EVERYTHING RELIES **ON PEOPLE**

ANNUAL & SUSTAINABILITY REPORT 2024

ugb ECO BANK

Ukraine | Communities | Business

ukrgasbank eco·bank

EVERYTHING RELIES **ON PEOPLE**

In times of extraordinary challenges, one principle has proven fundamental to our resilience and success: ***Everything Relies on People.*** *This is not just a theme for our report, but the lens through which we understand our purpose and our performance.*

This principle is visible in a powerful ecosystem of resilience. It begins with the unwavering dedication of our employees, who provide the stability and expertise that anchor our operations. This foundation empowers our customers and partners to act with courage—investing, building, and trading in a vital show of strength that sustains our national economy. In turn, this collective enterprise allows us to deepen our commitment to our communities, supporting the reintegration of veterans and the long-term work of rebuilding our nation.

The financial results and strategic initiatives detailed in the following pages are the outcomes of this human dynamic. They are the story of a bank built not just on capital, but on character. We move forward with the clear conviction that our most valuable asset, and our ultimate purpose, is the people of Ukraine.

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Letter from the Chair

Dear Clients, Partners, Shareholders, and Colleagues,

I begin by expressing our sincere gratitude for your persistent support throughout 2024. Your trust and collaboration are essential to our resilience, allowing Ukrgasbank to consistently meet its commitments, regardless of the challenges we face.

Against a challenging global backdrop and the realities of ongoing war, 2024 highlighted the extraordinary resilience of Ukraine's economy and financial sector, moving beyond survival toward recovery despite significant hurdles. Understanding UGB's significant responsibility within this context, we dedicated our efforts throughout the year to supporting the nation's economic strength and stability.

In line with this, UGB demonstrated remarkable operational resilience, ensuring service continuity while consistently fulfilling its crucial role in providing vital support for strategic sectors like energy, infrastructure, and agriculture. This dedication yielded exceptional financial results, despite challenging conditions and significant tax impacts, the Bank achieved record profitability and a strong 22.3% return on equity, supported by robust liquidity and capital.

Underpinning this performance was the significant progress made under the Supervisory Board's guidance in further strengthening our corporate governance framework. This crucial work – combined with more rigorous risk management, internal controls, and compliance standards integrated throughout the organisation – has demonstrably enhanced our resilience to potential shocks, both internal and geopolitical. Key initiatives included overseeing strategic Management Board appointments to bolster expertise in areas like compliance, finance, IT, and retail, alongside targeted improvements in succession planning, risk management methodologies, AML procedures, and internal audit functions. By embedding these best practices, we have significantly increased our ability to navigate complex environments with greater confidence and build sustained credibility.

While strong governance provides the necessary structure, it is our people and our shared culture that truly animate these systems and drive sustained success. We recognise that achieving our goals – operating a customer-centric, technologically advanced, market-leading bank – relies on motivated and engaged employees. This requires fostering an environment built on trust, transparency, teamwork, constructive feedback, and accountability. The Supervisory Board considers understanding and nurturing this culture one of the key priorities, engaging regularly with management, reviewing employee feedback, and connecting directly with employees. While we believe the right cultural foundations are largely in place, and that management acts swiftly to address any misalignments, we know that building and maintaining a positive culture is a continuous, collective effort, shaped daily by every member of the UGB team.

Building on this strong internal foundation, we recognise that sustainable and responsible banking is not optional – it is essential for both Ukraine's recovery and our Bank's resilience. We have already expanded beyond green banking, driving sustainability in healthcare, infrastructure recovery, and the circular economy. Our commitment to ESG is not just a strategy – it is a pledge to Ukraine's future. Furthermore, we are deeply committed to building an inclusive financial system. As Ukraine defends its independence, it is becoming a nation of heroes and, simultaneously, a nation of veterans. Barrier-free accessibility, once a step toward European values, is now a core operational priority, reflected in specialized financial products, accessible branches, and staff training to serve veterans and people with disabilities with the dignity and support they deserve.

To further secure UGB's future and ensure sustained support for Ukraine's economic resilience, the Supervisory Board initiated the development of the Bank's 2025-2029 strategy, overseeing its creation in collaboration with Deloitte and management. This strategic foresight is designed to position UGB for sustainable growth and long-term success, ensuring value creation for all stakeholders

Navigating these pivotal times requires strategic foresight and unwavering commitment from all. The Bank's strong performance in 2024 provides a solid foundation, and looking ahead, the Supervisory Board remains dedicated to providing effective guidance and upholding the highest standards. We are confident that UGB, with its resilient business model and relevant strategy, is well-positioned not only to pursue sustainable growth and profitability but also to contribute significantly to a prosperous future for Ukraine while creating opportunities and shared success for all our stakeholders. On behalf of the Board, I sincerely thank my colleagues, the management team, and every employee for their vital contributions and dedication throughout the year.

Glory to Ukraine!

Sanela Pašić
Chairperson of the Supervisory Board

Letter from the CEO

Dear Clients, Partners, Shareholders, and Colleagues,

Reflecting on 2024, I want to express my deepest gratitude for your trust and partnership during another year defined by immense challenges for Ukraine. Leading Ukrgasbank through this period, I am incredibly proud of our team's resilience and unwavering commitment to serving our customers and supporting our nation's economy. Despite the complexities of operating during wartime, UGB not only maintained stability but also delivered strong performance and executed key strategic initiatives, demonstrating our adaptability and dedication.

The ongoing war continues to profoundly impact Ukraine's lending landscape, limiting the availability of credit essential for growth. While retail lending shows tentative recovery signs, lending to businesses remains constrained by economic uncertainty and high funding costs. Necessary NBU policy adjustments during late 2024 and early 2025, aimed at curbing inflation and supporting savings, also shaped the dynamics under which we operated.

Despite these challenging economic conditions, Ukrgasbank delivered record profitability in 2024. Net profit surged by 80% to UAH 3.4 billion, even after accounting for the extraordinary 50% corporate income tax imposed on banks in 2024. This exceptional performance was further reflected in the Bank's return on equity (ROE), which increased to 22.3%. The Bank's loan portfolio expanded to UAH 80 billion in 2024, with growth across all business segments. Notably, financing for critical economic sectors has been the primary driver of business loan portfolio growth. Growth of the balance sheet, supported by robust liquidity and strong capital base and careful management of revenues and costs, led further to improved year on year return on Assets, net interest margin and cost to income ratio.

A significant milestone this year was the transformative rebranding of Ukrgasbank—now UGB—focusing on Ukraine (U), its communities (G), and businesses (B). Our new slogan, 'Everything Relies on People,' is more than just words; it underscores the dedication of our employees—who ensure seamless operations amid wartime disruptions—and our customers, whose trust fuels our resilience. Recognizing that our people are our greatest asset, we are committed to empowering their continued success. Their dedication is the foundation upon which we will build our strategic vision, ensuring sustained value creation for all stakeholders, and driving the successful execution of our strategic goals.

Given that the banking system must function under any circumstances, regardless of enemy attacks – whether targeting energy infrastructure or causing environmental and technological disasters – we fully implemented the POWER BANKING project in 2024. This initiative ensures the uninterrupted operation of our branches and access to essential banking services even in critical situations, such as blackouts, cyberattacks, or communication outages. Our emergency protocols have been rigorously tested, and their effectiveness was fully demonstrated during the intense russian missile attacks on Ukraine's critical infrastructure in 2024. Alongside ensuring operational resilience, we advanced our commitment to sustainability and inclusion, embedding ESG principles deeper into our operations and actively working to create a barrier-free environment in our branches and through specialized products, particularly for veterans and people with disabilities.

Our strong partnerships with international financial institutions and development finance institutions were critical conduits for channeling vital aid to Ukraine, enabling initiatives like the Energy Security Support Facility to combat energy shortages and risk-sharing guarantees to bolster SMEs. For the fifth year running, Ukrgasbank (UGB) was named Ukraine's most active issuing bank under the EBRD's Trade Facilitation Program (TFP), underscoring our vital role in supporting cross-border trade and export-import operations essential to the national economy.

To further secure our future and ensure sustained support for Ukraine's economic resilience, Ukrgasbank, under the guidance of the Supervisory Board, has initiated the development of its 2025-2029 strategic plan, in collaboration with Deloitte. This plan, anticipated for completion in the first half of 2025, will incorporate comprehensive financial modeling, integrated impact assessments, alignment with national recovery goals, and rigorous risk evaluations. We are confident that this strategic foresight, combined with the dedication of our exceptional personnel, will position Ukrgasbank (UGB) for sustainable growth and long-term success.

Looking to 2025, we anticipate a challenging yet stable macroeconomic outlook, bolstered by robust global financial support. Despite a persistent trade deficit and fiscal strains, we believe, external assistance will help safeguard stability and mitigate sharp hryvnia depreciation. Defense spending will remain a budget priority, underscoring our reliance on international partners as we navigate these turbulent times.

We are living in a pivotal moment in history, and acknowledging this reality empowers us. The war continues, and the challenges ahead are undoubtedly complex. However, we understand that achieving Victory demands concerted and substantial effort. We embrace our responsibility to the nation and its citizens, and we press forward. We remain determined in our commitment to driving economic resilience and recovery and delivering long-term value to all stakeholders.

Glory to Ukraine!

Rodion Morozov
Acting Chairperson of the Management Board

OUR ENVIRONMENT

Macroeconomic Overview

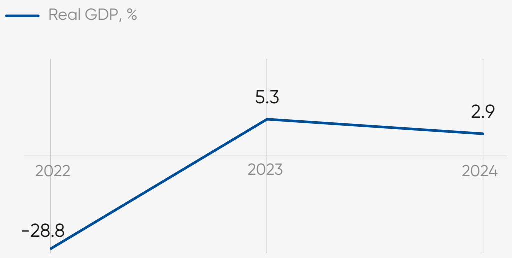
OVERVIEW

Ukraine's macroeconomic landscape in 2024 reflected a mixture of resilience and continued vulnerability. The slowdown in growth to 2.9% in 2024 highlighted the impact of ongoing security risks and global headwinds. Nevertheless, solid international support, proactive monetary adjustments, and a strategic focus on domestic production and energy autonomy laid the foundation for sustainable economic stabilization.

KEY DRIVERS OF GDP GROWTH

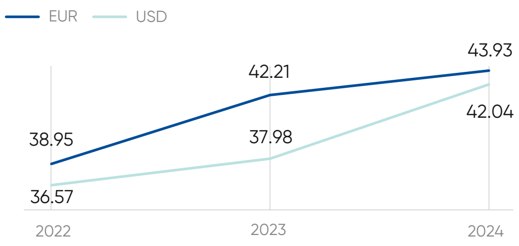
In 2024, Ukraine's economy continued its recovery trajectory, posting a real GDP growth rate of 2.9%. Notably, 0.6 percentage points of this growth were directly attributed to the government's "Made in Ukraine" policy, which aimed to stimulate domestic production and industrial resilience. The economy demonstrated positive performance despite numerous challenges stemming from security concerns, relatively weak external demand and reduced agricultural output. The main role in supporting the economy continues to be played by fiscal stimulus and defense-related expenditures, although the role of the private sector also increased. Domestic private consumption sustained by rising household incomes, also positively influenced GDP. Heightened competition for labor compelled employers to raise wages.

REAL GDP DYNAMICS, %



Source: according to the State Statistics Service of Ukraine

OFFICIAL NBU EXCHANGE RATES



Source: according to the NBU

This resilience was further supported by substantial international financial support, which ensured macroeconomic stability.

Economic activity in the latter half of 2024 encountered considerable headwinds, leading real GDP growth to decelerate to 2.0% year-on-year in the third quarter—a figure significantly below the NBU's forecasts. This slowdown was primarily driven by a substantial electricity deficit, which resulted from renewed attacks destroying critical energy infrastructure, particularly impacting maneuverable generation capacity. The power shortage proved most acute in July, November, and December. While a relatively warm winter, expedited repair works, and increased electricity imports offered some alleviation to energy supply constraints in the fourth quarter, persistent security challenges continued to restrict a more solid economic recovery.

Extreme heat and drought conditions during the summer and autumn periods had a detrimental impact on late-crop yields as well as on livestock productivity indicators. As a result, agricultural sector performance weakened, causing the food supply to fall short of anticipated levels. The subdued performance in both industrial and agricultural sectors contributed to slower export growth and deterioration in transportation metrics.

Meanwhile, the consistent functioning of the maritime corridor provided support for transportation services and export activities. Nevertheless, reduced harvest volumes, combined with increased exports of agricultural commodities amid elevated global prices, led to shortages of raw materials in several segments of the food processing industry.

In 2024, investment continued to expand, including public-sector investment, thereby further supporting GDP growth. Investment demand was fueled by government capital expenditures on defense-related projects and on remedial efforts to address damage from hostilities, as well as other repair works.

An additional factor contributing to increased investment was the compensation provided to households for property damages, financed through state-funded programs. Concurrently, improved financial results enabled private business sector enterprises to sustain and further expand their investments into enhancing logistical infrastructure and strengthening their own energy independence. The public sector's role in shaping economic growth trends will remain significant, primarily due to the need for spending on defense, reconstruction projects, humanitarian initiatives, and infrastructure development. Due to these factors the budget deficit is expected to shrink gradually due to GDP growth and also driven by stronger domestic revenue generation and a declining share of public spending in GDP.

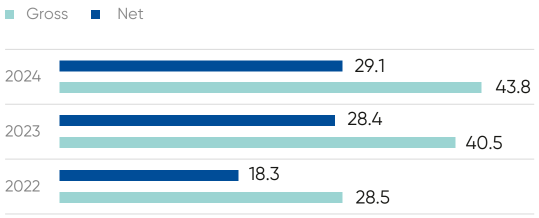
According to National Bank of Ukraine forecasts, Ukraine's economy is projected to expand by 3.1% in 2025. This growth is expected to be underpinned by several factors, including improved agricultural harvests, a diminishing electricity deficit, and substantial defense orders boosting industrial activity.

Looking further ahead, real GDP growth is anticipated to accelerate, reaching a range of 3.7-3.9% annually during 2026-2027. This upward trend is primarily expected to be fueled by increased investment in reconstruction efforts, the recovery of production capabilities, and resilient consumer demand. Over this period, private investment and consumption are forecast to play a crucial role in offsetting the effects of fiscal consolidation, particularly as volumes of international financial assistance are projected to decline.

INFLATION AND RESERVES

In December 2024, inflation accelerated to 12.0% on an annualized basis. Temporary factors, notably those related to poorer agricultural harvests, significantly contributed to the rise in inflation. Nevertheless, fundamental inflationary pressures also strengthened, driven by higher business expenditures on raw materials, intermediate goods, electricity, and increased labor costs amid persistent shortages in the labor market. The transition to double-digit inflation had an adverse impact on inflation expectations among both households and enterprises.

NBU INTERNATIONAL RESERVES, USD BILLIONS



Source: according to the NBU inflation report, January 2025

The cycle of monetary policy tightening continues to provide adequate protection for hryvnia savings against inflation and to maintain public interest in hryvnia-denominated assets. This helps ease pressure on the foreign exchange market and on prices.

The high level of international reserves, combined with substantial volumes of international aid, allows for the continued stability of the foreign exchange market under the managed exchange rate flexibility regime.

The National Bank of Ukraineremains a key participant in the foreign exchange market, with its interventions serving as the primary instrument for balancing currency supply and demand. Net foreign currency demand is rising amid the economic recovery and a rebound in imports. Thus far, the partial easing of capital movement restrictions has had a relatively modest effect on the market, as over one-third of cross-border payments following liberalization have been made by companies using their own foreign-currency funds. Meanwhile, household demand for cash foreign currency increased. This growing demand is the main driver of additional pressure on the exchange rate. However, due to its existing stock of international reserves, the National Bank retains the capacity to cover currency shortfalls and smooth out excessive exchange-rate fluctuations.

Inflows of international assistance make it possible to maintain international reserves at an adequate level, even amid rising demand for foreign currency.

Looking ahead, annual price growth is expected to begin decelerating in the summer of 2025 across a broad range of goods and services. An anticipated increase in agricultural yields is poised to contribute to a reduction in food inflation from the third quarter of 2025, with prices subsequently stabilizing at a relatively low level.

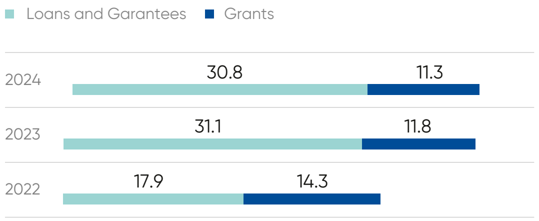
Fundamental inflationary pressures are projected to gradually ease, influenced by the NBU's monetary policy measures, an improved electricity supply, and more moderate labor market conditions. Furthermore, a potential decrease in global oil prices, linked to international trade dynamics, is also expected to help alleviate broader price pressures. Consequently, headline inflation is forecast to decline to 8.7% by year-end 2025 and reach the NBU's 5% target during 2026.

INTERNATIONAL FINANCIAL SUPPORT

Ukraine received approximately USD 42 billion in external support in 2024, which enabled the government to finance a fiscal deficit amounting to about 24% of GDP. These funds also helped the NBU build up international reserves to a record USD 43.8 billion. In 2024, the largest financial aid donors included countries such as the European Union, the United States, Japan, Canada, and the United Kingdom, as well as international financial institutions including the International Monetary Fund and the World Bank.

In 2025, external financial inflows are expected to total USD 38.4 billion, providing sufficient coverage for a projected 19% of GDP deficit without reliance on monetary financing. This ongoing support is critical for currency market stability and broader macroeconomic resilience.

INTERNATIONAL FINANCIAL AID, USD BILLIONS

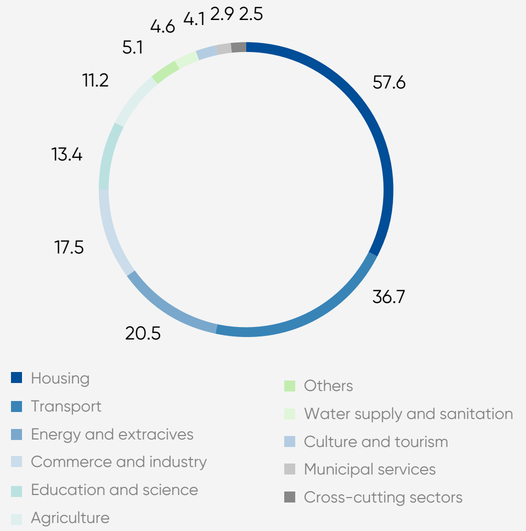


Source: according to the NBU inflation report, January 2025

Ukraine War Damage and Needs Assessment

Based on the Fourth Rapid Damage and Needs Assessment (RDNA4), a report jointly prepared by the Government of Ukraine, the World Bank Group, the European Commission, and the United Nations, which assesses the impact of Russia's full-scale invasion up to December 31, 2024, the total direct damage to Ukraine's buildings and infrastructure resulting from Russia's full-scale invasion is estimated at approximately USD 176 billion. The primary sectors impacted are:

TOTAL DAMAGE*, USD 176 BILLION



Source: according to the Fourth Rapid Damage and Needs Assessment by the World Bank, the Government of Ukraine, the EU, and the UN, February 2025

- Housing: Over USD 57 billion (33% of total damage)
- Transport: Over USD 36 billion (21%)
- Energy and Extractives: Over USD 20 billion (12%)
- Commerce and Industry: Over USD 17 billion (10%)

In the housing sector, approximately 13% of the national stock has been damaged or destroyed, impacting more than 2.5 million households. Associated losses beyond direct damage are estimated at USD 21.1 billion. Despite ongoing recovery efforts, needs continue to escalate, with the provision of safe, affordable housing (especially for IDPs) remaining a critical challenge. The Donetsk, Kharkiv, and Kyiv regions face the most acute impacts. Concurrently, reconstruction presents a significant potential driver of economic growth, jobs, and positive multiplier effects.

Within the transport sector, the largest impacts stem from destroyed port infrastructure and ongoing airspace closures. Specific challenges in 2024 included 190 recorded attacks on railways and 20 on ports. Mitigation efforts like the maritime corridor and the Black Sea Grain Initiative have been crucial, yet the sector still contends with workforce shortages and logistical disruptions, even while demonstrating notable adaptability and resilience.

Damage to the energy sector has impacted generation, transmission, and distribution infrastructure. Major destructive events, including the Kakhovka Dam breach and targeted strikes (particularly March-June and fall 2024), critically reduced available generation capacity to approximately 15 GW (against a typical winter peak demand of 18-19 GW). Consequently, energy shortages pose a seArious ongoing risk, necessitating urgent recovery interventions and long-term reforms to bolster resilience and reliability.

For commerce and industry, over 80% of the damage is concentrated in the industrial sector, particularly affecting large enterprises. Nearly half of this industrial impact relates to metallurgical plant destruction in Mariupol. Despite these severe challenges, this vital sector (historically contributing ~1/3 of GDP and 40% of jobs) showed resilience with an 8.1% increase in active businesses during 2023. Nonetheless, accelerating recovery hinges on modernizing business support programs and enhancing access to finance.

Across all impacted sectors, substantial financing and investment are crucial not only for recovery but also for modernization and building long-term resilience against persistent threats.

Regionally, devastation is highly concentrated: the Donetsk, Kharkiv, Luhansk, Zaporizhzhia, Kherson, and Kyiv regions collectively account for over USD 127 billion (72%) of the total estimated direct damage.

Beyond direct physical damage, cumulative economic, social, and sector-specific monetary losses stemming from the war reach an estimated USD 589 billion, vastly exceeding the direct asset destruction cost. The commerce and industry sector accounts for the largest share of these losses (USD 214 billion, 36%), followed by agriculture (USD 73 billion, 12%), energy and extractives (USD 72 billion, 12%), transport (USD 47 billion, 8%), and explosive hazard management (USD 30 billion, 5%).

As with previous assessments, direct household income losses are valued at over USD 73 billion.

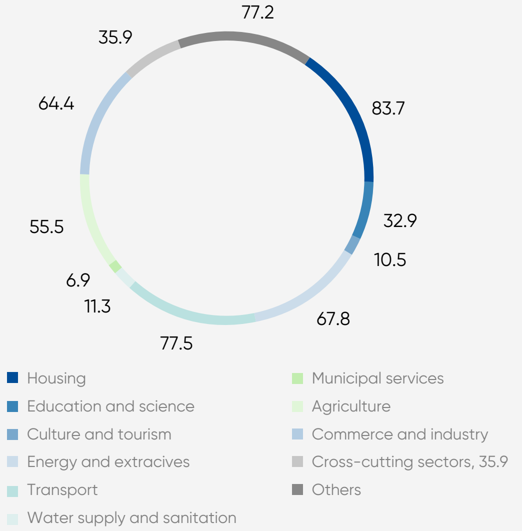
LONG-TERM RECOVERY AND RECONSTRUCTION NEEDS

As of the end of December 2024, Ukraine's recovery and reconstruction needs over a ten-year horizon are estimated at nearly USD 524 billion – roughly 2.8 times the country's estimated nominal GDP for 2024.

These substantial needs stem from the scale and duration of the destruction, which has affected large parts of the country – including densely populated urban centers – for almost three years.

In addition to direct rebuilding, the estimate includes investment in modern, resilient, inclusive infrastructure, incorporating energy-efficient technologies and updated standards.

TOTAL NEEDS*, USD 524 BILLION



Source: according to the Fourth Rapid Damage and Needs Assessment by the World Bank, the Government of Ukraine, the EU, and the UN, February 2025

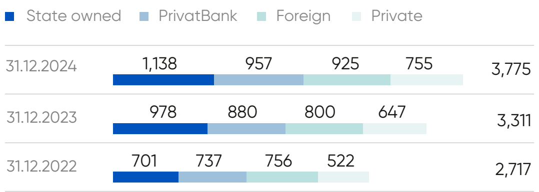
Ukrainian Banking Sector

In 2024, Ukraine's banking sector demonstrated strong resilience and activity despite the challenges posed by the full-scale war and changes in the regulatory environment. The number of operating banks declined to 61. During 2024, two institutions were reclassified as state-owned, raising the total number of state-owned banks to seven. Nevertheless, the share of assets held by the group of state-owned banks – which expanded during the year by two financial institutions – remained at 53.3%, reflecting a 0.3 percentage point decline over the year. The share of household deposits in state-owned banks decreased to 63.3%, down by 1.2 percentage points over the year, primarily due to more robust deposit inflows to private and foreign-owned banks.

ASSETS

Throughout 2024, the assets of the banking system increased by 16.3%, reaching UAH 3,423.8 billion, driven primarily by increased investments in government bonds, which rose by more than one-third year-on-year. Banks actively allocated funds to government securities to preserve portfolio profitability amid falling interest rates. In autumn 2024, the National Bank of Ukraine raised mandatory reserve requirements, encouraged demand for benchmark government bonds, while elevated public spending toward the end of the year supported a 17.5% quarterly rise in NBU certificates of deposit (though they declined by 11.6% over 2024).

BANKS' TOTAL ASSETS, UAH BILLIONS



Source: according to the NBU banking sector review, February 2025

In 2024, the role of state-subsidized lending in business finance gradually declined, while credit guarantees – both domestic and international – played a growing role in mitigating credit risk and supporting corporate lending recovery.

In the retail segment, competition in unsecured lending remained intense. Despite growth in loan volumes, lending levels remained low relative to GDP and household income, indicating significant potential for portfolio expansion.

The mortgage market was almost entirely dominated by the state-backed eOselya program, leaving little room for development of market-based mortgage lending.

Lending activity remained robust:

- Net hryvnia loans to businesses rose by 20.6%
- To SMEs – by 22.1%
- To households – by 39.9%
- Mortgages – increased by 60.7% year-on-year (despite slight Q4 deceleration).

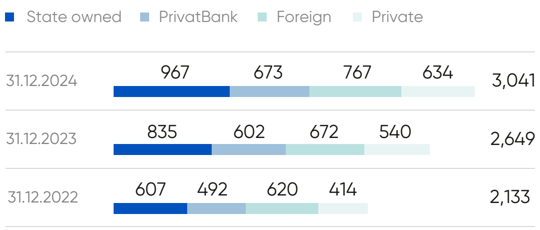
Business lending became increasingly long-term: the share of loans with maturities over 3 years reached 25.2% of the portfolio (+6 pp YoY), with the volume of such loans growing by more than 58%.

Loan portfolio quality improved significantly:

- The share of non-performing loans (NPLs) declined by 7.1 pp to 30.3%
- Excluding legacy debts (e.g., from pre-2014–2016 crises), the NPL ratio stood at just 18.6%
- NPLs in the retail segment declined faster than in the corporate sector.

The improvement was driven by new loan issuance and active write-offs of bad debts. The share of corporate borrowers defaulting on hryvnia loans dropped to around 4%.

LIABILITIES BY GROUPS OF BANKS, UAH BILLIONS



Source: according to the NBU banking sector review, February 2025

FUNDING

In 2024, the total liabilities of banks increased by 14.8%, or UAH 392.8 billion. Amounts due to customers remained the core source of funding, accounting for 92.8% of the liability structure, which ensured a high level of liquidity. Banks consistently met both short- and long-term liquidity requirements with a substantial margin.

Local currency funding:

- The volume of UAH-denominated amounts due to households grew by 11.5% over the year
- Term deposits increased at a slower pace – by 8.8% annually
- Due to a faster increase in current account balances, the share of term deposits in UAH decreased by 0.8 percentage points to 33.6%
- UAH-denominated amounts due to business customers rose by 19.0% year-on-year and by 16.6% in Q4, with growth recorded across all banking groups.

Foreign currency funding:

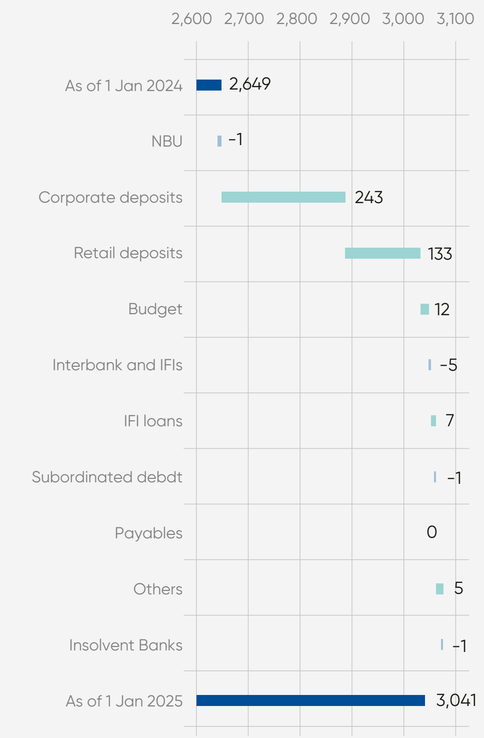
- Amounts due to households in foreign currency increased by 2.7% year-on-year, primarily due to inflows into current accounts
- Term foreign currency deposits declined by 6.2% over the year
- The share of foreign currency deposits fell to 31.4%.

Other sources:

- The volume of NBU refinancing loans remained nearly unchanged – UAH 1.9 billion held by 5 banks.

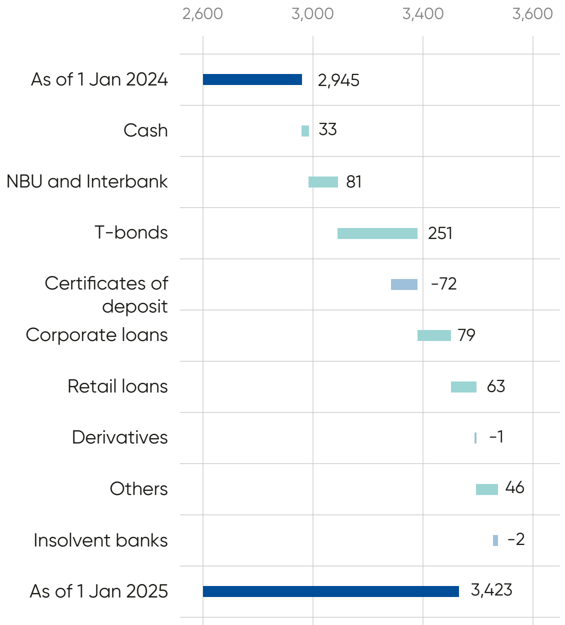
Overall, banks continued to rely on domestic resources as their primary source of funding, which supported the banking system's strong liquidity position.

CHANGE IN LIABILITIES BY ITEMS IN 2024, UAH BILLIONS



Source: according to the NBU banking sector review, February 2025

CHANGE IN NET ASSETS BY COMPONENT IN 2024, UAH BILLIONS



Source: according to the NBU banking sector review, February 2025

STABILITY AND PROFITABILITY

In 2024, solvent banks collectively earned UAH 103.7 billion in net profit, primarily driven by the steady expansion of high-quality lending and investments in government securities. The net interest margin remained strong at 7.6%, supported by a decline in funding costs due to lower deposit rates in the first half of the year.

Return on equity is preliminarily estimated at around 30%, reflecting sustained profitability across the sector.

The loan portfolio remained high-quality, resulting in significantly lower provisioning needs – impairment provisions charges were nearly half the level seen in 2023.

Net interest income continued to be the main profit driver, while net fee and commission income increased by 5.2% year-on-year, reaching pre-war monthly levels in December.

Operating expenses rose particularly due to a 23.6% annual increase in personnel costs.

The cost-to-income ratio (CIR) averaged 39.2% for the year, though it rose to 46.4% in Q4 (up from 37.6% in Q3).

However, profitability was negatively impacted by the retroactive increase in the corporate income tax rate to 50%, applied to the full-year 2024 profit. The resulting tax burden led to a sector-wide loss of UAH 13.5 billion in Q4.

The capital adequacy ratio remained high – around 17% for each tier of capital as of January 1, 2025. All banks complied with capital requirements at year-end, although some may face temporary breaches upon full tax recognition. These banks are expected to restore their capital buffers while maintaining operational efficiency.

A key regulatory development in 2024 was the transition of banks to a new three-tier structure of regulatory capital. Banks also began fully incorporating all three major risk types – credit, market, and operational – into their capital adequacy calculations. Additionally, institutions reported initial results of their Internal Capital Adequacy Assessment Process (ICAAP). Together, these steps marked significant progress in aligning Ukraine's banking regulations with EU standards.

Looking ahead, in 2025, as part of Ukraine's strategic path toward EU integration and sustainable economic recovery, the National Bank of Ukraine will continue advancing the integration of European standards into the financial sector, focusing on the further alignment of banking regulation with EU norms and the ongoing rollout of a comprehensive ESG policy.

PROSPECTS AND RISKS

The sustained decline in interest rates during 2024 prompted banks to adopt more active asset management strategies. As a result, banks largely succeeded in preserving their asset yields, while the cost of funding experienced a moderate reduction. Consequently, net interest margins within the banking sector remained elevated. Due to stable high returns on core banking operations and increased fee-based income, banks managed to expand administrative expenditures without compromising their operational efficiency. Moreover, maintaining strong asset quality resulted in minimal provisioning costs, further supporting profitability. High profitability, in turn, enabled banks to preserve robust capital adequacy levels. Nevertheless, a significant adverse factor affecting banks' profitability was the renewed increase of the corporate income tax rate to 50 percent. This tax hike negatively influenced banks' profitability, complicated capital planning processes, and, in certain cases, constrained their lending capabilities.

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ABOUT UKRGASBANK

About Ukrgasbank

Ukrgasbank is a leading Ukrainian universal bank committed to green finance and supporting Ukraine's economic resilience and growth. As a systemically important, state-owned institution, it ranks among the top 5 banks in Ukraine by assets.

Founded in 1993, UGB serves about 1.6 million business and retail clients and leads in corporate lending, with business clients forming a significant portfolio share.

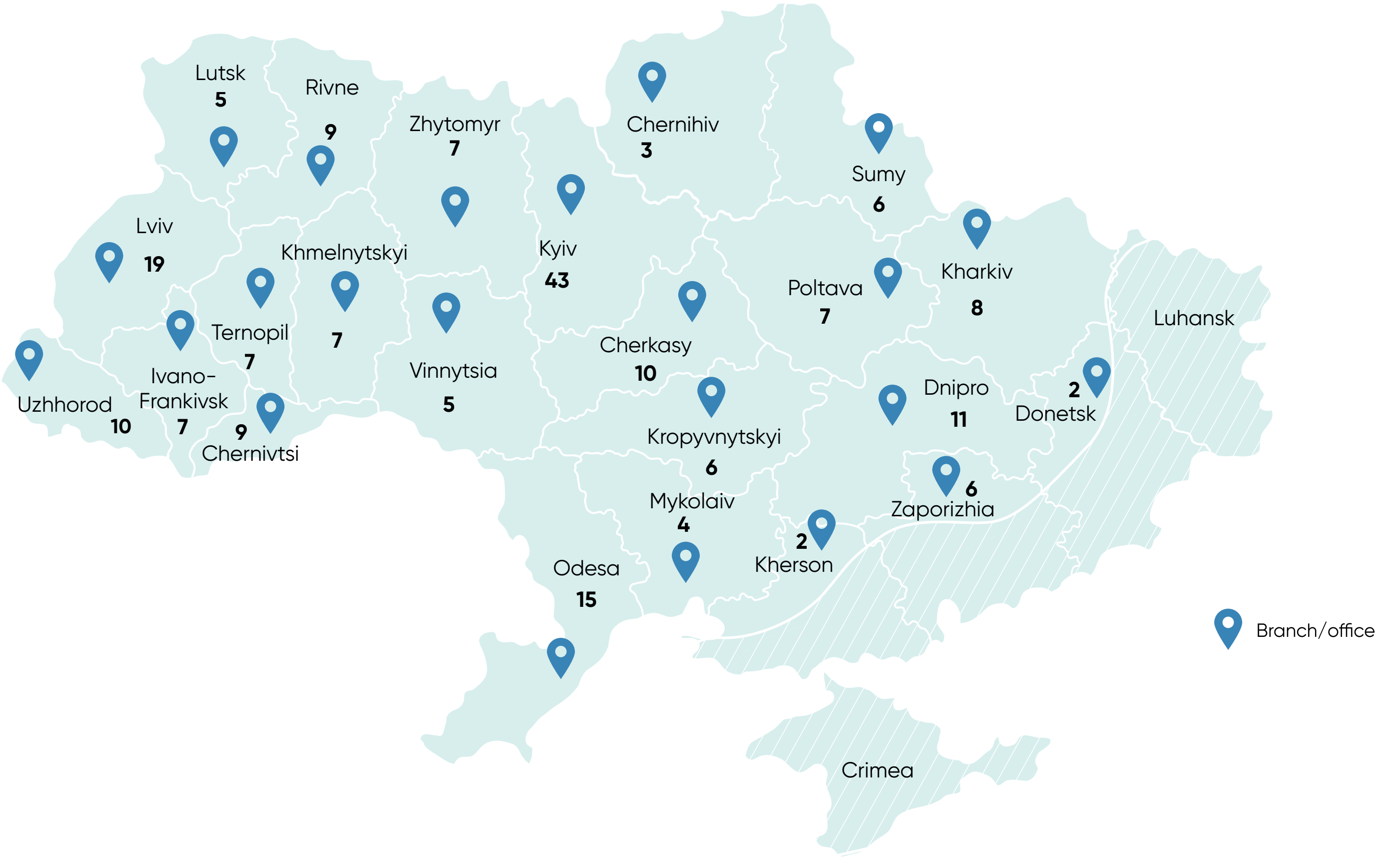
The Bank ensures nationwide coverage through its extensive branch network and advanced digital solutions.

UGB evolved from focusing on Ukraine's energy sector to a diversified universal bank. Government recapitalization during the 2009 crisis reinforced its stability and strategic national importance.

UGB's commitment to green finance leadership began in 2016 with a strategy developed via a crucial IFC partnership. This initiative sparked wider IFI/DFI cooperation, leading to UGB's continued collaboration on joint programs supporting sustainable development and business finance throughout Ukraine.

By 2019, UGB joined the UNEP FI Principles and was named CEE's Best Bank for Sustainable Finance by Euromoney. Pre-invasion, the Bank financed approximately one-third of Ukraine's renewable energy capacity, solidifying its position as the leading green investor and a top-5 market player.

Since the 2022 full-scale invasion, UGB has been crucial to national financial stability. Demonstrating resilience, the Bank remained fully operational, swiftly returned to profitability, and prioritized vital financing for energy security, agriculture, essential imports, and critical infrastructure.



1.5 M
retail customers

3.7 K employees

87 K business customers

215 branches

6%
market share by assets

95%
owned by State of Ukraine

Our Mission

We drive sustainable development, empowering businesses and communities to lead and stay ahead

What are we doing?

- We create a reliable partnership
- Providing high-quality and modern finansial solutions
- Promoting Social & Environmental responsibility

How do we do it?

- A reliable partner that helps clients realize their dreams and ambitions

Who are we doing it for?

- Best partner for business and communities

What are we doing it for?

- Creating value for clients contributing to thier success
- Accessibility of our services (financial inclusivity)
- Sustainable development of the Ukrainian economy
- Investment attractiveness of the Bank

Key Performance Highlights

2024 was another year of strong performance and meaningful progress coupled with our focus on supporting our clients' needs. Record net operating income resulted from an optimized balance sheet structure and operational efficiencies achieved throughout the year. Asset growth to UAH 199 billion confirms Ukrgasbank's robust market standing (#5 position with 5.8% share), driven by a strong client-oriented approach. Our focus on enhancing operational efficiency, ensuring financial stability, and maintaining regulatory compliance underpinned this strong financial performance, with operating income increasing by UAH 3.4 billion to reach UAH 12.5 billion. Profitability in 2024 further strengthened our capital base, reinforcing the foundation for a resilient and sustainable bank prepared for the future.

2024 clearly demonstrated the strength of our strategic vision — delivering exceptional value to our clients while ensuring sustainable growth and long-term resilience.

KEY 2024 HIGHLIGHTS

Refreshed Brand Identity: In 2024, we introduced the updated UGB brand identity. While retaining our official name ('JSB Ukrgasbank') and core eco-bank positioning, the new logo and style reflect wartime challenges alongside our enduring ecological focus. The UGB abbreviation actively symbolizes our key vectors: Ukraine, Gromada (Communities), and Business.

Supporting Energy Security Finance: Underscoring our commitment to national resilience, UGB became one of the first two banks in Ukraine to join the EBRD's Energy Security Support Facility (ESSF), enhancing access to critical financing for energy investments.

Leading Trade Finance & Export Facilitation: With a portfolio exceeding UAH 11.2 billion, Ukrgasbank ranked #1 in Ukrainian trade finance. Our leadership was further validated by top international award from the EBRD and recognized by the Export Credit Agency (ECA) for leading support to Ukrainian exporters (facilitating UAH 2.9bn in exports).

Digital Innovation & Strategic Partnerships: UGB launched practical digital tools for businesses (UGB Tap&Pay smartphone POS, 'e-Entrepreneur' integration). We also pioneered as the first Ukrainian bank integrating with the 'Diia' government platform to facilitate seamless public payments for administrative services and United24 contributions.

Championing Women Entrepreneurs: Our dedication to inclusive growth received prestigious international recognition, winning the 'Europe Best Financier for Women Entrepreneurs' award from the IFC at the Global SME Finance Forum 2024.

Record net operating income resulted from an optimized balance sheet and operational efficiencies

Profit Before Tax
UAH 5.9 BN

Net Profit
UAH 3.4 BN

Return on Equity
22%

Strong asset growth reinforces our robust market position

Market Share by Assets
5.8%

Market Rank by Assets
#5

Total Assets
UAH 199 BN

Highly Liquid & Actively Managed Funding Portfolio

Customer Deposits
UAH 167 BN

Liquidity Coverage Ratio (LCR)
153%

Comprehensive financial support to businesses for the benefit of society

Gross Customer Loans
UAH 80 BN

Taxes Paid to State Budget
UAH 3 BN

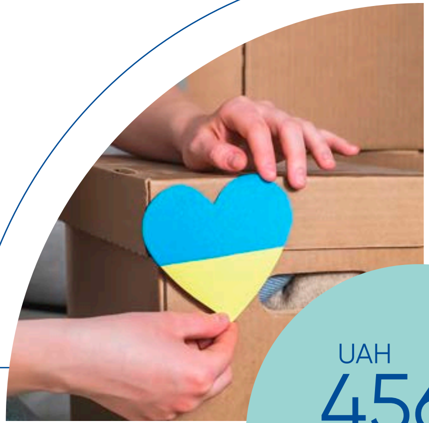
How We Support Ukraine

Ukrgasbank acknowledges its responsibility to contribute meaningfully to Ukraine's strength and development. This is achieved through core activities like providing financial solutions and guidance to businesses and individuals, fueling economic stability. Recognizing the importance of national defence, we are firm in our support for the Armed Forces of Ukraine and dedicated to enabling the effective reintegration of veterans into civilian life. Our operations are grounded in trust and ethical banking principles, understanding that our prosperity depends on the prosperity of Ukraine.

KEY CONTRIBUTIONS:

- **Support for Armed Forces:** Since February 2022, Ukrgasbank has directed UAH 404.1 million towards supporting Ukraine's defenders. In 2024 alone, UAH 20 million was allocated, facilitating the delivery of essential equipment via trusted partners like The Come Back Alive Foundation, the Serhiy Prytula Charity Foundation, and the ATO Warrior International Charitable Foundation
- **Veteran Reintegration:** Committed to veterans' successful reintegration, UGB actively supports their return to civilian life and the economy in collaboration with the EBRD. In April 2024, UGB was chosen as one of the first two pilot banks in Ukraine to implement the "Reintegration of Veterans and War-Affected Individuals" Window
- **Community Recovery & Humanitarian Aid:** Since 2022, UAH 7.7 million has been allocated for community reconstruction, with UAH 1.5 million in 2024 supporting Okhmatdyt National Children's Hospital and the "Rebuilding the City Together" program. Total humanitarian support, including aid to the population and specific projects, reached UAH 44.5 million
- **Strategic Partnership:** UNBROKEN National Rehabilitation Center: Our collaboration, formalized in March 2024, saw approximately UAH 40 million allocated during the year to support the center's vital work, including reconstruction, procurement of specialized medical equipment (hearing restoration, air purification systems), and complex surgeries for those affected by the war
- **Supporting State Budget Financing:** As a key contribution to supporting the state budget during 2024, Ukrgasbank purchased UAH 52.3 billion in domestic government bonds for its own portfolio through primary auctions.

UAH 1.5 million transferred for community reconstruction
UAH 1.9 million transferred within the charitable deposit "Rebuilding the City Together"
UAH 4.3 million transferred for the reconstruction of Okhtyrka, Chernihiv, Bucha, Zaporizhzhia, and Makariv

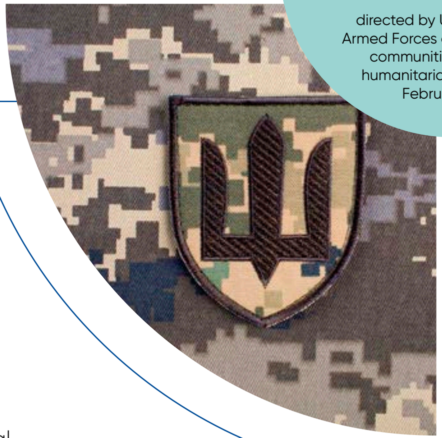


UAH 44.5 million
Total humanitarian support

UAH 456.3 million
directed by UGB to support Armed Forces of Ukraine (army), communities, and other humanitarian goods since February 2022

UAH 7.7 million
For community reconstruction

UAH 404.1 million
Towards supporting Ukraine's defenders



Military Bonds

52.3 UAH billion

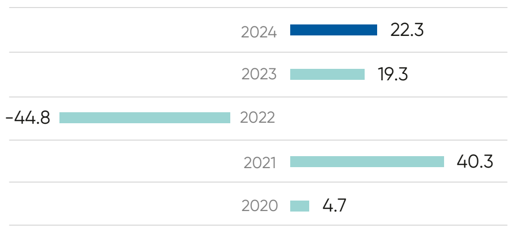
UAH 3.1 million transferred for supporting the population and humanitarian projects.
UAH 1 million transferred for the elimination of consequences of the attack on Kakhovka HPP
UAH 40 million trasferred to UNBROKEN National Rehabilitation Center

STRATEGY

Five-year Summary

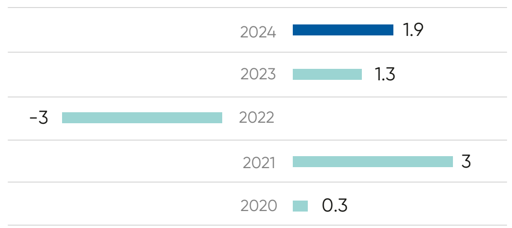
The Bank is well-positioned to achieve sustainable and profitable growth in 2024 and beyond. This growth is crucial to navigate an uncertain macroeconomic landscape and remain competitive, all while maintaining strict adherence to the NBU's mandatory reserve requirements and other prudential regulations.

RETURN ON EQUITY, %



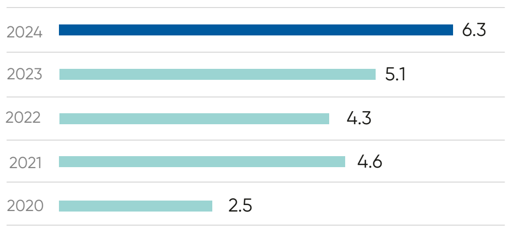
Despite the 50% corporate income tax rate for banks – which significantly impacted financial results – the Bank achieved a strong ROE of 22.3%. Under the previous tax rate of 18%, ROE would have reached 25.1%.

RETURN ON ASSETS, %



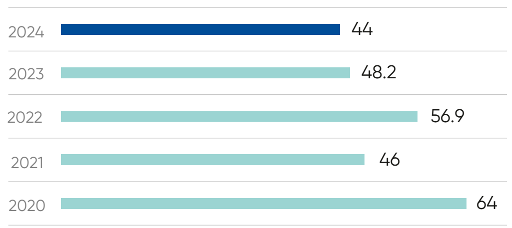
The Bank's return on assets stood at 1.9% in 2024, reflecting the effects of increased regulatory pressure. However, under the previous 18% tax rate, ROA would have reached 2.6%, underscoring continued asset efficiency even in a more challenging fiscal environment.

NET INTEREST MARGIN, %



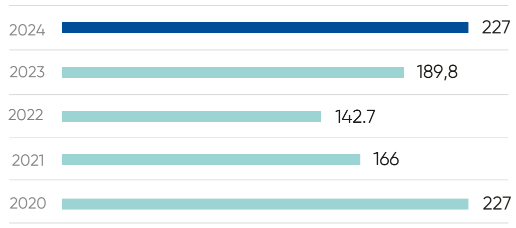
Net interest income remained the Bank's primary driver of profitability, supported by a shift in the portfolio toward government securities. The net interest margin reached 6.3%, reflecting effective liability cost management.

COST TO INCOME RATIO, %



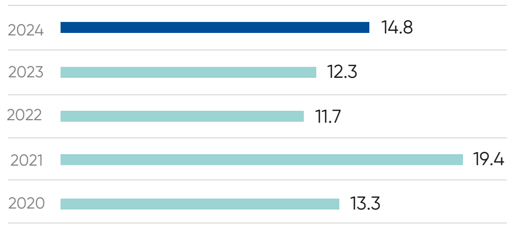
Despite OPEX increase, the Bank improved its cost-to-income ratio to 44.0%, 4.2 percentage points better than in 2023 – due to increased operating profitability and disciplined cost control.

LIQUIDITY COVERAGE RATIO (LCR), %



The Bank maintained a robust LCR of 227%, significantly above regulatory requirements, demonstrating stable liquidity management.

PRUDENTIAL REGULATORY CAPITAL ADEQUACY RATIO (N2), %



Following the transition to a new three-tier capital structure, the Bank maintained a prudential regulatory capital adequacy ratio of 14.8%, exceeding prudential requirements and confirming the strength of its equity base.

Our Strategy 2025-2029: Driving Sustainable Growth and National Reconstruction

In a period of profound challenges and historic opportunity for Ukraine, we are proud to introduce our development strategy for the next five years. This is not merely a plan of action; it is our clear roadmap in a complex and dynamic environment. It reflects our vision for the future, built on a foundation of transparency, trust, technological advancement, and a steadfast focus on our clients.

This strategy is the result of a thorough analysis of market trends, constructive dialogue with all our stakeholders, and a shared vision for the future we are committed to building. It is fully aligned with the national goals of recovery and reconstruction, outlining our path to strategic renewal, digital transformation, and responsible growth.

OUR MISSION

We promote sustainable development, paving the way for the success of businesses and communities. With our expertise, you are always one step ahead in life and business.

OUR STRATEGIC VISION FOR 2029

We envision UGB as a universal Bank that is a leader in our priority market segments and a pillar of Ukraine's economic revival.

- **For Our Clients:** We will be the bank of first choice for businesses, communities and international partners, recognized for our superior service, expertise, and client satisfaction.
- **For Our Country:** We will be a key financial provider for the nation's reconstruction, wellbeing, sustainable development, facilitating the recovery of our economy and social capital.
- **For Our Shareholders:** We will deliver sustainable profitability and increase the bank's value, making UGB an attractive investment opportunity and preparing it for future privatization.
- **For Our Team:** We will be a leader in the industry, fostering a culture of efficiency, talent development, and innovation that attracts and retains the best professionals in the country.

ESG AT THE CORE OF OUR STRATEGY

Sustainability and ESG principles are not a separate goal but are integrated into the core of our strategy. Our ambition to be a leader in sustainable finance is the lens through which we execute our strategic pillars—from the products we design to the risks we manage and the culture we build. We are focused on strengthening our reputation as a sustainable bank through transparent stakeholder engagement and building the necessary infrastructure to support our ESG leadership.

This strategic framework will serve as our guide, enabling us to navigate the challenges ahead, seize emerging opportunities, and make a lasting contribution to the prosperity of our clients, our communities, and our nation.

FIVE STRATEGIC PILLARS FOR TRANSFORMATIVE GROWTH

To achieve our vision and ambitions, the Bank will undertake transformational initiatives across five strategic pillars. These pillars are the foundation of our long-term roadmap. Each represents a key dimension of the Bank's evolution, ensuring that we are not only responding to today's challenges, but also building the capabilities required for future success.

Client Base Diversification

We will expand our client base by focusing on high-potential groups. This will reduce risk and drive growth through customized products.

Unique Client Value

We will offer personalized, data-driven solutions with a focus on digital services, creating a standout experience for our retail and SME clients.

National Recovery Leadership

We will actively support Ukraine's rebuilding efforts by applying ESG principles and partnering with international organizations to create new business opportunities and accelerate economic recovery.

Operational Efficiency

We will modernize our systems, expand digital tools, and use data to become more cost-effective, agile, and responsive in our business operations.

Cultural Transformation

We will foster a high-performance culture of respect, collaboration, and continuous learning, empowering our team through leadership training and skill development.

OUR COMMITMENT TO THE FUTURE

The 2025–2029 Strategy is not just a blueprint — it is our commitment to helping Ukraine rebuild, grow, and thrive. We will continue to serve as:

- A catalyst for innovation and positive transformation
- A hub for sustainable development and future-focused investment
- A leader in digital banking and client experience
- A socially responsible institution, deeply connected to the communities we serve.

This strategy marks the beginning of a new chapter. With resilience as our foundation, we are embracing digital transformation and pursuing responsible growth—standing with Ukraine as it moves with determination toward peace, prosperity, and a sustainable future.

CORPORATE GOVERNANCE

Corporate Governance

MESSAGE FROM THE CHAIR OF THE SUPERVISORY BOARD

"Ukrgasbank integrates sound corporate governance as a fundamental principle, recognizing its crucial role in achieving profitability alongside ethical behavior, environmental awareness, and effective risk management. Our governance framework, built upon transparency, accountability, and ethical conduct, drives responsible decision-making, mitigates conflicts of interest, ensures effective risk management and internal controls, fosters stakeholder trust, and secures our enduring success. We remain committed to continuously enhancing our practices to meet evolving standards and the unique challenges of the current environment."

The Bank's corporate governance is a structured system that fosters collaboration and defines clear roles and oversight responsibilities among shareholders, the Supervisory Board, the Management Board, and key stakeholders. This framework ensures alignment on the Bank's strategic goals and the actions required to achieve them, while also establishing a well-defined distribution of power and responsibilities across the organization.

RULES AND REGULATIONS

The Bank corporate governance framework complies with Ukrainian legislation, which is progressively harmonizing with European Union laws and incorporates international best practices, reflecting Ukraine's path toward EU integration. This commitment underpins Ukrgasbank's operations.

UGB's corporate governance is based on the external framework established by Ukrainian laws and NBU regulatory guidelines including:

- Law of Ukraine "On Banks and Banking"
- Law of Ukraine "On Joint Stock Companies"
- Law of Ukraine "On Management of State Property Objects"
- NBU Recommendations on the organization of corporate governance in banks of Ukraine.

UGB also adheres to an internal framework that includes, among others:

- Articles of Association, Corporate Governance Code, Regulations on General Shareholder's Meeting and Supervisory & Management Boards
- Regulations on Supervisory Board committees and collegial bodies of the Management Board
- Risk Management Strategy and detailed policies covering various risks (interest rate, market, credit, operational, liquidity, compliance)
- Policies on AML/CFT, conflict of interest prevention, ethics, remuneration, information, and information security
- Code of Conduct
- Remuneration Policy
- Information Security Policy
- Internal Regulations on Supervisory Board formation, effectiveness assessment and remuneration, as well as Management Board suitability and effectiveness assessment
- Induction Guide for Supervisory Board members.

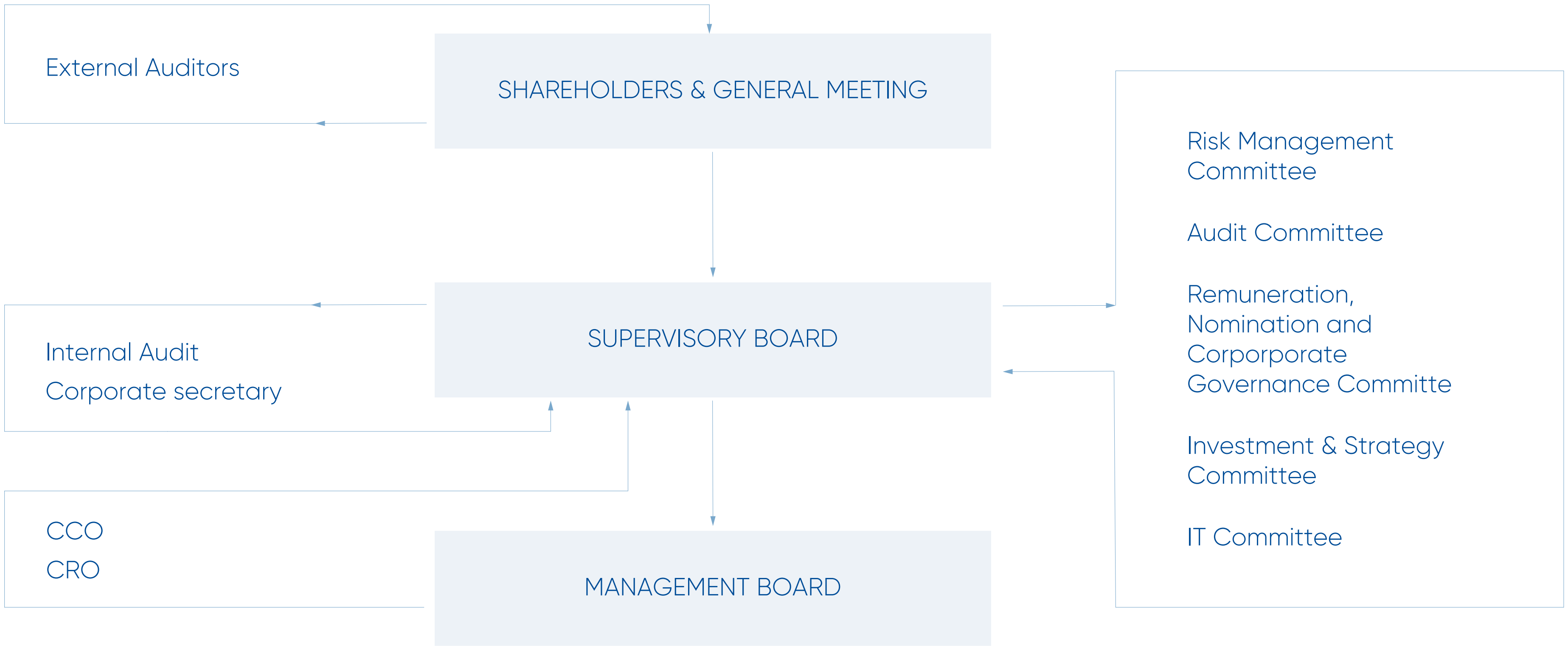
The Bank prioritizes transparent communication with stakeholders, guided by its Information Policy approved by the Supervisory Board. This policy emphasizes transparency, fairness, accuracy, timeliness, and equal access to information, while balancing openness with safeguarding confidential and proprietary interests. This commitment to transparency is vital for maintaining stakeholder confidence and ensuring accountability.

UGB maintains open communication with all stakeholders, disclosing information as required by law and proactively sharing insights about its activities, performance, strategies, and the impact of market trends on its operations.

Corporate Governance Structure

GRI 2–9

UGB's corporate governance is built on a strong foundation: an effective Supervisory Board and transparent communication between the Supervisory and Management Boards. The Supervisory Board acts as the ultimate internal monitoring body, offering an outside perspective on corporate strategy and overseeing performance against that strategy. To fulfil its oversight role, the Supervisory Board operates through a system of committees, including the mandatory Risk, Audit, and Remuneration, Nomination & Corporate Governance Committees, along with the Investment & Strategy and IT Committees.



Supervisory Board

GRI 2–12

ROLES AND RESPONSIBILITIES

The Supervisory Board is UGB's strategic governing body, responsible for ensuring the Bank's long-term financial stability, compliance with legal requirements, and the protection of the rights of depositors, creditors, and shareholders. It provides strategic direction and oversight over the implementation of the Bank's strategy by the Management Board (MB), ensuring effective corporate governance and a robust internal control system (including Risk Management, Compliance, and Internal Audit).

The Supervisory Board (SB) holds exclusive authority over key decisions crucial to the Bank's direction and stability. These responsibilities include, but are not limited to:

- Approving the Bank's strategy, business plan, budget, recovery plans, crisis financing pl ans, and plans for ensuring continuous operation, while actively monitoring their implementation and execution
- Ensuring an effective corporate governance framework aligned with approved principles
- Approving the non-performing asset management strategy, overall risk management strategies and policies, defining the Bank's risk appetite, and setting key risk limits
- Ensuring the ongoing effectiveness of the internal control system, including independent risk management, compliance, and internal audit functions
- Determining significant sources of capitalization and other financing
- Determining the Bank's credit policy
- Appointing, evaluating, dismissing, and setting the remuneration for the Chairperson and members of the Management Board, the Chief Risk Officer (CRO), the Chief Compliance Officer (CCO), and the Head of Internal Audit
- Approving the Bank's organizational structure
- Determining the Bank's overall remuneration policy.
- Making decisions on significant transactions that exceed defined thresholds (please see “Risk profile andCapital Management” Section for details).

The Supervisory Board's detailed legal status, responsibilities, election process, and compensation are defined in the Bank's governing regulations, available on the UGB website.

COMPOSITION OF THE SUPERVISORY BOARD AND MANDATES OF ITS MEMBERS GRI 2–9, GRI 2–10

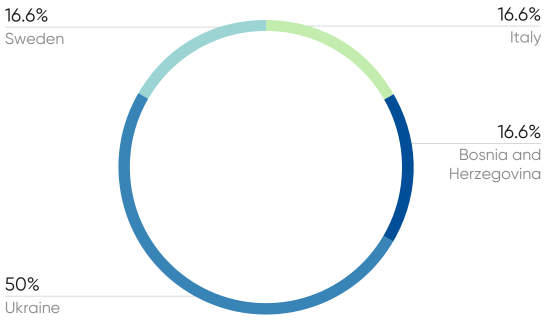
Shareholders elect UGB's Supervisory Board members for a maximum three-year term with the possibility of re-election, subject to the National Bank of Ukraine's approval, as stipulated in the Law of Ukraine "On Joint-Stock Companies". The required composition of the Board is seven members, of whom a minimum of five, including the Chairperson, must qualify as independent.

In October 2024, Independent Board member Irakli Elashvili resigned from his position. Consequently, as of December 31, 2024, the Board was operating with six members, with one vacant position for an independent member. The Ministry of Finance, as the principal shareholder, initiated the candidate appointment process to fill this vacancy and restore the Supervisory Board to its full composition.

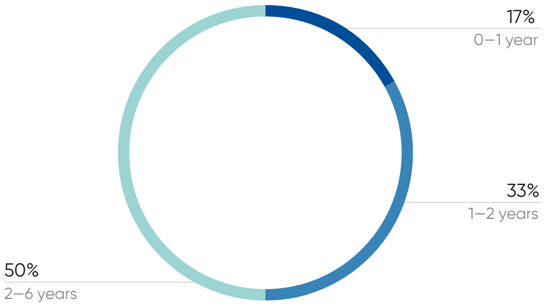
THE COMPOSITION OF THE SIX-MEMBER BOARD AS OF DECEMBER 31, 2024, WAS AS FOLLOWS:

- **Independent members:** 4 (67% of current Board)
- **State of Ukraine representatives:** 2 (33%)
- **Female members:** 4 (67%)
- **Male members:** 2 (33%)
- **Ukrainian citizens:** 3 (50%)
- **Foreign citizens:** 3 (50%)

NATIONALITY



BOARD TENURE



Shareholders and General Shareholders' Meeting

GRI 2–10

The State of Ukraine became a shareholder in 2009 through the recapitalization of the Bank. The Bank's share capital consists of two classes of shares: common (ordinary) and preferred shares.

As of December 31, 2024, the Bank's share capital totaled UAH 13,837,000,000, divided into 13,836,522,922 ordinary shares and 477,078 preferred shares (with nominal value UAH 1 per share). The largest beneficial owner is the State of Ukraine, represented by the Ministry of Finance of Ukraine, holding a 94.94% stake. No other single shareholder owns more than 1.0% of the capital. In total, the Bank has over 1,500 shareholders.

The General Shareholders' Meeting (GSM) serves as the supreme governing body of UGB, providing ultimate oversight of the bank's activities and setting its objectives and strategic direction. The Bank's governance framework, as outlined in its Regulations on the General Meeting of Shareholders and the Articles of Association, defines the legal status, preparation, convening, and conduct of shareholder meetings, as well as the matters within its competence.

Shareholders exercise their influence at these meetings, primarily through the election of the Chairperson and members of the Supervisory Board. GSMs may be held in person, online, or through remote submission of ballots. Remote meetings can be convened under specific circumstances such as state of emergency, objective impossibility of in-person or electronic meetings, to protect bank interests, or as stipulated by legal requirements.

UGB holds its Annual General Meeting before April 30 each year following the reporting year to review the previous year's performance and address statutory matters. Other GSMs are considered extraordinary.

The competence of the General Meeting includes key decisions such as:

- Approving the Bank's financial performance and deciding on profit distribution or loss coverage
- Reviewing the external auditor's report and related conclusions
- Consideration and approval of the Supervisory Board's annual report
- Deciding on dividend amounts and payment methods for ordinary shares
- Resolving on amendments to the Remuneration Regulations for Supervisory Board members
- Approving the Supervisory Board's remuneration report.

Shareholders have the right to propose agenda items and nominate candidates for election as Supervisory Board members, in accordance with procedures defined by law and the Bank's Articles of Association.

Shareholders can participate in the Bank's General Meeting in person or through an authorized representative acting under a power of attorney. Each voting share grants one vote per issue, except where cumulative voting is applied.

In 2024, UGB held two General Meetings of Shareholders (one annual, one extraordinary) to address key issues, including:

- Approval of the 2023 annual performance results, the Supervisory Board report, and the remuneration report for Supervisory Board members
- Approval of loss coverage and profit distribution approach based on 2023 performance
- Decision not to pay dividends on shares for 2023
- Approval of the revised Regulation on Remuneration of Supervisory Board Members, reflecting updated regulatory requirements
- Amendments to the Articles of Association, the Regulation on the General Meeting of Shareholders, the Regulation on the Supervisory Board, the Regulation on the Shares and Dividends.

Minutes of all general meetings of shareholders are published on the UGB website in accordance with regulatory requirements, enhancing transparency.

UGB SHAREHOLDERS AS OF DECEMBER 31, 2024

	Number of Shareholders	No of shares	Share of capital, %
State of Ukraine	1	13,136,979,000	94.9409
Other legal entities	150	174,700,398	1.2626
Treasury shares	N/A	518,439,305	3.7468
Individuals	1,372	6,881,297	0.0497
Total	1,523	13,837,000,000	100.00

Supervisory Board

Sanela Pašić
Chairperson,
Independent member

Since 2023

Yana Buhrimova
Deputy Chairperson,
Representing the State of Ukraine

Since 2022

Yuriy Blashchuk
Independent member

Since 2018

Per Anders Fasth
Independent member

Since 2023

COMMITTEE MEMBERSHIPS:

Remuneration, Nomination & Coroorate Governance Committee, Chair
Investment & Strategy Committee
IT Committee

Remuneration, Nomination & Coroorate Governance Committee
Audit Committee
Investment & Strategy Committee

Risk Management Committee, Chair
Remuneration, Nomination & Coroorate Governance Committee
AuditCommittee

Audit Committee, Chair
Risk Management Committee
Investment & Strategy Committee

RELEVANT EXPERIENCE

Sanela Pašić brings extensive leadership experience in banking and financial management to the Supervisory Board. For 20+ years, she served on Management Boards within CEE subsidiaries of major European banking groups including Addiko, Raiffeisen, Sparkasse, and Bank Austria, holding roles such as CRO, CFO, and CEO. This background provides her with deep expertise in bank restructuring, transformation, privatization, M&A, risk and finance management, sales, compliance, HR, and legal affairs.

Yana Buhrimova offers over 20 years of combined experience as a legal advisor to both private and state-owned enterprises, alongside project management expertise in public administration reform and transformation. Her background includes roles such as Director of the Tax Policy Department at the Ministry of Finance of Ukraine (in 2018) and Director at the Foundation for Economic and Social Reforms in Ukraine. As legal counsel, she possesses deep expertise in Ukrainian legislation, particularly corporate, banking, and tax law.

With 40+ years in banking, Yuriy Blashchuk offers deep expertise in strategy, governance, audit, and risk management. His background includes leading banking supervision at the NBU and improving governance and strategy across multiple bank Supervisory Boards (e.g., FinComBank Moldova, UBRD, Platinum Bank). As an executive (Platinum Bank, International Mortgage Bank, CEO of VAB Bank), he was instrumental in strategic planning, M&A, international funding, management efficiency, corporate banking expansion, and pioneering Ukrainian e-banking.

Per Anders brings 25+ years of executive leadership and strategic expertise in the financial sector. His background includes CEO positions at SBAB Bank, Hoist Finance, and European Resolution Capital, as well as CFO and other senior roles at SEB, a leading North-European bank. He further honed his strategic capabilities during 10 years with top-tier consultancies McKinsey & Company and QVARTZ (now Bain & Company). Crucially for his board role, Per Anders possesses extensive governance experience, having served as a non-executive director for over 15 European financial institutions and advised corporations and governments across more than 20 European countries.

CURRENT EXTERNAL APPOINTMENTS

Chairperson of the Risk Management Committee of Addiko Bank dd Sarajevo

Deputy Chairperson of the Supervisory Board, Chairperson of the Audit Committee of Addiko Bank dd Zagreb

Deputy Chairperson of the Supervisory Board, Deputy Chairperson of the Audit Committee of Addiko Bank Beograd

University Professor at the School of Science and Technology in Sarajevo, Supervisory Board member

Advisor to the All-Ukrainian Agrarian Council (representing interests of small and medium-sized farmers)

Co-founder, Director of Y4 Ukraine LLC

Advisor to High Street Solutions LLC.

Advisor to D3 Consulting LLC

n/a

Independent Chairperson of the Supervisory Board of Lyra Financial Wealth AB, Sweden

Independent Non-Executive Director, member of the Supervisory Board of Atle Investment Management/Services AB, Sweden

Independent Non-executive director, member of the Supervisory Board of TBC Bank Group Plc, Georgia

EDUCATION

Degree in Science, Finance, Accounting and Audit from University of Sarajevo and PhD in Risk Management from University of Buckingham

Degree in Law from Yaroslav Mudryi National Law University, Ukraine

Degree from Kyiv National Economic University and PhD from Ternopil Academy of National Economy in Finance and Credit

Master of Science from the Stockholm School of Economics, Executive Education from IMD in Lausanne

NATIONALITY

Bosnia and Herzegovina

Ukraine

Ukraine

Sweden

Supervisory Board

Maryna Lazebna
Representing the State of Ukraine

Since 2022

Enrica Rimoldi
Independent member

Since 2024

Irakli Elashvili
Independent member

Since 2023 till October 2024

COMMITTEE MEMBERSHIPS:

Maryna Lazebna:
Risk Management Committee
IT Committee

Enrica Rimoldi:
IT Committee, Chair

Irakli Elashvili:
Investment & Strategy Committee, Chair
IT Committee

RELEVANT EXPERIENCE

Maryna Lazebna has significant experience in the Ukrainian social policy and banking sectors. Key roles in her extensive public service career include serving as Minister of Social Policy of Ukraine, leading the State Social Service of Ukraine, and leading the State Employment Service of Ukraine. In addition, she directed the Labor Market and Employment Department at the Ministry of Social Policy and consulted for the World Bank project "Modernizing the Social Support System for the Population of Ukraine."

Enrica Rimoldi brings 30+ years of experience across finance, audit, risk, compliance, IT, and governance. Her background includes board/committee positions at financial institutions (ICCREA Banca, UniCredit banks, DeA Capital) and other entities (Treccani), alongside key roles at Coca-Cola, Intesa Sanpaolo, UniCredit, E&Y, and Protiviti. She holds the INSEAD Corporate Governance certificate and completed executive courses at INSEAD/HBS in strategy, governance, sustainability, and digitalization.

Irakli Elashvili offers over 20 years of experience in management consulting (Georgia) and banking/investment banking across the UK (Barclays, BNP Paribas), Georgia (CEO at TBC Capital; CEO at FINCA Bank Georgia, leading its turnaround/sale), and Azerbaijan (Advisor to CEO, Nikoil Bank). He has consulted for the World Bank on pension reform (Georgia, Egypt) and led numerous market-leading capital markets transactions across Georgia, UK, Europe, and Azerbaijan.

CURRENT EXTERNAL APPOINTMENTS

Member of the Supervisory Board of the Charitable Organization "Charitable Foundation Nezabutni" (pro bono)

Deputy member of the Committee of Statutory Auditors of UniCredit SpA, Italy
Deputy member of the Committee of Statutory Auditors of UniQlegal SpA, Italy
Member of the Supervisory Body of Gruppo Acque Minerali, Italy
Chairperson of the Statutory Auditors Committee and Supervisory Board of UniCredit Subito Casa SpA, Italy
Chairperson of the Risk Committee, Member of the ESG and CIBA Committees of Gruppo BCC ICCREA, Italy
Member of the Committee of Statutory Auditors of Istituto della Enciclopedia Italiana fondata da Giovanni Treccani SpA, Italy

Independent member of the Supervisory Board of Credit Information Bureau Creditinfo Georgia JSC, Georgia
Member of the Supervisory Board of JSC HAMKORBANK, Uzbekistan
Co-founder and Chief Executive Officer (CEO) of ALPHA CAPITAL ADVISORY LLC, Georgia
General Partner of ELYSIUM ASSET MANAGEMENT LLC, Georgia

EDUCATION

Degree in Management from Taras Shevchenko National University of Kyiv and PhD from Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine

Degree in Economics from Catholic University, Milan

Degree in Finance and Banking from Ivane Javakhishvili Tbilisi State University and MBA from London Business School

NATIONALITY

Ukraine

Italy

Georgia

Report of the Supervisory Board for 2024

GRI 2—29

This section contains the Supervisory Board report, with information on the meetings of the SB and its committees, attendance of members and SB evaluation.

MEETINGS OF THE SUPERVISORY BOARD

In 2024, the Supervisory Board provided crucial strategic guidance and robust oversight for Ukrgasbank, navigating a highly complex operating environment shaped by Russia's ongoing full-scale war against Ukraine. Demonstrating active engagement across all critical aspects of the Bank's operations, the Board convened 46 times and addressed 370 agenda items. The SB fulfilled its duties within a strong corporate governance framework, focusing on effective oversight of the Management Board and the protection of shareholder, depositor, creditor, and other key stakeholder interests.

KEY ACTIVITIES AND AREAS OF FOCUS IN 2024

The SB dedicated significant attention to its core areas of responsibility:

- Financial Oversight: Rigorously reviewed and approved the Bank's 2024 budget and monitored its execution, ensuring financial stability and responsible resource allocation. Closely tracked financial performance, holding the Management Board accountable for achieving targets
- Strategic Direction: Played a key role in shaping and adapting the Bank's strategy to navigate the wartime economy, including endorsing targeted lending practices supporting critical sectors and ensuring focus on long-term sustainability
- Executive Management Oversight: Oversaw key appointment processes within the Management Board, ensuring competent and ethical leadership. Defined clear roles, responsibilities, and performance expectations for executive management and monitored their performance
- Risk Management and Compliance: Prioritized the continuous strengthening of the Bank's risk management and compliance frameworks in response to heightened war-related risks. This included critical oversight of the internal control environment, review of internal and external audit plans and findings, and ensuring strict adherence to all applicable regulatory requirements
- Corporate Governance: Actively promoted strong corporate governance, aligning the Bank's operations with evolving international standards and best practices
- Stakeholder Engagement: Maintained open communication with key stakeholders, including shareholders, regulators, and international financial institutions. This ensured that the Bank's actions were aligned with the needs and expectations of its various constituencies.

Beyond formal meetings, the SB engaged in numerous working sessions with the Management Board and key department heads. These facilitated in-depth discussions on critical issues such as capital adequacy planning, non-performing loan management strategies, retail banking evolution, and technological advancements, enabling timely guidance and support.

KEY INITIATIVES DRIVEN OR OVERSEEN BY THE SUPERVISORY BOARD IN 2024

In response to the unique challenges faced, the Supervisory Board initiated or provided strategic oversight for several key initiatives aimed at enhancing the Bank's resilience and long-term sustainability:

- Strengthening Internal Controls: Initiated specific project aimed at further enhancing control mechanisms across key operational and financial processes
- Optimizing Organizational Structure: Guided efforts to streamline the Bank's structure for improved efficiency and responsiveness in the wartime context
- Enhancing Employee Motivation & Development: Supported the development and implementation of effective employee motivation, remuneration, and comprehensive professional development programs designed to retain talent and maintain operational capacity
- Modernizing Regulatory Framework: Oversaw the updating of the Bank's Articles of Association and internal policies, aligning them with evolving regulatory landscapes and international best practices.

Furthermore, looking towards the future, the SB initiated preparatory work for the Bank's next strategic planning cycle, setting the stage for developing a comprehensive strategy (anticipated for 2025-2029) focused on long-term growth, stability, and UGB's role in Ukraine's post-war recovery.

SUPERVISORY BOARD COMMITTEES

GRI 2–9, 2–13

The Supervisory Board executes its responsibilities with the support of standing and ad hoc committees. These committees are established, and their charters and roles defined, by regulations approved by the Supervisory Board, consistent with applicable Ukrainian law. Critically, each committee is chaired by an independent member of the Supervisory Board.

The Supervisory Board has established five standing committees: the three mandatory committees (Audit Committee; Risk Committee; Remuneration, Nomination and Corporate Governance Committee) and two additional committees (IT Committee; Investment and Strategy Committee).

The committees facilitate the Supervisory Board's effective operation by conducting in-depth reviews, providing reports on their deliberations and findings, and preparing materials to support discussion and decision-making by the full Board. All pertinent items discussed by the committees in 2024 were reported to the SB, which granted the necessary approvals from a governance perspective.

Supervisory Board committee chairs maintained regular communication with relevant Management Board members to facilitate timely information flow and alignment on the latest developments and emerging issues.

AUDIT COMMITTEE

The Audit Committee supports the Supervisory Board in overseeing the Bank's financial reporting process, internal and external audit functions, and overall management system, including evaluating internal controls and relationships with external auditors. The Committee also implements and ensures effectiveness of the Bank's internal control system and processes to provide timely reporting, monitor compliance, improve efficiency, it also recommends on selecting an external audit firm. Additionally, it holds a preliminary review of internal audit-related documents, reports on relevant issues, and maintains active cooperation with internal and external auditors.

Main focus in 2024

In 2024, the Audit Committee held 18 meetings, with 12 conducted in joint presence, and addressed 72 issues. The Committee focused on the following areas:

- Overseeing the relationship between the Bank and its external auditor, including selection, analysis of the auditor's work and audit results, along with the assumptions for the Management Letter
- The Bank's financial statements, and the audit report from external independent auditor PJSC KPMG Audit, concerning the results of the annual financial statement audits for UGB, for the year ending the 31st of December 2023
- Reviewing periodic Internal Audit reports regarding implementation progress for the audit plan and any updates or changes in the timeline for addressing post-audit recommendations
- Monitoring effectiveness of internal control systems and internal audit
- Preparing the budget of the Supervisory Board and the internal audit department its subordinate structural units.

The committee oversees audit activities by maintaining regular communication with both external and internal auditors, ensuring coordinated efforts. It reviews and addresses auditor observations, and evaluates the external auditor's performance and independence. The CFO, external auditor, and Head of Internal Audit provide reports for committee review. The CEO, the CFO and the CRO regularly participate in the meetings.

Functions and powers of the Supervisory Board's Audit Committee are defined in the Regulation on the Audit Committee approved by the Supervisory Board.

The internal audit department

The Internal Audit (IA) department operates as an independent unit, reporting directly to the Supervisory Board through the Audit Committee; the Head of IA regularly attends these Committee meetings. Functioning as the third line of defense, IA provides objective assurance on the effectiveness of the bank's internal control, risk management, and corporate governance frameworks.

Its activities adhere to international standards (including IIA's IPPF and Global Internal Audit Standards), Ukrainian legislation, and NBU regulations. The Supervisory Board ensures IA's independence by approving its structure, plans, budget, and reviewing performance and reports covering diverse bank operations.

Throughout 2024, IA enhanced risk management and internal controls via objective assessments and recommendations, monitoring their implementation. The department's full compliance with professional standards and ethics was confirmed by an external quality assessment (Big Four, 2021), which verified the highest level of alignment.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee supports the Supervisory Board by overseeing the risk management process, including operational, credit, market, liquidity and other risks, as well as internal capital estimation, planning, and capital adequacy. The Risk Management Committee continuously monitors the Bank's risk profile, adherence to the risk thresholds established by the Supervisory Board, and oversees identification and control of transactions with related parties. It is also responsible for overseeing the Bank's risk management framework, ensuring development and maintenance of internal documents related to risk management and credit policy.

Functions and powers of the Risk Management Committee are defined in the Regulation on the Risk Management Committee of the Supervisory Board.

Main focus in 2024

In 2024, the Risk Management Committee held 43 meetings, with 29 conducted in joint presence, and addressed 177 issues. The Committee focused on the following areas:

- Considering the report on the Bank's credit risk profile, liquidity, interest, market and operational risks
- Considering results and making recommendations on implementation of the Operational Plan for Management of Non-Performing Assets and Repossessed Property in 2024
- Managing AML/CFT risks and assessing the level of the Bank's compliance risks
- Assessing performance of the Risk Management and Compliance Department
- Assessing transactions with the Bank's related parties
- Reviewing of the processes and internal documents on risk-management, conflict of interests, new products, environmental and social risk management, cyber security
- Preparing the budget for the risk management, ESMS, and compliance departments
- Action plans for implementation of the NBU's recommendations
- Active transaction operations, including operations with parties related to the Bank, etc.

Throughout 2024, the Risk Management Committee actively participated in updating existing risk management policies and internal documents, including: the Credit Policy for the period of martial law, the Bank's Business Continuity Plan, the Bank's Risk Appetite Statement for 2024, and the Regulation on the Procedure for Conducting Transactions with Related Parties.

The Risk Management Committee is mandated to establish the principles and parameters for the measurement and allocation of risk and capital within the bank. Furthermore, it exercises oversight of the bank's risk management systems, ensuring their alignment with the bank's risk appetite and strategic objectives, encompassing both short-term and long-term planning. The committee also formulates recommendations for the appointment and dismissal of the CRO.

The members of the Risk Management Committee possess a breadth of competence, skills, and expertise necessary to manage the bank's diverse risk portfolio. This expertise extends to, but is not limited to, credit risks, market risks, liquidity risks, and non-financial risks, which include information and communication technology (ICT) risks, and regulatory and compliance risks.

The CEO, the CFO, and the CRO are regular attendees of the committee's meetings, facilitating comprehensive information exchange and collaborative decision-making.

REMUNERATION, NOMINATION, AND CORPORATE GOVERNANCE COMMITTEE

The Remuneration, Nomination, and Corporate Governance Committee supports the Supervisory Board in overseeing the Bank's human resources and payroll functions. This includes selection of Management Board members, suitability assessments of Management Board members, succession planning, staff rotation processes, employee satisfaction surveys, and development of remuneration and bonus policies. The Committee oversees and advises on development and review of the Bank's internal documents related to remuneration, nomination, and corporate governance.

Main focus in 2024

In 2024, the Remuneration, Nomination and Corporate Governance Committee held 17 meetings, with 7 conducted in joint presence, and addressed 53 issues. The Committee focused on the following areas:

- Review of the Remuneration Policy and implementation of the NBU relevant requirements/recommendations into internal documents
- Consideration of reports on evaluation of performance and suitability of the Supervisory and Management Board, reports from the Corporate Secretary
- Selection of an international recruitment firm for key executive hiring
- Management Board members elections, contract approvals, and terminations. Review of the results of the competitive selection process for Management Board members
- Defining requirements for nominees for the positions of members of the Management Board
- Consideration of reports on remuneration of the Supervisory Board, Chairperson and members of the Management Board and the Bank's key persons
- Assessment of the reports on market conditions with regard to remuneration paid to the Management Board regarding outcomes of the professional assessment of leadership qualities of B/B-1 level executives of the Bank
- Tailored development plans for B/B-1 executives and successors, focusing on strategic skill growth
- Proposals for 2024 Supervisory Board training and professional development.

The Remuneration, nomination, and corporate governance Committee members possess a wide range of skills and expertise in key areas such as remuneration strategies, incentive model design, inclusion and diversity policies, and succession planning. The CFO, in conjunction with HR, is primarily responsible for submitting reports for the committee's review. The CEO, the CFO, and the CRO are regular participants in the committee's meetings.

Functions and powers of the Remuneration, Nomination, and Corporate Governance Committee are defined in the Regulation on the Remuneration, Nomination, and Corporate Governance Committee, approved with the Supervisory Board's decision.

IT COMMITTEE

The IT Committee supports the Supervisory Board in overseeing strategic development and improvement of the Bank's information technologies for digital processes automation, and development of the Bank's digital strategy. It monitors and evaluates the Bank's cybersecurity framework ensuring robust measures are in place to protect sensitive data, mitigate risks, and comply with relevant regulations. Additionally, the Committee assesses effectiveness of the Bank's IT infrastructure - including hardware, software, and networks - to ensure optimal performance, reliability, and scalability. It also evaluates and prioritizes IT projects based on their strategic alignment, potential impact, and resource requirements, while reviewing the IT budget to ensure resources are allocated efficiently to support the Bank's technological objectives. The Committee tracks and evaluates performance of IT initiatives identifying areas for improvement and ensuring alignment with business objectives.

Main focus in 2024

In 2024, the IT Committee held 4 meetings, focusing on the following key areas:

- Systematic monitoring of the Bank's information technology status, including its current state, project progress, and strategic development directions
- Thorough analysis of the Bank's information security status, encompassing strategic aspects, ongoing projects, and existing challenges.

Functions and powers of the IT Committee are defined by the Regulations on the IT Committee of the Supervisory Board.

INVESTMENT AND STRATEGY COMMITTEE

The Investment and Strategy Committee of the Supervisory Board is responsible for developing and refining the Bank's development strategies, identifying, evaluating, and prioritizing potential investment opportunities that are aligned with the Bank's strategic goals. The Committee also ensures development of banking documents governing investment attraction and implementation of the Bank's long-term development strategy and strategic projects. Besides, the Committee guides development of informational materials tailored for potential investors to facilitate effective communication and collaboration.

Main focus in 2024

In 2024, the Committee held 1 meeting, prioritizing the following:

- Initiation of the UGB STRATEGY 2025-2029 project, partnering with Deloitte to develop a comprehensive, data-driven strategic roadmap. This included detailed market analysis, competitive benchmarking, and the formulation of actionable strategies for enhanced market position and profitability.

The Committee also focused on evaluating investment opportunities, overseeing strategic project governance, enhancing investor relations, and monitoring regulatory and market developments.

Functions and powers of the Investment and Strategy Committee are defined by the Regulations on the Investment and Strategy Committee approved with the Supervisory Board's decision.

ATTENDANCE OF SB MEMBERS

The table below presents the 2024 attendance records for each Supervisory Board member at plenary SB meetings and the meetings of the committees on which they served. It also shows the total number of meetings held for the Board and each committee during the year.

Supervisory Board Members	SB Meetengs	Audit Committee	Risk Management Committee	Remuneration, Nomination & Corporate	Investment Strategy Committee Governance Committee	IT Committee
Sanela Pašić	44/46		1/43[1]	15/17	1/1	2/4[1]
Yana Buhrimova	46/46	17/18		15/17[2]	1/1	
Yuriy Blashchuk	46/46	18/18	43/43	17/17	1/1	1/4[3]
Irakli Elashvili (till October 2024)	36/46					2/4
Per Anders Fasth	46/46	18/18	41/43	2/17[4]	1/1	
Maryna Lazebna	45/46		43/43	2/17[4]		4/4
Enrica Rimoldi	44/46					3/4[5]

[1] member of RM and IT Committee till 07.02.2024;
[2] member of Remuneration Committee since 07.02.2024;
[3] member of IT Committee till 07.02.2024;
[4] member of Remuneration Committee till 07.02.2024;
[5] member of IT Committee since 07.02.2024

ENGAGING STAKEHOLDERS THROUGH CONTINUOUS DIALOGUE

The Supervisory Board recognizes its responsibility to balance the interests of UGB's customers and stakeholders, reflecting the Bank's societal role. This commitment is integrated into the SB's oversight of strategic priorities. UGB actively pursues open dialogue and continuous interaction with stakeholders, addressing their perspectives and concerns to foster collaboration. The aim is to harmonize the interests of customers, shareholders, employees, regulators, supervisors, and the broader society.

In 2024, the SB engaged in regular discussions with clients, shareholders, employees, and the Management Board. The SB ensured that insights from these conversations were effectively integrated into the Bank's operations and followed up appropriately.

To deepen understanding of key oversight areas, SB committees conducted specialized "deep dive" sessions. These technical discussions provided in-depth analyses of critical topics within each committee's purview.

As part of the annual business visit, the entire SB, along with the MB and B-1, visited UGB's Lviv location in May 2024. This visit facilitated a better understanding of local clients, business challenges, and market opportunities, strengthening mutual understanding and alignment on UGB's priorities. These visits also provided opportunities for SB members to interact with senior management, B-1 and subject-matter experts.

Throughout 2024, the SB maintained regular discussions with the MB on the results and follow-up actions related to the annual Supervisory Review and Evaluation Process (SREP). The SREP, conducted by the National Bank of Ukraine (NBU), aims to ensure a resilient banking system, essential for sustainable economic financing. It involves a comprehensive assessment of banks' strategies, processes, and risks, determining the necessary capital to cover those risks.

SUPERVISORY BOARD EVALUATION

The Supervisory Board is dedicated to maintaining the highest standards of corporate governance and operational excellence. A key component of this dedication is the annual evaluation of its performance and work processes. This exercise serves to confirm the Board's effectiveness and support its inherent commitment to ongoing refinement. The comprehensive evaluation considers:

- The collective suitability of the Supervisory Board
- The effectiveness of its Committees
- The performance of individual Supervisory Board members.

In 2024, the Bank engaged an external party to assist in the Supervisory Board's annual evaluation, ensuring an objective and comprehensive review. The evaluation of the Supervisory Board's performance was carried out by Executive Search Ukraine LLC, a member of the global Amrop Partnership. This external evaluation of the Supervisory Board's performance for 2024 was conducted through individual interviews with Supervisory Board members, online surveys, review of Board meeting recordings, examination of materials and minutes of Board and Board committee meetings, and a detailed analysis of survey results.

Methodology: Utilizing Amrop's Board Evaluation Tool (BET), the process involved self-assessments (covering 68 statements across 15 areas: Board Culture, Strategy, Chairperson, Board Meetings, Board Composition, Digital Fluency, Committees, Stakeholder Management, Board Performance Management, People Strategy, Company Culture, ESG (Environmental, Social, and Governance), Governance, Risk, and Relationship Between Board and Management), in-depth interviews with each participant, and reporting including deep-dives in the survey results, summary and recommendations to the Chair and the Supervisory Board. Data sources included online surveys, board meeting records, and minutes of the Board meetings.

Context and Background: the Bank is poised for continued growth and transformation, with a clear focus on reinforcing its market position, enhancing operational efficiencies, and leading in sustainable finance. The next phase of its development is crucial in shaping the future of the bank and its contribution to Ukraine's financial sector. While UGB has a history of conducting internal self-assessments, the 2024 external evaluation was undertaken to gain an objective perspective, confirming the Board's collective strengths and effective functioning. This approach supports the Board's capacity to meet its strategic goals, uphold excellent governance practices, and ensure it remains fit for the future, contributing positively to the bank's governance and operational outcomes.

Key Outcomes of the Evaluation: Affirmation of Effective Performance The evaluation process was marked by strong engagement from all participants, with a 97% survey completion rate, reflecting the Board's dedication to robust governance. The findings of the external evaluation comprehensively affirmed the high level of effectiveness and strong functioning of the Supervisory Board.

Core Strengths Highlighted: The evaluation particularly underscored several core strengths that are foundational to the Board's successful operation:

- **Board Culture:** Recognized for its exceptional collaboration, mutual trust, and inclusivity, which fosters unified and effective decision-making
- **Chairperson's Leadership:** Commended for its pronounced effectiveness, clear communication, and success in cultivating a cohesive and productive Board environment
- **Board Committees:** Acknowledged as well-structured and highly efficient in addressing the Bank's strategic and operational needs with diligence
- **Governance Practices: Confirmed as robust and well-aligned with the hig**hest ethical and legal standards, demonstrating a strong commitment to exemplary corporate governance.

The 2024 external evaluation provided valuable, independent confirmation of the Supervisory Board's strong performance and well-established processes for effective governance, demonstrating its capability to guide Ukrgasbank successfully. This assessment affirmed the effective functioning of both the Board and its Committees. Based on a detailed review of the findings, an annual action plan was developed to drive further performance improvements, with progress regularly monitored throughout the year.

Management Board

ROLES AND RESPONSIBILITIES

The Management Board serves as the Bank's executive body, responsible for day-to-day management and reporting directly to the Supervisory Board. Acting within the mandates defined by the Bank's Articles of Association, the Regulations on the Management Board, internal documents, resolutions of the General Meeting of Shareholders and the SB, and individual member contracts, the MB represents the Bank in all relevant matters.

The MB operates under the SB's oversight. The Articles of Association, the Management Board Regulation, and the Supervisory Board Regulation, available on ukrgasbank.com

Furthermore, to provide professional security, UGB, to the extent legally permissible, indemnifies MB members against direct financial losses arising from third-party claims related to their service. UGB also maintains liability insurance for MB members.

COMPOSITION OF THE MANAGEMENT BOARD AND MANDATES OF ITS MEMBERS

GRI 2—12

The Bank's Management Board, led by the Chairperson, is responsible for day-to-day operations of the Bank. The Chairperson oversees the Bank's ongoing activities ensuring efficient execution of the strategy set by the Supervisory Board. They execute decisions made by the General Meeting and the Supervisory Board ensuring alignment with the Bank's overall goals and objectives.

The Chairperson also plays a critical role in ensuring the Management Board's effectiveness, coordinating its activities with the Supervisory Board and other relevant bodies.

Management Board members are appointed, suspended, or dismissed solely by the Supervisory Board. The SB may establish a binding candidate list and propose dismissals or suspensions. National Bank of Ukraine suitability and integrity assessments are mandatory for all MB candidates, and these criteria must be continuously met during their term.

The Supervisory Board appoints the Chairperson and other members of the Management Board for a term of up to five years. The Management Board may consist of five to nine members, including the Chairperson.

The composition and expertise of the Management Board are carefully considered to ensure collective suitability, taking into account the Bank's size, complexity, operational scope, organizational structure, and risk profile. This approach is particularly crucial given the Bank's status as a systemically important institution, where effective leadership and decision-making are essential for maintaining financial stability

In 2024, to effectively manage UGB's operations amidst the challenges of martial law, ensure stable support for key economic sectors, and strengthen specific areas, the Supervisory Board enhanced the Management Board with new members responsible for finance, IT, retail business, and network management.

Currently, UGB Management Board comprises 6 members, of which: 1 — Acting Chairperson of the Management Board, 1 — First Deputy Chairperson of the Management Board, 4 — Deputy Chairpersons of the Management Board.

2 women (33%) and 4 men (67%); they belong to different age groups (middle- aged and young).

Composition of the Management Board

Rodion Morozov
Acting Chairperson of the Management Board, acting CEO

Acting CEO since 2023

Volodymyr Ponomarov
First Deputy Chairperson of the Management Board, CFO

Management Board member since 2023

Andrii Samokhvalov
Deputy Chairperson of the Management Board, CIO

Management Board member since 2024

Tamara Savoshchenko
Deputy Chairperson of the Management Board, COO

Management Board member since 2017

COMMITTEE MEMBERSHIPS

Rodion Morozov

- Committee for International Financial Assistance, Chair
- Risk Management Committee for AML/CFT/CPF Compliance, Chair
- Marketing Committee, Chair
- Credit Council, Deputy Chair
- Committee for Interaction with Non-Banking Institutions, Deputy Chair
- ALCO
- Business Committee

Volodymyr Ponomarov

- ALCO, Chair
- Business Committee, Chair
- Motivation Committee, Chair
- Risk Management Committee for AML/CFT/CPF Compliance
- Operational Risk Management Committee
- Technology Committee
- Marketing Committee.

Andrii Samokhvalov

- Technology Committee, Chair
- Information Security Management Committee, Deputy Chair
- Business Committee
- Operational Risk Management Committee.

Tamara Savoshchenko

- Credit Council, Chair
- Information Security Management Committee, Chair
- Business Committee, Deputy Chair
- Operational Risk Management Committee, Deputy Chair
- Technology Committee, Deputy Chair
- Marketing Committee, Deputy Chair
- Risk Management Committee for AML/CFT/CPF Compliance.
- ALCO

RELEVANT EXPERIENCE

Rodion Morozov supervises Corporate/SME businesses and coordinates key functions including Legal, Currency Supervision, Structured Trade Finance, Sustainable Finance, and Bank Security. Previously, he served as Deputy Chairperson and Member of the Management Board (since 2020). With UGB since 2009, Mr. Morozov's earlier roles included Head of Non-Banking Institutions and Head of Green Banking. His career prior to UGB (starting 2003) involved senior management positions in banking and insurance, notably at Oschadbank and European Insurance Alliance.

Volodymyr Ponomarov oversees the Bank's core financial and operational functions, including finance, accounting, treasury, international cooperation, corporate governance, and HR. Leveraging his deep finance and risk expertise, he also guides project implementation in areas such as investments, depository activities, procurement, and control. Mr. Ponomarov has extensive experience specifically in risk planning and management, underscored by his previous role as the Bank's Head of Risk Management. His earlier career was concentrated in senior risk management positions at prominent banks including SEB AB (Sweden), OJSC "SEB Bank," and JSB "Factorial Bank".

Andriy Samokhvalov coordinates the development of alternative sales channels and oversees the information technology development strategy. He brings experience in enhancing operational efficiency, optimizing processes, managing IT project portfolios, and supporting processing, leveraging his in-depth knowledge of finance and information technology. With experience across both the banking and IT sectors, Mr. Samokhvalov previously held leadership positions at TASCOMBANK JSC, PJSC "VS BANK", CB NADRA PJSC, and JSC "VTB BANK".

Tamara Savoshchenko oversees the Bank's operational activities and coordinates business support, information security, and corporate communications. She has implemented key projects transforming operational functions through centralization and remote process development, ensuring operational continuity and efficiency. Leveraging 30+ years in the banking sector, her expertise encompasses IT management, back-office operations, accounting, reporting, and risk control. Prior to joining UGB, Ms. Savoshchenko held top executive roles at PJSC "Ukrsotsbank," contributing significantly to operational efficiency.

EDUCATION

Degree in Banking and Finance, and Insurance Management from Kyiv National University of Economics

Degree in Risk Management and Insurance from City University, London, UK

Degree in Banking from Ukrainian Academy of Banking of the National Bank of Ukraine

Degree in computer systems for information processing and management from National Aerospace University «Kharkiv Aviation Institute» and in finance from KROK University

Degree in Planning and economics from Kyiv National Economic University

Composition of the Management Board

Oleksandr Shcherbakha
Deputy Chairperson of the Management Board

Management Board member since 2024

Nataliia Vasylets
Deputy Chairperson of the Management Board, CRO

Management Board member since 2014

Maksym Vashchuk
Deputy Chairperson of the Management Board , CCO

Management Board member since 2023 until August 2024

COMMITTEE MEMBERSHIPS:

- ALCO
- Risk Management Committee for AML/CFT/CPF Compliance.
- Operational Risk Management Committee
- Marketing Committee
- Committee for Methodological Support for Risk Management of Retail, Small and Micro Businesses

- Operational Risk Management Committee, Chair
- Non-Performing Assets Management Committee, Chair
- ALCO, Deputy Chair
- Committee for Monitoring of Customer Credit Operations, Deputy Chair
- Committee for Methodological Support for Risk Management of Retail, Small and Micro Businesses, Deputy Chair
- Risk Management Committee for AML/CFT/CPF Compliance
- Motivation Committee
- Business Committee
- Credit Council

- Risk Management Committee for AML/CFT/CPF Compliance, Chair till August 2024
- Business Committee
- Motivation Committee

RELEVANT EXPERIENCE

Oleksandr Shcherbakha oversees retail banking development, including the strategy for regional distribution (branches, offices, contact center) and the implementation of a high-standard customer service culture within the Bank's regional network. With over 14 years of experience in the Ukrainian banking sector, he has demonstrated consistent success in driving sales growth, expanding retail business, and optimizing network performance. Mr. Shcherbakha previously held director-level positions at leading financial institutions such as JSC "CREDIT AGRICOLE BANK", JSC "FIRST UKRAINIAN INTERNATIONAL BANK", and OJSC "Raiffeisen Bank Aval".

Nataliia Vasylets applies her extensive managerial experience to implement the Bank's risk management strategy. She coordinates risk management and workout departments, overseeing measures for overdue debts, distressed assets, restructuring support, and social & environmental risk management. With over 30 years of senior banking experience, Ms. Vasylets previously served as Member of the Management Board/Director of Banking Risk Control at JSC "VTB Bank" and Deputy Chairperson/Head of Internal Audit at JSC "Bank "Finance and Credit." Her background, which also includes roles at the National Bank of Ukraine and CB "PrivatBank".

Maksym Vashchuk oversees the Bank's compliance functions, control over regulatory adherence, and serves as the responsible officer for AML/CFT. With over 20 years of banking experience, he previously directed the Control and Financial Monitoring Department at JSC "KREDOBANK" (PKO Bank Polski group). Prior to that, Mr. Vashchuk held multiple positions at JSC "Kredyt Bank (Ukraine)", including Head of Branch and various leadership roles in operations and customer service..

EDUCATION

Degree in International Relations and Economics from the National Aviation University

Degree in Business administration from Kyiv National Economic University

Degrees in Economics and Banking from Lviv Banking Institute

Degree in Banking from Ternopil Academy of National Economy

Degree in Law from Ivan Franko National University of Lviv

Management Board Committees

Efficiency of the Management Board is maintained by the established standing committees of the Bank's Management Board.

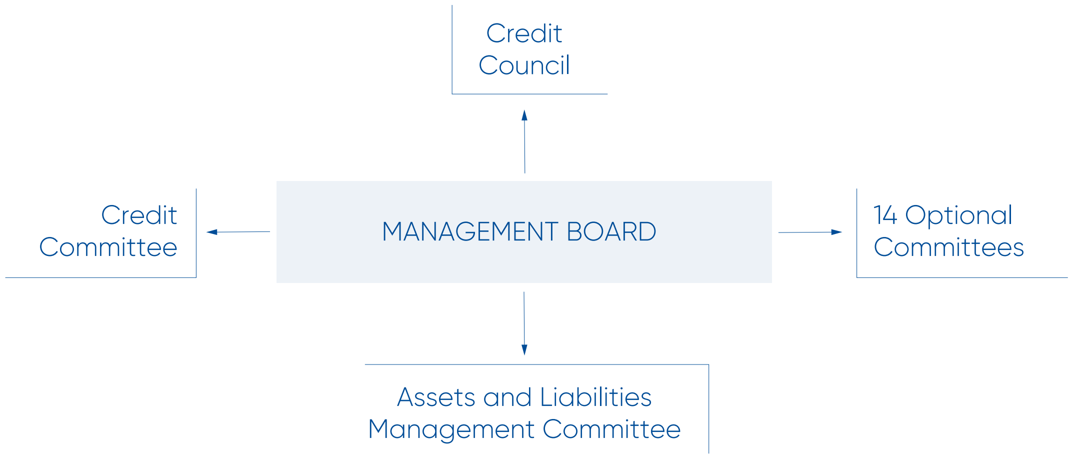
Activities of the committees and other joint bodies of the Bank's Management Board are governed by the Bank's internal documents (regulations on the relevant committee), which are subject to approval by the Bank's Management Board. The Management Board reviews annual reports of its committees.

Currently, the Management Board has established 17 standing committees, including 3 mandatory committees (Credit Council, Assets and Liabilities Management Committee, Credit Committee) and several optional committees such as the Business Committee, Operational Risk Management Committee, Technology Committee, Information Security Management Committee, and Non-performing Assets Management Committee, Procurement Committee.

The Credit Council and Credit Committee play a crucial role in implementing a balanced credit policy that is aligned with the Bank's business objectives while maintaining an optimal risk-return ratio. Its responsibilities include decision-making regarding customer credit transactions, within the delegated authority of the Management Board.

The Asset and Liability Management Committee focuses on ensuring effectiveness and continuity of the Bank's asset and liability management processes. It actively monitors and mitigates liquidity risk, interest rate risk, and market risk, aiming to maximize the Bank's financial performance.

In 2024, to develop and maintain a sound personnel motivation framework, the Management Board established a new committee, the Motivation Committee. Furthermore, to ensure effective risk management in combating money laundering, terrorist financing, and proliferation financing, the Management Board formed the Risk Management Committee for AML/CFT/CPF Compliance. This committee structure allows for focused expertise and streamlined decision-making in key areas of the bank's operations.



MANAGEMENT BOARD EVALUATION

The Supervisory Board conducts an annual evaluation of the Management Board's collective suitability and performance.

In January 2025, the Supervisory Board completed its review of the 2024 Management Board performance. This evaluation underscores the Bank's commitment to robust corporate governance practices and ensures the Management Board operates at the highest standards of performance and compliance.

Methodology

The assessment for 2024 encompassed both the collective suitability of the Management Board, evaluated against legislative requirements, and the performance (effectiveness) of the Management Board as a whole, its Committees, the Acting Chairperson, and individual members.

A combined approach was employed, integrating assessments from both the Management Board and the Supervisory Board, primarily through structured questionnaires designed according to the Bank's Assessment Regulations.

This included:

- **Management Board Assessment:** Members evaluated the overall effectiveness of the Management Board, the performance of its Committees, and individual member performance through both self-assessment and cross-assessment
- **Supervisory Board Assessment:** Members of the Supervisory Board evaluated the Management Board's collective suitability, the overall performance of the Management Board, and the performance of the acting Chairperson and individual members.

Performance Assessment Results

- **Overall Management Board Performance:** The overall performance of the Management Board was assessed positively. The Board held 115 meetings in 2024, addressing 1376 issues, demonstrating active engagement in operational and strategic matters
- **Management Board Committees Performance:** The performance of the Management Board Committees received a high assessment based on the Management Board's evaluation. The Bank's various committees (including Credit, ALCO, Operational Risk, Procurement, Technology, etc.) functioned actively throughout the year, holding numerous meetings and addressing relevant issues within their mandates. Several new committees were established (Motivation and AML/CFT Risk Management) and regulations for many existing committees were updated
- **Individual Performance (acting Chairperson and Members of the Management Board):** The individual performance of the acting Chairperson and Members of the Management Board was highly assessed based on combined feedback, indicating a strong level of contribution to the Bank's operations.

Collective Suitability Assessment

The Supervisory Board assessed the collective suitability of the Management Board based on the approved Profile Matrix, compliance audits, and previous assessments, considering experience and education across key banking areas (Risk Management, Finance, Business Lines, IT, NPLs, Corporate Governance, etc.).

The assessment confirmed that the Management Board collectively possesses the necessary qualifications, professional experience, and management expertise required for the effective governance and control of the Bank, appropriate for its size, complexity, risk profile, and systemic importance. The collective suitability was reviewed multiple times during 2024 following changes in the Board's composition.

Feedback and Continuous Improvement

Assessment participants actively engaged, providing constructive suggestions for enhancing the Management Board's effectiveness. Key areas highlighted for potential future focus include: ongoing improvement of AML mechanisms, further development of digital and risk management competencies, continued support for employee well-being and development, alignment of training with strategic needs, strengthening controls, and optimizing business processes for efficiency and transparency.

Based on the comprehensive assessment for 2024, the Supervisory Board concluded that:

- The Acting Chairperson and members of the Management Board meet the qualification requirements established by Ukrainian law
- The Management Board possesses the appropriate collective suitability to effectively manage the Bank's activities considering its scale, complexity, risk profile, and systemic importance
- The performance of the Management Board as a whole, its Committees, the Acting Chairperson, and its members was effective throughout 2024
- No immediate corrective actions regarding the Management Board's operational mechanisms were identified as necessary based on this assessment.

Remuneration of members of the Supervisory Board and the Management Board in 2024

GRI 2–19

UGB views remuneration as a critical factor in attracting and retaining ambitious employees who are committed to continuous development and innovation. The Bank's remuneration practices are designed to incentivize high performance, promote responsible conduct and risk-taking aligned with UGB's risk appetite, and foster long-term value creation for customers and shareholders. Remuneration is determined by experience, responsibility, and performance, which is evaluated based on financial and non-financial goals, incorporating UGB's core values. All remuneration practices adhere to applicable Ukrainian legislation, National Bank of Ukraine (NBU) regulations, and UGB's internal policies, including the Remuneration Policy and Regulations on Remuneration of Supervisory Board Members.

Remuneration policy

The Bank Remuneration Policy, approved by the Supervisory Board, outlines the Bank's remuneration principles, structure, and governance. A core principle is the alignment of remuneration with UGB's strategy, goals, values, and long-term interests, alongside a clear link to individual performance. The remuneration is tailored for different employee categories to ensure optimal balance and market competitiveness. UGB is committed to equal opportunities and fair, transparent, and unbiased remuneration decisions. The Bank believes total remuneration should reflect an employee's role, long-term contributions, and value creation. Individual remuneration is determined by the complexity, responsibility, and leadership required, as well as individual performance. UGB conducts regular performance and development evaluations based on transparent financial and non-financial KPIs derived from the business plan, with UGB's values as a foundation. The policy also details governance principles for remuneration decisions at both general and individual levels.

Remuneration structure

Ukrgasbank's remuneration structure comprises primarily base salary, variable remuneration, and other benefits.

- **Base Salary:** Serving as the core component of employee compensation, the base salary is market-aligned and reflects the position's requirements and the employee's sustained performance. UGB conducts annual equal pay reviews to ensure gender-neutral compensation, with the findings published internally
- **Variable Remuneration:** All variable remuneration is contingent upon UGB's risk-adjusted performance and adheres to applicable regulations concerning maximum variable remuneration ratios, deferred payments, and the Bank's right to withhold or reduce unpaid remuneration.

UGB complies with the NBU's regulations and recommendations on remuneration in banks, the Labor Code of Ukraine, and the requirements of other regulatory legal acts of Ukraine and the norms of the European Union legislation (Directive 2013/36/EU). In accordance with the regulations, UGB is required to identify categories of staff whose professional activities have a material impact on UGB's risk profile.

2024 REMUNERATION OVERVIEW: SUPERVISORY AND MANAGEMENT BOARDS

Supervisory Board

- **Remuneration Amounts:** Total remuneration for Supervisory Board members in 2024 amounted to UAH 33,193,159.23, comprising UAH 32,126,021.01 in fixed remuneration and UAH 1,067,138.22 in variable remuneration (for Chairperson's functions and committee work), payable in 2025. Expense compensation was UAH 28,036.59
- **Payment Timing:** Remuneration payments were made in 2024 according to the terms of civil law contracts with Supervisory Board members and Bank's Remuneration Policy. No deferred remuneration was paid
- **Non-Cash Remuneration:** No non-cash remuneration was established or paid to Supervisory Board members in 2024
- **Clawback:** The bank did not exercise any right to reduce, cancel, or reclaim previously paid variable remuneration to Supervisory Board members in 2024.
- **Policy Violations:** No violations of the Remuneration Policy were identified in 2024.

Management Board

- **Remuneration Amounts:** Total remuneration for Management Board members in 2024 amounted to UAH 61,969,116.87
- **Payment Timing:** Remuneration payments were made in 2024 according to the terms of civil law contracts with Management Board members and Bank's Remuneration Policy. No deferred remuneration was paid
- **Non-Cash Remuneration:** No non-cash remuneration was established or paid to Management Board members in 2024
- **Clawback:** The bank did not exercise any right to reduce, cancel, or reclaim previously paid variable remuneration to Management Board members in 2024
- **Policy Violations:** No violations of the Remuneration Policy were identified in 2024.

OUR BUSINESSES

Our Businesses

GRI 2–6, GRI 201–1

As a leading universal bank, the Bank partners with businesses and individuals across Ukraine, delivering financial solutions tailored to their specific needs. By prioritizing a deep understanding of our clients, we build lasting trust and cultivate strong, long-term relationships. We provide banking services to 87 thousand business customers, encompassing individual entrepreneurs, small and medium-sized enterprises as well as large corporate clients and to 1.5 million retail customers.

For our business banking clients, we offer specialized lending, corporate finance, and leading sustainable finance solutions. Our services also encompass payments, cash management, trade finance, investment banking and treasury support.

For retail clients, we provide essential banking services including savings, payments, cards, loans, mortgages, investment banking instruments for mass market retail customers and tailored services for high-net-worth individuals.

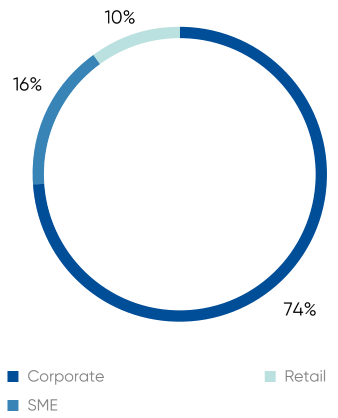
BUSINESS BANKING CLIENTS

- Payments & cash management
- Merchant solutions
- Working capital
- Lending
- Trade finance
- Savings and term deposits
- Financial market solutions
- Insurance

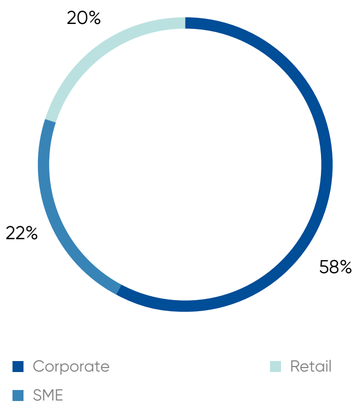
RETAIL BANKING CLIENTS§

- Savings
- Payments
- Mortgages
- Car Loans
- Consumer loans
- Insurance

GROSS CUSTOMER LOANS, 2024



CUSTOMER DEPOSITS, 2024



Corporate Business

Corporate Banking remains the core engine of UGB's operations and represents our most significant business segment by volume. Serving a diverse portfolio of over 7,000 corporate clients, UGB ranks as the third-largest corporate lender in Ukraine, according to NBU data. This leading position is underpinned by our extensive sector-specific expertise and deep understanding of the national market dynamics. Our corporate segment commands a significant market share, accounting for approximately 10% of the banking system's gross corporate loans and 8% of deposits from legal entities.

Our client base spans large and medium-sized private corporations, public companies, government agencies, and municipalities, reflecting the breadth of the Ukrainian economy. We are privileged to partner with numerous industry leaders, including prominent organizations such as Naftogas of Ukraine, Kernel, Nibulon, MHP, Epicentr, Ukrnafta, and Galnaftogaz (WOG), among many others.

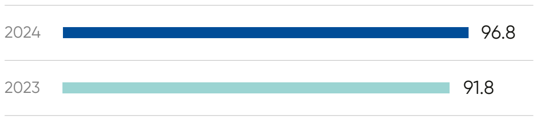
Our approach to corporate banking combines a comprehensive suite of essential products with customized financial solutions tailored to specific client requirements. While establishing clear service frameworks, we maintain the agility to adapt terms, fostering strong, mutually beneficial long-term partnerships. Core offerings address fundamental client needs through robust transaction banking services (payments, cash management, deposits, merchant acquiring, payroll solutions) and effective risk management tools (such as FX Swaps). These are complemented by expert investment banking services, providing support in capital raising, transaction structuring and execution, comprehensive brokerage, and developing tailored investment strategies. The scope and structure of our service proposition are continually refined in response to the evolving market landscape and client needs.

Leveraging internal synergies across UGB's business lines enhances our value proposition. This collaboration facilitates knowledge-sharing and enables the delivery of holistic solutions, addressing the multifaceted needs of our corporate clients effectively.

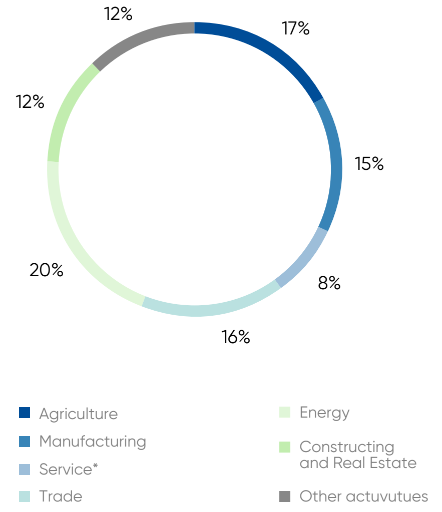
UGB actively utilizes state-backed support mechanisms to enhance financing accessibility for clients. Key instruments include the 'Affordable Loans 5-7-9%' program, state portfolio guarantees, and export credit insurance via the Export Credit Agency (ECA). A significant development in 2024 was UGB securing authorization to participate in the 'State Stimulation of Industrial Parks Creation' program, following an agreement with the Ministry of Economy. As one of the first banks to join this initiative, UGB swiftly committed UAH 370 million in financing under the program during the year, demonstrating our proactive support for industrial development.

Our strong commitment to sustainable finance continued throughout 2024, channeling investment into projects bolstering Ukraine's economic resilience, energy security, and long-term sustainable development. Financing supported the restoration of war-damaged infrastructure, medical and social initiatives, environmental protection, resource efficiency, and the expansion of green energy production for self-consumption. In 2024, this commitment resulted in UAH 2 billion in new sustainable loan origination.

AMOUNTS DUE TO CORPORATE CUSTOMERS, UAH BILLIONS

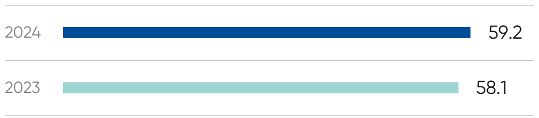


WELL-DIVERSIFIED CORPORATE LOAN PORTFOLIO, 2024



* Transport, warehousing and delivery

CORPORATE GROSS LOAN PORTFOLIO, UAH BILLIONS



2024 RECAP

Total Corporate Loans
UAH 59 BN
2023 UAH 58.1 bn

Due to Corporate Customers
UAH 97 BN
2023 UAH 91.8 bn

By Loan Portfolio of Legal Entities
TOP 3 BANK
2023 Top 4

Guarantees and Letters of Credit Turnover
UAH 13 BN
2023 UAH 18 bn

Complementing our active lending, the strength of UGB's corporate client relationships was evidenced by significant deposit growth in 2024. Despite the challenging operating environment, client confidence remained robust, resulting in a 5% year-on-year increase in corporate deposits, which reached UAH 96.8 billion. This solid deposit franchise underscores the division's resilience and provides a stable funding base to support continued financing for the Ukrainian economy.

LEADING UKRAINE'S TRADE FINANCE SOLUTION

The Bank provides comprehensive Trade Finance solutions, enabling Ukrainian businesses to engage confidently in international commerce while effectively mitigating cross-border transaction risks. Our established market leadership in this crucial sector was clearly demonstrated in 2024, with a total turnover exceeding UAH 12.7 billion in trade and structured finance activities. This performance secured UGB's position holding the largest trade finance portfolio in Ukraine for the fifth consecutive year (as of January 1, 2025, NBU data). Furthermore, our pivotal role in channeling international support is evidenced by consistently managing over 50% of the EBRD's Trade Facilitation Programme (TFP) volume among Ukrainian partner banks since 2019.

Delivering these market-leading solutions is underpinned by a robust global network of strategic partnerships. the Bank maintains strong, long-standing relationships with major international counterparty banks (including Commerzbank AG, Raiffeisen Bank International, Deutsche Bank, ING Bank, OTP Bank, and others), the Polish Export Credit Agency (ECA) KUKE, and key International Financial Institutions (IFIs) like the EBRD, IFC, and EIB. These collaborations are essential for risk sharing, enhancing our service capacity, and extending global reach for our clients. Demonstrating our commitment to continuous improvement, in 2024 we strategically expanded this vital network, initiating cooperation with new partners ODDO BHF SE, Citi, and Ziraat Bank, further strengthening our ability to support clients' international trade ambitions.

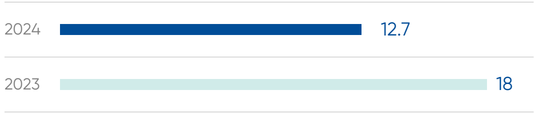
In 2024, UGB facilitated substantial transactional volumes, enabling clients to trade securely on the international stage. We issued over 1,000 trade guarantees (with a total equivalent value of UAH 6.0 billion) and 86 letters of credit (equivalent to UAH 6.7 billion) across various currencies. These instruments provide payment security and performance assurance crucial for cross-border transactions. Furthermore, deal volume executed utilizing support programs of our key IFI partners, the EBRD and IFC, surpassed USD 180 million, directly benefiting Ukrainian exporters and importers by enhancing access to financing.

Our extensive network and expertise translated into significant support for client operations throughout the year. the Bank facilitated substantial transactional volumes, issuing over 1,000 trade guarantees (with a total equivalent value of UAH 6.0 billion) and 86 letters of credit (equivalent to UAH 6.7 billion) across various currencies. These instruments provide essential payment security and performance assurance, crucial elements for secure cross-border trade. Moreover, transaction volume executed utilizing the risk-sharing and financing support programs of our key IFI partners, the EBRD and IFC, surpassed USD 180 million, directly benefiting Ukrainian exporters and importers by enhancing their access to vital trade financing.

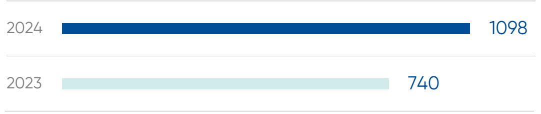
Beyond standard instruments, UGB possesses the expertise to structure complex transactions that deliver significant economic impact. A standout achievement in 2024 involved structuring and securing a guarantee from a first-class international bank for the Lithuanian carrier LTG Cargo. This pivotal deal facilitated the purchase of 500 grain wagons from a Ukrainian manufacturer, providing crucial support to both regional transport infrastructure essential for exports and domestic industrial production capabilities.

UGB has consistently earned multiple international awards for its trade finance leadership and performance over the last five years, notably being named the 'Most Active Issuing Bank' by the EBRD TFP in 2024 for its excellence in this area.

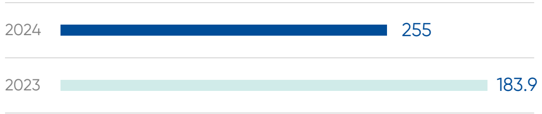
TF TURNOVER, UAH BILLIONS



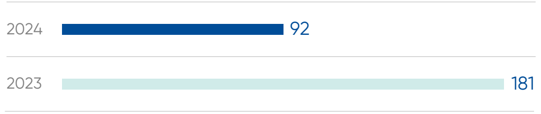
NUMBER OF TF TRANSACTIONS



TF TURNOVER WITH IFIs, USD MILLIONS



NUMBER OF TF TRANSACTIONS WITH IFIs



Our Client Speaks

ILLUMINATING EDUCATION: UGB POWERS DNIPRO'S SCHOOLS THROUGH ENERGY CHALLENGES

In the heart of Dnipro, the continuity of education faced a significant hurdle: frequent power outages threatening to disrupt learning and compromise safety within schools. Regular blackouts cast a shadow over classrooms, making consistent teaching and the operation of essential facilities a daily challenge. They sought to implement a project that would ensure the lights stayed on and learning could continue, even when the grid went dark.

This ambitious vision found a committed partner in UGB. Understanding the profound impact this initiative would have on the community, UGB stepped forward to provide crucial financial backing. Through a UAH 100 million loan facilitated by the bank, the Dnipro City Council launched a vital energy modernization program for its educational institutions.

The core of the project involves installing state-of-the-art solar power stations, complete with panels and energy storage systems, across dozens of schools in the city. This investment goes far beyond simply providing alternative energy. In the event of a blackout, these systems guarantee over four hours of autonomous power for critical infrastructure. This includes life-saving shelters, essential emergency lighting, vital internet connectivity for communication and online resources, and the continuous operation of security and fire alarm systems.

As Volodymyr Faidor, representative of the Department of Humanitarian Policy of Dnipro City Council, aptly stated, "In conditions of blackouts and stabilization power cuts, solar panels are not just alternative energy sources, but also additional opportunities: the ability for shelters to function (light, ventilation, communication), and enhanced safety (operational fire and security alarms, notification systems, video communication). Priority is given to installing these panels in institutions with shelters where the largest number of children study offline. So now, light means quality of life, it means safety."

The collaboration between UGB and the Dnipro City Council exemplifies a successful partnership with a municipality, directly contributing to the sustainable development of the city's infrastructure while ensuring the uninterrupted education and safety of its youngest residents.

Together, we are not just funding technology; we are investing in resilience, security, and the unwavering pursuit of knowledge. UGB is proud to help create a safe and comfortable learning environment for the children of Dnipro, ensuring their education can flourish even in the most challenging times.

Volodymyr Faidor
Representative of the Department of Humanitarian Policy of Dnipro City Council

SME Business

Amidst Ukraine's ongoing economic adaptation and recovery efforts, SMEs remain integral to the national economy. Representing over 60% of employment and a substantial share of the country's GDP, these businesses are vital engines of growth. However, SMEs continue to face significant headwinds, including the ongoing war, logistical disruptions, labor scarcity, and energy instability.

Despite these challenges, SMEs represent a segment with significant growth potential due to their inherent flexibility and adaptability. Unlocking this potential requires comprehensive support, particularly accessible financing and export promotion initiatives. The banking sector plays a pivotal role in providing these critical resources, thereby sustaining Ukraine's economic resilience.

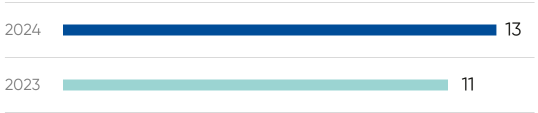
UGB provides SMEs with a comprehensive suite of financial solutions tailored to their specific operational and strategic requirements. This includes diverse financing options such as lending and trade finance; core transactional banking services encompassing payment and cash management, deposits, merchant acquiring, and payroll solutions; and treasury services including foreign exchange (FX) swap operations and facilitating access to domestic government bond trading.

Driven by a deep understanding of SME needs and strategic objectives, UGB continuously refines its product and service offerings. Significant emphasis is placed on cooperation with government bodies and international financial institutions (IFIs), recognizing that business support programs have become particularly relevant for sustaining SMEs amidst the challenging conditions of the ongoing war.

Service delivery and client engagement are facilitated through UGB's multi-channel approach, combining in-person services at the Bank's branch network with convenient remote access via its secure online platform and the EcoBoom 24/7 mobile application.

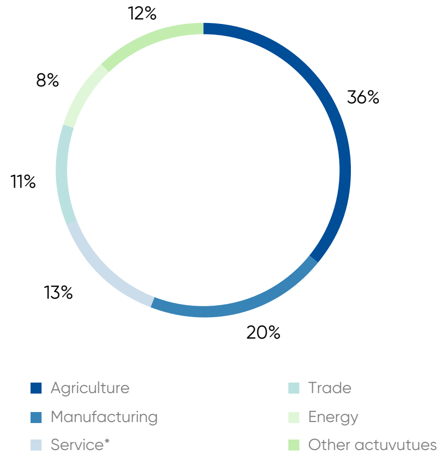
The Bank maintained a stable active SME customer base, numbering nearly 80,000 clients as of year-end 2024. We successfully onboarded over 6,000 new SME clients during the year, a result positively influenced by the successful implementation of our remote account opening service. However, our extensive branch network remains the primary channel for new client acquisition.

SME GROSS LOAN PORTFOLIO, UAH BILLIONS



In 2024, the SME loan portfolio expanded to UAH 13 billion, primarily driven by increased financing for the agricultural sector (+UAH 0.8 billion compared to YE2023), particularly farmers preparing for the new season, and businesses in the processing sector (+UAH 0.9 billion compared to YE2023).

DIVERSIFIED SME LOAN PORTFOLIO, 2024



* Transport, warehousing and delivery

2024 RECAP

Total SME Loans
UAH 13 BN
2023 UAH 11.0 billion

Total Due to SME Customers
UAH 36 BN
2023 UAH 29 bn

Export Transactions Covered by ECA-Backed Insurance
UAH 2.4 BN
2023 UAH 1.8 bn

New Clients
6 K

New payment technology

Within Ukraine's constrained operating environment during 2024, state-backed financial instruments and programs facilitated by international partners became crucial channels for delivering vital support to SMEs. Leveraging these mechanisms enabled UGB to maintain critical credit provision for its business clients, thereby contributing significantly to their operational continuity and underpinning broader economic resilience. Among the government programs, the following are particularly popular with clients:

- Compensation for Humanitarian Demining of Agricultural Land: Initiated in September 2024, this program supports the recovery of agricultural businesses in war-affected regions, crucial for safeguarding Ukraine's long-term food export capacity
- Reimbursement for Domestic Machinery Purchases: Launched in October 2024, this initiative stimulates demand for domestically produced equipment, fostering national industrial modernization
- Industrial Park Development Funding: Provides financial impetus for infrastructure development within designated industrial parks, driving job creation and regional economic growth
- Agricultural Credit Guarantees: This initiative mitigates credit risks for lenders, thereby enhancing access to finance for agricultural enterprises that may face challenges securing traditional funding
- ECA Export Support: This joint program with the Export Credit Agency (ECA) finances working capital for domestic exporters. In 2024, UGB issued loans totaling UAH 190 million under this program, supporting export activities valued at UAH 2.4 billion and ranking first among ECA partner banks by financing volume.

An overview of programs conducted in partnership with International Financial Institutions is provided in the 'International Cooperation' section of this report.

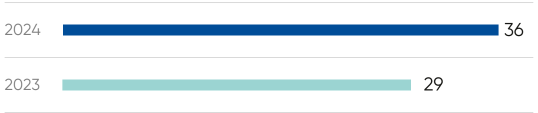
Reflecting the effective utilization of diverse support programs, a significant 41% of UGB's SME loan portfolio in 2024 was directed towards financing client capital expenditures.

This focus on investment, distinct from facilities covering short-term operational needs, empowers SMEs to undertake strategic initiatives fundamental to their future development. This includes modernizing equipment and technology, expanding physical and operational capacity, launching new products or services, and penetrating new markets. Such investments are key drivers of enhanced productivity, innovation, and long-term competitiveness.

In terms of sectoral distribution, the largest shares of the 2024 SME loan portfolio were concentrated in agriculture, manufacturing (processing industries), transportation, wholesale & retail trade, and the energy sector.

Despite the challenging operating environment in 2024, UGB achieved significant growth in its SME funding base during 2024. Amounts due to SME clients increased by 32% year-on-year to UAH 35.8 billion, marking the second consecutive year of substantial expansion. Concurrently, the Bank improved its cost structure, as the weighted average cost of the SME funding portfolio declined. This performance established the SME segment as the most cost-effective funding source among the Bank's business lines.

AMOUNTS DUE TO SME CUSTOMERS, UAH BILLIONS



Key factors contributing to this performance included successful client acquisition, enhanced by the streamlined remote account opening system, and the introduction of an innovative cash management solution offering clients both immediate fund access and attractive deposit-like interest rates. Sectorally, these funds were primarily sourced from clients operating in wholesale & retail trade, healthcare, manufacturing, agriculture, and the energy sector.

UGB significantly advanced its digital transformation throughout 2024, focusing on enhancing service accessibility and operational efficiency. Key remote service implementations included:

- Remote Account Opening: Enabled secure business account setup without branch visits, utilizing streamlined video verification
- Remote Re-identification: Allowed clients to complete mandatory updates conveniently online, ensuring regulatory compliance
- Digital Document Signing: Introduced the capability for clients to sign internal Bank documents using qualified electronic signatures (QES), with development underway at year-end 2024 to extend this functionality to external documents
- Mobile Payment Management: Enhanced the dedicated business mobile application allowing comprehensive payment creation, approval, and management directly via mobile devices.

Further digital innovation focused on advanced payment solutions and strategic integrations. Development of 'Tap to Phone' technology progressed significantly during 2024; this solution empowers merchants to accept contactless payments directly via standard NFC-enabled smartphones, eliminating the need for traditional POS terminals and featuring a simplified digital onboarding process. Additionally, the Bank initiated the integration of its services with 'ePidpryiemets,' Ukraine's state digital portal for entrepreneurs. This ongoing project is designed to streamline business registration and provide seamless access to essential government services, ultimately enabling entrepreneurs to open UGB accounts directly via the state platform.

Our Client Speaks

POWERING PLAY, FUELLING GROWTH: THE GOODEVAS STORY

From Kyiv, amidst extraordinary times, Goodevas creates imaginative play equipment that sparks joy in homes worldwide. Founded in 2020, this dynamic company rapidly built a thriving export business, shipping its Montessori-inspired designs directly to families in North America and Europe. Their success story is one of innovation meeting global demand.

Yet, navigating the complexities of wartime international trade presented sharp challenges. By 2023, securing reliable payment terms from cautious overseas buyers became a critical hurdle, jeopardizing the cash flow needed to sustain production for their growing global customer base and threatening to stall their impressive momentum.

Recognizing Goodevas's potential and the immediate risk, Ukrgasbank (UGB) stepped in as a committed financial partner. We swiftly deployed a crucial UAH 5 million loan, backed by the Export Credit Agency (ECA), providing the stability needed to maintain production momentum and secure local jobs. This wasn't just a transaction; it was the start of a partnership built on understanding their vision.

This initial support evolved seamlessly as Goodevas grew. UGB financed strategic expansion, enabling investments in new equipment and facilities essential for scaling up. Simultaneously, we facilitated vital working capital through the European Union's EU4Business Guarantee Facility, ensuring the operational agility needed to manage inventory and meet consistent production targets for export.

As energy costs rose and grid stability fluctuated in 2024, Goodevas proactively identified energy independence as a strategic imperative. "Our facilities operate 24/7," explains co-founder Oleksii Tsilyk. "Investing in solar with battery storage became essential for reliable, cost-effective operations, moving beyond costly, unreliable generators." Understanding this forward-thinking vision, UGB financed their ambitious green transition, providing UAH 3.6 million across two phases for a powerful 174 kW solar power system.

This future-proofing investment significantly enhances operational resilience, promises substantial annual energy savings estimated at UAH 402,000, and slashes the company's carbon footprint by over 66 tonnes per year. It's a strategic move that benefits their bottom line, their operational stability, and the environment.

Goodevas's remarkable journey underscores the power of partnership in fostering Ukrainian resilience. It demonstrates how UGB's tailored financial support, combined with key national and international mechanisms like the ECA and EU4Business, helps ambitious SMEs overcome profound obstacles, drive sustainable export growth, and build a brighter, greener future—right from the heart of Ukraine.

Oleksii Tsilyk
Co-founder
Goodevas

Retail Banking and Sales Channels

Retail banking is an important component of UGB's business model. Our individual customers provide essential stable funding, contributing significantly to the Bank's overall strength and operational capacity. With over 1.5 million customers nationwide from diverse backgrounds, the Bank offers a corresponding range of financial services – from everyday banking essentials to specialized support for high-net-worth clients, building on the strong foundation we have established over the years.

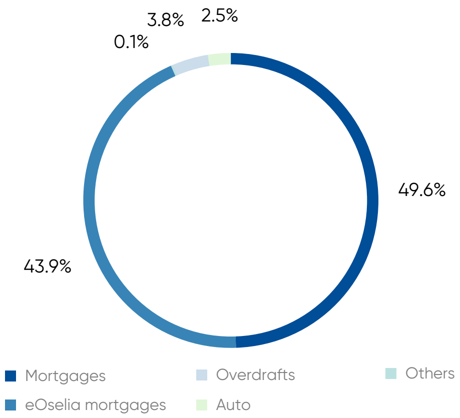
In 2024, our main goal was to make banking better and more valuable for our customers. We focused on improving our main services while making them easier to access. We know that great customer service starts with supporting our own team, so we continued to build a strong service culture. Because banking technology and customer needs change quickly, we focused on constant improvement. We listened carefully to client feedback from many sources to guide our new ideas and services. Key efforts included enhancing loans, deposits, and cards, and creating helpful financing options, especially for energy independence and energy efficiency improvements in homes, reflecting the urgent national priority to strengthen energy resilience.

We continued to improve our digital banking tools, which were already widely used before 2024. Our user-friendly Eco-Bank mobile app remained popular, with over 1.4 million people using it by year-end (a 13% increase y-o-y). This app is clearly a preferred way to bank for many, as shown by 73% of new retail term deposits in 2024 being opened directly through it. We made our online identification and sign-up processes even smoother and more secure. Our call center and chatbot systems also provided effective help for many customer needs remotely.

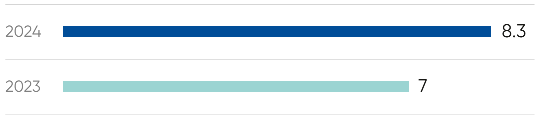
We introduced important new digital features in 2024 for added convenience. The virtual 'Eco Credit Card' allows customers to get and manage a credit limit entirely online through the Eco-Bank app. Showing leadership in working with national digital services, Ukrgasbank became the first bank in Ukraine to build payment processing directly into the government's Diia platform. This makes it easier for people to pay for administrative services, taxes, fines, and donate to United24 using the Diia app. We also made it possible early on to buy government military bonds through the Diia application, supporting national efforts through convenient digital access.

Our main banking services performed well throughout the year, thanks to the combination of helpful staff and easy digital access. Our retail loan portfolio grew significantly, reaching UAH 8.3 billion – higher than before the full-scale war. A major reason for this growth was our successful participation as a key partner in the government-backed 'eOselia' affordable housing program. We provided nearly 3,700 mortgages worth UAH 3.9 billion, helping many Ukrainians secure housing and supporting the national economy. This represented 44% of our retail loans and a 25% market share in the program. Alongside other loans, we launched new programs like 'EnergyIndependent' and 'Energy Independence for Individuals' to help homeowners invest in energy-saving solutions, often with support from international partners. We also offered tailored credit options to our many payroll clients. Retail customer deposits remained stable at UAH 33.8 billion, providing a solid financial base for the bank.

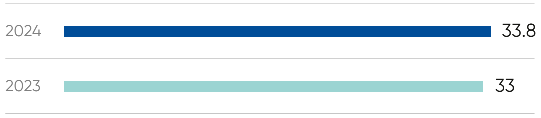
RETAIL LOAN PORTFOLIO BREAKDOWN, 2024



GROSS RETAIL LOAN PORTFOLIO, UAH BILLIONS



AMOUNTS DUE TO INDIVIDUALS, UAH BILLIONS



2024 RECAP

Total Retail Loan Portfolio
UAH 8 BN
2023 UAH 7 billion

Due to Individuals
UAH 34 BN
2023 UAH 33 bn

eOselia Mortgage Loan
UAH 6 BN
2023 UAH 2.4 bn

Retail Customers
1.5 M
2023 1.4 m

Mobile App Users
1.4 M
2023 1.2 M

Our network of 215 branches across Ukraine remains important for face-to-face advice and service. We are committed to keeping services running, especially during these challenging times. Through the National Bank of Ukraine's Power Banking initiative, we equipped over half our branches with generators and satellite internet. This crucial step ensures reliable access to essential banking for communities nationwide, even during blackouts, reinforcing financial stability. In all our interactions, whether in-person or digital, we focus on providing clear, trustworthy information and expert guidance.

Ukrgasbank maintains a strong position in payment acquiring, which generates significant commission income and creates valuable synergies by linking various bank services. Our strategy prioritizes an excellent user experience and high service quality to promote the adoption of digital payments. We encourage individuals to embrace cashless transactions and are continuously expanding our network of merchant partners. We equip merchants with a comprehensive suite of modern payment solutions, including various POS terminals, seamless acceptance of digital wallets like Apple Pay and Google Pay, and secure e-commerce payment options. Separately, to enhance international transactions for our individual customers, we became a direct member of the Western Union system in August 2024. This direct participation improves settlement times and expands our service capabilities for international money transfers.

Beyond banking, Ukrgasbank supported communities through social programs and state partnerships in 2024. We helped implement compensation programs for people whose homes were destroyed due to the ongoing war, working with partners like the Lviv Regional State Administration. We also supported citizens through programs like "National Cashback" and "Winter Support," issuing 51,200 cards and providing over UAH 20 million in essential aid through the "Winter Support" program alone.

Looking ahead, Ukrgasbank will continue to blend our physical branches with easy-to-use digital services (our 'phygital' approach). Improving our digital offerings remains a top priority – making it easier to become a customer, get loans online, and use our mobile app. We plan to enhance the Eco-Bank app further with more features and an even better user experience. Our goal is to offer convenient, customer-focused banking options for all Ukrainians, now and in the future.

Our Business Speaks

A RELIABLE SHOULDER: SUPPORTING VETERANS ON THE PATH TO HOMEOWNERSHIP

In a time defined by the challenges of a full-scale invasion, supporting Ukraine's military personnel and veterans is not just a priority, but a fundamental commitment for our society and for UGB. We recognize that our responsibility extends far beyond standard financial services; it involves being a steadfast and reliable partner, actively addressing the pressing needs of those who defend our country and those who have returned to civilian life.

One of the most critical needs is securing a place to call home. UGB is proud to be a leading partner in the state program "eOselia," an initiative designed to help Ukrainians achieve their dream of homeownership, with a special focus on our defenders. Through this vital program, active military personnel can access preferential mortgage loans at an exceptionally low annual interest rate of just 3%. Veterans also benefit significantly, with access to mortgages at 7% annually – rates substantially better than standard market offerings.

Understanding that every bit of support counts, UGB goes a step further. We actively collaborate with regional and city administrations across Ukraine to negotiate partial compensation for the interest on these loans. These partnerships make homeownership even more attainable for defenders and their families, considerably easing their financial commitments during challenging times.

The transformative power of this initiative is vividly captured in the story of Olena, a servicewoman from the Kharkiv region. Displaced from her home in an occupied city, Olena and her family faced the profound uncertainty of losing their anchor. For them, the "eOselia" program was more than just a financial product; it was a beacon of hope. Working with one of UGB's Kharkiv branches, Olena secured an "eOselia" loan and was able to purchase a new apartment, restoring a sense of stability for her family.

Moreover, thanks to a specific agreement established between UGB and the Kharkiv Regional State Administration, the interest rate on Olena's loan is fully compensated, lifting a significant weight off her shoulders. Her sincere words of gratitude to the bank for providing the opportunity to have her own home again are the most powerful testament to the importance and effectiveness of such dedicated support programs.

Olena is one of many. To date, UGB has proudly issued over 800 mortgages to military personnel and veterans under the "eOselia" program. Each loan represents a family finding stability, a hero securing a future, and a demonstration of UGB's commitment to stand as a reliable shoulder for those who have given so much for Ukraine. We are honored to partner with them on their journey to homeownership.

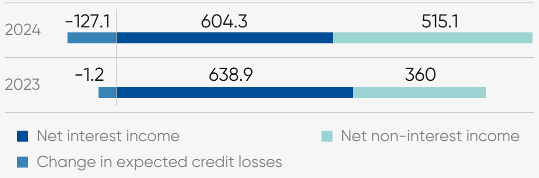
Olexandr Shcherbakha
Deputy Chairperson
of the Management
Board

Treasury and Investment Business

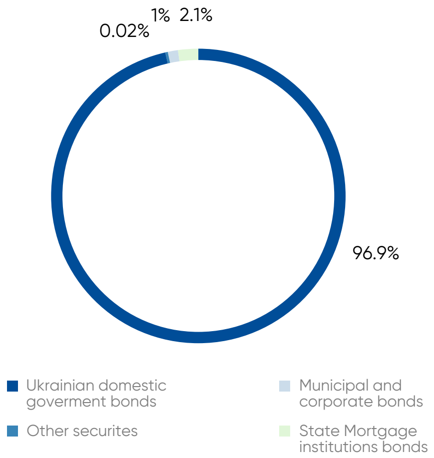
UGB Treasury and Investment business plays a crucial role by conducting targeted operations within financial markets to ensure the Bank's sustained financial health, resilience, and capacity for growth. This involves strategically managing liquidity, currency exposures, and debt securities. These critical functions are expertly handled by our specialized Treasury and Investment departments, which collaborate closely to reinforce the Bank's overall financial stability and support its strategic development objectives within a dynamic economic landscape.

The Treasury Department holds primary responsibility for maintaining optimal liquidity for daily operations, managing cash flows efficiently, and managing financial risks. Besides, it develops and delivers financial solutions for both corporate and individual clients. Complementing this, the Investment Department focuses on trading across various financial markets for both the Bank's own funds and on behalf of clients. Its expertise extends across the full lifecycle of debt instruments, including issuance, portfolio management, and trading. A significant focus remains on government securities, where Ukrgasbank operates as a designated primary dealer, actively contributing to primary auctions and secondary market liquidity, thereby supporting the effective functioning of this vital market segment, especially during challenging times.

INCOME FROM TREASURY AND INVESTMENT BUSINESS, UAH MILLIONS



SECURITIES PORTFOLIO, %



CONSERVATIVE APPROACH TO CAPITAL MARKET ACTIVITIES

In 2024, the Bank pursued a prudent and strategically focused approach within capital markets, emphasizing investments in UAH-denominated domestic government bonds. This strategy directly supported essential fundraising initiatives by the Government of Ukraine and the NBU, aligning with the Bank's core objective of bolstering stability through low-risk, liquid instruments. Consequently, the Bank increased its holdings of government bonds, reaching UAH 57.6 billion (face value) by year-end 2024. Within this portfolio, benchmark government bond holdings amounted to UAH 21.9 billion; these assets served a dual purpose, providing an approximate 19% yield (as of year-end) while UAH 17.7 billion were concurrently used to meet NBU mandatory reserve requirements. Concurrently, the Bank continued reducing its holdings of USD-denominated government and corporate bonds. This involved a reduction in USD-denominated treasury bonds by USD 2.2 million, alongside a UAH 0.5 billion decrease resulting from municipal bond repayments.

Throughout the year, UGB maintained its important role as a primary dealer and major participant in the government securities market. We continued to prioritize client service innovation, building on the successful 2023 integration of government bond purchasing capabilities for retail clients within the Diia state digital services platform. Client investment activity remained strong in 2024, with over UAH 9 billion in bond purchases facilitated through the Bank, predominantly in domestic government securities. The effectiveness of our digital strategy was underscored by the fact that 65% of bond transactions by individual clients—representing approximately 6,000 transactions were executed via the Diia application.

2024 RECAP

Securities portfolio

UAH 59 BN

2023 56 billion

Treasury bonds portfolio

UAH 57 BN

2023 44 billion

Issue corporate bonds

UAH 400 M

2023 100 million

of private client investment deals were via the Diia application

65%

2023 64%

In managing institutional liquidity, the Bank utilized standard NBU instruments like certificates of deposit (CDs). Holdings, which stood at UAH 8.8 billion at year-end 2023 under a held-to-collect model, were strategically managed down to zero by year-end 2024, reflecting dynamic responses to market conditions and liquidity needs.

The Bank's foreign exchange (Forex) operations continued within the specific regulatory framework established by the NBU due to martial law. While these regulations place limitations on certain trading activities and derivative instruments, Ukrgasbank actively managed currency exchange operations to meet its internal requirements and facilitate crucial client transactions, particularly those supporting Ukraine's vital export-import flows. Our strong, long-standing relationships with domestic and international counterparty banks proved essential for ensuring operational effectiveness. Forex trading results demonstrated resilience, recording a slight improvement in 2024 compared to the previous year.

The Bank offers a comprehensive range of services, including expert transaction structuring and execution across debt and equity markets, comprehensive brokerage services for both retail and institutional clients, and tailored investment solutions. We leverage our extensive market experience and licenses as a dealer, broker, and underwriter to develop customized investment solutions.

Building on our successful track record in facilitating both public and private placements, the Bank continued its active engagement in fundraising for corporate projects in 2024 (e.g., the Agromat bond issue totaling UAH 200 million) and maintained its cooperation with municipalities (Kyiv and Lviv) in managing their debt

Looking forward, UGB remains committed to enhancing its digital investment service offerings. Key initiatives planned for 2025 involve significant upgrades to our mobile application, aimed at providing clients with increasingly sophisticated tools for secondary market trading, direct participation in primary government bond auctions, and potentially access to algorithmic trading services for both domestic and international markets. Contingent upon evolving market dynamics, particularly potential shifts in interest rate policy and market liquidity, we anticipate increased activity in the corporate and municipal debt sectors. Ukrgasbank intends to maintain its active role in underwriting and placing new bond issues, thereby supporting capital investment and development by engaging with both established and prospective corporate and municipal clients across Ukraine.

International Cooperation

International partnerships are an integral part of UGB strategy. This is especially important right now, as we help Ukraine stay strong and keep its economy stable during the full-scale war started by russia. We are proud to actively collaborate with nearly all major International Financial Institutions (IFIs) and Development Finance Institutions (DFIs) operating in Ukraine.

Through these partnerships, Ukrgasbank receives vital funding and expert know-how. We make sure this support reaches businesses, local communities (municipalities), and individuals across Ukraine through our widespread network of branches.

Our teamwork with these global partners focuses on several key things:

- Getting funding for specific needs, like environmentally friendly ("green") projects, small and medium-sized businesses, and companies involved in international trade
- Implementing portfolio risk-sharing mechanisms, which allows us to provide more loans in critical sectors
- Facilitating grant support and technical assistance for sustainable investments and operational enhancements.

During 2024, we worked hard to make these important relationships even stronger. This reinforces Ukrgasbank's role in strengthening Ukraine's economy and supporting development that lasts for the future.

KEY PARTNERSHIPS AND ACTIVITIES

International Finance Corporation (IFC)

Our long-standing partnership with IFC, initiated in 2016 with a Green Banking advisory project, continues strong. UGB actively participates in the IFC's Global Trade Finance Program (GTFP), joining as an issuing bank in 2017 and a confirming bank in 2020. A landmark EUR 30 million, 5-year loan agreement signed in 2021 with IFC and the Ministry of Finance of Ukraine, which includes an equity conversion option, supports sustainable development projects for our corporate and SME clients. This strategic financing aligns with our main shareholder's vision for the eventual privatization of UGB.

European Bank for Reconstruction and Development (EBRD)

Partnering since 2019, initially through the Trade Facilitation Programme (TFP), our collaboration has expanded significantly. In a crucial move during 2024, the EBRD provided an unfunded portfolio risk-sharing facility covering up to 50% of UGB's credit risk on newly issued loans. This initiative unlocked EUR 50 million in new financing for Ukrainian private companies in critical sectors such as agriculture, manufacturing, construction, transport, and pharmaceuticals amidst the ongoing war. Furthermore, in September 2024, UGB became one of the first banks to join the EBRD's Energy Security Support Facility (ESSF). This involved a substantial EUR 150 million portfolio-risk-sharing facility, enabling UGB to boost lending for decentralised energy generation and energy efficiency measures for SMEs, private households, municipalities, and medium-sized corporate clients. This builds upon initiatives like the EUR 25 million loan facility signed in 2021 under the SME Competitiveness Programme, which supports MSME investments in sustainable technologies and practices, offering sub-borrowers investment incentives up to 15%.

Nordic Environment Finance Corporation (NEFCO)

Since December 2018, UGB has partnered with NEFCO on a joint loan program financing renewable energy projects for SMEs. NEFCO contributed EUR 5m, matched by UGB, creating a EUR 10m program lasting seven years.

European Investment Bank (EIB) and European Investment Fund (EIF)

As part of the EU's EU4Business initiative, our work with the EIB and EIF provides vital support for SMEs. A 10-year guarantee facility agreement, first signed in 2017 and topped-up in 2023 to EUR 40 million, covered up to 70% of credit risk for newly originated SME loans and was fully utilized by mid-2024. Building on this success, a new EU4Business guarantee agreement was concluded in December 2024. This provides guarantee coverage of up to EUR 21.3m, enabling the bank to finance Ukrainian businesses for at least EUR 27 million and helping address their urgent needs.

Black Sea Trade and Developmen Bank (BSTDB)

In 2020, UGB secured a 5-year EUR 30 million loan agreement with BSTDB to finance green projects and support Ukrainian SMEs.

European Fund for Southeast Europe S.A. (EFSE) and Green for Growth Fund (GGF) / Finance in Motion

Under the "Stand with Ukraine" Program, UGB has implemented technical assistance projects with Finance in Motion, EFSE Development Facility, and GGF Technical Assistance Facility. This support strengthened UGB's digital infrastructure, ensured operational continuity via data recovery systems, and enhanced staff expertise in green finance, environmental and social management systems (ESMS), and financial management. Signifying future collaboration, Ukrgasbank and Finance in Motion (on behalf of GGF) signed a Letter of Intent in 2024 during the Ukraine Recovery Conference in Berlin, advancing negotiations to raise funds for green project development in Ukraine.

United Nations Industrial Development Organization (UNIDO)

Since 2020, UGB operates the Loan Guarantee Fund (LGF) established with UNIDO. This revolving financial instrument, Ukraine's first guarantee-based mechanism for industrial energy efficiency, supports capital availability for enterprises implementing energy efficiency measures. The LGF's operation has been extended until the end of 2025.

Deutsche Sparkassenstiftung für Internationale Kooperation (DSIK)

In December 2023, UGB established a cooperation agreement with DSIK to implement an MSME grant support project funded by the German government through the GIZ. This project aims to enhance access to financial services for SMEs, promoting sustainable growth and economic resilience in Ukraine. In 2024, the Bank's clients received grant payments within the project, and the external audit upon project completion was successfully conducted.

United Nations Environment Programme Finance Initiative (UNEP FI)

UGB became the first Ukrainian bank signatory to the Principles for Responsible Banking, joining UNEP FI. This commitment aligns UGB with the UN's sustainable development goals and the Paris Climate Agreement, reflecting its strategic ambition to be Ukraine's leading "eco-bank."

CORRESPONDENT BANKS

Our extensive correspondent banking network is fundamental to serving the international needs of our clients and the Bank itself. Ukrgasbank maintains active relationships and accounts with over 50 leading international financial institutions across the globe. This network facilitates efficient cross-border payments, trade finance, and other transactions in 17 different currencies, plus precious metals, providing essential support for international business activities.

At the Bank, working closely with partners from around the world is very important. These partnerships bring in needed funding for our clients – like businesses, towns, and individuals – but they also help us improve how we run the bank itself. We learn from global best practices to get better at managing risks, following regulations, and running the bank responsibly.

By meeting high international standards, UGB becomes stronger and more trustworthy. This includes being open about our work, having strong internal checks, listening carefully to our clients and partners, and protecting investors. Because we operate this way, others trust us and want to work with us. This helps Ukrgasbank perform better, attracts investment into Ukraine from other countries, and significantly supports Ukraine's rebuilding efforts, long-term growth, and journey towards joining the European community.

Our Partner Speaks

The EIB Group is proud to work with Ukrgasbank – a trusted partner helping keep Ukraine's economy moving in exceptionally difficult times.

Our cooperation began in 2017 with a partial portfolio guarantee to expand access to finance for micro, small and medium-sized enterprises (MSMEs). The success of this initiative led to its expansion to €40 million. In 2024, we strengthened our support with a further €22 million guarantee, enabling continued lending to MSMEs across Ukraine in such sectors such as agribusiness, manufacturing, food production, etc.

This guarantee mechanism helps MSMEs secure funding with reduced collateral requirements, giving businesses the breathing room they need to invest, grow and adapt. One such business is Goodevas, a Ukrainian producer of eco-friendly toys and sports equipment for children, which continues to grow with support from Ukrgasbank and the EIB.

These guarantees, like all of our operations in Ukraine, are made possible thanks to the strong backing of the European Commission, whose instruments allow the EIB Group to keep operating in wartime conditions.

Support for the private sector is part of a broader EIB commitment to Ukraine – our top priority outside the EU. Since the start of the full-scale invasion, we've provided €2.3 billion in urgent support for energy, water, transport and municipal services. With the €2 billion EU guarantee under the Ukraine Facility, we are now set to scale up recovery and reconstruction even further.

Our support remains unshakable – to help Ukraine recover and rebuild, strengthen its private sector, and move steadily toward EU membership.

Kristina Mikulova
Head of EIB Regional Hub for
Eastern Europe based in Kyiv, Ukraine

DATA AND TECHNOLOGY

Data and Technology

In 2024, UGB continued to pursue strategic IT initiatives aimed at strengthening the stability, scalability, cybersecurity, and technological independence of our operations. In a year marked by war-related disruptions and growing digital threats, our IT team delivered resilient infrastructure, improved client services, and laid the foundation for long-term transformation.

We treat technology not only as a tool but as a key driver of business growth. From digital onboarding to internal document flows, from cloud infrastructure to advanced analytics, IT is embedded in every aspect of our value chain.

Our IT architecture is built on principles of automation, fault tolerance, and continuous operation. It comprises hardware platforms, licensed system and modern application software, monitoring tools, and integration layers. We operate two geographically separated certified data centers equipped with high-performance solutions, ensuring high availability and disaster resilience.

In 2024, we expanded our cloud strategy by extending front-end systems to cloud, where we host e-commerce, customer service, and IT backup solutions. These services enabled faster deployment, testing, and scalability, while enhancing availability and performance. Network segmentation with full online synchronization between data centers further improved reliability and manageability.

IT resources are virtualized, ensuring flexible scaling and minimal downtime. Advanced monitoring solutions for traffic analysis and for application performance enabled timely responses to load variations, keeping our digital ecosystem stable.

We also modernized our digital channels, upgrading the platform for businesses and the mobile app for retail clients, ensuring a seamless user experience aligned with evolving client needs. Integration with government services like 'Diia' state digital services platform simplified remote identification and document signing.

AGILITY AND INNOVATION THROUGH TRANSFORMATION

Our transformation journey is underpinned by the Agile approach. In 2024, we scaled cross-functional Scrum teams across business domains. This allowed us to shorten time-to-market for new services, increase employee engagement, and test digital hypotheses faster. Agile teams helped enhance the mobile app and CRM solutions for all client segments.

We also continued the digitalization of different processes. Notable achievements included:

- cloud-qualified electronic signature
- remote account opening and document signing through 'Diia.Sign' and 'Diia.Sharing'
- transition to the new national payments standard SEP-4
- and ISO20022 compliance for SWIFT integration.

These steps brought us closer to a seamless, data-driven banking experience.

CYBERSECURITY

Cybersecurity remained a core priority throughout 2024. The Bank implemented a multi-layered defense framework aligned with international standards (PCI DSS, SWIFT CSP, VISA PIN Security). Our network is logically and physically segmented, with modern firewalls, intrusion detection systems, and anti-DDoS cloud technologies in place.

We strengthened remote access protection, introduced multi-factor authentication, biometric security, behavioral monitoring, and strict access control policies. Red team testing, continuous vulnerability scanning, and active engagement with the NBU Cybersecurity Centre helped us proactively adapt to evolving attack vectors – including those driven by social engineering.

We also advanced anti-fraud and data loss prevention measures. Online banking remained a safe channel for our clients thanks to constant system upgrades and high-level security awareness. The Bank also maintained close partnerships with global cybersecurity providers to reinforce its capabilities.

STRATEGIC OUTLOOK

In 2024, we launched a data governance function and hired our first Chief Data Officer. The team began designing a data management framework and laying the foundation for advanced AI/ML capabilities. In 2025, we will establish a Data Science Lab, launch a centralized data catalogue, and grow core competencies in architecture, metadata, integration, data quality, and analytics.

We will also continue investing in cloud infrastructure, process automation, and the use of AI in analytics, cybersecurity, and digital service delivery.

At the heart of all these changes are people. We focused on creating intuitive financial solutions that remove barriers between clients and their financial goals. We expanded access to remote channels, ensured reliable digital services during blackouts, and continued investing in employee upskilling.

By aligning IT capabilities with our long-term strategy, we are building a flexible, secure, and future-ready digital bank – one that leads with trust, data, and human-centric design.

ugb ECO BANK

FINANCE AND RISK MANAGEMENT

CFO Comment

GRI 201–1, 203–1

Esteemed Stakeholders,

2024 represented a year of pronounced resilience and focused strategic execution for Ukrgasbank. Despite the unprecedented challenges posed by the ongoing full-scale war and persistent economic uncertainty, we successfully navigated a complex operating environment to deliver strong financial performance and advance our leadership in sustainable banking. Our disciplined execution against strategic priorities yielded tangible results, establishing a solid foundation for continued progress.

The operating landscape in 2024 remained demanding. Macroeconomic headwinds, including labour market pressures stemming from mobilisation and emigration, impacted workforce availability. Heightened security risks continued to weigh on the investment climate. In this challenging context, Ukrgasbank sharpened its focus on capital efficiency, strategic workforce management, and innovative approaches to ensure sustained resilience and growth.

I am pleased to report that these focused efforts delivered strong financial results. Ukrgasbank achieved a net profit of UAH 3.4 billion, which translates to a healthy ROE of 22.3%. Throughout the year, we effectively managed our assets and liabilities and succeeded in lowering our overall funding costs. These actions supported a solid Net Interest Margin (NIM) of 6.3% at year-end. Reflecting our prudent risk management, the Non-Performing Loan (NPL) ratio stood at 19.4%, while our focus on efficiency yielded a CIR of 44.0%. Importantly, the Bank fully complied with all regulatory requirements from the National Bank of Ukraine.

Alongside strong profitability, bolstering our financial resilience was paramount. A key achievement was strengthening our capital position. In line with evolving regulatory requirements, including Basel III principles, we enhanced our overall capital adequacy to 14.8% (including year-end adjustment entries) and, in August 2024, successfully transitioned to the new three-tier capital structure mandated by the NBU. This robust capital level significantly boosts our capacity to absorb potential risks. Integral to this effort was the implementation of the Internal Capital Adequacy Assessment Process (ICAAP), completed during the year. ICAAP now forms a core part of our internal planning, ensuring a thorough assessment of current and future risks and confirming we hold sufficient capital for both normal operations and potential stress scenarios. We also strengthened collaboration between financial management and risk management functions, which allows the Bank to respond to new regulatory challenges with maximum efficiency. Building on this progress, the full implementation and regulatory reporting of the Internal Liquidity Adequacy Assessment Process (ILAAP) is planned for 2025, further aligning us with European standards and enhancing our long-term stability.

Beyond financial metrics, our commitment to Ukraine's resilience and sustainable future remained unwavering. We continued to serve as a reliable financial partner to the government, businesses, and citizens, actively participating in financing critical infrastructure projects and supporting the nation's energy resilience and green transformation agenda through dedicated programmes.

Looking towards 2025, we envision a pivotal year initiating a multi-year journey focused on deep, structural transformation. Our strategic priorities centre on achieving sustainable long-term efficiency while maintaining the operational agility required in a dynamic environment. We anticipate potentially favourable macroeconomic trends, such as moderating inflation and consistent international support. However, significant risks persist, primarily linked to the ongoing war, energy security vulnerabilities, and evolving regulatory demands. Our forward-looking strategy explicitly integrates these factors to ensure a sustainable, flexible, and adaptive approach.

We aim to increase support for the real economy, targeting a 45% share for our net loan portfolio in total assets. We also anticipate growth in fee and commission income reflecting our focus on transactional services. Furthermore, our commitment to financing Ukraine's recovery remains absolute, coupled with continuous efficiency improvements and proactive management of operational risks (including energy supply, cybersecurity, and workforce availability) through robust continuity planning.

Finally, I extend my sincere gratitude to our clients for their enduring trust, to our dedicated employees for their exceptional commitment and performance under challenging circumstances, and to our international partners for their invaluable support. Together, we will continue building a resilient, future-oriented financial institution contributing to the prosperity of Ukraine.

Sincerely,

Volodymyr Ponomarov
First Deputy Chairperson
of the Management Board, CFO

FINANCIAL REVIEW

A balanced approach to asset and liability management enabled the Bank to achieve a high level of performance indicators in 2024:

Indicator	2024	2023
Return on equity, %	22.3	19.3
Return on assets, %	1.9	1.3
Profit/Risk-weighted assets ratio, %	5.6	3.2
Net interest margin, %	6.3	5.1
Cost/income ratio, %	44.0	48.2
Liquidity Coverage Ratio (LCR), %	153.1	189.8
Net profit (loss), UAH millions	3,416	1,936
Operating profit (before impairment provisions and taxes), UAH millions	7,010	4,747
Regulatory capital adequacy, %	14.8	12.3

Throughout 2024, the Bank actively worked to comply with regulatory requirements, improve operational efficiency, and ensure financial stability. The Bank demonstrated sufficient operational efficiency during the year, which allowed for a successful transition to a three-tier capital structure and new capital adequacy standards. The regulatory capital adequacy ratio (including year-end adjustment entries) reached 14.8%, exceeding prudential requirements. However, the repeated increase in the corporate income tax rate for banks to 50% in 2024 had a significant impact on profitability. If the income tax rate had remained at 18%, the estimated RoE would have been 25.1%, and the RoA 2.6%.

Operating income in 2024 increased by UAH 3.4 billion to UAH 12.5 billion. Net interest income remained the main source of profitability, primarily due to an increase in interest income resulting from higher investments in government securities, despite a general decline in asset yields.

In 2024, the Bank's non-interest income totaled UAH 2.4 billion. The largest component, UAH 1.4 billion, was net fee and commission income, which exceeded the 2023 figure by 5%, mainly due to an increase in revenue from customer settlement and cash services.

In 2024, administrative and other OPEX amounted to UAH 5.5 billion, an increase of UAH 1.1 billion compared to the previous year. Despite the growth in administrative expenses, faster growth in operating profitability enabled the Bank to achieve a cost-to-income ratio of 44.0%, which is 4.2 percentage points better than in the previous year.

The Bank's profit before provisions and income tax for 2024 increased to UAH 7.0 billion, which is nearly 50% higher than the 2023 figure. However, the repeated increase in the income tax rate for banks to 50% resulted in income tax expenses of UAH 2.5 billion. Despite this, the Bank generated a net profit of UAH 3.4 billion, which is UAH 1.5 billion more than in 2023.

In 2024, the Bank's net assets increased by 13%, reaching UAH 198.9 billion. During the year, there was a notable increase in investments in government bonds, with the portfolio reaching UAH 57.6 billion by the end of 2024, while the share of NBU deposit certificates declined.

The net loan portfolio of clients amounted to UAH 67.6 billion, increasing by UAH 4.3 billion over the year. Of this growth, UAH 2.6 billion came from retail lending, primarily due to the Bank's active participation in the state "eOselya" mortgage program, and nearly UAH 1.5 billion came from increased lending to SME clients year-over-year.

The customer funds portfolio grew by UAH 14.4 billion or 8% compared to 2023. The key driver behind this growth was the increase in balances of SME and corporate business clients, which reached UAH 132.7 billion (+UAH 12.1 billion over the year). Overall, the Bank's liabilities grew by 11%, totaling UAH 183 billion.

As of the end of 2024, the Bank's equity amounted to UAH 16.2 billion, which is UAH 5.3 billion higher than the previous year. This increase was primarily due to the financial result of 2024 and the positive revaluation of securities in the Bank's portfolio.

INCOME STATEMENT

UAH millions	2024	2023
Net interest income before credit loss expense	10,131	6,680
Net fee and commission income	1,363	1,297
Other operating non-interest income	1,030	1,194
Operating income	12,521	9,171
Administrative and other operating expense, including:	-5,512	-4,424
Staff costs	-3,759	-2,942
Operating profit before allowance for impairment and income tax	7,010	4,747
Impairment allowances and provisions -	-1,096	-86
Income tax	-2,497	-2,725
Profit (loss)	3,416	1,936

BALANCE SHEET INDICATORS

UAH millions	2024	2023
ASSETS		
Cash and cash equivalents	49,729	35,054
Securities	77,498	70,747
Due from credit institutions	1,005	1,312
Loans and advances to customers	67,649	63,333
Other	3,020	5,421
Total Assets	198,901	175,867
LIABILITIES		
Due to the NBU	0	0
Due to credit institutions	11,948	8,375
Due to customers	166,457	154,080
Other liabilities	4,286	2,166
Liabilities	182,691	164,621
EQUITY	16,210	11,246
Total Liabilities and Equity	198,901	175,867

RISK PROFILE AND CAPITAL MANAGEMENT

The Bank has built a comprehensive and effective risk management system tailored to its size, business model, scale of operations, and the types and complexity of its activities. This system covers identification, measuring (assessment), monitoring, reporting, controlling, and mitigation of all material risks inherent in the Bank's operations, thereby determining the amount of capital required to cover all material risks adequately. Integrated as a crucial component of the Bank's management process, the risk management system ensures sufficient control and minimization of potential adverse consequences. It is interconnected with the main management processes and functions: operational processes, financial activities, and strategic planning. Its effective operation enables management of risks at all levels, ensuring stability and reliability amidst unforeseen changes in the financial environment.

The primary objectives of the risk management system are:

- achieving the performance indicators set in the Bank's budget while considering potential risks, thereby ensuring an optimal risk-return ratio
- ensuring adherence to the risk appetite and limit indicators established by the Supervisory Board
- facilitating stable development of the Bank in alignment with the overarching strategy set by the Supervisory Board
- effectively managing the Bank's capital and liquidity for sustained operational efficiency.

Our risk and control structure operates based on a three lines of defense model:

The first line encompasses the business units and support divisions of the Bank, which assume risks, manage them continuously, and are accountable for their outcomes through ongoing risk management and reporting.

The second line includes the risk management and compliance departments, responsible for overseeing and mitigating risks in alignment with regulatory requirements and internal policies.

The third line consists of the internal audit department, tasked with independently verifying and evaluating effectiveness of the risk management system to ensure its robustness and compliance with established standards.

Independence of second-line units is upheld due to several measures:

- CRO and CCO report directly to the Bank's Supervisory Board, ensuring autonomy and oversight;
- control units and CRO/CCO are organizationally and functionally separated from the first and third lines of defense, maintaining impartiality;
- access to essential information is facilitated for control units and CRO/CCO, enabling them to operate effectively and make informed decisions.

RISK MANAGEMENT SYSTEM

The organizational structure of the risk management system ensures a clear delineation of functions, responsibilities, and authority in risk management across all structural divisions and employees of the Bank, outlining their respective duties in accordance with this division.

Subjects of the Risk management system are:

- Supervisory Board
- Risk Management Committee of the Supervisory Board
- Management Board
- Collegial bodies of the Management Board, which manage material risks
- CRO
- Divisions responsible for risk management
- CCO
- AML/CFT responsible employee of the Bank
- Compliance department
- Internal audit department
- Business and support units (the first line of defense).

RISK MANAGEMENT STRATEGY

The Bank has a comprehensive risk management strategy that outlines objectives, identifies material risks inherent in its operations, defines the functional and organizational structure of risk management, establishes approaches for determining risk appetite and setting risk limits, specifies requirements for internal documents on risk management, delineates risk assessment models and tools, outlines risk reporting systems, and includes provisions for risk stress testing.

The risk management strategy of the Bank defines the following types of risks:

- credit risk
- interest rate risk
- market risk
- liquidity risk
- operational risk
- compliance risk
- ML/CFT risk
- social and environmental risk.

When evaluating all categories of risks, the Bank factors in the risk of concentration.

The Bank assesses concentration risk across the following areas:

- by individual counterparty and groups of related counterparties
- across business lines and products
- by types of economic activities (industry concentration) and geographical regions
- by types of collateral used to secure debtors' and counterparties' obligations
- by currency types.

THREE LINES OF DEFENSE

MATERIAL RISKS

The Bank has established a methodology for identifying material risks, which governs the process and outlines the main stages, principles, and the sequence of interactions among participants.

Identification of material risks serves several purposes:

- **Ensuring Stability and reliability:** by identifying material risks, the Bank can recognize potential threats to its financial stability and reliability
- **Minimizing Losses:** this involves developing strategies, policies, and measures to minimize potential losses, as well as establishing risk indicators and limits
- **Ensuring Long-term resilience:** ensuring identification, measurement (assessment), monitoring, reporting, control, and mitigation of all material risks of the Bank to determine the amount of capital required to cover all material risks inherent in its activities (internal capital).

The process of identifying material risks occurs at least annually, simultaneously with approval of the Bank's annual financial plan (budget). This process involves identifying and verifying existing risks to compile a comprehensive list of material risks inherent in the Bank's activities, which is subsequently approved by the Bank's Supervisory Board. Upon approval by the Supervisory Board, if a risk is classified as material, the Bank proceeds to develop a comprehensive risk management system tailored to address it.

In 2024, as part of the regular material risk assessment process, no new material risks were identified for 2025. However, in light of the ongoing war, the Bank expanded the scope of operational risk to include the emerging risk of workforce contraction. This reflects the Bank’s proactive approach to capturing new dimensions of risk in a volatile environment.

RIsk Appetite, Risk Limits and Reporting System

The Bank's risk appetite for material risks are determined by the Supervisory Board at the level of the Risk Appetite Statement.

The Management Board of the Bank ensures compliance with the established risk limits for material risks, and the Risk Management Department exercises proper control over adherence to these risk limits.

The Risk Appetite Statement defines Risk Capacity, aggregated risk appetite and risk appetite for each of the material risk types, taking into account the following:

- the overall level of risk appetite should be aligned with the Bank's business model, considering available resources such as capital and liquidity needs, and ensuring compliance with NBU requirements as well as fulfilling obligations to investors, depositors, creditors, and shareholders
- risk appetite includes quantitative and qualitative measures that take into account aspects such as capital adequacy, liquidity, operational profitability, cost of risk, compliance with established regulatory capital and liquidity ratios.

The Management Board and/or the authorized collegial bodies of the Management Board set risk limits within the approved risk appetite according to the established mandate.

The escalation procedure is a vital risk management mechanism at various levels. This process involves the step-by-step notification of the collegial bodies of the Management Board and the Bank's Supervisory Board about existing or potential violations of risk appetite and internal risk limits to timely take appropriate measures.

The Bank's Supervisory Board, the Management Board, and the first line of defense make decisions based on comprehensive and reliable reporting prepared by the Risk Management Department. This reporting includes risk analysis, assessment of the risks’ impact on the Bank's financial activities and strategy, as well as proposals for risk mitigation and management measures. Such an approach ensures effective risk management at all levels and contributes to stability of the Bank's operations.

The information system for risk management and reporting ensures aggregation of data on the Bank's risks as well as timely and reliable measurement of risks in normal and stress situations. An important component of the risk management information system is the Bank's risk profile report, which is regularly submitted for review to the collegial bodies of the Management Board, the Management Board, the Risk Management Committee of the Supervisory Board, and the Supervisory Board of the Bank. The report provides a comprehensive, up-to-date, and holistic picture of the current status of all material risks of the Bank and its management.

Veto Right

Another important component of the risk management process is the CRO’s right of veto.

The CRO has the right to veto decisions of the Management Board and its collegial bodies in the following cases as determined by the Supervisory Board:

- violation of the established risk appetite and internal risk limits
- breach of prudential norms of the National Bank of Ukraine and other regulatory constraints falling within the competence of the risk management
- breach of the key restrictions on lending defined by the Credit Policy.

Thus, the CRO has the opportunity to actively influence risk management and protect the Bank from potential hazards.

Recovery Plan

The Bank has instituted an early warning and recovery indicators system. Findings of this monitoring are consistently reported to the Bank's Supervisory Board. In 2024, in accordance with the requirements of the National Bank of Ukraine, the Bank has developed and approved an updated Recovery Plan, which was developed taking into account the wartime situation in the country, introduction of a three-tier capital structure, and updated approaches to the application of stress scenarios that are currently relevant to the Bank. As part of the Recovery Plan, the Bank developed a plan for financing the Bank in crises.

Risk Stress Testing

Stress testing encompasses all activities of the Bank, including both on-balance sheet and off-balance sheet positions, and considers nuances of its products and operations. The Bank conducts stress testing of credit risk, liquidity risk, interest rate risk, market risk, and operational risk. However, in response to russia's full-scale invasion and in accordance with the regulatory requirements of the National Bank of Ukraine, the Bank has suspended - for the wartime period - stress testing for all risks, with the exception of operational risk, which is one of the primary tools for managing this type of risk. In the current year, the Bank plans to resume stress testing under a separate stress-testing program that considers the current situation and possible negative scenarios to assess material risks, including the effective implementation of the ICAAP and ILAAP processes.

Capital Adequacy

In 2024, a significant event took place to harmonize the regulation of Ukraine's banking sector with European standards and the implementation of the Basel 3 standard, including the transition (implementation) of a three-tier capital structure.

As a result of this transition, the Bank complied with the stable capital and minimum prudential requirements for capital adequacy: Common equity Tier 1 capital ratio (CET1) at the level of not less than 5.625%, Tier 1 capital ratio (Tier 1) at the level of not less than 7.5%, and Regulatory capital ratio (CAR) at the level of not less than 9.25% (10% from 01.07.2025).

During 2024, the Bank also complied with the increased capital adequacy ratios assigned to the Bank by the NBU based on the results of the assessment of the stability of the largest banks in Ukraine in 2023 (the first stress testing of banks since the beginning of full-scale war) in accordance with the Capitalization/ Restructuring Program developed by the Bank. The program provides for achieving the regulatory capital adequacy ratio of at least 12.7% and maintaining this value until 31.03.2026.

The target values of the capital adequacy ratios set by the Bank determine the maximum level of risk acceptable for the Bank (as a percentage of the capital adequacy ratio).

During martial law, the Bank has not committed for any breaches of capital adequacy ratios, since capital serves as the main resource for covering material risks and complies with the current Capitalization/ Restructuring Program.

As of January 1, 2024, the Bank assessed the internal capital adequacy as part of implementation of the Internal Capital Adequacy Assessment Process (ICAAP). Results of the calculations indicate that the economic capital is sufficient to cover all material risks inherent to the Bank. According to results of the capital assessment under the base scenario as maintained by regulatory requirements (from the regulatory perspective), the Bank determined that the current level of capital is adequate to comply with regulatory requirements under the base scenario, taking into account the target capital adequacy levels envisaged by the existing Capitalization/Restructuring Program.

Results of the capital assessment under the regulatory perspective taking into account the adverse scenario indicate a non-material need for capital, considering the necessity of supporting an elevated target level of capital adequacy, which the Bank is capable of covering through its financial performance over the next financial period.

During 2024, the Bank complied with the current Capital Adequacy Support Plan, which provides for monitoring the achievement of a sufficient level of capital based on the results of the ICAAP process through the Bank's financial result, despite changes in tax legislation that determine an increase in the income tax rate for the Ukrainian banking system to 50% of net profit in 2024.

Bank's Dividend Policy

The Bank has not made a decision on dividend distribution since 2004. However, the profit of the current year is the main source of capital formation. Decisions on dividend distribution are made by the General Meeting of Shareholders, taking into account requirements for maintaining the Bank's capital adequacy.

CREDIT RISK

Credit risk is the probability of losses or additional losses, or failure to achieve the planned income due to the borrower/counterparty's failure to fulfill obligations according to the contractual terms.

Credit Risk Management System

The Bank has implemented a comprehensive credit risk management system, which includes identification, measurement, monitoring, control, reporting, and mitigation of credit risk, calculation of provisions and prudential credit risk, loan review, stress testing, credit administration, early identification and management of non-performing assets (NPA), as well as interaction between autonomous structural units and collegial bodies of the Bank in the process of credit risk management.

The goal of credit risk management is to maintain an acceptable level of credit risk and a balance between the risks of active operations and their profitability.

Strategy, Risk Appetite and Limits

The credit risk appetite includes the following:

- the maximum value of the Cost of Risk indicator
- the limit on non-performing assets
- the maximum volume of concentrations by one borrower/group of borrowers, of sectoral, geographical, and product concentrations.

The Bank does not engage in active operations prohibited by the Credit Policy and applies an in-depth analysis of economic feasibility and risk levels of operations where their parameters deviate from those established by the Credit Policy.

Credit risk limits are established to control compliance with business segment limits, taking into account geographic, industry, and product concentration.

Credit Risk Management Tools

The Bank controls, optimizes, and reduces losses arising from credit risk using the following tools:

- establishment of internal credit risk limits aimed at avoiding breaches of credit risk appetite
- underwriting, loan structuring
- adequate and liquid collateral as loan security
- formalization of the lending process and establishment of effective controls over each phase of the operation
- systematic and timely monitoring of the credit portfolio quality, as well as regular monitoring and validation of models used for credit risk identification and assessment
- analysis of trends and values of key risk indicators
- effective management of non-performing loans
- limitation of powers of the relevant collegial bodies/authorized persons in making credit decisions.

LIMIT OF POWERS, UAH MILLIONS

Collegial body/authorized persons	Risk operations		Risk-free operations	
	Working portfolio	NPA portfolio	Working portfolio	NPA portfolio
Supervisory Board	> 1,000	> 850	> 10% of assets according to the latest annual financial statements	> 10% of assets according to the latest annual financial statements
Management Board	≤1,000	≤ 850	≤ 10% of assets according to the latest annual financial statements	≤ 10% of assets according to the latest annual financial statements
Credit Council/ NPA Management Committee	≤ 250 (CSMB) ≤ 50 (RB)	≤ 250 (CSMB) ≤ 50 (RB)	≤ 10,000 (CSMB)	≤ 850 (CSMB) ≤ 50 (RB)
Other collegial bodies/ authorized persons	≤30	-	≤ 250 (CSMB) ≤ 30 (RB)	-

CSMB – Corporate, Small and Medium Business, RB – Retail Business

Delegation of Powers

To ensure efficiency of the credit process and control over credit operation risks, the Bank has implemented a system of delegation of powers for conducting and amending terms of active operations.

The Supervisory Board of the Bank makes decisions regarding execution of active operations. The Supervisory Board has set a limit on the maximum size of an active operation per one counterparty that can be carried out with the decision of the Management Board.

The Management Board established limits on powers of the collegial bodies of the Bank's Management Board/employees of the Bank in order to optimize the credit process, improve business processes, and enhance the internal control system.

Such powers are established in terms of active operations (credit operations, operations with other banks), type of active operation (risky/non-risky), portfolio status (active, non-performing loans), and separately for transactions with related parties to the Bank.

Credit Policy and Transactions with Related Parties

The purpose of the Bank's Credit Policy is to establish general principles and rules for active operations.

The Bank updates its Credit Policy on an annual basis.

The Credit Policy regulates the following issues:

- identifying target markets and lending areas
- determining the principles of the Bank's credit operations to manage credit risks
- establishing eligibility criteria for lending
- establishing principles for managing loan portfolio concentrations
- determining the general terms and conditions on which active transactions should be carried out: price terms, maturity, volumes, types of collateral and the level of collateral (coverage) of debt
- determining the procedure for making decisions on active transactions and delegating authority to conduct active transactions.

The Bank shall carry out lending operations in accordance with the Credit Policy in compliance with the following lending principles:

- appropriate environment for credit risk management
- risk management culture
- prudent lending process
- adequate pricing and balance between risk and return
- adequate assessment, monitoring and control of credit risk
- compliance with applicable laws and regulations.

The Bank continues implementing its sustainable banking strategy, recognizing the importance of enhancing resource efficiency in the Ukrainian economy and achieving energy security, as well as considering the significant untapped potential for investments in sustainable development projects.

The Bank adopts a balanced approach to credit operations with related parties. The Bank identifies the related parties based on the IFRS criteria and the prudential norms. Operations with parties related to the Bank are conducted based on an arm's length basis.

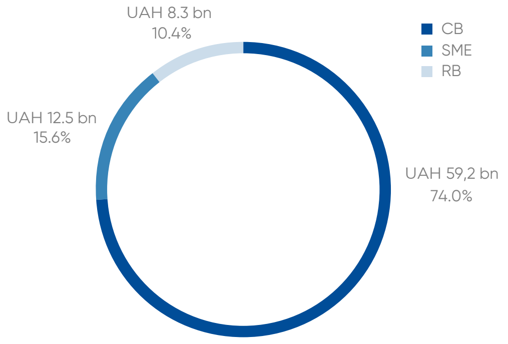
Loan Portfolio

In accordance with the business model and risk profile, the Bank distinguishes the following segments in the structure of its loan portfolio: corporate business (CB), small and medium-sized enterprises (SMEs), and retail business (RB).

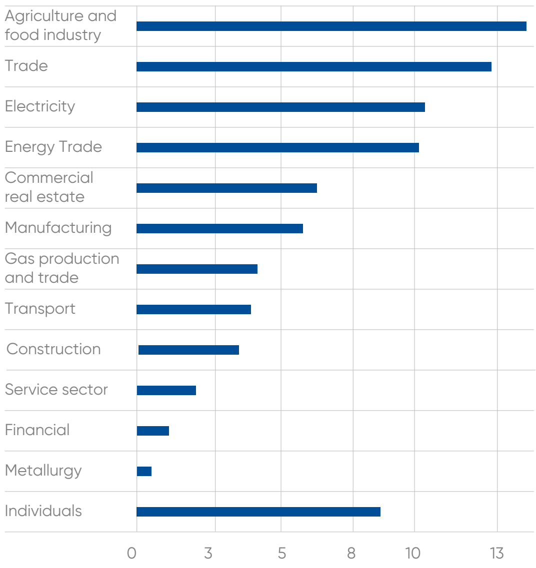
The Bank also segments its loan portfolio by economic sectors. The areas of lending by economic sectors are determined by the Bank based on an individual approach to the sector risk analysis.

The share of non-performing assets in the portfolio increased from 10% at the end of 2021 to 20% at the end of 2024, since the full-scale invasion. After the three years of the full-scale invasion, the uncertainty period regarding the borrowers' business status and their ability to service their debt ended. Either most clients have resumed repaying loans, or some loans have been classified as NPAs.

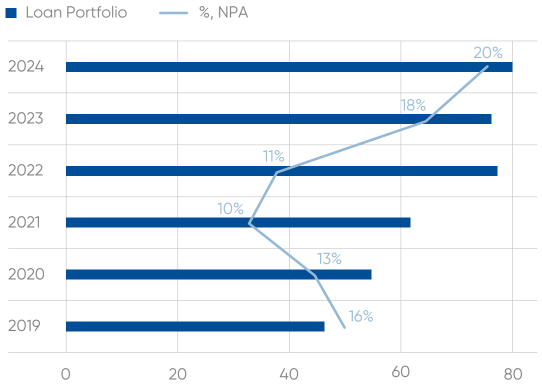
LOAN PORTFOLIO BREAKDOWN, 2024



LOAN PORTFOLIO BREAKDOWN, UAH BILLIONS



LOAN PORTFOLIO AND NPA DEVELOPMENT, UAH BILLIONS



Corporate Business Loan Portfolio

The CB loan portfolio is the largest one in the overall loan portfolio structure. Lending to public sector enterprises is an important component.

As of January 1, 2025 the share of state-owned enterprises in the loan portfolio constituted 27%. Throughout the entire period since the beginning of the full-scale war, the volume of the corporate business loan portfolio has shown positive dynamics. The increase of the portfolio (gross) over 3 years amounted to UAH 12,4 billion (+26,4%), reaching UAH 59,2 billion as of January 1, 2025. Over the last year (2024 vs. 2023), there has been a slight increase of the loan portfolio by UAH 1,1 billion (+2%). The share of non-performing assets as of January 1, 2025, stands at 24% (+ 7% yty) and amounts to UAH 14,5 billion (+UAH 4,6 billion).

As of January 1, 2025, the concentration coefficient of the TOP-20 economic groups is 62%.The share of the top 4 sectors accounts for 63% of the total corporate business portfolio (trade - 18%, energy trading - 16,2%, electric power industry - 15,4% (including renewable energy sources - 9,2%), agriculture and food industry - 13,2%). The concentration coefficient of the corporate business loan portfolio in foreign currency as of January 1, 2025 is 53% (as of January 1, 2024 - 52%).

Small and Medium Business Loan Portfolio

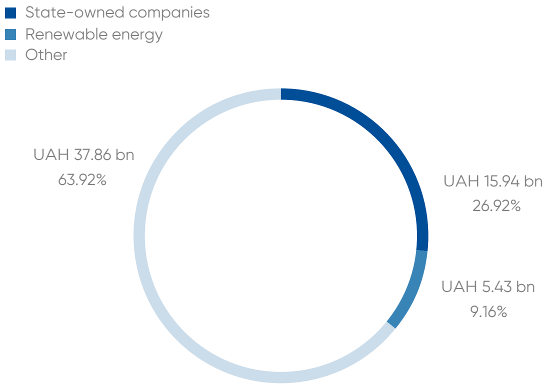
Throughout the entire period since the full-scale war, the volume of the SME loan portfolio has shown positive dynamics. As of the end of 2024, the SME loan portfolio increased by UAH 1,5 billion, reaching UAH 12,5 billion as of January 1, 2025.

As of January 1, 2025, the share of non-performing assets amounted to 11% (- 3,5 p.p. over the year) and totaled UAH 1,38 billion (-0,23 billion). As of January 1, 2025, the amount of loans issued since the onset of martial law stands at UAH 9,6 billion (including UAH 6,0 billion in 2024). The share of non-performing assets in the newly issued loans is 1,4% or UAH 0,13 billion.

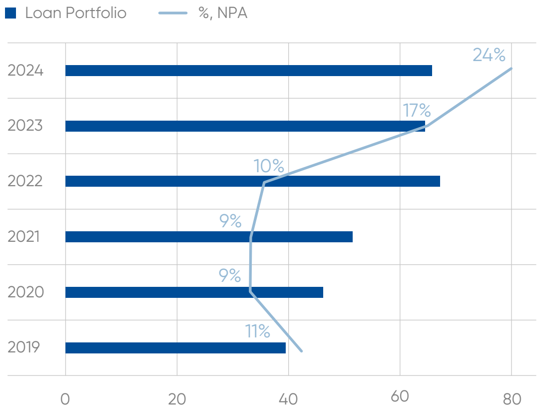
As in the pre-war period, the main driver of the SME loan portfolio is still the state program "Affordable Loans 5-7-9%", aimed at supporting businesses by partial compensation of the loan interest by the state. As of January 1, 2025, the volume of the "Affordable Loans 5-7-9%" portfolio amounted to UAH 8,6 billion (including UAH 4,8 billion in 2024) and constitutes 69% of the total SME loan portfolio. At the same time, the Bank aims to gradually reduce the concentration on the program. Besides it, the program is transformed at state level by limiting the working capital financing and by focusing on investment loans. In addition, in 2024 the limitations of maximum amount of state aid that the borrower can receive was returned.

In addition to the mentioned compensation program, the Bank collaborates with lots of state and international institutions. Specifically, in the SME segment, the Bank uses guarantee facilities of the Cabinet of Ministers of Ukraine (the main driver among guarantee facilities, securing SME loans for a total amount of UAH 4,1 billion or 33% in the overall SME portfolio as of January 1, 2025), the European Investment Bank, the Business Development Fund, the European Bank for Reconstruction and Development, the Partial Credit Guarantee Fund for Agriculture, as well as the mechanism of insurance by the Export Credit Agency.

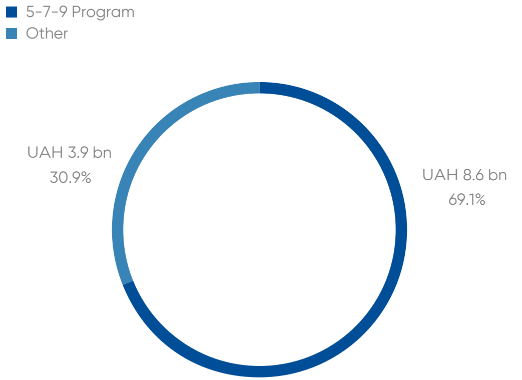
CORPORATE LOAN PORTFOLIO BREAKDOWN, 2024



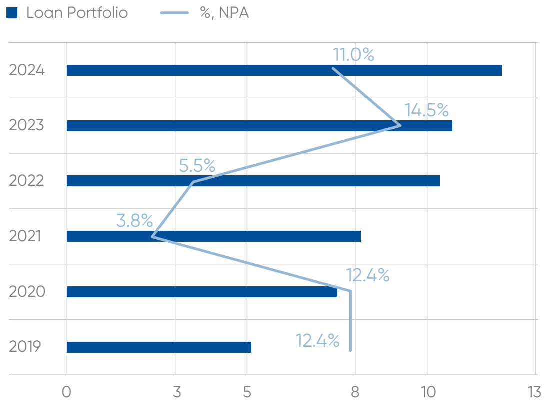
LOAN PORTFOLIO AND NPA DEVELOPMENT, UAH BILLIONS



SME LOAN PORTFOLIO BREAKDOWN, 2024



LOAN PORTFOLIO AND NPA DEVELOPMENT, UAH BILLIONS



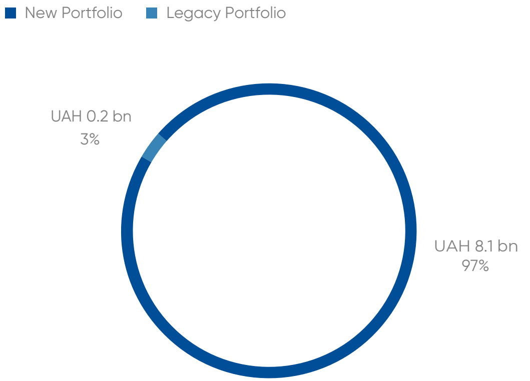
Retail Loan Portfolio

According to the results of 2024, the loan portfolio increased by UAH 1,5 billion and amounted to UAH 8,3 billion as of January 1, 2025, exceeding the pre-war level. As of January 1, 2025, the share of non-performing assets amounts to 6,2%.

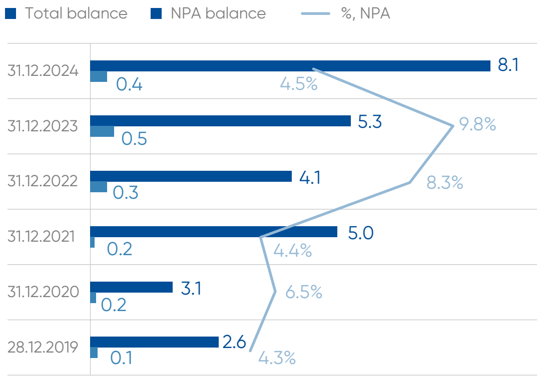
The NPA portfolio primarily consists of a foreign currency mortgage portfolio issued before 2009 (legacy), which is affected by legislative restrictions on property foreclosure and debt recovery, as well as a credit card portfolio issued before February 24, 2022, which has been negative affected by the country's situation.

The main driver of the growth in the RB credit portfolio is lending through the government's mortgage program eOselya. Launched in October 2022 during martial law, eOselya is a key tool for providing Ukrainians with affordable housing and stimulating the national economy.

RETAIL LOAN PORTFOLIO BREAKDOWN BY ORIGINATION PERIOD, 2024



RETAIL* LOAN PORTFOLIO AND NPA DEVELOPMENT, UAH BILLIONS

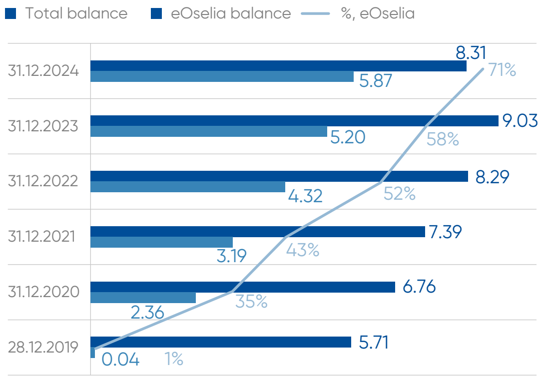


* New loans, excluding legacy portfolio

As of January 1, 2025, the share of mortgage loans under the eOselya program in the total Retail loan portfolio amounted to 71%.

The Bank focuses on digitalization (end-to-end) of the retail lending process, including reducing time-to-yes and utilizing alternative customer service channels, e.g. its mobile application. In the mass segment (unsecured loans), the Bank employs its scoring cards to assess credit risk (including, but not limited to, application scoring, behavior scoring, and EWS scoring models).

eOSELIA MAINTAINS THE TREND OF LONG-TERM LENDING, UAH BILLIONS



Collateral Risk Management

The Bank regularly reevaluates collateral assets and monitors collateral availability and its condition by on-site inspection. Based on the inspection, the responsible employees prepare the relevant reports, which is one of the methods of liquidity risk control and monitoring of changes in the collateral market conditions. The process is structured in such a way that external evaluators conduct the assessment and reassessment, and internal evaluators (bank employees) verify the results. The outsourcing company mainly monitors collateral availability and its condition.

Methods of collateral risk management include the following:

- diversification of collateral assets
- implementation and compliance with requirements regarding acceptability of collateral and determination of its value
- conducting initial assessment and periodic re-evaluation of collateral assets — verification of the asset value
- accreditation of independent appraisers
- monitoring (periodic checks) of collateral assets
- examination of legal documents on the pledge
- collateral insurance
- back-testing of the asset value
- monitoring of replacement (rotation) of the appraiser after two consecutive evaluations of the same property by the same appraiser.

Npa Prevention

To proactively identify and prevent non-performing assets, the Bank implemented an early warning system both on portfolio and individual bases. The early warning system aims at timely identification of instances of failure by a counterparty to fulfill (or improper fulfillment of) its obligations, assessing their impact on creditworthiness of the counterparties, and informing the Bank's structural units involved in the credit process about identified risks. It allows the Bank to adequately evaluate the credit risk level and implement preventive measures.

NPA Management

To manage non-performing assets, the Bank defines non-performing assets as troubled and restructured debts.

Loans with 90+ days past due or other negative factors such as bankruptcy are considered as troubled.

The Bank identifies debt as restructured if the borrower has initiated loan restructuring due to medium- or long-term financial difficulties.

The Problem Asset Management Department handles troubled debt, while the Bank's Restructuring Deportment deals with restructured loans.

The main stages of NPA management are:

- assigning the status of a problem loan to a credit operation and passing it over to the Problem Asset Management Department
- determining a recovery action plan
- recovery.

Recovery methods are standard: out-of-court settlement, remote work, legal proceedings and enforcement, sale of financial assets, and bad debt write-offs.

To manage non-performing assets, the Bank annually develops and approves a non-performing assets management strategy and an operational plan.

During martial law, the Bank does not review the non-performing assets management strategy due to the uncertainties relating to military risks, but it updates its operational plan annually.

The Risk Management Department monitors implementation of the non-performing assets management strategy and execution of the operational plan by the non-performing assets management units.

Specifics of Retail and SME Bad Debts Management

To provide for repayment of overdue debts, the Bank remotely engages with the debtor through telephone calls, SMS messages, informational and motivational letters (including emails), demand letters, and cooperation with collection agencies.

Strategies for managing overdue debts are implemented in terms of products/segments and aimed at maximizing cash collected and minimizing the forward rate.

Provisions and Prudential Credit Risk

Calculation of provisions and prudential credit risk is carried out using expected credit loss models. The Bank separately calculates provisions under IFRS 9 and the prudential credit risk. The net credit risk, defined as the difference between the allowances under IFRS 9 and the prudential credit risk, is allocated to the Bank's capital. Currently, the Bank has no net credit risk.

To measure and effectively manage credit risk, the Bank has implemented a system for collecting and analyzing necessary information regarding credit risk components both at the level of individual counterparties and at the portfolio level. This system is based on the principles and recommendations of the Basel Committee on Banking Supervision. The credit risk is currently assessed as manageable; however, it remains material due to the ongoing full-scale war. Since its onset, the Bank has absorbed the bulk of this risk, with total provisions for active operations amounting to UAH 7 billion, primarily reflected in the 2022 financial statements.

LOAN PORTFOLIO BREAKDOWN 2021-2024, UAH MILLIONS

Type	2021	2022	2023	2024
Total Portfolio	61.77	77.69	75.87	80.05
stage 1 and 2	56.17	58.11	55.80	62.81
stage 3	5.60	19.58	20.07	17.24
Total allowances	5.88	12.93	12.53	12.40
stage 1 and 2	1.88	1.09	0.37	0.84
stage 3 and POCI	4.00	11.85	12.16	11.55
Share of stage 3	9.1%	25.2%	26.5%	21.5%
Allowances for stage 3	105.1%	66.1%	62.5%	71.9%
Corporate Business	46.87	61.20	58.09	59.23
stage 1 and 2	43.19	46.10	42.28	44.36
stage 3	3.68	15.10	15.81	14.87
Total allowances	4.07	9.52	9.69	10.67
stage 1 and 2	1.76	0.84	0.32	0.75
stage 3 and POCI	2.31	8.68	9.37	9.91
Share of stage 3	7.9%	24.7%	27.2%	25.1%
Allowances for stage 3	110.7%	63.0%	61.3%	71.7%
SME Business	8.39	10.78	11.01	12.51
stage 1 and 2	8.00	8.35	8.60	10.59
stage 3	0.39	2.44	2.42	1.92
Total allowances	0.37	1.61	1.36	1.30
stage 1 and 2	0.10	0.14	0.03	0.06
stage 3 and POCI	0.27	1.47	1.33	1.25
Share of stage 3	4.7%	22.6%	21.9%	15.4%
Allowances for stage 3	95.5%	66.2%	56.5%	68.0%
Retail Business	6.51	5.71	6.76	8.31
stage 1 and 2	4.99	3.67	4.92	7.86
stage 3	1.53	2.04	1.84	0.45
Total allowances	1.43	1.80	1.48	0.43
stage 1 and 2	0.02	0.11	0.02	0.04
stage 3 and POCI	1.42	1.69	1.46	0.39
Share of stage 3	23.4%	35.8%	27.2%	5.5%
Allowances for stage 3	94.0%	88.1%	80.3%	94.3%

LIQUIDITY RISK

The 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 its inability to manage unplanned outflows of funds, changes in funding sources, and/or fulfill off-balance sheet obligations.

Strategy, Risk Appetite and Limits

The Bank operates an effective, complex, and appropriate liquidity risk management system that takes into account peculiarities of its business model, scale of activities, types, and complexity of operations, which is integrated into the overall risk management system of the Bank.

Liquidity risk analysis is conducted continuously to make timely and adequate management decisions to mitigate liquidity risk and reduce the size of potential losses, additional losses, failure to achieve planned income, and other liquidity risk factors.

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 duration of the period of full and timely performance by the Bank of its payment obligations during a stress situation, the net stable funding ratio (NSFR), and limits on concentration indicators in liabilities.

The Bank's internal limits are structured to control the maximum liquidity gap for a defined horizon in each significant currency, additional levels are set to control an acceptable level of concentration based on the specific activities of the Bank, and monitoring of the volume of available unencumbered high-quality liquid assets is provided.

The Assets and Liabilities Management Committee manages the liquidity risk.

From 2025, the ILAAP (Internal Liquidity Adequacy Assessment Process) process will be implemented to assess the adequacy of internal liquidity from both economic and regulatory perspectives, including stress scenarios and adverse scenario modelling. The results of this process will be incorporated into the update of the Risk Appetite Statement and other risk management processes at the Bank.

Liquidity Risk Management Process

To limit the liquidity risk, the Bank uses various sources of funding in addition to its main deposit base. The Bank manages liquidity (assesses liquidity within the operational day) 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 is held by determining the Bank's need 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 is held 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.

Key Liquidity Risk Assessment and Measurement Tools

The Bank utilizes the following instruments to evaluate the liquidity risk:

- analysis of compliance with liquidity ratios and mandatory reserve ratios set by the NBU, including control over the structure and changes in liquidity ratios
- analysis of the Bank's liquidity risk within the operating day. The Treasury Department daily generates the payment calendar both for all currencies in general and for significant currencies
- gap analysis, depicting mismatches between the Bank's requirements and obligations (both on-balance sheet and off-balance sheet) by contractual or expected maturity dates. Such discrepancy is assessed by all and significant currencies at specific time intervals as the difference between asset and liability volumes
- concentration analysis of the Bank's obligations by major counterparties, counterparty types, significant instruments, product groups with common characteristics, significant depositors, and other bank creditors — determining the conditionally stable amount of fund balances without a specified maturity, taking into account the concentration risk and outflows of the volatile part of such balances during liquidity assessment
- calculation of the forecasted liquidity imbalance for a certain period taking into account planned information on the main cash flows from customers and assumptions about outflows.

During martial law, the Bank fulfilled all its obligations to clients in a timely manner and in full, and significant client outflows that sometimes occurred were compensated due to available standard instruments of liquidity regulation from the NBU.

The Bank ensures compliance with liquidity risk limits by predictive calculations of liquidity ratios according to the Bank's budget and taking into account expected cash flows.

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 the currency risk (collectively based on instruments of the banking and trading books).

Strategy, Risk Appetite and Limits

The Bank's Market risk appetite for banking book instruments 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 and amounts of expected losses due to the currency risk of instruments in the banking book. Risk appetite for the 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 expected losses on currency risk of instruments of the trading book. The amount of expected losses is calculated according to the Bank's own developed parametric models based on statistical risk assessment models. To monitor achievement of the defined risk appetite, the Bank sets internal risk limits to control the level of utilization of market risk, the value of which is established and controlled by the Asset and Liability Management Committee.

Division into Banking and Trading Positions

The Bank manages the market risk with instruments of the banking and trading books.

The trading book encompasses financial instruments that simultaneously meet the following general criteria:

- no legal constraints on sale or full hedging
- carrying out daily fair value revaluation with the reflection of results through profits/losses
- holding financial instruments in the trading book for further sale within a short period and profiting from short-term price fluctuations
- fixing arbitrage profits or hedging risks from holding instruments to achieve the aforementioned purpose.

Currently, the Bank identifies the following operations in the trading book:

- operations of exchange of foreign currencies/bank metals in the foreign exchange market of Ukraine and international markets
- "swap" operations of exchange of foreign currencies/bank metals in the foreign exchange market of Ukraine and international markets.

To effectively manage market risks and maximize profit from operations with financial instruments classified in the trading book, the Bank established a separate unit - the trading desk.

Main Tools for Assessing and Measuring Market Risk

The Bank measures the market risk by all its types and in terms of each type. In the course of the market risk measurement, the Bank employs assumptions that align with both historical market data and the Bank's statistics.

To assess volatility risk, equity risk, currency risk, and commodity risk, the Bank uses the Value-at-Risk method (VaR) along with the Expected Shortfall (ES) method when necessary. The Bank uses this method to measure the maximum expected loss amount from positions in instruments sensitive to changes in market risk factors over a specified time horizon. Calculation is performed at least once a month by the risk management department.

When measuring VaR and ES for market risk positions, the following minimum numerical characteristics are ensured:

- confidence probability - no lower than 99% for VaR and 97.5% for ES
- depth of statistical sample - not less than 250 observations for a period not less than one calendar year.

Due to the current methodological approaches regarding calculation of prudential limits for open currency positions under the NBU requirements and restrictions during martial law to stabilize the situation in the currency market, the Bank has limited access to currency risk management tools and forcibly maintains a short open position. The Bank lays the corresponding increased currency risks when determining risk appetite and considers the limited requirements for market risk management when assessing the Bank's capital.

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.

The types of interest rate risk:

- the gap risk that arises due to differences in maturity terms (for instruments with fixed interest rates) or changes in the value of the interest rate index (for instruments with a floating interest rate) of assets, liabilities, and off balance sheet positions of the banking book. The Bank calculates the gap risk, taking into account parallel/non-parallel shifts in yield curves
- basis risk, which arises from the lack of a sufficiently close link between adjustment of rates received and paid on different instruments, all other revaluation characteristics being equal
- optionality risk that arises from the Bank's operations with options (automatic optionality risk) or presence of built-in options in the Bank's standard products (behavioral optionality risk).

This risk affects the Bank's profitability and the economic value of its assets, liabilities, and off balance sheet instruments.

Risk Appetite and Limits

Risk appetite for the 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.

To monitor achievement of the defined risk appetite, the Bank sets internal risk limits to control the level of interest rate risk utilization of the banking book, including as a relative value from the planned annual net interest income according to the Budget and the size of the Bank's regulatory capital.

Main Tools for Assessing and Measuring Interest Rate Risk

The Bank measures the interest rate risk as the amount of change in the economic value of the Bank's equity (EVE) and the Bank's net interest income (NII) methods based on a complete and economically justified list of interest rate changes, including under stress scenarios.

To assess the interest rate risk, the Bank uses the following tools (but not exclusively):

- gap analysis – to assess the change in the Bank's net interest income
- method of modified duration - to estimate the change in the economic value of the Bank's equity.

At least four interest rate change scenarios are used to measure EVE and NII sensitivities:

- parallel shock up
- parallel shock down
- short rates shock up
- short rates shock down.

The Bank seeks to minimize the interest rate risk by controlling the level of revaluation of active operations by providing loans at floating rates and taking into account the expected trends regarding the direction of the key rate movement. Thus, more than half of the working loan portfolio of the Bank as of the reporting date (60%) consisted of loans with floating rates based on the 12-month UIRD, 3-month UIRD, and the NBU discount rate.

The Bank sets tariffs for active operations taking into account the cost of funding, coverage of administrative costs, risk premium and profit margin.

OPERATIONAL RISK

The 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 internal processes, willful or negligent acts by the staff or others, failures of information systems or due to external events.

The operational risk includes legal risk, information security risk, information and communication technology risk.

The goal of the operational risk management at the Bank is to establish a comprehensive system corresponding to the size, business model, scale of operations, types, complexity of Bank activities, and an effective operational risk management fully integrated with the overall risk management system of the Bank.

This system ensures ongoing analysis of the operational risk to make timely and adequate managerial decisions aimed at mitigating the operational risk and reducing occurrence of losses/sanctions, additional losses or a failure to obtain planned income.

Risk Appetite

Risk appetite for the operational risk includes:

- the ratio of the maximum amount of losses from operational risk incidents during the next 12 months to the regulatory capital of the Bank.

Regardless of the cost of the incident and the amount of potential loss the Bank is intolerant of operational risks associated with internal fraud incidents.

According to the available statistics in the Bank the level of operational risk is controlled and the Bank does not incur significant direct losses from operational risk incidents. Thus, in particular, in 2024, direct losses from operational risk amounted to UAH 3.17 million, which is 0.02% of regulatory capital. In terms of the number of incidents, the Bank records the most ICT risk incidents, which nevertheless do not have a significant financial impact on the Bank.

DEVELOPMENT OF OPERATIONAL RISK APPETITE

Period	Losses, UAH millions	Regulatory Capital, UAH billions	Losses to Regulatory Capital Ratio, %
2023	3.00	11.37	0.03
2024	3.17	13.02	0.02

Main Tools for Assessing and Measuring Operational Risk

The Bank carries out effective operational risk management using the following tools for assessing and measuring it:

- analysis of results of external and internal inspections
- maintenance of the incident database and its analysis. The Bank is introducing a common database of operational and compliance risk incidents. Incidents with both operational risk and compliance risk characteristics are identified in the Database as cross-risk incidents
- monitoring of key risk indicators
- self-assessment of the operational risk
- scenario analysis - forming a judgment regarding determination of possible unlikely operational risk events with significant consequences for the bank and their quantitative assessment based on the expert opinion of the first and second line of defense units.

The Bank regularly, at least once a year, carries out stress testing of the operational risk in order to identify the causes of possible losses due to the operational risk and assess compliance of the results of stress testing with the established level of risk appetite for the operational risk.

Operational Risk Management During the War

Since the beginning of the war, the realization of operational risk has been associated in particular with:

- an increase in cases of loss/damage to property as a result of armed aggression
- the need to incur additional costs to ensure system fault tolerance in new conditions (such as lockdown/damage to communication channels, etc.): building additional data centers, backing up data, providing backup workstations in the cloud
- cyber threats, attempts at unauthorized access to banking systems
- closing/relocating branches in the area of active shelling to ensure the safety of personnel.

The Bank pays special attention to information security risk management. Thanks to the controls implemented by the Bank, the increase in the number of DDos attacks on the banking sector did not affect the Bank and all attacks were repelled.

The Bank focuses its attention on ensuring backup of data centers and all IT systems and services to ensure continuous operation and minimize recovery time in the event of incidents.

The effective information and communication technology risk management is ensured in particular by:

- creation of a new backup data center and placement of data centers in different regions of Ukraine
- creation of a third (additional) data center in the cloud (AWS)
- provision of data backup
- debugging and testing of cloud and remote backup workplaces
- development and testing of scenarios for data center unavailability and transfer of all information and communication technology risk systems and services to another data center
- improving the monitoring system of availability and performance of information and communication technology risk systems
- provision of information exchange with connection to the portal of the National Bank's Cyber Protection Center.

Business Continuity Plan (BCP)

The Bank successfully implemented the business continuity plan, which had been approved by the Supervisory Board.

The Bank has developed an Action Plan for JSB "UKRGASBANK" in the conditions of a special period of operation of the banking system of Ukraine, which ensures continuous operation in the conditions of a special period. Depending on the potential threat and/or actual impact on the financial services market of Ukraine, the Bank may operate in one of three operating modes:

- high-readiness mode
- limited mode
- critical mode.

A separate detailed action plan has been developed for each mode.

The Bank takes all necessary measures to ensure continuity of work in the conditions of martial law, including within the framework of the large-scale project of the National Bank of Ukraine on POWER BANKING.

To ensure continuity of the Bank's activities, the Bank, in particular, took the following steps:

- equipped all basic branches with generators
- purchased Starlink devices for branches for situations where there is no connection
- built backup locations for critical workers
- provided all critical staff with backup workplaces in the cloud or on backup servers
- monitors daily the availability of communication channels, ATMs, and POS terminals, and timeliness of branch opening.

Addressing Compliance Risks

COMPLIANCE FRAMEWORK AND GOVERNANCE

UGB places the highest value on its reputation as a trustworthy and transparent financial institution. The Bank is steadfastly committed to conducting its operations in strict adherence to current Ukrainian legislation, relevant international standards, internal policies and procedures, applicable market standards, and the highest ethical norms of business conduct. This commitment underpins the trust placed in the Bank by its customers, shareholders, regulators, and the wider community.

To ensure these principles are consistently upheld, the Bank has established a dedicated and independent Compliance Department. This department monitors the Bank's adherence to regulations, internal procedures, and ethical standards, focusing on customer protection, anti-money laundering (AML), counter-financing of terrorism (CFT), and promoting ethical conduct. Led by the Chief Compliance Officer, who also serves as the designated employee responsible for financial monitoring (AML/CFT), the department operates autonomously from business units and reports directly to the Supervisory Board, ensuring functional independence and objective oversight. The CCO regularly updates the Supervisory Board on the Bank's compliance posture, adherence levels, and significant potential risks in the compliance and AML/CFT domains.

This commitment is deeply embedded within the Bank's governance. The Supervisory Board holds ultimate responsibility for establishing and overseeing a comprehensive, adequate, and effective risk management system, including the compliance and AML/CFT frameworks and related risk profile assessments. The Management Board bears direct responsibility for day-to-day risk management, ensuring adherence to the Bank's risk appetite, legal and regulatory requirements, internal policies, and enforcing procedures and controls.

UGB manages compliance risk through a systematic framework based on the internationally recognized Three Lines of Defense model:

- **First Line:** Business and operational units, which own and manage risks arising from their daily activities
- **Second Line:** Independent oversight functions performed by the Risk Management and Compliance Departments
- **Third Line:** Independent assurance provided by the Internal Audit Department.

This structured approach ensures compliance is integral to the Bank's operations, supported by adequate resources, including personnel, technology, and training.

FOCUS ON ANTI-MONEY LAUNDERING/COUNTER-FINANCING OF TERRORISM (AML/CFT)

AML/CFT prevention is integral to the Bank's risk management framework and daily operations. UGB rigorously evaluates client relationships and monitors transactions to identify and address potential risks associated with financial crime. Suspicious transactions undergo thorough investigation and are promptly reported to the appropriate authorities as required by law. The Bank maintains a zero-tolerance policy towards financial crime and collaborates fully with state authorities, providing comprehensive support.

Continuous Enhancement in 2024
GRI 2–5

In 2024, UGB actively continued to enhance its Compliance and AML/CFT functions, incorporating recommendations from independent expert reviews by Deloitte and E&Y, internal audits, regulatory guidance from the National Bank of Ukraine, and operational experience. Key developments during the year included:

- **Strengthening Governance and Frameworks:** The Bank implemented a new conceptual framework for its internal control system (ICS), embedding updated requirements into key governing documents. A dedicated AML/CFT/CPF Risk Management Committee was established at the Management Board level to enhance operational risk oversight in this critical area. Furthermore, methodologies for defining compliance risk appetite and assessing the institutional AML/CFT risk profile were developed or significantly improved. A comprehensive review led to updates across the internal policy suite governing compliance, AML/CFT, ethics (including the Code of Ethics), internal controls (Policy on the Organization of the ICS), and sanctions implementation, alongside improvements to regulatory change management processes
- **Improving Controls and Monitoring:** Internal controls were bolstered by refining the Compliance Risk Incident Database for better tracking and analysis, and establishing preventive Key Risk Indicators. Procedures for adverse media screening for clients were also enhanced
- **Leveraging Automation:** Significant focus was placed on automation, configuring processes for more efficient compliance and AML/CFT risk management. Financial monitoring systems were further automated and enhanced for continuous transaction analysis, client relationship reviews (for risk assessment and data updates), and improved transaction and sanctions screening capabilities
- **Building Capacity and Culture:** Efforts to reinforce a strong compliance culture included active engagement with the Supervisory and Management Boards to set the 'tone at the top'. Staffing levels within the Compliance department were also increased to ensure adequate capacity.

COMPLIANCE AND AML/CFT TRAINING AND AWARENESS

Fostering awareness is crucial for an effective compliance culture. In 2024, UGB continued its comprehensive training program for managers and employees, conducted according to structured internal programs and annual plans. Training sessions delivered throughout the year covered key subjects, including: Ethics, Conduct, and Anti-Corruption; Compliance Risk and Internal Controls; and AML/CFT and Financial Crime Prevention.

Training sessions are conducted both online and in person, with mandatory participation for relevant employees at least annually. Specific monthly training addresses AML/CFT responsibilities, while the compliance department provides weekly updates on relevant legislative, regulatory, and internal policy changes. This continuous training ensures Bank personnel remain knowledgeable about current requirements and best practices, reinforcing UGB's dedication to upholding high standards of compliance and integrity.

FINANCIAL STATEMENTS AND NOTES, INDEPENDENT AUDITORS' REPORT

Contents

STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(UAH thousands)

	Notes	31 December 2024	31 December 2023
Assets			
Cash and cash equivalents	7	67,276,990	49,749,451
Loans and other balances with banks	8	1,424,266	1,633,211
Loans and advances to customers	9	67,649,476	63,332,947
Investments in securities	10	59,491,216	55,728,665
Derivative financial assets	11	1,827	2,933
Investment property	12	346,362	154,269
Current tax assets		–	1,070,155
Deferred tax assets	13	230,531	54,449
Property, equipment and intangible assets	14	1,217,319	1,225,785
Right-of-use assets	15	110,731	138,631
Other financial assets	16	738,138	2,112,157
Other non-financial assets	16	414,093	664,730
Total assets		**198,900,949**	**175,867,383**
Liabilities			
Due to banks	17	3,495,409	2,794,957
Due to customers	18	166,650,480	154,133,564
Derivative financial liabilities	11	1,285	20,376
Other borrowed funds	19	8,452,594	5,579,937
Provisions	21		
Provisions for loan commitments and financial guarantee contracts		528,777	677,152
Other provisions		149,786	153,335
Other financial liabilities	16	1,372,557	648,999
Other non-financial liabilities	16	1,122,918	613,411
Current tax liabilities		917,254	–
Total liabilities		**182,691,060**	**164,621,731**
Equity			
Issued capital	20	13,837,000	13,837,000
Share premium		135,942	135,942
Result from transactions with the shareholder		(1,102,304)	(1,102,304)
Treasury shares		(518,439)	(518,439)
Reserve and other funds of a bank		1,161,419	967,777
Other reserves	20	3,059,044	1,528,277
Retained earnings		(362,773)	(3,602,601)
Total equity		**16,209,889**	**11,245,652**
Total equity and liabilities		**198,900,949**	**175,867,383**

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 2025

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The accompanying notes on pages 75 to 127 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

(UAH thousands)

	Notes	2024	2023
Interest income		**20,756,717**	**17,369,733**
Interest revenue calculated using effective interest method	24	20,641,557	17,300,343
Other interest income		115,160	69,390
Commission income	22	2,312,281	2,260,965
Interest expense	25	(10,625,247)	(10,690,068)
Commission expense	22	(948,789)	(964,194)
Net gain (loss) on operations with financial instruments at fair value through profit or loss		22,453	267,157
Net gain on operations with debt financial instruments, at fair value through other comprehensive income		373,908	72,374
Net gain (loss) from trading in foreign currencies		311,780	260,318
Net gain from revaluation of foreign exchange		135	274,865
Net (loss) gain from revaluation of investment property		(19,853)	(2,097)
Impairment loss determined in accordance with IFRS 9	7, 8, 9, 10, 26	(1,124,142)	(167,519)
Other gains	23	324,024	448,147
Employee benefits expense	28	(3,757,852)	(2,941,919)
Depreciation and amortisation expense	14, 15	(480,528)	(427,404)
Other administrative and operating expense	28	(1,274,911)	(1,068,390)
Impairment gain (impairment loss) for non-financial assets	27	43,290	(24,010)
Profit from operating activities		**5,913,266**	**4,667,958**
Loss arising from derecognition of financial assets measured at amortised cost		(110)	(7,055)
Profit before income tax		**5,913,156**	**4,660,903**
Tax income (expense)	13	(2,496,685)	(2,724,477)
Profit		**3,416,471**	**1,936,426**

The accompanying notes on pages 75 to 127 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(continued)

	Notes	2024	2023
Statement of Comprehensive Income			
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit or loss, before income tax			
Other comprehensive income, before income tax, (losses) gains on revaluation of property, plant and equipment, right-of-use assets and intangible assets	20	10,460	(24,092)
Total other comprehensive income (loss) that will not be reclassified to profit or loss, before income tax		**10,460**	**(24,092)**
Components of other comprehensive income that will be reclassified to profit or loss, before income tax			
Net change in fair value of debt instruments at fair value through other comprehensive income	20	1,675,648	2,056,063
Reclassification of cumulative (gain)/loss on disposal of debt instruments at fair value through other comprehensive income to profit or loss	20	(373,908)	(72,374)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	20	550,200	306,476
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	20	7	(1,480)
Total other comprehensive income that will be reclassified to profit or loss, before income tax		**1,851,947**	**2,288,685**
Total other comprehensive income, before income tax		**1,862,407**	**2,264,593**
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	(8,403)	(6,451)
Income taxes (expense) / reimbursement related to financial assets measured at fair value through other comprehensive income included in other comprehensive income	20	(306,238)	134,962
Total other comprehensive income		**1,547,766**	**2,393,104**
Total comprehensive income		**4,964,237**	**4,329,530**
Weighted average number of shares (in thousands)		13,837,000	13,837,000
Basic earnings/(loss) per share (in UAH)		0.25	0.14

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15 March 2025

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The accompanying notes on pages 75 to 127 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

(UAH thousands)

	Notes	Issued capital	Share premium	Result from transactions with the shareholder	Treasury shares	Reserve and other funds of a bank	Other reserves: Revaluation surplus	Other reserves: Reserve of gains and losses on financial assets measured at fair value through other comprehensive income	Other reserves: Reserve of gains and losses from investments in equity instruments	Retained earnings	Total equity
As at 1 January 2023		**13,837,000**	**135,942**	**(1,102,304)**	**(518,439)**	**967,777**	**233,920**	**(1,096,436)**	**(1,925)**	**(5,539,413)**	**6,916,122**
Profit		–	–	–	–	–	–	–	–	1,936,426	**1,936,426**
Other comprehensive income	20	–	–	–	–	–	(30,543)	2,425,127	(1,480)	–	**2,393,104**
Comprehensive income		–	–	–	–	–	*(30,543)*	*2,425,127*	*(1,480)*	*1,936,426*	***4,329,530***
Increase (decrease) through other changes, equity	20	–	–	–	–	–	(386)	–	–	386	**–**
As at 31 December 2024		**13,837,000**	**135,942**	**(1,102,304)**	**(518,439)**	**967,777**	**202,991**	**1,328,691**	**(3,405)**	**(3,602,601)**	**11,245,652**
Profit		–	–	–	–	–	–	–	–	3,416,471	**3,416,471**
Other comprehensive income	20	–	–	–	–	–	2,057	1,545,702	7	–	**1,547,766**
Comprehensive income		–	–	–	–	–	*2,057*	*1,545,702*	*7*	*3,416,471*	***4,964,237***
Increase (decrease) through other changes, equity	20	–	–	–	–	–	(16,999)	–	–	16,999	**–**
Distribution of previous year's profit		–	–	–	–	193,642	–	–	–	(193,642)	**–**
As at 31 December 2025		**13,837,000**	**135,942**	**(1,102,304)**	**(518,439)**	**1,161,419**	**188,049**	**2,874,393**	**(3,398)**	**(362,773)**	**16,209,889**

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 2025

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The accompanying notes on pages 75 to 127 are an integral part of these financial statements.

Translation from Ukrainian original

PUBLIC JOINT-STOCK COMPANY
JOINT STOCK BANK "UKRGASBANK" Financial statements for 2024

STATEMENT OF CASH FLOWS (direct method)
for the year ended 31 December 2024

(UAH thousands)

	Notes	2024	2023
Cash flows from (used in) operating activities			
Interest received		21,893,916	17,160,741
Interest paid		(10,734,642)	(10,434,164)
Fees and commissions received		2,318,558	2,301,100
Fees and commissions paid		(948,789)	(964,195)
Net gain (loss) from trading in foreign currencies		311,780	260,318
Result on operations with derivative financial instruments		5,571	301,799
Other gains received		357,858	359,104
Employee benefits expense		(3,294,820)	(2,799,220)
Other administrative and operating expense		(1,282,216)	(1,049,553)
Cash flows from (used in) operating activities before changes in operating assets and liabilities		**8,627,216**	**5,135,930**
Net increase/(decrease) in operating assets			
Loans and other balances with banks		282,014	820,557
Loans and advances to customers		(3,074,417)	2,511,647
Other assets		128,889	(1,042,486)
Net increase/(decrease) in operating liabilities			
Due to banks		592,230	(2,854,665)
Due to customers		9,228,014	38,747,368
Other liabilities		1,250,675	169,723
Net cash flows from (used in) operating activities before income taxes		**17,034,621**	**43,488,074**
Income taxes paid		(1,000,000)	(1,000,000)
Net cash flows from (used in) operating activities		**16,034,621**	**42,488,074**
Cash flows from (used in) investing activities			
Acquisition of securities		(78,432,240)	(92,830,478)
Proceeds on sale and repayment of securities		76,020,702	62,678,031
Acquisition of property and equipment and intangible assets		(367,703)	(354,403)
Proceeds on disposal of property and equipment		209	1,434
Proceeds on investment property		58,923	12,654
Proceeds on disposal of other property	16	21,633	2,012
Net cash flows from (used in) investing activities		**(2,698,476)**	**(30,490,750)**
Cash flows from (used in) financing activities			
Proceeds of borrowed funds from credit institutions	34	4,065,410	2,360,603
Repayment of borrowed funds from credit institutions	34	(1,307,833)	(439,957)
Repayment of borrowed funds from the National Bank of Ukraine	34	–	(1,000,000)
Repayment of lease liability principal amount	34	(76,686)	(81,305)
Net cash flows from (used in) financing activities		**2,680,891**	**839,341**
Effect of exchange rate changes on cash and cash equivalents		1,509,108	1,567,582
Effect of expected credit losses on cash and cash equivalents		1,395	(1,583)
Net increase/(decrease) in cash and cash equivalents		**17,527,539**	**14,402,664**
Cash and cash equivalents at the beginning of the period		**49,749,451**	**35,346,787**
Cash and cash equivalents at the end of the period	7	**67,276,990**	**49,749,451**

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 2025

V. Usenko
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The accompanying notes on pages 75 to 127 are an integral part of these financial statements.

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 2024, the Bank's network consisted of 215 registered outlets (including 214 operating outlets) (2023: 223 registered outlets, including 220 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 2024 and 31 December 2023, the Bank's issued shares were held by the following shareholders:

Shareholder	*31 December 2024, %*	*31 December 2023, %*
Ministry of Finance of Ukraine	94.94	94.94
Other	5.06	5.06
Total	**100.00**	**100.00**

As at 31 December 2024 and 31 December 2023, 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 4 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. Two 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), doctor of economic sciences and commerce (Enrica RIMOLDI). 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 2025.

2. Operating environment

The Bank is exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Ukraine.

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 dislocation of the population, damage to infrastructure, electricity outages, and overall significant disruption to economic activity in Ukraine. This 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 9 May 2025.

In 2023 and 2024, active military actions remain intense, albeit concentrated in eastern and southern Ukraine, and the Autonomous Republic of Crimea and the major parts of Donetsk, Luhansk, Kherson and Zaporizhzhia regions under occupation. In addition, from October 2022, the russian federation began missile and drone attacks affecting the power grid and other critical civilian infrastructure all over Ukraine.

Despite the ongoing war, the economy remains resilient. In January 2024, the National Bank of Ukraine (hereinafter also referred to as the NBU) downgraded its forecast for real GDP growth for 2024 to 3.4%. Annual inflation increased to 12% in 2024. There were also some reductions in the NBU discount rate from 15% to 14.5%. However, economic growth is expected to slow in 2025 due to a tightening labor market, ongoing attacks by the russian federation on Ukraine's energy infrastructure, and a budget deficit. The overall outlook is subject to significant risks, primarily stemming from the exceptionally high uncertainty caused resulting from war, potential delays or shortfalls in external financing, and results of peace negotiations.

With the beginning of war, 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, the Ukrainian hryvnia (UAH) lacks exchangeability and is not freely convertible.

After invasion, all global rating agencies lowered Ukraine's ratings. As at 31 December 2024, the ratings are as follows:

- Fitch: Long-term foreign currency issuer default rating is RD and long-term local currency issuer default rating is CCC+;
- Moody's: Long-term foreign and local currency issuer default rating is Ca;
- S&P: Long-term foreign currency issuer default rating - SD and long-term local currency issuer default rating is CCC+. In December 2024, amendments were made to the Tax Code of Ukraine, which set the profit tax rate for banks based on the results of 2024 at 50%, and starting from 2025, the profit tax rate at 25%. The profit tax rate for the 2023 results was set at 50%.

In accordance with 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 involved in work (operations) in the conditions of a special period.

3. Basis of preparation

(A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding 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.

As at 31 December 2024, 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 56% of the Bank's network of operating outlets (215 outlets). In addition to the main outlets, other outlets of the Bank are equipped with generators and backup communication channels (220 operating outlets).

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 2025.

In 2024, the Bank developed a three-year business model of JSC "UKRGASBANK" for 2025-2027, and currently, the Bank is developing the Strategy of JSC "UKRGASBANK" for 2025-2030 with the involvement of an internationally recognized consulting company.

As at 31 December 2024, the total amount of cash and cash equivalents is UAH 67,276,990 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 8,452,594 thousand. The Bank has received all the necessary waiver letters from 2 creditors until the end of 2024 in which the creditors stated that they will not claim the loans for early repayment (Note 19 and 29). As at 31 December 2024, the Bank did not receive waiver letters from the other 4 creditors for the loans in the amount of UAH 2,126,219 thousand. As at the date of approval of these financial statements, the lenders have provided neither claims for early repayment of debt. The Bank is in constant communication with creditors and does not expects to receive from creditors demand letters for early repayment of received loans. But the Bank has sufficient funds to continue its uninterrupted activities and will not require additional financing for settlement of these loans.

The Bank received a letter of refusal from the request for early repayment of the loan due to non -compliance with the terms of the loan agreement from 1 creditor for the period until 31 December 2025 for a loan in the amount of UAH 293,206 thousand. The bank also received a letter of refusal from another creditor to demand early repayment of the loan due to non-compliance with the terms of the loan agreement, for the period until the end of the loan agreement, for a loan in the amount of UAH 6,033,169 thousand.

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 approved by the NBU on 26 March 2024. As at 31 December 2024, the Bank complies with the capitalization program.

As at 31 December 2024 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.

As of the date of authorisation of these financial statements for issuance, further developments regarding the Minerals Agreement between Ukraine and the United States, as well as future military, financial and non-financial aid from the United States, remain uncertain.

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.

(D) 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 2024. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New standards, interpretations and amendments that entered into force on 1 January 2024

- 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 Terms";
- Amendments to IFRS 16 "Leases" – "Lease Liabilities in Sale and Leaseback Transactions";
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – "Supplier Financing Arrangements".

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current and Non-Current. It is clarified that a liability is classified as non-current if the entity has the right to defer 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 defer settlement of the liability is conditional on the entity fulfilling certain conditions, then such a right exists at the end of the reporting period only if the entity has fulfilled t hose conditions at the end of the reporting period. It is necessary to fulfill those conditions at the end of the reporting period, even if the creditor checks their fulfillment later. The classification of a 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 from a loan agreement as non-current if the entity's right to defer repayment of those liabilities is conditional on the entity fulfilling 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 financial statements to understand the risk that liabilities may become recoverable within 12 months after the end of the reporting period: a) information about the special conditions (including the nature of the special conditions and when the entity is required to fulfill them) and the carrying amount of the related liabilities; (b) facts and circumstances, if any, that indicate that it may be difficult for the entity to comply with the special conditions: for example, that the entity has taken actions during or after the reporting period to avoid or limit the effects of a potential breach.

These changes did not have a significant impact on the Bank's financial statements for 2024.

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:

Currency	*31 December 2024*	*31 December 2023*
USD	42.0390	37.9824
EUR	43.9266	42.2079

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.

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 expected credit losses 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 expected credit losses requirements.

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 expected credit losses allowance amount and the initially recognised amount less, where appropriate, the amortisation of accumulated income.

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 are 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 INSTRUMENT

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.

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 USD 5 thousand according to the official exchange rate of the NBU on the date of the conclusion of the lease agreement). 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.

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. Expected credit losses 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.

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.

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 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:

	Years
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).

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.

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 calculat-ed 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 financ ial 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 arrange-ment 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.

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) represent-ed 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 standards that entered into force on 1 January 2025

From 1 January 2025, amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – "Impossibility of Exchange" are mandatory, with early application permitted.

The Bank expects that this change mentioned above shall not have a significant impact on the financial statements. New standards that entered into force on 1 January 2026

Amendments to IFRS 7 "Financial Instruments: Disclosures" and IFRS 9 "Financial Instruments": "Amendments to the Classification and Measurement of Financial Instruments" come into force from 1 January 2026. The amendments relate to the requirements for settling financial liabilities using electronic payment systems and assessing the contractual cash flow characteristics of financial assets, including those related to environmental, social and governance (ESG) aspects. In addition, the disclosure requirements for investments in equity instruments designated as at fair value through other comprehensive income have been changed, and disclosure requirements have been added for financial instruments with conditional characteristics that do not directly relate to underlying credit risks and losses.

"Annual Improvements to IFRS Accounting Standards" – Volume 11, effective for annual periods beginning on or after 1 January 2026. Early application is permitted.

The changes are minor, but entities need to consider the extent of the impact to ensure that they result in a change in accounting policy.

These amendments are made to:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards". In particular, amendments have been made to IFRS 1 to ensure its compliance with the requirements of IFRS 9 "Financial Instruments", cross-references have been added to improve the clarity of IFRS 1. According to the amendments, entities should not reflect in their first IFRS statement of financial position any hedging relationships that do not meet the criteria for hedge accounting under IFRS 9;
- IFRS 7 "Financial Instruments: Disclosures". The amendments concern the disclosure of information related to the recognition of differences between the transaction price and fair value at the date of initial recognition. The amendments have been made to align the wording of the provisions of the Guidance on the implementation of IFRS 7 "Financial Instruments: Disclosures" with the relevant provisions of IFRS 7 and the concepts of IFRS 9 and IFRS 13;
- IFRS 9 "Financial Instruments". The amendments relate to the termination of lease obligations by a lessee in accordance with the requirements of IFRS 9.

- The term "transaction price" has also been excluded from some provisions of IFRS 7 to eliminate inconsistencies between IFRS 7 and IFRS 9, IFRS 15;
- IFRS 10 "Consolidated Financial Statements". The amendments are made to eliminate inconsistencies between paragraphs of IFRS 10 to clarify that the relationship described in paragraph B74 is only one example of a circumstance in which judgment is required to determine whether a party is acting as a de facto agent or not;
- IAS 7 "Cash Flow Statement". The amendment is to update the terminology in IAS 7 "Cash Flow Statement" regarding cash flows related to investments in subsidiaries, associates and joint ventures.

The amendments "Contracts Referencing Nature-dependent Electricity" to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" are effective for annual periods beginning on or after 1 January 2026. Early application is permitted.

The Bank expects that the other amendments described above will not have a material impact on the financial statements. New standards that entered into force on 1 January 2027

IFRS 18 "Presentation and Disclosure in Financial Statements" The new accounting standard IFRS 18 "Presentation and Disclosure in Financial Statements" replaces IAS 1 "Presentation of Financial Statements".

IFRS 18 establishes requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) in order to ensure the provision of relevant information that faithfully reflects the assets, liabilities, equity, income and expenses of an entity.

The implementation of IFRS 18 will not affect the net profit of the entity, but will only change the way the results are presented in the statement of profit or loss and other comprehensive income and in the notes to the financial statements. IFRS 18 standardizes the presentation formats for financial results, eliminating the differences that previously made it difficult to compare financial results between different companies, and introduces the term "operating profit" as an important indicator for assessing operating results. The standard requires companies to clearly allocate income and expenses into categories such as operating, investing and financing, taking into account the presence of specific types of main activities. The new standard defines and requires entities to disclose performance indicators determined by management (management performance indicators), for which information on their agreement / reconciliation with the most directly comparable interim financial results, the presentation of which is required by IFRS 18, and as part of the financial statements will be subject to mandatory audit. The standard also establishes improved requirements for the aggregation and disaggregation of information in the main financial statements and / or notes. IFRS 18 aims to improve the quality of reporting by entities, increase the level of confidence from investors and other users, and ensure consistency of information for analysis and comparison. Entities should begin studying and preparing for reporting under the new standard, primarily by determining the impact assessment, reviewing accounting policies, data aggregation, and adapting systems and processes for preparing financial statements.

IFRS 19 Non-Publicly Reported Subsidiaries: Disclosures. Early application is permitted.

IFRS 19 simplifies the reporting processes for subsidiaries within the scope of IFRS 19, reducing costs and maintaining the usefulness of financial statements for its users.

IFRS 19 allows subsidiaries to prepare only one set of reports to meet the needs of both the parent company and the needs of its own financial statement users, reducing the disclosure requirements of subsidiaries. A subsidiary is entitled to apply IFRS 19 if: the subsidiary is not publicly reported / publicly accountable (i.e. its debt obligations or equity instruments are not traded in a public market or in the process of being issued for trading in a public market) and is not a financial institution; and the intermediate or ultimate parent prepares consolidated financial statements that are available for public use and comply with IFRS.

The introduction of IFRS 19 will result in amendments to other IFRS accounting standards.

The Bank expects that the other amendments described above will not have a material impact on the financial statements, except IFRS 18 regarding the impact on disclosure and presentation.

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. Al though 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.

Going concern

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).

KEY ESTIMATES IN APPLYING ACCOUNTING POLICIES

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.

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 expected credit losses 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 expected credit losses calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit losses 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 Lifetime expected credit losses basis, and the qualitative assessment;
- development of expected credit losses 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);
- election of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the expected credit losses 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.
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.

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.

For the purpose of complete distribution of financial indicators of segment reporting by relevant segments, the Bank uses allocation mechanisms that allow to some extent to distribute them by items/balance sheet accounts. Each type of expense has its own driver/allocation algorithm, which is developed based on the economic content of the transaction. Allocation/redistribution of expenses is carried out in accordance with the financial structure of the Bank and meets the needs of management.

Also, to determine the financial result of business areas, transfer pricing is used - a system for assessing the internal value of the Bank's resources, according to which transactions on the use of resources through their purchase and sale between the internal bank and business areas are reflected in management accounting, which helps to assess the contribution of each division to the overall financial result of the Bank and promotes effective liquidity management. Income and expenses from other segments are determined using transfer rates established by the Assets and Liabilities Management Committee on the basis of market-based prices and recommended lending and borrowing rates, taking into account the currency of transactions, terms, sensitivity to changes in interest rates, etc.

During 2024, the Bank received revenue from transactions with the Client 1 in the amount of UAH 8,548,091 thousand (35.39%) and with the Client 2 in the amount of UAH 2,867,752 thousand (11.87%). During 2023, the Bank's 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%) .

The following tables summarize income and expenses and certain other assets and liabilities information regarding the Bank's operating segments.

Operating segments

31 December 2024	*Corporate banking*	*SME*	*Retail banking*	*Financial institution, treasury and investment business*	*Other activities*	*Total*
Interest income	5,948,841	1,940,118	725,229	12,142,529	–	**20,756,717**
Interest expense	(6,370,100)	(2,197,831)	(1,834,620)	(213,064)	(9,632)	**(10,625,247)**
Transfer income/expenses	2,914,600	1,507,649	2,909,368	(10,742,747)	3,411,130	**–**
Net interest income (expenses) taking into account transfer income/expenses	***2,493,341***	***1,249,936***	***1,799,977***	***1,186,718***	***3,401,498***	***10,131,470***
Commission income	847,118	608,067	823,732	33,364	–	**2,312,281**
Commission expense	(196,307)	(50,342)	(628,728)	(73,412)	–	**(948,789)**
Segment result to other income expenses	*3,144,152*	*1,807,661*	*1,994,981*	*1,146,670*	*3,401,498*	***11,494,962***
Depreciation costs with consideration of inter-segment distribution	(82,619)	(120,238)	(255,626)	(21,654)	(391)	**(480,528)**
Other items of income and expenses distribution	(1,022,827)	(1,077,777)	(2,032,152)	(425,217)	(543,305)	**(5,101,278)**
Profit (loss) before income tax	2,038,706	609,646	(292,797)	699,799	2,857,802	**5,913,156**
Tax income (expense) (income from tax refunds)					(2,496,685)	**(2,496,685)**
Profit (loss)	**2,038,706**	**609,646**	**(292,797)**	**699,799**	**361,117**	**3,416,471**
Assets	48,656,260	11,238,323	8,298,796	128,453,398	2,254,172	**198,900,949**
Liabilities	97,613,893	36,311,395	40,563,914	5,831,483	2,370,375	**182,691,060**
Other segment information						
Capital expenditures	11,906	11,295	32,326	–	312,176	**367,703**

Operating segments

31 December 2023	*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	–	**17,369,733**
Interest expense	(6,396,109)	(2,141,784)	(1,725,998)	(414,808)	(11,369)	**(10,690,068)**
Transfer income/expenses	*2,119,502*	*1,541,427*	*2,538,896*	*(7,560,868)*	*1,361,043*	*–*
Net interest income (expenses) taking into account transfer income/expenses	***1,863,323***	***820,541***	***1,375,455***	***1,270,672***	***1,349,674***	***6,679,665***
Commission income	827,178	537,049	735,962	84,109	76,667	**2,260,965**
Commission expense	(203,743)	(34,565)	(566,690)	(126,685)	(32,511)	**(964,194)**
Segment result to other income expenses	*2,486,758*	*1,323,025*	*1,544,727*	*1,228,096*	*1,393,830*	***7,976,436***
Depreciation costs with consideration of inter-segment distribution	(80,728)	(115,913)	(207,213)	(14,329)	(9,221)	**(427,404)**
Other items of income and expenses distribution	(885,381)	(691,796)	(1,334,295)	(91,403)	114,746	**(2,888,129)**
Profit (loss) before income tax	1,520,649	515,316	3,219	1,122,364	1,499,355	**4,660,903**
Tax income (expense) (income from tax refunds)					(2,724,477)	**(2,724,477)**
Profit (loss)	**1,520,649**	**515,316**	**3,219**	**1,122,364**	**(1,225,122)**	**1,936,426**
	48,407,547	9,673,540	6,261,544	107,662,646	3,862,106	**175,867,383**
Liabilities	92,684,287	29,422,361	35,934,903	5,489,882	1,090,298	**164,621,731**
Other segment information						
Capital expenditures	4,880	3,708	52,106	–	293,709	**354,403**

7. Cash and cash equivalents

Cash and cash equivalents comprise:

	31 December 2024	*31 December 2023*
Current accounts with other credit institutions	31,554,856	21,207,261
Deposit certificates of the National Bank of Ukraine (overnight)	18,006,639	15,018,493
Current accounts with the National Bank of Ukraine	14,016,891	10,374,688
Cash on hand	3,704,047	3,155,849
	67,282,433	**49,756,291**
Less: expected credit losses	(5,443)	(6,840)
Cash and cash equivalents	**67,276,990**	**49,749,451**

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 2024 and 31 December 2023, 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 2024 and 31 December 2023 were as follows:

	Stage 1
As at 1 January 2024	**6,840**
New assets originated or purchased	231
Assets repaid	(403)
Changes in expected credit losses	(1,997)
Total loss allowance expense before the effect of foreign exchange differences	*(2,169)*
Exchange differences	772
As at 31 December 2024	**5,443**

	Stage 1
As at 1 January 2023	**5,257**
Changes in expected credit losses	388
Total loss allowance expense before the effect of foreign exchange differences	*388*
Exchange differences	1,195
As at 31 December 2023	**6,840**

8. Loans and other balances with banks

Loans and other balances with banks comprise:

	31 December 2024	31 December 2023
Current accounts in banks in precious metals	419,412	321,371
Reverse REPO agreements	296,916	448,160
Other amounts in banks	708,445	864,360
	1,424,773	**1,633,891**
Less: expected credit losses	(507)	(680)
Loans and other balances with banks	**1,424,266**	**1,633,211**

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.

As at 31 December 2024, 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 419,412 thousand, which are carried at fair value through profit or loss (2023: UAH 321,371 thousand).

As at 31 December 2024, loans and other balances with banks in the amount of UAH 1,017,227 thousand (or 71.40% of the total amount loans and other balances with banks) was placed with three banks (2023: UAH 1,235,027 thousand (or 75.59% of the total amount loans and other balances with banks).

As at 31 December 2024, reverse REPO agreements were secured by UDGB with the fair value of UAH 313,723 thousand (2023: UAH 478,616 thousand).

As at 31 December 2024, 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 2024 is as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	**1,312,520**	–	–	**1,312,520**
New assets originated or purchased	2,702,893	–	–	**2,702,893**
Assets repaid	(3,108,650)	–	–	**(3,108,650)**
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	–	–	–	–
Foreign exchange differences	98,598	–	–	**98,598**
At 31 December 2024	**1,005,361**	–	–	**1,005,361**

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:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	**2,145,862**	–	**14,521**	**2,160,383**
New assets originated or purchased	4,591,469	–	–	**4,591,469**
Assets repaid	(5,464,471)	–	–	**(5,464,471)**
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)	**(14,521)**
Foreign exchange differences	39,660	–	–	**39,660**
At 31 December 2023	**1,312,520**	–	–	**1,312,520**

Changes in expected credit losses for the year ended 31 December 2024 were as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	**680**	–	–	**680**
New assets originated or purchased	98	–	–	**98**
Assets repaid	(32)	–	–	**(32)**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Changes in expected credit losses	(292)	–	–	**(292)**
Total loss allowance expense before the effect of foreign exchange differences	*(226)*	–	–	***(226)***
Write-offs	–	–	–	–
Foreign exchange differences	53	–	–	**53**
As at 31 December 2024	**507**	–	–	**507**

Changes in expected credit losses for the year ended 31 December 2023 were as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2023	**1,830**	–	**14,522**	**16,352**
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)**
Total loss allowance expense before the effect of foreign exchange differences	*(1,164)*	–	–	***(1,164)***
Write-offs	–	–	(14,522)	**(14,522)**
Foreign exchange differences	14	–	–	**14**
As at 31 December 2023	**680**	–	–	**680**

9. Loans and advances to customers

Loans and advances to customers comprise:

	31 December 2024	*31 December 2023*
Corporate banking	59,230,533	58,093,443
SME	12,507,025	11,012,747
Retail banking	8,309,922	6,759,984
Gross loans and advances to customers	**80,047,480**	**75,866,174**
Less: expected credit losses	(12,398,004)	(12,533,227)
Loans and advances to customers	**67,649,476**	**63,332,947**

As at 31 December 2024, loans and advances to customers included loans and advances to customers of UAH 1,993,516 thousand (2023: UAH 29,531 thousand), the contractual terms of which do not meet the criteria of the "exclusively payments of principal and interest on the outstanding principal amount" (SPPI test) test, and which are measured at FVTPL. Due to the expected sale, loans and advances to customers in the amount of UAH 1,985,188 thousand were classified in the portfolio FVTPL. Information regarding fair value measurement of loans and advances to customers which are measured at FVTPL is provided in Note 30.

During 2024, the Bank foreclosure of collateral for repayment of loans to customers of UAH 69,434 thousand. During 2023, the Bank does not performed foreclosure of collateral for repayment of loans to customers. (Note 16).

As at 31 December 2024, the amount of loans to legal entities and SMEs located in the territories occupied as a result of the military operations amounted to UAH 2,624,933 thousand, for which a provision of UAH 2,376,345 thousand was created (2023: UAH 2,775,432 thousand, for which a provision of UAH 2,524,078 thousand, in accordance).

As at 31 December 2024, the amount of loans to individuals located in the territories occupied as a result of military operations amounted to UAH 18,645 thousand, for which a provision of UAH 8,212 thousand was created (2023: UAH 60,056 thousand, for which a provision of UAH 43,826 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 2024, the amount of loans to individuals issued under this program is UAH 5,956,126 thousand. (2023: UAH 2,363,423 thousand).

The analysis of changes in the gross carrying value for the year ended 31 December 2024, excluding loans and advances to customers which are measured at FVOCI,is as follows:

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2024	**14,031,854**	**28,252,397**	**15,190,530**	**618,662**	**58,093,443**
New assets and other changes in existing assets	32,163,856	5,082,147	421,776	98,937	**37,766,716**
Repaid assets	(27,400,706)	(10,012,053)	(1,167,794)	(107,920)	**(38,688,473)**
Transfer to Stage 1	13,437,196	(13,436,338)	(858)	–	**–**
Transfer to Stage 2	(5,830,133)	7,807,880	(1,977,747)	–	**–**
Transfer to Stage 3	(883,827)	(337,669)	1,221,496	–	**–**
Amounts written off or derecognised as a result of a significant modification	–	–	(245,847)	(106,979)	**(352,826)**
Foreign exchange differences	552,123	934,696	889,050	35,804	**2,411,673**
As at 31 December 2024	**26,070,363**	**18,291,060**	**14,330,606**	**538,504**	**59,230,533**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2024	**5,883,721**	**2,683,581**	**2,416,542**	**(628)**	**10,983,216**
New assets and other changes in existing assets	7,997,365	161,698	127,490	–	**8,286,553**
Repaid assets	(4,926,480)	(1,133,402)	(736,103)	–	**(6,795,985)**
Transfer to Stage 1	2,116,828	(2,023,192)	(93,636)	–	**–**
Transfer to Stage 2	(1,504,896)	1,542,700	(37,804)	–	**–**
Transfer to Stage 3	(42,696)	(242,735)	285,431	–	**–**
Amounts written off or derecognised as a result of a significant modification	–	–	(115,631)	–	**(115,631)**
Foreign exchange differences	36,299	29,860	74,384	–	**140,543**
As at 31 December 2024	**9,560,141**	**1,018,510**	**1,920,673**	**(628)**	**12,498,696**

Retail banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2024	**4,866,337**	**52,023**	**1,822,664**	**18,960**	**6,759,984**
New assets and other changes in existing assets	2,572,115	4,681	17,891	1,075	**2,595,762**
Repaid assets	(1,565,892)	(22,167)	(120,779)	(3,387)	**(1,712,225)**
Transfer to Stage 1	107,178	(78,735)	(28,443)	–	**–**
Transfer to Stage 2	(133,885)	136,320	(2,435)	–	**–**
Transfer to Stage 3	(9,822)	(55,793)	65,615	–	**–**
Amounts written off or derecognised as a result of a significant modification	(695)	(738)	(1,427,939)	(16)	**(1,429,388)**
Foreign exchange differences	690	81	109,831	–	**110,602**
As at 31 December 2024	**5,836,026**	**35,672**	**436,405**	**16,632**	**6,324,735**

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 open credit facilities at the appropriate stages during 2024.

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:

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2023	**17,315,721**	**28,785,249**	**14,533,693**	**567,325**	**61,201,988**
New assets and other changes in existing assets	22,671,131	3,547,725	709,016	66,547	**26,994,419**
Repaid assets	(21,922,539)	(7,840,446)	(1,542,928)	(26,603)	**(31,332,516)**
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)	–	**(384,260)**
Foreign exchange differences	248,097	802,085	552,237	11,393	**1,613,812**
As at 31 December 2023	**14,031,854**	**28,252,397**	**15,190,530**	**618,662**	**58,093,443**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2023	**5,230,965**	**3,056,688**	**2,433,410**	**–**	**10,721,063**
New assets and other changes in existing assets	5,240,009	600,543	141,527	–	**5,982,079**
Repaid assets	(3,427,386)	(1,961,511)	(419,229)	(628)	**(5,808,754)**
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)	–	**(53,429)**
Foreign exchange differences	18,641	77,675	45,941	–	**142,257**
As at 31 December 2023	**5,883,721**	**2,683,581**	**2,416,542**	**(628)**	**10,983,216**

Retail banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2023	**3,562,564**	**103,543**	**2,026,730**	**16,611**	**5,709,448**
New assets and other changes in existing assets	3,020,988	10,632	46,687	6,426	**3,084,733**
Repaid assets	(1,746,248)	(21,633)	(198,447)	(3,846)	**(1,970,174)**
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)	**(114,317)**
Foreign exchange differences	361	(14)	49,947	–	**50,294**
As at 31 December 2023	**4,866,337**	**52,023**	**1,822,664**	**18,960**	**6,759,984**

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 open credit facilities at the appropriate stages during 2023.

Write-offs of loan debts are represented by bad debts in the amount of UAH 1,897,845 thousand (2023: UAH 999,029 thousand of write-off of bad debts).

Expected credit losses on loans and advances to customers and finance leases for the year ended 31 December 2024 were as follows:

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2024	**40,890**	**279,585**	**9,143,307**	**224,910**	**9,688,692**
New assets	144,929	–	–	14,281	**159,210**
Repaid assets	(8,512)	(3,080)	(35,816)	(10,210)	**(57,618)**
Transfer to Stage 1	78,688	(77,829)	(859)	–	**–**
Transfer to Stage 2	(14,381)	435,543	(421,162)	–	**–**
Transfer to Stage 3	(70,787)	(21,857)	92,644	–	**–**
Changes in expected credit losses	(64,974)	14,620	(14,442)	357,970	**293,174**
Total allowance expense before the effect of foreign exchange difference	*64,963*	*347,397*	*(379,635)*	*362,041*	***394,766***
Changes in impaired interest	–	–	450,555	–	**450,555**
Amounts written off	–	–	(245,847)	(106,979)	**(352,826)**
Foreign exchange differences	1,882	18,002	442,795	22,342	**485,021**
As at 31 December 2024	**107,735**	**644,984**	**9,411,175**	**502,314**	**10,666,208**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2024	**21,036**	**12,800**	**1,331,629**	**(628)**	**1,364,837**
New assets	51,697	–	–	–	**51,697**
Repaid assets	(554)	(1,845)	(34,322)	–	**(36,721)**
Transfer to Stage 1	29,005	(12,891)	(16,114)	–	**–**
Transfer to Stage 2	(6,431)	21,216	(14,785)	–	**–**
Transfer to Stage 3	(4,641)	(12,881)	17,522	–	**–**
Changes in expected credit losses	(42,589)	1,345	(55,906)	–	**(97,150)**
Total allowance expense before the effect of foreign exchange difference	*26,487*	*(5,056)*	*(103,605)*	–	***(82,174)***
Changes in impaired interest	–	–	75,966	–	**75,966**
Amounts written off	–	–	(115,631)	–	**(115,631)**
Foreign exchange differences	99	(283)	61,969	–	**61,785**
As at 31 December 2024	**47,622**	**7,461**	**1,250,328**	**(628)**	**1,304,783**

Retail banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2024	**11,105**	**4,273**	**1,450,937**	**13,383**	**1,479,698**
New assets	9,089	2	–	231	**9,322**
Repaid assets	(1,410)	(3,335)	(25,047)	–	**(29,792)**
Transfer to Stage 1	33,444	(16,189)	(17,255)	–	**–**
Transfer to Stage 2	(6,549)	8,248	(1,699)	–	**–**
Transfer to Stage 3	(6,378)	(17,996)	24,374	–	**–**
Changes in expected credit losses	(7,614)	30,133	275,923	(1,337)	**297,105**
Total allowance expense before the effect of foreign exchange difference	*20,582*	*863*	*256,296*	*(1,106)*	***276,635***
Changes in impaired interest	–	–	10,658	–	**10,658**
Amounts written off	(695)	(738)	(1,427,939)	(16)	**(1,429,388)**
Foreign exchange differences	4	3	89,403	–	**89,410**
As at 31 December 2024	**30,996**	**4,401**	**379,355**	**12,261**	**427,013**

In 2024, the Bank adjusted the probability of default (PD) models by rating and delinquency groups to more accurately reflect the risks of defaults within the existing rating model.

In previous years, the Bank recorded defaults caused by military events (destruction, occupation), as well as defaults predicted by the model (90+ days of delinquency or E rating). To correctly take into account the impact of military factors in 2024, the Bank analyzed the probability of default (PD) separately for defaults caused by military events and for the general population of defaults. Based on this analysis, a correction coefficient (K value) was determined, which was applied at the end of 2024 for all loans in individual segments. The total effect of applying the coefficient was UAH 187,471 thousand.

Expected credit losses on loans and advances to customers and finance leases for the year ended 31 December 2023 were as follows:

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2023	**73,382**	**765,933**	**8,479,676**	**201,464**	**9,520,455**
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)**
Total allowance expense before the effect of foreign exchange difference	*(32,773)*	*(487,907)*	*219,608*	*2,045*	***(299,027)***
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**
As at 31 December 2023	**40,890**	**279,585**	**9,143,307**	**224,910**	**9,688,692**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2023	**49,575**	**90,312**	**1,472,935**	**–**	**1,612,822**
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)**
Total allowance expense before the effect of foreign exchange difference	*(28,555)*	*(79,047)*	*(260,128)*	*(628)*	***(368,358)***
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**
As at 31 December 2023	**21,036**	**12,800**	**1,331,629**	**(628)**	**1,364,837**

Retail banking	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
As at 1 January 2023	**77,463**	**30,680**	**1,685,648**	**6,956**	**1,800,747**
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)**
Total allowance expense before the effect of foreign exchange difference	*(66,358)*	*(26,397)*	*(196,992)*	*5,438*	***(284,309)***
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**
As at 31 December 2023	**11,105**	**4,273**	**1,450,937**	**13,383**	**1,479,698**

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 2024 and in 2023:

	31 December 2024	*31 December 2023*
Corporate banking	31,641	447,059
SME	–	50,433
Retail banking	1,689	12,433
Total undiscounted ECLs at initial recognition of POCI	**33,330**	**509,925**

COLLATERAL

The following table summarizes the total loan portfolio by types of collateral, excluding loans and advances to customers which are measured at FVOCI:

	31 December 2024				
Type of collateral	*Corporate banking*	*SME*	*Retail banking*	*Total*	*Of them in Stage 3 and POCI*
Deposits	1,093,508	323,253	58	**1,416,819**	399,164
Real estate	25,109,791	3,586,494	5,169,478	**33,865,763**	9,265,320
Other assets	17,577,042	6,672,325	384,644	**24,634,011**	2,767,780
Unsecured	15,450,192	1,916,624	770,555	**18,137,371**	4,809,928
Total loans	**59,230,533**	**12,498,696**	**6,324,735**	**78,053,964**	**17,242,192**

	31 December 2023				
Type of collateral	*Corporate banking*	*SME*	*Retail banking*	*Total*	*Of them in Stage 3 and POCI*
Deposits	803,508	411,118	16	**1,214,642**	38,249
Real estate	23,851,987	3,624,271	4,374,445	**31,850,703**	9,931,167
Other assets	17,599,772	5,418,429	745,687	**23,763,888**	4,659,034
Unsecured	15,838,176	1,529,398	1,639,836	**19,007,410**	5,438,280
Total loans	**58,093,443**	**10,983,216**	**6,759,984**	**75,836,643**	**20,066,730**

The above amounts represent the carrying amounts of the loans and advances to customers, excluding loans and advances to customers which are measured at FVOCI, 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.

The following table summarizes the total loans and advances to customers which are measured at FVOCI by types of collateral:

	31 December 2024			
Type of collateral	*Corporate banking*	*SME*	*Retail banking*	*Total*
Deposits	–	–	–	**–**
Real estate	–	3,145	1,840,474	**1,843,619**
Other assets	–	5,183	12,646	**17,829**
Unsecured	–	–	132,068	**132,068**
Total loans	**–**	**8,328**	**1,985,188**	**1,993,516**

	31 December 2023			
Type of collateral	*Corporate banking*	*SME*	*Retail banking*	*Total*
Deposits	–	107	–	**107**
Real estate	–	4,200	–	**4,200**
Other assets	–	25,224	–	**25,224**
Total loans	**–**	**29,531**	**–**	**29,531**

The amount reflecting the maximum credit risk on loans and advances to customers measured at fair value through profit or loss is their carrying amount of UAH 1,993,516 thousand (2023: UAH 29,531 thousand). The amounts presented in this table reflect the carrying amount of loans and advances to customers measured at FVOCI rather than the fair value of the 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 2024 and 31 December 2023, 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 2024 and 31 December 2023 would be higher by:

	31 December 2024	*31 December 2023*
Corporate banking	1,977,813	4,559,593
SME	335,713	883,034
Retail banking	10,261	222,476
	2,323,787	**5,665,103**

	31 December 2024				31 December 2023			
Types of customers	*In foreign currency*	*In national currency*	*Total*	*Impaired*	*In foreign currency*	*In national currency*	*Total*	*Impaired*
State-owned entities and municipalities	7,005,575	8,949,643	**15,955,218**	2,758,654	7,004,155	9,915,619	**16,919,774**	2,517,709
Corporate customers	24,668,285	18,618,085	**43,286,370**	12,110,457	22,995,108	18,191,081	**41,186,189**	13,291,484
SME	1,764,085	10,731,885	**12,495,970**	1,920,045	2,231,473	8,768,754	**11,000,227**	2,416,676
Retail banking	139,942	8,169,980	**8,309,922**	453,037	1,305,141	5,454,843	**6,759,984**	1,841,622
Total	**33,577,887**	**46,469,593**	**80,047,480**	**17,242,193**	**33,535,877**	**42,330,297**	**75,866,174**	**20,067,491**

	31 December 2024			31 December 2023		
Types of customers	*Within one year*	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
State-owned entities and municipalities	14,134,777	1,820,441	**15,955,218**	12,728,192	4,191,582	**16,919,774**
Corporate customers	25,478,624	17,807,746	**43,286,370**	22,862,917	18,323,272	**41,186,189**
SME	6,191,533	6,304,437	**12,495,970**	6,117,127	4,883,100	**11,000,227**
Retail banking	2,846,348	5,463,574	**8,309,922**	1,008,794	5,751,190	**6,759,984**
Total	**48,651,282**	**31,396,198**	**80,047,480**	**42,717,030**	**33,149,144**	**75,866,174**

Loans and advances to clients in the amount of UAH 105,810 thousand. were provided to municipal institutions, according to which expected credit losses is defined as Stage 1 (2023: UAH 416,632 thousand).

As at 31 December 2024, loans and advances to customers and finance leases in the amount of UAH 24,000,016 thousand were granted to the ten largest borrowers/groups of Bank's related counterparties (29.98)% of the total loans to customers); allowance for expected credit losses of UAH 2,532,359 thousand was made for these loans and advances to customers and finance leases (2023: UAH 23,903,598 thousand, or 31.51%, and the allowance for expected credit losses of UAH 2,371,300 thousand).

The collateral structure on finance leases by industry and Bank's customer segment is presented in the table below:

	31 December 2024	*31 December 2023*
Extraction, trade in gas and fuel	13,713,375	11,730,922
Agriculture and food industry	13,242,069	12,059,443
Trade	12,050,616	10,734,023
Electric power industry	9,999,229	12,164,048
Individuals	8,309,922	6,759,984
Real estate	6,106,308	5,627,296
Manufacturing	5,645,224	3,557,854
Transport	3,859,964	3,419,613
Construction	3,440,822	2,164,065
Service sector	1,942,744	1,836,919
Finance	1,083,040	620,674
Metallurgy	492,151	1,983,776
Municipality	105,810	432,482
Telecommunications	39,849	27,390
Other	16,357	2,747,685
Total	**80,047,480**	**75,866,174**

In the table below, the loans and advances to customers under finance leasing agreements are distributed by segments and maturities:

	31 December 2024			31 December 2023		
	Corporate banking	*SME*	*Total*	*Corporate banking*	*SME*	*Total*
Within one year						
Finance lease	–	142,920	142,920	19,925	18,918	38,843
Less: expected credit losses	–	(11,720)	(11,720)	(15,621)	(908)	(16,529)
Short-term finance lease agreements	**–**	**131,200**	**131,200**	**4,304**	**18,010**	**22,314**
More than one year						
Finance lease	–	226,979	226,979	–	686,346	686,346
Less: expected credit losses	–	(25,095)	(25,095)	–	(118,054)	(118,054)
Long-term finance lease agreements	**–**	**201,884**	**201,884**	**–**	**568,292**	**568,292**
Total finance lease agreements	**–**	**333,084**	**333,084**	**4,304**	**586,302**	**590,606**

The collateral structure on finance leases by industry and Bank's customer segment is presented in the table below:

	31 December 2024		31 December 2023	
	Corporate banking	*SME*	*Corporate banking*	*SME*
Transport	–	364,004	–	687,918
Agriculture and food industry	–	–	19,925	–
Service sector	–	5,154	–	10,578
Manufacturing	–	–	–	4,559
Real estate	–	741	–	2,210
Total	**–**	**369,899**	**19,925**	**705,265**

The analysis of finance lease receivables in the legal entity and SME loan portfolio as at 31 December 2024 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	296,728	96,659	500	–	–	393,887
Unearned finance income from future finance leases	(15,056)	(8,839)	(93)	–	–	(23,988)
Investments in finance leases before taking into account reserves for ECL	**281,672**	**87,820**	**407**	**–**	**–**	**369,899**

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 4 years to 5 years	Total
Gross investments in finance leases	420,311	286,659	98,132	501	–	805,603
Unearned finance income from future finance leases	(27,459)	(38,101)	(14,721)	(132)	–	(80,413)
Investments in finance leases before taking into account reserves for ECL	**392,852**	**248,558**	**83,411**	**369**	**–**	**725,190**

10. Investments in securities

Investments in securities include:

	31 December 2024	31 December 2023
Investments at fair value through other comprehensive income		
Ukrainian domestic government bonds of Ukraine (UDGB)	57,637,135	44,419,609
State Mortgage Institution bonds	1,268,327	1,192,852
Municipal bonds	393,962	1,136,847
Corporate bonds	181,929	98,394
Corporate shares	9,863	9,854
	59,491,216	**46,857,556**
Investments in securities at fair value at amortized cost		
Deposit certificates issued by the National Bank of Ukraine	–	8,871,109
	–	**8,871,109**
Investments in securities	**59,491,216**	**55,728,665**

As at 31 December 2024, there are no investments in securities included deposit certificates issued by the National Bank of Ukraine. (2023: UAH 8,871,109 thousand) 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:

Investments in securities at fair value through other comprehensive income	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2024	**34,176,603**	**11,164,308**	**1,583,141**	**46,924,052**
New created and purchased assets	62,038,118	–	–	**62,038,118**
Assets repaid	(11,705,791)	(3,253,508)	(164,548)	**(15,123,847)**
Assets sold	(43,427,777)	(781,079)	–	**(44,208,856)**
Transfer to Stage 1	–	–	–	**–**
Transfer to Stage 2	–	–	–	**–**
Transfer to Stage 3	–	–	–	**–**
Accrued income (expenses)	7,181,359	1,182,973	165,454	**8,529,786**
Write-offs	–	–	–	**–**
Foreign exchange differences	97,148	–	–	**97,148**
Gross carrying amount as at 31 December 2024	**48,359,660**	**8,312,694**	**1,584,047**	**58,256,401**

Investments in securities at fair value through other comprehensive income	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as at 1 January 2023	**5,895,024**	**17,354,591**	**2,015,955**	**25,265,570**
New created and purchased assets	60,949,620	–	–	**60,949,620**
Assets repaid	(4,331,832)	(4,934,434)	(642,509)	**(9,908,775)**
Assets sold	(32,021,904)	(2,941,138)	–	**(34,963,042)**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	3,685,347	1,685,286	209,695	**5,580,328**
Write-offs	–	–	–	–
Foreign exchange differences	348	3	–	**351**
Gross carrying amount as at 31 December 2023	**34,176,603**	**11,164,308**	**1,583,141**	**46,924,052**

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*
Gross carrying amount as at 1 January 2024	**8,871,109**	–	–	**8,871,109**
New created and purchased assets	15,393,000	–	–	15,393,000
Assets repaid	(25,052,868)	–	–	(25,052,868)
Assets sold	–	–	–	–
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	788,759	–	–	**788,759**
Write-offs	–	–	–	–
Foreign exchange differences	–	–	–	–
Gross carrying amount as at 31 December 2024	–	–	–	–

Investments in securities at fair value at amortized cost	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Gross carrying amount as at 1 January 2023	–	–	–	–
New created and purchased assets	30,961,000	–	–	**30,961,000**
Assets repaid	(23,777,781)	–	–	**(23,777,781)**
Assets sold	–	–	–	–
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Accrued income (expenses)	1,687,890	–	324	**1,688,214**
Write-offs	–	–	(324)	**(324)**
Foreign exchange differences	–	–	–	–
Gross carrying amount as at 31 December 2023	**8,871,109**	–	–	**8,871,109**

Changes in expected credit losses of investments in securities at fair value through other comprehensive income for the year ended 31 December 2024 were as follows:

Investments in securities at fair value through other comprehensive income	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Expected credit losses as at 1 January 2024	**923,965**	**370,562**	**110,642**	**1,405,169**
New created and purchased assets	1,211,153	–	–	**1,211,153**
Assets repaid	(20,724)	(7,345)	–	**(28,069)**
Assets sold	(493,905)	(16,281)	–	**(510,186)**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Changes in expected credit losses	67,027	(208,173)	18,448	**(122,698)**
Write-offs	–	–	–	–
Exchange differences	1,148	–	–	**1,148**
Expected credit losses as at 31 December 2024	**1,688,664**	**138,763**	**129,090**	**1,956,517**

For the purpose of expected credit losses determination of Ukrainian government bonds the Bank applied PD in the range of 8.45% - 26.56% and LGD 50% from international credit agency Fitch based on the Ukraine's credit rating as of 31 December 2024 (2023: 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 2023 were as follows:

Investments in securities at fair value through other comprehensive income	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Expected credit losses as at 1 January 2023	**139,009**	**854,204**	**105,352**	**1,098,565**
New created and purchased assets	1,011,308	–	–	**1,011,308**
Assets repaid	(2,717)	(9,461)	(28,168)	**(40,346)**
Assets sold	(251,329)	(11,204)	–	**(262,533)**
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	–	–	–	–
Transfer to Stage 3	–	–	–	–
Changes in expected credit losses	27,566	(462,977)	33,458	**(401,953)**
Write-offs	–	–	–	–
Exchange differences	128	–	–	**128**
Expected credit losses as at 31 December 2023	**923,965**	**370,562**	**110,642**	**1,405,169**

Changes in expected credit losses of investments in securities valued at amortized cost include for the year ended 31 December 2023 were as follows:

Investments in securities valued at amortized cost	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Expected credit losses as at 1 January 2023	–	–	–	–
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	–	–	–	–
Expected credit losses as at 31 December 2023	–	–	–	–

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 2024, UDGB with fair value of UAH 14,274,463 thousand (2023: UAH 7,681,278 thousand) were pledged for a long-term loans received from a credit institution (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.

Notional amounts in the tables below represent the accounts receivable and payable:

	31 December 2024				*31 December 2023*			
	Notional amount		*Fair value*		*Notional amount*		*Fair value*	
	Assets	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*	*Assets*	*Liabilities*
Foreign exchange contracts								
Swaps/forwards	–	–	–	–	1,617,477	(1,636,874)	33	(19,430)
Spots	1,288,389	(1,287,847)	1,827	(1,285)	1,645,195	(1,643,241)	2,900	(946)
Total derivative financial assets/ (liabilities)			**1,827**	**(1,285)**			**2,933**	**(20,376)**

12. Investment property

Movements in investment property items were as follows:

	Note	*31 December 2024*	*31 December 2023*
Carrying amount as at 1 January		**154,269**	**156,366**
Disposals		(48,628)	–
Reclassification from Other property	16	255,334	–
Reclassification from Property, equipment and intangible assets	14	5,240	–
Fair value adjustment		(19,853)	(2,097)
Carrying amount as at 31 December		**346,362**	**154,269**

Income from investment property includes rental income in the amount of UAH 13,831 thousand (2023: UAH 12,654 thousand).

For the year ended 31 December 2024, direct operating expenses arising from investment property amounted to UAH 201 thousand (2023: UAH 41 thousand).

To determine the fair value of investment property as at 31 December 2024 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 comprise:

	31 December 2024	*31 December 2023*
Current income tax expenses	2,987,408	2,620,277
Changes in deferred taxes — origination and reversal of temporary differences	(490,723)	104,200
Income tax expenses	**2,496,685**	**2,724,477**

The difference between the total expected tax expense computed by applying the current income tax rate to the reported income tax expense is summarized below:

	31 December 2024	*31 December 2023*
Profit before tax	**5,913,156**	**4,660,903**
Current tax rate	50%	50%
Income tax expense at the current rate	**2,956,578**	**2,330,452**
Non-deductible expense for taxation	92,836	273,835
Changes in unrecognized deferred tax assets	(475,713)	–
Tax rate changes	–	15,245
Other changes not taken into account in tax reporting	(77,016)	104,945
Income tax expense	**2,496,685**	**2,724,477**

In accordance with the amendments to the Tax Code of Ukraine approved in December 2024, bank's income tax rate was set at 50% for the year ending 31 December 2024 and 25% for subsequent years.

As at 31 December 2024 and 2023, deferred tax assets and liabilities and their movements for the respective periods were as follows:

	Origination and reversal of temporary differences			*Origination and reversal of temporary differences*		
	In profit or loss	*In equity*	*31 December 2024*	*In profit or loss*	*In equity*	*31 December 2023*
Tax effect of non-taxable temporary differences						
Assessment of investments at fair value through other comprehensive income	–	(306,238)	(306,238)	(134,962)	134,962	–
Property, equipment and intangible assets	15,011	(8,403)	61,057	30,762	(6,451)	54,449
Recognition of unused tax losses	475,712	–	475,712	–	–	–
Deferred tax assets/ (liabilities), net amount	**490,723**	**(314,641)**	**230,531**	**(104,200)**	**128,511**	**54,449**
Deductible temporary differences for which no deferred tax assets is recognized						
Tax losses carried forward	–	–	475,712	–	–	951,425
Investments at fair value through other comprehensive income	–	–	–	–	–	19,087
Deferred tax assets, unrecognized	**–**	**–**	**475,712**	**–**	**–**	**970,512**

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 unrecognized deferred tax assets has no expiration date.

At the end of 2024, the Law of Ukraine "On Amendments to the Tax Code of Ukraine Regarding the Features of Taxation of Banks and Other Taxpayers" came into force, the provisions of which established an increased basic income tax rate for banks in the amount of 50% for 2024 and abolished the possibility of taking into account accumulated tax losses of previous years in 2024 as a reduction in profit before tax.

At the same time, starting from the reporting periods of 2025 and in subsequent years, a basic tax rate of 25% has been established with the possibility of taking into account accumulated tax losses of previous years in reducing profit before taxation. As at 31 December 2023, the Bank did not recognize deferred tax assets in relation to accumulated tax losses (negative value of the object of taxation of previous tax (reporting) years) due to the existence of significant uncertainty regarding the receipt of sufficient taxable profit in subsequent reporting periods. As at 31 December 2024, the Bank recognized a part of deferred tax assets in relation to accumulated tax losses based on the forecast of future taxable profits, and given the existence of significant uncertainty regarding the operating environment (Note 2). Given the above and the fact that current Ukrainian legislation does not establish restrictions on the period of use of tax loss carryforwards, management believes that the recognition of deferred tax assets in respect of accumulated tax losses as at 31 December 2024 is probable in the part that was recognized.

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
Cost or revalued amount								
As at 1 January 2024		**817,559**	**1,224,301**	**35,136**	**67,262**	**3,815**	**911,188**	**3,059,261**
Additions		–	66,358	38	–	92,078	209,229	**367,703**
Disposals		–	(36,810)	(542)	–	(2)	(202,366)	**(239,720)**
Transfers		13,282	58,236	14,020	–	(85,538)	–	**–**
Revaluation		(55)	–	–	–	–	–	**(55)**
Recovery of utility		–	354	–	–	–	–	**354**
Reclassification to Investment property	12	(5,412)	–	–	–	–	–	**(5,412)**
As at 31 December 2024		**825,374**	**1,312,439**	**48,652**	**67,262**	**10,353**	**918,051**	**3,182,131**
Accumulated depreciation								
As at 1 January 2024		**–**	**999,178**	**30,790**	**63,754**	**–**	**739,754**	**1,833,476**
Depreciation charges		22,424	172,507	8,806	2,061	–	187,281	**393,079**
Disposals		–	(36,765)	(542)	–	–	(202,366)	**(239,673)**
Revaluation		(22,252)	–	–	–	–	–	**(22,252)**
Recovery of utility		–	354	–	–	–	–	**354**
Reclassification to Investment property	12	(172)	–	–	–	–	–	**(172)**
As at 31 December 2024		**–**	**1,135,274**	**39,054**	**65,815**	**–**	**724,669**	**1,964,812**
Net book value								
As at 1 January 2024		**817,559**	**225,123**	**4,346**	**3,508**	**3,815**	**171,434**	**1,225,785**
As at 31 December 2024		**825,374**	**177,165**	**9,598**	**1,447**	**10,353**	**193,382**	**1,217,319**

Article "Revaluation" for the total amount UAH 22,197 thousand reflected in the amounts UAH 10,460 thousand of the article "Revaluation of fixed assets" as part of equity (Note 20), UAH 13,578 thousand of the item "Other income" as part of other income (losses) (Note 23) and UAH (1,841) 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
Cost or revalued amount								
As at 1 January 2023		**839,734**	**1,081,349**	**32,288**	**72,135**	**31,350**	**729,903**	**2,786,759**
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**
As at 31 December 2023		**817,559**	**1,224,301**	**35,136**	**67,262**	**3,815**	**911,188**	**3,059,261**
Accumulated depreciation								
As at 1 January 2023		**–**	**860,848**	**29,027**	**61,184**	**–**	**601,675**	**1,552,734**
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)**
As at 31 December 2023		**–**	**999,178**	**30,790**	**63,754**	**–**	**739,754**	**1,833,476**
Net book value								
As at 1 January 2023		**839,734**	**220,501**	**3,261**	**10,951**	**31,350**	**128,228**	**1,234,025**
As at 31 December 2023		**817,559**	**225,123**	**4,346**	**3,508**	**3,815**	**171,434**	**1,225,785**

To determine the fair value of buildings and land plots as at 31 December 2024, 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 2024 would amount to UAH 858,830 thousand (2023: UAH 850,960 thousand).

15. Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities comprise:

	Right-of-use assets				
	Buildings	*Furniture and equipment*	*Motor vehicles*	*Total*	*Lease liability*
As at 1 January 2024	**138,564**	**67**	**–**	**138,631**	**133,061**
Additions	60,711	353	–	61,064	61,064
Early termination	(2,616)	–	–	(2,616)	(2,973)
Depreciation expense	(87,106)	(343)	–	(87,449)	–
Modification	1,101	–	–	1,101	1,103
Interest expense	–	–	–	**–**	13,720
Payments	–	–	–	**–**	(89,874)
As at 31 December 2024	**110,654**	**77**	**–**	**110,731**	**116,101**

	Right-of-use assets				
	Buildings	*Furniture and equipment*	*Motor vehicles*	*Total*	*Lease liability*
As at 1 January 2023	**165,801**	**76**	**236**	**166,113**	**163,506**
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)
As at 31 December 2023	**138,564**	**67**	**–**	**138,631**	**133,061**

For the year ended 31 December 2024, the cash outflow associated with short-term leases, leases of low-value assets and variable lease payments in the amount of UAH 71,314 thousand (31 December 2023: UAH 75,579 thousand). For the year ended 31 December 2024, the total lease-related cash outflow amounted to UAH 161,188 thousand (31 December 2023: UAH 170,681 thousand).

16. Other assets and liabilities

Other assets comprise:

	31 December 2024	31 December 2023
Other financial assets		
Receivables for securities	737,360	793,281
Clearing payments for payment cards	415,348	972,183
Other accrued income	129,901	118,884
Other receivables due to banks	6,543	570,676
Other	1,197	4,728
	1,290,349	**2,459,752**
Less: expected credit losses on other financial assets	(552,211)	(347,595)
Total other financial assets	**738,138**	**2,112,157**
Other non-financial assets		
Prepayments and deferred expenses	316,139	368,584
Receivables for property rights	83,361	83,361
Other property	66,275	285,259
Precious metals	38,781	1,023
Inventories	23,639	24,300
Receivables from employees	10,325	10,539
Taxes recoverable, other than income tax	8,787	19,870
Other	33	193
	547,340	**793,129**
Less: allowance for impairment on other non-financial assets	(133,247)	(128,399)
Total other non-financial assets	**414,093**	**664,730**

As at 31 December 2024, financial assets in the amount of UAH 437,000 thousand are reflected under the article "Receivables for securities" classified as initially impaired (2023: UAH 492,921 thousand).

As at 31 December 2024, the carrying value of other property was UAH 66,275 thousand (2023: UAH 285,259 thousand).

	Note	Land plots	Non-residential property	Residential property	Ownership rights to real estate	Movables, furniture and equipment	Total
Cost							
As at 1 January 2024		**19,609**	**200,832**	**46,532**	**6,561**	**11,725**	**285,259**
Additions		–	43,601	–	–	25,833	**69,434**
Sale		(3,222)	(4,286)	(8,306)	–	(4,376)	**(20,190)**
Impairment		–	(5,931)	–	–	(402)	**(6,333)**
Reclassification to Investment property	12	(16,305)	(200,721)	(38,308)	–	–	**(255,334)**
Change in classification		(82)	30,008	82	–	(30,008)	**–**
Disposals		–	–	–	(6,561)		**(6,561)**
As at 31 December 2024		**–**	**63,503**	**–**	**–**	**2,772**	**66,275**

	Note	Land plots	Non-residential property	Residential property	Ownership rights to real estate	Movables, furniture and equipment	Total
Cost							
As at 1 January 2023		**20,458**	**224,295**	**66,759**	**6,561**	**18,991**	**337,064**
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)**
As at 31 December 2023		**19,609**	**200,832**	**46,532**	**6,561**	**11,725**	**285,259**

To determine the fair value of other property as at 31 December 2024, 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 2024 is as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2024	**232**	**168**	**337,337**	**9,858**	**347,595**
New assets originated or purchased	128	1,866	208	–	**2,202**
Assets repaid	(135)	(628)	(9,715)	–	**(10,478)**
Transfer to Stage 1	1,947	(1,842)	(105)	–	**–**
Transfer to Stage 2	(52)	189	(137)	–	**–**
Transfer to Stage 3	(15)	(150)	165	–	**–**
Changes in expected credit losses	(1,947)	1,374	5,952	208,642	**214,021**
Total loss allowance expense before the effect of foreign exchange differences	*(74)*	*809*	*(3 ,632)*	*208,642*	***205,745***
Write-offs	–	(252)	(1,530)	–	**(1,782)**
Foreign exchange differences	(2)	–	655	–	**653**
As at 31 December 2024	**156**	**725**	**332,830**	**218,500**	**552,211**

Analysis of changes in the expected credit loss (ECL) allowance for other financial assets for the year ended 31 December 2023 is as follows:

	Stage 1	Stage 2	Stage 3	POCI	Total
As at 1 January 2023	**2,412**	**6,729**	**424,298**	**–**	**433,439**
New assets originated or purchased	3,541	4,081	94	9,858	**17,574**
Assets repaid	(4,912)	(3,946)	(5,085)	–	**(13,943)**
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	–	**10,856**
Total loss allowance expense before the effect of foreign exchange differences	*(2,013)*	*(5,925)*	*12,567*	*9,858*	***14,487***
Write-offs	(169)	(636)	(101,629)	–	**(102,434)**
Foreign exchange differences	2	–	2,101	–	**2,103**
As at 31 December 2023	**232**	**168**	**337,337**	**9,858**	**347,595**

Analysis of changes in the impairment losses for other non-financial assets for the year ended 31 December 2024 is as follows:

	Other assets
As at 1 January 2024	**128,399**
Reversal	(43,290)
Total impairment losses before the effect of exchange differences	*(43,290)*
Recovery	47,788
Amounts written off	(6)
Foreign exchange differences	356
As at 31 December 2024	**133,247**

Analysis of changes in the impairment losses for other non-financial assets for the year ended 31 December 2023 is as follows:

	Other assets
As at 1 January 2023	**197,318**
Accrual	24,010
Total impairment losses before the effect of exchange differences	*24,010*
Recovery	(27,526)
Amounts written off	(66,700)
Foreign exchange differences	1,297
As at 31 December 2023	**128,399**

Analysis of changes in the impairment losses for other non-financial assets for the year ended 31 December 2023 Other liabilities comprise:is as follows:

	31 December 2024	31 December 2023
Other financial liabilities		
Payables for operations with clients on purchase and sale of foreign currency, bank and precious metals	571,795	11,211
Payables for operations with clients	413,403	269,089
Lease liabilities	116,101	133,061
Accounts payable for operations with banks	58,780	42,755
Accrued expenses for cash and settlements	51,389	48,219
Accounts payable for professional services	19,130	15,086
Software support	10,316	6,533
Payables for operations with payment cards	6,817	38,331
Communication services	6,763	8,288
Maintenance of premises	6,484	7,230
Repair and maintenance of property, plant and equipment	2,278	2,509
Accounts payable for acquiring assets	1,059	3,082
Rent of premises	340	2,455
Other	107,902	61,150
Total other financial liabilities	**1,372,557**	**648,999**

	31 December 2024	31 December 2023
Other non-financial liabilities		
Accounts payable for payments to employees	476,794	46,322
Accruals for unused vacations	458,355	425,140
Payables on taxes and mandatory contributions, except for income tax	75,085	40,647
Payables for payments to the Individual Deposit Guarantee Fund	58,409	56,041
Deferred income	52,098	43,025
Other	2,177	2,236
Total other non-financial liabilities	**1,122,918**	**613,411**

As at 31 December 2024, other financial liabilities include balances in the amount of UAH 2,966 thousand counterparties with geographic jurisdiction in the russian federation and the republic of belarus (2023: UAH 3,114 thousand).

17. Due to banks

Due to banks comprise:

	31 December 2024	31 December 2023
Current accounts	3,360,519	2,598,716
Other amounts due to banks	134,890	196,241
Due to banks	**3,495,409**	**2,794,957**

As at 31 December 2024, the balances of due to banks amounted to UAH 2,721,105 thousand (77.85%) raised from three banks (2023: balances amounted to UAH 1,725,988 thousand (61.75%) raised from three banks).

As at 31 December 2024, 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 96,776 thousand (2023: UAH 89,745 thousand).

As at 31 December 2024, 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 (2023: UAH 8,033 thousand).

18. Due to customers

Due to customers by operating segments comprise:

	31 December 2024	31 December 2023
Current accounts		
- Corporate banking	80,913,763	78,647,725
- SME	18,633,011	13,723,251
- Retail banking	18,941,246	17,802,655
	118,488,020	**110,173,631**
Time deposits		
- Corporate banking	15,924,813	13,137,863
- SME	17,351,120	15,114,810
- Retail banking	14,886,527	15,707,260
	48,162,460	**43,959,933**
Due to customers	**166,650,480**	**154,133,564**

As at 31 December 2024, balances due to customers of UAH 44,382,608 thousand (26.63%) included the amounts due to ten largest customers of the Bank (2023: UAH 45,970,012 thousand (29.82%).

As at 31 December 2024, balances due to budget organizations amounted to UAH 3,888,607 thousand and included the amounts due to customers: UAH 3,886,042 thousand – in the Corporate banking segment (2023: UAH 840,933 thousand) and UAH 2,565 thousand – in the SME segment (2023: UAH 1,126 thousand).

As at 31 December 2024, 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 25,615 thousand in the Corporate banking segment (2023: UAH 18,563 thousand), UAH 241,547 thousand – in the Retail banking segment (2023: UAH 176,376 thousand).

The amounts due to customers by industry are summarized as follows:

	31 December 2024	31 December 2023
Individuals	33,948,795	33,613,597
Service sector	32,844,302	31,759,784
Power engineering	22,460,707	13,156,659
Production	19,399,595	19,641,843
Transport	13,844,173	17,431,057
Trade	10,624,966	10,774,429
Mining industry	8,385,070	9,749,638
Agriculture and food industry	7,231,526	4,088,633
Finance	5,856,053	3,867,146
Construction	3,419,887	3,107,956
Insurance	3,278,744	2,513,300
Metallurgy	2,007,769	1,150,496
Other	3,348,893	3,279,026
Due to customers	**166,650,480**	**154,133,564**

As at 31 December 2024, loans and advances to customers were secured by amounts due to customers of UAH 1,416,819 thousand (2023: UAH 1,214,749 thousand) (Note 9).

As at 31 December 2024, amounts due to customers were pledged to secure the commitments and contingencies in the amount of UAH 2,243,703 thousand (2023: UAH 2,425,706 thousand) (Note 21).

As at 31 December 2024, loans and advances to customers were secured by amounts due to customers of UAH 1,416,819 thousand (2023: UAH 1,214,749 thousand) (Note 9).

As at 31 December 2024, amounts due to customers were pledged to secure the commitments and contingencies in the amount of UAH 2,243,703 thousand (2023: UAH 2,425,706 thousand) (Note 21).

19. Other borrowed funds

Due to customers by operating segments comprise:

	31 December 2024	31 December 2023
Term deposits and loans	8,452,594	5,579,937
Other borrowed funds	**8,452,594**	**5,579,937**

As at 31 December 2024, the balances of other borrowed funds amounted to UAH 7,795,047 thousand (92.22%) raised from three banks (2023: balances amounted to UAH 4,543,605 thousand 81.43% raised from three banks).

As at 31 December 2024, other borrowed funds include loans received from international and other organizations in the amount of UAH 2,126,219 thousand. (2023: UAH 2,651,981 thousand). The balances of these loans on both reporting dates are denominated in Euro. The range of interest rates is from 5.652% to 9.176% per annum (2023: from 6.904% to 9.445% per annum) for loans in Euro, repayment dates according to the terms of the agreements in the years 202 5 – 2026 (2023: in the years 2024 – 2026).

As at 31 December 2024, other borrowed funds include loans received from state organizations in the amount of UAH 6,326,375 thousand. (2023: UAH 2,927,956 thousand). The balances of these loans on both reporting dates are denominated in hryvnias and Euro. The range of interest rates: for loans in Euro is from 6.126% per annum, for loans in UAH is from 3% to 13.19% per annum (2023: for loans in Euro is from 6.255% to 6.755% per annum, for loans in UAH from 3% to 14.28% per annum), repayment dates in accordance with the terms of the contracts in 2026 – 2044 (2023: in the years 2024 – 2044).

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 2024, a long-term loans received from credit institutions were secured by the Ukrainian domestic government bonds with a fair value of UAH 14,274,463 thousand (2023: UAH 7,681,278 thousand) (Note 10).

Note 29 provides information as at 31 December 2024 on breaches of covenants in relation to term loans obtained from credit institutions amounted to UAH 8,452,594 thousand (2023: UAH 3,198,099 thousand).

20. Equity

SHARE CAPITAL

As at 31 December 2024, the authorized issued share capital comprised 13,836,522,922 ordinary shares and 477,078 preferred shares (2023: 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:

	Number of shares, thousand		Nominal value, thousand UAH		Nominal value, thousand UAH	Total, thousand UAH
	Ordinary	Preferred	Ordinary	Preferred		
As at 31 December 2022	13,836,523	477	13,836,523	477	13,837,000	13,837,000
Issued and registered shares	–	–	–	–	–	–
As at 31 December 2023	13,836,523	477	13,836,523	477	13,837,000	13,837,000
Issued and registered shares	–	–	–	–	–	–
As at 31 December 2024	13,836,523	477	13,836,523	477	13,837,000	13,837,000

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 2024, the Bank's reserve fund amounted to UAH 1,161,419 thousand (2023: 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:

	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	Total
As at 1 January 2023	233,920	(1,096,436)	(1,925)	(864,441)
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)
As at 31 December 2023	202,991	1,328,691	(3,405)	1,528,277
Revaluation of property, plant and equipment	10,460	–	–	10,460
Income tax related to revaluation of property and equipment	(8,403)	–	–	(8,403)
Net change in fair value of debt instruments at fair value through other comprehensive income	–	1,675,648	–	1,675,648
Reclassification of cumulative (gain)/loss on disposal of debt instruments at fair value through other comprehensive income to profit or loss	–	(373,908)	–	(373,908)
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	–	–	7	7
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	–	550,200	–	550,200
Income tax associated with revaluation of securities	–	(306,238)	–	(306,238)
Transfer as a result of disposal of assets	(16,999)	–	–	(16,999)
As at 31 December 2024	188,049	2,874,393	(3,398)	3,059,044

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.

COMMITMENTS AND CONTINGENCIES

As at 31 December 2024 and 31 December 2023, contractual commitments and contingencies were as follows:

	31 December 2024	*31 December 2023*
Credit-related commitments		
Loan commitments	18,979,570	16,414,703
Financial guarantees	8,694,417	7,596,041
Letters of credit:	3,270,410	3,629,211
- *including secured letters of credit*	*725,109*	*890,432*
- *including unsecured letters of credit*	*2,545,301*	*2,738,779*
Aval	52,258	2,933
	30,996,655	**27,642,888**
Performance guarantees	–	896,326
	–	**896,326**
Commitments and contingencies	**30,996,655**	**28,539,214**

As at 31 December 2024, loan commitments amounted to UAH 18,979,570 thousand (2023: UAH 16,414,703 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 4,838,799 thousand (2023: UAH 1,794,476 thousand)
- loan commitments to other customers of the Bank in the amount of UAH 14,140,771 thousand (2023: UAH 14,620,227 thousand).

As at 31 December 2024 and 31 December 2023, the loan commitments are revocable commitments.

As at 31 December 2024, the estimated allowances for ECLs in respect of credit-related commitments amounted to UAH 528,777 thousand (2023: UAH 677,149 thousand).

As at 31 December 2024, there are no estimated allowances for performance guarantees (2023: UAH 6,222 thousand). As at 31 December 2024, the commitments and contingencies were secured by cash collateral for UAH 2,243,703 thousand (2023: UAH 2,425,706 thousand) (Note 18).

The indicator "Other provision" of the Statement of the financial position for the year ended 31 December 2024 is represented by the estimated reserve for legal and other risks of UAH 149,786 thousand (2023: UAH 147,116 thousand) and there are no estimated reserve for performance guarantees (2023: UAH 6,222 thousand).

Changes in the expected credit loss allowance for financial guarantees for the year ended 31 December 2024 were as follows:

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2024	475,401	43,468	73,388	**592,257**
New guarantees	435,703	–	–	**435,703**
Expired guarantees	(260,747)	(71)	(74,545)	**(335,363)**
Transfer to Stage 1	17,965	(17,965)	–	**–**
Transfer to Stage 2	(15,428)	15,428	–	**–**
Transfer to Stage 3	–	–	–	**–**
Change in allowance	(296,006)	80,642	1,425	**(213,939)**
Total allowance expense before the effect of foreign exchange differences	*(118,513)*	*78,034*	*(73,120)*	***(113,599)***
Foreign exchange differences	22,974	(4,080)	(268)	**18,626**
As at 31 December 2024	**379,862**	**117,422**	**–**	**497,284**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2024	**10**	**239**	**–**	**249**
New guarantees	828	5	7	**840**
Expired guarantees	(221)	(31)	–	**(252)**
Transfer to Stage 1	325	(318)	(7)	**–**
Transfer to Stage 2	(300)	300	–	**–**
Transfer to Stage 3	–	–	–	**–**
Change in allowance	(663)	(208)	–	**(871)**
Total allowance expense before the effect of foreign exchange differences	*(31)*	*(252)*	–	***(283)***
Foreign exchange differences	34	13	–	**47**
As at 31 December 2024	**13**	**–**	**–**	**13**

Changes in the expected credit loss allowance for financial guarantees for the year ended 31 December 2023 were as follows:

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2023	**23,934**	**203,193**	**42,399**	**269,526**
New guarantees	438,802	–	–	**438,802**
Expired guarantees	(65,577)	(6,870)	(653,024)	**(725,471)**
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	**580,312**
Total allowance expense before the effect of foreign exchange differences	*425,734*	*(159,743)*	*27,652*	***293,643***
Foreign exchange differences	19,544	18	3,341	**22,903**
As at 31 December 2023	**469,212**	**43,468**	**73,392**	**586,072**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2023	**37**	**156**	**–**	**193**
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)**
Total allowance expense before the effect of foreign exchange differences	*(11)*	*57*	–	***46***
Foreign exchange differences	(17)	(5)	–	**(22)**
As at 31 December 2023	**9**	**208**	**–**	**217**

Changes in allowances for performance guarantees for the year ended 31 December 2023 were as follows:

Corporate banking	*Total*
As at 1 January 2023	**126**
Accrual	5,834
Total allowance expense before the effect of foreign exchange differences	*5,834*
Foreign exchange differences	227
As at 31 December 2023	**6,187**

SME	*Total*
As at 1 January 2023	**17**
Accrual	15
Total allowance expense before the effect of foreign exchange differences	*15*
Foreign exchange differences	–
As at 31 December 2023	**32**

Below is the analysis of changes in allowances for expected credit losses under the loan commitments for the year ended 31 December 2024.

Stage 3 is defined in accordance with the balance sheet of these instruments.

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2024	**4,202**	**4,255**	**68,054**	**76,511**
New loan commitments	10,199	–	–	**10,199**
Expired loan commitments	(1,367)	(534)	(10,621)	**(12,522)**
Transfer to Stage 1	3,030	(3,030)	–	**–**
Transfer to Stage 2	(5,394)	11,180	(5,786)	**–**
Transfer to Stage 3	–	–	–	**–**
Change in allowance	(7,791)	308	(47,260)	**(54,743)**
Total allowance expense before the effect of foreign exchange differences	*(1,323)*	*7,924*	*(63,667)*	***(57,066)***
Foreign exchange differences	7	203	3,119	**3,329**
As at 31 December 2024	**2,886**	**12,382**	**7,506**	**22,774**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2024	**358**	**23**	**1,065**	**1,446**
New loan commitments	15,685	–	–	**15,685**
Expired loan commitments	(51)	(2)	(3,535)	**(3,588)**
Transfer to Stage 1	627	(131)	(496)	**–**
Transfer to Stage 2	(142)	143	(1)	**–**
Transfer to Stage 3	(14,167)	–	14,167	**–**
Change in allowance	(1,676)	8	(11,200)	**(12,868)**
Total allowance expense before the effect of foreign exchange differences	*276*	*18*	*(1,065)*	***(771)***
Foreign exchange differences	–	–	–	**–**
As at 31 December 2024	**634**	**41**	**–**	**675**

Retail banking	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2024	**7,078**	**1**	**5,827**	**12,906**
New loan commitments	1,988	–	7	**1,995**
Expired loan commitments	(655)	–	(2,807)	**(3,462)**
Transfer to Stage 1	1,451	(4)	(1,447)	**–**
Transfer to Stage 2	(51)	154	(103)	**–**
Transfer to Stage 3	(52)	(2)	54	**–**
Change in allowance	(4,683)	(149)	1,310	**(3,522)**
Total allowance expense before the effect of foreign exchange differences	*(2,002)*	*(1)*	*(2,986)*	***(4,989)***
Foreign exchange differences	–	–	114	**114**
As at 31 December 2024	**5,076**	**–**	**2,955**	**8,031**

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.

Corporate banking	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2023	**2,629**	**219**	**–**	**2,848**
New loan commitments	9,852	–	–	**9,852**
Expired loan commitments	(202)	(412)	–	**(614)**
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	**62,730**
Total allowance expense before the effect of foreign exchange differences	*1,571*	*4,011*	*66,386*	***71,968***
Foreign exchange differences	2	25	1,668	**1,695**
As at 31 December 2023	**4,202**	**4,255**	**68,054**	**76,511**

SME	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2023	**212**	**38**	**–**	**250**
New loan commitments	502	–	–	**502**
Expired loan commitments	(17)	(47)	(1,481)	**(1,545)**
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	**2,239**
Total allowance expense before the effect of foreign exchange differences	*146*	*(15)*	*1,065*	***1,196***
Foreign exchange differences	–	–	–	**–**
As at 31 December 2023	**358**	**23**	**1,065**	**1,446**

Retail banking	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
As at 1 January 2023	**23,544**	**8**	**6,371**	**29,923**
New loan commitments	4,658	–	63	**4,721**
Expired loan commitments	(1,236)	(1)	(3,085)	**(4,322)**
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	**(17,465)**
Total allowance expense before the effect of foreign exchange differences	*(16,466)*	*(7)*	*(593)*	***(17,066)***
Foreign exchange differences	–	–	49	**49**
As at 31 December 2023	**7,078**	**1**	**5,827**	**12,906**

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 2024, the assets pledged by the Bank as collateral include:

Liability type	*Liability amount*	*Asset type*	*Asset carrying amount*
Long-term loan from a financial institution	6,326,375	UDGB	14,274,463
Total	**6,326,375**		**14,274,463**

As at 31 December 2023, the assets pledged by the Bank as collateral include:

Liability type	*Liability amount*	*Asset type*	*Asset carrying amount*
Long-term loan from a financial institution	2,927,956	UDGB	7,681,278
Total	**2,927,956**		**7,681,278**

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:

	Provision for legal and other risks
As at 1 January 2024	**147,116**
Accrual	15,621
Used	(12,951)
As at 31 December 2024	**149,786**

	Provision for legal and other risks
As at 1 January 2023	**395,920**
Reversal	(111,096)
Used	(137,708)
As at 31 December 2023	**147,116**

22. Net fee and commission income

Net fee and commission income comprised:

	2024	2023
Settlements	1,515,901	1,450,168
Guarantees and letters of credit	397,439	406,818
Operations in the foreign exchange market	321,330	333,293
Loan servicing to customers	42,464	41,003
Transactions with securities	6,291	6,289
Other	28,856	23,394
Fee and commission income	**2,312,281**	**2,260,965**
Settlements	(700,057)	(707,395)
Guarantees and letters of credit	(207,074)	(224,612)
Operations in the foreign exchange market	(39,653)	(31,754)
Other	(2,005)	(433)
Fee and commission expense	**(948,789)**	**(964,194)**
Net fee and commission income	**1,363,492**	**1,296,771**

23. Other gains (losses)

Other gains (losses) comprised:

		2024	2023
Gain on marketing support services		93,887	83,028
Fees from insurance companies and banks		66,497	78,255
Recovery of previously written-off assets		45,998	31,746
Penalties received and other fees for overdue payments under loan agreements		36,051	29,757
Income from leasing (rent)		13,831	12,654
Income from revaluation of fixed assets		13,578	2,447
Recovery of litigation expenses		12,706	6,076
Gain from sale of investment and commemorative coins		9,129	11,296
Compensation costs for utilities of premises leased		6,853	9,681
Positive result from sale of other property		5,741	2,012
Surplus cash collection at ATMs		2,502	2,577
Recovery of expenses on finance lease agreements		1,746	13,321
Positive result from sale of property, equipment and intangible assets		174	186
Other losses (profits) are represented by changes in provisioning-related expenses (reversal of provisions) for legal risks	21	(15,621)	111,096
Obtaining income from the acquisition of ownership of real estate	14	–	20,959
Other		30,952	33,056
Total other gains (losses)		**324,024**	**448,147**

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 2024 and 2023:

	2024	2023
Investments in securities	8,529,787	5,580,651
Loans and advances to customers	8,499,028	8,053,995
Deposit certificates of the National Bank of Ukraine	2,867,752	3,076,606
Loans and advances to banks	744,990	589,091
Interest revenue calculated using effective interest method	**20,641,557**	**17,300,343**

During 2024, the Bank received interest revenue calculated using effective interest method, from transactions with Client 1 in the amount of UAH 8,175,189 thousand (39.61%) and Client 2 in the amount of UAH 2,867,752 thousand (13.89%). During 2023, the Bank received interest revenue calculated using effective interest method, from transactions with Client 1 in the amount of UAH 5,134,612 thousand (29.68%) and Client 2 in the amount of UAH 3,076,606 thousand (17.78%).

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 2024 and 2023:

	2024	2023
Due to customers	(10,206,618)	(10,181,952)
Due to banks	(404,909)	(295,313)
Due to the National Bank of Ukraine	–	(197,968)
	(10,611,527)	**(10,675,233)**
Other interest expense		
Lease liabilities	(13,720)	(14,835)
	(13,720)	**(14,835)**
Interest expense	**(10,625,247)**	**(10,690,068)**

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 2024:

	Notes	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	(2,169)	–	–	–	**(2,169)**
Loans and other balances with banks	8	(226)	–	–	–	**(226)**
Loans and advances to customers	9	112,032	343,204	(226,944)	360,935	**589,227**
Losses from the recognition of POCI		–	–	–	(31,641)	**(31,641)**
Investments in securities	10	763,551	(231,799)	18,448	–	**550,200**
Return of loans and advances to customers written-off in the current year		–	–	(10,286)	–	**(10,286)**
Other financial assets	16	(74)	809	(3,632)	208,642	**205,745**
Financial guarantees	21	(118,544)	77,782	(73,120)	–	**(113,882)**
Undrawn loan commitments	21	(3,049)	7,941	(67,718)	–	**(62,826)**
Total impairment loss determined in accordance with IFRS 9		**751,521**	**197,937**	**(363,252)**	**537,936**	**1,124,142**

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:

	Notes	Stage 1	Stage 2	Stage 3	POCI	Total
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	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**
Total impairment loss determined in accordance with IFRS 9		**1,065,327**	**(1,238,615)**	**(122,929)**	**463,736**	**167,519**

27. Impairment loss for non-financial assets

The statement of profit and loss and other comprehensive income for the year ended 31 December 2024 presents income from reversal of expenses for formation of reserves for other non-financial assets in the amount of UAH (43,290) thousand. (Note 16).

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).

28. Employee benefits expense, Other administrative and operating expense

Employee benefits expense, Other administrative and operating expense comprise:

	2024	2023
Salaries and bonuses	3,092,186	2,361,274
Employment taxes	517,893	434,861
Other staff costs	147,773	145,784
Employee benefits expense	**3,757,852**	**2,941,919**

	2024	2023
Payments to the Individual Deposit Guarantee Fund	227,648	221,780
Repair and maintenance of property, plant and equipment	197,924	173,623
Communication services	139,358	122,440
Professional services	122,655	58,119
Software support	108,732	73,002
Taxes, other than income tax	99,543	89,766
Office supplies	80,567	88,024
Lease and maintenance of premises	78,882	78,180
Charity	70,722	4,888
Security	41,839	36,169
Expenses for the accumulation of values	25,214	25,960
Marketing and advertising	20,822	15,842
Fines and penalties	16,040	303
Business trips	9,311	6,724
Revaluation of buildings and land plots, other property	6,333	14,004
Other	29,321	59,566
Other administrative and operating expense	**1,274,911**	**1,068,390**

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, business recovery plan and 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 testing, approves the CRO appointment and dismissal, identifies cases of the prohibition (veto) by the CRO, ensures the functioning of the risk management system, organization of ICAAP and ILAAP processes.

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.

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, current 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.

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 prudential 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 the limit of the negative cumulative revaluation of the fair value of financial instruments of the "swap" type, the interest rate 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.

Classification of the Bank's financial assets according to credit ratings

As at 31 December 2024, the credit rating of Ukraine, according to the international rating agencies, corresponded to the level of selective default ("RD" - restricted default) (2023: CC), however, sovereign ratings in national currency are at the level of "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 in national currency.

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 2024, 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 2024
Cash and cash equivalents (other than cash on hand)	26,091,072	5,380,591	–	77,749	32,023,531	–	**63,572,943**
Loans and other balances with banks	1,008,095	104,687	–	14,377	190	296,917	**1,424,266**
Derivative financial assets	1,740	–	–	87	–	–	**1,827**
Investments in securities	35	–	–	–	59,306,083	185,098	**59,491,216**

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**

The allowance for active operations with unrated banks is determined by 25 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. Expected credit losses 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)	The Loss Given Default is an estimate of the loss arising in the case where a default by the counterparty occurs. 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.

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 thedate 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.

FORWARD-LOOKING INFORMATION AND ECONOMIC SCENARIOS

In its expected credit losses 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).

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 8,640 thousand.

The table below gives the forecast values of the economic indicators used in economic scenario for calculation of the expected credit losses as at 31 December 2024.

Key drivers	*Expected credit losses scenario*	*Probability, %*	*2025*	*2026*
Inflation (consumer price index), to the corresponding month of the previous year (%)				
	Optimistic	25	4.5	2.5
	Base	50	6.9	5.0
	Pessimistic	25	9.4	7.5
Real GDP growth rate, %				
	Optimistic	25	8.3	5.7
	Base	50	6.3	3.6
	Pessimistic	25	4.3	1.5
Nominal GDP growth rate, %				
	Optimistic	25	17.1	10.2
	Base	50	15.6	10.0
	Pessimistic	25	14.1	9.8

The table below gives the forecast values of the economic indicators used in economic scenario for calculation of the expected credit losses as at 31 December 2023.

Key drivers	*Expected credit losses scenario*	*Probability, %*	*2024*	*2025*
Inflation (consumer price index), to the corresponding month of the previous year (%)				
	Optimistic	25	7,5	3,5
	Base	50	9,8	6,0
	Pessimistic	25	12,1	8,5
NBU discount rate	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 2024 the improvement of the indicator of macro factors by 10% will lead to a decrease of the ECLs by UAH 2,588 thousand (by the corporate and medium business segment by UAH 1,984 thousand, by the small and micro business segment by UAH 247 thousand, by the retail business segment by UAH 357 thousand).

A 10% deterioration of the indicator of macro factors will lead to an increase of the ECLs by UAH 2,948 thousand as at 31 December 2024 (for the corporate and medium business segment by UAH 2,131 thousand, by the small and micro business segment by UAH 269 thousand, by the retail business segment by UAH 548 thousand).

In 2024, 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.

31 December 2024	*Expected credit losses when applying an optimistic scenario*	*Expected credit losses when applying the base scenario*	*Expected credit losses when applying a pessimistic scenario*	*Expected credit losses when using a probability-weighted scenario*
Corporate banking	234,741	243,850	253,322	243,940
SME	53,141	55,052	57,085	55,083
Retail banking	22,768	23,266	24,587	23,472
Total	**310,650**	**322,168**	**334,994**	**322,495**

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.

31 December 2023	*Expected credit losses when applying an optimistic scenario*	*Expected credit losses when applying the base scenario*	*Expected credit losses when applying a pessimistic scenario*	*Expected credit losses when using a probability-weighted scenario*
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
Total	**368,721**	**369,051**	**371,933**	**369,689**

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.

31 December 2024	*Notes*		*High grade*	*Standard grade*	*Belowstandard grade*	*Impaired*	*Total*
Cash and cash equivalents (other than cash on hand)	7	Stage 1	63,563,829	14,557	–	–	**63,578,386**
Loans and other balances with banks measured at amortised cost		Stage 1	708,445	246,219	50,697	–	**1,005,361**
		Stage 2	–	–	–	–	**–**
	8	Stage 3	–	–	–	–	**–**
Loans and advances to customers at amortized cost:	9						
- Corporate banking		Stage 1	6,943,885	15,378,646	3,747,832	–	**26,070,363**
		Stage 2	21,971	3,700,297	14,568,792	–	**18,291,060**
		Stage 3	–	–	5,495,799	8,756,746	**14,252,545**
		POCI	–	–	383,999	154,505	**538,504**
- SME		Stage 1	5,278,131	3,276,199	1,005,811	–	**9,560,141**
		Stage 2	137,929	220,586	659,995	–	**1,018,510**
		Stage 3	–	87,494	1,088,472	744,707	**1,920,673**
		POCI	–	–	–	(628)	**(628)**
- Retail banking		Stage 1	5,738,371	97,635	15	5	**5,836,026**
		Stage 2	17,331	14,179	4,162	–	**35,672**
		Stage 3	–	5,630	444	430,331	**436,405**
		POCI	5,860	(424)	–	11,196	**16,632**
Loans and advances to customers which are measured at FVOCI:	9						
- Corporate banking		Stage 1	–	–	–	–	**–**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	78,061	**78,061**

31 December 2024	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
Investments in securities at fair value through other comprehensive income	10	Stage 1	51,463,471	–	184,687	–	**51,648,158**
		Stage 2	8,392,295	–	–	–	**8,392,295**
		Stage 3	–	–	–	1,397,417	**1,397,417**
Undrawn loan commitments:							
- Corporate banking		Stage 1	4,573,162	6,008,463	1,718,973	–	**12,300,598**
		Stage 2	21,020	2,059,270	175,308	–	**2,255,598**
		Stage 3	–	–	–	7,508	**7,508**
- SME		Stage 1	712,050	335,536	89,786	–	**1,137,372**
		Stage 2	238	–	62,982	–	**63,220**
		Stage 3	–	–	–	–	**–**
- Retail banking		Stage 1	3,180,116	27,835	221	811	**3,208,983**
		Stage 2	53	1,506	634	–	**2,193**
		Stage 3	–	1,545	128	2,425	**4,098**
Financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit):	21						
- Corporate banking		Stage 1	1,193,465	3,060,874	3,620,686	–	**7,875,025**
		Stage 2	600	206,608	3,028,689	–	**3,235,897**
		Stage 3	–	–	17,000	–	**17,000**
- SME		Stage 1	22,136	19,207	120,216	–	**161,559**
		Stage 2	–	–	2,495	–	**2,495**
		Stage 3	–	–	–	–	**–**
Total			**151,974,358**	**34,761,862**	**36,027,823**	**11,583,084**	**234,347,127**

Financial instruments that as at 31 December 2024 are in Stage 1 and have a rating of "Below Standard" are mostly represented by instruments issued in 2024. Including in the Corporate banking segment: loans and advances to customers in the amount of UAH 3,336,089 thousand, financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit) in the amount of UAH 3,213,444 thousand and undrawn loan commitments in the amount of UAH 1,695,301 thousand. In the SME segment: loans and advances to customers in the amount of UAH 546,068 thousand, financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit) in the amount of UAH 109,267 thousand and undrawn loan commitments in the amount of UAH 67,997 thousand.

31 December 2023	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
Cash and cash equivalents (other than cash on hand)	7	Stage 1	46,310,958	289,484	–	–	**46,600,442**
Loans and other balances with banks measured at amortised cost	8	Stage 1	834,392	478,128	–	–	**1,312,520**
		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	–	**14,031,854**
		Stage 2	93,891	8,880,915	19,277,591	–	**28,252,397**
		Stage 3	–	–	9,213,292	5,906,709	**15,120,001**
		POCI	–	–	370,057	248,605	**618,662**
- SME		Stage 1	3,330,249	1,596,658	956,814	–	**5,883,721**
		Stage 2	594,091	596,437	1,493,053	–	**2,683,581**
		Stage 3	–	85,615	1,381,185	949,742	**2,416,542**
		POCI	–	–	–	(628)	**(628)**
- Retail banking		Stage 1	4,744,661	121,646	20	10	**4,866,337**
		Stage 2	28,527	14,334	9,162	–	**52,023**
		Stage 3	–	14,420	1,134	1,799,924	**1,815,478**
		POCI	6,539	1,155	(140)	11,406	**18,960**

31 December 2023	Notes		High grade	Standard grade	Belowstandard grade	Impaired	Total
Loans and advances to customers which are measured at FVOCI:	9						
- Corporate banking		Stage 1	–	–	–	–	**–**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	70,529	**70,529**
- Retail banking		Stage 1	–	–	–	–	**–**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	7,185	**7,185**
Investments in securities at fair value through other comprehensive income	10	Stage 1	34,176,603	–	–	–	**34,176,603**
		Stage 2	11,063,487	–	100,821	–	**11,164,308**
		Stage 3	–	–	–	1,583,141	**1,583,141**
Investments valued at amortized cost		Stage 1	8,871,109	–	–	–	**8,871,109**
		Stage 2	–	–	–	–	**–**
		Stage 3	–	–	–	–	**–**
Undrawn loan commitments:							
- Corporate banking		Stage 1	4,684,372	2,534,366	1,816,985	–	**9,035,723**
		Stage 2	1,556,429	2,031,682	111,342	–	**3,699,453**
		Stage 3	–	–	57,114	43,605	**100,719**
- SME		Stage 1	337,845	82,009	102,317	–	**522,171**
		Stage 2	3,228	36,368	12,446	–	**52,042**
		Stage 3	–	2,289	6	2	**2,297**
- Retail banking		Stage 1	2,969,151	22,664	219	501	**2,992,535**
		Stage 2	72	1,535	863	–	**2,470**
		Stage 3	–	1,658	115	5,521	**7,294**
Financial guarantees, guarantees on promissory notes and letters of credit (other than covered letters of credit):	21						
- Corporate banking		Stage 1	377,788	2,243,293	2,840,128	–	5,461,209
		Stage 2	3,306	226,887	4,362,772	–	**4,592,965**
		Stage 3	–	–	97,194	–	97,194
- SME		Stage 1	9,891	41,442	49,059	–	**100,392**
		Stage 2	–	–	85,993	–	**85,993**
		Stage 3	–	–	–	–	**–**
Total			**124,251,571**	**24,842,307**	**46,577,092**	**10,626,252**	**206,297,222**

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
High grade	No overdue payments	A1, A2, A3	AAA+ to BBB-	**For resident banks** - with an intra-bank rating of 1, 2 and international credit rating no lower/higher than Ukraine's sovereign rating. **For issuers of securities** - domestic government bonds, municipal bonds and deposit certificates of the NBU
Standard grade	From 1 to 30 days, from 31 to 60 days	B1, B2, B3	BB+ to B-	**For resident banks** - with an intra-bank rating 3 (international credit rating no lower/higher than Ukraine's sovereign rating or NR) **For issuers of securities** - are not rated but in Stage 1
Below standard grade	From 61 to 90 days	C1, C2, C3, D1, D2, D3	CCC to C	**For resident banks** - with an intra-bank rating 4 (international credit rating no lower/higher than Ukraine's sovereign rating or NR) **For issuers of securities** - are not rated but in Stage 2
Impaired	More than 90 days	E	D	**For resident banks** - with an intra-bank rating 5 (with the credit rating D or NR). **For issuers of securities** - 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. 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.

GEOGRAPHICAL CONCENTRATION

The information on geographical concentration of monetary assets and liabilities is summarized in the table below:

	31 December 2024				
	Ukraine	*OECD countries*	*CIS and other foreign banks*	*including the russian federation and the republic of belarus*	*Total*
Assets					
Cash and cash equivalents	35,806,783	31,450,404	19,803	–	**67,276,990**
Loans and advances to other balances with banks	311,483	1,112,783	–	–	**1,424,266**
Loans and advances to customers	67,649,476	–	–	–	**67,649,476**
Investments in securities	59,491,181	35	–	–	**59,491,216**
Derivative financial assets	87	1,740	–	–	**1,827**
Other financial assets	736,465	1,670	3	–	**738,138**
	163,995,475	**32,566,632**	**19,806**	**–**	**196,581,913**
Liabilities					
Due to banks	3,487,376	–	8,033	*8,033*	**3,495,409**
Due to customers	166,650,480	–	–	–	**166,650,480**
Derivative financial liabilities	–	1,285	–	–	**1,285**
Other borrowed funds	6,326,375	2,126,219	–	–	**8,452,594**
Provisions for loan commitments and financial guarantee contracts	528,690	87	–	–	**528,777**
Other financial liabilities	1,294,388	73,620	4,549	*2,966*	**1,372,557**
	178,287,309	**2,201,211**	**12,582**	***10,999***	**180,501,102**
Difference between assets and liabilities	**(14,291,834)**	**30,365,421**	**7,224**	***(10,999)***	**16,080,811**

	31 December 2023				
	Ukraine	*OECD countries*	*CIS and other foreign banks*	*including the russian federation and the republic of belarus*	*Total*
Assets					
Cash and cash equivalents	28,843,684	20,897,042	8,725	–	**49,749,451**
Loans and advances to other balances with banks	459,338	1,173,873	–	–	**1,633,211**
Loans and advances to customers	63,332,947	–	–	–	**63,332,947**
Investments in securities	55,728,639	26	–	–	**55,728,665**
Derivative financial assets	1,304	1,629	–	–	**2,933**
Other financial assets	1,548,757	562,442	958	–	**2,112,157**
	149,914,669	**22,635,012**	**9,683**	**–**	**172,559,364**

	31 December 2023				
	Ukraine	*OECD countries*	*CIS and other foreign banks*	*including the russian federation and the republic of belarus*	*Total*
Liabilities					
Due to banks	2,786,924	–	8,033	8,033	**2,794,957**
Due to customers	154,133,564	–	–	–	**154,133,564**
Derivative financial liabilities	19,788	588			**20,376**
Other borrowed funds	2,927,956	2,651,981	–	–	**5,579,937**
Provisions for loan commitments and financial guarantee contracts	677,152	–	–	–	**677,152**
Other financial liabilities	580,830	63,091	5,078	3,114	**648,999**
	161,126,214	**2,715,660**	**13,111**	**11,147**	**163,854,985**
Difference between assets and liabilities	**(11,211,545)**	**19,919,352**	**(3,428)**	**(11,147)**	**8,704,379**

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 2024 and 31 December 2023, 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 2024 and 31 December 2023 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 2024 and as at 31 December 2023).

The values of liquidity coverage ratios in all currencies and separately in foreign currencies, and the ratio of net stable funding are as follows:

	31 December 2024	31 December 2023
LCRвв, All-currency LCR, liquidity coverage ratio for all currencies	153.13%	189.78%
LCRів, Foreign currency LCR, liquidity coverage ratio in foreign currency	192.21%	217.69%
NSFR, Net Stable Funding Ratio	138.82%	139.18%

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 2024 and 31 December 2023 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 received by the Bank from 2 creditors, as at 31 December 2024, the Bank classifies long-term liabilities in the amount of UAH 6,326,375 thousand in accordance with the terms specified in the waiver letters. As at 31 December 2024, the Bank did not receive any letters from the other 4 creditors regarding the waiver of the right to demand early repayment of loans in the amount of UAH 2,126,219 thousand, such liabilities are presented "on demand" as at 31 December 2024. Information on the letters of waiver of the requirements for early repayment of loans received by the Bank ("waiver") from creditors is provided in Note 3. As at 31 December 2023, Bank classifies long-term liabilities in the amount of UAH 3,198,099 thousand in accordance with the terms specified in the waiver letters ("waiver").

Financial liabilities as at 31 December 2024	*On demand and up to 3 months*	*From 3 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Due to other banks	3,369,292	126,117	–	–	**3,495,409**
Other borrowed funds	2,179,744	459,967	1,855,785	5,978,971	**10,474,467**
Derivative financial instruments:					
- contractual amounts receivable	(780,327)	–	–	–	**(780,327)**
- contractual amounts payable	781,613	–	–	–	**781,613**
Due to customers	155,127,284	11,057,062	1,249,559	70	**167,433,975**
Other financial liabilities	1,279,913	62,460	40,455	–	**1,382,828**
Total undiscounted financial liabilities	**161,957,519**	**11,705,606**	**3,145,799**	**5,979,041**	**182,787,965**

Financial liabilities as at 31 December 2023	*On demand and up to 3 months*	*From 3 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Due to other banks	2,643,027	151,930	–	–	**2,794,957**
Other borrowed funds	371,840	3,104,568	738,422	2,346,195	**6,561,025**
Derivative financial instruments:					
- contractual amounts receivable	(2,452,144)	–	–	–	**(2,452,144)**
- contractual amounts payable	2,472,521	–	–	–	**2,472,521**
Due to customers	145,745,081	8,226,283	1,091,792	677	**155,063,833**
Other financial liabilities	535,289	54,761	102,712	–	**692,762**
Total undiscounted financial liabilities	**149,315,614**	**11,537,542**	**1,932,926**	**2,346,872**	**165,132,954**

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.

	On demand
As at 31 December 2024	**30,996,655**
As at 31 December 2023	**27,642,888**

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.

Interest rate sensitivity of pre-tax profits and losses (method of liquidity gaps before revision)

	31 December 2024					
	Up to 1 month	*From 1 to 3 months*	*From 3 to 12 months*	*From 1 to 5 years*	*Over 5 years*	*Total*
Assets	85,481,886	23,413,338	26,864,530	50,716,961	4,242,271	**190,718,986**
Liabilities	151,610,881	9,069,135	10,595,579	2,314,983	4,814,427	**178,405,005**
Difference between assets and liabilities	**(66,128,995)**	**14,344,203**	**16,268,951**	**48,401,978**	**(572,156)**	**12,313,981**
1%	(634,114)	119,470	61,064	–	–	**(453,580)**
-1%	634,114	(119,470)	(61,064)	–	–	**453,580**

	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	72,614,477	15,625,060	29,332,931	42,630,090	3,691,079	**163,893,637**
Liabilities	140,080,447	10,757,851	8,368,721	1,352,917	1,894,889	**162,454,825**
Difference between assets and liabilities	**(67,465,970)**	**4,867,209**	**20,964,210**	**41,277,173**	**1,796,190**	**1,438,812**
1%	(646,934)	40,538	78,688	–	–	**(527,708)**
-1%	646,934	(40,538)	(78,688)	–	–	**527,708**

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 2024 are as follows:

	UAH	USD	EUR	Other currencies	Total
Assets					
Cash and cash equivalents	33,560,482	12,100,550	21,430,086	185,872	**67,276,990**
Loans and other balances with banks	50,887	890,062	63,905	419,412	**1,424,266**
Loans and advances to customers	42,335,607	17,785,992	7,527,877	–	**67,649,476**
Investments in securities	57,183,047	75,534	2,232,635	–	**59,491,216**
Investment property	346,362	–	–	–	**346,362**
Property and equipment and intangible assets	1,217,319	–	–	–	**1,217,319**
Right-of-use assets	110,731	–	–	–	**110,731**
Deferred tax assets	230,531	–	–	–	**230,531**
Other financial assets	710,093	23,863	4,182	–	**738,138**
Other non-financial assets	305,410	26,073	43,523	39,087	**414,093**
Total assets	**136,050,469**	**30,902,074**	**31,302,208**	**644,371**	**198,899,122**
Liabilities					
Due to banks	25,734	2,593,175	720,370	156,130	**3,495,409**
Due to customers	109,933,121	27,967,029	28,398,091	352,239	**166,650,480**
Other borrowed funds	6,208,015	–	2,244,579	–	**8,452,594**
Provisions for loan commitments and financial guarantee contracts	121,377	226,902	180,498	–	**528,777**
Other provisions	149,786	–	–	–	**149,786**
Current tax liabilities	917,254	–	–	–	**917,254**
Other financial liabilities	966,320	146,506	221,197	38,534	**1,372,557**
Other non-financial liabilities	1,122,916	–	2	–	**1,122,918**
Total liabilities	**119,444,523**	**30,933,612**	**31,764,737**	**546,903**	**182,689,775**
Net long/(short) recognized position	**16,605,946**	**(31,538)**	**(462,529)**	**97,468**	
Assets receivable	–	763,088	481,875	43,425	**1,288,388**
Assets payable	–	(515,092)	(727,618)	(45,137)	**(1,287,847)**
Net long/(short) unrecognized position	**–**	**247,996**	**(245,743)**	**(1,712)**	
Total long/(short) recognized and unrecognized position	**16,605,946**	**216,458**	**(708,272)**	**95,756**	

The major foreign currency denominated positions of assets and liabilities as at 31 December 2023 are as follows:

	UAH	USD	EUR	Other currencies	Total
Assets					
Cash and cash equivalents	26,837,454	12,333,000	10,458,754	120,243	**49,749,451**
Loans and other balances with banks	50,955	963,528	297,357	321,371	**1,633,211**
Loans and advances to customers	38,277,438	15,377,936	9,677,573	–	**63,332,947**
Investments in securities	55,538,749	167,711	22,205	–	**55,728,665**
Investment property	154,269	–	–	–	**154,269**
Current tax assets	1,070,155	–	–	–	**1,070,155**
Property and equipment and intangible assets	1,225,785	–	–	–	**1,225,785**
Right-of-use assets	138,631	–	–	–	**138,631**
Deferred tax assets	54,449	–	–	–	**54,449**
Other financial assets	1,512,606	593,658	5,893	–	**2,112,157**
Other non-financial assets	604,820	37,433	21,225	1,252	**664,730**
Total assets	**125,465,311**	**29,473,266**	**20,483,007**	**442,866**	**175,864,450**
Liabilities					
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**
Total liabilities	**114,138,041**	**27,403,825**	**22,661,314**	**398,175**	**164,601,355**
Net long/(short) recognized position	**11,327,270**	**2,069,441**	**(2,178,307)**	**44,691**	
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)**
Net long/(short) unrecognized position	**1,617,477**	**(2,811,872)**	**1,188,714**	**(11,762)**	
Total long/(short) recognized and unrecognized position	**12,944,747**	**(742,431)**	**(989,593)**	**32,929**	

The currencies in which the Bank has significant positions for monetary assets and liabilities as at 31 December 2024 and 31 December 2023 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 2024 in relation to the hryvnia, which causes different forecast rates for different currencies.

The major foreign currency denominated positions of assets and liabilities as at 31 December 2023 are as follows:

Currency	Increase in foreign currency exchange rate, % 31 December 2024	Effect on profit before tax 31 December 2024	Increase in foreign currency exchange rate, % 31 December 2023	Effect on loss before tax 31 December 2023
USD	23.30%	50,435	16.50%	(122,501)
EUR	14.00%	(99,158)	20.75%	(205,341)

Currency	Decrease in foreign currency exchange rate, % 31 December 2024	Effect on profit before tax 31 December 2024	Decrease in foreign currency exchange rate, % 31 December 2023	Effect on loss before tax 31 December 2023
USD	(7.00%)	(15,152)	(7.00%)	51,970
EUR	(7.00%)	49,579	(7.00%)	69,272

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 liquidity.

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:

Assets/liabilities	Fair value hierarchy level	Valuation techniques and key inputs
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.
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.
Loans and advances to customers at fair value through profit or loss	2	Discounted cash flows for loans and advances to clients within the framework of the state program of affordable mortgage lending to individuals "eOselya": 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.
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.

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:

	31 December 2024			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Loans and other balances with banks at fair value through profit or loss	–	419,412	–	**419,412**
Derivative financial assets	–	1,827	–	**1,827**
Loans and advances to customers at fair value through profit or loss	–	1,985,188	8,328	**1,993,516**
Investments in securities at fair value through other comprehensive income	35	58,213,026	1,278,155	59,491,216
Investment property	–	346,362	–	**346,362**
Buildings and land plots	–	825,374	–	**825,374**
Total	**35**	**61,791,189**	**1,286,483**	**63,077,707**
Liabilities measured at fair value				
Due to banks at fair value through profit or loss	–	96,776	–	**96,776**
Derivative financial liabilities	–	1,285	–	**1,285**
Due to customers at fair value through profit or loss	–	267,162	–	**267,162**
Total	**–**	**365,223**	**–**	**365,223**

	31 December 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Loans and other balances with banks at fair value through profit or loss	–	321,371	–	**321,371**
Derivative financial assets	–	2,933	–	**2,933**
Loans and advances to customers at fair value through profit or loss	–	–	29,531	**29,531**
Loans and advances to customers at fair value through other comprehensive income	–	–	2,925	**2,925**
Investments in securities at fair value through other comprehensive income	26	45,654,850	1,202,680	**46,857,556**
Investment property	–	154,269	–	**154,269**
Buildings and land plots	–	817,559	–	**817,559**
Total	**26**	**46,950,982**	**1,235,136**	**48,186,144**
Liabilities measured at fair value				
Due to banks at fair value through profit or loss	–	89,745	–	**89,745**
Derivative financial liabilities	–	20,376	–	**20,376**
Due to customers at fair value through profit or loss	–	194,939	–	**194,939**
Total	**–**	**305,060**	**–**	**305,060**

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:

Financial assets	*As at 1 January 2024*	*Unrealized income (revaluation)*	*Repayment*	*Write-down recognized in equity*	*Accrued interest as part of interest income*	*As at 31 December 2024*
Investments in securities at fair value through other comprehensive income	**1,202,680**	–	(164,548)	74,568	165,455	**1,278,155**
Loans and advances to customers at fair value through profit or loss	**29,530**	2,464	(27,251)	–	3,585	**8,328**

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 2024		31 December 2023	
Financial assets	*Carrying amount*	*Impact of possible alternative assumptions*	*Carrying amount*	*Impact of possible alternative assumptions*
Investments in securities at fair value through other comprehensive income	1,278,155	74,782 / (69,925)	1,202,680	90,086/ (74,348)
Loans and advances to customers at fair value through profit or loss	8,328	49 / (48)	29,531	414 / (400)

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 74,782 thousand (2023: UAH 90,086 thousand). An increase in the interest rate by 10% lead to a decrease in the fair value on UAH 69,925 thousand (2023: UAH 74,348 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 49 thousand (2023: UAH 414 thousand). An increase in the discount rate by 10% will lead to a decrease in the value by UAH 48 thousand (2023: UAH 400 thousand).

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:

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.

Financial assets / financial liabilities	*Fair value hierarchy level*	*Valuation techniques and key inputs*
Loans and advances to customers	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.
Loans and advances to customers	2	Discounted cash flows for loans and advances to clients within the framework of the state program of affordable mortgage lending to individuals "eOselya": 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.

Fair value	*31 December 2024* Level 1	*Level 2*	*Level 3*	*Total*
Assets for which fair values are disclosed				
Loans and other balances with banks	–	1,004,854	–	**1,004,854**
Loans and advances to customers	–	3,970,938	62,791,353	**66,762,291**
Total	**–**	**4,975,792**	**62,791,353**	**67,767,145**
Liabilities for which fair values are disclosed				
Due to other banks	–	3,398,633	–	**3,398,633**
Other borrowed funds	–	8,452,594	–	**8,452,594**
Due to customers	–	166,394,159	–	**166,394,159**
Total	**–**	**178,245,386**	**–**	**178,245,386**

Fair value	*31 December 2023* Level 1	*Level 2*	*Level 3*	*Total*
Assets for which fair values are disclosed				
Loans and other balances with banks	–	1,311,840	–	**1,311,840**
Investments accounted for at amortized cost	–	8,871,109	–	**8,871,109**
Loans and advances to customers	–	2,363,423	60,833,734	**63,197,157**
Total	**–**	**12,546,372**	**60,833,734**	**73,380,106**
Liabilities for which fair values are disclosed				
Due to other banks	–	2,705,212	–	**2,705,212**
Other borrowed funds	–	5,579,937	–	**5,579,937**
Due to customers	–	153,972,944	–	**153,972,944**
Total	**–**	**162,258,093**	**–**	**162,258,093**

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.

	31 December 2024		*31 December 2023*	
	Carrying amount	*Fair value*	*Carrying amount*	*Fair value*
Financial assets				
Loans and other balances with banks	1,004,854	1,004,854	1,311,840	1,311,840
Investments accounted for at amortized cost	–	–	8,871,109	8,871,109
Loans and advances to customers	65,655,960	66,762,291	63,300,491	63,197,157
Total assets	**66,660,814**	**67,767,145**	**73,483,440**	**73,380,106**
Financial liabilities				
Due to other banks	3,398,633	3,398,633	2,705,212	2,705,212
Other borrowed funds	8,452,594	8,452,594	5,579,937	5,579,937
Due to customers	166,383,318	166,394,159	153,938,625	153,972,944
Total liabilities	**178,234,545**	**178,245,386**	**162,223,774**	**162,258,093**

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 2024				*31 December 2023*			
	On demand/ Within one year	*More than one year*	*No maturity*	*Total*	*On demand/ Within one year*	*More than one year*	*No maturity*	*Total*
Cash and cash equivalents	67,276,990	–	–	**67,276,990**	49,749,451	–	–	**49,749,451**
Loans and other balances with banks	1,002,841	421,425	–	**1,424,266**	1,240,577	392,634	–	**1,633,211**
Loans and advances to customers	44,351,949	23,297,527	–	**67,649,476**	38,357,753	24,975,194	–	**63,332,947**
Investments in securities at fair value through other comprehensive income	16,574,324	42,916,892	–	**59,491,216**	19,916,974	35,811,691	–	**55,728,665**
Derivative financial assets	1,827	–	–	**1,827**	2,933	–	–	**2,933**
Investment property	–	–	346,362	**346,362**	–	–	154,269	**154,269**
Current tax assets	–	–	–	**–**	1,070,155	–	–	**1,070,155**
Deferred tax assets	–	230,531	–	**230,531**	–	54,449	–	**54,449**
Property and equipment and intangible assets	–	–	1,217,319	**1,217,319**	–	–	1,225,785	**1,225,785**
Right-of-use assets	–	–	110,731	**110,731**	–	–	138,631	**138,631**
Other financial assets	482,788	255,350	–	**738,138**	1,055,194	1,056,963	–	**2,112,157**
Other non-financial assets	411,010	3,083	–	**414,093**	383,855	280,875	–	**664,730**
Total	**130,101,729**	**67,124,808**	**1,674,412**	**198,900,949**	**111,776,892**	**62,571,806**	**1,518,685**	**175,867,383**
Due to banks	3,495,409	–	–	**3,495,409**	2,794,957	–	–	**2,794,957**
Due to customers	165,539,039	1,111,441	–	**166,650,480**	153,261,880	871,684	–	**154,133,564**
Derivative financial liabilities	1,285	–	–	**1,285**	20,376	–	–	**20,376**
Other borrowed funds	2,434,621	6,017,973	–	**8,452,594**	3,203,813	2,376,124	–	**5,579,937**
Provisions for loan commitments and financial guarantee contracts	390,938	137,839	–	**528,777**	603,129	74,023	–	**677,152**
Other provisions	149,786	–	–	**149,786**	153,335	–	–	**153,335**
Current tax liabilities	917,254	–	–	**917,254**	–	–	–	**–**
Other financial liabilities	1,298,444	74,113	–	**1,372,557**	559,248	89,751	–	**648,999**
Other non-financial liabilities	1,117,996	4,922	–	**1,122,918**	613,411	–	–	**613,411**
Total	**175,344,772**	**7,346,288**	**–**	**182,691,060**	**161,210,149**	**3,411,582**	**–**	**164,621,731**
Net amount	**(45,243,043)**	**59,778,520**	**1,674,412**	**16,209,889**	**(49,433,257)**	**59,160,224**	**1,518,685**	**11,245,652**

As at 31 December 2024, the Bank presented in the article "Other borrowed funds" term loans borrowed from credit institutions in the amount of UAH 6,326,375 thousand, in accordance with the terms specified in the letters regarding the waiver of the rights for the early repayment of the loans ("waiver") received by the Bank from 2 creditors. As at 31 December 2024, the Bank did not receive letters from the other 4 creditors regarding the waiver of the right to demand early repayment of loans in the amount of UAH 2,126,219 thousand, such liabilities are presented "on demand" as at 31 December 2024. Information on the letters of waivers ("waiver") received by the Bank from creditors is provided in Note 3. As at 31 December 2023, 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 3,198,099 thousand. were classified on demand. 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 (43,469,017) thousand as at 31 December 2024). 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 30,042,638 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 2024, 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 30,042,638 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 2024, the stable balances on current and other accounts were estimated to be equal to UAH 84,215,839 thousand. Based on the going concern assumption, actual maturity of the stable balances may be considered as undefined.

The Bank reflects assets for which the payment deadline has come and for which it is impossible to determine the actual maturity of the debt, with a maturity of "more than one year" taking into account the conservative approach that does not foresee the repayment of debt in the short-term period "On demand/ Within one year ".

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 2024, the Bank was 94.94% state-owned bank under the control of the Ministry of Finance of Ukraine (2023: 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 2024				*31 December 2023*			
	Shareholder (Ministry of Finance of Ukraine)	*State controlled entities*	*Other related parties*	*Key management personnel*	*Shareholder (Ministry of Finance of Ukraine)*	*State controlled entities*	*Other related parties*	*Key management personnel*
Assets								
Cash and cash equivalents	–	32,091,393	–	–	–	25,678,703	–	–
Loans and other balances with banks	–	14,567	–	–	–	11,177	–	–
Loans and advances to customers, gross	–	15,842,742	–	369	–	16,792,433	–	156
Loans and advances to customers, less: expected credit losses/allowance for impairment	–	(1,259,774)	–	(1)	–	(682,218)	–	(1)
Investments in securities	57,637,135	1,668,948	–	–	44,419,609	2,336,359	–	(8)
Right-of-use assets	–	1,909	–	–	–	2,946	–	–
Liabilities								
Due to banks								
- current accounts	–	3,737	–	–	–	19	–	–
- other amounts	–	1,311	–	–	–	1,216	–	–
Other borrowed funds	–	6,326,375	–	–	–	2,927,956	–	–
Due to customers:								
- current accounts	–	53,207,555	8,362	7,634	–	47,117,629	14,536	8,378
- time deposits	–	3,298,863	2,793	19,203	–	2,128,752	2,350	14,725
Lease liabilities	–	2,549	–	–	–	4,173	–	–
Provisions for loan commitments and financial guarantee contracts	–	399,959	–	1	–	528,099	–	2
Commitments and contingencies								
Financial guarantees	–	3,617,423	–	–	–	5,118,177	–	–
Credit-related commitments	–	8,214,018	66	442	–	6,076,077	66	650
Letters of credit	–	801,233	–	–	–	690,200	–	–
Performance guarantees	–	–	–	–	–	320,053	–	–

	31 December 2024				*31 December 2023*			
	Shareholder (Ministry of Finance of Ukraine)	*State controlled entities*	*Other related parties*	*Key management personnel*	*Shareholder (Ministry of Finance of Ukraine)*	*State controlled entities*	*Other related parties*	*Key management personnel*
Statement of profit or loss and other comprehensive income								
Interest revenue calculated using effective interest method:								
- loans and advances to customers	–	2,079,638	5	126	–	2,250,873	77	92
- due from credit institutions	–	–	–	–		190	–	–
- investments in securities	8,175,189	340,004	–	–	5,134,612	432,946	–	–
- deposit certificates of the National Bank of Ukraine	–	2,867,752	–	–	–	3,076,606	–	–
Interest expense:								
- due to the National Bank of Ukraine	–	–	–	–	–	197,968	–	–
- due to credit institutions	–	191,723	–	–	–	78,666	–	–
- due to customers	–	3,547,143	749	702	–	3,395,195	36	287
- lease liability	–	509	–	–	–	887	–	–
Impairment loss determined in accordance with IFRS 9	–	472,900	–	–	–	284,934	32	26
Net gain (loss) on operations with debt financial instruments measured at fair value through other comprehensive income	372,902	931	–	–	72,072	–	–	–
Other income	–	2,733	–	–	–	3,882	–	4
Other operating expenses	–	304,979	–	432	–	269,234	–	273

For deposit certificates of the National Bank of Ukraine, the rate range is as follows (%):

Currency	*31 December 2024*	*31 December 2023*
UAH	13.5	15.0 – 20.0

For loans and advances to customers granted to related parties, the rate range is as follows (%):

	31 December 2024		*31 December 2023*	
Currency	*Corporate banking*	*Retail banking*	*Corporate banking*	*Retail banking*
UAH	14.8 – 24.7	45.0 – 45.0	11.0 – 28.1	43.0 – 43.0
USD	5.3 – 7.5	–	5.1 - 7.5	–
EUR	4.5 – 6.7	–	4.5 - 4.5	–

Other borrowed funds received from related parties, the rate range is as follows (%):

Currency	*31 December 2024*	*31 December 2023*
UAH	3.0 – 13.19	3.0 – 14.3
USD	–	–
EUR	6.126	6.26 – 6.76

Due to customers: current accounts received from related parties, the rate range is as follows (%):

	31 December 2024		*31 December 2023*	
Currency	*Corporate banking*	*Retail banking*	*Corporate banking*	*Retail banking*
UAH	0 – 12.4	0 – 6.5	0 – 14.9	0 – 5.0
USD	0 – 2.0	0 – 0.0001	0 – 0.3	0 – 0.0001
EUR	0 – 0.5	0 – 0.0001	–	0 – 0.0001

Due to customers: time deposits received from related parties, the rate range is as follows (%):

	31 December 2024			*31 December 2023*		
Currency	*Corporate banking*	*SME*	*Retail banking*	*Corporate banking*	*SME*	*Retail banking*
UAH	8.0 – 12.00	8.0	11.75 – 12.75	12.0 – 16.5	12.0 – 13.0	15.0 – 15.7
USD	0.05 – 2.75	–	0.01 – 2.0	0.1 – 1.7	–	0.01 – 1.0
EUR	0.01	–	0.01	0.01	–	0.01

Due to customers received from related parties, the volumes of transactions by maturity are as follows:

	31 December 2024			*31 December 2023*		
	Corporate banking	*SME*	*Retail banking*	*Corporate banking*	*SME*	*Retail banking*
On demand/ Within one year	56,496,987	14,677	32,746	49,181,424	73,629	28,654
More than one year	–	–	–	2,663	–	–

For loans and advances to customers granted to related parties, the volumes of transactions by maturity are as follows:

	31 December 2024		31 December 2023	
	Corporate banking	Retail banking	Corporate banking	Retail banking
On demand/ Within one year	14,013,947	369	12,606,904	155
More than one year	1,828,795	–	4,185,530	–

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 2024, 53% of assets and 35% of liabilities were concentrated in operations with state-owned companies, the National Bank of Ukraine, state banks and government authorities (2023: 50% of assets and 32% of liabilities).

The Bank manages concentration risk in its credit and securities portfolios by setting limits for individual counterparties and groups of counterparties.

Remuneration and accrual to key management personnel comprises the following items:

	31 December 2024	31 December 2023
Salaries and bonuses	99,344	71,834
Reserves for bonuses and unused vacations	94,765	17,604
Total remuneration and accrual to key management personnel	**194,109**	**89,438**

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.

In August 2024, the process of implementing the requirements of the new Regulation on the procedure for determining the amount of regulatory capital by banks of Ukraine, approved by Resolution of the NBU Board No. 196 dated 28 December 2023, was completed. From 06 August 2024, the calculation of regulatory capital and capital adequacy ratios is carried out in accordance with the new regulatory requirements for the three-tier capital structure, as well as taking into account the minimum amount of market risk.

As at 31 December 2024, the specified minimum level of regulatory capital adequacy was 8.5%, the minimum Tier 1 capital adequacy ratio was 7.5%, the minimum Tier 1 core capital adequacy ratio was 5.625% (in accordance with the new regulatory requirements for calculating capital adequacy), as at 31 December 2023 the minimum regulatory capital adequacy ratio was 10%, and the minimum core capital adequacy ratio was 7%.The Bank's complies with the regulatory requirements for capital level indicators as at 31 December 2024 and 31 December 2023.

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 2024 and 31 December 2023, the minimum capital adequacy ratio required by Basel I was 8% and the minimum Tier 1 capital adequacy ratio was 4%.

As at 31 December 2024 and 31 December 2023, the Bank's capital adequacy ratio is:

	31 December 2024	31 December 2023
Common equity Tier 1/ Fixed assets	13,016,218	8,260,719
Tier 1 capital / Additional capital	13,016,218	3,109,167
Tier 2 capital	-	-
Regulatory capital	**13,016,218**	**11,369,886**
Aggregate risk exposure / Risk-weighted assets	**79,509,210**	**71,919,304**
Standard Total capital / H2	16.37%	15.81%
Standard Tier 1	16.37%	x
Standard CET1 / H3	16.37%	11.49%

34. Changes in liabilities arising from financing activities

	Due to the National Bank of Ukraine	*Other borrowed funds (long-term)*	*Lease liability*	*Total*
Carrying amount as at 1 January 2023	**998,956**	**3,385,859**	**163,506**	**4,548,321**
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**
Carrying amount as at 31 January 2023	**–**	**5,579,937**	**133,061**	**5,712,998**
Additions	–	4,065,410	61,064	4,126,474
Repayment	–	(1,307,833)	(76,686)	(1,384,519)
Exchange differences	–	104,526	–	104,526
Other	–	10,554	(1,338)	9,216
Carrying amount as at 31 December 2024	**–**	**8,452,594**	**(116,101)**	**8,568,695**

35. Subsequent events

As of the date these financial statements were authorised 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. The Verkhovna Rada of Ukraine extended martial law and mobilization until 9 May 2025.

The Board of the National Bank of Ukraine decided to increase the discount rate from 13,5% to 14,5% from 24 January 2025 and to 15.5% from 7 March 2025.

On 10 February 2025, the Bank signed a new agreement to provide partial coverage under the EU4Business Guarantee Facility with the European Investment Bank (EIB) and the European Investment Fund (EIF) to support Ukrainian small and medium-sized enterprises (SMEs). This will allow the Bank to finance Ukrainian businesses for approximately EUR 27 million. The guarantee will cover from 30% to 80% of obligations under loan agreements aimed at financing investment projects, working capital and other purposes supporting the development of small and medium-sized enterprises.

Independent Auditors Report

Follow the link for the full version of the Financial statements for the year ended 31 December 2024 together with Independent Auditors' Report and Management report

https://www.ukrgasbank.com/upload/Report_ENG_2024YE_ENG.pdf

ugb ECO BANK

SUSTAINABILITY REPORT

Responsible Banking

REPORT OVERVIEW
GRI 2–3

Welcome to UGB 2024 Sustainability Report. This section of the Annual and Sustainability Report summarizes the Bank's sustainability performance throughout 2024. It outlines our achievements in key sustainability initiatives, governance frameworks, stakeholder engagement practices, the material issues we've addressed, our progress in sustainable and inclusive finance, efforts towards environmentally friendly operations, our commitment to employee well-being, contributions to the community, robust E&S risk management, and our unwavering dedication to ethical business practices.

This report is intended for all our stakeholders, both in Ukraine and internationally. It aims to provide transparent, evidence-based information about the environmental and social impacts of our activities during 2024. It showcases our commitment to creating lasting value for our shareholders, employees, customers, partners, and the broader society.

UGB is deeply committed to transparency in its Environmental, Social, and Governance (ESG) performance. While the publication of our Sustainability Reports was understandably paused in 2022 following the commencement of the full-scale war, we resumed this vital practice in 2023. For reference, previous reports can be accessed on our website:
https://www.ukrgasbank.com/upload/file/ugb_annualreport_2023.pdf.
This 2024 report builds upon that renewed commitment.

The full-scale war has undeniably shifted national priorities towards immediate survival and resilience for individuals, businesses, the economy, and Ukraine as a whole. However, the critical issues of sustainability have not diminished in importance; rather, their focus has evolved. Social aspects, energy security, and the transition to clean energy have become even more central to Ukraine's recovery and rebuilding efforts.

Even amidst these challenging circumstances, UGB remains steadfast in providing unwavering support to the economy, businesses, and communities. We are pleased to continue our sustainability reporting with this 2024 report, which covers the full calendar year from January 1st to December 31st, 2024.

In preparing this report, we have referenced the GRI (Global Reporting Initiative) Standards, a globally recognized framework for sustainability reporting. However, it is important to note that this report does not strictly adhere to the GRI core format. At this stage, the information presented is, in certain instances, limited due to the ongoing development of tailored data analysis and reporting systems for specific sets of information. We are continuously working to enhance our data collection and reporting capabilities.

We recognize that 2024-2025 are set to be years of significant transformation in the regulatory landscape for ESG matters. New legislative acts and standards are expected, which will strengthen requirements for ESG information disclosure and the integration of sustainable development principles into the activities of financial institutions. In anticipation of these developments, the Bank is actively preparing to harmonize its activities with modern ESG requirements, aligning with upcoming Ukrainian regulatory changes, EU standards pertinent to European integration, and global best practices in sustainable finance (such as IFC Performance Standards, EU Taxonomy, TCFD, and ESRS).

SUSTAINABLE BANKING DEVELOPMENT

At the Bank, our identity as a universal bank is deeply connected with a focused mission: to drive sustainable development, empowering the success of business and communities. We're dedicated to financing projects that make a real difference, whether it is improving energy efficiency, using renewable energy, or conserving precious resources for our clients. This dedication is written into our Articles of Association, aligning our every action with the UN's Sustainable Development Goals (SDGs).

Our green journey took off in 2016. In collaboration with the International Finance Corporation, UGB pioneered a new way of banking in Ukraine, focusing specifically on green finance. Our vision was to make it easier for companies implementing renewable energy, energy efficiency, and environmental protection projects to get the funding they needed. This involved more than just providing capital; we also focused on building deep expertise to analyze and implement these important projects across various sectors. Alongside this, we launched a specialized line of eco-products and set up thorough systems to manage social and environmental risks.

A key part of this initiative was establishing a unique in-house technical office. Staffed by professional engineers, this specialized department does more than just assess sustainable development projects. It carefully tracks both the Bank's direct and indirect carbon dioxide (CO_2) emissions. Importantly, it also analyzes the carbon footprint reduction achieved through the "green" energy and resource efficiency projects we finance. This allows us to see and quantify the positive change our investments are making.

The Bank was among the pioneers in Ukraine to set up a comprehensive Environmental and Social Management System (ESMS). Guided by international best practices, this system ensures our operations consistently meet high environmental and social standards. We've integrated ESMS procedures directly into our credit risk management framework. Consequently, every commercial lending decision, with clearly defined and reasonable exceptions, undergoes a thorough environmental and social risk assessment. This diligent approach not only mitigates potential negative environmental impacts but also fosters and promotes sustainable practices among our clients.

In 2018, when we became a member of the Carbon Pricing Leadership Coalition, followed by endorsing the UN Principles for Responsible Banking in 2019, clearly showing our alignment with the UN SDGs and the Paris Climate Agreement.

This dedication to sustainable finance was recognized in 2019 when Euromoney named UGB the "Best Bank for Sustainable Finance in Central and Eastern Europe," an honor that continues to motivate our ambitions.

As our approach has matured, so has our methodology. Guided by the UN's 2030 Agenda and its 17 SDGs, we refined our criteria for sustainable projects in 2020. This strategic evolution broadened our scope from a singular focus on "green" initiatives to a more holistic view that encompasses a wider range of projects driving sustainable development.

By year end 2024, we have invested over USD 1.4 billion in large-scale sustainable projects, helping to finance 1.2 gigawatts of clean energy capacity. These investments are cutting over 1.6 million tons of CO_2 emissions every single year.

Today, these projects do more than protect our environment. By supporting decentralized energy and heat sources, we are directly contributing to Ukraine's energy security. During this critical time of war, ensuring a stable supply of power is essential. Our investments are helping to keep the lights on and homes warm, strengthening our nation's resilience when it is needed most.

LEADERSHIP IN SUSTAINABLE DEVELOPMENT AND ESG
GRI 2–28

The Bank is dedicated to sustainable finance, not just in its lending, but also in shaping Ukraine's overall approach to ESG issues. We want to be a leader in working with others to create sustainability rules for the financial industry. This means partnering with similar organizations and the wider industry to develop new ways to reduce carbon emissions and transform the sectors we are involved in. We believe in working together to make necessary changes and want to cooperate with everyone who can help find solutions and speed up progress. In 2024, the Bank's leadership was officially recognized when it was chosen to lead the new ESG Subcommittee of the Independent Association of Banks of Ukraine (NABU), the largest banking group in the country. This role shows UGB's significant impact on creating and putting ESG standards in place throughout Ukraine's financial sector. A successful shift requires broad, system-wide solutions. As Chair of the ESG Subcommittee, UGB focused its 2024 efforts on key areas crucial for changing the banking sector. Important goals included:

- **ESG Integration into Governance and Regulation:** A primary focus was the development and promotion of essential policies, including the Sustainable Development Policy and the Environmental and Social Responsibility Policy. Legislative amendments were also initiated to cultivate a supportive regulatory environment for sustainable finance.
- **Development of ESG Reporting and Risk Management:** Efforts were centered on harmonizing Ukrainian reporting standards with international requirements, notably the ESRS and TCFD frameworks. This involved preparing formal guidelines for banks on ESG reporting and integrating ESG risk assessment mechanisms into credit processes and enterprise-wide risk management systems.
- **Client Support and Sustainable Recovery:** Initiatives included the organization of educational programs for businesses to facilitate their ESG transformation and the promotion of financial mechanisms essential for Ukraine's environmentally sustainable recovery.

Under UGB's leadership, the NABU ESG Subcommittee achieved significant milestones in 2024. These included the development of foundational documents like an ESG Glossary (adopted by the National Bank of Ukraine as a basis for unifying terminology) and a draft Client Guide on environmental legislation. Comprehensive analyses were conducted on Ukrainian banks' ESG policies, global ESG trends, Ukraine's climate policy, and key EU regulations like the EU Taxonomy and reporting standards (CSRD, ESRS, CSDDD). Furthermore, strategic partnerships were initiated with the Business Development Fund concerning World Bank E&S standards and with the Ministry of Economy's Green Transition Office to implement the EU Taxonomy in Ukraine.

The initiatives undertaken in 2024 represent a vital contribution to advancing sustainable finance in Ukraine. By spearheading the implementation of ESG standards, facilitating legislative changes, and fostering dialogue among key stakeholders, the Bank is laying a solid foundation for the banking sector's role in the country's sustainable development and green recovery. This reaffirms UGB's strategic commitment to fostering Ukraine's transition to a green economy and strengthening its position as the undisputed leader in sustainable banking.

OUR 2025 ESG ROADMAP: THE ALIGNMENT INITIATIVE
GRI 2–22, 3–1

The global financial landscape is evolving, making international ESG (Environmental, Social, and Governance) standards essential. In response, The Bank is launching the "ESG Alignment" project in 2025. This strategic initiative aims to deeply integrate sustainable development principles into all aspects of our operations. Our goal is to align our practices with current ESG requirements, prepare for upcoming Ukrainian regulations, meet EU standards as part of our European integration, and adopt global best practices (including IFC Performance Standards, EU Taxonomy, TCFD, and ESRS). We intend to lead in Ukraine's sustainable finance sector by proactively addressing legislative changes, such as the new Strategy for Implementing Sustainable Development Reporting. At its core, the "ESG Alignment" project will establish a comprehensive ESG model integrated throughout all Bank business processes.

A key step in enhancing our strategic approach to sustainability will be conducting our first Double Materiality Assessment (DMA) in 2025. This advanced assessment, adhering to ESRS standards and new CSRD mandates, is a cornerstone of our "ESG Alignment" project. It will provide a dual perspective, clarifying how sustainability trends impact our finances (financial materiality) and how our operations affect people and the environment (impact materiality). This builds on our long-standing commitment to understanding our impact. The formal DMA in 2025, with results in our 2025 Annual Report, marks a significant methodological advancement from our established practices, pinpointing ESG aspects most critical to our business and global influence.

Following this DMA, we will develop a comprehensive ESG strategy and policy, setting measurable short-, medium-, and long-term goals with KPIs. We will refine ESG criteria for assessing risks, clients, and projects, including an EU Taxonomy-aligned methodology for sustainable activities and updated greenhouse gas accounting (Scopes 1, 2, 3).

Our ESG risk assessment will also be upgraded by modernizing our environmental and social risk systems and introducing ESG scoring for clients and projects to support more informed financial decisions.

To support these changes, we will provide ESG training for all staff and management, with ESG oversight assigned at the Board level. Transparency is vital, so we will develop an ESRS-compliant ESG reporting methodology and data collection, actively communicating our transformation to all stakeholders.

The "ESG Alignment" project, particularly the shift to a formal Double Materiality Assessment, will enhance our risk management, identify sustainable business opportunities, and build stakeholder trust. This ensures our sustainability strategy is robust, targeted, and compliant. It's our comprehensive plan to embed leading ESG principles into our governance, risk management, products, and culture, solidifying The Bank's leadership in sustainable finance and paving the way for a responsible future.

UGB'S CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS
GRI 3—1

UGB's corporate strategy is fundamentally aligned with the United Nations Sustainable Development Goals (S-DGs). We consider the SDGs a direct blueprint for action, integrating their principles into our financing activities, operations, and partnerships to create long-term value and drive positive change.

Our focus is on identifying and financing projects that directly advance Ukraine's progress toward these global goals. We believe this is a critical pathway to supporting our nation's resilience and sustainable development, particularly during these challenging times.

This section details our key initiatives and tangible contributions to specific SDGs throughout 2024, demonstrating our steadfast commitment to building a more sustainable future for Ukraine.

We strengthen Ukraine's food security and promote sustainable agriculture through targeted financing under government support programs. Our capital is directed to farmers, agricultural enterprises, and critical infrastructure across the food supply chain. This financing is designed to boost productivity, advance sustainable farming practices, and expand market access for Ukrainian agricultural products.

We prioritize the wellbeing of our employees through solid and clear occupational health and safety practices, health support initiatives, and access to quality healthcare. We extend this commitment to our communities by facilitating grant programs for veterans and internally displaced persons (IDPs) in partnership with international development finance institutions. Additionally, we have financed purchases of equipment by medical institutions.

As the Bank focused on sustainable finance, we are committed to accelerating Ukraine's transition to a low-carbon economy. We achieve this by financing renewable energy projects (solar, wind, hydro, bio), energy efficiency initiatives for businesses and households, and supporting the development of clean energy infrastructure.

We play a crucial role in rebuilding and modernizing Ukraine's critical infrastructure, including energy, transportation, and industrial facilities. Our financing solutions support the development of resilient and sustainable infrastructure that promotes economic growth and social well-being.

The ongoing war in Ukraine has highlighted the critical need for resilient and sustainable cities and communities. UGB is actively responding by directing financial resources towards projects that revitalize urban infrastructure, promote energy efficiency in buildings, and accelerate the adoption of renewable energy sources. These investments not only address urgent needs arising from the war but also lay the groundwork for a more sustainable and resilient future for Ukrainian cities and communities.

Recognizing the importance of resource conservation during the war and post-war reconstruction, we prioritize financing initiatives that promote the efficient use of energy and other resources, minimize waste, and support the transition to a circular economy. This helps build a more resilient and sustainable Ukraine in the face of current challenges.

We are actively engaged in mitigating climate change by reducing our own carbon footprint through operational efficiency measures and investments in renewable energy. We also prioritize financing green projects that contribute to greenhouse gas reduction and support our clients in their transition to low-carbon operations.

We demonstrate our commitment to peace and stability by upholding strong corporate governance, maintaining strong anti-corruption measures, adhering to international sanctions and the Bank exclusion list, and ensuring financial transparency. During the ongoing war, we are dedicated to supporting the Ukrainian economy and contributing to the nation's resilience.

STAKEHOLDER ENGAGEMENT
GRI 2–29

Effective stakeholder engagement is important to the Bank sustainable business practices and its ability to create lasting value. Therefore, our approach is built on principles of transparency, inclusivity, and responsiveness. We actively seek to understand the diverse perspectives, needs, and concerns of those who have a stake in our operations and success. This dialogue is crucial for identifying and prioritizing our material sustainability issues, shaping effective responses, enhancing our positive impacts, and building resilient relationships founded on trust. Insights from our stakeholders are systematically considered and integrated into our strategic planning, risk management processes, and the development of our products and services.

Throughout 2024, we utilized a variety of channels to connect with our stakeholders, ensuring our engagement was both proactive and responsive. These methods included targeted surveys and feedback mechanisms, dedicated meetings and consultations, participation in collaborative initiatives and public forums, and transparent communication through our digital platforms and reports. Our aim was not only to inform but, more importantly, to listen, learn, and act upon the insights gained.

We engage with a wide array of stakeholders. Our interactions in 2024 focused on understanding their concerns and integrating their feedback into our actions.

Customers: With our customers, engagement in 2024 involved customer satisfaction surveys, focus groups, and gathering feedback through customer service channels, including our digital platforms. Key themes emerging from this feedback included a strong demand for accessible and secure digital banking solutions, clearer information on sustainable products, and support mechanisms for customers facing economic vulnerability due to the war. In response, we actively promoted digital services like the enhanced UGB Tap&Pay, ensuring business continuity through participation in the NBU's POWER BANKING Initiative by equipping over half our branches for off-grid operation. We launched targeted sustainable products such as the 'EnergoNezalezhnyi' credit product for individuals purchasing green energy equipment, offering preferential terms for vulnerable groups. Furthermore, we significantly enhanced our client feedback mechanisms, including chat support in the EcoBank mobile application and improved Google My Business engagement, which contributed to a 50% drop in formal complaints in 2024. Our updated service standards also incorporated specific recommendations for servicing clients with disabilities, reflecting our commitment to inclusion.

Employees: Our employees are integral to our success. In 2024, we prioritized understanding their perspectives through staff surveys (which showed a 79% engagement rate), internal communication platforms like the new UGB_life community, team meetings, and direct dialogue. Employees emphasized the importance of job security, a supportive work environment, continued professional development, and opportunities to contribute to Ukraine's resilience. Consequently, the Bank implemented an average salary increase, launched the "BE IN HARMONY WITH YOURSELF" psychological support program, and provided extensive training, including 112 distance learning courses for over 3,500 employees and specialized programs like "Level UP Customer Service." We also stood by our 72 mobilized colleagues with financial aid and job guarantees and developed a dedicated support program for returning veterans, including specialized training for managers and HR personnel on effective interaction and reintegration.

Shareholders and Investors: Engagement with shareholders and Investors in 2024 focused on key governance decisions via a remotely held Annual General Meeting on April 22, 2024, and an Extraordinary General Meeting on November 18, 2024, supplemented by regular briefings and direct outreach. At the AGM, shareholders approved the 2023 financial results and profit allocation, along with Supervisory Board reports and updates to key remuneration policies. All AGM decisions received unanimous support from participating voting shareholders. The EGM in November saw overwhelming shareholder approval (over 99% "For") for revised core governance documents, including the Bank's Charter and key internal regulations regarding general meetings, the Supervisory Board, and shares and dividend policy. These formal engagements underscore our commitment to transparent governance.

Communities: We are committed to nurturing strong relationships with local communities. In 2024, we engaged them through consultations, partnerships with community organizations, and support for local development projects. Key concerns raised centered on the critical need for support for war-affected populations, rebuilding damaged infrastructure, initiatives promoting economic resilience, veteran reintegration, and youth development. Our flagship partnership with the UNBROKEN National Rehabilitation Center, to which UGB channeled UAH 40 million, directly addressed critical rehabilitation needs. We actively participated in the Veterans' Reintegration Conference and launched our comprehensive 'Veteran's Support' (Ветеранська опора) program, offering specialized financial products and support. For youth, we sponsored the Hack4Innovation student hackathon and conducted financial literacy sessions for over 500 young Ukrainians during Global Money Week 2024.

Regulators and Government Authorities: Regarding regulators and government authorities, we maintained proactive communication through regular reporting, participation in industry consultations, and direct dialogue on policy developments. Discussions revolved around financial sector stability, the implementation of new regulatory requirements (including ESG), and the banking sector's role in national recovery. As Chair of the NABU ESG Subcommittee, UGB played an active role in shaping the national ESG landscape, contributing to the development of an ESG Glossary adopted by the NBU and draft guidelines for the financial sector. We also aligned our initiatives with governmental programs such as the "Agricultural Land Humanitarian Demining Cost Compensation Program" and the NBU's POWER BANKING Initiative, and ensured our inclusion efforts met the NBU's Strategy for a barrier-free financial system.

International Financial Institutions (IFIs) & Development Finance Institutions (DFIs): Our engagement with IFIs and DFIs centered on joint project development and consistent strategic dialogues. Key participation included the Meeting of EIB Member Countries, the Spring Meetings of the Boards of Governors of the International Monetary Fund and World Bank Group, and the Annual Meeting of the European Bank for Reconstruction and Development, Annual EBRD Roundtable with Ukrainian Financial Institutions. These forums were instrumental in directing finance towards Ukraine's resilient and sustainable recovery, with a particular focus on SMEs and green infrastructure. Notable outcomes in 2024 include UGB joining the EBRD Energy Security Support Facility with a EUR 150 million portfolio guarantee to bolster lending for decentralized energy. Additionally, we partnered on the EBRD's 'Reintegration of Veterans and War-Affected Individuals' pilot project and signed a significant €50 million guarantee facility with the EBRD for Ukrainian businesses, earmarking a portion for veteran entrepreneurs.

NGOs and Civil Society Organizations: Finally, with NGOs and civil society organizations, we engaged through partnerships on specific projects and consultations on environmental and social issues. These organizations provided valuable insights into emerging challenges and opportunities for impactful sustainable finance. In 2024, for instance, we held a sign language course in partnership with the NGO Vidchui to improve accessibility, sponsored the Hack4Innovation student hackathon with NGO eADVISE, and our employees participated in World Cleanup Day with the "Let's Do It Ukraine" youth movement, demonstrating our commitment to collaborative community and environmental action.

BROADER ENGAGEMENT & PUBLIC DIALOGUE IN 2024

Beyond targeted stakeholder interactions, UGB maintained an active and transparent presence in the public domain. We utilized official press releases and our social media channels (Facebook, Instagram, LinkedIn) not only to disseminate updates on our initiatives—such as new products, charitable activities like our UNBROKEN partnership, and the UGB Tap&Pay rollout—but also as platforms for public interaction and gauging broader sentiment. Our engagement with the journalistic community was proactive, leading to extensive coverage in prominent national and regional media (e.g., Forbes). UGB's top management also contributed to public discourse through interviews and thought leadership articles, sharing expert perspectives on key economic and sustainability issues.

Furthermore, direct dialogue occurred through our active participation in numerous specialized conferences, forums including the Forbes "Energy of Business" forum, Digital Banking 2024, Green Deal Ukraine, ESG Impact Day, GET Business Festival, Grain Ukraine, and the Veterans' Reintegration Conference. These events provided valuable opportunities to share UGB's vision, contribute to critical discussions, and gather diverse insights from a wide range of participants.

LOOKING AHEAD: EVOLVING OUR ENGAGEMENT

UGB is committed to continuously improving its stakeholder engagement processes. In 2025, a key focus will be the execution of our comprehensive Double Materiality Assessment, which will be significantly informed by broad stakeholder consultation. The insights from this assessment will help us further refine our sustainability strategy and ensure our engagement efforts are targeted at the most critical issues for UGB and our stakeholders. We will continue to foster open communication channels and seek innovative ways to ensure that the voices of our stakeholders not only are heard but also continue to meaningfully shape our path towards a more sustainable and resilient future for the bank and Ukraine.

Environmental Disclosure (E)

The Bank, as a key financial intermediary, acknowledges its significant environmental and social influence. This arises both from the direct environmental impacts of our own operations and, more substantially, from the indirect environmental and social impacts and benefits channeled through our financing activities. Consequently, UGB has established management and mitigation strategies to promote environmental responsibility and enhance climate resilience.

In the context of Ukraine's extensive rebuilding, this understanding underscores a critical opportunity and strategic imperative: to champion sustainable and green principles throughout the nation's recovery. Integrating these principles into our lending policies, products, and services is therefore paramount, not only for managing indirect E&S risks but also for fostering Ukraine's long-term resilience, energy independence, and citizen well-being. UGB is deeply committed to leveraging its expertise in sustainable finance to lead and actively support this green transformation. Our aim is to help attract green finance, foster innovation, align Ukraine's development with global climate objectives and European integration, and contribute to a more sustainable and prosperous future for our bank, our clients, and the nation as a whole.

This chapter outlines how we manage both our direct environmental footprint and the indirect environmental and social aspects linked to our financing activities through our Environmental and Social Management System.

OUR SUSTAINABLE PRODUCT PORTFOLIO

The Bank is firmly committed to advancing green and sustainable development across Ukraine. We offer a comprehensive suite of financial solutions, including tailored green loans and sustainability loans. In-house technical office within the Sustainability department, composed of experts in green technology financing, not only evaluates potential projects but also provides advisory services to optimize technological solutions for maximum sustainability impact.

Operating as an "EcoBank" since 2016, focusing on financing resource efficiency, energy efficiency, and renewable energy projects, UGB broadened its scope in 2020 by fully adopting the ESG model. This enables us to finance a wider array of projects promoting environmental and social sustainability. For our Bank, ESG initiatives represent tangible opportunities to generate lasting positive impact – a mission that has gained profound urgency amidst the ongoing war in Ukraine.

Our financing activities and banking services actively promote renewable energy deployment, alongside energy- and resource-efficiency enhancements across businesses, residential properties, local communities, and municipalities. The portfolio also encompasses environmental safety projects and initiatives supporting Ukraine's recovery and reconstruction, aligning with broader sustainable development goals.

In response to the full-scale invasion and its profound impact, the Bank intensified its focus in 2024 on bolstering national resilience and supporting affected communities through targeted sustainable products and initiatives.

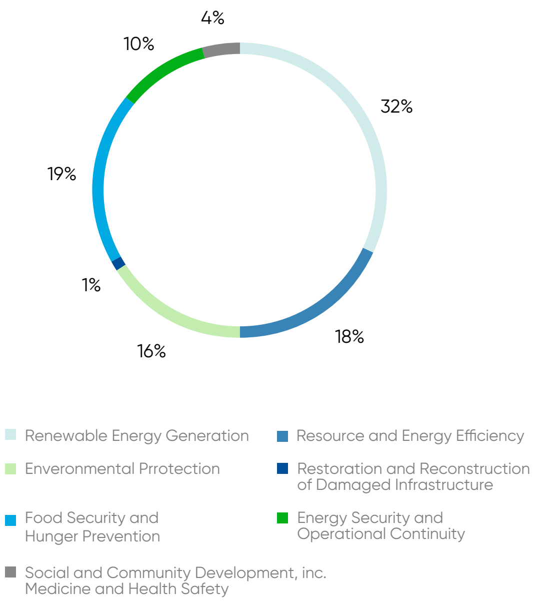
A primary focus was strengthening Ukraine's energy security. Aligned with the Government's 2024 State Strategy for the Development of Distributed Generation, UGB leveraged its leadership in alternative energy financing to prioritize projects in distributed generation (gas-fired, RES, ESS) and energy infrastructure recovery. On June 25, 2024, the Bank, alongside leading Ukrainian banks and supported by the Independent Association of Banks of Ukraine, signed a key Memorandum facilitating lending for energy infrastructure restoration. This collaborative effort financed over 470 MW of distributed generation between June and December 2024. Furthermore, in September 2024, UGB was among the first banks in Ukraine to join the EBRD Energy Security Support Facility, securing a EUR 150 million portfolio risk sharing facility to enhance lending for decentralized energy and energy efficiency projects targeting SMEs, households, municipalities, and mid-cap corporates.

To further support household transitions to sustainable energy in 2024, the Bank launched 'EnergoNezalezhnyi' (EnergyIndependent). This credit product assists households in financing energy equipment and alternative heating systems. A key feature, made possible through the EBRD's ESSF risk-sharing facility, is the provision of investment incentive grants, which are augmented to offer greater financial assistance to vulnerable groups, including women and veterans.

Addressing the social impact of the war, the Bank introduced products supporting military personnel and their families and launched an innovative reconstruction deposit scheme. This scheme enables clients to voluntarily accept a 1% interest rate reduction, with the Bank matching these savings to fund the recovery of war-affected cities and communities.

Furthermore, UGB joined the 'Reintegration of Veterans and War-Affected Individuals' pilot project, implemented in cooperation with the EBRD and funded by the European Union as part of the 'SME Competitiveness and Inclusion Programme in the Eastern Partnership Countries.' This initiative provides accessible financing and grants (up to 30% of loan value) to support veteran-inclusive businesses – those hiring veterans, implementing inclusive policies, or managed by veterans/families – alongside technical assistance to foster successful reintegration into civilian life.

SUSTAINABLE LOAN PORTFOLIO BREAKDOWN, 2024



From 2016 to 2023, UGB consistently financed projects in renewable energy and energy efficiency. These efforts have resulted in substantial greenhouse gas emission reductions and significant fuel savings, equivalent to a considerable amount of natural gas.

ANNUAL GHG EMISSION REDUCTIONS IN 2024 FROM FINANCED PROJECTS, MILLION T CO_2

CO_2 emissions reduced via financed renewable energy projects financed since 2016	1.22
CO_2 emissions reduced via all financed decarbonization projects financed since 2016	1.62

ENVIRONMENTAL & SOCIAL MANAGEMENT SYSTEM GRI 2—13

UGB Environmental & Social Management System is a critical framework ensuring we effectively identify, assess, and manage E&S risks and opportunities associated with our financing activities. Its strategic importance lies in upholding our commitment to responsible banking and supporting sustainable development. UGB pioneered a comprehensive ESMS in Ukraine in partnership with the International Finance Corporation, whose Performance Standards serve as the cornerstone of our system, setting the benchmark for evaluating E&S risks. Our Environmental and Social Responsibility Policy, a key component of the ESMS, aims to avoid, minimize, mitigate, or compensate for adverse E&S impacts, while promoting positive contributions from the projects we finance.

In line with the Bank's ECO-direction and our commitment to leadership in sustainable finance, we continued to enhance our ESMS in 2024, particularly regarding E&S risk assessment practices and alignment with EU green banking best practices. This focus on continuous improvement will extend throughout 2025, notably through activities planned under our comprehensive 'ESG Alignment' project.

Our approach to E&S responsibility is guided by key internal documents, including our Environmental and Social Responsibility Policy (detailed further in the Governance Disclosure (G) section of this report) and the Regulation on Assessment, Monitoring, and Reporting of Environmental and Social Risks of Bank Projects. These core documents, collectively termed our E&S Policies, define our financing criteria and mandate a thorough E&S assessment process.

This process includes screening against our exclusion list (which prohibits financing for certain environmentally or socially harmful activities), identifying and categorizing project-related E&S risks based on their potential impact (Category A for projects with potentially significant adverse E&S impacts that may be diverse or irreversible; Category B for those with limited, site-specific adverse impacts that are largely reversible and readily addressed through mitigation; and Category C for projects with minimal or no adverse E&S impacts). Following categorization, we evaluate risk acceptability and, where necessary, develop mitigation measures. For instance, a Category B project involving agricultural processing might require a corrective action plan agreed with the client, such as upgrading waste management systems within a specified timeframe, which then becomes a covenant in the loan agreement to ensure implementation. We are committed to continuously improving our E&S standards, often exceeding legal requirements, and regularly review these E&S Policies, particularly as we strengthen our overall ESG governance and E&S risk management.

The governance of our ESMS is robust. A dedicated Environmental and Social Risk Management Division (E&S Team), reporting directly to the Chief Risk Officer, is central to our financing decisions, responsible for identifying, evaluating, and managing E&S risks in line with our Environmental and Social Responsibility Policy and related E&S requirements. For complex issues, particularly for Category A projects, this team may engage qualified external E&S consultants. Complementing the E&S Team's risk focus, our Sustainable Banking Department, which includes an in-house Technical Office staffed by experienced engineers, supports our sustainable finance goals. While the E&S Team ensures risk mitigation and compliance with our E&S framework for all applicable transactions, the Technical Office specializes in analyzing the positive environmental impact of 'green' and resource-efficient projects, tracking CO2 emissions reductions, and advising on sustainable technologies. Both teams collaborate closely, especially on projects that present both E&S risks and sustainable opportunities, ensuring a holistic assessment informs our financing decisions.

Our due diligence process involves a thorough evaluation by the E&S Team. They assess client activities and projects for risks related to environmental pollution, public complaints, and inadequate working conditions. Compliance with Ukrainian environmental legislation, labor safety regulations, technological and fire safety requirements, and social legislation is meticulously verified. The team reviews project documentation, including mandatory environmental impact assessments, urban planning conditions, limits on natural resource use, and social impact assessments, both during planning and post-implementation. Key aspects evaluated include project size, location, activity type, potential E&S impacts, biodiversity effects, compliance with permits and licenses, stakeholder communication, and grievance mechanisms.

For clients and projects classified as Category A (High Risk), the Bank mandates pre-financing site visits by its experts. These visits facilitate visual inspection, verification of provided information, and engagement with client representatives, staff, and local residents to comprehensively assess risks. Furthermore, the Bank has accredited two independent expert companies to conduct analyses for high-risk projects when needed. In 2025, we plan to expand this list to ten accredited companies to meet client demand and ensure transparency in the accreditation process.

Assessment results are documented in a Social and Environmental Assessment Conclusion. If deviations from E&S standards or legislation are identified, a corrective action plan is developed with the borrower, and additional lending conditions (covenants) are established in the loan agreement. Non-compliance can lead to penalties. Post-disbursement, we conduct rigorous monitoring. Clients submit standardized annual reports, allowing us to track compliance with E&S requirements and action plans. The fulfillment of loan conditions and action plans is monitored quarterly. This ongoing oversight ensures adherence to environmental and social standards throughout the loan term.

The Bank applies E&S assessments to clients with credit exposures exceeding USD 2 million, all designated sustainable projects, and projects under special programs with the Government or IFIs/DFIs requiring such assessments. Specific internal credit policies may further detail clearly defined and reasonable exceptions for certain low-risk transaction types that fall outside these primary application criteria, ensuring proportionality in our risk assessment efforts.

ESMS IN ACTION: 2024 PERFORMANCE AND CAPACITY BUILDING

In 2024, UGB significantly scaled up its E&S due diligence, assessing 908 projects – a threefold increase from 298 projects in 2023. These projects were categorized as 41 Category A, 581 Category B, and 286 Category C. The majority of assessments were for the SME segment, with agriculture being the most common sector. Category B projects dominate the overall portfolio, though the corporate segment has a higher concentration of Category A projects, where 47% of the corporate loan portfolio underwent E&S assessment. Importantly, no projects were rejected in 2024 due to non-compliance with our Environmental and Social Responsibility Policy or related E&S requirements, demonstrating effective client collaboration in managing risks.

To further enhance specialized expertise, members of UGB's dedicated E&S Team also participated in targeted external training sessions and workshops during the year. These included programs such as:

- Introduction to Environmental and Social Framework provided by World Bank
- Environmental and Social Framework - ESF Fundamentals provided by World Bank
- e-Learning Course on the Convention on Long-range Transboundary Air Pollution provided by UNECE
- e-Learning Course on Climate Change: From Learning to Action provided by United Nations Institute for Training and Research
- ESG: Sustainability Leadership Program provided by DTEK Academy and Association of Experts on Sustainable Development
- Environmental and Social Management System Training provided by the World Bank within the ARISE Project for Ukraine.

ACCOUNTABILITY IN FINANCING: ADDRESSING E&S CONCERNS

Accountability in our financing activities is a core principle at UGB, reflected in our commitment to open communication and consideration of stakeholder perspectives on E&S matters. In line with our responsible banking commitments and our ESMS, we have established a clear and accessible grievance mechanism. This provides a dedicated channel for the public, including any project-affected people or other stakeholders, to raise questions or report concerns regarding the Bank's E&S approach or the E&S conduct of projects we finance. All concerns are handled with due confidentiality, and we are committed to ensuring no individual faces retaliation for raising issues in good faith. Feedback received through this channel is a vital tool for continuous improvement, helping us identify potential enhancements to our ESMS and client guidance.

Those who wish to submit queries, complaints, or suggestions on environmental or social matters can do so through the following channels:

- Email: contactcentre@ukrgasbank.com
- Bank's Call Center: +38 098 620 20 20 / +38 099 620 20 20 / +38 073 620 20 20
- Bank's web-site: https://www.ukrgasbank.com/contacts/complaints_and_offers/

Our dedicated E&S Team monitors incoming requests daily to ensure prompt attention. Our internal procedures outline the steps for assessment, investigation, and dialogue, and complainants can expect acknowledgement of their submission. All concerns are reviewed and addressed in a timely and appropriate manner in strict accordance with applicable legal requirements.

We are pleased to report that during 2024, the Bank received no complaints related to environmental or social issues through this mechanism. While we see this as a positive reflection of our ongoing efforts to uphold high E&S standards, we remain committed to ensuring the ongoing accessibility and effectiveness of this process for all stakeholders.

MANAGING OUR DIRECT ENVIRONMENTAL FOOTPRINT
GRI 201—2, 305—1, 305—2, 305—5

Managing our direct environmental footprint is a key pillar of UGB sustainability approach. While our direct operational impact is smaller than that of our financing activities, we are committed to enhancing our own resource efficiency to mitigate our environmental effects, lead by example, and contribute positively to broader climate change mitigation efforts.

To manage our direct impact, the Bank systematically identifies and monitors key environmental aspects of our operations. This includes the consumption of energy and water, material usage, waste generation, and GHG emissions resulting from our core activities. Wherever feasible, we prioritize the application of the 'reduce, reuse, recycle' principles across our operations.

The Bank monitors and reports CO_2 emissions stemming from its direct (Scope 1) and indirect energy consumption (Scope 2) activities. Calculations are performed according to the European Investment Bank's Project Carbon Footprint Methodologies (available at: https://www.eib.org/en/publications/20220215-eib-project-carbon-footprint-methodologies).
This methodology aligns with recommendations from the Intergovernmental Panel on Climate Change (IPCC), the Greenhouse Gas Protocol established by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), and the international financial institution framework for harmonized GHG accounting. Furthermore, relevant internal teams perform primary verification of CO_2 emissions as needed, utilizing the Climate Assessment for Financial Institutions online tool provided by the IFC: Climate Assessment for Financial Institutions.

Data related to the Bank's resource consumption, waste collection, and calculated CO_2 emissions have been systematically recorded since 2016. Currently, our reporting focuses on Scope 1 and Scope 2 CO_2 emissions directly linked to our operations. However, the ongoing war initiated by russia has presented significant challenges in gathering the comprehensive data required for calculating Scope 3 emissions (indirect emissions from our value chain, including financed projects).

Scope 1 refers to direct GHG emissions resulting from the Bank's own operations. At the Bank, Scope 1 emissions are calculated based on the consumption of fossil fuels (gasoline, diesel) by vehicles and diesel generators, which are used to ensure the continuity of banking services under the Power Banking initiative. During the war, damage to the energy infrastructure caused a shortage of electricity, leading to increased reliance on diesel generators and higher diesel fuel consumption. Additionally, Scope 1 includes GHG emissions from the Bank's heat generation for its premises.

Scope 2 refers to indirect emissions resulting from the purchase of energy from a supplier or the grid by the Bank. This includes GHG emissions from the consumption of electricity, steam, centralized heating, and cooling. The Bank calculates Scope 2 emissions based on centralized municipal heating and electricity consumption for the head office and the branch network.

GHG EMISSIONS IN 2024, T CO_2e

Total GHG emissions (scope 1 and 2)	3,276
Scope 1	828
Scope2	2,448
Scope 1 details	
Stationary fuel consumption	444
Mobile fuel consumption	384
Scope 2 details	
Electricity	2,436
Heating	12

Scope 3 includes all indirect emissions that are not directly generated by the Bank but are influenced by its activities through the value chain. For a financial institution like UGB, the most significant component of these emissions falls under GHG Protocol Category 15: Investments, encompassing the emissions financed through our loans and investments. Evaluating the climate footprint of our lending portfolio is vital for understanding our wider impact and guiding our sustainable finance strategy. These financed emissions represent the largest part of our carbon footprint and are the most complex to calculate, requiring comprehensive data from our clients and partners.

However, we also recognize the significant operational pressures our clients face in Ukraine's current environment. Many businesses are necessarily focused on immediate resilience, asset preservation, and managing financial risks, which can impact their capacity to provide precise carbon performance data. Consequently, standard calculation methods require adaptation to account for these limitations. Recognizing their importance, UGB is developing a proprietary methodology to assess and calculate our financed emissions (Scope 3), with implementation planned for 2025-2026. We aim to incorporate comprehensive Scope 3 reporting in future disclosures following the methodology's implementation.

Therefore, while our comprehensive methodology is under development, our current approach involves calculating Scope 3 emissions on a selective basis. We focus on specific investment projects where data is more accessible and the impact is clear, primarily within the energy and energy efficiency sectors. At present, these calculations cover projects such as:

- Renewable Energy Source (RES) projects (e.g., solar and wind power plants).
- Energy efficiency improvement projects (e.g., modernization of industrial equipment, installation of cogeneration units, deployment of energy storage systems).
- Public transport modernization projects (e.g., transitioning to more energy-efficient vehicles).

Consequently, the net result of our annual partial Scope 3 emissions calculation for the portion of our sustainable loan portfolio assessed in 2024 was an increase of 106,428 tones of CO_2.

Applying this selective approach in 2024 yielded a nuanced result reflecting Ukraine's unique energy challenges. Our financing for eco-projects, primarily new solar power stations, resulted in a calculated annual CO_2 emissions reduction of 20,184 tones. Concurrently, projects aimed at ensuring national energy security and resilience through distributed generation—including industrial gas, petrol, and diesel generators installed in response to attacks on the energy grid—led to a calculated and annual increase in CO_2 emissions of 126,612 tones.

ENERGY CONSUMPTION GRI 302–1, 302–4

Energy consumption from our premises, equipment, and vehicle fleet is a major contributor to our direct environmental footprint. To actively reduce this, we are implementing a range of energy management practices across our operations targeting building efficiency, operational processes, and our vehicle fleet.

Our primary focus is enhancing the energy efficiency of our buildings. We are progressively upgrading our premises with modern technologies such as LED lighting, automatic lighting controls, and high-efficiency HVAC systems. These upgrades significantly reduce electricity consumption in our offices and branches.

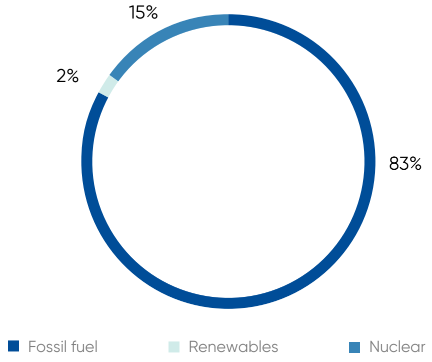
We are also optimizing our operational practices to conserve resources. By embracing remote and hybrid work models for eligible employees, we reduce energy consumption from office operations and daily commutes. This is complemented by the widespread digitization of our business processes, which fosters a more efficient workflow and minimizes paper circulation.

Furthermore, our commitment to sustainable transportation involves transitioning our corporate fleet by phasing out older diesel vehicles and increasing the use of more fuel-efficient hybrid cars.

ENERGY CONSUMPTION IN 2024

	GJ	MWh
Total energy consumption	36,762	10,212
Direct consumption (fossil fuel)	14,738	4,094
Indirect consumption	22,024	6,118
Electricity	17,539	4,872
Heating	4,485	1,246

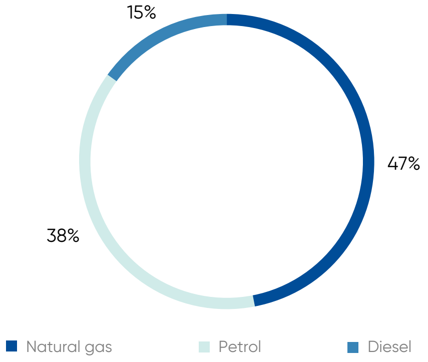
ENERGY MIX IN 2024, %



FUEL CONSUMPTION IN 2024, GJ

Petrol	5,594
Diesel	2,253
Natural gas	6,891

FUEL CONSUMPTION IN 2024



The Bank also promotes a culture of sustainability through employee engagement and education. Through internal communications, training sessions, and shared resources, we raise awareness about the importance of energy efficiency and equip employees with practical strategies to reduce energy consumption in their daily work routines. By implementing these comprehensive measures, the Bank demonstrates a deep commitment to environmental responsibility and efficient resource management. This internal focus on resource efficiency complements our mission of promoting sustainable finance across Ukraine.

In the face of constant Russian attacks targeting Ukraine's power grid throughout 2024, energy conservation took on critical importance beyond environmental responsibility. Every kilowatt saved became a direct contribution to national resilience. By reducing electricity consumption, UGB, alongside fellow Ukrainians and businesses, helped stabilize the grid and mitigate the risk of widespread blackouts that could hinder vital infrastructure and services during wartime. This collective effort is not just about managing immediate challenges; it is a fundamental part of reclaiming Ukraine's long-term energy security and independence.

WATER CONSUMPTION GRI 303—1, 303—5

Water is essential for human existence, health, and social development. Recognizing its importance, UGB is committed to using water resources wisely and minimizing consumption throughout its operations. Water usage at the Banks primarily relates to domestic needs and cleaning purposes within our facilities. The Bank sources its water predominantly from municipal supplies and, despite the challenging operating environment, has not faced water scarcity issues impacting its core functions.

WATER CONSUMPTION IN 2024

	2019	2020	2021	2022*	2023	2024
Water, m^3	29,502	23,103	22,944	–	22,385	18,566
Consumption per employee, m^3	7.4	5.8	5.7	–	5.6	4.6

*Due to the war, we were unable to gather complete data on water usage in 2022.

In 2024, our water consumption patterns continued to be influenced by operational adjustments necessitated by the ongoing full-scale war. Factors such as the prevalence of remote and hybrid work arrangements for a portion of our staff and adjusted usage in branches located in affected regions contributed to consumption levels. Overall water consumption in 2024 decreased by 17% compared to 2023.

Building upon our commitment to efficiency, in 2024, UGB continued its program of resource conservation. This included ongoing maintenance and timely repair of water supply and sewerage systems to prevent leaks and systematic audits of water usage patterns in key facilities.

Furthermore, the Bank continued to cultivate a culture of responsible resource use among its employees during 2024. Awareness initiatives, including informational materials distributed via internal corporate channel "UGB_life" aimed to promote mindful consumption habits in the workplace. Despite the difficult operating conditions, The bank remains dedicated to enhancing water resource efficiency, promoting responsible consumption, and supporting sustainable development as part of our broader commitment to environmental stewardship in Ukraine.

PAPER CONSUMPTION GRI 306—1

UGB is committed to a paperless future. The Bank has implemented several initiatives to reduce paper consumption across our branches. These measures include adopting a policy of purchasing recycled paper, promoting digital transactions and paperless operations, and replacing paper forms and approvals where possible with an electronic document management system approvals. We have also optimized workflows to minimize unnecessary photocopying and printing. To further encourage mindful paper usage, regular notices are displayed in our offices.

Since 2020, the Bank has implemented a new procedure to control paper consumption, enabling comparison of usage and detection of deviations from typical patterns, thereby enhancing control and facilitating further reduction. Some departments, such as branches and cash centers, being particularly paper-intensive, have been encouraged to use additional computer monitors, thereby contributing to a reduction in paper waste.

In 2018, the Bank introduced corporate paper recycling practices. Back-office paper from head office and various branches was collected and securely shredded by a contracted firm. However, this practice has been suspended due to wartime limitations. We plan to resume paper recycling once conditions permit.

Social Performance (S)

In 2024, our Bank embarked on a transformative journey with a rebranding, officially unveiling our new name: UGB. This new identity is more than a name, it encapsulates our core commitments and strategic direction, with each letter representing a fundamental pillar of our mission: U for Ukraine, G for Gromada (Community), and B for Business.

This restyling reflects not just a change in our visual identity, but a profound strategic renewal of our approach to client service and the development of a financial services ecosystem geared towards the sustainable development of our country. At UGB, we understand that true progress is built on a foundation of social well-being and shared prosperity.

Our commitment to social responsibility is unwavering. UGB continues to actively develop digital services to enhance accessibility and convenience, champion small and medium-sized enterprises (SMEs) which are the backbone of our economy, invest in "green" technologies for a sustainable future, and strengthen our support for Ukrainian communities, particularly during these challenging times for our nation.

Our new slogan, "Everything Relies on People," underscores the central idea of the renewed UGB brand: trust, partnership, and social responsibility. We recognize and deeply value the dedication of our employees, who ensure the Bank's uninterrupted operation under wartime conditions. We are equally grateful for the trust of our clients, whose confidence fuels our resilience and inspires our continued efforts. This section of our report details our initiatives and progress in fostering a positive social impact, guided by our steadfast commitment to the people we serve.

Our social strategy is brought to life through two primary commitments: nurturing the well-being and potential of our employees, and serving the needs of our customers and the broader community with dedication and integrity. The following sections detail our actions and progress in each of these critical domains.

OUR PEOPLE
GRI 2–7

UGB stands as one of Ukraine's leading employers. We understand that our people are the driving force behind our achievements, and fostering a positive and supportive corporate culture is fundamental to our strategy.

Looking ahead, our personnel strategy is built on a clear vision to cultivate a resilient, skilled, and highly engaged workforce capable of driving the Bank's sustainable growth. It is focused on three core pillars:

- **Attract Diverse, High-Performing Talent:** We are focused on attracting professionals with a strong results-oriented mindset. To achieve this, we are developing a compelling Employee Value Proposition and strengthening our employer brand to be recognized as an employer of choice that provides equal opportunities and adheres to modern ESG standards.
- **Develop Future-Fit Skills and Leaders:** We are committed to fostering a culture of continuous learning with a focus on critical skills, including digital literacy (AI, data analytics), communication, and project management. We are designing comprehensive programs for leadership and talent development to nurture our future leaders.
- **Enable Employee Potential and Well-being:** We are transforming our HR function to enhance the employee experience. This includes implementing advanced performance evaluation systems, creating a holistic employee well-being program, and ensuring our culture remains inclusive an d proactive, while preserving our foundational values of integrity, responsibility, and empathy.

OUR VALUES

Professionalism	Reliability and Responsibility	Cooperation and Interaction	Respect and Ethics	Transparency and Openness	Sustainable Development
The stability and achievement of the Bank's goals are ensured by the experience and professionalism of its managers and employees, who continuously develop by gaining new experience and training.	The Bank's managers and employees assume mutual responsibility for the high quality of the final work product, which ensures the Bank's reliability to its clients, counterparties, partners, stakeholders, and shareholders.	The Bank's managers and employees achieve more through high-quality cooperation and effective interaction, both within the Bank and with clients, counterparties, and partners of the Bank	Mutual respect and adherence to high ethical standards are rules that are not violated, both within the Bank and in interactions with clients, counterparties, partners, stakeholders, and shareholders of the Bank.	The Bank timely publishes complete and reliable reports on its activities. Its managers must ensure the timely, complete, and reliable disclosure of information about significant risks in the interests of the Bank's clients, investors, employees, and society.	Environmental and Social Responsibility The Bank adheres to the concept of sustainable development and corporate social responsibility, introduces environmental approaches into its internal processes, and offers partners and clients Bank products aimed at increasing energy efficiency and preserving the environment, which contributes to the sustainable development of Ukraine.

OUR TEAM IN 2024: A SNAPSHOT
GRI 401-1

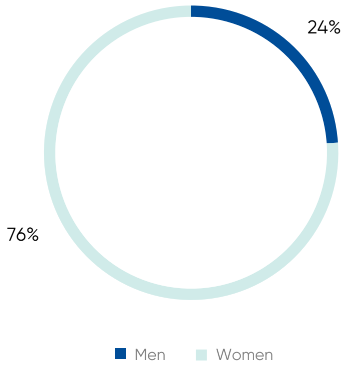
In 2024 our comprehensive employee management framework provided clear guidance across the employee lifecycle, from fair recruitment to continuous training and competitive compensation. We also began a significant transformation of our HR function to position it as a strategic partner to business units, expanding our recruitment team, automating key processes, and initiating the HR Business Partner model to provide dedicated support.

As of year-end 2024, the total number of employees across the Bank's network stood at 3,732, with a workforce composition of 69% women and 31% men. The dynamics of our team throughout the year were marked by both strategic talent acquisition and internal growth. We welcomed 516 new employees, promoted 65 team members to higher positions, and provided valuable career-starting opportunities for 44 interns.

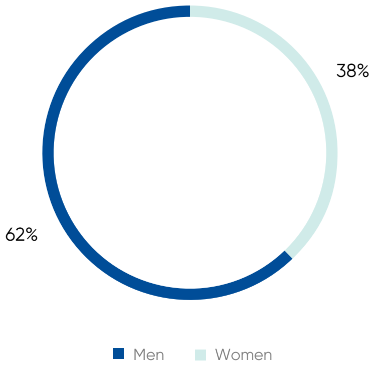
In terms of age, our team is a dynamic blend of seasoned experts bringing invaluable institutional knowledge and emerging talent introducing fresh perspectives. Our annual staff turnover rate of 15.6% remained consistent with the Ukrainian banking market average. This vibrant activity is grounded in a stable and flexible work environment designed to support our people. Workforce stability remains a key strength, with 98.5% of our employees holding permanent contracts. Furthermore, to prioritize safety and business continuity during the war, we have implemented a robust remote work infrastructure that has proven to enhance both employee satisfaction and overall efficiency.

GENDER DISTRIBUTION

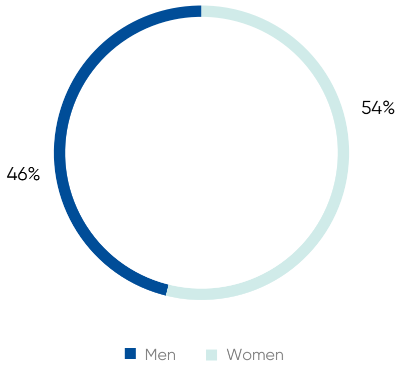
ALL EMPLOYEES



EXECUTIVE MANAGEMENT

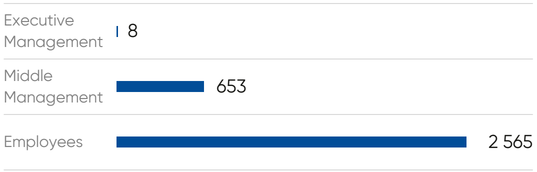


MIDDLE MANAGEMENT

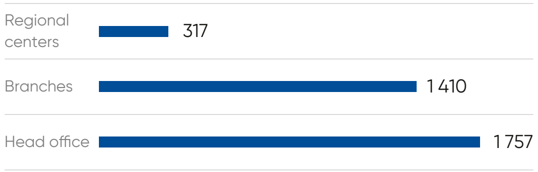


NUMBER OF EMPLOYEES

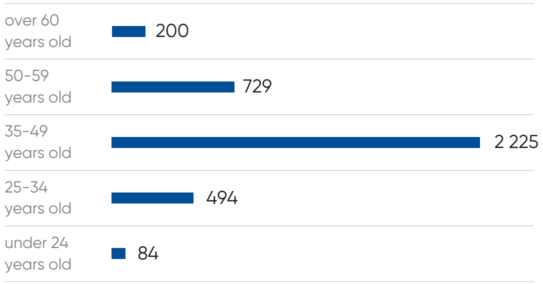
EMPLOYEE CATEGORY DISTRIBUTION



REGIONAL DISTRIBUTION



AGE DISTRIBUTION



FOSTERING A FAIR AND SUPPORTIVE WORKPLACE GRI 2—20, 2—23

UGB is fundamentally committed to providing equal opportunities to all candidates and employees, strictly avoiding discrimination in our recruitment and employment practices. We are dedicated to promoting a positive, safe, and inclusive work environment where every individual is valued and treated with respect. Demonstrating this commitment in action, UGB actively collaborates with international partners. As part of our cooperation with the European Bank for Reconstruction and Development, the Bank joined an initiative aimed at counteracting gender-based violence. Our support extended beyond participation, we launched an active awareness campaign for both employees and clients through internal and external communication channels. This campaign focused on increasing understanding of the issue, fostering a culture of zero tolerance towards violence, and reinforcing the fundamental values of gender equality.

Our goal is to cultivate an environment where ambitious professionals can thrive. Central to this is a remuneration philosophy that prioritizes competitiveness, flexibility, and fairness. Our approach is gender-neutral and designed to eliminate bias, ensuring employees in similar positions are compensated based on their responsibilities, qualifications, and skills. This philosophy translates into a structure consisting of both fixed (base salary) and variable (performance-based incentives and bonuses) components. This system operates on principles of transparency, with variable awards for most employees linked to the achievement of established KPIs. To ensure robust oversight, the variable remuneration for control functions—such as risk management and compliance—is determined by the effectiveness of their control activities, not the financial performance of the business areas they oversee, thus maintaining their independence. In line with our commitment to competitive pay, employee salaries were revised upwards across the Bank in 2024. Building on this, significant enhancements to our remuneration system were initiated in late 2024, set to take effect in early 2025, to further bolster the Bank's competitiveness in the labor market.

UGB is committed to fostering a healthy and safe work environment that promotes the holistic well-being of our employees, ensuring full compliance with Ukraine's Labor Code. We emphasize a balanced approach to work and personal life and encourage flexible working arrangements. To further this commitment, particularly considering the significant emotional impact of the war on our team, UGB launched the "BE IN HARMONY WITH YOURSELF" project in 2024. This program provides employees with direct, confidential access to a corporate psychologist to help them navigate challenging life situations, including emotional instability, bereavement, and communication difficulties. Looking ahead, the Bank plans to host helpful group webinars and integrate psychological support into our onboarding and talent development processes.

INVESTING IN EMPLOYEE GROWTH AND DEVELOPMENT GRI 404–2

The Bank is committed to investing in the continuous development of employee competencies as an essential element for future-proofing our organization.

UGB provides a wide range of learning opportunities across all business areas. Our multifaceted approach includes robust in-house training on topics such as our products, customer service protocols, and ESS considerations. Digital learning is actively utilized, with 112 distance learning courses conducted in 2024 for over 3,500 employees. Improving service quality remained a high priority; in addition to 91 training sessions on "Service Standards," we organized the "Level UP Customer Service" program with DTEK Academy for all directorate heads.

We collaborate with external organizations to address emerging trends and challenges. A key highlight was our cooperation with the Sparkassen Finance Group, where employees participated in an exchange program in Germany. Additionally, our team participated in the "Digital Transformation Accelerator – DigiLab Finance," an intensive 12-week program by the IFC and Accenture, covering topics like digital strategy, design thinking, and agile culture to accelerate our digital strategy.

We place particular emphasis on the development of our B-1 managers. In 2024, personalized development plans were implemented for identified successors to key management positions, with targeted training covering topics such as M&A, Board Effectiveness, and Advanced Risk Management. Representing the Bank on the global stage, our senior managers contributed to high-profile international forums addressing Ukraine's recovery, financial sector trends, and sustainable practices. They shared their expertise at pivotal events such as the Ukraine Recovery Conference 2024, the annual meetings of the IMF and World Bank Group, and key gatherings organized by the EIB and EBRD to discuss critical strategies for the future.

SUPPORTING OUR PEOPLE THROUGH THE WAR GRI 403–3, 403–6

In response to the ongoing war in Ukraine, UGB has prioritized the safety, stability, and well-being of our employees and their families. Our commitment goes beyond policy to practical, targeted support.

Despite the closure of branches in occupied regions, the Bank has remained steadfast in its commitment to our workforce. We have actively ensured continued employment for displaced personnel by offering them roles in safer regions of Ukraine and have successfully reopened branches in liberated territories, supporting our employees who courageously maintain essential operations under martial law.

We stand in solidarity with the 72 employees mobilized into the Ukrainian Armed Forces. The Bank provides them with financial assistance, including a one-time allowance upon mobilization, and guarantees their positions upon return, offering additional leave for family reconnection.

Recognizing the unique needs of veteran employees, the Bank has developed a dedicated program to support this important group. Working with our Veterans Affairs Officer-Coordinator, we established mechanisms to maintain interaction with colleagues serving in the Armed Forces of Ukraine, including dedicated communication channels. Building on this foundation, the Bank plans to launch a comprehensive training series in 2025 focused on the successful reintegration of our veterans. This will include specialized training for HR personnel and managers, followed by online courses, practical guides, and individual counseling services for all employees and their families.

EMPLOYEE ENGAGEMENT AND DIALOGUE

In 2024, we launched our comprehensive employee engagement survey to ensure we listen to and act on our team's feedback. The initiative was met with high participation, with nearly three-quarters of employees across our head office and network taking part. The anonymous survey revealed a highly committed workforce, with key indices slightly exceeding market averages:

- Employee Engagement: 79%
- Employee Satisfaction: 75%
- Employee Loyalty: 81%

The results highlighted our key strengths in line management, team collaboration, and meaningful job content. The extensive feedback, which included over 5,500 written comments, was thoroughly analyzed by management. Based on these insights, a concrete action plan was developed and presented to the Supervisory Board to address identified areas for improvement and guide our efforts in the coming year. A major unifying event this year was our large-scale "Everything Relies on People" conference. This brought together 200 team members from all over Ukraine to discuss goals, celebrate achievements, and thank our colleagues working in frontline branches.

To enhance information flow, we launched new digital channels. The UGB_life community in Google Chat serves as a digital hub uniting all employees, while thematic screensavers on workstations deliver timely corporate information.

UPHOLDING AN ETHICAL CULTURE GRI 2–25, 2–26, 2–29, 2–30

UGB is committed to positive social and labor relations, demonstrated by our 2022-2026 Collective Agreement with the UGB employees' Trade Union. This agreement regulates labor relations and strengthens social protections for all employees. Crucially, 100% of our employees are covered by this collective bargaining agreement, underscoring our dedication to fair working conditions. The Trade Union is integral to our operations, advocating for employee rights and ensuring access to key benefits, including collective bargaining, job security, professional development, and social benefits.

UGB is committed to the highest standards of corporate ethics, transparency, and accountability. To uphold these standards, we have established a formal Grievance Procedure and a Whistleblowing Policy, governed by a Confidential Reporting Mechanism that is approved and overseen by our Supervisory Board. A cornerstone of our policy is the unequivocal guarantee of protection. We are committed to ensuring that any stakeholder—including employees, clients, or partners—can raise concerns about potential misconduct in good faith, either openly or anonymously, without any fear of retaliation, pressure, or discrimination. This principle is aligned with Ukrainian legislation and international best practices. We ensure that our employees are fully aware of these procedures through regular training and accessible internal resources. To facilitate reporting for all stakeholders, the Bank maintains several secure and confidential channels:

- Website: https://www.ukrgasbank.com/whistleblowing_policy_mechanism
- Email: contactcentre@ukrgasbank.com
- Confidential Line: +380 44 594 1129
- Mail: 19, 21, 23 Staronavodnytska St., Kyiv 01015, Ukraine

Every report received through these channels is subject to a thorough and impartial investigation by the appropriate expert departments to ensure a swift and effective resolution, maintaining a transparent and accountable operational environment.

CUSTOMERS

Our relationship with our 1.5 million customers is the cornerstone of our business. In a year defined by the profound impact of the full-scale war, our focus has been twofold: providing immediate, unwavering support to help our clients navigate the present, while simultaneously strengthening the foundational principles of service, trust, and inclusion that will define our future. This chapter details our commitment across these critical areas, outlining the key measures the Bank has undertaken to support individuals, businesses, and communities and empower them to overcome the challenges of the ongoing war.

SUPPORTING OUR CUSTOMERS THROUGH THE WAR

The full-scale war has had a profound impact on Ukraine, but our commitment to our customers has only deepened. As a dedicated financial partner, the Bank responded swiftly, adapting our services and deploying targeted support to help individuals, businesses, and communities navigate these extraordinary challenges.

Our immediate priority was ensuring financial stability and accessibility for our clients. We provided direct relief through credit holidays and tailored loan restructuring to ease the burden on borrowers. Simultaneously, to guarantee access to essential services amidst attacks on the nation's power grid, UGB joined the National Bank of Ukraine's Power Banking initiative. By equipping over half of our branches with backup power and communication systems by the end of 2024, we created a reliable network of "invincibility points" where customers can always access cash, make payments, and receive consultations.

To fuel Ukraine's long-term resilience, we are addressing critical national priorities like energy security. As one of the first banks to join the EBRD's ESSF, UGB is actively helping businesses, municipalities, and households finance projects in decentralized and renewable energy. This initiative directly counters immediate threats to energy security posed by the war while preparing Ukraine for future climate challenges.

This commitment to securing vital sectors is also exemplified by our launch of the "Agricultural Land Humanitarian Demining Cost Compensation Program," a government initiative that helps farmers safely resume activities in conflict-affected regions and secure Ukraine's role as a global food supplier.

To bolster the economy, we deliver crucial support to MSMEs through strategic alliances with international partners like the EBRD, EIB, and DSIK, often within broader frameworks such as the EU's Ukraine Facility. These collaborations provide vital loans, investment incentives, and grants, with a clear priority for businesses most affected by the war—including those that have relocated to safer regions or operate in de-occupied territories. Our targeted approach also extends dedicated financing to veterans and Internally Displaced Persons. Underscoring this commitment, UGB proudly became the first bank in Ukraine to disburse a loan under the EBRD's new veteran reintegration initiative in August 2024, directly supporting our defenders' transition to civilian life.

Detailed information regarding the full range of these banking products and programs can be found in the "Our Business" and "Environmental Disclosure (E), our Sustainable Product Portfolio" chapter of this report.

A COMMITMENT TO SERVICE EXCELLENCE

Our ability to respond effectively in a crisis is built upon a solid foundation of customer-centric principles and ethical conduct. This foundation is defined by two core commitments: delivering service excellence in every interaction, and upholding the highest standards of responsible banking and data protection.

At the Bank, putting our clients first is the core of our service philosophy. Our promise is to deliver a consistently high-quality and seamless experience across all channels—from our branches to our digital platforms. This commitment to being truly customer-centric is built on a foundation of dignity, empathy, and respect, with a strict policy of non-discrimination. We train our teams to be proactive problem-solvers who build relationships founded on trust and clear communication.

In 2024, we launched a comprehensive initiative to translate this philosophy into measurable action. Informed by client feedback, we updated our core Service Standards and rolled out enhanced training for our teams. We significantly expanded and automated our feedback channels, integrating new mechanisms across all key touchpoints—from our EcoBank mobile app and social media platforms to our ATM network, where automation increased feedback processing efficiency tenfold. All feedback follows a standardized resolution process designed for prompt and effective solutions.

The positive impact of these initiatives is demonstrated by clear results. Our objective "Mystery Shopper" assessments saw service quality rated as "excellent" jump from 74% to 94%. The Bank's Net Promoter Score , a key indicator of customer loyalty, grew substantially to 46%, placing UGB above the industry average. Most importantly, these improvements created clearer communication and more effective resolutions, leading to a 10% decrease in client questions and a 50% drop in formal complaints compared to the previous year.

To ensure this focus on service excellence is embedded in our culture, we continuously monitor performance through programs like our "Leaders of Customer Service Quality," which celebrates the employees who best exemplify our commitment. By measuring our performance, acting on feedback, and recognizing our leaders, we ensure a continuous cycle of improvement dedicated to delivering an outstanding customer experience.

RESPONSIBLE PRACTICES AND DATA PROTECTION

Building enduring customer trust is founded on responsible practices, which encompass both transparent financing and the robust protection of personal information. At UGB, we are committed to upholding the highest ethical standards in every aspect of our operations.

Our approach to lending prioritizes our customers' best interests. We ensure affordability and suitability through thorough assessments and maintain clear, honest communication about all product terms, including interest rates, fees, and risks. By educating customers on product features and embedding sustainability factors into our credit advice, we empower them to make informed financial decisions that align with their goals. This commitment is underpinned by strict adherence to all banking regulations and ethical practices to protect customer interests.

Equally fundamental to this trust is our unwavering dedication to safeguarding our customers' personal data. This is a high-level priority, managed through a comprehensive framework overseen by a dedicated Personal Data Protection Officer (PDPO). The PDPO works across all departments to ensure compliance, complemented by extensive employee training and continuous updates to our security procedures. We also maintain proactive engagement with regulatory bodies, including the Ukrainian Parliament Commissioner for Human Rights, to ensure our data protection standards remain effective and aligned with the law, guaranteeing the privacy and security of the information entrusted to us.

COMMITMENT TO INCLUSION AND ACCESSIBILITY

Access to financial services is a fundamental right, yet many, particularly those with disabilities or reduced mobility, face significant obstacles, exacerbated by the war in Ukraine. UGB is committed to making banking truly accessible to everyone, understanding that diverse needs require an inclusive experience built on fairness and respect.

In 2024, we intensified this commitment, notably by establishing and launching the work of a dedicated integrated "Philosophy of Inclusion" working group. Its members subsequently underwent specialized "Inclusive Friendly" training to better support customers with diverse disabilities, including visual, hearing, mobility, and mental health conditions. This initiative complements our bank-wide "The Way to Be Barrier-Free" learning course, completed by over 3,500 UGB employees, equipping them with practical skills for effective and empathetic support.

Significant strides have been made in physical accessibility. Over half of our 220 bank branches now feature ramps, tactile indicators, and employee call buttons. Alongside these upgrades, we have updated our service standards to better cater to the individual needs of customers with disabilities, enhancing their banking experience.

The "Philosophy of Inclusion" working group is actively driving further improvements. This includes enhancing premise accessibility, developing an inclusive hub, ensuring barrier-free ATM usage, and adapting our mobile application and new website to the latest digital accessibility standards. We are also focusing on contact center accessibility, reviewing internal procedures to uphold equality and non-discrimination, and planning a sign language course in partnership with the NGO Vidchui as part of our developing comprehensive inclusion policy.

These actions align with the National Bank of Ukraine's Strategy to 2025 for a barrier-free financial system and its methodological recommendations. Our efforts are not a one-time campaign but a sustained process. We believe true inclusion is about core values that build trust and respect, and it is on this foundation that we are building a financial system open to all our customers and employees.

COMMUNITY AND EMPOWERMENT

As a systemically important bank, UGB role extends beyond traditional financial services, particularly as Ukraine navigates the immense challenges of war and looks toward a resilient future. Our commitment to Ukrainian communities is therefore built on a comprehensive three-pillar strategy: providing immediate support to ensure resilience during wartime, financing the nation's long-term sustainable reconstruction, and empowering the people who are the foundation of any thriving community.

To drive the nation's recovery, UGB is strategically focused on financing the sustainable reconstruction of Ukraine's cities and towns, viewing it as a critical opportunity to "build back better." Aligned with UN SDG 11 (Sustainable Cities and Communities), we direct financial resources towards revitalizing urban infrastructure, enhancing energy efficiency, and promoting decentralized renewable energy. To implement this vision, we are deepening our cooperation with territorial communities across Ukraine. In collaboration with our national and international partners, we design and scale special financing programs that expand access to affordable capital for economic recovery, community support, and the restoration of social capital—ultimately helping to build more resilient, energy-efficient, and prosperous communities for the future.

The foundation of any thriving community is its people. In this pivotal moment for Ukraine, our empowerment strategy prioritizes those who are most essential to our nation's resilience and future. We are directing our focus toward comprehensive support for our veterans as they reintegrate into civilian life, and dedicated investment in our youth, who hold the key to our country's continued development.

SUPPORTING UKRAINE'S VETERANS

Ukraine stands at a critical juncture, facing the immense task of reintegrating potentially five million veterans and their families back into civilian life. This figure, representing nearly one in three working-age citizens, presents both a profound challenge and a unique opportunity to build an environment of support, trust, and new possibilities. Recognizing that comprehensive assistance is crucial—spanning financial stability, rehabilitation, and meaningful employment—the Bank is deeply committed to playing a pivotal role in this national effort.

To structure this commitment, in 2024 we launched 'Veteran's Support' (Ветеранська опора), a comprehensive bank-wide program that consolidates all our initiatives. This program is guided by our endorsement of the NBU and EBRD's Charter on Financial Inclusion and Reintegration of Veterans and is built on several key pillars.

A core component of the program is fostering economic empowerment through tailored financial solutions. Key offerings include specialized deposit accounts, access to the state 'eOselia' affordable mortgage program, and tailored SME banking solutions. To fuel veteran entrepreneurship, we provide targeted business loans, significantly enhanced by our partnership with the EBRD. As part of this, UGB signed a €50 million guarantee facility to unlock new financing for Ukrainian businesses, with a dedicated portion for veteran-led companies. Underscoring this, we proudly became the first Ukrainian bank to issue a loan under the EBRD's 'Reintegration of Veterans' project, supporting an agricultural company with a high percentage of veteran employees.

Alongside economic empowerment, we are deeply invested in the physical rehabilitation of those affected by the war. In March 2024, UGB formalized a partnership with the UNBROKEN National Rehabilitation Center, a unique Lviv-based facility providing free, comprehensive medical care—including reconstructive surgery and advanced prosthetics—to adults and children. Throughout the year, we channeled UAH 40 million in charitable support to the center. These funds were strategically deployed for the reconstruction and expansion of facilities and for acquiring state-of-the-art medical equipment for hearing tests and treating complex joint injuries, directly aiding the recovery of service members, veterans, and civilians.

Beyond products, we are creating an inclusive and accessible environment. This involves adapting our branches to be physically accessible, training our staff to provide empathetic support, and ensuring our service environments are safe and trigger-free for clients who may be experiencing PTSD. Our commitment extends to our own veteran employees through material, psychological, and legal support, flexible work arrangements, and retraining. We also actively shape national standards by contributing to the financial sector's Methodological Recommendations and collaborating with banking associations to share best practices.

The cornerstone of our entire approach is the principle of "peer-to-peer" support, embodied by our UGB Veteran Officer. This dedicated role is held by Ihor Kostenko, a combat veteran who volunteered for the Armed Forces in 2022, served on the front lines in the Donetsk region, and commanded a mortar battery before being demobilized after a severe injury. Drawing on his invaluable first-hand experience, Ihor serves as the primary contact for our veteran employees and clients. He provides crucial support to managers, facilitates the smooth integration of veterans into our teams, and co-designs banking products meticulously tailored to their specific needs.

Our Veteran Officer Speaks

"War changes not just those who experience it firsthand, but our entire society. This, the largest war in Europe, has transformed all of us. Our collective future truly hinges on how we support our defenders upon they return.

Having served myself, I deeply understand the challenges they face. It's not just about injuries or physical limitations; it's also about social isolation – losing that strong bond with their military comrades and struggling to maintain or build new social connections in civilian life. Many veterans also face employment challenges, as employers often don't fully grasp the unique experience and skills gained during wartime.

It's absolutely vital that our defenders feel a strong sense of support, understanding, and respect. Transitioning back to civilian life is a massive adjustment, and it's our shared responsibility to work together, creating an environment that genuinely fosters their adaptation at every step of this journey.

UGB Bank is already actively involved in this. We support specialized financial products and accessible branches, and we run information campaigns, including with the support of our European partners. We truly believe that educating society about the real needs and challenges veterans face will help create a more welcoming and inclusive environment for their return.

Let's remember: the most active, passionate part of our society went to war. These individuals possess immense experience in leadership, teamwork, and resilience under pressure. Their energy can become a powerful driving force for the development of all Ukrainian society. This is an investment in our future."

Ihor Kostenko,
UGB Veteran Officer

EMPOWERING THE NEXT GENERATION

The Bank actively supports the advancement of young people in Ukraine by investing in their future, nurturing emerging talent, and promoting crucial skills. Throughout 2024, we engaged with students and young professionals through diverse initiatives aimed at supporting their education and career development, recognizing these as vital investments in the country's future. Our strategy is built on two key pillars: fostering career pathways and building financial capability.

A key focus is creating practical career opportunities in the financial technology sector. As the general sponsor of the Hack4Innovation student hackathon, UGB provided a dynamic platform for young innovators to develop novel FinTech solutions. Demonstrating a direct commitment to career development, we extended internship offers to over 20 talented participants, opening clear pathways into the banking sector. Complementing this, we connected directly with young job seekers by participating in events like the PROLEAP Job Fair in Vinnytsia, where our specialists offered career consultations and insights to over 200 attendees, including students, veterans, and internally displaced persons.

Recognizing that financial knowledge is fundamental to success, we place a strong emphasis on promoting financial literacy across Ukraine, often collaborating with the National Bank of Ukraine on national initiatives. In 2024, this commitment was clearly demonstrated during Global Money Week and Savings Week, where 86 UGB employees conducted 67 interactive sessions on budgeting, saving, and payment security for hundreds of schoolchildren and students.

Our dedication to this cause is ongoing. This was highlighted again in March 2025, when our team of financial literacy ambassadors spearheaded another successful Global Money Week, reaching nearly 700 young participants with engaging and practical lessons on finance.

Through these coordinated efforts—spanning innovation, career guidance, and financial education—UGB empowers young Ukrainians with the valuable opportunities, skills, and knowledge essential for their future success and the nation's development.

Governance Disclosure (G)

Effective Sustainability Governance is fundamental to the Bank's long-term success and our commitment to responsible banking. Our approach translates high ethical standards, respect for human rights, and environmental responsibility into practice through our Code of Ethics (Conduct) and a comprehensive set of operational policies that ensure strict adherence to Ukrainian legislation.

Our governance model is built on a clear allocation of responsibilities, from the strategic oversight of the Supervisory Board down to the implementation by the Management Board and dedicated teams. We integrate sustainability into our strategic planning and have established diligent risk management frameworks and effective internal controls to manage environmental, social, and governance factors.

Our 2024 performance reflects that this proactive approach to governance is the practical mechanism through which we build a responsible business. While a general description of our corporate governance system is provided in the dedicated "Corporate Governance" section of this report, this particular section is devoted to Sustainability Governance. Here, we detail the comprehensive framework that guides our actions in this vital area.

UGB's sustainability strategy is actively shaped by Ukraine's evolving ESG landscape. Throughout 2024, key national developments reinforced the strategic importance of integrating ESG principles into the financial sector. These drivers included the establishment of the Ministry of Economy's Green Transition Office, the government's adoption of a Corporate Sustainability Reporting Strategy aligned with the EU's CSRD, and the NBU publication of its draft White Paper on ESG Risk Management. These national initiatives directly inform UGB's own strategic preparations for enhanced risk management and transparent disclosure, as detailed in "Our 2025 Roadmap: the Alignment Initiative" chapter of this report our '2025 ESG Roadmap'.

SUSTAINABILITY GOVERNANCE AT THE BANK GRI 2–13, 2–23, 403–1

Our governance framework ensures that our sustainability aspirations are translated into measurable actions and are subject to rigorous oversight.

The Supervisory Board holds ultimate responsibility for sustainability, providing strategic direction and maintaining oversight of its implementation across the Bank. These duties are detailed in the Bank's Corporate Governance Code. To facilitate its oversight of environmental and social matters, the Supervisory Board receives a dedicated quarterly risk profile report, which includes the number of clients assessed under our ESMS, the risk categorization of the portfolio, and a summary of any E&S-related stakeholder inquiries.

The Management Board, led by the CEO, is responsible for executing the strategy and integrating ESG factors into the Bank's daily operations and decision-making processes. In 2024, the Management Board took concrete steps to strengthen our governance structure. A key move was the transformation of the Department of Environmental Re-engineering and Resource-Saving Projects into the dedicated Sustainable Banking Department to drive our strategy forward. Furthermore, the Board's risk governance role was enhanced by the establishment of a new dedicated financial monitoring committee for managing the risks associated with anti-money laundering, counter-terrorist financing, and sanctions.

Operationally, sustainability is managed through two key collaborating units. The Sustainable Banking Department, which reports to the CEO, drives our sustainable finance initiatives, promotes green financing opportunities, and fosters an internal eco-culture through awareness and education programs. The Environmental and Social Risk Management (ESRM) Division, reporting to the CRO, manages the Bank's E&S Risk Assessment System, ensuring that potential environmental and social risks in our financing are identified and mitigated in line with our policies.

OUR GUIDING POLICIES

Our governance principles are formalized through a comprehensive policy framework, which is regularly reviewed by the Management and Supervisory Boards to adapt to new challenges and regulations.

- **Code of Ethics (Conduct):** This Code applies universally to all employees and Board members, establishing the high standards of professional behavior and integrity expected at UGB. In 2024, it underwent a significant update to include new sections on 'Guarantees of Equality', clarify norms regarding business gifts and hospitality, and formally establish E&S responsibility principles.
- **Environmental and Social Responsibility Policy:** This policy defines the strategic goals and framework for managing our environmental and social impacts. It is the foundational document for our ESMS. The detailed operational application of this policy is described in the "Environmental Disclosure (E)" chapter of this report.
- **Other Key Policies:** Our commitment is further supported by a range of operational policies, including our Human Resources Policy, Occupational Safety Policy, and Information Security Policy, which collectively ensure we operate responsibly and ethically.

GRI content index

Statement of use: JSB «UKRGASBANK» has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards. GRI 1 used: GRI 1: Foundation 2021

GENERAL DISCLOSURE

GRI Standard	Disclosure Number	Disclosure Name	Location in the Report
The Organization and its Reporting Practices			
GRI 2: General Disclosures 2021	GRI 2-1	Organizational details	Public Joint-Stock Company Joint-Stock Bank "UKRGASBANK" Public joint-stock company 1, Yerevanska Str., Kyiv city, 03087, Ukraine
	GRI 2-3	Reporting period, frequency and contact point	On 3 July 2025 we published our Annual Report relating to the period 1 January 2024 to 31 December 2024. This report covers both our ESG and financial disclosures. Please direct any questions relating to this report to: fi@ukrgasbank.com Responsible Banking, p. 129
	GRI 2-5	External assurance	Independent Auditors' Report, p. 127 Continuous Enhancement in 2024, p. 69
Activities and Workers			
GRI 2: General Disclosures 2021	GRI 2-6	Activities, value chain and other business relationships	Our Businesses, p. 39
	GRI 2-7	Employees	Our People, p. 140
Governance			
GRI 2: General Disclosures 2021	GRI 2-9	Governance structure and composition	Corporate Governance Structure, p. 22 Supervisory Board Committees, p. 28
	GRI 2-10	Nomination and selection of the highest governance body	Composition of the Supervisory Board and Mandates of its Members, p. 24
	GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Supervisory Board, p. 24 Composition of the Management Board and Mandates of its Members, p. 32-34
	GRI 2-13	Delegation of responsibility for managing impacts	Supervisory Board Committees, p. 28 Environmental & Social Management System, p. 135 Sustainability Governance at the Bank, p. 148
	GRI 2-15	Conflicts of interest	Corporate Governance Structure, p. 22
	GRI 2-19	Remuneration policies	Remuneration of members of the Supervisory Board and the Management Board in 2024, p. 36
	GRI 2-20	Process to determine remuneration	Fostering a Fair and Supportive Workplace, p. 141
Strategy, Policies and Practices			
GRI 2: General Disclosures 2021	GRI 2-22	Statement on sustainable development strategy	Letter from the Chair and Letter from the CEO, p. 4-5 Our 2025 ESG Roadmap: the Alignment Initiative, p. 130

GRI content index

GRI Standard	Disclosure Number	Disclosure Name	Location in the Report
	GRI 2-23	Policy commitments	Fostering a Fair and Supportive Workplace, p. 141 Sustainability Governance at the Bank, p. 148
	GRI 2-25	Processes to remediate negative impacts	Upholding an Ethical Culture ESG, p. 142
	GRI 2-26	Mechanisms for seeking advice and raising concerns	Upholding an Ethical Culture ESG, p. 142
	GRI 2-28	Membership associations	Leadership in Sustainable Development and ESG, p. 130
	GRI 2-29	Approach to stakeholder engagement	Report of the Supervisory Board for 2024, p. 27-30 Stakeholder Engagement, p. 132-133 Upholding an Ethical Culture ESG, p. 142
	GRI 2-30	Collective bargaining agreements	Upholding an Ethical Culture ESG, p. 142
MATERIAL TOPICS			
GRI 2: General Disclosures 2021	3-1	Process to determine material topics	Our 2025 ESG Roadmap: the Alignment Initiative, p. 130 UGB's Contribution to UN Sustainable Development Goals, p. 131
Climate Change (E)			
GRI 2: General Disclosures 2021	201-1	Direct economic value generated and distributed	Our Business, p. 39 Finance and Risk Management, p. 57
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Managing our Direct Environmental Footprint, p. 136
GRI 203: Indirect Economic Impacts 2016	201-4	Financial assistance received from government	Ukrgasbank did not receive any financial aid from the government
	203-1	Infrastructure investments and services supported	CFO Comment p. 57
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Consumption, p. 137
	302-4	Reduction of energy consumption	Energy Consumption, p. 137
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Consumption p. 138
	303-5	Water consumption	Water Consumption p. 138
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Managing our Direct Environmental Footprint, p. 136
	305-2	Energy indirect (Scope 2) GHG emissions	Managing our Direct Environmental Footprint, p. 136
	305-5	Reduction of GHG emissions	Managing our Direct Environmental Footprint, p. 136
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Paper Consumption, p. 138
Employees (S)			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Our Team in 2024: a Snapshot, p. 140
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	According to the applicable laws of Ukraine, such period is 2 months.
	403-1	Occupational health and safety management system	Sustainability Governance at the Bank, p.148
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	Supporting our People Through the War, p. 142
	403-6	Promotion of worker health	Supporting our People Through the War, p. 142
	404-2	Programs for upgrading employee skills and transition assistance programs	Investing in Employee Growth and Development, p. 142

General Information

OUR WEBSITE

All shareholders and investors can gain access to the Annual Report, presentations, key financial information, news, corporate governance documentation and other significant information about PUBLIC JOINT-STOCK COMPANY JOINT STOCK BANK "UKRGASBANK" at https://www.ukrgasbank.com

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GRI Standards

The Sustainability section of this Annual Report provides a summary of UGB's sustainability performance in 2024. It highlights our accomplishments across various areas, including sustainability initiatives, governance, stakeholder engagement, material issues, sustainable and inclusive finance, environmentally responsible operations, employee well-being, community contributions, E&S risk management, and ethical business practices.While the application of GRI Standards is not mandatory, we have referenced this globally recognized framework for sustainability reporting in preparing this section. However, this section does not fully conform to the GRI core format. At this stage, some information presented is limited due to the absence of tailored data analysis and reporting systems for certain data sets.