31 December 2023 and 31 December 2022, the Bank complied with the regulatory requirements of the National Bank of Ukraine regarding the minimum level of liquidity coverage ratio in all currencies and separately in individual foreign currencies (regulatory ratios as at 31 December 2023 and 31 December 2022 were not less than 100%) and regarding the minimum value of the net stable financing ratio (the statutory ratio is at least 100% as at 31 December 2023 and 90% as at 31 December 2022).

The values of liquidity coverage ratios in all currencies and separately in foreign currencies, and the ratio of net stable funding are as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
All-currency LCR, liquidity coverage ratio for all currencies	189.78%	142.73%
Foreign currency LCR, liquidity coverage ratio in foreign currency	217.69%	167.15%
Net Stable Funding Ratio	139.18%	113.89%

Analysis of assets and liabilities of the Bank by the estimated dates of their recovery or repayment is presented in Note 31.

*Analysis of financial liabilities by remaining contractual maturities*

The information on future undiscounted cash flows of financial liabilities as at 31 December 2023 and 31 December 2022 based on the remaining contractual maturities is presented in the table below. Gross settled derivative instruments that are presented in terms of amounts receivable and payable as per maturities. Liabilities that are subject to repayment on demand are believed to be the instruments repayable on the earliest possible date. However, the Bank expects that most customers will not demand repayment on the earliest possible date.

In accordance with the waiver letters of early repayment of loans and received by the Bank from creditors, as of 31 December 2023, the Bank classifies long-term liabilities in the amount of UAH 3,198,099 thousand in accordance with the terms specified in the waiver letters. Information on the letters of waivers received by the Bank from the requirements of fulfilling the relevant covenants ("waiver") from creditors is provided in Note 3. As of 31 December 2022, creditors, in accordance with the current contracts, had the right to demand early repayment of long-term liabilities, therefore long-term liabilities in the amount of UAH 3,339,098 thousand classified on demand funds.

<b>Financial liabilities as at 31 December 2023</b>	<b>On demand and up to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Due to other banks	2,643,027	151,930	-	-	<b>2,794,957</b>
Other borrowed funds	371,840	3,104,568	738,422	2,346,195	<b>6,561,025</b>
Derivative financial instruments:					
- contractual amounts receivable	(2,452,144)	-	-	-	<b>(2,452,144)</b>
- contractual amounts payable	2,472,521	-	-	-	<b>2,472,521</b>
Due to customers	145,745,081	8,226,283	1,091,792	677	<b>155,063,833</b>
Other financial liabilities	535,289	54,761	102,712	-	<b>692,762</b>
<b>Total undiscounted financial liabilities</b>	<b>149,315,614</b>	<b>11,537,542</b>	<b>1,932,926</b>	<b>2,346,872</b>	<b>165,132,954</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

<b>Financial liabilities as at 31 December 2022</b>	<b>On demand and up to 3 months</b>	<b>From 3 to 12 months</b>	<b>From 1 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Due to the National Bank of Ukraine	61,644	188,356	1,505,479	-	<b>1,755,479</b>
Due to other banks	5,568,569	-	-	-	<b>5,568,569</b>
Other borrowed funds	3,853,144	1,638	14,332	45,536	<b>3,914,650</b>
Derivative financial instruments:					
- contractual amounts receivable	(292,305)	-	-	-	<b>(292,305)</b>
- contractual amounts payable	293,042	-	-	-	<b>293,042</b>
Due to customers	102,883,214	9,518,688	887,375	1,557	<b>113,290,834</b>
Other financial liabilities	584,832	62,555	123,986	-	<b>771,373</b>
<b>Total undiscounted financial liabilities</b>	<b>112,952,140</b>	<b>9,771,237</b>	<b>2,531,172</b>	<b>47,093</b>	<b>125,301,642</b>

The contractual maturities of commitments and contingencies of the Bank are presented in the table below. Each undrawn loan commitment is included in the time horizon containing the earliest date when a customer may require its fulfillment. For the issued financial guarantee contracts, the maximum guarantee amount is attributed to the earliest period, in which the guarantee could be required for settlement.

	<b>On demand</b>
As at 31 December 2023	<b>27,642,888</b>
As at 31 December 2022	<b>24,130,590</b>

## Operational risk

Operational risk is the risk that the Bank will incur damage or incremental loss or suffer shortfall in expected profit due to errors or deficiencies in the internal processes, willful or negligent acts by the staff or others, failures in information systems or due to external events. Operational risk includes legal risk, information security risk, and information and communication technology risk. For the purposes of operational risk management and control, such indicators as the maximum amount of direct losses from the implementation of operational risk, except for losses caused by the armed aggression of the Russian Federation against Ukraine, are used.

Regardless of the cost of the incident and the amount of potential loss, the Bank is intolerant of operational risks associated with incidents of internal fraud.

In order to identify and measure operational risk, the Bank uses the following tools:

- ▶ maintenance of the incident database and analysis of the information accumulated in it;
- ▶ analysis of the results of official inspections/investigations, inspections carried out by the internal audit department, external auditors, audit inspections, information on appeals from Bank clients, including those received by the Contact Center, information on shortages/surpluses/fines that are recorded on Bank accounts;
- ▶ definition and quarterly monitoring of key risk indicators (KRI - Key Risk Indicators);
- ▶ conducts self-assessment of operational risk (Risk Self Assessments) at least once a year;
- ▶ analysis of business processes in order to identify operational risks inherent in a specific process/procedure of processes, analysis of Bank products and initiatives to automate Bank processes;
- ▶ scenario analysis and annual stress testing of operational risk (Scenario Analysis).

Information on how the Bank carried out operational activities in wartime conditions is given in Note 2.

## Interest rate risk of the banking book

Interest rate risk of the banking book is the existing or potential risk to the Bank's earnings and capital arising from adverse changes in the market interest rates. This risk affects both the Bank's profitability and the economic value of its assets, liabilities and off-balance sheet instruments. The information on sensitivity to possible changes in interest rates, assuming other constant values of all other variables of the Bank's statement of profit or loss and other comprehensive income remain constant, is presented in the table below.

Sensitivity of the statement of profit or loss and other comprehensive income reflects the effect of the assumed changes in interest rates on net interest income for one year, which is a result of gaps between maturities of assets and liabilities before revision of the interest rate that reflects maturity before revision of the base rate for instruments with a floating (variable) interest rate and maturity for instruments with a fixed interest rate.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

Interest rate sensitivity of pre-tax profits and losses (method of liquidity gaps before revision)

31 December 2023						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets	72,463,853	15,021,115	29,071,575	43,601,081	3,736,013	<b>163,893,637</b>
Liabilities	140,080,447	10,757,851	8,368,721	1,352,917	1,894,889	<b>162,454,825</b>
<b>Difference between assets and liabilities</b>	<b>(67,616,594)</b>	<b>4,263,264</b>	<b>20,702,854</b>	<b>42,248,164</b>	<b>1,841,124</b>	<b>1,438,812</b>
1%	(648,378)	35,508	77,707	-	-	<b>(535,163)</b>
-1%	648,378	(35,508)	(77,707)	-	-	<b>535,163</b>

  

31 December 2022						
	Up to 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Assets	43,966,870	15,794,870	28,637,740	30,571,201	2,192,293	<b>121,162,974</b>
Liabilities	101,982,143	9,772,402	10,090,856	826,184	37,203	<b>122,708,788</b>
<b>Difference between assets and liabilities</b>	<b>(58,015,273)</b>	<b>6,022,468</b>	<b>18,546,884</b>	<b>29,745,017</b>	<b>2,155,090</b>	<b>(1,545,814)</b>
1%	(556,311)	50,160	69,614	-	-	<b>(436,537)</b>
-1%	556,311	(50,160)	(69,614)	-	-	<b>436,537</b>

## Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and security prices. The Bank classifies exposures to market risk into either trading or non-trading portfolios. The market risks for non-trading positions are managed and monitored using sensitivity analysis. The Bank recognizes the most material type of market risk to be currency risk (collectively based on instruments of the banking and trading books).

## Currency risk

Currency risk is the existing or potential risk for the Bank's earnings or capital arising out of unfavorable fluctuations in foreign exchange rates and precious metal prices. The Assets and Liabilities Management Committee sets limits on positions by foreign currencies based on the requirements of the National Bank of Ukraine. Currency positions are monitored on a daily basis.

The major foreign currency denominated positions of assets and liabilities as at 31 December 2023 are as follows:

	UAH	USD	EUR	Other currencies	Total
<b>Assets</b>					
Cash and cash equivalents	26,837,454	12,333,000	10,458,754	120,243	<b>49,749,451</b>
Loans and other balances with banks	50,955	963,528	297,357	321,371	<b>1,633,211</b>
Loans and advances to customers	38,277,438	15,377,936	9,677,573	-	<b>63,332,947</b>
Investments in securities	55,538,749	167,711	22,205	-	<b>55,728,665</b>
Investment property	154,269	-	-	-	<b>154,269</b>
Current tax assets	1,070,155	-	-	-	<b>1,070,155</b>
Property and equipment and intangible assets	1,225,785	-	-	-	<b>1,225,785</b>
Right-of-use assets	138,631	-	-	-	<b>138,631</b>
Deferred tax assets	54,449	-	-	-	<b>54,449</b>
Other financial assets	1,512,606	593,658	5,893	-	<b>2,112,157</b>
Other non-financial assets	604,820	37,433	21,225	1,252	<b>664,730</b>
<b>Total assets</b>	<b>125,465,311</b>	<b>29,473,266</b>	<b>20,483,007</b>	<b>442,866</b>	<b>175,864,450</b>

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

	UAH	USD	EUR	Other currencies	Total
<b>Liabilities</b>					
Due to banks	63,287	1,885,255	745,153	101,262	2,794,957
Due to customers	110,152,291	25,390,011	18,340,413	250,849	154,133,564
Other borrowed funds	2,562,846	-	3,017,091	-	5,579,937
Provisions for loan commitments and financial guarantee contracts	175,737	50,357	451,058	-	677,152
Other provisions	147,958	5,370	7	-	153,335
Other financial liabilities	424,997	70,346	107,592	46,064	648,999
Other non-financial liabilities	610,925	2,486	-	-	613,411
<b>Total liabilities</b>	<b>114,138,041</b>	<b>27,403,825</b>	<b>22,661,314</b>	<b>398,175</b>	<b>164,601,355</b>
<b>Net long/(short) recognized position</b>	<b>11,327,270</b>	<b>2,069,441</b>	<b>(2,178,307)</b>	<b>44,691</b>	
Assets receivable	1,617,477	126,104	1,516,952	2,139	3,262,672
Assets payable	-	(2,937,976)	(328,238)	(13,901)	(3,280,115)
<b>Net long/(short) unrecognized position</b>	<b>1,617,477</b>	<b>(2,811,872)</b>	<b>1,188,714</b>	<b>(11,762)</b>	
<b>Total long/(short) recognized and unrecognized position</b>	<b>12,944,747</b>	<b>(742,431)</b>	<b>(989,593)</b>	<b>32,929</b>	

The major foreign currency denominated positions of assets and liabilities as at 31 December 2022 are as follows:

	UAH	USD	EUR	Other currencies	Total
<b>Assets</b>					
Cash and cash equivalents	13,864,043	15,031,176	6,371,311	80,257	35,346,787
Loans and other balances with banks	543	2,117,697	25,792	276,537	2,420,569
Loans and advances to customers	38,771,373	14,775,687	11,212,068	-	64,759,128
Investments in securities	22,770,125	446,669	355	-	23,217,149
Investment property	156,366	-	-	-	156,366
Current tax assets	2,690,423	-	-	-	2,690,423
Deferred tax assets	30,138	-	-	-	30,138
Property and equipment and intangible assets	1,234,025	-	-	-	1,234,025
Right-of-use assets	166,113	-	-	-	166,113
Other financial assets	833,148	58,946	8,661	-	900,755
Other non-financial assets	572,265	55,116	35,578	46,468	709,427
<b>Total assets</b>	<b>81,088,562</b>	<b>32,485,291</b>	<b>17,653,765</b>	<b>403,262</b>	<b>131,630,880</b>
<b>Liabilities</b>					
Due to banks	469,109	4,849,559	140,053	109,848	5,568,569
Due to customers	72,579,652	25,940,206	14,041,727	217,028	112,778,613
Other borrowed funds	1,326,348	-	3,058,467	-	4,384,815
Provisions for loan commitments and financial guarantee contracts	295,935	5,359	1,449	-	302,743
Other provisions	396,047	-	15	-	396,062
Other financial liabilities	635,772	44,745	65,391	25,465	771,373
Other non-financial liabilities	454,583	20,219	44,683	7,430	526,915
<b>Total liabilities</b>	<b>76,157,446</b>	<b>30,860,088</b>	<b>17,351,785</b>	<b>359,771</b>	<b>124,729,090</b>
<b>Net long/(short) recognized position</b>	<b>4,931,116</b>	<b>1,625,203</b>	<b>301,980</b>	<b>43,491</b>	
Assets receivable	2,941,048	401,418	31,161	10,834	3,384,461
Assets payable	-	(2,829,876)	(524,899)	(15,354)	(3,370,129)
<b>Net long/(short) unrecognized position</b>	<b>2,941,048</b>	<b>(2,428,458)</b>	<b>(493,738)</b>	<b>(4,520)</b>	
<b>Total long/(short) recognized and unrecognized position</b>	<b>7,872,164</b>	<b>(803,255)</b>	<b>(191,758)</b>	<b>38,971</b>	

The currencies in which the Bank has significant positions for monetary assets and liabilities as at 31 December 2023 and 31 December 2022 are presented in the table below. The analysis involves calculation of the impact of a possible change in exchange rates against the Ukrainian Hryvnia on the statement of profit or loss and other comprehensive income (due to the presence of non-trading monetary assets and liabilities which fair value is sensitive to changes in exchange rates). The negative value shown in the table reflects the potential net decrease in the statement of profit or loss and other comprehensive income or equity, and the positive values reflect the potential net increase.

The expected impact of changes in the exchange rate of direct historical fluctuations in the exchange rates of currency pairs in 2023 in relation to the hryvnia, which causes different forecast rates for different currencies.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

<b>Currency</b>	<b>Increase in foreign currency exchange rate, % 31 December 2023</b>	<b>Effect on profit before tax 31 December 2023</b>	<b>Increase in foreign currency exchange rate, % 31 December 2022</b>	<b>Effect on loss before tax 31 December 2022</b>
USD	16.50%	(122,501)	25.00%	200,814
EUR	20.75%	(205,340)	25.00%	47,939

<b>Currency</b>	<b>Decrease in foreign currency exchange rate, % 31 December 2023</b>	<b>Effect on profit before tax 31 December 2023</b>	<b>Decrease in foreign currency exchange rate, % 31 December 2022</b>	<b>Effect on loss before tax 31 December 2022</b>
USD	(7.00%)	51,970	(25.00%)	(200,814)
EUR	(7.00%)	69,271	(25.00%)	(47,939)

The impact on the pre-tax loss will have the opposite effect.

### 30. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable in the market or is assessed using a different valuation technique.

The fair values are determined by the Bank using the observable market information, where it exists, and the appropriate valuation methodologies. However, certain judgment is required to interpret the market data to determine the estimated fair value. The estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a market exchange from the sale of its entire holdings of a particular instrument or pay in the transfer of liabilities.

The Bank uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

- ▶ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- ▶ Level 2: techniques for which all inputs that have a significant effect on the fair value are represented by directly or indirectly observable market data; and
- ▶ Level 3: techniques, which use inputs that have a significant effect on the fair value that are not observable on the market.

### Fair value of the Bank's financial assets and financial liabilities measured at fair value on a recurring basis, and fair value of buildings

Some of the Bank's financial assets and financial liabilities as well as the Bank's buildings are measured at fair value at the end of each reporting period. The information about how the fair value of these financial assets and financial liabilities is determined (in particular, the valuation techniques and inputs used) is presented in the table below:

<b>Assets/liabilities</b>	<b>Fair value hierarchy level</b>	<b>Valuation techniques and key inputs</b>
Investments in securities at fair value through other comprehensive income	2	Discounted cash flows: future cash flows are estimated based on the inputs that are observable either directly or indirectly. The estimates use one or more observable quoted prices for orderly transactions in the markets that are not considered active.
Investments in securities at fair value through other comprehensive income	3	Discounted cash flows: future cash flows are estimated based on both observable and unobservable market data. Unobservable inputs include assumptions regarding future financial performance of the issuer, its risk profile and economic assumptions with respect to the industry and geographical jurisdiction where the issuer operates.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

<b>Assets/liabilities</b>	<b>Fair value hierarchy level</b>	<b>Valuation techniques and key inputs</b>
Loans and advances to customers at fair value through profit or loss and Loans and advances to customers at fair value through other comprehensive income	3	Discounted cash flows: future cash flows are estimated based on both observable and unobservable market data. Unobservable data include assumptions about the borrower's future financial performance, risk profile, and economic assumptions about the industry and geographical jurisdiction in which the borrower operates.
Derivative financial instruments	2	Discounted cash flows: future cash flows are estimated based on forward exchange rates (represented by observable foreign exchange rates at the end of the reporting period) and contractual forward exchange rates discounted at a rate reflecting credit risk from different counterparties.
Buildings and land plots, investment property	2	The Bank engages professional independent appraisers to determine the fair values of its buildings and land plots and investment property using comparative approach and income approach for the items for which there are no market comparatives. In a comparative approach to evaluation, the prices of market-based sales of comparable properties in the immediate proximity are adjusted with reference to differences in main parameters (such as floor space of a property item). The main parameter used in this valuation technique is the price per square meter of a property item.
Loans and other balances with banks at fair value through profit or loss	2	Financial assets in precious metals are recognized at fair value through profit or loss. The value of assets changes on a daily basis depending on the prices for precious metals and the official exchange rates published by the NBU for precious metals in the Ukrainian market. Carrying amount approximates the fair value.
Due to banks at fair value through profit or loss	2	Financial liabilities in precious metals are measured at fair value through profit or loss. The value of liabilities changes on a daily basis depending on the prices for precious metals and the official exchange rates published by the NBU for precious metals in the Ukrainian market. Carrying amount approximates the fair value.
Due to customers at fair value through profit or loss	2	Financial liabilities in precious metals are measured at fair value through profit or loss. The value of liabilities changes on a daily basis depending on the prices for precious metals and the official exchange rates published by the NBU for precious metals in the Ukrainian market. Carrying amount approximates the fair value.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

An analysis of the assets and liabilities recognized in the statement of financial position at fair value on initial recognition using a three-level fair value hierarchy is presented in the table below:

	<b>31 December 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets measured at fair value</b>				
Loans and other balances with banks at fair value through profit or loss	-	321,371	-	<b>321,371</b>
Derivative financial assets	-	2,933	-	<b>2,933</b>
Loans and advances to customers at fair value through profit or loss	-	-	29,531	<b>29,531</b>
Loans and advances to customers at fair value through other comprehensive income	-	-	2,925	<b>2,925</b>
Investments in securities at fair value through other comprehensive income	26	45,654,850	1,202,680	<b>46,857,556</b>
Investment property	-	154,269	-	<b>154,269</b>
Buildings and land plots	-	817,559	-	<b>817,559</b>
<b>Total</b>	<b>26</b>	<b>46,950,982</b>	<b>1,235,136</b>	<b>48,186,144</b>
<b>Liabilities measured at fair value</b>				
Due to banks at fair value through profit or loss	-	89,745	-	<b>89,745</b>
Derivative financial liabilities	-	20,376	-	<b>20,376</b>
Due to customers at fair value through profit or loss	-	194,939	-	<b>194,939</b>
<b>Total</b>	<b>-</b>	<b>305,060</b>	<b>-</b>	<b>305,060</b>
<b>31 December 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets measured at fair value</b>				
Loans and other balances with banks at fair value through profit or loss	-	276,538	-	<b>276,538</b>
Derivative financial assets	-	15,069	-	<b>15,069</b>
Loans and advances to customers at fair value through profit or loss	-	-	60,654	<b>60,654</b>
Loans and advances to customers at fair value through other comprehensive income	-	-	2,244	<b>2,244</b>
Investments in securities at fair value through other comprehensive income	20	21,851,904	1,365,225	<b>23,217,149</b>
Investment property	-	156,366	-	<b>156,366</b>
Buildings and land plots	-	839,734	-	<b>839,734</b>
<b>Total</b>	<b>20</b>	<b>23,139,611</b>	<b>1,428,123</b>	<b>24,567,754</b>
<b>Liabilities measured at fair value</b>				
Due to banks at fair value through profit or loss	-	82,465	-	<b>82,465</b>
Derivative financial liabilities	-	737	-	<b>737</b>
Due to customers at fair value through profit or loss	-	164,883	-	<b>164,883</b>
<b>Total</b>	<b>-</b>	<b>248,085</b>	<b>-</b>	<b>248,085</b>

*Movements in Level 3 financial instruments measured at fair value*

The changes in the amounts of Level 3 assets and liabilities that are measured at fair value are presented in the table below:

	<b>As at 1 January 2023</b>	<b>Unrealized income (revaluation)</b>	<b>Repayment</b>	<b>Write-down recognized in equity</b>	<b>Accrued interest as part of interest income</b>	<b>As at 31 December 2023</b>
<b>Financial assets</b>						
Investments in securities at fair value through other comprehensive income	1,365,225	-	(642,510)	270,269	209,696	<b>1,202,680</b>
Loans and advances to customers at fair value through profit or loss	60,654	1,327	(40,281)	-	7,830	<b>29,530</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)**Impact of changes in the key assumptions on the fair value of Level 3 financial instruments measured at fair value*

The impact of using reasonably possible alternative assumptions on measurements of the fair value of Level 3 instruments is summarized in the table below:

	31 December 2023		31 December 2022	
	Carrying amount	Impact of possible alternative assumptions	Carrying amount	Impact of possible alternative assumptions
<b>Financial assets</b>				
Investments in securities at fair value through other comprehensive income	1,202,680	90,086/ (74,348)	1,365,225	102,083/(90,079)
Loans and advances to customers at fair value through profit or loss	29,531	414 / (400)	60,654	1,258/ (1,205)

To analyze the impact on the value of investments that are measured at fair value through other comprehensive income, assumptions about changes in the value of the interest rate along the yield curve. A decrease in the interest rate by 10% lead to an increase in the fair value on UAH 90,086 thousand (2022: UAH 102,083 thousand). An increase in the interest rate by 10% lead to a decrease in the fair value on UAH 74,348 thousand (2022: UAH 90,079 thousand).

To analyze the sensitivity of the loans and advances to customers at fair value through profit or loss, the assumption regarding changes in the discount rate of future cash flows was applied. A decrease in the discount rate by 10% will lead to a decrease in the value by UAH 414 thousand (2022: UAH 1,258 thousand). An increase in the discount rate by 10% will lead to a decrease in the value by UAH 400 thousand (2022: UAH 1,205 thousand).

**Fair value of financial assets and liabilities not carried at fair value**

The estimated fair values of financial assets and liabilities are determined using market prices, discounted cash flows and other appropriate valuation techniques and may not be indicative of the fair value of those instruments at the date these financial statements are authorized for issue. Such calculations do not reflect any premiums or discounts that may arise as a result of an offer to sell the entire amount of a particular financial instrument at the same time. The fair value measurement is based on judgments about expected future cash flows, current economic conditions, risk characteristics of various financial instruments and other factors.

Cash and cash equivalents and loans and other balances with banks comprise balances on correspondent accounts and short-term deposits. Due to the short-term nature of these financial instruments and the corresponding actual interest rates established for similar financial instruments, the carrying amount of cash and cash equivalents and balances of due from other banks approximates their fair value.

To determine the fair value, projected cash flows are discounted at the market rates established on the reporting date for similar instruments.

<b>Financial assets / financial liabilities</b>	<b>Fair value hierarchy level</b>	<b>Valuation techniques and key inputs</b>
Loans and advances to banks	3	Discounted cash flows: Future cash flows are estimated based on both observable and unobservable inputs. Unobservable inputs include the assumptions regarding future financial performance of the counterparty, its risk profile and economic assumptions with respect to the industry and geographical jurisdiction where the counterparty operates. The discount rate reflecting the credit risk of counterparties belonged to the most significant input data.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

<i>Fair value</i>	<b>31 December 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets for which fair values are disclosed</b>				
Loans and other balances with banks	–	1,311,840	–	<b>1,311,840</b>
Investments accounted for at amortized cost	–	8,871,109	–	<b>8,871,109</b>
Loans and advances to customers	–	–	65,460,964	<b>65,460,964</b>
<b>Total</b>	<b>–</b>	<b>10,182,949</b>	<b>65,460,964</b>	<b>75,643,913</b>
<b>Liabilities for which fair values are disclosed</b>				
Due to the National Bank of Ukraine	–	–	–	–
Due to other banks	–	2,705,212	–	<b>2,705,212</b>
Other borrowed funds	–	5,579,937	–	<b>5,579,937</b>
Due to customers	–	153,972,944	–	<b>153,972,944</b>
<b>Total</b>	<b>–</b>	<b>162,258,093</b>	<b>–</b>	<b>162,258,093</b>
	<b>31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets for which fair values are disclosed</b>				
Loans and other balances with banks	–	2,144,031	–	<b>2,144,031</b>
Loans and advances to customers	–	–	63,338,814	<b>63,338,814</b>
<b>Total</b>	<b>–</b>	<b>2,144,031</b>	<b>63,338,814</b>	<b>65,482,845</b>
<b>Liabilities for which fair values are disclosed</b>				
Due to the National Bank of Ukraine	–	998,956	–	<b>998,956</b>
Due to other banks	–	5,486,105	–	<b>5,486,105</b>
Other borrowed funds	–	3,385,858	–	<b>3,385,858</b>
Due to customers	–	112,607,571	–	<b>112,607,571</b>
<b>Total</b>	<b>–</b>	<b>122,478,490</b>	<b>–</b>	<b>122,478,490</b>

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
Loans and other balances with banks	1,311,840	1,311,840	2,144,031	2,144,031
Investments accounted for at amortized cost	8,871,109	8,871,109	–	–
Loans and advances to customers	63,300,491	65,460,964	64,696,230	63,338,814
<b>Total assets</b>	<b>73,483,440</b>	<b>75,643,913</b>	<b>66,840,261</b>	<b>65,482,845</b>
<b>Financial liabilities</b>				
Due to the National Bank of Ukraine	–	–	998,956	998,956
Due to other banks	2,705,212	2,705,212	5,486,105	5,486,105
Other borrowed funds	5,579,937	5,579,937	3,385,858	3,385,858
Due to customers	153,938,625	153,972,944	112,613,730	112,607,571
<b>Total liabilities</b>	<b>162,223,774</b>	<b>162,258,093</b>	<b>122,484,649</b>	<b>122,478,490</b>

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***31. Analysis of assets and liabilities by maturities**

Analysis of assets and liabilities by maturities are presented in the table below. See Note 29 for the Bank's contractual undiscounted repayment liabilities.

	31 December 2023				31 December 2022			
	On demand/		No maturity	Total	On demand/		No maturity	Total
	Within one year	More than one year			Within one year	More than one year		
Cash and cash equivalents	49,749,451	-	-	49,749,451	35,346,787	-	-	35,346,787
Loans and other balances with banks	1,240,577	392,634	-	1,633,211	2,420,569	-	-	2,420,569
Loans and advances to customers	38,357,753	24,975,194	-	63,332,947	39,625,091	25,134,037	-	64,759,128
Investments in securities at fair value through other comprehensive income	18,901,049	36,827,616	-	55,728,665	7,675,568	15,541,581	-	23,217,149
Derivative financial assets	2,933	-	-	2,933	15,069	-	-	15,069
Investment property	-	-	154,269	154,269	-	-	156,366	156,366
Current tax assets	1,070,155	-	-	1,070,155	-	2,690,423	-	2,690,423
Deferred tax assets	-	54,449	-	54,449	-	30,138	-	30,138
Property and equipment and intangible assets	-	-	1,225,785	1,225,785	-	-	1,234,025	1,234,025
Right-of-use assets	-	-	138,631	138,631	-	-	166,113	166,113
Other financial assets	1,055,194	1,056,963	-	2,112,157	889,087	11,668	-	900,755
Other non-financial assets	383,855	280,875	-	664,730	330,205	42,158	337,064	709,427
<b>Total</b>	<b>110,760,967</b>	<b>63,587,731</b>	<b>1,518,685</b>	<b>175,867,383</b>	<b>86,302,376</b>	<b>43,450,005</b>	<b>1,893,568</b>	<b>131,645,949</b>
Due to banks	2,794,957	-	-	2,794,957	5,568,569	-	-	5,568,569
Due to customers	153,261,880	871,684	-	154,133,564	111,896,149	882,464	-	112,778,613
Derivative financial liabilities	20,376	-	-	20,376	737	-	-	737
Other borrowed funds	3,203,813	2,376,124	-	5,579,937	3,339,744	1,045,071	-	4,384,815
Provisions for loan commitments and financial guarantee contracts	603,129	74,023	-	677,152	298,185	4,558	-	302,743
Other provisions	153,335	-	-	153,335	395,994	68	-	396,062
Other financial liabilities	559,248	89,751	-	648,999	609,112	162,261	-	771,373
Other non-financial liabilities	613,411	-	-	613,411	520,663	6,252	-	526,915
<b>Total</b>	<b>161,210,149</b>	<b>3,411,582</b>	<b>-</b>	<b>164,621,731</b>	<b>122,629,153</b>	<b>2,100,674</b>	<b>-</b>	<b>124,729,827</b>
<b>Net amount</b>	<b>(50,449,182)</b>	<b>60,176,149</b>	<b>1,518,685</b>	<b>11,245,652</b>	<b>(36,326,777)</b>	<b>41,349,331</b>	<b>1,893,568</b>	<b>6,916,122</b>

As at 31 December 2023, the Bank presented in the article "Other borrowed funds" term loans borrowed from credit institutions in the amount of UAH 3,198,099 thousand, in accordance with the terms specified in the letters regarding the waiver of the requirements for the fulfillment of the relevant covenants and early repayment of loans ("waiver") received by the Bank from creditors. Information on the letters of waivers received by the Bank from the requirements of fulfilling the relevant covenants ("waiver") from creditors is provided in Note 3. As at 31 December 2022, creditors, in accordance with the current contracts, had the right to demand early repayment of long-term liabilities, therefore long-term liabilities in the amount of UAH 3,339,098 thousand. were classified as demand funds. Note 29 provides information on breach of covenants.

The Bank's management believes that the negative liquidity gap (liquidity gap between financial assets and financial liabilities maturing within one year amounted to UAH (51,136,446) thousand as at 31 December 2023). The gap is under control and does not threaten the Bank's ability to settle its liabilities in full and in a timely manner. As such, the Bank has access to secondary reserve of liquid funds represented by:

- ▶ unencumbered securities including Ukrainian domestic government bonds in the amount of UAH 27,535,173 thousand, municipal bonds in the amount of UAH 1,129,147 thousand that have a high degree of liquidity and were included in the category of repayable after one year. Liquid funds may be received either through the sale of the said securities or raising of a refinancing loan from the National Bank of Ukraine with the securities used as a collateral. As at 31 December 2023, the fair value of securities that may be considered as a cover for the cumulative liquidity gap in the category of repayable within one year amounted to UAH 28,664,320 thousand;
- ▶ stable balances on current and other customer accounts determined based on the Bank's own methods, which are based on statistical analysis of fluctuations in current customer account balances. As at 31 December 2023, the stable balances on current and other accounts were estimated to be equal to UAH 61,647,547 thousand. Based on the going concern assumption, actual maturity of the stable balances may be considered as undefined.

*(in thousands of Ukrainian hryvnias, unless otherwise indicated)***32. Related party transactions**

The Bank grants loans and advances to customers, attracts deposits and performs other transactions with related parties in the ordinary course of business. Parties are considered to be related if one party has the ability, directly or indirectly through one or more intermediaries, to control the other party or exercise significant influence over the party when making financial and operational decisions.

As at 31 December 2023, the Bank was 94.94% state-owned bank under the control of the Ministry of Finance of Ukraine (2022: 94.94%). Correspondingly, transactions and balances with related parties comprise transactions with government, government-related entities (both directly and indirectly), key management personnel and entities that are controlled, are under common control or are significantly influenced by them.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by the government.

Government refers to government agencies and similar bodies whether local, national or international.

Key management personnel are members of the Management Board and Supervisory Board.

Relatives of members of the Management Board and Supervisory Board are disclosed as "Other related parties".

In considering each possible related party relationship, attention is focused on the substance of such relationship and not merely its legal form. The balances and transactions with related parties at the end of the period and the relevant amounts of profit and loss for the period are as follows:

	31 December 2023				31 December 2022			
	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel
<b>Assets</b>								
Cash and cash equivalents	-	25,678,703	-	-	-	11,955,239	-	-
Loans and other balances with banks	-	11,177	-	-	-	9,162	-	-
Loans and advances to customers, gross	-	16,792,433	-	156	-	17,867,123	2,934	285
Loans and advances to customers, less: expected credit losses/allowance for impairment	-	(682,218)	-	(1)	-	(948,828)	(31)	(10)
Investments in securities	44,419,609	2,336,359	-	(8)	20,630,471	2,492,597	-	-
Right-of-use assets	-	2,946	-	-	-	4,038	-	-
<b>Liabilities</b>								
Due to banks								
- current accounts	-	19	-	-	-	12	-	-
- other amounts	-	1,216	-	-	-	1,183	-	-
Other borrowed funds	-	2,927,956	-	-	-	1,663,198	-	-
Due to customers:								
- current accounts	-	47,117,629	14,536	8,378	-	19,857,268	151,512	30,624
- time deposits	-	2,128,752	2,350	14,725	-	3,524,219	67,589	7,600
Lease liabilities	-	4,173	-	-	-	5,277	-	-
<b>Commitments and contingencies</b>								
Financial guarantees	-	5,118,177	-	-	-	4,154,416	-	-
Credit-related commitments	-	6,076,077	66	650	-	3,511,023	103	1,315
Letters of credit	-	690,200	-	-	-	567,598	-	-
Performance guarantees	-	320,053	-	-	-	305,817	-	-

	31 December 2023				31 December 2022			
	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel
<b>Statement of profit or loss and other comprehensive income</b>								
Interest revenue calculated using effective interest method:								
- loans and advances to customers	-	2,250,873	77	92	-	2,002,262	88	-
- due from credit institutions	-	190	-	-	-	2	-	-
- investments in securities	5,134,612	432,946	-	-	2,492,597	704,496	-	-
- deposit certificates of the National Bank of Ukraine	-	3,076,606	-	-	-	651,301	-	-
Interest expense:								
- due to the National Bank of Ukraine	-	197,968	-	-	-	1,796,710	-	-

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

	31 December 2023				31 December 2022			
	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel	Shareholder (Ministry of Finance of Ukraine)	State controlled entities	Other related parties	Key managem ent personnel
- due to credit institutions	-	78,666	-	-	-	21,323	-	-
- due to customers	-	3,395,195	36	287	-	1,841,686	7,761	305
- lease liability	-	887	-	-	-	1,320	-	-
Impairment loss determined in accordance with IFRS 9	-	284,934	32	26	-	21,413	32	(108)
Net gain (loss) on operations with debt financial instruments measured at fair value through other comprehensive income	72,072	-	-	-	26,633	243	-	-
Other income	-	3,882	-	4	-	32,929	1,298	-
Other operating expenses	-	269,234	-	273	-	236,959	597	245

For deposit certificates of the National Bank of Ukraine, the rate range is as follows (%):

Currency	31 December 2023	31 December 2022
UAH	15.0 – 20.0	23.0

For loans and advances to customers granted to related parties, the rate range is as follows (%):

Currency	31 December 2023		31 December 2022	
	Corporate banking	Retail banking	Corporate banking	Retail banking
UAH	11.0 – 28.1	43.0 – 43.0	10.4 – 33.5	42.0 – 42.0
USD	5.1 - 7.5	-	3.5 - 7.5	-
EUR	4.5 - 4.5	-	4.5 - 4.5	-

Other borrowed funds received from related parties, the rate range is as follows (%):

Currency	31 December 2023	31 December 2022
UAH	3.0 – 14.3	3.0 – 11.1
USD	-	-
EUR	6.26 – 6.76	3.46 – 3.96

Due to customers: current accounts received from related parties, the rate range is as follows (%):

Currency	31 December 2023		31 December 2022	
	Corporate banking	Retail banking	Corporate banking	Retail banking
UAH	0 – 14.9	0 – 5.0	0 – 19.8	0 – 10.0
USD	0 – 0.3	0 – 0.0001	0 – 0.8	0 – 0.1
EUR	-	0 – 0.0001	0 – 0.25	-

Due to customers: time deposits received from related parties, the rate range is as follows (%):

Currency	31 December 2023		31 December 2022	
	Corporate banking	Retail banking	Corporate banking	Retail banking
UAH	12.0 – 16.5	15.0 – 15.7	6.0 – 19.95	6.0 – 14.5
USD	0.1 – 1.7	0.01 – 1.0	2.5 – 3.7	0.05 – 1.2
EUR	0.01	0.01	-	0.01

**Risk concentration** Concentration risk - risk is determined by the Bank as the risk of possible losses due to concentration of risk in specific instruments, operations and industries.

The Bank's activities are characterized by a significant scale of operations with state-owned companies resulting in concentration of credit and investment risks in relation to certain counterparties and groups of related counterparties and industries.

As at 31 December 2023, 55% of assets and 32% of liabilities were concentrated in operations with state-owned companies, the National Bank of Ukraine, state banks and government authorities (2022: 40% of assets and 19% of liabilities).

The Bank manages concentration risk in its credit and securities portfolios by setting limits for individual counterparties and groups of counterparties.



*(in thousands of Ukrainian hryvnias, unless otherwise indicated)*

Remuneration to key management personnel comprises the following items:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Salaries and bonuses	71,834	84,724
<b>Total remuneration to key management personnel</b>	<b>71,834</b>	<b>84,724</b>

### 33. Capital adequacy

The Bank's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also considered and the Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The main regulator, the National Bank of Ukraine, sets and monitors capital requirements for the Bank as a whole and monitors compliance with these requirements on the basis of reporting under national standards. The Bank as a whole and its individual banking operation are directly supervised by the local regulators.

Under the current capital requirements set by the NBU, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 December 2023 and 31 December 2022 the minimum level was 10%. The Bank complied with the statutory capital ratios during the periods ended 31 December 2023 and 31 December 2022.

The Bank analyzes its activities as regards its compliance with the minimum capital requirements, including the capital adequacy requirements in accordance with the Basel Accord of 1988, as defined in the *International Convergence: of Capital Measurement and Capital Standards* of Basel Committee on Banking Supervision (updated April 1998) and Amendment to the Basel Accord to incorporate market risks (updated November 2005), commonly known as Basel I. As at 31 December 2023 and 31 December 2022, the minimum capital adequacy ratio required by Basel I was 8% and the minimum Tier 1 capital adequacy ratio was 4%.

Analytical bases for calculating capital adequacy according to the requirements of the NBU and the requirements of Basel I are different, so they cannot be compared.

As at 31 December 2023 and 31 December 2022, the Bank's capital adequacy ratio is::

	<b>31 December 2023</b>	<b>31 December 2022</b>
Fixed assets	8,260,719	7,538,083
Additional capital	3,109,167	64,000
Prevention	-	-
Regulatory capital	11,369,886	7,602,083
Standard H2	15,81%	10,88%
Standard H3	11,49%	10,79%

The structure of the Bank's capital position calculated in accordance with the requirements of Basel as at 31 December 2023 and 31 December 2022 is presented in the table below:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Tier 1 capital	10,765,230	8,852,729
Tier 2 capital	425,973	(1,966,745)
<b>Total capital</b>	<b>11,191,203</b>	<b>6,885,984</b>
<b>Risk weighted assets</b>	<b>79,681,322</b>	<b>79,034,713</b>
Tier 1 capital ratio	13.51%	11.20%
Total capital ratio	14.04%	8.71%

The Bank was in compliance with the capital adequacy ratio calculated in accordance with the Basel Accord as at 31 December 2023 and 31 December 2022.

(in thousands of Ukrainian hryvnias, unless otherwise indicated)

### 34. Changes in liabilities arising from financing activities

	<i>Due to the National Bank of Ukraine</i>	<i>Other borrowed funds (long-term)</i>	<i>Lease liability</i>	<i>Total</i>
<b>Carrying amount as at 1 January 2022</b>	<b>4,699,967</b>	<b>2,505,737</b>	<b>230,772</b>	<b>7,436,476</b>
Additions	7,200,000	999,718	67,306	8,267,024
Repayment	(10,900,000)	(648,443)	(90,871)	(11,639,314)
Exchange differences	–	521,944	–	521,944
Other	(1,011)	6,903	(43,701)	(37,809)
<b>Carrying amount as at 31 January 2022</b>	<b>998,956</b>	<b>3,385,859</b>	<b>163,506</b>	<b>4,548,321</b>
Additions	–	2,360,603	68,880	2,429,483
Repayment	(1,000,000)	(439,957)	(81,305)	(1,521,262)
Exchange differences	–	241,196	–	241,196
Other	1,044	32,236	(18,020)	15,260
<b>Carrying amount as at 31 December 2023</b>	<b>–</b>	<b>5,579,937</b>	<b>133,061</b>	<b>5,712,998</b>

### 35. Subsequent events

As of the date these financial statements were approved for issue, hostilities continue and there is a high level of uncertainty associated with the war. The military forces of the Russian Federation continue to destroy infrastructure and production facilities, part of the territory of Ukraine is under occupation.

On 9 March 2024, the long-term sovereign credit rating of Ukraine in foreign currency was downgraded by the rating agency Standard & Poor's to "CC" with a "negative" outlook.

The Board of the National Bank of Ukraine decided to reduce the discount rate from 15% to 14.5% from 15 March 2024.

Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

ПРОТОКОЛ

створення та перевірки кваліфікованого та удосконаленого електронного підпису

Дата та час: 22:32:12 15.03.2024

Назва файлу з підписом: Report\_ENG\_Y2023\_A4X\_15032024\_final(2).pdf.p7s

Розмір файлу з підписом: 17.0 КБ

Перевірені файли:

Назва файлу без підпису: Report\_ENG\_Y2023\_A4X\_15032024\_final(2).pdf

Розмір файлу без підпису: 1.4 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Підписувач: Морозов Родіон Валерійович

П.І.Б.: Морозов Родіон Валерійович

Країна: Україна

РНОКПП: 2883002798

Організація (установа): АБ "УКРГАЗБАНК"

Код ЄДРПОУ: 23697280

Посада: В.о. Голови Правління

Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 22:33:07 15.03.2024

Сертифікат виданий: КНЕДП АБ "УКРГАЗБАНК"

Серійний номер: 15A7651A1FAF0B391EC3F16EF5AF95DD048335B4

Алгоритм підпису: ДСТУ 4145

Тип підпису: Удосконалений

Тип контейнера: Підпис та дані в окремих файлах (CAdES detached)

Формат підпису: З повними даними для перевірки (CAdES-X Long)

Сертифікат: Кваліфікований

Версія від: 2023.12.21 13:00

Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

ПРОТОКОЛ

створення та перевірки кваліфікованого та удосконаленого електронного підпису

Дата та час: 22:33:11 15.03.2024

Назва файлу з підписом: Report\_ENG\_Y2023\_A4X\_15032024\_final(2).pdf.p7s

Розмір файлу з підписом: 16.7 КБ

Перевірені файли:

Назва файлу без підпису: Report\_ENG\_Y2023\_A4X\_15032024\_final(2).pdf

Розмір файлу без підпису: 1.4 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Електронна печатка: ПУБЛІЧНЕ АКЦІОНЕРНЕ ТОВАРИСТВО АКЦІОНЕРНИЙ БАНК "УКРГАЗБАНК"  
П.І.Б.:

Країна: Україна

Організація (установа): ПУБЛІЧНЕ АКЦІОНЕРНЕ ТОВАРИСТВО АКЦІОНЕРНИЙ БАНК  
"УКРГАЗБАНК"

Код ЄДРПОУ: 23697280

Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 22:34:06  
15.03.2024

Сертифікат виданий: КНЕДП АБ "УКРГАЗБАНК"

Серійний номер: 5C3ECEEFC2D9BD7B

Алгоритм підпису: ДСТУ 4145

Тип підпису: Удосконалений

Тип контейнера: Підпис та дані в окремих файлах (CAAdES detached)

Формат підпису: З повними даними для перевірки (CAAdES-X Long)

Сертифікат: Кваліфікований

Версія від: 2023.12.21 13:00

Онлайн сервіс створення та перевірки кваліфікованого та удосконаленого електронного підпису

ПРОТОКОЛ

створення та перевірки кваліфікованого та удосконаленого електронного підпису

Дата та час: 22:47:27 15.03.2024

Назва файлу з підписом: Report\_ENG\_Y2023\_A4X\_15032024\_final(2).pdf.p7s

Розмір файлу з підписом: 17.8 КБ

Перевірені файли:

Назва файлу без підпису: Report\_ENG\_Y2023\_A4X\_15032024\_final(2).pdf

Розмір файлу без підпису: 1.4 МБ

Результат перевірки підпису: Підпис створено та перевірено успішно. Цілісність даних підтверджено

Підписувач: Ільницька Наталія Геннадіївна

П.І.Б.: Ільницька Наталія Геннадіївна

Країна: Україна

РНОКПП: 2565005064

Організація (установа): ПУБЛІЧНЕ АКЦІОНЕРНЕ ТОВАРИСТВО АКЦІОНЕРНИЙ БАНК "УКРГАЗБАНК"

Код ЄДРПОУ: 23697280

Посада: Головний бухгалтер

Час підпису (підтверджено кваліфікованою позначкою часу для підпису від Надавача): 22:47:26 15.03.2024

Сертифікат виданий: АЦСК Національного банку України

Серійний номер: 3E0E4EA9F723F863040000002218000022A90000

Алгоритм підпису: ДСТУ 4145

Тип підпису: Удосконалений

Тип контейнера: Підпис та дані в окремих файлах (CADES detached)

Формат підпису: З повними даними ЦСК для перевірки (CADES-X Long)

Сертифікат: Кваліфікований

Версія від: 2023.12.21 13:00